

# BUILDING PERMIT FEE REVIEW – JOINT BUILDING GROUP

*Final Report  
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# BUILDING PERMIT FEE REPORT

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## 1. Introduction

The Municipalities of North Middlesex (2016 population 6,352<sup>1</sup>), Southwest Middlesex (2016 population 5,723) and Adelaide-Metcalf (2016 population 2,990<sup>2</sup>) in conjunction with the Municipality of Middlesex Centre (population 16,451<sup>3</sup>) have undertaken to review their responsibilities under the *Building Code Act*. The purpose of this report is to fulfil the requirements of the *Building Code Act* and the related *Ontario Building Code* where a municipality or municipalities are 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 full-cost recovery for the delivery of the building inspection service within the Joint Building Group municipalities.

## 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

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<sup>1</sup> Statistics Canada, 2016 Census

<sup>2</sup> Statistics Canada, 2016 Census

<sup>3</sup> Statistics Canada, 2016 Census

imposes a high level test (i.e. “anticipated reasonable cost”) without explicitly setting out the scope of those costs or what is reasonable. The *Act* does not indicate that the cost must be determined for each class or type of permit issued. Municipalities are expected to calculate both the **direct** and **indirect** costs of administration and enforcement of the *Act*. **Direct Costs** are the costs required to operate the Building Inspection Service in the delivery of the building inspection service while **Indirect Costs** are the building inspection-related costs of all other municipal departments who provide support services to the Building Inspection Service.

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

Where there is a proposed change to existing building permit fees, or where new fees are proposed, Section 7(6) requires that Public Notice be given and a public meeting held. Individual notices of the meeting also have to be given to anyone who requested notice and provided an address by writing to the Clerk of the municipality. This includes any person and organization who filed a request within the previous five years. Notice of the public meeting must be sent by regular mail at least 21 days prior to the proposed meeting. A notice of the Public Meeting does not need to be advertised in the newspaper; however this does not supersede any requirements the Municipality may have for advertising meetings. Typically, a meeting to consider a change to building permit fees or to introduce new fees is incorporated into a regular meeting of Council.

The legislation enables municipalities to also establish a reserve fund, referred to as a Cost Stabilization Reserve Fund (CSRF). A CSRF may be used from time-to-time to offset capital costs in the acquisition of municipal inspection vehicles, computer hardware and secondarily to stabilize operational costs.

The purpose of a CSRF, as implied by the name is to stabilize the costs of the building inspection service by recognizing that permit fee revenues fluctuate with the ebb and flow of construction activity. In some years, fee revenues may be less than the required costs to operate the Building Inspection Service, while in other years revenues may be greater. The reserve fund, which can only be used for building inspection-related costs, can be drawn down in leaner years 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 Joint Building Group may use to sustain the operation of the Building Inspection Service without depending on municipal tax dollars. A Reserve Fund has yet to be established for the Joint Building Group.

The Joint Building Group of the three municipalities in Middlesex County listed above was established in early 2020 with the goal of providing a quality and cost-efficient building inspection service. The service is provided under the auspices of the Building Department in the Municipality of Middlesex Centre through a series of by-laws that delegate the authority to Middlesex Centre.

### 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 2015-2020 in order to determine the average level of permit activity in among the Joint Building Group municipalities (see **Table 1**).
- B. Information was collected from the 2021 municipal budget for North Middlesex, as a template, in order to calculate the most appropriate **indirect costs** related to building permit fees. **Direct costs** were derived from the joint building group budget for 2021.
- 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 2**).

- D. The 2021 direct costs for the Joint Building Group administration and enforcement were calculated along with the overhead costs. Overhead costs typically include utilities, office supplies, training and certification, postage, mileage and clothing (see **Table 3**).
- E. Time allocation information was also collected on the average time spent by the Chief Building Official and building inspectors in the processing of various types (classes) of building permits including receiving the application, reviewing building plans, conducting field inspections, carrying out records management and enforcement-related responsibilities under the *Building Code Act*. Financial data from the Joint Municipal Building budget was used to determine the direct costs for enforcement and administration of the *Building Code Act* (see **Table 4**).
- 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 4**).
- G. Adjustments were made to provide for cross-subsidies between major and minor permit types and also for the establishment of a Cost Stabilization Reserve Fund by adding 10% to the cost of major permits (see **Table 5**).
- H. 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 5**). For non-residential construction, the floor area beyond which an additional levy would apply was increased to 10,000 square feet. For an accessory building, the additional levy would apply over 500 square feet.

#### 4. Joint Building Group Services and Other Support Services

The Joint Building Group 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 Joint Building Group area, the building inspection service function is carried out by staff assigned from the Municipality of Middlesex Centre. This consists of the following staff classifications:

- Chief Building Official
- 2 Building Inspectors

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, all of the 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 throughout the Joint Building Group. Consequently, the continued financial support of Council in ensuring that the CBO and other staff have access to ongoing training and professional development is vital to a high quality of building construction in the Joint Building Group municipalities.

The structure of the Joint Building Group is intended to ensure that all parts of the *Building Code* are enforced by certified staff. All three of the building officials has Building Code Identification Numbers (BCIN) which in turn is related to their respective levels of certification, and consequently their authority and capability to administer the *Ontario Building Code*.

The CBO reports to a management committee of the Joint Building Group. The CBO is responsible for departmental administration and enforcement of the

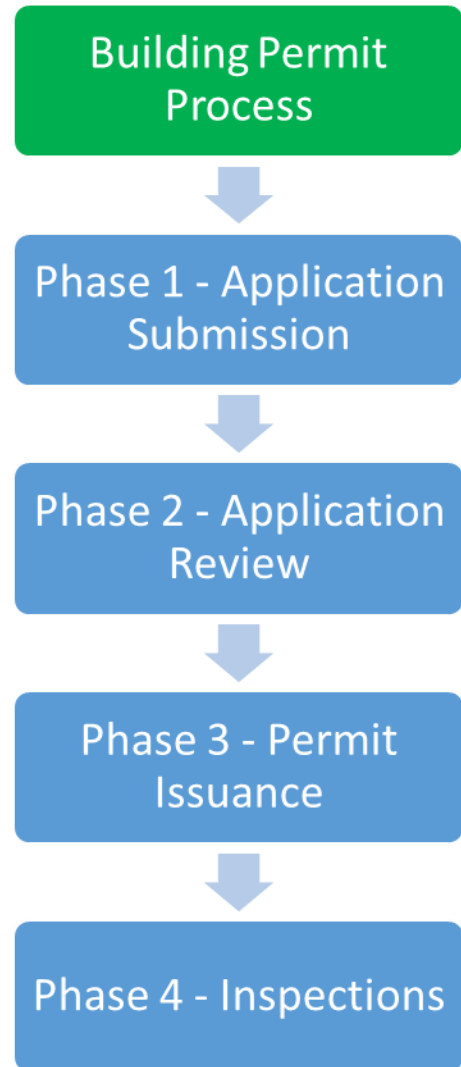
Building Code. The CBO's staff time is divided approximately 50/50 between the Joint Building Group municipalities and the Municipality of Middlesex Centre. The two Building inspectors spend 100% of staff time on responsibilities under the BCA, time which is divided among the three municipalities allocated on a demand basis depending on the review of building permit applications and conducting the required building inspections. All staff positions are full time and are paid on the basis of a 37 ½ hour work week (1,950 hours per year).

**Building Permit Process**

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

The Building Inspection Service issues handouts which are designed to assist a potential applicant with understanding not only the process but what information may be required in filing an application (i.e., building drawings, approvals from other agencies, fees and charges). Packages are available for both urban residential applications and rural applications. There is also 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 Official staff meet the timeline requirements for complete applications; however, delays may occur because applicants do not submit all of the required application information or completed building plans either of which will delay the start of the 10-day time clock.





## ***Phase 1 - Application Submission***

### Steps in Phase 1:

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

## ***Phase 2 - Application Review***

### Steps in Phase 2:

- ❖ Building Inspectors undertake a detailed review of the building drawings (plan review)
- ❖ Distribution of files for review is dependent on the workload of individual Inspectors.
- ❖ Building plans are circulated to other departments when required (i.e. Engineering for sewer and water connections)
- ❖ Notations are recorded electronically and requirements for changes are emailed to the applicant if required
- ❖ Once the plan review is completed, the permit fee is calculated by the Building Inspector along with any other applicable charges such as development charges, water and sewer connections, road cuts etc.

## ***Phase 3 - Permit Issuance***

### Steps in Phase 3:

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

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

the *Building Code Act*.

#### **Phase 4 - Inspections**

The *Building Code Act* requires the owner of a permit to notify the Joint Building Group building official of readiness to inspect various stages of construction. The Building Inspection staff is required to carry out an inspection within 2 days of receipt of most notices.

Steps in Phase 4:

- ❖ Inspection schedule is organized by the CBO and staff each morning
- ❖ Inspections are requested by cloud permit
- ❖ Inspections are conducted in general on a 'first-come', 'first-served' basis. However, inspections are arranged geographically to optimize the efficient use of time in travelling. The number of inspections required for a new single detached dwelling typically includes 8-10 inspections (plus a number of call backs) for all building systems.

Inspections for a typical single detached dwelling typically include:

- Service Lateral (urban only)
  - Footing forms prior to pouring concrete
  - Backfill/foundation/drainage tiles
  - Framing and energy/windows/air barrier (SB-12), HVAC and, furnaces and hot water tanks
  - Underground plumbing
  - Rough-in plumbing
  - Insulation
  - Occupancy
  - Solid fuel appliances usually trigger an additional inspection.
  - Call-back inspections (1) (or more depending on the builder)
- 
- ❖ Call-back inspections may be required where a particular stage of construction has not been completed or where construction must be brought into compliance with the *Ontario Building Code*. Additional fees apply for multiple additional inspections where deficiencies are not corrected
  - ❖ Inspection reports are prepared electronically for each inspection that has been conducted
  - ❖ A copy of the inspection report is made available to the applicant/contractor or home owner
  - ❖ File is closed once a final inspection is conducted and the inspector signs off on the construction project.

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

### ***Enforcement***

Enforcement is an integral component to the building inspection process since the intent of the Joint Building Group is to achieve compliance with the *Ontario Building Code*. The philosophy of the Joint Building Group building officials 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 Joint Building Group building officials. Orders may be issued where construction is occurring without a building permit or where previous instructions to correct deficiencies requested by Joint Building Group staff have not been carried out voluntarily. Where Orders are not complied with, the last resort in enforcement is legal action using the *Provincial Offences Act* process. All Building Officials in the Joint Building Group have authority to issue Orders.

The Joint Building Group staff has a good working relationship with contractors and his network of contacts among local builders.



**Building  
Inspection  
Sequence for  
a Single  
Detached  
 Dwelling**

**Footing**



**Foundation**



**Final and Occupancy**

**Framing**



**Insulation**

**Rough-in for Mechanical  
Systems**



## ***Support Services***

Support services or related services to the Joint Building Group are provided by the staff in each of the three municipalities; however, the support required is usually minimal given the structure of the building inspection service and the use of an electronic software system. Generally, a 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. The Finance Officer is responsible for the posting of fees, ledger, budget, payroll and audit functions. Other support services include HR for personnel matters.

## **5. Building Permit Activity**

**Table 1** sets out the building permit activity for the period 2015-2020. During this 5-year period, the number of residential permits for new housing starts averaged about 40 per year with a range from 28 (2015) to 67 (2020). In the non-residential sector, permits for new ICI projects averaged 6.5 permits annually over the 5-year period (excluding alterations). The total average number of building permits issued between 2015 and 2020 was 362 (rounded) per year.

Table 1 - Building Permit Activity - Adelaide Metcalfe, Southwest Middlesex, North Middlesex		2015 - AM	2015 - SM	2015 - NM	Total 2015	2016 - AM	2016 - SM	2016 - NM	Total 2016	2017 - AM	2017 - SM	2017 - NM	Total 2017	2018 - AM	2018 - SM	2018 - NM	Total 2018	2019 - AM	2019 - SM	2019 - NM	Total 2019	2020 AM	2020 SM	2020 NM	Total 2020	Avg-2015-2020	Totals
<b>Major Permits (\$25,000 +)</b>																											
<b>Residential Permits (Group C)</b>																											
	Singles/Cottages	9.0	7.0	11.0	27.0	4.0	14.0	15.0	33.0	5.0	16.0	28.0	49.0	2.0	9.0	7.0	18.0	15.0	17.0	15.0	47.0	14.0	16.0	22.0	52.0	37.7	37.7
	Semis				0.0	0.0	1.0	0.0	1.0				0.0				0.0				0.0				0.0	0.3	38.0
	Mobile Homes	0.0	1.0	0.0	1.0	0.0	1.0	0.0	1.0	0.0	2.0	0.0	2.0				0.0	0.0	0.0	2.0	2.0	0.0	5.0	0.0	5.0	0.6	0.6
Sub-Total - Low Density					0.0				0.0				0.0				0.0				0.0				0.0		38.6
	Towns/Row				0.0				0.0				0.0				0.0				0.0	0.0	0.0	5.0	5.0	5.0	1.7
	Apts				0.0				0.0				0.0				0.0				0.0	0.0	1.0	0.0	1.0		5.0
	Major Alterations/Additions/retrofits	5.0	5.0	0.0	10.0	5.0	2.0	0.0	7.0	6.0	4.0	0.0	10.0	4.0	12.0	10.0	26.0	5.0	9.0	17.0	31.0	0.0	0.0	1.0	1.0	5.6	5.6
					0.0				0.0				0.0				0.0				0.0				0.0		
					0.0				0.0				0.0				0.0				0.0				0.0		
<b>Non-Residential Permits</b>																											
	Commercial (Groups B,D,E)	1.0	3.0	21.0	25.0	3.0	2.0	12.0	17.0	5.0	3.0	3.0	11.0	0.0	0.0	1.0	1.0	5.0	5.0	2.0	12.0	8.0	2.0	2.0	12.0	5.2	
	Institutional (Group A)	1.0	1.0	0.0	2.0	0.0	5.0	0.0	5.0	1.0	1.0	0.0	2.0	0.0	4.0	0.0	4.0	0.0	2.0	0.0	2.0	0.0	4.0	0.0	4.0	1.3	
					0.0				0.0				0.0				0.0				0.0				0.0		6.5
	Industrial (Group F)	3.0	0.0	0.0	3.0	1.0	0.0	0.0	1.0	1.0	0.0	5.0	6.0	2.0	0.0	1.0	3.0	2.0	0.0	0.0	2.0	0.0	2.0	0.0	2.0	1.2	1.2
	Major Alterations/Additions (A-F)	1.0	0.0	0.0	1.0	3.0	1.0	0.0	4.0	5.0	0.0	0.0	5.0	1.0	1.0	0.0	2.0	2.0	0.0	1.0	3.0	0.0	0.0	14.0	14.0	4.8	4.8
	Non-residential demolitions				0.0				0.0				2.0	0.0	0.0	2.0	2.0			12.0	12.0		4.0	2.0	6.0	3.7	3.7
	Farm Buildings (new)	14.0	15.0	5.0	34.0	13.0	12.0	17.0	42.0	17.0	8.0	3.0	28.0	26.0	7.0	28.0	61.0	15.0	8.0	18.0	41.0	15.0	14.0	0.0	29.0	39.2	39.2
	Farm Buildings (Additions)	5.0	0.0	32.0	37.0	2.0	1.0	49.0	52.0	2.0	0.0	92.0	94.0	4.0	5.0	9.0	9.0	2.0	1.0	26.0	29.0	2.0	1.0	3.0	6.0	37.8	77.0
	<b>Sub - Total Major Permits</b>	<b>39.0</b>	<b>32.0</b>	<b>69.0</b>	<b>140.0</b>	<b>31.0</b>	<b>39.0</b>	<b>93.0</b>	<b>163.0</b>	<b>42.0</b>	<b>36.0</b>	<b>131.0</b>	<b>209.0</b>	<b>39.0</b>	<b>33.0</b>	<b>54.0</b>	<b>126.0</b>	<b>46.0</b>	<b>42.0</b>	<b>93.0</b>	<b>181.0</b>	<b>39.0</b>	<b>49.0</b>	<b>49.0</b>	<b>137.0</b>		<b>142.4</b>
					0.0				0.0				0.0				0.0				0.0				0.0		
<b>Minor Permits (&lt; \$25,000)</b>																											
					0.0				0.0				0.0				0.0				0.0				0.0		
					0.0				0.0				0.0				0.0				0.0				0.0		
<b>Residential Permits</b>																											
	Minor Additions/Alterations	1.0	7.0	96.0	104.0		4.0	110.0	114.0	3.0	4.0	12.0	19.0	2.0	9.0	33.0	44.0	1.0	13.0	44.0	58.0	7.0	5.0	13.0	25.0	60.7	60.7
	Garage/Carport/Storage Shed	7.0	11.0	0.0	18.0	11.0	19.0	0.0	30.0	13.0	15.0	27.0	55.0	14.0	22.0	4.0	40.0	15.0	17.0	2.0	34.0	0.0	19.0	2.0	21.0	33.0	93.7
	Deck	2.0	8.0	0.0	10.0	1.0	3.0	0.0	4.0	3.0	8.0	7.0	18.0	1.0	3.0	15.0	19.0	5.0	14.0	18.0	37.0	5.0	5.0	4.0	14.0	17.0	17.0
	Residential demolitions	2.0	8.0	0.0	10.0	1.0	6.0	0.0	7.0	6.0	4.0	6.0	16.0	7.0	11.0	11.0	29.0	10.0	3.0	12.0	25.0	10.0	5.0	5.0	20.0	17.8	17.8
	Pools - Inground/above ground	0.0	2.0	0.0	2.0	4.0	0.0	0.0	4.0	3.0	3.0	14.0	20.0	3.0	5.0	17.0	25.0	6.0	7.0	17.0	30.0	6.0	5.0	13.0	24.0	17.5	17.5
					0.0				0.0				0.0				0.0				0.0				0.0		0.0
	Solid Fuel Appliances				0.0				0.0				0.0				0.0				0.0				0.0		0.0
<b>Non-Residential Permits</b>																											
	Minor Additions/Alterations				0.0				0.0				0.0	0.0	0.0	26.0	26.0	0.0	0.0	28.0	28.0	0.0	0.0	16.0	16.0	11.7	11.7
	Mobile Signs	0.0	1.0	0.0	1.0	0.0	0.0	0.0	0.0		5.0		5.0	0.0	0.0	1.0	1.0	0.0	0.0	21.0	21.0	0.0	0.0	2.0	2.0	5.0	5.0
	Designated Structures				0.0				0.0				0.0			1.0	1.0				0.0				0.0	0.2	
	Signs, Towers, Solar Panels, Tents	4.0	3.0	0.0	7.0	5.0	4.0	0.0	9.0	7.0	2.0	2.0	11.0	3.0	7.0	3.0	13.0	8.0	7.0	10.0	25.0	6.0	1.0	3.0	10.0	12.5	
	School Portables				0.0				0.0				0.0				0.0				0.0				0.0		
	Pre-engineered fabric Buildings				0.0				0.0				0.0				0.0				0.0		6.0	6.0	6.0	1.0	18.7
Sub-Total Minor Alterations					0.0				0.0				0.0				0.0				0.0				0.0		175.3
<b>Other Permits</b>																											
	Change of Use				0.0	1.0	1.0	0.0	2.0	1.0	0.0	0.0	1.0	2.0	0.0	4.0	6.0	1.0	3.0	8.0	12.0	1.0	0.0	3.0	4.0	4.2	4.2
	Occupancy				0.0				0.0				0.0				0.0				0.0				0.0		
	Moving/Relocation of Building				0.0				0.0				0.0	1.0	0.0	1.0	2.0	0.0	0.0	1.0	1.0				0.0	0.5	
	Permit Renewal/Revisions				0.0				0.0				0.0				0.0				0.0				0.0		0.5
	Sewer/Water/Plumbing	14.0	7.0		21.0	6.0	12.0	10.0	28.0	14.0	6.0	16.0	36.0	11.0	25.0	13.0	49.0	21.0	45.0	24.0	90.0	20.0	0.0	4.0	24.0	41.3	41.3
																											60.7
	<b>Sub - Total Minor Permits</b>	<b>30.0</b>	<b>47.0</b>	<b>96.0</b>	<b>57.7</b>	<b>29.0</b>	<b>49.0</b>	<b>120.0</b>	<b>66.0</b>	<b>50.0</b>	<b>47.0</b>	<b>84.0</b>	<b>60.3</b>	<b>44.0</b>	<b>82.0</b>	<b>129.0</b>	<b>85.0</b>	<b>67.0</b>	<b>109.0</b>	<b>185.0</b>	<b>120.3</b>	<b>55.0</b>	<b>40.0</b>	<b>71.0</b>	<b>55.3</b>	<b>60.7</b>	<b>222.3</b>
	<b>Total All Permits</b>	<b>69.00</b>	<b>79.00</b>	<b>165.00</b>	<b>104.33</b>	<b>60.00</b>	<b>88.00</b>	<b>213.00</b>	<b>120.33</b>	<b>92.00</b>	<b>83.00</b>	<b>215.00</b>	<b>130.00</b>	<b>83.00</b>	<b>115.00</b>	<b>183.00</b>	<b>127.00</b>	<b>113.00</b>	<b>151.00</b>	<b>278.00</b>	<b>180.7</b>	<b>94.00</b>	<b>89.00</b>	<b>120.00</b>	<b>101.00</b>	<b>127.2</b>	<b>364.8</b>



## 6. Indirect Costs

**Table 2**, sets out the **Indirect Costs**, or the costs that are incurred by other municipal functions which support the Joint building Group. These include **Indirect Costs - Administration** which consists of the costs of Council, the CAO, Clerk's Department, Finance, Internet and HR. Given the unique circumstances, a template was prepared based on the projected costs for the Municipality of North Middlesex. The costs derived for this municipality were tripled based on the principle that costs among the three participant municipalities are similar.

**Table 2** 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 2** are intended to reflect the salary and overhead for all staff which provide support services to the Joint Building Group. Salary costs are computed on the basis of the 2021 salary rates which include additional payroll costs for statutory and other municipal benefits (i.e., CPP, EI, WSIB, health benefits, OMERS etc.). The rates were calculated on a cost per hour basis for salary and benefits. For example, the Director of Finance spends approximately 2.0% of staff time on support services or 36.4 hours annually. Support services would include preparation and administration of the Joint Building Group budget as it relates to North Middlesex, 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 Finance was multiplied by the hourly salary/benefits rates to derive an annual cost of \$2,410.20 for this staff function. Similar calculations were undertaken for council, the CAO, Clerk and all other staff involved in providing support services to the Joint Building Group. Overhead administrative costs were added to the salary costs.

The **Indirect Costs** for administrative support were calculated as **\$44,498.42** for 2021. As indicated these costs would represent the collective costs of the three municipalities using the above-noted template of North Middlesex. Revenues from building permit fees should be distributed among the three municipalities on a one-third basis or \$14,832.80/municipality. **For the purposes of Section 7 of the Building Code Act, the recoverable Indirect Costs are \$44,498.42.**

## 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 3**, for 2021. The figures from the 2021 budget have been used for the purposes of calculating **Direct Costs** in **Tables 4 & 5**. These include salaries and benefits of **\$252,000** and administration or overhead and legal costs of **\$33,000** for a total of **\$285,000** for 2021.

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 \$285,000.**



**Table 2 - Other Municipal Services and Departments - Time Allocation - Salary Costs - Adelaide Metcalfe, Southwest Middlesex, North Middlesex**

A	B	C	D	E	F	G	H	I	J	K
Council or Staff Position	# of Employees in Position	% of Total Time Spent on	No. Regular	No. Hours	Hourly Rate or	Total Indirect Costs	Total Indirect Overhead Costs for	Proportion of Indirect Overhead	Total Indirect Costs - Administration	Total Costs - 3 Municipalities
				$C \times D$		$E \times F$		$C \times H$	$G + I$	$J \times 3$
<b>Council Members- NW Middlesex</b>	7	0.50%		0.01		\$0.01	\$140,773.00	\$703.87	\$703.87	\$2,111.61
<b>CAO</b>	1	2%	2080	41.60	\$77.78	\$3,235.68	\$139,861.00	\$2,237.78	\$5,473.46	\$16,420.37
<b>Clerk</b>	1	0.00%	2080	0.00		\$0.00				
				0.00		\$0.00				
<b>Finance Department</b>				0.00		\$0.00				
Finance Officer (Treasurer)	1	2.00%	1820	36.40	\$66.49	\$2,420.10			\$2,420.10	\$7,260.30
Payroll Clerk	0.5	0.00%	910	0.00		\$0.00				
Cashier	1	2.00%	1820	36.40	\$33.86	\$1,232.50			\$1,232.50	\$3,697.51
Accounts Payable Clerk	0.5	1.00%	910	9.10	\$35.79	\$325.69			\$325.69	\$977.06
Reception	1	2.00%	1820	36.40	\$33.86	\$1,232.44			\$1,232.44	\$3,697.31
Tax/Utilities Clerk	1	0.00%	1820	0.00		\$0.00				
<b>Human Resources</b>				0.00		\$0.00	\$27,950.00	\$279.50	\$895.75	\$2,687.26
Manager of HR	1	1.00%	1820	18.20	\$33.86	\$616.25				
				0.00		\$0.00				
<b>IT Systems</b>				0.00		\$0.00				
IT Systems Officer	1	0.00%		0.00		\$0.00				
				0.00		\$0.00				
				0.00		\$0.00				
<b>Total</b>				0.00		\$0.00				
Heat, light & Water						\$1,172.00			\$1,172.00	\$3,516.00
Building Maintenance						\$1,377.00			\$1,377.00	\$4,131.00
<b>Total Indirect Costs - Administration</b>									<b>\$14,832.81</b>	\$44,498.42
<b>Legal</b>		1.60%					<b>\$10,000.00</b>	<b>\$160.00</b>	<b>\$160.00</b>	\$480.00
<b>Total indirect Costs - Enforcement</b>										\$0.00
<b>Grand Total Indirect Costs</b>									<b>\$14,832.81</b>	\$44,498.42

<b>Table 3 - Building Department Costs - Adelaide Metcalfe, Southwest Middlesex, North Middlesex</b>	
<b>Administration Costs</b>	<b>2021 Budget</b>
<b>Salaries and Benefits</b>	\$252,000
- Full Time Salaries	
- Full Time Benefits*	
- Part-time Wages	
- Part-time Benefits*	
<b>Subtotal Salaries and Benefits</b>	\$252,000
<b>Office and Overhead</b>	
- Utilities: heat, hydro, water, cable	
- Uniforms/Work Clothing/Safety	
- Office Supplies: Equipment, Stationary	
- Furniture	
- Computer Software/Hardware	
- Equipment Maintenance Agreements	
- Subscriptions, Publications	
- Telephone, Courier, Postage	\$1,000
- Advertising	
- Insurance	
- Travel and Mileage	\$20,000
<b>Training, Education, Conferences</b>	\$4,000
<b>Memberships and Professional Fees, Certification</b>	\$1,000
<b>Building Costs</b>	
- Rent or Lease	
- Maintenance and Cleaning	
<b>Consulting Fees</b>	
<b>Other Costs</b>	
- Post-employment Benefits	
- Severance Package	
- Topped-up Benefits (maternity leave)	
- Vested Sick Leave	
<b>Subtotal Overhead</b>	\$26,000
<b>Enforcement Costs</b>	
Legal Fees	\$7,000
<b>Sub-Total Overhead and Enforcement Costs</b>	\$33,000
<b>Grand Total Administration and Enforcement Costs</b>	\$285,000

## 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 **\$285,000** and the **Indirect Costs** are **\$44,498.42** for a combined total of **\$329,498.42**.

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

## 9. Cost Stabilization Reserve Fund

The Joint Building Group has not established a Cost Stabilization Reserve Fund (CSRF). A Cost Stabilization Reserve Fund provides a reserve from which funds could be withdrawn to offset the costs of the building inspection service in times of low building permit activity as well as to provide a source of capital for department needs such as the purchase of computer equipment.

Tunnock Consulting Ltd. has recommended a CSRF surcharge to many municipalities who have successfully used the fund to maintain a stable cost regime for the building inspection service. Our recommendation has varied from 10 to 26% of the cost of a building permit fee. For the Joint Building Group, we would recommend a minimum of 10%. The 10% surcharge will allow the revenues help offset fluctuations in revenues which have varied from **\$290,840** to **\$359,193** over the last five years. Based on our calculations the surcharge would generate an estimated **\$27,838** in the first year of the proposed fee regime (based on the cost analysis used for this study).

## 10. Calculation of Building Permit Fees

The total recoverable costs of **\$329,498 (rounded)** were utilized for the purposes of calculating building permit fees. Fee calculations were undertaken are illustrated in **Tables 4** and **5**.

### Table 4

The following provides a description of the components of **Table 4**:

- **Column B:** identifies the stages in the building permit process and the associated staff (CBO, Building Officials) that provide building services.
- **Columns C, E** and every second column thereafter set out the Class of Permit as a heading and the hours or time allocation required to complete the stage or function identified in **Column C**. For example, the time for processing a permit for a single detached dwelling is 22 hours (Line 8) on average while the number of hours required to process a permit for a deck as shown in **Column M** is 8 hours (Line 8).
- **Columns D, F** and every second column thereafter shown the associated cost for the hours spent on processing a permit. The total **Direct** salary/benefits for processing a permit for a single detached dwelling are \$1,269.61 (Column D, Line 9). Further down the column, the **Overhead Costs** of the Building Service are added (Line 11) (i.e., \$90.47/permit). Further down the column again, the **Indirect Costs** (derived from **Table 2**) are added and are shown on Line 13 or \$122.00/permit while the associated legal costs are \$1.32/permit (Line 15). The total (base) costs for processing a permit for a single detached dwelling is \$1,483.40 (Column D, Line 16). The totals are given for each class of permit or other associated service in subsequent columns in **Table 4**.
- The total revenue from the base cost (excluding adjustments in **Table 5**) is shown in Line 18. For low density (single and semi-detached dwellings), the total is \$56,298.39.

#### **Table 5 – Summary and Proposed Fee Regime**

- **Column A:** sets out the various types of permits and services derived - from **Tables 1 & 4**.
- **Column B:** sets out the base level of fees derived from the calculations in **Table 4** (as described above).
- **Column C:** is an adjustment for cost recovery which has two effects: 1) the first effect is to reduce the permit fee value for specified types of permits (i.e. an accessory structure such as a garden shed, a deck, a woodstove, standalone plumbing, etc.). The intent is to ensure that the cost of the permit will not deter applicants from obtaining such permits. A cross subsidy is applied to approximately 200 permits. The potential loss of revenues from reducing permit fees for the cross subsidy is significant (i.e., in excess of \$70,000). The transfer of the lost revenue to other (major) types of permits through the cross subsidy will raise a permit for a single detached dwelling by an estimated \$600/permit). An additional adjustment was made to raise permit fees to ensure full cost

recovery for the estimated **\$329,498**. The effect is to increase the cost of a permit for a single detached dwelling by an additional \$600.00. Adjustments have been made to major non-residential permits (Groups A, B, D, E and F) by adding up to \$1,500 to the cost of the permit.

- **Column D:** sets out the calculation for the Cost Stabilization Reserve Fund. The calculation adds 10% to the cost of the permit and is designed to offset the fluctuation in permit fee revenues in less active years (see Section 9). For example, the Cost Stabilization Reserve Fund could be used to offset declines in fee revenues from a reduced level of permit activity and/or could be used for anticipated (new) operational or capital costs (i.e. replacement of computers, replacement of municipal vehicles used for building inspection etc.). The addition of a 10% reserve fund levy would increase the cost of a permit for a single detached dwelling by \$208.34. The Joint Building Group should carefully monitor growth trends to ensure that permit fee revenues are in line with expenditures.
- **Column E:** is an adjustment for larger scale projects. Larger scale projects involve more time to conduct plan reviews and field inspections. The pro-rated levy is based on dividing the base fee in **Column C** by the number of square feet for an average dwelling size floor area (i.e., 2,000 ft.<sup>2</sup>) For example, for a single detached dwelling, the pro-rated levy of \$1.00/ft.<sup>2</sup> is calculated as \$1,483.40 /1,500 square feet = \$1.00/ft.<sup>2</sup>. The calculated rate of \$1.00/ft.<sup>2</sup> represents the average level of effort required for providing the building inspection service for this class of permit.

Consequently, an application for a single detached dwelling with a floor area of 2,500 ft.<sup>2</sup> would cost \$3,291.74 or (2,500 ft.<sup>2</sup> – 2,000 ft.<sup>2</sup> x \$1.00 + \$2,291.74 = \$2,791.74). The pro-rated levy would apply to all residential housing types, and ICI permits only. A graduated fee increase is recommended for ICI buildings.

- **Column F:** is the total average number of permits issued per year for various classes of permits as derived from **Tables 1 & Table 4**.
- **Column G:** is the calculation of the potential revenue the Joint Building Group would receive for permits based on the addition of 10% for the reserve fund calculated on a 5-year average for building permit activity or \$359,890. The revenue stream will result in the generation of an estimated \$26,809 in 2021 needed to fund the Cost Stabilization Reserve Fund (see **Table 5** above).
- **Column H:** represents the potential revenue without the 10% reserve

fund levy or \$333,081 (rounded). The revenue stream will result in full-cost recovery for the **Direct Costs** and **Indirect Costs** required to deliver the building inspection service by the Joint Building Group based on the five-year average of building permit activity.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	
2	<b>Table 4 - Time Allocation by Type of Permit - Adelaide Metcalfe, Southwest Middlesex, North Middlesex</b>																																							
3	Staff Position & Av. # hrs. spent per function (hours)	Group 'C' Residential singles, semis, 2-unit dwellings, cottages (hours)	Cost	Group 'C' Mobile Homes (hours)	Cost	Group 'C' Residential Multiple - Towns/RowA (hours)	Cost	Group 'C' Residential Major alterations & additions (hours)	Cost	Group 'C' Other: Minor Alterations, retrofit, Garage, Carport, shed (hours)	Cost	Group 'C' Deck (hours)	Cost	Group 'C' Pools, inground, above ground (hours)	Cost	Group 'C' Residential Demolitions (hours)	Cost	Groups 'A, B, D, E' Commercial retail, motels, institutional, recreational (hours)	Cost	Group 'F' Industrial (hours)	Cost	Groups 'A, B, D, E & F' Major alterations additions (hours)	Cost	Non-residential demolitions (hours)	Cost	Groups 'A, B, D, E & F' Minor alterations additions (hours)	Cost	Other Permits: Occupancy, Moving/Relocation of building, Renew Permit. (hours)	Cost	Septic Tanks, sewer, water, plumbing	Cost	Farm Buildings and Additions	Cost	Designated structures (Solar Panels, Retaining Walls, school portables, pre-engineered buildings)	Cost	Solid Fuel Burning Appliance Installation (Wood Stove), plumbing	Cost	Change of Use (no construction)	Cost	
4	1. Plan Review	3.00	\$ 175.62	2.00	\$ 117.08	3	\$ 175.62	4	\$ 234.16	2	\$ 117.08	2.00	117.08	2.00	\$ 117.08	2.00	\$ 117.08	14	\$ 819.56	14	\$ 819.56	14	\$ 819.56	2	\$ 117.08	3	\$ 175.62	2	\$ 117.08	2	\$ 117.08	4.00	\$ 234.16	2	\$ 117.08	3.00	\$ 175.62	4	\$ 234.16	
5	2. Inspections	17.00	\$ 995.18	3.00	\$ 175.62	17	\$ 995.18	15	\$ 878.10	4	\$ 234.16	4.00	234.16	3.00	175.62	4.00	\$ 234.16	40	\$ 2,341.60	40	\$ 2,341.60	32	\$ 1,873.28	4	\$ 234.16	10	\$ 585.40	2	\$ 117.08	4	\$ 234.16	12.00	\$ 702.48	4	\$ 234.16	4.00	\$ 234.16	2	\$ 117.08	
6	3. Administration	1.00	\$ 40.27	1.00	\$ 40.27	1	\$ 40.27	1	\$ 40.27	1	\$ 40.27	1.00	40.27	1.00	40.27	1.00	\$ 40.27	1	\$ 40.27	1	\$ 40.27	1	\$ 40.27	1	\$ 40.27	1	\$ 40.27	1	\$ 40.27	1	\$ 40.27	1.00	\$ 40.27	1	\$ 40.27	1.00	\$ 40.27	1	\$ 40.27	
7	4. Enforcement	1.00	\$ 58.54	1.00	\$ 58.54	1	\$ 58.54	1	\$ 58.54	1	\$ 58.54	1.00	58.54	1.00	58.54	1.00	\$ 58.54	1	\$ 58.54	1	\$ 58.54	1	\$ 58.54	1	\$ 58.54	1	\$ 58.54	1	\$ 58.54	1	\$ 58.54	1.00	\$ 58.54	1	\$ 58.54	1.00	\$ 58.54	1	\$ 58.54	
8	Total # Hours	22.00		7.00		22		21		8		8		7.00				56		56		48		8		15		6		8				8		9		8		
9	Total - Direct Costs - Enforcement \$s		\$ 1,269.61		\$ 391.51		\$ 1,269.61		\$1,211.07		\$ 450.05		\$ 391.51		\$ 450.05		\$ 3,259.97		\$ 3,259.97		\$ 2,791.65		\$ 450.05		\$ 859.83		\$ 332.97		\$ 450.05		\$ 1,035.45		\$ 450.05		\$ 508.59		\$ 450.05			
10	Total Direct Costs - Building Administration																																							
11	\$ 33,000.00		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47		90.47			
12	Total - Indirect Costs - Administration																																							
13	\$ 44,498.42		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00		122.00			
14	Total - Indirect Costs - Enforcement																																							
15	\$ 480.00		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32		1.32			
16	Grand Total \$s	1483.40		605.30	0.00	1483.40	0.00	1424.86	0.00	663.84	0.00	663.84	0.00	605.30	0.00	663.84	0.00	3473.76	0.00	3473.76	0.00	3005.44	0.00	663.84	0.00	1073.62	0.00	546.76	0.00	663.84	0.00	1249.24	0.00	663.84	0.00	722.38	0.00	663.84		
17	Avg# Permits	38		0.6		2		6		94		17		18		18		7		1		5		4		12		0.5		41		77		19		0		4		
18	Total Revenue \$s	56,298.39		378.31		2,521.77		7,979.19		62,179.26		11,285.20		10,592.67		11,838.40		22,718.36		4,168.51		14,526.27		2,434.06		12,525.51		273.38		27,438.53		96,191.13		12,391.60		0.00		2,765.98		
19	Grand Total Revenue \$s																																							358,506.54

Table 5 - Proposed Building Permit Fee Schedule - Metcalfe, Southwest Middlesex, North Middlesex								
##	A	B	C	D	E	F	G	H
1	Class of Permit	Base Fee from Table 4	Adjustment for Cross Subsidy <sup>1</sup>	Add 10% for Reserve Fund to fees in Column C	Pro-rated costs for larger scale projects <sup>2</sup>	Number of Permits from Table 4	Projected Revenue with _10% for Reserve Fund (= D x F)	Projected Revenue with adjustment for Cross subsidy only (= C x F)
2	Group C, Low Density	\$ 1,483.40	\$ 2,083.40	\$ 2,291.74	D + \$1.00/ft. <sup>2</sup> > than 2,000 ft. <sup>2</sup>	38	\$ 86,976.80	\$ 79,069.82
3	Group C, Mobile Homes	\$ 605.30	\$ 605.30	\$ 665.83		0.6	\$ 416.14	\$ 378.31
4	Group C, Medium, High Density Residential	\$ 1,483.40	\$ 2,083.40	\$ 2,291.74		2	\$ 3,895.95	\$ 3,541.77
5	Group C, Major Alterations	\$ 1,424.86	\$ 1,674.86	\$ 1,842.34		6	\$ 10,317.11	\$ 9,379.19
6	Group C, Minor Alterations, garage, carport, shed	\$ 663.84	\$ 337.02	\$ 337.02	D + \$1.00/ft. <sup>2</sup> > than 500/ft. <sup>2</sup>	94	\$ 31,567.12	\$ 31,567.12
7	Group C, Deck	\$ 663.84	\$ 337.02	\$ 337.02		17	\$ 5,729.26	\$ 5,729.26
8	Pools	\$ 605.30	\$ 337.02	\$ 337.02		18	\$ 5,897.77	\$ 5,897.77
9	Group 'C' Residential Demolitions	\$ 663.84	\$ 337.02	\$ 337.02		18		
10	Groups A, B, D, E, Commercial	\$ 3,473.76	\$ 4,973.76	\$ 5,471.13	D + \$1.37/ft. <sup>2</sup> > than 10,000 ft. <sup>2</sup>	7	\$ 35,781.20	\$ 32,528.36
11	Group F, Industrial	\$ 3,473.76	\$ 4,973.76	\$ 5,471.13		1	\$ 6,565.36	\$ 5,968.51
12	Groups A, B, D, E & F Major Alterations	\$ 3,005.44	\$ 3,005.44	\$ 3,305.98		5	\$ 15,978.90	\$ 14,526.27
13	Non-Residential Demolitions	\$ 663.84	\$ 663.84	\$ 730.22		4	\$ 2,677.47	\$ 2,434.06
14	Groups A, B, D, E & F Minor Alterations	\$ 1,073.62	\$ 1,073.62	\$ 1,180.98	D + \$0.41/ft. <sup>2</sup> > than 10,000 ft. <sup>2</sup>	12	\$ 13,778.07	\$ 12,525.51
15	Other Permits: Occupancy, Moving/Relocation of building, Renew Permit	\$ 546.76	\$ 337.02	\$ 337.02		0.5	\$ 168.51	\$ 168.51
16	Designated Structures	\$ 663.84	\$ 337.02	\$ 337.02		18.7	\$ 6,290.96	\$ 6,290.96
17	Solid Fuel Burning Appliances, plumbing	\$ 722.38	\$ 337.02	\$ 337.02		0	\$ -	\$ -
18	Change of Use	\$ 663.84	\$ 337.02	\$ 337.02		4	\$ 1,404.23	\$ 1,404.23
19	Septic, Sewer, Water, Plumbing	\$ 663.84	\$ 337.02	\$ 337.02		41	\$ 13,929.97	\$ 13,929.97
20	Farm Buildings (new)	\$ 1,249.24	\$ 1,399.24	\$ 1,539.16	D + \$0.048/ft. <sup>2</sup> > than 5,000 ft. <sup>2</sup>	39.2	\$ 60,283.73	\$ 54,803.39
21	Farm Buildings (additions)	\$ 1,249.24	\$ 1,399.24	\$ 1,539.16		37.8	\$ 58,231.52	\$ 52,937.74

This report has calculated the full costs of delivering the building inspection service based on 2021 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 Joint Building Group and would result in more regular adjustments that would be tailored to annual adjustments in the cost of living.

## 11. Summary

The Joint Building Group administers the legislated responsibilities required by the *Building Code Act* and the *Ontario Building Code*. The Group 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 to the three participant municipalities.

The level of building permit activity continues to be strong but should be monitored to ensure that fees provide for full-cost recovery.

The costs for salaries, benefits and overhead for the Joint Building Group were calculated based on the 2021 budgets for North Middlesex (template) and the Joint Building Group Building Inspection Service budget. Total costs for the administration and enforcement of the *Building Code Act* were determined to be **\$285,000** 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 **\$44,969**



The combined costs of **\$329,498.42** 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 the need for a Cost Stabilization Reserve Fund (CRSF). This fund has been tailored in this study to generate funds to offset operational and capital costs of the building inspection and related support services. A surcharge of 10% is recommended to fund this reserve on an ongoing basis; however, the Joint Building Group 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 5** and **Appendix 1** 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 Councils of the Joint Building Group adopt the recommended fee structure set out in **Table 5 preferably the fees which include the Cost Stabilization Reserve Fund surcharge.**
- B. That the Joint Building Group I levy an annual adjustment in permit fees based on the Consumer Price Index (CPI) available through Statistics Canada.
- C. That the Joint Building Group 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.

## **Appendix 1 – Recommended Building Permit Fees**

Class of Permit		Building Permit Fee
<b>A.</b>	<b>NEW CONSTRUCTION</b>	
<b>1</b>	<b>Assembly Occupancies Group A</b>	\$5,475+ \$1.08/ft. <sup>2</sup> >10,000 ft. <sup>2</sup> for first 20,000 ft. <sup>2</sup> + \$0.54/ft. <sup>2</sup> over 20,000 ft. <sup>2</sup>
<b>2</b>	<b>Institutional Occupancies Group B</b>	\$5,475+ \$1.08/ft. <sup>2</sup> >10,000 ft. <sup>2</sup> for first 20,000 ft. <sup>2</sup> + \$0.54/ft. <sup>2</sup> over 20,000 ft. <sup>2</sup>
<b>3</b>	<b>Residential Occupancies – Group C</b>	
<b>a.</b>	<b>Single House, Semi-detached, duplex</b>	\$2,400 + \$1.00/ft. <sup>2</sup> > 2,000 ft. <sup>2</sup> /dwelling unit
<b>b.</b>	<b>Multiple Unit Dwelling</b>	\$2,295 + \$1.00/ft. <sup>2</sup> > 2,000 ft. <sup>2</sup> /dwelling unit
<b>c.</b>	<b>Mobile Home</b>	\$665 flat fee
<b>d.</b>	<b>Residential – Major Additions and Alterations</b>	\$1,845 + \$1.00/ft. <sup>2</sup> > 2,000 ft. <sup>2</sup>
<b>4</b>	<b>Business/Personal Services Occupancies – Group D</b>	\$5,475 + \$1.08/ft. <sup>2</sup> >10,000 ft. <sup>2</sup> for first 20,000 ft. <sup>2</sup> + \$0.54/ft. <sup>2</sup> over 20,000 ft. <sup>2</sup>
<b>5</b>	<b>Mercantile Occupancies – Group E</b>	\$5,475 + \$1.08/ft. <sup>2</sup> >10,000 ft. <sup>2</sup> for first 20,000 ft. <sup>2</sup> + \$0.54/ft. <sup>2</sup> over 20,000 ft. <sup>2</sup>
<b>6</b>	<b>Industrial Occupancies – Group F</b>	\$5,475+ \$1.08/ft. <sup>2</sup> >10,000 ft. <sup>2</sup> for first 20,000 ft. <sup>2</sup> + \$0.54/ft. <sup>2</sup> over 20,000 ft. <sup>2</sup>
<b>7</b>	<b>Special Occupancies</b>	
<b>a.</b>	<b>Agricultural Buildings</b>	\$500+ \$0.35/ft. <sup>2</sup> >5,000 ft. <sup>2</sup>
<b>b.</b>	<b>Manure Storage, grain bins, silos etc.</b>	\$500 flat fee
<b>c.</b>	<b>Tents and other temporary structures</b>	\$300 flat fee
<b>8</b>	<b>Accessory Buildings/Structures</b>	
<b>a.</b>	<b>Detached garage, shed, boat house, other accessory building</b>	\$300+ \$1.00/ft. <sup>2</sup> >500 ft. <sup>2</sup>
<b>b.</b>	<b>Swimming Pool</b>	\$300 flat fee
<b>c.</b>	<b>Finished Basements</b>	\$300 flat fee
<b>d.</b>	<b>Deck</b>	\$300 flat fee

Class of Permit		Building Permit Fee
<b>B.</b>	<b>ALTERATIONS AND REPAIRS</b>	
<b>1</b>	<b>Interior Major Alterations, Repairs, Tenant Improvements</b>	
<b>a.</b>	<b>Occupancies – Groups A, B, D, E, F (for additions/renovations value &gt;\$10,000)</b>	$\$3,305 + \$1.08/\text{ft.}^2 > 10,000 \text{ ft.}^2$
<b>b.</b>	<b>Residential Occupancies – Group C – Minor Alterations, renovations, repairs, retrofitting</b>	$\$300 + \$1.00/\text{ft.}^2 > 500 \text{ ft.}^2$
<b>c.</b>	<b>Minor Alterations – Groups A, B, D, E, F (for minor additions/renovations, interior finishes, mechanical stand alone value &lt; \$10,000)</b>	$\$900.00 + \$0.41/\text{ft.}^2 > 10,000 \text{ ft.}^2$
<b>d.</b>	<b>Alterations &amp; Repairs to existing buildings or building systems not provided for above</b>	\$10.00 for each \$1,000 of construction value or part thereof as determined by the Chief Building Official – minimum \$50.00
<b>2</b>	<b>Fireplace, woodstove, inserts, chimney. Solid fuel appliance, standalone plumbing, HVAC, or mechanical, banking machine</b>	\$300 flat fee
<b>3</b>	<b>Sewage Disposal System – new system</b>	\$500 flat fee
<b>4</b>	<b>Sewage Disposal System – repair</b>	\$300 flat fee
<b>5</b>	<b>Inspection of building connection to sewer, storm or water pdc</b>	\$50 per connection
<b>6</b>	<b>Basic Plumbing Fee</b>	\$75 flat fee
<b>C.</b>	<b>DEMOLITION</b>	
<b>1</b>	<b>Residential</b>	\$300 flat fee
<b>2</b>	<b>Non-residential</b>	\$689.51 flat fee

<b>Class of Permit</b>		<b>Building Permit Fee</b>
<b>D.</b>	<b>MISCELLANEOUS</b>	
<b>1</b>	<b>Change of Use</b>	\$300 flat fee
<b>2</b>	<b>Other Permits</b>	
<b>a.</b>	<b>Transfer Permit</b>	\$300 flat fee
<b>b.</b>	<b>Conditional permit - agreement</b>	\$300 flat fee
<b>3</b>	<b>Alternative Solution Review</b>	\$500 flat fee
<b>4</b>	<b>Major Revisions to Building Drawings</b>	10% of original Permit fee
<b>E.</b>	<b>ADMINISTRATIVE</b>	
<b>1</b>	<b>Occupant Load Inspection and Report</b>	\$150 flat fee
<b>2</b>	<b>Re-inspect, defective and incomplete work, 3<sup>rd</sup> + additional inspections,</b>	\$200 paid prior to scheduling inspection
<b>3</b>	<b>Statement of concurrence for Telecommunications Towers</b>	\$1,000 flat fee