

Council Meeting: Presentation of Draft Results

Building Permit Fee Review



TOWN OF GEORGINA

Wednesday, September 23, 2020



Items for Review

- Background and Overall Study Objectives
- Summary of Legislative framework
- Full Cost Recovery Analysis
 - Cost Considerations
 - Revenue Analysis
 - Full Cost Recovery Fees
- Implementation Options

Background and Study Objectives

- The Town last undertook a review of its building permit fees in 2015 with a view that the study would be reviewed on a 5-year cycle.
- Since the 5-year period is complete, the purpose of this study is to undertake an update review.
 - Full cost of service analysis for Building Code Services
- Information to be used when setting fee rates.

Study Parameters

- Analysis based on a 5 year time period (starting in 2021 through to 2025)
- Activity Based Costing approach
- Incorporates direct and indirect costs
- Benchmark review

Building Code Act

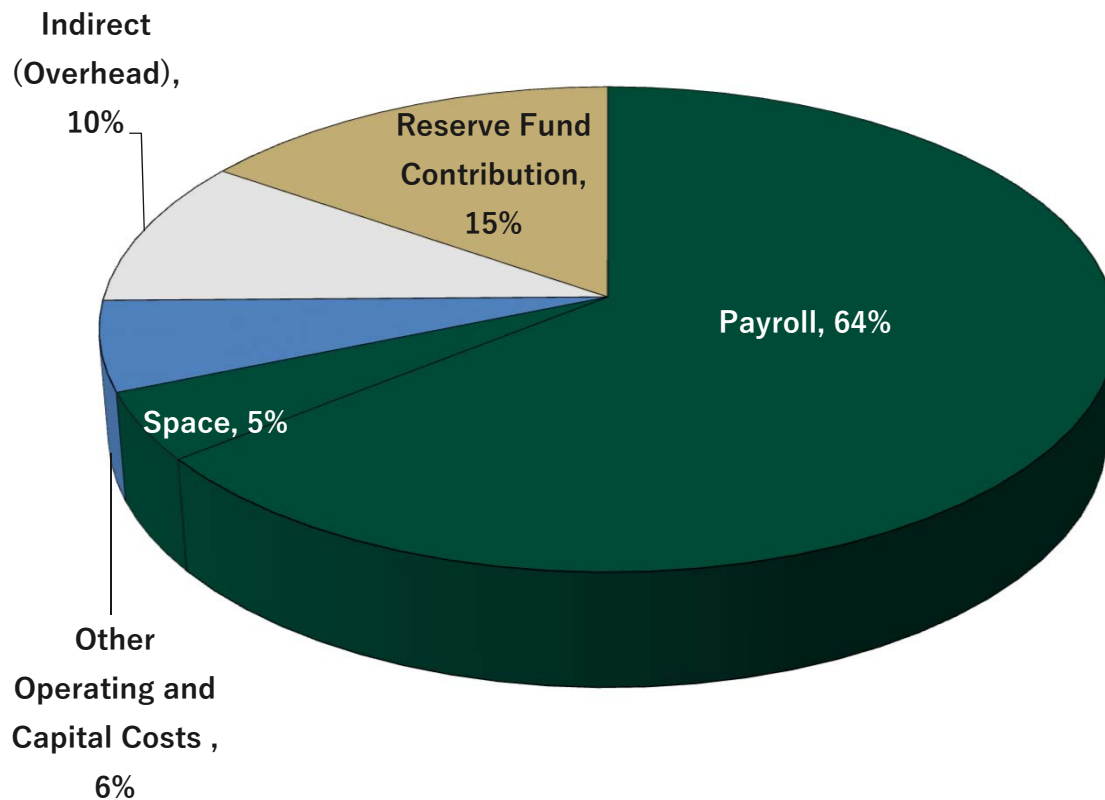
- Building permit fees must not exceed “the anticipated reasonable costs to administer and enforce the Building Code during building construction” (c.7)
- O.Reg. 305/03 (2.2.3.1.1) – Municipalities must report on costs and fee revenues annually, including:
 - Direct cost (including support staff) of reviewing applications and inspecting buildings
 - Indirect (overhead) cost
 - Building permit fee reserve fund balances
- Public Process is required for changing fees
 - No appeal to the OMB

Total Cost of Service

- Direct Costs
 - Of departments that provide service (Building)
 - Of departments that support service (e.g. Planning, Development Engineering, etc.)
 - Includes payroll, space, & other capital/operating costs
- Indirect Costs
 - Appropriate share of costs of corporate departments (e.g. Corporate Services, Mayor and Council, Office of the CAO, Human Resources, etc.)

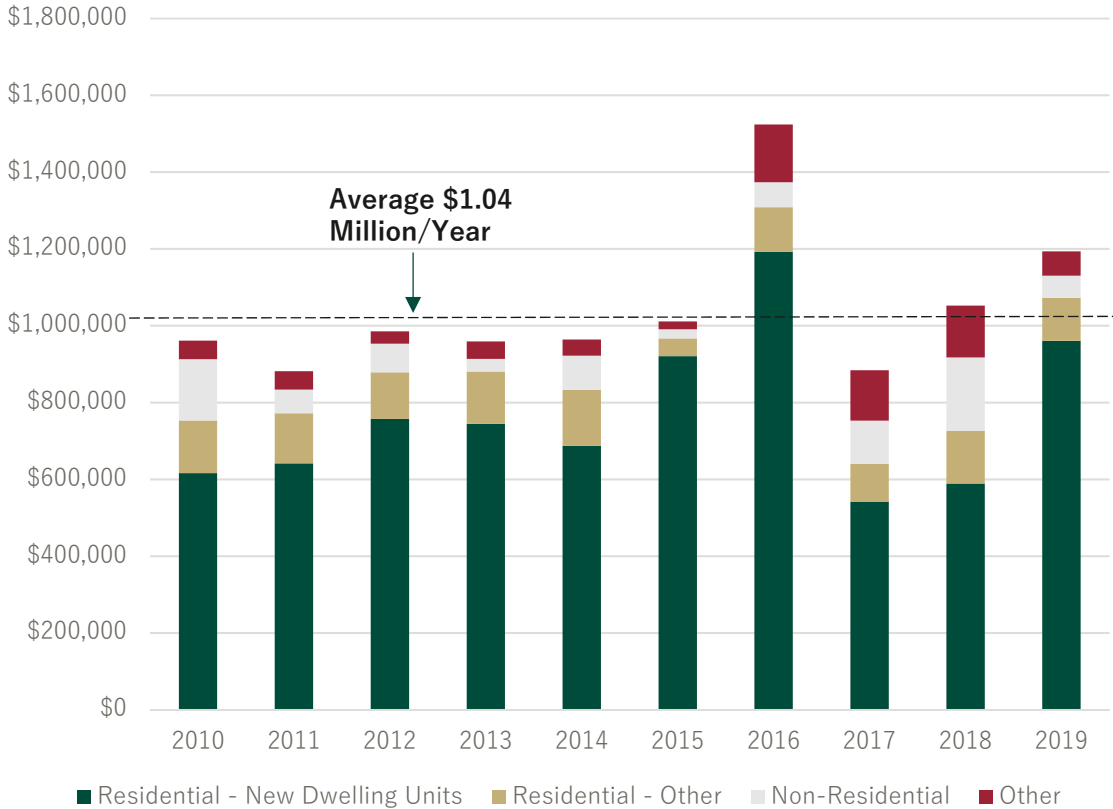
Overview of Total Annual Costs

Total Annual Costs = \$1.57 Million



- Payroll costs account for almost 2/3 of total costs
- Corporate overhead represents about 10% of total costs
- Existing reserve fund is in a deficit position and will be replenished over the planning period

Building Permit Fee Revenues: Historical Activity (2010 – 2019)



**All revenues are in constant \$2021*

- Strong relationship between permit issuances and permit revenues
- 2016, 2018 and 2019 revenue activity is above historical average
 - Driven by large residential permit activity
- Level of permit activity going forward (over 5 years) is anticipated to be higher than historical trends

Revenue Analysis

- Fees set on a 5 year cost recovery basis (2021-2025)
- Revenue forecast driven mainly by projections of new residential development
 - Non-residential activity above current levels is also assumed
- Total average annual revenue: \$1.35 million*

| Summary of Projected Average Annual Revenues (2021 – 2025) | |
|---|--------------------|
| Residential – New Dwelling Units | \$903,000 |
| Residential - Other | \$120,000 |
| Non-Residential | \$225,000 |
| All Other Permits | \$102,000 |
| Total Average Annual Revenue | \$1,350,000 |

8 **At this time, it is assumed the development impacts as a result of COVID-19 may be short-term and the revenue and permit projections over the forthcoming period would continue to remain optimistic.*

Calculated Full Cost Fees

| | |
|-----------------------------------|----------------------|
| Average Annual Costs 2021-2025: | \$1,573,400 |
| Average Annual Revenue 2021-2025: | \$1,350,000 |
| <i>% Difference:</i> | <i>16.55%</i> |

- Town can justify increasing current fee rates by 16.55%
 - Increase applied uniformly to existing rate schedule
 - New fees can be considered and will be reviewed with council at a subsequent meeting
- Annual indexing (in line with CPI) and five year reviews
 - Earlier reviews may be required to adjust for any changes in development outlook or activity projections

Benchmarking Review

| Municipality | Current Fee Rate (\$ per square foot) | | | | Current Rate (Flat fee or \$ per square foot) | |
|---|---------------------------------------|------------------------|---------------------------|---|---|---|
| | Single Dwelling | One Storey Plaza Shell | Multi Storey Office Shell | Industrial ⁽³⁾ Warehouse - Shell | Sheds/Garage | Deck |
| York Region | | | | | | |
| Markham | \$1.66 | \$1.19 | \$1.41 | \$0.92 | \$124 flat fee (<215 sq.ft) \$572 flat fee (>215sq.ft) | \$124 flat fee |
| Whitchurch-Stouffville | \$1.60 | \$1.28 | \$1.28 | \$1.16 | \$1.60 | \$1.60 |
| King ⁽²⁾ | \$1.60 | \$1.12 | \$1.12 | \$1.12 | \$287.00 | \$287.00 |
| Aurora | \$1.59 | \$1.19 | \$1.19 | \$0.80 | \$292.00 | \$292.00 |
| Vaughan | \$1.53 | \$1.13 | \$1.31 | \$0.75 | \$240.40 | \$240.40 |
| East Gwillimbury | \$1.48 | \$0.87 | \$0.87 | \$0.71 | \$1.12 | \$0.71 - \$1.48 |
| Richmond Hill | \$1.51 | \$1.27 | \$1.36 | \$0.88 | \$277 flat fee (<538 sq.ft) \$415 (>538sq.ft) | \$144 flat fee |
| Newmarket | \$1.42 | \$0.96 | \$1.04 | \$0.78 | 194 flat fee | \$194 flat fee |
| Sample Average | \$1.55 | \$1.13 | \$1.20 | \$0.89 | n.a | n.a |
| Georgina - Current 2020 | \$1.38 | \$0.99 | \$0.99 | \$0.93 | \$1.38 sq.ft (<107 sq.ft) \$324 flat rate (>107 sq.ft) | \$1.38 sq.ft (<107 sq.ft) \$324 flat rate (>107 sq.ft) |
| Georgina - Draft Calculated 2021 | \$1.61 | \$1.15 | \$1.15 | \$1.08 | \$1.61 sq.ft (<107 sq.ft) \$378 flat rate (>107 sq.ft) | \$1.61 sq.ft (<107 sq.ft) \$378 flat rate (>107 sq.ft) |

Implementation Options and Next Steps

- Informal consultation session with building community to take place in October 2020
- Statutory Public Meeting – October/November 2020
- The proposed fee schedule will be brought forward for Council approval following the statutory public meeting, and if adopted, come into effect on January 1st 2021.