



2023 Building Permit Fees Review

Dufferin County

Final Report

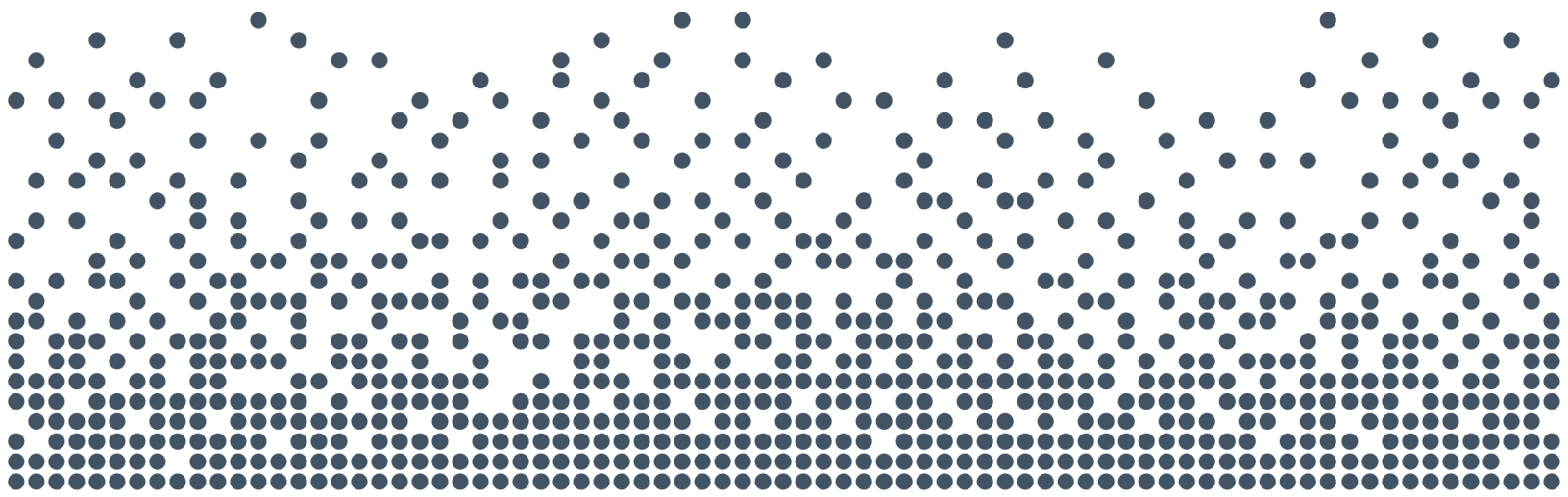
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Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca



Table of Contents

	Page
1. Introduction.....	1-1
1.1 Background Information.....	1-1
1.2 Legislative Context – <i>Building Code Act, 1992</i>	1-1
2. Activity Based Costing Methodology	2-1
2.1 Activity Based Costing Methodology.....	2-1
2.2 Building Permit Fee Costing Category Definition	2-2
2.3 Processing Effort Cost Allocations	2-4
2.4 Direct Costs	2-5
2.5 Indirect Costs.....	2-5
2.6 Capital Costs	2-6
2.7 Building Code Act Reserve Fund Policy	2-7
3. Building Permit Fees Review.....	3-2
3.1 Introduction	3-2
3.2 Full Cost of Building Permit Fees Review	3-2
3.3 Building Permit Fee Recommendations.....	3-3
3.4 Building Permit Fee Impacts	3-10
4. Conclusion.....	4-1



Report



Chapter 1

Introduction



1. Introduction

1.1 Background Information

Dufferin County (County) retained Watson & Associates Economists Ltd. (Watson) to conduct a review and update of its building permit fees. The first objective of the building permit fee review is to develop an activity-based costing (A.B.C.) model to substantiate the full costs of service (i.e., administering and enforcing the *Building Code*). The full cost assessment (i.e., direct, indirect, and capital costs) will be used to inform recommended fees to recover the full cost of service, provide for the sustainable delivery of service, and mitigate the potential funding burden on property taxes. Moreover, the fee recommendations were developed with regard for the statutory requirements, the County's market competitiveness, and sustainability of reserve funds. The Ontario *Building Code Act* governs fees related to the administration and enforcement activities under the authority of the *Building Code*.

This report summarizes the findings and recommendations related to the building permit fee services within the scope of the review. The following chapters of this report summarize the legislative context for building permit fees, the building permit fee review methodology developed, the full cost findings, and fee recommendations of the building permit fee review.

1.2 Legislative Context – *Building Code Act, 1992*

The County's statutory authority for imposing building permit fees is provided under the provisions of Section 7 under the *Ontario Building Code Act*.

Section 7 of the *Building Code Act* provides municipalities with general powers to impose fees through passage of a by-law. The Act provides that:

“The council of a municipality...may pass by-laws

- (c) Requiring the payment of fees on applications for and issuance of permits and prescribing the amounts thereof;
- (d) Providing for refunds of fees under such circumstances as are prescribed;”



The *Building Code Statute Law Amendment Act* imposed additional requirements on municipalities in establishing fees under the Act, in that:

“The total amount of the fees authorized under clause (1)(c) must not exceed the anticipated reasonable cost of the principal authority to administer and enforce this Act in its area of jurisdiction.”

In addition, the amendments also require municipalities to:

- Reduce fees to reflect the portion of service performed by a Registered Code Agency;
- Prepare and make available to the public annual reports with respect to the fees imposed under the Act and associated costs; and
- Undertake a public process, including notice and public meeting requirements, when a change in the fee is proposed.

O. Reg. 305/03 is the associated regulation arising from the *Building Code Statute Law Amendment Act, 2002*. The regulation provides further details on the contents of the annual report and the public process requirements for the imposition or change in fees. With respect to the annual report, it must contain the total amount of fees collected, the direct and indirect costs of delivering the services related to administration and enforcement of the Act, and the amount of any reserve fund established for the purposes of administration and enforcement of the Act. The regulation also requires that notice of the preparation of the annual report be given to any person or organization that has requested such notice.

Relating to the public process requirements for the imposition or change in fees, the regulations require municipalities to hold at least one public meeting and that at least 21-days' notice be provided via regular mail to all interested parties. Moreover, the regulations require that such notice include, or be made available upon request to the public, an estimate of the costs of administering and enforcing the Act, the amount of the fee or change in existing fee and the rationale for imposing or changing the fee.

The Act specifically requires that fees “must not exceed the anticipated reasonable costs” of providing the service and establishes the cost justification test based on the total administration and enforcement costs at global *Building Code Act* level. With the Act requiring municipalities to report annual direct and indirect costs related to fees, this would suggest that *Building Code Act* fees can include general corporate overhead indirect costs related to the provision of service. Moreover, the recognition of



anticipated costs also suggests that municipalities could include costs related to future compliance requirements or fee stabilization reserve fund contributions. As a result, *Building Code Act* fees modeled in this exercise include direct costs, capital related costs, indirect support function costs directly consumed by the service provided, and corporate management costs related to the service provided, as well as provisions for future anticipated costs.



Chapter 2

Activity Based Costing Methodology



2. Activity Based Costing Methodology

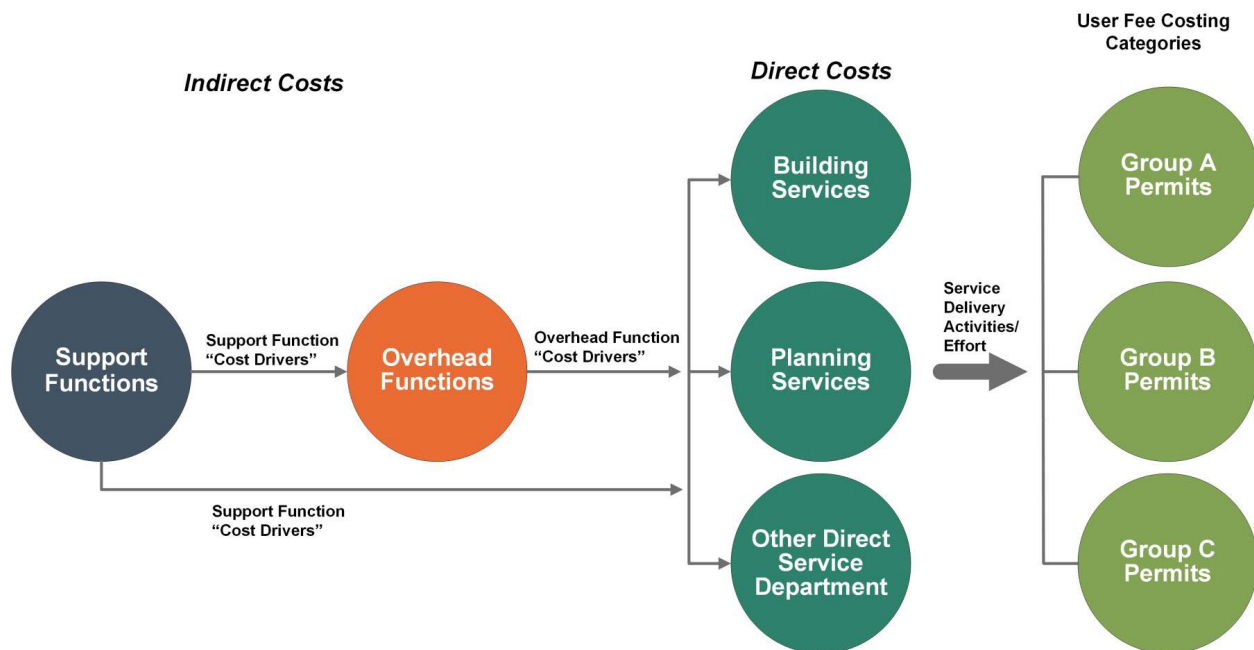
2.1 Activity Based Costing Methodology

An A.B.C. methodology, as it pertains to municipal governments, assigns an organization's resource costs through activities to the services provided to the public. Conventional municipal accounting structures are typically not well-suited to the costing challenges associated with application processing activities as these accounting structures are business unit focused and thereby inadequate for fully costing services with involvement from multiple business units. An A.B.C. approach better identifies the costs associated with the processing activities for specific application types and thus is an ideal method for determining the full cost of processing applications and other user fee activities.

As illustrated in Figure 2-1, an A.B.C. methodology attributes processing effort and associated costs from all participating municipal business units to the appropriate service categories (building permit fee costing categories). The resource costs attributed to processing activities and building permit fee costing categories include direct operating costs, indirect support costs, and capital costs. Indirect support function and corporate overhead costs are allocated to direct business units according to operational cost drivers (e.g., information technology costs allocated based on the relative share of departmental personal computers supported or full time equivalent (FTE) staff positions). Once support costs have been allocated amongst direct business units, the accumulated costs (i.e., indirect, direct, and capital costs) are then distributed across the various building permit fee costing categories, based on the business unit's direct involvement in the processing activities. The assessment of each business unit's direct involvement in the building permit fee review processes is accomplished by tracking the relative shares of staff processing efforts across the sequence of mapped process steps for each building permit fee category (e.g., pre-consultation, plans review, inspections, etc.) The results of employing this costing methodology provides municipalities with a better recognition of the costs utilized in delivering building permit fee review processes, as it acknowledges not only the direct costs of resources deployed but also the operating and capital support costs required by those resources to provide services.



Figure 2-1
Activity-Based Costing Conceptual Flow Diagram



2.2 Building Permit Fee Costing Category Definition

The County imposes a variety of fees related to the administration and enforcement of the *Building Code*. These fees are captured in various cost objects or building permit fee costing categories. A critical component of the full cost building permit fee review is the selection of the costing categories. This is an important first step as the process design, effort estimation and subsequent costing is based on these categorization decisions. Moreover, it is important in costing building permit fees to understand the cost/revenue relationships by individual type of permit or costing category and to understand how costs and revenues may change in the future. This level of costing goes beyond the statutory cost justification for fees established at the level of administration and enforcement under the authority of the *Building Code*.

The County's A.B.C. user fee model allocates the direct and indirect costs presented in the following sections across these defined building permit fee categories. Categorization of building permit fees occurred during the project initiation stage of the study and through subsequent discussions with County staff to understand the difference in permit processing complexity and costs.



The building permit fee costing categories included in the A.B.C. model and later used to rationalize changes to the County's fee structure are presented in Table 2-1. While many of these costing categories reflect the County's current fee schedule, a number of minor and miscellaneous fees were grouped together for costing purposes where the level of effort was deemed to be similar or minor in nature. Furthermore, a separate fee category was included to assess compliance and enforcement activities not associated with an active permit.

Table 2-1
Building Permit Fee Costing Categories

No.	Costing Category Name
1	Group A - New/Addition (Finished)
1	Partial Building Permit
2	Conditional Building Permit
3	Residential Demolition Permit
4	Non-Residential Demolition Permit
5	Change of Use Permit
6	Site Servicing - Residential
7	Site Servicing - Non-Residential
8	Site Servicing - Site Plan Control Review
9	Group A - Finished Building
10	Non-Residential - Alteration
11	Public Pool, Spa
12	School Portables
13	Group B - Finished Building
14	Group C - Multi-Unit Block (6 units)
15	Group C - Single Detached
16	Group C - Semi-Detached Dwelling (2 units)
17	Group C - Alteration
18	Group C - Finishing Basement
19	Group C - Additional Residential Unit
20	Group D - Shell
21	Group D - Finished Building
22	Group E - Shell
23	Group E - Finished Building
24	Group F - Shell
25	Group F - Finished Building
26	Agricultural - Finished Building



No.	Costing Category Name
27	Agricultural - Silos or Grain Bins
28	On-Site Sewage - Residential
29	On-Site Sewage - Non-Residential
30	Minor Residential Permit
31	Attached or Detached Garage
32	Temporary Structures
33	Sign Permits
34	Miscellaneous
35	Plumbing Permits
36	Mechanical or HVAC Systems
37	Transfer of Ownership
38	Compliance and Enforcement Activities not Associated with an Active Permit

2.3 Processing Effort Cost Allocations

To capture each participating County staff member's relative level of effort in processing activities related to building permit fees, effort estimates were obtained for each of the above-referenced costing categories. The effort estimates received were applied against historical average annual volumes for 2020 to 2022 to assess the average annual processing time per position spent on each building permit fee category and in aggregate.

Annual processing efforts per staff position were measured against available processing capacity to determine overall service levels. The capacity utilization results were refined with the County staff to reflect staff utilization levels reflective of current staffing patterns. Table 2-2 summarizes the utilization by individual position in the building permit review process and by major costing category grouping. The utilization is presented as a percentage of available annual time.



Table 2-2
Departmental Staff Capacity Utilization

Costing Category Group	Chief Building Official	Administrative Support Specialists	Building Inspectors	Plans Examiners	Total
<i>FTE</i>	1	3	4	2	10
Non-Residential New Permit	5.1%	5.2%	5.9%	7.3%	5.9%
Non-Residential - Alteration	2.4%	1.9%	0.8%	3.2%	1.8%
Non-Residential Demolition Permit	0.0%	0.0%	0.0%	0.0%	0.0%
Residential New Permit	38.8%	36.0%	37.2%	40.6%	37.7%
Group - C - Alterations, Additions, ARUs and Other Minor Permits	35.8%	35.2%	28.1%	39.2%	33.2%
Residential Demolition Permit	0.5%	0.3%	0.1%	0.1%	0.2%
Miscellaneous	12.4%	11.4%	7.9%	9.5%	9.7%
Compliance and Enforcement Activities not Associated with an Active Permit	5.0%	10.0%	20.0%	0.0%	11.5%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%

In aggregate there are 10 FTE staff positions utilized annually with respect to the administration and enforcement of the *Building Code*. The involvement of these 10 positions is primarily comprised of efforts related to the review of new residential construction permits and minor residential permit (i.e., alterations, additions, additional residential units (ARUs) and other minor permits) totalling approximately 71% of staff annual efforts. Compliance and enforcement activities account for 11.5% of staff time with the remaining 17.5% of staff time being spent on non-residential permit activities, demolition permit activities, and miscellaneous other minor permits.

2.4 Direct Costs

Based on the results of the staff capacity utilization analysis summarized above, the proportionate share of each individual's direct costs is allocated to the respective costing categories. The direct costs included in the County's costing model are taken from the County's 2023 budget and includes cost components such as:

- Labour costs, e.g., salary, wages, and benefits;
- Materials and services; and
- Other Direct Costs, e.g., professional fees, contracted services, etc.

2.5 Indirect Costs

An A.B.C. review includes not only the direct cost of providing service activities but also the indirect support costs that allow direct service business units to perform these



functions. The method of allocation employed in this analysis is referred to as a step costing approach. Under this approach, support functions and general corporate overhead functions are classified separate from direct service delivery departments. These indirect cost functions are then allocated to direct service delivery departments based on a set of cost drivers, which subsequently flow to the building permit fee categories according to staff effort estimates. Cost drivers are a unit of service that best represent the consumption patterns of indirect support and corporate overhead services by direct service delivery departments or business units. As such, the relative share of a cost driver (units of service consumed) for a direct department determines the relative share of support/corporate overhead costs attributed to that direct service department. An example of a cost driver commonly used to allocate information technology support costs would be a department or business unit's share of supported personal computers. Cost drivers are used for allocation purposes acknowledging that these business units do not typically participate directly in the delivery of services, but that their efforts facilitate services being provided by the County's direct business units.

Indirect costs have been allocated to the full costs of building permit review from the following County departments:

- Council;
- Clerks;
- Information Technology;
- Office of the CAO/Communications;
- People and Equity/Human Resources;
- Treasury; and
- Facilities Management (Public Works)

2.6 Capital Costs

The inclusion of capital costs within the full cost review follows a methodology similar to indirect costs. Capital costs for the utilization of facility space were included based on benchmark annual facility replacement costs and the occupied space per employee. Costs relating to IT infrastructure (i.e., computers) and vehicles were based on the annual replacement costs of the assets that are utilized by the County's building staff.



These costs have been allocated across the various costing categories based on the underlying effort estimates of direct department staff (as presented in Section 2.3).

2.7 Building Code Act Reserve Fund Policy

The *Building Code Act* recognizes the legitimacy of creating a municipal reserve fund to provide for service stability and mitigate the financial and operational risk associated with a temporary downturn in building permit activity. Specifically, a reserve fund should be maintained to reduce the staffing and budgetary challenges associated with a cyclical economic downturn and the requirement for ongoing legislative turnaround time compliance. Without such a reserve fund, reduced permit volumes during a downturn could result in severe budgetary pressures and the loss of certified County building staff, which would be difficult to replace during the subsequent recovery when mandatory permit processing turnaround times apply.

Although the *Building Code Act* does not prescribe a specific methodology for determining an appropriate reserve fund, municipalities have developed building permit reserve funds with the aim of providing service stabilization. Through this process, the County has developed the reserve fund policy of maintaining 1.5 times to 2.0 times the annual direct costs of service in the building permit reserve fund. This policy was developed by reviewing historical building permit activity within the County over the past 30 years in comparison to the average annual building permit activity and reviewing the practices seen in other municipalities to ensure the policy aligns with municipal best practices.

The impact of anticipated building permit activity on costs, revenues (based on current and recommended fees), and reserve fund positions over the 2024 to 2028 period have been assessed in Section 3.3.



Chapter 3

Building Permit Fees Review



3. Building Permit Fees Review

3.1 Introduction

This chapter presents the full costs, cost recovery levels of current fees, recommended fee structure and rates for building permit fees, and reserve fund forecasts.

Furthermore, the County's ranking in comparison to other neighbouring municipalities has been assessed for common permit types under the current and proposed fee schedule. Additionally, the impact of the proposed fees on municipal development costs for a sample development is presented in Section 3.4.

A municipal fee survey for all building permit fees was undertaken for market comparison purposes. The survey results were considered in conjunction with the fee impacts summarized in Section 3.4 and discussions with County staff in determining recommended building permit fees.

3.2 Full Cost of Building Permit Fees Review

Table 3-1 presents the County's annual costs and revenues associated with providing building permit review services. The costs and estimated revenues are presented in for the same major costing categories as shown in Table 2-2 and in aggregate. The annual costs (denoted in 2023\$ values) reflect the organizational direct, indirect, and capital costs associated with processing activities at average historical volumes levels for the period 2020-2022.

Costs are based on 2023 budget estimates and are compared with revenues modeled from current building permit fees applied to historical average permit volumes and charging parameters. The charging parameters for these permits (e.g., gross floor area) were based on the average historical permit characteristics.

The costs of administration and enforcement of the *Building Code* total \$1.8 million. Direct costs represent 82% (\$1.5 million) and indirect and capital costs represent 18% (\$324,000) of the total annual costs. Based on the modelled volumes, the County's current fees recover approximately 60% (\$1.1 million) of total annual costs. Reviewing cost recovery levels by permit type, the only permit fees recovering the full cost of service are for new residential construction, while all other permits fees are under



recovering their costs. New residential construction permit fees are generating an annual surplus of \$200,600, while other permit fees are generating an annual deficit of \$924,400. The largest area of under recovery is for Group C Alterations, Additions, ARUs, and other Minor Permits, which are recovering only 10% of the annual costs (i.e. \$547,000 less than costs).

**Table 3-1
Cost Recovery Assessment of Current Building Permit Fees (2023\$)**

Costing Category Group	Direct SW&B Costs	Direct Non-SW&B Costs	Indirect Costs	Capital Costs	Total Costs	Current Modeled Revenue	Suplus/ (Deficit)	Cost Recovery %
Non-Residential New Permit	72,623	16,547	15,491	3,637	108,298	70,921	(37,378)	65%
Non-Residential - Alteration	21,548	4,920	4,606	1,081	32,155	11,341	(20,814)	35%
Non-Residential Demolition Permit	48	11	10	2	72	48	(24)	66%
Residential New Permit	462,025	105,491	98,761	23,187	689,464	890,036	200,572	129%
Group - C - Alterations, Additions, ARUs and Other Minor Permits	403,879	93,060	87,123	20,455	604,516	57,651	(546,866)	10%
Residential Demolition Permit	2,496	579	542	127	3,745	907	(2,839)	24%
Miscellaneous	117,651	27,252	25,514	5,990	176,407	68,773	(107,634)	39%
Compliance and Enforcement Activities not Associated with an Active Permit	139,403	32,208	30,153	7,079	208,844	-	(208,844)	0%
Total	1,219,673	280,070	262,201	61,559	1,823,503	1,099,677	(723,826)	60%

3.3 Building Permit Fee Recommendations

As noted in Section 2.7 above, the recommendation is that the County adopt a policy to for their *Building Code Act* Reserve Fund for service stabilization at multiple of 1.5 to 2.0 times annual direct costs. Based on annual costs of \$1.8 million, the 2023 reserve fund target balance would be \$1.5 million. The ability of current and proposed fees to recover the full cost of service and contribute to reserve fund sustainability was assessed over the 2024-2028 forecast period based on forecast costs and revenues.

The forecast of costs and revenues have been based on a forecast of building permit activity that was developed using the County’s development forecast from their Development Charge Background Study (2022), the Ministry of Finance’s population projections, and input from staff. Overall, permit volumes are expected to increase over the forecast period. The building permit volume forecast by major permit category is presented in Table 3-2.



In addition to the costs to review forecast permit activity, costs for additional contract staff over the 2024-2025 period to address historical open permits and outstanding orders have been included within the reserve fund analysis. After 2024 and 2025 it is anticipated these positions will no longer be required.

Table 3-2
Building Permit Volume Forecast (2024-2028)

Costing Category Group	2020-2022 Average Volumes	Building Permit Forecast				
		2024	2025	2026	2027	2028
Non-Residential New Permit	14.6	14.6	14.6	14.6	14.6	14.6
Non-Residential - Alteration	16.0	16.0	16.0	16.0	16.0	16.0
Non-Residential Demolition Permit	0.1	0.1	0.1	0.1	0.1	0.1
Residential New Permit	201.2	201.2	232.9	264.6	296.4	328.1
Group - C - Alterations, Additions, ARUs and Other Minor Permits	289.3	289.3	289.3	289.3	289.3	289.3
Residential Demolition Permit	5.7	5.7	5.7	5.7	5.7	5.7
Miscellaneous	121.2	121.2	121.2	121.2	121.2	121.2
Total	648.0	648.0	679.8	711.5	743.2	775.0

Based on the forecast development activity and costs of service, the County's current fees would be insufficient to fund the current cost of service or to make contributions to the reserve fund for service sustainability. Table 3-3 shows the reserve fund continuity over the forecast period considering the forecast costs, revenues, contributions/draws from the reserve fund, and target reserve fund balance. At current fees, average annual reserve fund draws of \$721,800 would be required over the forecast period. This level of funding required from reserve would deplete the County's reserve fund by the end of the forecast period (i.e., 2028).



Table 3-3
Reserve Fund Continuity
Current Fees

Description	2024	2025	2026	2027	2028
Opening Balance	3,293,419	2,418,003	1,613,149	1,014,101	403,678
Revenue	1,099,677	1,240,074	1,380,472	1,520,869	1,661,267
Expense	1,878,208	1,934,554	1,992,591	2,138,345	2,312,062
<i>Temporary Contract Positions</i>	125,300	130,430	-	-	-
Contribution/(Draw)	(903,831)	(824,910)	(612,119)	(617,476)	(650,795)
Interest	28,415	20,055	13,071	7,054	783
Closing Balance	2,418,003	1,613,149	1,014,101	403,678	(246,334)
<i>Direct Costs</i>	1,544,735	1,591,077	1,638,809	1,758,686	1,901,559
<i>Reserve Fund/Expense Ratio</i>	1.57	1.01	0.62	0.23	(0.13)

As such, fee increases have been recommended to ensure the sustainable delivery of services. Except where implemented on a flat fee basis, the County’s fees are imposed on a per square metre of gross floor area with minimum fees also applicable. As shown in Table 3-4, building permit fee revenue based on the anticipated development activity and imposing fees at the proposed rates (with 3% annual indexing beginning in 2025), would result in the County achieving a reserve fund balance equal to 1.5 times annual direct costs of service.

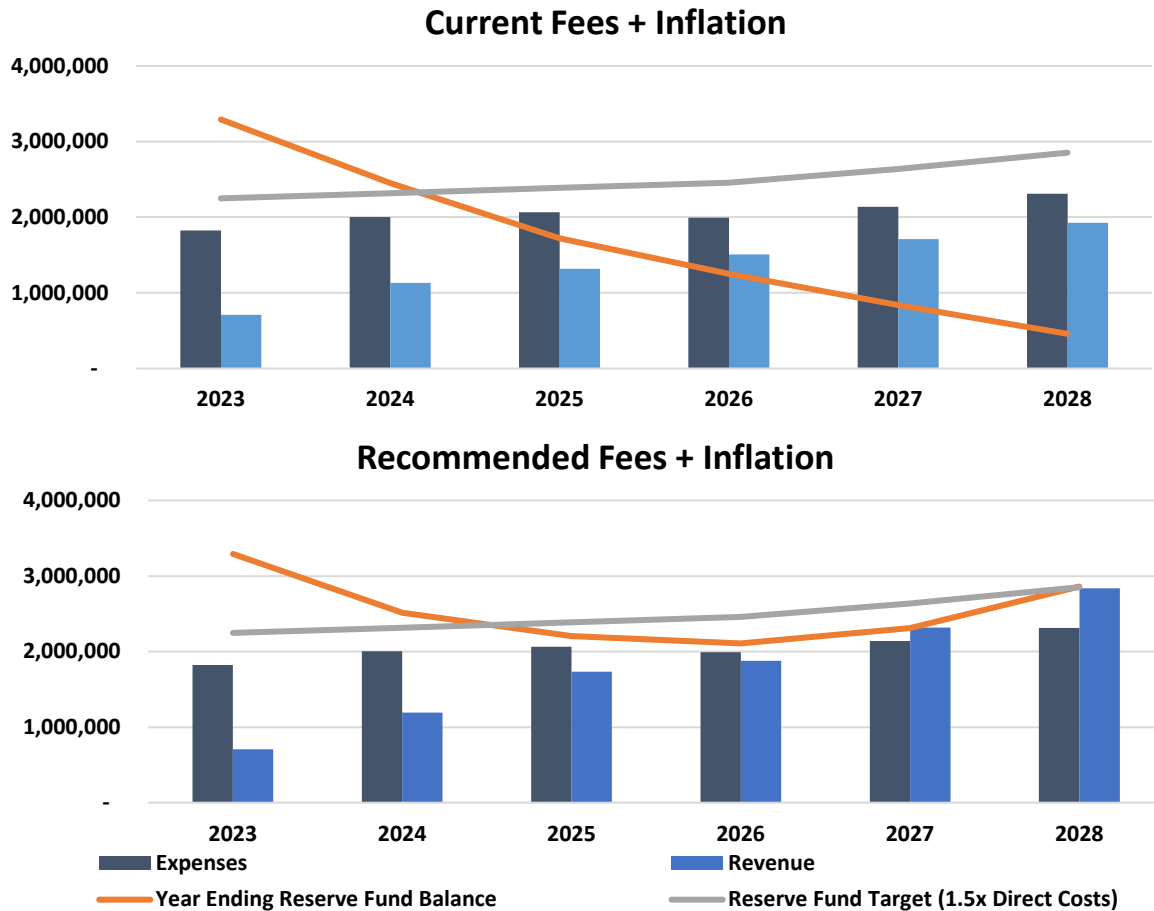
Table 3-4
Reserve Fund Continuity
Recommended Fees (with annual inflationary increases)

Description	2024	2025	2026	2027	2028
Opening Balance	3,293,419	2,512,657	2,203,968	2,109,877	2,310,238
Revenue	1,193,860	1,732,830	1,877,037	2,316,716	2,837,649
Expense	1,878,208	1,934,554	1,992,591	2,138,345	2,312,062
<i>Temporary Contract Positions</i>	125,300	130,430	-	-	-
Contribution/(Draw)	(809,648)	(332,154)	(115,554)	178,371	525,588
Interest	28,886	23,466	21,462	21,991	25,730
Closing Balance	2,512,657	2,203,968	2,109,877	2,310,238	2,861,556
<i>Direct Costs</i>	1,544,735	1,591,077	1,638,809	1,758,686	1,901,559
<i>Reserve Fund/Expense Ratio</i>	1.63	1.39	1.29	1.31	1.50

Figure 3-1 illustrates graphically the difference in reserve positions between current and recommended fees and the relationship to the target reserve fund balance at 1.5 times annual direct costs of service.



Figure 3-1
Target and Forecast Reserve Fund Balances



Current and recommended building permit fees are presented in Table 3-5. It is anticipated that recommended building permit fees would be imposed starting in January 2024 and would be phased in to the full recommended fees by 2028. In addition to the annual phase-in the fees would also be increased at inflationary levels beginning in 2025 based on the cost-of-living increases in the County's budget. and will be phased-in to the full fee by 2028.



**Table 3-5
Recommended Building Permit Fees**

Class of Permit	Unit of Measure/Rate	Current Fees (2020)		Recommended Fees					
		Current Fees (2020)	Minimum	2024	2025	2026	2027	2028	Minimum
Building Permit									
Partial Building Permit	Flat Rate	\$500		\$523	\$547	\$572	\$598	\$625	
Conditional Building Permit	Flat Rate	\$1,000		\$1,046	\$1,093	\$1,143	\$1,195	\$1,250	
Demolition Permit									
Residential outbuilding	Flat Rate	\$160		\$200	\$200	\$200	\$200	\$200	
Residential dwelling unit	Flat Rate	\$160		\$213	\$284	\$378	\$503	\$670	
Non-Residential	Flat Rate	\$480		\$521	\$566	\$615	\$668	\$725	
Decommission Septic	Flat Rate	\$160		\$184	\$211	\$243	\$279	\$320	
Change of Use									
Change of Use Permit (No Construction)	Flat Rate	\$160		\$177	\$196	\$217	\$240	\$265	
Change of Use Permit (Construction)	\$/m2	Major Occupancy Classification		Major Occupancy Classification	Major Occupancy Classification	Major Occupancy Classification	Major Occupancy Classification	Major Occupancy Classification	
Site Servicing									
Residential	Flat Rate	\$160		\$200	\$221	\$245	\$271	\$300	
Non-Residential	Flat Rate	\$240		\$272	\$309	\$350	\$397	\$450	
Site Plan Control Review	Flat Rate	\$480		\$544	\$617	\$700	\$794	\$900	
Assembly Occupancies (Group A) School, Church, Community Hall, Restaurant									
Finished Building	\$/m2 , Min	\$13.91	\$480	\$14.91	\$15.97	\$17.11	\$18.34	\$19.65	\$600
Interior renovation and finishing (not part of original structure)	\$/m2 , Min	\$3.44	\$480	\$4.07	\$4.82	\$5.71	\$6.76	\$8.00	\$600
Public Pool, Spa	Flat Rate	\$480		\$603	\$757	\$951	\$1,194	\$1,500	
School Portables	Flat Rate	\$240		\$301	\$379	\$475	\$597	\$750	
Institutional Occupancies (Groups B1,B2,B3) Hospital, Nursing Home, Police Station									
Finished Building	\$/m2	\$16.21	\$480	\$16.85	\$17.51	\$18.19	\$18.91	\$19.65	\$600
Interior renovation and finishing (not part of original structure)	\$/m2	\$3.44	\$480	\$4.07	\$4.82	\$5.71	\$6.76	\$8.00	\$600
Residential Occupancies (Group C) House, Apartment, Motel									
Multiple Unit Residential Three (3) separate units or greater	\$/m2	\$14.66	\$480	\$15.49	\$16.36	\$17.29	\$18.27	\$19.30	\$600
Detached, semi-detached and townhouse dwellings Two (2) separate units or lpcc	\$/m2	\$12.98	\$480	\$14.05	\$15.21	\$16.47	\$17.83	\$19.30	\$600
Interior renovation and finishing (not part of original structure)	\$/m2	\$3.44	\$160	\$4.42	\$5.67	\$7.28	\$9.35	\$12.00	\$200
Finishing Basement				\$4.42	\$5.67	\$7.28	\$9.35	\$12.00	\$200
Additional Residential Unit				\$14.05	\$15.21	\$16.47	\$17.83	\$19.30	\$600
Business & Personal Service Occupancies (Group D) Office, Bank, Beauty Parlour									
Shell Building	\$/m2	\$10.02	\$480	\$10.02	\$10.02	\$10.02	\$10.02	\$10.02	\$600
Finished Building	\$/m2	\$12.72	\$480	\$13.58	\$14.50	\$15.48	\$16.53	\$17.65	\$600
Interior renovation and finishing (not part of original structure)	\$/m2	\$3.44	\$480	\$4.07	\$4.82	\$5.71	\$6.76	\$8.00	\$600
Mercantile Occupancies (Group E) Store, Shop, Supermarket									
Shell Building	\$/m2	\$9.68	\$480	\$9.68	\$9.68	\$9.68	\$9.68	\$9.68	\$600
Finished Building	\$/m2	\$11.97	\$480	\$12.94	\$13.98	\$15.11	\$16.33	\$17.65	\$600
Interior renovation and finishing (not part of original structure)	\$/m2	\$3.44	\$480	\$4.07	\$4.82	\$5.71	\$6.76	\$8.00	\$600
Industrial Occupancies (Groups F1,F2,F3) Warehouse, Repair Garage, Factory									
Shell Building	\$/m2	\$7.61	\$480	\$7.61	\$7.61	\$7.61	\$7.61	\$7.61	\$600
Finished Building	\$/m2	\$8.85	\$480	\$9.56	\$10.34	\$11.17	\$12.07	\$13.05	\$600
Parking Garage, Service Floors, Mezzanines	\$/m2	\$6.19	\$480	\$6.46	\$6.74	\$7.03	\$7.34	\$7.66	\$600
Interior renovation and finishing (not part of original structure)	\$/m2	\$3.44	\$480	\$4.07	\$4.82	\$5.71	\$6.76	\$8.00	\$600



Table 3-5 (Cont'd)
Recommended Building Permit Fees

Class of Permit	Unit of Measure/Rate	Current Fees (2020)		Recommended Fees					
		Current Fees (2020)	Minimum	2024	2025	2026	2027	2028	Minimum
Agricultural Occupancies Hay Storage, Silo, Riding Arena, Livestock Barn									
Finished Building	\$/m2	\$2.44	\$480	\$2.57	\$2.71	\$2.86	\$3.02	\$3.18	\$600
Interior renovation and finishing (not part of original structure)	\$/m2	\$1.82	\$160	\$1.92	\$2.02	\$2.13	\$2.25	\$2.37	\$200
Silo, Grain Bin	Flat Rate	\$240		\$251	\$262	\$274	\$287	\$300	
On-Site Sewage System									
Residential (New)	Flat Rate	\$540		\$551	\$563	\$575	\$587	\$600	
Residential (Replacement)	Flat Rate	\$540		\$551	\$563	\$575	\$587	\$600	
Non-Residential (New)	Flat Rate	\$940		\$952	\$964	\$976	\$988	\$1,000	
Non-Residential (Replacement)	Flat Rate	\$940		\$952	\$964	\$976	\$988	\$1,000	
Replacement Tank	Flat Rate	\$225		\$230	\$235	\$240	\$245	\$250	
Leaching Bed Repair, Minor Alteration	Flat Rate	\$390		\$392	\$394	\$396	\$398	\$400	
Review or Assessment Lot Serviceability/ Severance	Flat Rate	\$225		\$230	\$235	\$240	\$245	\$250	
Miscellaneous									
Deck, Porch	Flat Rate	\$160		\$200	\$200	\$200	\$200	\$200	
Gazebo, Cabana	\$/m2	\$3.44	\$160	\$3.60	\$3.76	\$3.93	\$4.11	\$4.30	\$200
Fireplace, Woodstove	Flat Rate	\$160		\$200	\$200	\$200	\$200	\$200	
Detached Garage, Carport	\$/m2	\$3.44	\$160	\$4.42	\$5.67	\$7.28	\$9.35	\$12.00	\$400
Storage Shed	\$/m2	\$3.44	\$160	\$3.60	\$3.76	\$3.93	\$4.11	\$4.30	\$200
Water and Sewer Connection	Flat Rate	\$240		\$251	\$262	\$274	\$287	\$300	
Temporary Trailer	Flat Rate	\$240		\$251	\$262	\$274	\$287	\$300	
Temporary Tent	Flat Rate	\$160		\$200	\$200	\$200	\$200	\$200	
Sign	Flat Rate	\$160		\$200	\$200	\$200	\$200	\$200	
Swimming Pool Enclosure	Flat Rate	\$160		\$200	\$200	\$200	\$200	\$200	
Roof Mounted Solar Panel	Flat Rate	\$240		\$251	\$262	\$274	\$287	\$300	
Relocate Building	Flat Rate	\$480		\$502	\$525	\$549	\$574	\$600	
Wind Turbines	Flat Rate	\$3,645		\$3,811	\$3,985	\$4,167	\$4,357	\$4,556	
Fire Alarm	Flat Rate	\$320		\$335	\$350	\$366	\$383	\$400	
Fire Sprinklers/Standpipe	Flat Rate	\$320		\$335	\$350	\$366	\$383	\$400	
Smoke/Heat Detectors, Emergency Lighting, Magnetic Locking Devices	Flat Rate	\$320		\$335	\$350	\$366	\$383	\$400	
Industrial Commercial Racking System	Flat Rate	\$320		\$335	\$350	\$366	\$383	\$400	
Shelf and Rack Storage System 3.16.	\$/m2	\$3.44	\$480	\$3.60	\$3.76	\$3.93	\$4.11	\$4.30	\$600
Commercial Cooking Exhaust, Spray Booth, Dust Collector	Flat Rate	\$240.00						\$300.00	
Plumbing Fixtures (each) Residential	Per Fixture	\$15.00	\$160	\$15.68	\$16.40	\$17.15	\$17.93	\$18.75	\$200
Plumbing Fixtures (each) Non-Residential	Per Fixture	\$15.00	\$320	\$15.68	\$16.40	\$17.15	\$17.93	\$18.75	\$400
Plumbing System Multi-Residential	Flat Rate	\$240		\$251	\$262	\$274	\$287	\$300	
Plumbing System Non-Residential	Flat Rate	\$320		\$335	\$350	\$366	\$383	\$400	
Mechanical Unit Residential	Per Unit	\$160		\$200	\$200	\$200	\$200	\$200	
Mechanical Unit Non-Residential	Per Unit	\$320		\$335	\$350	\$366	\$383	\$400	
Mechanical System Residential	Flat Rate	\$160		\$200	\$200	\$200	\$200	\$200	
Mechanical System Non-Residential	Flat Rate	\$320		\$335	\$350	\$366	\$383	\$400	
Oil and Grease Interceptor	Flat Rate	\$240		\$251	\$262	\$274	\$287	\$300	
Designated Structure (Not Already Listed)	Flat Rate	\$320.00		\$334.60	\$349.88	\$365.84	\$382.54	\$400.00	
Other Minor Residential Project	\$/m2	\$3.44	\$160	\$3.60	\$3.76	\$3.93	\$4.11	\$4.30	\$200
Other Minor Non-Residential Project	\$/m2	\$3.44	\$480	\$3.60	\$3.76	\$3.93	\$4.11	\$4.30	\$480



**Table 3-5 (Cont'd)
Recommended Building Permit Fees**

Class of Permit	Unit of Measure/Rate	Current Fees (2020)		Recommended Fees					
		Current Fees (2020)	Minimum	2024	2025	2026	2027	2028	Minimum
Administrative									
Inspection (Additional)	Per Inspection	\$160		\$174	\$188	\$204	\$221	\$240	
Building Inspection Not Ready (Greater than 2)	Per Inspection	\$160 Residential / \$320 Non-Residential		\$174 Residential / \$335 Non-Residential	\$188 Residential / \$350 Non-Residential	\$204 Residential / \$366 Non-Residential	\$221 Residential / \$383 Non-Residential	\$240 Residential / \$400 Non-Residential	
Plans Review Resubmission (Greater than 3)	Per Resubmission	\$160 Residential / \$320 Non-Residential		\$174 Residential / \$335 Non-Residential	\$188 Residential / \$350 Non-Residential	\$204 Residential / \$366 Non-Residential	\$221 Residential / \$383 Non-Residential	\$240 Residential / \$400 Non-Residential	
Alternative Solution	Per Submission Per Hour	\$80.46	\$500	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00	\$500
Notice of Change	Per Hour	\$80.46	\$160	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00	\$160
Third Party Professional Review	N/A	Consultant Fee (Paid by Applicant)		Consultant Fee (Paid by Applicant)	Consultant Fee (Paid by Applicant)	Consultant Fee (Paid by Applicant)	Consultant Fee (Paid by Applicant)	Consultant Fee (Paid by Applicant)	
Transfer of Ownership	Flat Rate	\$160.00		\$167.30	\$174.94	\$182.92	\$191.27	\$200.00	
Fee for permit not listed in Schedule A	Construction Value	\$8 per \$1,000 of construction/repair costs		\$10 per \$1,000 of construction/repair costs	\$10 per \$1,000 of construction/repair costs	\$10 per \$1,000 of construction/repair costs	\$10 per \$1,000 of construction/repair costs	\$10 per \$1,000 of construction/repair costs	
Building Without a Permit	N/A	\$200 or 50% of the regular permit fee whichever is greater		2x Building Permit Fee	2x Building Permit Fee	2x Building Permit Fee	2x Building Permit Fee	2x Building Permit Fee	
Unsafe Order	Flat Rate	\$250		\$261	\$273	\$286	\$299	\$313	
Prohibit Occupancy Order	Flat Rate	\$250		\$261	\$273	\$286	\$299	\$313	
Minor Revisions of Plans Already Examined	Per Hour	\$80.46	\$160	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00	\$160
Maintenance fee for files not closed within 24 months	Per Year	\$0		\$0	\$200	\$200	\$200	\$200	



The fee recommendations have been proposed to align with the fee structures established by comparable municipalities in Peel Region, Wellington County, Grey County, and the County of Simcoe, ensuring that the fees remain competitive and affordable.

The key changes to the recommended fees are summarized as follows:

- Uniform fees to be imposed for Group A and B complete construction permits
 - 7.2% annual increases for Group A fees and 3.9% annual increases for Group B fees as these institutional permit fees are currently higher than Group A fees.
- Uniform fees to be imposed for Group D and E complete construction permits
 - 6.8% annual increases for Group B fees and 8.1% annual increases for Group E fees as these mercantile permit fees are currently higher than Group D fees.
- Industrial Group F permit fees would increase from \$8.85 per m² to \$13.05 per m² (i.e. +8.1% per year)
- Non-residential alteration fees would increase by 18.4% per year from 3.44 per m² in 2023 to 8.00 per m² by 2028.
- Fees for single, semi-detached and townhouse dwellings will increase by 8.3% per year over the forecast period (increase from \$12.98 per m² to \$19.30 per m². Fees for additional residential units would be charged at the same rate.
- Finished basement and interior alteration fees to increase from \$3.44 per m² to \$12.00 per m² over the forecast period (+28.4% per year).
- Minimum fees for residential permits would increase from \$160 to \$200 in 2024 and remain at that rate (+inflation) for the forecast period. Minimum non-residential permit fees would increase from \$480 to \$600 in 2024 and remain at that rate, similar to residential minimum permits.
- An annual maintenance fee for permits that have not been closed within 24 months will be imposed beginning in 2025 at \$200 per year. The fee will be introduced in 2025 to allow historical open permits to be closed before the new fee comes into effect.

3.4 Building Permit Fee Impacts

To understand the impacts of the proposed full cost recovery building permit fees, the current and proposed fee for a selection of common building permits has been



compared with the fees in other urban/rural municipalities which are currently imposing full cost recovery fees. Figures 3-2 to 3-7 summarize the building permit fees for the following permit types:

- 2,500 sq.ft. single detached home building permit;
- 1,500 sq.ft. Townhouse building permit;
- 150 sq.ft. residential accessory building permit;
- 500 sq.ft. residential alteration permit
- 10,000 sq.ft. retail building permit; and
- 1,000 sq.ft. non-residential alteration building permit

The comparisons demonstrate that under the current fees, the County's fees are amongst the lowest in the comparator group. For the proposed fees the County's position relative to the comparator municipalities would remain towards to the lower end of the comparison in 2024 and increase to the mid range by 2028. For example, the proposed fees for a 2,500 sq.ft. single detached home would increase by \$250 (+ 8.3%) in 2024 and by \$1,468 by 2028 (+48.7%) but would still be less than the fees imposed in the Town of Georgina and Town of Innisfil.

Figure 3-2
Municipal Comparison

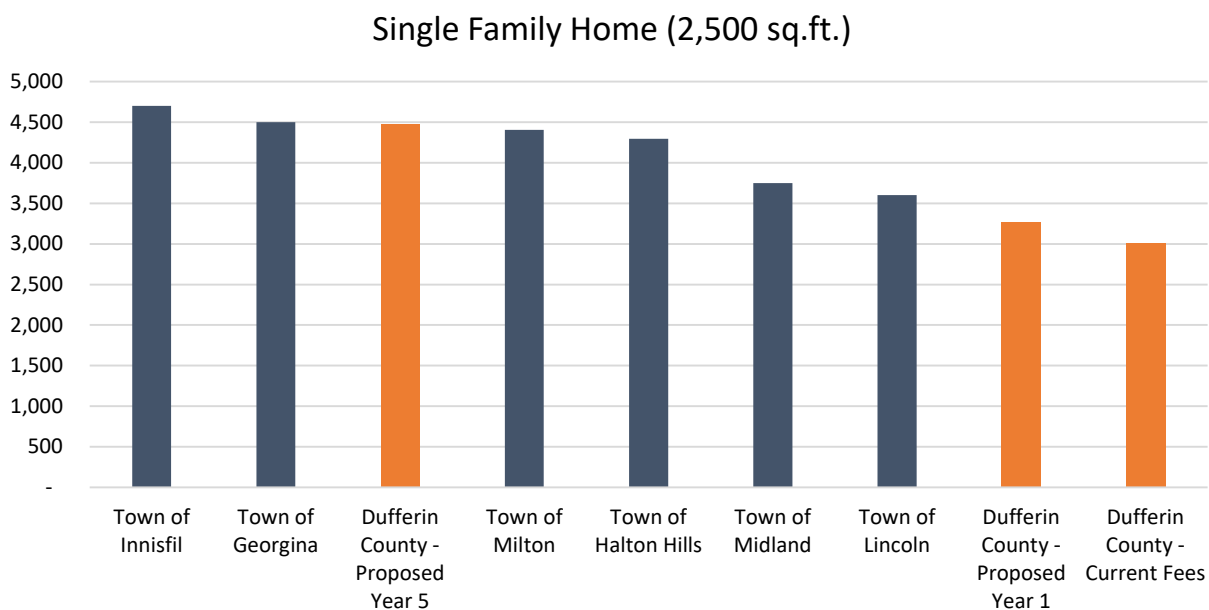




Figure 3-3
Municipal Comparison

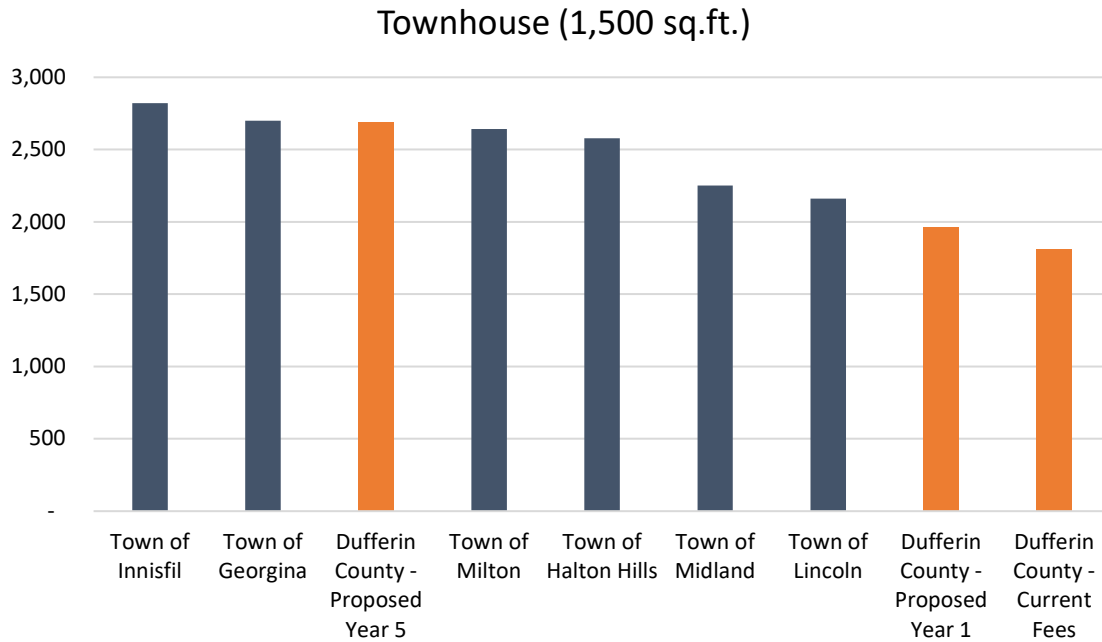


Figure 3-4
Municipal Comparison

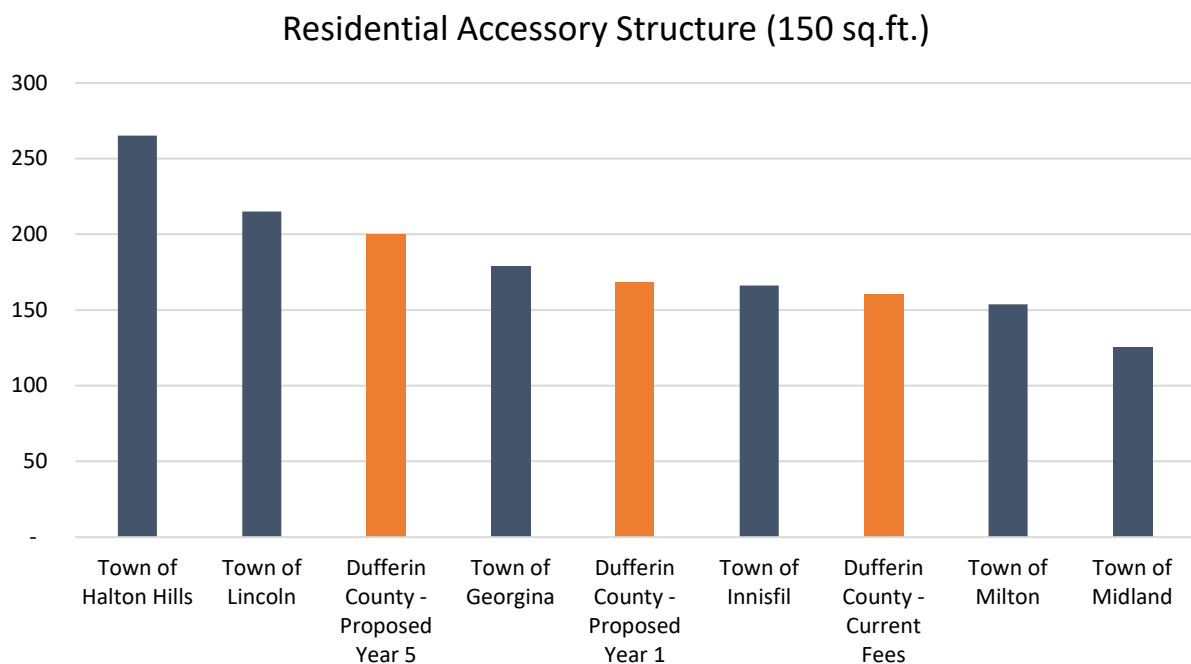




Figure 3-5
Municipal Comparison

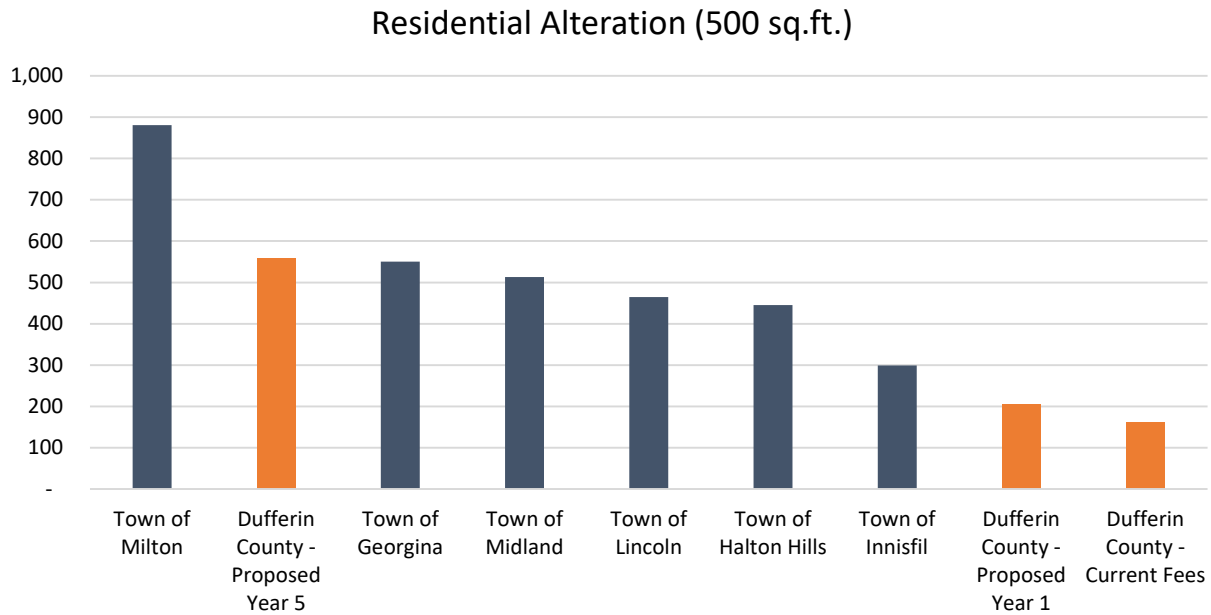


Figure 3-6
Municipal Comparison

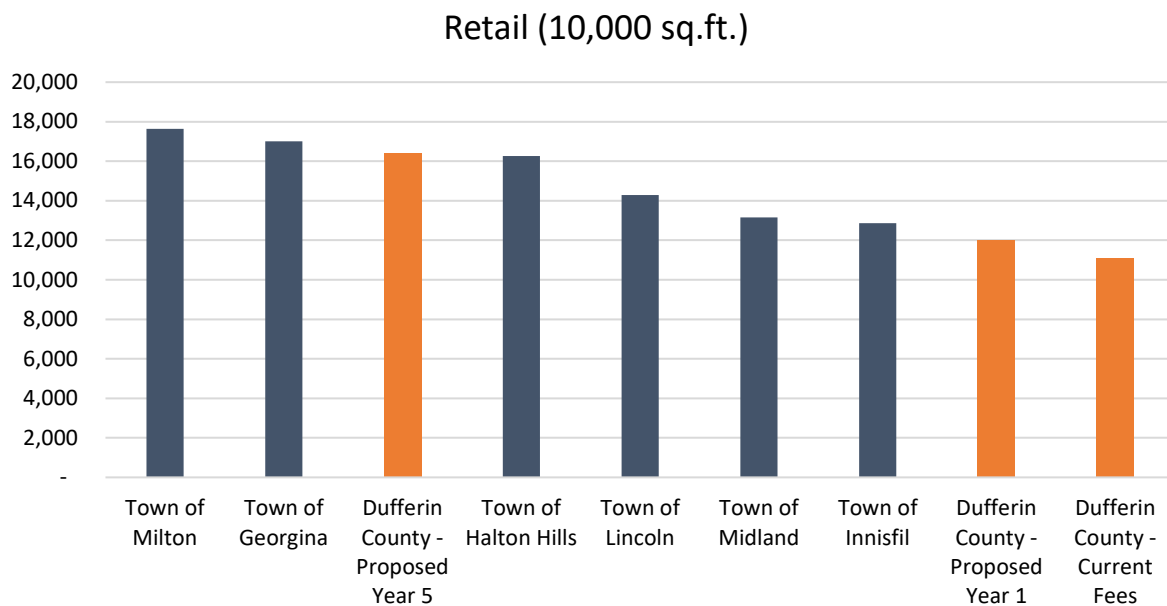
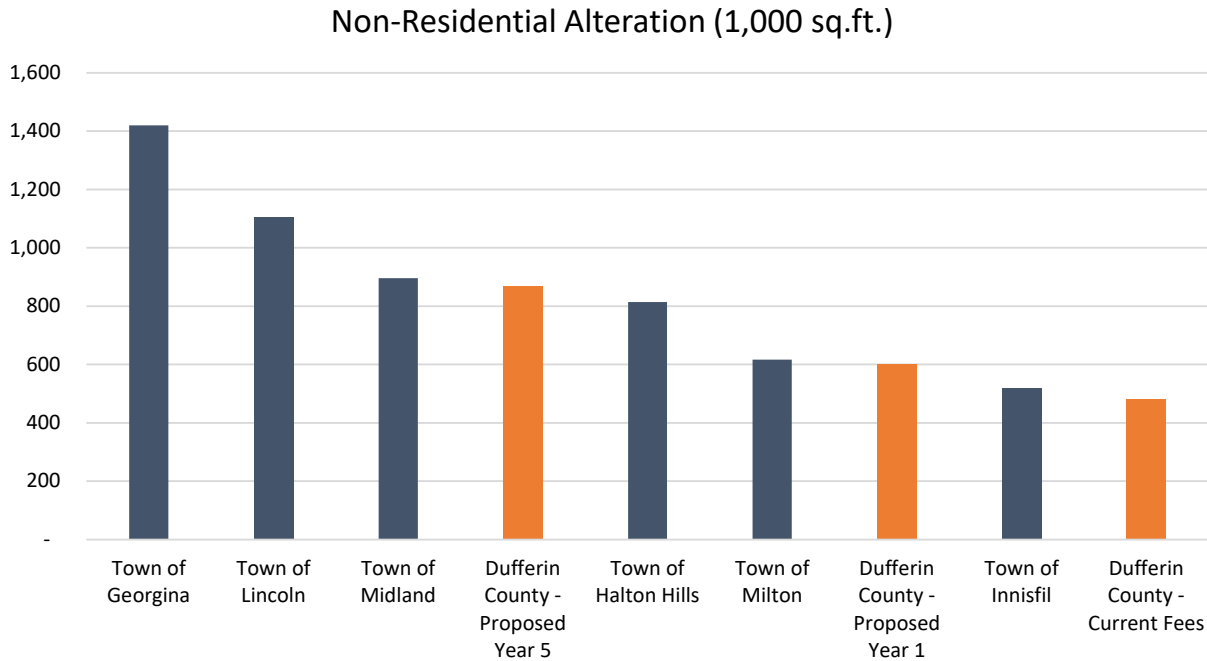




Figure 3-7
Municipal Comparison



An impact analysis has also been prepared to assess the total planning application fees, building permit fees, and development charges for a low-density residential development. The comparison illustrates the impacts of the recommended building permit fees in the context of the total development fees payable to provide a broader context for the fee considerations. In addition to providing the fee impacts for the County, the development impact analysis provides the comparisons for the same municipalities as above. Each County municipality is shown separately in Table 3-6 as the planning application fees and development charges will differ by municipality.

Table 3-6 shows that a 48.7% increase in building permit fees (i.e. full increase in fees by 2028) would increase the total fees payable by between 3.0% and 9.4%. Building permit fees represent the greatest share of the total fees payable for Melancthon and the smallest share for Grand Valley primarily due to the differences in D.C. policies and charges.



Table 3-6
Survey of fees Related to a Low-Density Residential Development
(100-Unit Single Detached Units, 2,500 ft² GFA each)

Rank	Municipality	Total Planning Fees	Total Development Charges	Current Fees		Proposed Fees (Year 5)		% Increase
				Building Permits	Total Development Fees	Building Permits	Total Development Fees	
1	Town of Caledon	42,230	12,703,075	322,141	13,067,446	322,141	13,067,446	
2	Town of Erin	66,065	5,845,500	220,000	6,131,565	220,000	6,131,565	
3	Township of Clearview	24,500	5,693,864	309,524	6,027,888	309,524	6,027,888	
4	Town of Grand Valley	62,500	4,450,256	301,470	4,814,226	448,257	4,961,013	3.0%
5	Township of Centre Wellington	53,830	4,152,400	342,580	4,548,810	342,580	4,548,810	
6	Town of Orangeville	34,115	2,973,956	302,632	3,310,702	302,632	3,310,702	
7	Township of Wellington North	46,065	2,825,301	300,000	3,171,366	300,000	3,171,366	
8	Township of Adjala-Tosorontio	26,000	2,717,200	427,586	3,170,786	427,586	3,170,786	
9	Municipality of Grey Highlands	40,885	2,544,500	162,580	2,747,965	162,580	2,747,965	
10	Township of Southgate	34,224	2,462,500	150,038	2,646,762	150,038	2,646,762	
11	Town of Mono	26,500	2,050,038	301,470	2,378,008	448,257	2,524,795	6.2%
12	Township of Mulmur	17,500	1,855,936	301,470	2,174,906	448,257	2,321,693	6.7%
13	Township of East Garafraxa	70,000	1,797,588	301,470	2,169,058	448,257	2,315,845	6.8%
14	Township of Amaranth	42,000	1,389,856	301,470	1,733,326	448,257	1,880,113	8.5%
15	Town of Shelburne	27,970	1,377,356	301,470	1,706,796	448,257	1,853,583	8.6%
16	Township of Melancthon	70,000	1,183,356	301,470	1,554,826	448,257	1,701,613	9.4%



Chapter 4

Conclusion



4. Conclusion

Summarized in this technical report is the legislative context for the building permit fee review, the methodology undertaken, A.B.C. results and full cost of service, and fee structure recommendations. In developing the recommended fee structure, careful consideration was given to affordability, market competitiveness, and to the recent trends pertaining to building permit fees.

The full cost of administration and enforcement of the *Building Code* has been analyzed as well as current cost recovery levels and cost recovery levels based on the recommended fees. Furthermore, the impacts of the recommended fees would have on the County's building permit reserve fund have also been assessed. The fee recommendations have been made while having regard for applicant affordability, market competitiveness and compliance with the governing legislation.

Overall, based on these fee recommendations, average annual building permit fee revenue would increase from \$1.1 million in 2023 to \$2.8 million by 2028 (including proposed phase-in of fee increases and annual inflationary increases). The proposed fee increases will provide for contributions to the reserve to ensure future service stability and mitigate the financial and operational risk associated with a temporary downturn in building permit activity.

The intent of the fees review is to provide the County with a recommended fee structure for Council's consideration to appropriately recover the service costs and contributions to reserve funds from benefiting parties. The County will ultimately determine the level of cost recovery and implementation strategy that is suitable for their objectives.