

DATE: March 8, 2021

REPORT NO: PD-33-2021

SUBJECT: Recommendation Report - Building Fees By-law Review

CONTACT: Brian Treble, Director of Planning & Building
John Schonewille, Chief Building Official

OVERVIEW:

- Similar to the Planning Act, the Building Code Act allows a municipality to charge a fee, as required, to cover the anticipated costs of processing a building permit.
- Further, and more extensive than the Planning Act fee schedule, the Building Code Act requires a by-law change to allow permit fees such that the Building Department can operate self-sufficiently and not be a burden to the Township tax levy.
- It is acknowledged that from time to time due to construction activity, the Building Department costs could exceed permit revenues or permit revenues could exceed operating costs in a given year, but overall, revenues are required to cover all departmental costs. In years when permit revenues exceed operating costs the surplus funds can be directed to a reserve account to be drawn on, to balance the departmental budget in slower or more depressed economic times. Permit fees should be adjusted to reflect actual costs.
- The Building Fees By-law has not been amended for the purposes of increasing building fees since 2016. The end of the budget cycle in the last two years have required that the Building budget be balanced by drawing from the reserve to balance the budget. Therefore, it is time to impose a building permit fee increase to cover direct and indirect operating costs.
- In order to amend the Building Fee By-law, a public meeting must be held.
- This report is written to obtain authority to hold a public meeting and to present a fee increase of up to fifteen percent (15%) to reflect increased costs of service and operations of the Building Department since 2016.

RECOMMENDATION:

1. That, Report PD-33-2021 regarding “Recommendation Report, Building Fees By-law Review” dated March 8th, 2021, be RECEIVED, and;
2. That, a public meeting be held for the purposes of presenting up to an fifteen percent (15%) increase in Building fees, prior to the passage of a new by-law.

ALIGNMENT TO STRATEGIC PLAN:

Theme #6

- Efficient, fiscally responsible operations

BACKGROUND:

Building Permit Fees are permitted to be charged through the Ontario Building Code Act to cover all anticipated reasonable operational costs.

Building Department fees have not been increased as part of an operational department review since 2016. At that time, an increase of two percent (2%) was approved. The Building Permit Fee By-law is intended to cover the direct and indirect cost of all operations of the Building Department as a self-sufficient unit and includes the concept of building a reserve account for surplus revenues (from the high construction activity years) to cover the costs of operating the building department in the slower years as well.

CURRENT SITUATION:

Currently, operation costs are exceeding permit revenues and the reserve account is being depleted as we are now in a second consecutive year of drawing on reserves to cover costs of both modernize the building department and the day to day operations of the department.

Further, as reserves deplete, there will be insufficient funds to cover the departments operating costs in years where a slower volume of construction activity revenues may be received resulting in the tax levy covering Building permit activity. The last time that a substantial surplus was added to the reserve account dates back to the days of the NRW Wind Turbine project.

Since building fees have not been increased since 2016, yet the costs to operate the building department have increased each year, we have now hit the point where building fees must be increased to assist in covering operational costs.

In order to cover current and future anticipated Department operational costs for a self-funded department without reliance on other forms of funding, staff are proposing that a fee increase of up to fifteen percent (15%) be considered. By doing this, as a comparison, fees will still be substantially lower than building fees in most municipalities across the Region.

A brief review by our current Chief Building Official, John Schonewille, made the following observations that the Township of West Lincoln’s permit fees are below the

following Niagara municipalities by the indicated percentage:

- St Catharines 27 %
- Pelham 26%
- Niagara on the Lake 22%
- Grimsby 16%
- Fort Erie 16%
- Lincoln 15%

Note: Wainfleet and Port Colborne fee schedules were not posted online at the time of writing this report.

A fifteen percent (15%) fee increase still means that our fees will be substantially below our neighbouring municipalities but should assist in covering the Departmental operating costs for 2021.

Staff propose to hold a public meeting at a future Planning, Building, Environmental Committee meeting to allow for the public to be informed of our proposed fee increases

FINANCIAL IMPLICATIONS:

By about June of 2021, staff will be able to prepare a report that officially outlines the Building Department operations and the status of the reserve account. It is clear, already, similar to last year, that the report will show that the Department had to draw from the reserve in order to balance the Department budget at the end of 2020.

INTER-DEPARTMENTAL COMMENTS:

Building staff, Planning staff, along with Treasury staff and the CAO have discussed this report and the proposed fee increases. All are in agreement with the need to adjust the schedule of fees.

CONCLUSION:

Staff propose that a public meeting be held to consider building permit fee increases of up to 15%, prior to the passage of a new by-law.

Prepared & Submitted by:



Brian Treble
Director of Planning & Building



John Schonewille
Chief Building Official

Approved by:



Bev Hendry
CAO