



Municipality of North Grenville

To:	COUNCIL	Meeting Date: 2021/01/12
Subject:	Building Division Fee Schedule Changes	Report No: PD-001-2021
Prepared by:	Steven G. Leroux Chief Building Official	File No: C7-PD

RECOMMENDATION(S)

THAT Council:

1. Approve and enact By-Law 1-21 to amend By-Law 102-15 "Consolidated Fees and Charges for Municipal Departments" to increase and add new fees; and
2. Approve and enact By-Law 2-21 to repeal and replace By-Law 14-9, the "Municipal Building By-Law", to incorporate new definitions and terminology in line with the proposed fee increases.

EXECUTIVE SUMMARY

Purpose

- To facilitate a cost recovery for Building Division services both now and in the future by approving increased and additional fees to By-law 102-15 "Consolidated Fees and Charges for Municipal Departments" and By-Law 14-98 "Municipal Building By-Law".

Key Findings

- Except for a few fee additions, most of the current fees have gone unchanged since the original By-law 14-98 was passed in 1998, 22 years ago.
- A draw from the Building Reserve Fund of over \$ 222,000.00 was required in 2019 as a result of fewer permit application submissions, due largely to commitment challenges for allocation of municipal services for proposed development.
- Increases to the Development Charges By-law also impacted permit submissions in 2019 resulting in lower building permit applications and therefore fewer fees collected.
- Building Permit submissions have increased in 2020. Currently at 428 applications which exceed our projected 350 applications for 2020 budget projections.
- The increase in applications indicate a return to the rate of development the municipality had experienced prior to 2019.
- A Building Permit Fee Review was performed in December of 2018 and updated October 2, 2020 by Tunnock Consulting Ltd. This review identified the true cost of our services and the necessary building permit fee revenues required to maintain our required service delivery and contribute to

the Building Division Reserve. This full-cost recovery model will avoid any potential dependency on the general tax levy.

Financial Implications

- An increase in fees will increase the revenue generated by building permit applications to improve cost recovery efforts for services provided by the Building Division.
- Staffing implications have been included in the proposed Building Division budget for 2021 and beyond. The proposed Budget for 2021 was calculated to support the recent hires for an addition of 1 full time, 6 month contract Building Inspector position and a permanent part time 3 days /wk Building Inspector position.
- Approving the fee schedule changes will provide additional revenue for future needs for equipment and staffing to address the ever-increasing demand for building services.

BACKGROUND

Most of the current fees have gone unchanged since the original By-law 14-98 was passed in 1998, 22 years ago, except for a few fee additions.

Building fees have remained relatively unchanged over the past two decades. A change to public and institutional fees occurred in 2010. As well the addition of fees for final inspections more than 2 years after occupancy was granted was amended into the fee schedule in 2013. Other amendments in 2013 included the introduction of a fee for the 3rd consecutive inspection for the same inspection and a fee for sites not ready for inspection without cancellation.

A draw from the Building Reserve Fund of over \$ 222,000.00 was required in 2019 as a result of fewer permit application submissions, due largely to commitment challenges for allocation of services for proposed development

Increases to the Development Charges By-law impacted permit submissions in 2019 resulting in lower submissions. This resulted in the Building Division drawing \$222,157.00 from the Building Reserve

The Building Reserve Fund is intended to support stable delivery of Building services by providing funds to maintain and add to the staff levels as the rate of development dictates. It is important to maintain permit fees that will provide for full-cost recovery revenues that will address the cost of providing the services. The current balance of Building Reserve Fund is \$102,778.00

It is also important to contribute to the Building Reserve Fund to maintain the ability to provide the service and react to increasing changes in service delivery demand. A properly funded Building Reserve Fund will avoid any dependency on or increase in property taxes to fund the building inspection service.

Building Permit submissions have increase in 2020 currently at 494 applications exceeding our projected 350 application for 2020 budget projections.

The increase is partially a result of the passing of the Development Charges By-Law and the Capacity Allocation By-Law as these by-laws have clarified the processes for development for the building community. As a result of the recent increase in building permit applications the Building Division is projecting 2020 budgeted revenues of \$625,400 in addition to contributing to the Building Reserve Fund. The increase in permit applications can in part be attributed to the impact of the

COVID-19 pandemic emergency, driving a desire to move out of larger urban areas to locations that provide more living space for homeowners at a lesser cost while benefiting from the services and appeal of smaller urban or rural-based communities.

ANALYSIS

Implementing the proposed fees would assist in the recovery of service costs and contribute to the Building Reserve Fund for the Building Division to provide the legislated services.

The proposed fees for new construction will increase permit types differently. The following breakdown provides demonstrates the proposed increase rate:

Permit Type	Increase Percentage
Residential	16%
Agricultural	9%
Industrial	0%
Commercial	9%
Institutional	14%

The proposed fees for renovations and additions will increase as the base fee structure addresses the cost of providing the minimum service activities necessary for any renovation or addition permit. Renovation and addition applications are often submitted by homeowners and small contractors that require additional support to achieve a completed application to be able to issue them a building permit.

Strategic Alignment

Strategic Focus Area 1: Sustainable, Strategic Growth (Goal 2: Work Where We Live)

Outcome: To ensure that North Grenville is an attractive place to set up business by providing for a sufficient Building Division service model to support the builders, and developers to conduct development activities in a timely, cost effective, and efficient manner. And, to ensure the residents of North Grenville have compliant and safe buildings to live, work, and play in.

COMMENTS

A Municipal Comparator was undertaken with the proposed fee increase. The proposed fee structure will increase our ranking in the comparator charts as indicated in the Table below titled Building Permit Fee Comparison. This chart was updated 2019 within the Building Permit Fee Review Report, attached (page 28 section 11). The Comparison table indicates that North Grenville will place 2nd in single detached dwelling permit costs, 1st in deck permit costs, 2nd in new commercial permit costs and 6th in new industrial permit cost.

BUILDING PERMIT FEE RANKING BY MUNICIPALITY

1= highest value 10= lowest value

(See page 28 Section 11 of Building Permit Review Report for actual values)

<i>Municipality</i>	<i>Single detached Dwelling 1500 sq.ft.</i>	<i>Deck 300 sq.ft.</i>	<i>Commercial new 2500 sq.ft.</i>	<i>Industrial new 6,456 sq.ft.</i>
Ottawa	10	2	4	7
Careleton Place	4	8	1	1
Perth	6	9	5	3
Russell	5	5	10	9
The Nation Municipality	7	5	9	10
Mississippi Mills	1	3	7	5
Clarence Rockland	8	6	3	2
Brockville	3	4	8	8
Arnprior	9	10	8	8
NORTH GRENVILLE	2	1	2	6

EXISTING POLICY/BY-LAW

The Municipal Building By-law 14-98

Municipal Services and Fees By-law 102-15

FINANCIAL IMPACT

This item has been identified in the current budget: Yes **X** No ☐ N/A ☐

This item is within the budgeted amount: Yes **X** No ☐ N/A ☐

Staffing implications, as they relate to implementing Council's decision on this matter, are limited to the existing staff complement and applicable administrative policies as approved by Council.

The proposed fee increase has been incorporated into the 2021 draft budget.

PUBLIC INPUT

Local Developers and builders were invited to 2 virtual meetings on November 16, 2020 and December 1, 2020. As well, as an in-person meeting was held on Dec 18, 2020 to discuss the proposed changes to the Consolidated Fees and Charges By-Law (By-Law 102-15) and Municipal Building By-law (By-Law 14-98) changes. For those participants that could not attend, a recorded copy of the meetings was provided. Staff were able to meet with all major builders, smaller but consistent contributors, and recent additions to the building community in North Grenville.

All that were in attendance expressed support for the proposed fee increases as they felt the changes would result in the improvement of the Building Division service delivery by allowing for hiring of additional inspectors and purchase of updated software. The builders questioned some wording around Waiving of Fees for additional outside cost such as peer review fees.

Questions regarding Conditional permits vs Foundation only permits were raised. Further review of the fee schedule concluded that a foundation only permit would require a conditional building permit in any

event, so it was removed from the schedule. Foundation only requests will be subject to the conditional building permit fee.

Demolition Permits were also discussed as the sign-off sheets are posing a challenge to the builders to complete and submit in a timely manner. The revised Building By-law includes require written confirmation of the decommissioning of the necessary services from the appropriate authority. This will not require the builders to circulate the current document and wait for its return and submission to the Municipality's office. Once the services are disconnected, the authority will provide the builder with written confirmation which can be forwarded directly to the Municipality.

Questions concerning the list of required documents for site plans, surveys, and engineer's general review were raised. It was explained that the list is intended to be all encompassing. Not all requirements listed are not applicable to all projects, as noted in the By-Law.

Fence requirements listed in the by-law were of concern as the builders are mandated to follow the Ministry of Labour regulations regarding fencing on construction sites. It was believed that there may be some overlap and therefore discrepancies between compliance with the Ministry of Labour and the Ontario Building Code. Wording was added to the by-law to identify the Ministry of Labour Regulation as the overriding authority in this matter.

Almost all builders identified the need for smaller annual increases rather than large increases at unexpected times. This will assist them in predicting the cost of building permits in the future. Yearly cost of living increases is proposed in the by-law based on the Consumer Price Index.

A question was raised regarding the application of the 100% surcharge for work starting without the benefit of a building permit being issued. This is a new fee and is intended to address the additional costs of additional service delivery for retroactive permits, as well as a deterrent to construction being undertaken without the benefit of the building permit being issued.

These issues have been further clarified with the builders and adjusted to address the building industry comments.

INTERNAL/EXTERNAL CONSULTATION

Mr. Glenn Tunnock of Tunnock Consulting Ltd. has prepared a Building Permit Fee Review to identify the cost of the services provided by the Building Division. Mr. Tunnock will present his presentation to council and answer questions.

CONCLUSION

Increasing the Building Permit Fees will ensure that the Building Division generates the appropriate revenue to cover the cost of Building Services. This reduces the requirement to fund Building Services through the general levy. An annual Cost of Living increase will ensure that Building Permit fees remain current and reduce the future requirement to significantly increase fees to meet future service delivery demand.

SIGNATURE

Prepared by:

Original Signed By

Name: Steven G. Leroux

Title: Chief Building Official

Reviewed by:

Original Signed By

Name: Heather Babcock-Cormier

Title: Director of Legislative Services/ Municipal Solicitor

Submitted for

Council consideration by:

Original Signed By

Name: Gary Dyke

Title: Chief Administrative Officer

ATTACHMENTS

- Draft By-Law 1-21
- Draft By-Law 2-21
- The Municipality of North Grenville-Building Permit Fee Review Dec 12. 2018 revised October 2, 2020 as prepared by Tunnock Consulting Ltd.