
Submitted by: Don MacLeod, Chief Administrative Officer

Report No: 2022-114

Council Meeting Date: Regular Council - 15 Jun 2022

Subject: Building Permit Fees

File: Building Department
General

RECOMMENDATION:

That Council receive and file Report 2022-114.

And that proposed fees in Table 4 of Report 2022-114 be approved in principle, subject to any revisions resulting from a public meeting on July 6, 2022.

BACKGROUND & COMMENTS:

Section 7 of the Building Code Act permits a council of a municipality to pass a by-law, “prescribing classes of permits...requiring the payment of fees on applications for and issuance of permits and prescribing the amounts thereof; (and) providing for refunds of fees under such circumstances as are prescribed”. The last major update of Building Permit fees was in May of 2011.

Section 7(2) states that the “The total amount of the fees authorized under clause (1) (c) must not exceed the anticipated reasonable costs of the principal authority to administer and enforce this Act in its area of jurisdiction”. The legislation imposes a high-level test (i.e. “anticipated reasonable cost”) without explicitly setting out the scope of those costs or what is reasonable. The Act does not indicate that the cost must be determined for each class or type of permit issued. Municipalities are expected to calculate both the direct and indirect costs of administration and enforcement of the Act. Direct Costs are the costs required to operate the Building Inspection Service in the delivery of the building inspection service while Indirect Costs are the building inspection-related costs of all other municipal departments who provide support services to the Building Inspection Service.

Section 7(4) sets out the reporting requirements. An Annual Report on Fees and costs is required. Specifically, “Every 12 months, each principal authority shall prepare a report that contains such information as may be prescribed about any fees authorized under clause (1) (c) and costs of the principal authority to administer and enforce this Act in its area of jurisdiction”. Typically the report is prepared in the first quarter of the municipality’s fiscal year. Section 7(5) states that the report must be available to the public. A municipality may wish to make the report available by posting it on the website or by whatever is the required in-house municipal procedure. The Annual Report does not have to be sent to the Province. Here is a link to the 2021 Report. [2021 Annual Building Report](#)

Where there is a proposed change to existing building permit fees, or where new fees are proposed, Section 7(6) requires that Public Notice be given and a public meeting held. Individual notices of the meeting also have to be given to anyone who requested notice and provided an address by writing to the Clerk of the municipality. This includes any person and organization who filed a request within the

previous five years. Notice of the public meeting must be sent by regular mail at least 21 days prior to the proposed meeting. A notice of the Public Meeting does not need to be advertised in the newspaper; however, this does not supersede any requirements the Municipality may have for advertising meetings. Typically, a meeting to consider a change to building permit fees or to introduce new fees is incorporated into a regular meeting of Council.

The legislation enables municipalities to also establish a reserve fund, referred to as a Cost Stabilization Reserve Fund (CSRF). A CSRF may be used from time-to-time to offset capital costs in the acquisition of municipal inspection vehicles, computer hardware and secondarily to stabilize operational costs. The purpose of a CSRF, as implied by the name is to stabilize the costs of the building inspection service by recognizing that permit fee revenues fluctuate with the ebb and flow of construction activity. In some years, fee revenues may be less than the required costs to operate the Building Inspection Service, while in other years revenues may be greater. The reserve fund, which can only be used for building inspection-related costs, can be drawn down in leaner years to stabilize the budget for building inspection services. The funds can also be used for periodic capital expenditures such as the purchase of municipal inspection vehicles, computer hardware etc. The intent is to avoid undue fluctuations in the municipal tax levy where expenditures may be substantially greater than revenues. Where a Cost Stabilization Reserve Fund has been established, the amount of the fund must be reported in an annual report. There is no limit specified in the Act with respect to the size of the Reserve Fund. However, as indicated, the Reserve Fund may only be spent on direct and indirect building permit and inspection-related services. Exhausting the reserve fund will require a Municipality to depend on municipal property taxes to pay for the difference between the operational costs and building permit fee revenues. The impact is that taxpayers will effectively subsidize the building industry by funding the building inspection service. A full-cost fee recovery or “user-pay system”, is preferable and the intent of this report is to provide for a full-cost recovery financial tool.

The steps in determining a proposed building permit fee structure were as follows:

1. Building permit activity data was collected for the period 2017-2021 to determine the average level of permit activity. (see Table 1).
2. Information was collected from the 2022 municipal budget, in order to calculate the most appropriate indirect costs related to building permit fees.
3. The Township has not ever calculated indirect costs as part of the overall Building Department budget. Table 2 shows direct and indirect costs to form a true picture of Building Department operating costs.
4. Permit Fee comparison from Oxford's rural Townships. (Table 3)

Time allocation information was also collected on the average time spent by the Chief Building Official and Deputy Chief Building Official in the processing of various types (classes) of building permits including receiving the application, reviewing building plans, conducting field inspections, carrying out records management and enforcement-related responsibilities under the Building Code Act. Financial data from the Joint Municipal Building budget was used to determine the direct costs for enforcement and administration of the Building Code Act (see Table 3).

Suggested building permit fees were then calculated on the basis of various classes of permits by summing the total indirect and direct costs, and applying the rate to the tasks or components of the building permit fee review process (see Table 4).

Building Permit Process

The following outlines the typical process of submitting an application and obtaining a building permit. Applicants who may be unfamiliar with the process are encouraged to pre-consult with Building Department staff prior to completing an application. The objective is to streamline and make the process more user-friendly to the applicant and to expedite and improve the efficiency with which an application is processed.

The Building Department issues handouts and has information available on the website which is designed to assist a potential applicant with understanding not only the process but what information may be required in filing an application (i.e., building drawings, approvals from other agencies, fees and charges).

The building permit process is governed by the Building Code Act; for example, permits must be issued within a prescribed timeline (i.e. a permit for a single detached dwelling must be issued within 10 business days of the receipt of a complete application). Timelines also apply to the inspection process. Building Official staff meet the timeline requirements for complete applications; however, delays may occur because applicants do not submit all of the required application information or completed building plans either of which will delay the start of the 10-day time clock.

Phase 1 - Application Submission

Steps in Phase 1:

- The application is submitted electronically online, although applications may be submitted in a hard copy format
- The application is reviewed for completeness (i.e., owner and designer information, location, property assessment roll number, purpose, details of the building plans, applicable law etc.)
- Building drawings are checked to ensure they coincide with application form
- Applicant is advised by email of the steps in the review process
- The CBO will then create an electronic file and start the review process although external approvals may not be in place; however, the building permit is not issued until all applicable approvals are in place.
- Cloudpermit software is used to provide a tracking system
- Files are stacked in order of receipt for distribution to Building Department staff

Phase 2 - Application Review

Steps in Phase 2:

- Building staff undertake a detailed review of the building drawings (plan review)
- Distribution of files for review is dependent on the workload of staff.

- Building plans are circulated to other departments when required (i.e. Public Works for access issues and Oxford County for water and wastewater)
- Notations are recorded electronically and requirements for changes are emailed to the applicant if required
- Once the plan review is completed, the permit fee is calculated by Building Department staff along with any other applicable charges such as development charges, water and sewer connections, road cuts etc.

Phase 3 - Permit Issuance

Steps in Phase 3:

- The CBO prepares the permits, advises the applicant the permit is returned electronically
- The applicant pays all applicable fees to the municipality
- The applicant is advised of the requirements for inspections.

The process is more protracted for non-residential permits given the increased complexity. The plan review process, for example, can take a few days to several weeks depending on the complexity of the project. Building officials rely on the designs and submission of reports from an architect/engineer where required by the Building Code Act.

Phase 4 - Inspections

The Building Code Act requires the owner of a permit to notify the Building Department of readiness to inspect various stages of construction. The Building Department staff are required to carry out an inspection within two days of receipt of most notices.

Steps in Phase 4:

- Inspection schedule is organized by the CBO and staff each morning
- Inspections are requested by Cloudpermit
- Inspections are conducted in general on a 'first-come', 'first-served' basis. However, inspections are arranged geographically to optimize the efficient use of time in travelling. The number of inspections required for a new single detached dwelling typically includes 8-10 inspections (plus a number of call backs) for all building systems.
- Inspections for a typical single detached dwelling typically include:
 - Service Lateral (urban only)
 - Footing forms prior to pouring concrete
 - Backfill/foundation/drainage tiles
 - Framing and energy/windows/air barrier (SB-12), HVAC and, furnaces and hot water tanks
 - Underground plumbing
 - Rough-in plumbing
 - Insulation
 - Occupancy
 - Solid fuel appliances usually trigger and additional inspection.

- Call-back inspections (1) (or more depending on the builder)
 - Call-back inspections may be required where a particular stage of construction has not been completed or where construction must be brought into compliance with the Ontario Building Code. Additional fees apply for multiple additional inspections where deficiencies are not corrected
 - Inspection reports are prepared electronically for each inspection that has been conducted
 - A copy of the inspection report is made available to the applicant/contractor or home owner
 - File is closed once a final inspection is conducted and the inspector signs off on the construction project.

For complex buildings such as an apartment building, institutional building (i.e. large charge or school) or a commercial or industrial building, the number of inspections is dependent on the size and complexity of the building. Building staff carry out inspections and considers required engineering compliance reports to address major components of construction. Plans examination and inspection services include attention to many systems including structural, occupant safety, fire safety and barrier-free requirements. The CBO receives reports from those professionals which, along with the inspector's observations, form a part of the permit and the basis for eventual occupancy approval.

Support Services and Indirect Costs

Zorra has not ever calculated support services or related services to the Building Department in reviewing permit fees.

The costs in Table 2 are intended to reflect the salary and overhead for all staff who provide support services to the Building Department. Salary costs are computed on the basis of the 2022 salary rates which include additional payroll costs for statutory and other municipal benefits (i.e., CPP, EI, WSIB, health benefits, OMERS etc.). The rates were calculated on a cost-per-hour basis for salary and benefits. Support services would include preparation and administration of the budget as it relates to the Building Department, the management of payroll and operational/capital costs and oversight of audit and financial transactions related to building permit fees.

Direct Costs

Direct Costs are the costs associated with the front-line delivery of the Building Inspection Service to the public. Functions such as receiving building permit applications, plan review, field inspection, enforcement and administration are included in these deliverable services. The costs for the delivery of these services are set out in Table 3, for 2022. The figures from the 2022 budget have been used for the purposes of calculating Direct Costs in Tables 4 & 5. 2

The overhead costs include all of the costs related to the normal day-to-day operation of the Building Inspection Service including materials, supplies, certification, education and training, vehicle operations etc.

Total Direct and Indirect Costs

The combined Direct and Indirect costs of Administration and Enforcement have been calculated in Table 2. The Direct Costs are \$278,598,000 and the Indirect Costs are \$8,449 for a combined total of \$287,047.

These costs are considered to be the recoverable costs in establishing the building permit fee regime for the Building Department. The recoverable costs are intended to represent full-cost recovery for the provision of this municipal service.

Cost Stabilization Reserve Fund (CSRF)

The Township does have a Cost Stabilization Reserve Fund (Building Reserve). A Cost Stabilization Reserve Fund provides a reserve from which funds could be withdrawn to offset the costs of the building inspection service in times of low building permit activity as well as to provide a source of capital for department needs such as the purchase of computer equipment.

Many municipalities levy a surcharge which has been successfully used the fund to maintain a stable cost regime for the building inspection service. It is recommended a surcharge not be levied but a portion of fees be targeted for reserve. This will cover the cost of equipment, vehicles and software in future years.

The present balance of \$386,703 (end of 2021) will be used towards the Building Department's portion of the new Municipal Office.

Recommendations

Given that Zorra has not increased permit fees since 2011, the suggested fee hikes are substantial but necessary. The 2022 Budget shows \$45,000 being withdrawn from the Building Reserve to fund operations of the Department. This is not sustainable and full cost recovery means this service is truly a user-pay system. Table 3 listed the suggested fee increases and Table 4 provides specific examples the fee increase will have on different classes of permits.

FINANCIAL IMPLICATIONS:

To be determined.

LINK TO STRATEGIC PLAN:

Goal:

We are a prosperous community that provides opportunities to work and shop in our community and to grow in a sustainable matter.

ATTACHMENTS:

[Table 1](#)

[Table 2](#)

[Table 3](#)

[Table 4](#)

Table 1

Township of Zorra Building Permit Activity 2017 - 2021

Major Permits (\$25,000 value +)	2017	2018	2019	2020	2021	Total
Residential (Group C)						
Singles	36	42	50	69	32	229
Semis			14	14	2	30
Towns/Row Houses					67	67
Mobile Homes						
Apartments						
Class Sub-Total	36	42	64	83	101	326
Non-Residential						
Commercial (Groups B,D,E)	7	5	13	6	14	45
Institutional (Group A)						
Industrial (Group F)						
Farm Buildings (New) (unknown if permit was for new or addition)	63	72	48	59	36	36
Class Sub-Total	70	79	61	65	50	50
Minor Permits (<\$25,000 value)						
Residential Permits						
Minor Additions/Alterations						
Garage/Carport/Sheds						
Decks						
Residential Demolitions (unknow if demo was residential)	11	8	23	24	10	76
Pools						
Class Sub-Total (unknown category of res. Permits + demo)	82	102	129	150	149	612
Non-Residential Permits						
Minor Additions/Alterations						
Signs/Towers/Solar Panels/Tents		2			3	5
Class Sub-Total		2			3	5
Other Permits						
Change of Use						
Sewer/Water						
Septic			16	22	27	65
Class Sub-Total			16	22	27	65
Total Annual Building Permits	199	223	270	320	330	1342

Table 2

2022 Building Department Direct and Inderect Operating Costs

Inderect Other Costs	Building %	Total Cost	Building % of Total
Stationery & Office Supplies	14.2%	\$5,000.00	\$710.00
Operating Equipment & Supplies	14.2%	\$7,500.00	\$1,065.00
Advertising and Notices	14.2%	\$1,000.00	\$142.00
Computer Support	14.2%	\$10,000.00	\$1,420.00
Grass Cutting	14.2%	\$1,150.00	\$163.30
Branding /Promotion Items	14.2%	\$5,000.00	\$710.00
Equipment Lease	14.2%	\$2,500.00	\$355.00
Heat	14.2%	\$2,500.00	\$355.00
Hydro	14.2%	\$6,300.00	\$894.60
Cleaning & Maintenance Supplies	14.2%	\$10,850.00	\$1,540.70
Building Maintenance	14.2%	\$6,000.00	\$852.00
Grounds Maintenance	14.2%	\$1,000.00	\$142.00
Snow Removal	14.2%	\$700.00	\$99.40
Total			\$8,449.00
Direct Operating Costs			2022 Budget
Regular Full Time Wages			\$183,789.97
Overtime Wages			\$0.00
C P P			\$8,160.00
U I C			\$2,435.00
O M E R S			\$18,495.00
E H T			\$3,585.00
Workers' Compensation			\$5,250.00
Group Insurance			\$4,225.00
Clothing Allowance			\$400.00
Building Dept.-Telephone-			\$1,700.00
Memberships			\$850.00
Subscriptions & Publications			\$0.00
Training			\$5,000.00
Mileage			\$10,000.00
Stationery & Office Supplies			\$0.00
Operating Equipment & Supplies			\$400.00
Advertising and Notices			\$400.00
Building Dept.-Vehicle Maintenance-			\$1,300.00
Building Dept.-Vehicle Fuel & Oil-			\$4,500.00
Ontario One Call Locates			\$4,100.00
Legal Fees			\$0.00
Insurance			\$16,209.00
Other Expenses			\$7,800.00
Building Dept.-Transfers to Reserves-			\$0.00
Total Direct Expenses			\$278,598.97
Direct Revenue			
Building Permits			\$220,000.00
Septic Permits			\$13,000.00
Transfer from Building Reserve (Shortfall in Permit Revenues)			\$45,599.00
Total Revenue			\$278,599.00

Permit Type	Sub Classification	Zorra (Current)		Zorra (proposed)		Blandford-Blenheim		East Zorra Tavistock		Norwich		South-West Oxford	
		Base Fee	Adjustment	Base Fee	Adjustment	Base Fee	Adjustment	Base Fee	Adjustment	Base Fee	Adjustment	Base Fee	Adjustment
Residential	New Residence	\$ 100.00	\$ 0.40	\$300.00	\$1.40	\$289.00	\$1.45/sq. ft.	\$289.00	\$1.45/sq. ft.	\$1,000.00	\$0.74	\$100.00	0.5 per sq foot
	Additions	\$ 100.00	\$ 0.40	\$300.00	\$1.40	\$289.00	\$1.45	\$289.00	\$0.87/sq. ft. or \$1.16/\$1,000 of project cost (greater of two)	\$1,000.00	\$0.74	\$100.00	0.4 per sq foot
	Carport/ Garage over 592 sq ft			\$150.00	\$0.70	\$116.00	\$0.87	\$58.00	\$635.00	\$400.00	\$0.33	\$100.00	0.3 per sq foot
	Carport/ Garage under 592 sq ft			\$150.00	\$0.70	\$116.00	\$0.87	\$58.00	\$289.00	\$400.00		\$100.00	0.3 per sq foot
	Structural/Renovation/Material Change	\$ 100.00	\$ 0.40	300.00	0.70	\$116.00	\$462.00	\$58.00	\$462.00	\$550.00	\$0.52	\$100.00	CBO discretionary
	Plumbing	\$ 50.00	10 per fixture	150.00	\$10/Fixture	\$116.00	\$0.87/lineal foot			\$0.00	\$0.00	\$100.00	\$10.00 per fixture
	Porches/Sundecks/Ramps under 150 sq. ft.			\$150.00		\$116.00	\$116.00	\$58.00	\$116.00	\$250.00	\$0.22	\$100.00	0.2 per sq foot
	Porches/Sundecks/Ramps over 150 sq. ft.			\$300.00									
	Swimming Pools	\$ 100.00		\$150.00		\$116.00	\$116.00	\$0.00	\$116.00			\$100.00	
	Woodstoves/Fireplaces	\$ 100.00		\$150.00		\$116.00	\$173.00	\$58.00	\$173.00			\$125.00	\$0.00
	Water and Sewer Connections (if at same time)			\$150.00									
	Water and Sewer Connections (per connection if not concurrent)			\$150.00		\$116.00	\$0.00	\$50.00	\$125.00			\$50.00	\$0.00
	Demolitions Residential	\$ 50.00		150.00		\$116.00	\$0.00	\$173.00		\$140.00	\$0.07	\$60.00	
	Partial Occupancy	\$ 50.00										\$0.00	\$0.00
Septic systems	Septic Permit Class IV and V					\$116.00	\$519.00		\$660.00	\$875.00		\$795.00	\$0.00
	Existing Class II,III,IV or V repair or alteration					\$116.00	\$116.00		\$225.00	\$600.00		\$259.00	\$0.00
	Site Review Assessment											\$100.00	\$0.00
	Performance level review											\$340.00	\$0.00
	Septic Certificate											\$45.00	\$0.00
	File search within 14 days											\$220.00	\$0.00
	File search more than 14 days											\$170.00	\$0.00
Septic system > 150 O/L > 5 bedrooms >6000 sq ft >45 FU's Total daily sewage flow >3000 L/day									\$2,250.00		\$795.00	\$0.00	
Agricultural	Animal Housing - new or addition	\$ 100.00	\$ 0.20	300.00	\$0.30/sq.ft.	\$289.00	\$0.24/sq.ft.	\$ 289.00	\$0.18/sq.ft.	\$1,000.00	\$0.15	\$100.00	.22 per sq foot
	Implement & Storage Shed	\$ 100.00	\$ 0.20	300.00	\$0.30/sq.ft.	\$289.00	\$0.24/sq.ft.	\$ 289.00	\$0.18/sq.ft.	\$400.00	\$0.10	\$100.00	.15 per sq foot
	Horizontal Silos &	\$ 200.00		750.00		\$116.00	\$577.00	\$ 289.00	\$289.00	\$550.00	\$0.07	\$250.00	
	Manure Pits	\$ 500.00		1,000.00		\$289.00	\$577.00	\$ 289.00	\$577.00			\$250.00	
	Verticle Silo, Grain Bins, Corn Cribs <20,000 Bushel	\$ 200.00		750.00		\$116.00	\$577.00	\$ 289.00	\$289.00	\$200.00	\$0.07	\$200.00	
Verticle Silo, Grain Bins, Corn Cribs >20,000 Bushel	\$ 200.00		750.00		\$116.00	\$577.00	\$ 289.00	\$289.00	\$200.00	\$0.07	\$250.00		
Commerical/Industrial/ Institutional	Commercial/Industrial/Institutional	\$ 100.00	\$8.00 per thousand	300.00	\$1.40	\$289.00	\$1.45/sq. ft.	\$ 289.00	\$0.87/sq. ft. or \$1.16/\$1,000 of project cost (greater of two)	\$750.00	\$0.49	\$100.00	\$7.00 per \$1,000.00
	Demolitions (com/ind/inst)			150.00		\$116.00	\$0.00	\$ 173.00		\$140.00	\$0.07	\$150.00	
	Wind Turbines < 250 kw Output			300.00	2,200.00	\$289.00	\$2,018.00	\$ 289.00	\$2,306.00	\$220.00	.15 per ft tall	\$200.00	
	Wind Towers > 250 kw output			300.00	2,000.00	\$289.00	\$2,018.00	\$ 289.00	\$2,306.00	\$220.00	.05 per ft tall	\$1,500.00	
	Solar Panels Mounted on a building (face area >5 sq m)	\$ 150.00		300.00	300.00	\$116.00	\$462.00	\$ 250.00	.50 per sq ft	\$220.00	\$0.10	\$175.00	over 10 kw 50.00 per 10 kw
Miscellaneous	Tents greater than 600 sq meters			150.00		\$116.00	\$0.00	\$ 250.00	\$50.00	\$200.00	\$0.25	\$100.00	
	Signs	\$ 100.00		150.00	150.00	\$116.00	\$173.00	\$ 150.00	\$50.00	\$200.00	\$0.29	\$100.00	
	Mobile Homes/school portables			300.00	250.00	\$116.00	\$462.00	\$ 500.00	\$50.00	\$350.00	\$0.21	\$150.00	
	Retaining Walls			150.00	\$5 per foot	\$116.00	\$5.77/lineal foot	\$ 50.00	\$5 per foot			\$150.00	
	Conditional permit	\$ 50.00		150.00		\$289.00	\$0.04/sq.ft.	\$ 250.00	\$0.03 per sq ft			\$0.00	
	Permit renewal or revision			150.00		\$116.00	\$0.00	\$ 200.00	\$0.00			\$0.00	
	Alternate solution application			300.00	250.00	\$116.00	\$462.00	\$ 350.00	\$50.00			\$0.00	
	Additional Inspections			150.00	50.00	\$116.00	\$58.00	\$ 116.00		\$250.00			
	Reinspection Fees Called in but not ready			150.00		\$116.00	\$58.00	\$ 116.00		\$250.00			
	Enforcement Inspections			300.00		\$116.00	\$58.00	\$ 116.00		\$250.00			
Change of Use			300.00	250.00	\$116.00	\$462.00	\$ 250.00	\$50.00	\$200.00	\$	-		
Mechanical	HVAC - not associated with an existing permit			150.00	150.00			\$ 50.00	\$250.00			125.00	
	Fire Suppression Systems			300.00	250.00	\$ 289.00	577.00	\$ 250.00	\$250.00			125.00	
	Commercial kitchen hood range			300.00	250.00	\$ 289.00	289.00	\$ 250.00	\$250.00			125.00	

Table 4

Sample Building Permit Fees

Building Type	Zorra Current	Zorra Proposed	Blandford-Blenheim	East Zorra-Tavistock	Norwich	SWOX
New 1,500 Square Foot Detached Dwelling	\$1,100.00	\$2,400.00	\$2,464.00	\$2,464.00	\$2,110.00	\$850.00
New 2,500 Square Foot Detached Dwelling	\$1,100.00	\$3,800.00	\$3,914.00	\$3,914.00	\$2,850.00	\$1,350.00
New 20,000 Square Foot Agricultural Out Building	\$4,100.00	\$6,300.00	\$5,089.00	\$3,889.00	\$2,400.00	\$3,100.00
New 30,000 Square Foot Livestock Barn	\$6,100.00	\$9,300.00	\$7,489.00	\$5,689.00	\$5,500.00	\$6,700.00
New 10,000 Square Foot Commercial Building (\$2,000,000 Value)	\$16,100.00	\$14,300.00	\$14,789.00	\$8,989.00	\$5,650.00	\$14,100.00
New 30,000 Square Foot Commercial Building (\$4,000,000 Value)	\$32,100.00	\$42,300.00	\$43,789.00	\$26,389.00	\$15,450.00	\$28,100.00