

**BUILDING DEPARTMENT REPORT**

**REPORT 23/05**

**TO:** Chair and Members of the Committee of the Whole

**FROM:** Dan Sharina, Chief Building Official

**MEETING DATE:** Monday, November 20, 2023

**SUBJECT:** Building Permit Fees

---

**RECOMMENDATION:**

**Be it resolved that the Committee of the Whole of the Township of Guelph/Eramosa has received the Building Department Report 23/05 regarding increasing building permit fees, and**

**That staff be directed to hold a public meeting regarding the proposed fees in accordance with legislated requirements.**

---

**BACKGROUND:**

The Building Department relies heavily on building permit revenue from their fees in order to recover their operational expenses and does not rely on taxation. Section 7 of the Building Code Act (B.C.A.) provides municipalities with general powers to impose fees through passage of a by-law. That act provides that:

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

*(c) requiring the payment of fees and prescribing the amounts of the fees,*

*(i) on application for and on issuance of permits.*

*(ii) for maintenance inspections*

*(ii) for providing documentation, records, or other information under section 15.10.4., and,*

*(iv) for providing information under subsection 15.10.6.(2)*

*(c.1) requiring the payment of interest and other penalties, including payment of collection costs, when fees are unpaid or are paid after the due date.*

*(d) providing for refunds of fees under such circumstances as are prescribed.*

The Building Department fees are intended to not exceed the anticipated reasonable costs to administer and enforce the Building Code Act, as per section 7. (2) of the B.C.A. This allows permit fees to be designed in a way to allow cost recovery for the operation of the building department regardless of the type of work associated with the permit fee.

In 2018, the municipality retained Watson & Associates to update the 2008 user fee review for Building and Planning Department fees. The update study compared the building permit work and types with its operational costs using the three (3) full time employees (F.T.E.) in the department at that time.

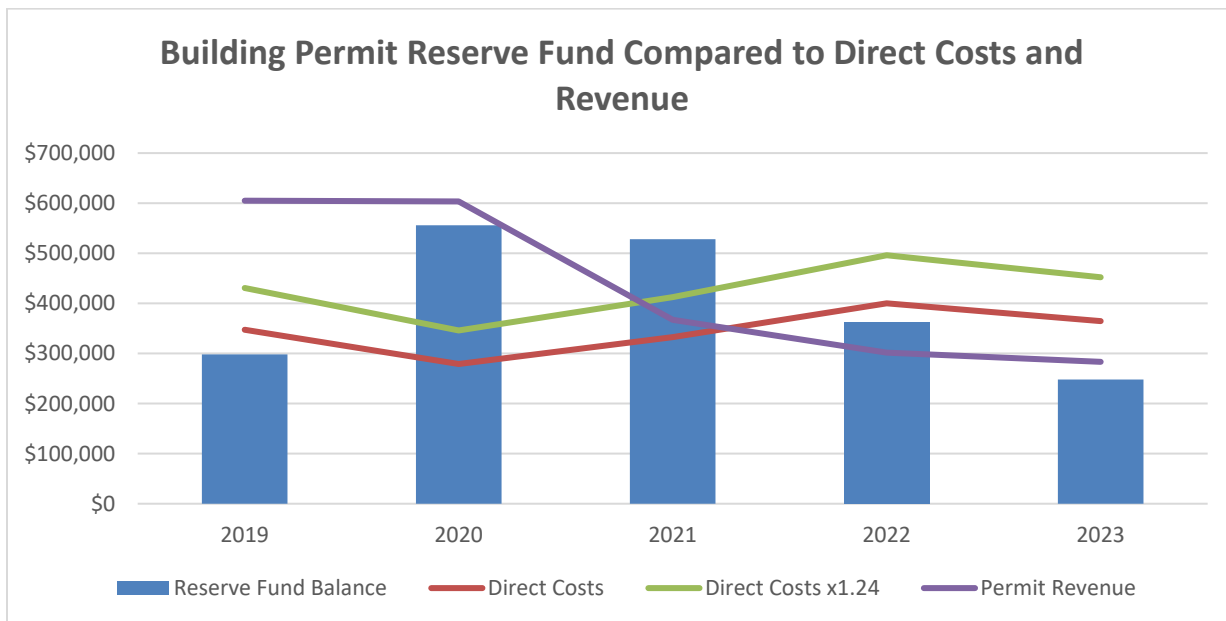
The fees at that time were designed to fully recover the department's expenses and provide a reserve fund for use during downturns in building activity. While the B.C.A. does not prescribe a specific methodology for determining an appropriate reserve fund, the study recommended the building department utilize a multiple of 1.24 years total building department direct costs for an appropriate reserve fund. At that time, the projected balance for the reserve should have been almost \$600,000 at the beginning of 2023 had development occurred as anticipated.

## **DISCUSSION**

The Building Department Reserve Fund manages the risk associated with an economic downturn and allows operations to continue during a short downturn. Over the last few years during the pandemic, the Building Department's operating budget has had to draw funds from the reserve to balance its budget. These large draws are not sustainable, and if the Bank of Canada's action to rein in inflation continues to slow the economy, then the reserve could be depleted by the end of 2025 if no actions are taken.

Staff has had to assess likely revenues and costs to fund the Building Department's operations on a go forward basis. There have been no rate increases over the past five years. It is recommended the building permit fees be increased for the year 2024 to reflect the impact of inflation over the previous five-year period. It is also being recommended that the fees be increased annually on a go forward basis at the same rate as staff wages are 80% of the direct costs of the department being attributable to wages and benefits.

The chart below shows the existing reserve fund balance compared to the building permit revenue and direct costs. The projected 2024 balance is also provided to show that there is a forecast of further use of the reserve next year.



The projected growth trend identified for Guelph/Eramosa in the most recent update of the Official Plan identifies negligible residential growth for the next 30 years – approximately 400 total new homes over that time period. As the fees have not been increased since 2018, it is being recommended to proceed with an increase of 15.6%, which matches the rate for staff salaries over the past 5 years.

Guelph/Eramosa Salary Increase	
Month and Year	Month
September 2020	1.9%
September 2021	0.5%
September 2022	4.4%
September 2023	5.0%
September 2024 (proposed)	3.8%
<b>TOTAL %</b>	<b>15.6%</b>

Attached to this report is a summary comparison of the proposed Building Department fees along with neighbouring/similar sized municipalities.

In addition to the 15.6% increase, the Building Department is looking to add new fees that will go higher for certain permit types.

**New Septic Permit Fee:**

The current septic permit fee is at the amount of \$520.00. Increasing this fee by 15.6% would bring the fee to \$601.12. The building department is proposing to increase this fee to the amount of \$800, almost \$200 more than the 15.6% increase. The work involved in reviewing a new septic system entails three site visits.

The current tank replacement fee is \$230, which only requires one site visit. Increasing this fee by 15.6%, brings the tank replacement fee to \$265.88. Since the work for a new septic system is almost three times the amount of a tank replacement permit, the recommended fee of \$800 is reasonable.

**Adding a “Conditional Building Permit” fee to the fee schedule:**

The Building Code Act allows a developer to apply to the Chief Building Official (C.B.O.) to obtain a building permit when they may have not met all requirements for a building permit to be approved under normal circumstances. This is known as a “Conditional Permit” under section 8.(3) of the B.C.A.. To obtain a “Conditional Permit”, a legal agreement is made between the applicant and the Municipality to ensure that there is no risk to the Municipality in granting such a permit. A report is drafted by the C.B.O. and presented to Council for consideration and approval. This is more work on the Building Department that is not captured in the current fee schedule. Agreements must be created that suit the needs for both parties, a Council report needs to be completed, and the permit documents need to be reviewed to a degree where the C.B.O. agrees that a Conditional Permit is a reasonable direction.

Below is a comparison of two neighboring Municipal Building Departments and what their fees are regarding conditional building permits:

MUNICIPALITY	CONDITIONAL BUILDING PERMIT
ERIN (2023)	50% of permit fee
PUSLINCH (2023)	20% of permit fee

It is being recommended that the Building Department use the same fee as the Township of Puslinch for conditional permits and that this new fee be added to the fee schedule.

Adding provisions to the fee schedule to allow the Building Department to index fees based on cost-of-living adjustments (COLA):

The current building department fees schedule does not have a mechanism built into the fee structure to it to adjust fees annually. As noted previously, the largest portion of the Building Department's direct costs are salary related, and the fees should be increased annually at the same rate wages are increased. Adding this provision to the fee schedule would allow the department to adjust its fees to match its operational costs without requiring a public meeting each year. Council would still receive any public input as part of the consultation process for the annual budget.

Recovering costs for peer reviews of "Site Servicing":

The *More Homes Built Faster Act, 2022* provided exemptions through Bill 23 to allow developments of residential developments of 10 units or less to be exempted from Site Plan Control. This changed the Township's process for these developments, as they would no longer proceed through a site plan application, where internal staff be circulated for review. This was also a big change for building departments as infrastructure regarding water, sanitary, and storm drains that were typically reviewed by the engineering staff would now become the responsibility for building departments to review.

The Building Department employs an engineering consultant when it's required. The current fee structure was designed in 2018, before these Provincial changes were enacted. The Building Department is proposing to add a recovery provision to its fee structure that would allow cost recovery for infrastructure items when needing to be circulated to the Township's engineering consultant.

**FINANCIAL IMPACT:**

The recommended increases to the building permit fees for 2024 would result in an increase of approximately \$50,000 in revenue if the number of permits projected is reached. This would reduce the use of the reserve by this same amount, and the estimated change to the reserve balance at the end of 2024 would be negligible.

**SUMMARY:**

The Building Department is recommending the proposed increases to the fees in this report. If the Committee endorses the proposed changes, a statutory public meeting to seek input will be held.

Respectfully Submitted,

---

Dan Sharina  
CBO

Reviewed By:

---

Ian Roger, P. Eng  
CAO

**Comparable Permit Fees**

	EXISTING GUELPH/ERAMOSIA FEES	NEW GUELPH/ERAMOSIA FEES	AVERAGE FEE OF THE COMPARABLES	PUSLINCH TOWNSHIP	TOWNSHIP OF WOOLWHICH	TOWN OF ERIN	CENTRE WELLINGTON	TOWNSHIP OF NORTH DUMFRIES	CITY OF GUELPH	TOWNSHIP OF WELLSLEY
Permit Fee Category	Fee \$ / ft <sup>2</sup> or Flat Rate	NEW Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate
<b>Group A - Assembly</b>										
New and Additions	2.41	<b>2.79</b>	<b>2.11</b>	3.07	2.33	0.89	1.22	2.66	2.87	1.72
Renovations	0.53	<b>0.61</b>	<b>0.45</b>	0.59	0.33	0.35	0.40	0.55	0.48	0.46
<b>Group B - Institution</b>										
New and Additions	2.60	<b>3.01</b>	<b>2.22</b>	3.07	2.55	0.89	1.22	2.66	3.11	2.06
Renovations	0.53	<b>0.61</b>	<b>0.45</b>	0.59	0.33	0.35	0.40	0.55	0.48	0.46
<b>Group C - Residential</b>										
New - SFD	1.28	<b>1.48</b>	<b>1.53</b>	2.20	1.31	1.43	1.37	1.55	1.54	1.28
New - Multi-Unit Buildings	1.42	<b>1.64</b>	<b>1.47</b>	2.20	1.40	1.17	0.75	1.50	1.99	1.28
Additions	1.28	<b>1.48</b>	<b>1.47</b>	2.20	1.31	1.07	1.37	1.55	1.54	1.28
Renovations	0.63	<b>0.73</b>	<b>0.59</b>	0.59	0.48	1.07	0.52	0.50	0.48	0.46
Decks	188.00	<b>217.33</b>	<b>164.57</b>	176.00	98.00	330.00	120.00	198.00	120.00	110.00
Sheds and Garages	0.60	<b>0.69</b>	<b>0.58</b>	0.87	0.46	0.55	0.62	0.48	120.00	0.51
<b>Septic Systems</b>										
New	520.00	<b>800.00</b>	<b>697.86</b>	709.00	516.00	825.00	685.00	800.00	720.00	630.00
Tank Replacement	230.00	<b>265.88</b>	<b>394.29</b>	532.00	172.00	500.00	230.00	550.00	360.00	416.00
<b>Group D - Office</b>										
New/Additions - Finished	1.85	<b>2.14</b>	<b>1.67</b>	2.45	1.76	1.24	1.22	1.86	1.99	1.14
New/Additions - Shell	1.50	<b>1.73</b>	<b>1.44</b>	2.08	1.69	0.89	0.92	1.68	1.70	1.14

	EXISTING GUELPH/ ERAMOSIA FEES	<b>NEW</b> GUELPH/ ERAMOSIA FEES	AVERAGE FEE OF THE COMPARABLES	PUSLINCH TOWNSHIP	TOWNSHIP OF WOOLWHICH	TOWN OF ERIN	CENTRE WELLINGTON	TOWNSHIP OF NORTH DUMFRIES	CITY OF GUELPH	TOWNSHIP OF WELLSLEY
Permit Fee Category	Fee \$ / ft <sup>2</sup> or Flat Rate	<b>NEW</b> Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate	Fee \$ / ft <sup>2</sup> or Flat Rate
Renovations	0.54	<b>0.62</b>	<b>0.49</b>	0.59	0.33	0.35	0.40	0.80	0.48	0.46
<b>Group E - Mercantile</b>										
New/Additions - Finished	1.66	<b>1.92</b>	<b>1.67</b>	2.45	1.76	1.24	1.22	1.86	1.99	1.14
New/Additions - Shell	1.43	<b>1.65</b>	<b>1.37</b>	2.08	1.22	0.89	0.85	1.68	1.70	1.14
Renovations	0.54	<b>0.62</b>	<b>0.49</b>	0.59	0.33	0.35	0.40	0.80	0.48	0.46
<b>Group F - Industrial</b>										
New and Additions	1.00	<b>1.16</b>	<b>0.96</b>	1.07	0.93	1.28	0.68	0.91	1.07	0.80
Renovations	0.54	<b>0.62</b>	<b>0.46</b>	0.59	0.33	0.35	0.40	0.64	0.48	0.46
<b>Farm Buildings</b>										
Livestock Barns	0.68	<b>0.68</b>	<b>0.45</b>	0.35	0.49	0.52	0.30	0.49	0.51	0.46
Other Accessory Buildings	0.51	<b>0.51</b>	<b>0.46</b>	0.35	0.49	0.52	\$12.50/\$1000	0.49	NONE	0.46

\*\*\*NOTES:

- The Township of Mapleton and the Town of Minto have not been included in this report as they have administration fees ranging between \$200 to \$325 before the building permit fee is applied. This substantially reduces the rate fee where it is not relatable.
- **Guelph/Eramosa** proposed fees will be the highest in Residential Renovations and Agricultural categories.