



MUNICIPALITY OF  
**GREENSTONE**

# **BUILDING PERMIT FEE REVIEW**

**AUGUST 14, 2023**

## TABLE OF CONTENTS

1. Introduction .....	
2. Building Code Act.....	
3. Methodology.....	
4. Joint Building Group Services and Other Support Services.....	
5. Building Permit Activity.....	
6. Indirect Costs.....	
7. Direct Costs .....	
8. Total Direct and Indirect Costs.....	
9. Cost Stabilization Reserve Fund .....	
10. Calculation of Building Permit Fees.....	
11. Summary .....	
12. Recommendations .....	

# BUILDING PERMIT FEE REPORT

---

## 1. INTRODUCTION

The Municipality of Greenstone has undertaken to review its responsibilities under the Building Code Act. The purpose of this report is to fulfill the requirements of the Building Code Act and the related Ontario Building Code where a municipality is considering a change in fees or the introduction of new fees.

More specifically, the Ontario Building Code (Section 1.9.1.2 (1) (d)) requires a municipality to provide to the public the following information:

- an estimate of the costs of administering and enforcing the Act;
- the amount of the fee or of the change to the existing fee, and
- the rationale for imposing or changing the fee.

This report sets out the calculations of costs related to the administration and enforcement of the Act and the associated amounts for various fees required to recover those costs. The rationale for the proposed fees is based on an eventual full-cost recovery for the delivery of the building inspection service within the municipality as permit activity increases.

## 2. BUILDING CODE ACT

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”.

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”. The new annual report will be prepared in the first quarter of the municipality’s fiscal year. Section 7(5) also states that the report must be available to the public. As such, the report will be posted on the website. The Annual Report does not have to be sent to the Province.

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. 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 will be incorporated into the regular process of updating the annual fees & charges by-law for the Municipality.

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, etc. 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 in order 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 that the Municipality may use to sustain the operation of the



Building Inspection Service without depending on municipal tax dollars. A Reserve Fund was established in 2022 given excess revenues were collected from the influx of development at the gold mine site in Geraldton.

### 3. METHODOLOGY

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

- A. Building permit activity data was collected for the period 2015-2022 in order to determine the average level of permit activity within the municipality (see **Table 1 and 2**).
- B. Information was collected from the 2022 municipal budget, as a template, in order to calculate the most appropriate **indirect costs** related to building permit fees. **Direct costs** were derived from the building services budget for 2022.
- C. Time allocation information was collected for municipal personnel who perform support services to the building service (indirect costs). Examples include the CAO, Clerk, Finance, and HR. This allocation focussed on the time spent over the course of a year on building-related duties as a percentage of the total work year. This in turn was multiplied by the salary and benefits (payroll burden) and overhead costs (calculated on an hourly basis) to determine the actual indirect costs for administration (see **Table 3**).
- D. The 2022 direct costs for the Building Services administration and enforcement were calculated along with the overhead costs. Overhead costs typically include legal, office supplies, training and certification, postage, mileage and clothing (see **Table 4**).
- E. Time allocation information was also collected on the average time spent by the 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 Building Services budget was used to determine the direct costs for enforcement and administration of the Building Code Act (see **Table 5**).
- F. 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 6**).

- G. An adjustment was made to provide for large-scale building projects where the workload required to process a permit exceeds the average level of effort. For example, a single detached dwelling with a floor area of 2,000 ft.<sup>2</sup> will require additional time to review the building plans and conduct inspections; hence the cost of the additional time was calculated on a per square foot basis and would be added to the base permit fee (see **Table 6**). For non-residential construction, the floor area beyond which an additional levy would apply was set at 10,000 square feet. For an accessory building, the additional levy would apply over 500 square feet.

## 4. BUILDING SERVICES AND OTHER SUPPORT SERVICES

The Building Inspection Service provides a very important service to the public by ensuring that buildings meet the requirements of the Ontario Building Code. Safe buildings are paramount and due diligence exercised in enforcing the Code helps to protect the municipality from exposure to liability. More importantly, they provide assurance to homeowners and businesses that construction meets safe construction standards and that matters of energy efficiency, structural integrity, weather resistance, fire safety etc. have been met.

In the Building Services area, the building inspection service function is carried out by staff employed by the Municipality of Greenstone. This consists of the following staff classifications:

- Chief Building Official

The role of the Chief Building Official (CBO) is set out in the Building Code Act (Section 1.1 (6))

It is the role of a chief building official,

- a. to establish operational policies for the enforcement of this Act and the building code within the applicable jurisdiction;
- b. to co-ordinate and oversee the enforcement of this Act and the building code within the applicable jurisdiction;
- c. to exercise powers and perform the other duties assigned to him or her under this Act and the building code; and
- d. to exercise powers and perform duties in accordance with the standards established by the applicable code of conduct

The Act invests the CBO with the exclusive responsibility and sole discretion to issue or refuse a building permit. While a municipal council is required to appoint a CBO, the Council does not have the legislative authority to direct or interfere with the legislated responsibilities of the CBO to issue or refuse to issue a permit or an Order related to enforcement of the Ontario Building Code. The independence of the role of a CBO is unique in municipal government, but is

intended to ensure that the administration and enforcement of the Building Code Act and Ontario Building Code is carried out with due diligence, with consistency and with a high degree of technical and professional competence. The significance of the CBO's role, and for that matter, any building officials is reinforced by the rigorous training and certification program administered by the provincial Ministry of Municipal Affairs and Housing. Properly qualified staff is essential to ensuring safe construction and safe buildings. Consequently, the continued financial support of Council in ensuring that staff have access to ongoing training and professional development is vital to a high quality of building construction in the municipality.

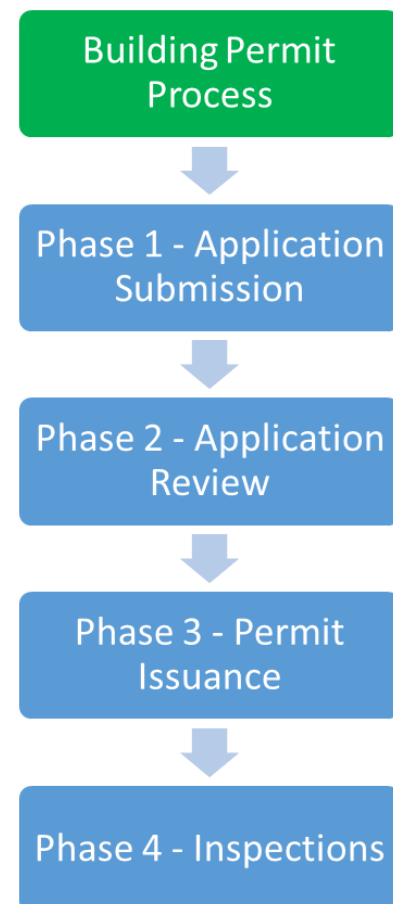
The structure of the Building Services division is intended to ensure that all parts of the Building Code are enforced by certified staff. The CBO has a Building Code Identification Numbers (BCIN) which in turn is related to his respective levels of certification, and consequently his authority and capability to administer the Ontario Building Code.

The CBO reports to the Chief Administrative Officer and is responsible for departmental administration and enforcement of the Building Code. The CBO's staff time is divided approximately 35/65 between Building Services and other Planning and By-law Enforcement Activities (property standards, animal control, etc.) that do not relate to the Building Code.

### **Building Permit Process**

The following outlines the typical process of submitting an application and obtaining a building permit in the Building Services area. Applicants who may be unfamiliar with the process are encouraged to pre-consult with the CBO 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.

It is recommended that handouts be developed 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). Packages should be developed to include urban (serviced) residential applications, rural applications and a package for garage construction.



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 Services 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. As Greenstone is serviced by a single staff member, future plans for coverage must be reviewed to ensure the legislative requirements are complied with should the current CBO need time off for vacations, sick time, etc.

## **PHASE 1 – APPLICATION SUBMISSION**

Steps in Phase 1:

- The application is submitted in a hard copy format to staff at any of the ward office in the municipality and then forward to the CBO.
- 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 of the steps in the review process
- The CBO will then create a 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.
- Files are stacked in order of receipt for distribution to the CBO.

## **PHASE 2 – APPLICATION REVIEW**

Steps in Phase 2:

- CBO undertakes a detailed review of the building drawings (plan review)
- Building plans are circulated to other departments when required (i.e. Engineering for sewer and water connections)
- Notations are recorded and requirements for changes are sent to the applicant if required
- Once the plan review is completed, the permit fee is calculated by the CBO along with any other applicable charges such as water and sewer servicing connections.

## **PHASE 3 – PERMIT ISSUANCE**

Steps in Phase 3:

- The CBO prepares the permits, advises the applicant, the permit is returned electronically with a hard copy original mailed along with the



- invoice.
- 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. The CBO relies 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 building inspection staff of readiness to inspect various stages of construction. The building inspection staff (CBO) is required to carry out an inspection within two (2) business days of receipt of most notices.

Steps in Phase 4:

- Inspection schedule is organized by the CBO depending on location and timing
- Inspections are requested by phone or email
- 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
- Rough-in plumbing
- Insulation
- Occupancy
- Solid fuel appliances usually trigger an additional inspection by independent third party
- Call-back inspections (1 or more depending on the builder if required) 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 may apply for multiple additional inspections where deficiencies are not corrected
- Inspection reports are prepared 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. hospital, school) or a commercial or industrial building, the number of inspections is dependent on the size and complexity of the building. The CBO carries out inspections and considers the required engineering and or architect reports (mandatory) and 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.

## **ENFORCEMENT**

Enforcement is an integral component to the building inspection process since the intent of the Building Services is to achieve compliance with the Ontario Building Code. The philosophy of the Building Services (CBO) is to achieve compliance through voluntary enforcement, or in other words, to work with the applicant and contractors to make changes or address deficiencies through on-site inspections and notations on the inspection reports. The voluntary compliance as the first line of enforcement is highly effective and helps to maintain a constructive working relationship with applicants and the building industry.

On occasion Orders to Comply may be necessary and are issued by the CBO. Orders may be issued where construction is occurring without a building permit or where previous instructions to correct deficiencies requested by staff have not been carried out voluntarily or when a building is declared unsafe. Where Orders are not complied with, the last resort in enforcement is legal action using the Provincial Offences Act process.

The CBO has a good working relationship with contractors and his network of contacts among local builders.

## **SUPPORT SERVICES**

Support services or related services to Building Services is provided by the staff of the municipality; however, the support required is usually minimal given the structure of the building inspection service. Generally, Council is responsible for establishing policies and adopting by-laws. The CAO oversees the management of

staff and policy formulation process while the Clerk oversees records management. Corporate Services is responsible for the posting of fees, ledger, budget, payroll and audit functions along with IT support. Other support services include HR for personnel matters.

## 5. BUILDING PERMIT ACTIVITY

**Table 1** sets out the building permit activity for the period 2015-2022 for all building code related permits. During this 8-year period, the number of residential permits for new housing starts averaged about 2 per year with a range from 0 (2020/21) to 5 (2015). In the non-residential sector, permits for new Commercial, Institutional or Industrial projects averaged less than 1 permit annually over the 7- year period (excluding alterations). The total average number of permits issued between 2015 and 2022 was 74 per year.

As well, the municipality also issues roofing shingles or metal roofing replacement permits as an added service to residents in an effort to help track this for insurance or resale purposes. **Table 2** provides the 2015-2022 roof permits with the annual average being 24.

It should be noted that the single most permitted projects over the 8-year period were residential demolitions which has resulted in negative building stock within the period of approximately 140 units.

<b>TABLE 1 – BUILDING PERMIT ACTIVITY</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>AVERAGE 2015-2022</b>	<b>TOTALS</b>
<b>Major Permits</b>											
<b>Residential Permits</b>											
	Singles/Cottages	5	3	2	2	3	0	0	2	2	19
	Semis/Towns/Row/Mobile Home	0	0	0	0	0	0	0	0	0	0
	Apartments	1	0	1	0	0	0	0	1	0	3
	Major Alterations/Additions	3	3	3	0	4	3	5	7	4	32
<b>Non-Residential Permits</b>											
	Commercial	0	1	1	0	0	0	1	1	1	5
	Institutional	0	2	0	0	2	3	3	0	1	11
	Industrial	1	0	0	1	0	0	8	9	2	21
	Major Alterations/Additions	8	2	1	4	6	9	6	5	5	46
	Non-residential demolitions	0	0	0	2	2	1	3	1	1	10
<b>Sub - Total Major Permits</b>		18	11	8	9	17	16	26	26	16	147
<b>Minor Permits (&lt; \$25,000)</b>											
<b>Residential Permits</b>											
	Minor Additions/Alterations	24	24	14	24	12	8	5	3	14	128
	Garage/Carport/Storage Shed	22	15	14	12	12	12	9	17	14	127
	Deck	6	5	5	5	5	5	1	3	4	39
	Residential demolitions	24	11	18	24	24	11	14	17	18	161
	Solid Fuel Appliances	0	0	0	0	1	0	0	0	0	1
<b>Non-Residential Permits</b>											
	Minor Additions/Alterations	5	4	0	0	0	0	0	1	1	11
	Signs, Towers, Solar Panels, Tents	0	0	0	2	0	0	0	0	0	2
	Pre-engineered fabric Buildings	0	0	0	1	0	0	0	0	0	1
<b>Other Permits</b>											
	Change of Use	0	0	1	1	0	0	0	0	0	2
	Occupancy	6	6	0	7	3	1	3	5	4	35
	Moving/Relocation of Building	1	1	1	0	3	1	0	0	1	8
	Permit Renewal/Revisions	0	0	1	0	0	0	0	4	1	6
<b>Sub - Total Minor Permits</b>		88	66	54	76	60	38	32	50	58	522
<b>Total All Permits</b>		106	77	62	85	77	54	58	76	74	669

<b>TABLE 2 – REPLACEMENT ROOF PERMIT ACTIVITY</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>AVERAGE 2015-2022</b>	<b>TOTALS</b>
	Roofing Permit	27	24	33	28	34	20	15	11	24	216

## 6. INDIRECT COSTS

**Table 3**, sets out the **Indirect Costs**, or the costs that are incurred by other municipal functions which support the Building Services. These include **Indirect Costs - Administration** which consists of the costs of Council, the CAO, Clerk's Office, Finance, Information Technology and Human Resources.

**Table 3** is structured to distinguish between the salary and benefits costs derived from the time allocated by various municipal staff, and the costs of overhead. These costs are then added together to derive the total **Indirect Costs** for the support services provided to the Building Inspection Service.

The costs in **Table 3** are intended to reflect the salary and overhead for all staff which provide support services to the Building Services. 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, benefits, OMERS etc.). The rates were calculated on a cost per hour basis for salary, benefits and all payroll related source deductions (WSIB, EI, EHT, etc). For example, the Director of Corporate Services spends approximately 2.0% of staff time on support services or 36.4 hours annually. Support services would include preparation and administration of the Building Services budget, the management of payroll and operational/capital costs and oversight of audit and financial transactions related to building permit fees. The number of hours spent by the Director of Corporate Services was multiplied by the hourly salary/benefits rates to derive an annual cost of \$3,313.13 for this staff function. Similar calculations were undertaken for council, the CAO, Clerk and all other staff involved in providing support services to the Building Services.

The **Indirect Costs** for administrative support were calculated as **\$24,195.96** for 2022. **For the purposes of Section 7 of the Building Code Act, the recoverable Indirect Costs are \$24,195.96.**

## 7. 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 4**, for 2022. The figures from the 2022 budget have been used for the purposes of calculating **Direct Costs** in **Tables 5 & 6**. These include salaries and benefits and administration or overhead and legal costs for a total of **\$69,310.00** for 2022.



The Director of Planning & Protective Services allocates approximately 640 hours of time towards CBO duties (1820 hours x 35%).

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. Legal costs are a component cost given the need to enforce the Building Code.

**For the purposes of Section 7 of the Building Code Act, the recoverable Direct Costs are \$69,310.00.**

<b>TABLE 3 – OTHER MUNICIPAL SERVICES &amp; DEPARTMENTS – COST ALLOCATION</b>					
<b>Position/Function</b>	<b>% Time Spent</b>	<b>Total Indirect Costs</b>	<b>Total Indirect Overhead Costs</b>	<b>Proportion of Indirect Overhead</b>	<b>Total Indirect Costs</b>
Council Members (9)	1.00%		\$337,080.00	\$ 3,370.80	\$ 3,370.80
CAO	1.00%	\$ 2,057.15			\$ 2,057.15
Clerk	1.00%	\$ 1,003.18			\$ 1,003.18
Corporate Services					
Director/Treasurer	2.00%	\$ 3,313.13			\$ 3,313.13
Manager, Finance & Accounting	1.00%	\$ 1,249.07			\$ 1,249.07
Senior Analyst	0.50%	\$ 623.53			\$ 623.53
Accounting Clerk - Payroll	1.25%	\$ 1,026.71			\$ 1,026.71
Accounts Payable Clerk	0.50%	\$ 397.49			\$ 397.49
Accounting Clerk/Receptionist	1.50%	\$ 1,168.17			\$ 1,168.17
Manager, Human Resources	0.50%	\$ 566.66			\$ 566.66
Information Technology	1.50%		\$280,200.00	\$ 4,203.00	\$ 4,203.00
Administration Office Facility	4.00%		\$130,427.00	\$ 5,217.08	\$ 5,217.08
<b>Total Indirect Costs - Administration</b>					<b>\$24,195.96</b>

<b>TABLE 4 – BUILDING DEPARTMENT COSTS</b>	
Administration Costs	2022 Budget
Salaries, Benefits & Payroll Overhead (35% of CBO)	\$ 49,477
Advertising & Promotion	\$ 1,500
Clothing/Boots	\$ 200
Legal	\$ 14,213
Office Equipment & Supplies	\$ 845
Subscriptions & Memberships	\$ 700
Cell Phone	\$ 1,000
Training	\$ 500
Vehicle	\$ 875
<b>Total Direct Costs – Building Department</b>	<b>\$ 69,310</b>

**TABLE 5 – TIME ALLOCATION BY TYPE OF PERMIT**

Average # of hours spent per function	RESIDENTIAL								INSTITUTIONAL, COMMERCIAL, INDUSTRIAL					OTHER PERMITS				
	Singles, semis, 2-unit dwellings, cottages	Garages	Multiples - Towns/Row/ Apartments	Major alterations & additions	Minor Alterations, retrofit, Garage, Carport, shed	Decks	Pools, inground, above ground	Demolition	Commercial retail, motels, institutional, recreational	Industrial	Major alterations additions	Minor alterations additions	Demolition	Occupancy, Moving/ Relocation of building, Renew Permit	Designated structures (Solar Panels, Retaining Walls, school portables, pre-engineered buildings)	Solid Fuel Burning Appliance Installation (Wood Stove)	Change of Use (no construction)	Roof Replacement
Plan Review	2	1	2	1	1	1	1	1	2	3	2	1	1	1	2	1	2	0
Inspections	8	4	6	6	5	2	2	2	6	8	10	4	2	2	6	0	2	1
Administration	2	2	3	3	2	1	1	2	4	25	3	10	2	4	2	1	2	1
Enforcement	1	1	1	1	1	0	0	0	1	1	1	1	0	1	1	0	0	0
<b>Total # Hours</b>	<b>13</b>	<b>8</b>	<b>12</b>	<b>11</b>	<b>9</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>13</b>	<b>37</b>	<b>16</b>	<b>16</b>	<b>5</b>	<b>8</b>	<b>11</b>	<b>2</b>	<b>6</b>	<b>2</b>
Calculated Full Cost Recovery Fee @ \$146/hr	\$1,898	\$1,168	\$1,752	\$1,606	\$1,314	\$584	\$584	\$730	\$1,898	\$5,402	\$2,336	\$2,336	\$730	\$1,168	\$1,606	\$292	\$876	\$292

**TABLE 5 – TIME ALLOCATION BY TYPE OF PERMIT**

Average # of hours spent per function	RESIDENTIAL								INSTITUTIONAL, COMMERCIAL, INDUSTRIAL					OTHER PERMITS				
	Singles, semis, 2-unit dwellings, cottages	Garages	Multiples - Towns/Row/ Apartments	Major alterations & additions	Minor Alterations, retrofit, Garage, Carport, shed	Decks	Pools, inground, above ground	Demolition	Commercial retail, motels, institutional, recreational	Industrial	Major alterations additions	Minor alterations additions	Demolition	Occupancy, Moving/ Relocation of building, Renew Permit	Designated structures (Solar Panels, Retaining Walls, school portables, pre-engineered buildings)	Solid Fuel Burning Appliance Installation (Wood Stove)	Change of Use (no construction)	Roof Replacement
Plan Review	2	1	2	1	1	1	1	1	2	3	2	1	1	1	2	1	2	0
Inspections	8	4	6	6	5	2	2	2	6	8	10	4	2	2	6	0	2	1
Administration	2	2	3	3	2	1	1	2	4	25	3	10	2	4	2	1	2	1
Enforcement	1	1	1	1	1	0	0	0	1	1	1	1	0	1	1	0	0	0
<b>Total # Hours</b>	<b>13</b>	<b>8</b>	<b>12</b>	<b>11</b>	<b>9</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>13</b>	<b>37</b>	<b>16</b>	<b>16</b>	<b>5</b>	<b>8</b>	<b>11</b>	<b>2</b>	<b>6</b>	<b>2</b>
Calculated Full Cost Recovery Fee @ \$146/hr	\$1,898	\$1,168	\$1,752	\$1,606	\$1,314	\$584	\$584	\$730	\$1,898	\$5,402	\$2,336	\$2,336	\$730	\$1,168	\$1,606	\$292	\$876	\$292

**TABLE 6 – PROPOSED BUILDING PERMIT FEE SCHEDULE**

<b>Residential Occupancies</b>	<b>2023</b>
New Construction – Detached Dwelling, Attached Dwelling, Multi-Unit Buildings	\$1.26/ft <sup>2</sup> (\$1,000.00 minimum)
Residential Additions	\$1.26/ft <sup>2</sup> (\$300.00 minimum)
Renovations, Alterations and Repairs to existing buildings	\$1.26/ft <sup>2</sup> (\$300.00 minimum)
Decks, Porches, etc. (non-enclosed), Pergola	\$300.00
All Wood Burning Systems/Chimneys	\$250.00/flue
Swimming Pools (above ground or in- ground for residential use only)	\$300.00
Accessory to residential buildings including attached garage and built-in garage including carports	\$1.26/ft <sup>2</sup> (\$300.00 minimum)
Canopies, parking garage repairs, portable classrooms, repairs, underpinning and other construction not set out herein	\$10.00/\$1,000 value (\$150.00 minimum)

<b>Institutional, Commercial, Industrial</b>	<b>2023</b>
Institutional building – new or addition	\$1.26/ft <sup>2</sup> (\$1,000.00 minimum)
Institutional building – renovation	\$10.00/\$1,000 value (\$1,000.00 minimum)
Commercial – shell buildings	\$0.95/ft <sup>2</sup> (\$1,000.00 minimum)
Commercial – finished buildings	\$1.26/ft <sup>2</sup> (\$1,000.00 minimum)
Commercial – renovation	\$10.00/\$1,000 value (\$500.00 minimum)
Industrial – heavy & specialized buildings, warehouses, underground parking garages, industrial buildings, mezzanines, lightly serviced storage buildings	\$2.00/ft <sup>2</sup> (\$1,000.00 minimum)
Industrial – addition/renovation	\$10.00/\$1,000 value (\$500.00 minimum)



<b>Other Permits, Fees and Charges</b>	<b>2023</b>
Demolition – buildings within the scope of 1.2.2.3 Div. C of the Ontario Building Code	\$700.00
All other demolitions	\$200.00
Change of Use – no construction	\$500.00
Temporary Permit – not exceeding 14 days	\$100.00
Temporary Permit – exceeding 14 days	\$400.00
Permit revision – major	Full permit fee (minimum \$300.00)
Permit revision – minor	\$125.00
Permit renewal / transfer	\$200.00
Renewable Energy Structure (not subject to an REA approval)	\$300.00
Renewable Energy Structure (subject to an REA approval)	\$25.00/\$1,000 value (\$500.00 minimum)
Property Reports	\$150.00
Civic Addressing – signage required	\$150.00
Civic Addressing – sign replacement	\$100.00
Civic Addressing – no signage requirement	\$50.00
Re-inspection fee	\$150.00 plus mileage rate
Towers	\$625.00
Reactivate dormant permit (over 12 months)	\$200.00
Retaining Wall as Defined in the OBC	\$10/meter or minimum building permit fee, whichever is greater
Property Search	\$150.00
Construction without a permit	20% of permit fee

This report has calculated the full costs (hourly basis by task) of delivering the building inspection service based on 2022 costs. Consideration should be given to an annual adjustment to building permit fees to ensure that the full costs of the service are recovered. Some municipalities are using the Consumer Price Index (CPI), (construction index), a Statistics Canada publication as the means to make the adjustment. This is a recommended option for the municipality and would result in more regular adjustments that would be tailored to annual adjustments in the cost of living.

## 8. TOTAL DIRECT AND INDIRECT COSTS

The combined **Direct** and **Indirect** costs of **Administration** and **Enforcement** have been calculated in **Tables 2** and **3**. The **Direct Costs** are **\$69,310.00** and the **Indirect Costs** are **\$24,195.96** for a combined total of **\$93,505.96**.

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

## 9. COST STABILIZATION RESERVE FUND

Although revenues have varied from **\$4,766** to **\$472,571** over the last eight years, the average revenue has been less than \$15,000 when removing the hospital (2019), school (2021) and gold mine (2022) projects which generated one-off spikes in revenue. Given that average revenues are not covering the cost of services currently, staff are not recommending including a surcharge to build up or maintain a dedicated reserve.

A Cost Stabilization Reserve Fund (CSRF) 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/software or a new vehicle. The department currently has a reserve fund in place from excess revenues in 2022 from the gold mine activities.

## 10. CALCULATION OF BUILDING PERMIT FEES

The total recoverable costs of **\$93,500 (rounded)** were utilized for the purposes of calculating building permit fees. Fee calculations were undertaken and are illustrated in **Tables 5** and **6**.

Table 5 highlights the types of building permits, stages of permit process and the hours required on average to complete each permit. The cost of each permit type is calculated using a simplified approach of allocating costs. Total recoverable costs per hour are calculated at \$146 ( $\$93,500 / 640$ ).

Table 6 illustrates the suggested building permit fees for 2023. The base fees have generally been calculated assuming the average new residential dwelling size of 1500 square feet. As well minimum fees have been established to at least

recoup the cost of administration hours on all permit types. It is further recognized that some of the fees have been set below full cost recovery. This has been done acknowledging local economic impacts of certain fees and the desire for compliance within the building code permitting program versus illegal building occurring within Greenstone as a result of high permit fees being the deterrent to application submission.

## 11. SUMMARY

The Building Services Division administers the legislated responsibilities required by the Building Code Act and the Ontario Building Code. The CBO is supported by services provided by other municipal departments essential to day-to-day operations. This study was undertaken to determine **full-cost recovery for the costs** associated with the delivery of the responsibilities and the associated costs of the support services provided.

The current level of building permit activity continues to be weak and generally will not reasonably sustain a full cost recovery program but should be monitored to ensure that fees provide for full-cost recovery on an hourly basis of output for each permit type.

The costs for salaries, benefits and overhead for the Building Department were calculated based on the 2022 Building Service Division budget. Total costs for the administration and enforcement of the Building Code Act were determined to be **\$69,310** and this cost is considered to be recoverable through building permit fees. The costs for salaries, benefits and overhead for the support services of other departments were calculated as **\$24,195.96**.

The combined costs of **\$93,505.96** represent the total municipal administration and enforcement costs required to be calculated under Section 7(2) of the Building Code Act and recoverable through building permit fees.

The study also determined that there was no capacity within the fee structure to levy funds for a Cost Stabilization Reserve Fund (CRSF). This fund would be used to offset operational and capital costs of the building inspection and related support services. A surcharge is not recommended at this time; however, the Municipality should monitor expenditure and revenue levels.

The study also determined the actual cost for all of the steps required to process a building permit and provide other services based on staff time and the associated salary, benefits and overhead costs.

**Table 6** sets out the recommended fees which may be incorporated into a draft new building by-law.

## 12. RECOMMENDATIONS

This building permit fee study has determined the total **Indirect Costs** and **Direct Costs** for **Administration** and **Enforcement** based on the criteria set out in Section 7 of the Building Code Act. Based on the findings of this study it is recommended:

- a. That the Council of the Municipality of Greenstone adopt the recommended fee structure set out in Table 6.
- b. That the Municipality of Greenstone levy an annual adjustment in permit fees based on the Consumer Price Index (CPI) Construction Index available through Statistics Canada.
- c. That the Municipality of Greenstone convene a public meeting in compliance with the requirements of the Building Code Act for the purposes of considering changes to fees and the introduction of new fees.