



Development Fees Review

Town of Whitby

Final Report

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Chapter 1

Introduction



1. Introduction

1.1 Background

The Town of Whitby (Town) reviews its development fees periodically to ensure they are reflective of processing/service delivery costs, compliant with legislation, and competitive with comparator municipalities. Development fees include planning application fees, development engineering fees and building permit fees. In 2018, the Town retained Watson & Associates Economists Ltd. (Watson) to undertake a review of its planning application fees and building permit fees. In 2021, a subsequent review was undertaken by Watson of the Town's development engineering fees.

Recently, a number of municipalities have undertaken updates to their development fees to address changes in legislation, application characteristics and cost-recovery levels with the intent of continuing to improve fee structures so that they more accurately reflect processing efforts and service costs. This technical report summarizes the legislative context for the fees review, provides in detail the methodology utilized to assess the full costs of service, and presents the financial implications of full cost recovery and the associated fee schedules.

1.2 Legislative Context for Development Fees Review

The context for the scope of this development fees review is framed by the statutory authority available to the Town to recover the costs of service. The statutory authorities that must be considered are:

- Section 69 of the *Planning Act*, which governs the imposition of fees for recovery of the anticipated costs of processing planning applications;
- Part XII (s. 391) of the *Municipal Act*, which governs municipal fees and charges generally which are not addressed in specific statutes (i.e. development engineering fees); and
- Section 7 of the *Ontario Building Code Act*, governing building permit fees.

The following summarizes the provisions of these statutes as they pertain to development fees.



1.2.1 Planning Act, 1990

Section 69 of the *Planning Act* allows municipalities to impose fees through by-law for the purposes of processing planning applications. In determining the associated fees, the Act requires that:

“The council of a municipality, by by-law, and a planning board, by resolution, may establish a tariff of fees for the processing of applications made in respect of planning matters, which tariff shall be designed to meet only the anticipated cost to the municipality or to a committee of adjustment or land division committee constituted by the council of the municipality or to the planning board in respect of the processing of each type of application provided for in the tariff.”

Section 69 establishes many cost recovery requirements that municipalities must consider when undertaking a full cost recovery fee design study. The Act specifies that municipalities may impose fees through by-law and that the anticipated costs of such fees must be cost justified by application type as defined in the tariff of fees (e.g. Subdivision, Zoning By-Law Amendment, etc.). Given the cost justification requirements by application type, this would suggest that cross-subsidization of planning fee revenues across application types is not permissible. For instance, if Site Plan application fees were set at levels below full cost recovery for policy purposes this discount could not be funded by Subdivision application fees set at levels higher than full cost recovery. Our interpretation of the Section 69 is that any fee discount must be funded from other general revenue sources such as property taxes. In comparison to the cost justification requirements of the *Building Code Act*, where the justification point is set at the aggregate level of the Act, the requirements of the *Planning Act* are more stringent in this regard.

The legislation further indicates that the fees may be designed to recover the “anticipated cost” of processing each type of application, reflecting the estimated costs of processing activities for an application type. This reference to anticipated costs represents a further costing requirement for a municipality. It is noted that the statutory requirement is not the actual processing costs related to any one specific application. As such, actual time docketing of staff processing effort against application categories or specific applications does not appear to be a requirement of the Act for compliance purposes. As such our methodology which is based on staff estimates of application



processing effort meets with the requirements of the Act and is in our opinion a reasonable approach in determining anticipated costs.

The Act does not specifically define the scope of eligible processing activities and there are no explicit restrictions to direct costs as previously witnessed in other statutes. Moreover, recent amendments to the fee provisions of the *Municipal Act* and *Building Code Act* are providing for broader recognition of indirect costs. Acknowledging that staff effort from multiple departments is involved in processing planning applications, it is our opinion that such fees may include direct costs, capital-related costs, support function costs directly related to the service provided, and general corporate overhead costs apportioned to the service provided.

The payment of Planning Act fees can be made under protest with appeal to the Ontario Land Tribunal (OLT) if the applicant believes the fees were inappropriately charged or are unreasonable. The OLT will hear such an appeal and determine if the appeal should be dismissed or direct the municipality to refund payment in such amount as determined. These provisions confirm that fees imposed under the *Planning Act* are always susceptible to appeal. Unlike other fees and charges (e.g. development charges) there is no legislated appeal period related to the timing of by-law passage, mandatory review period or public process requirements.

1.2.1.1 More Homes for Everyone Act, 2022

The Province recently approved the *More Homes for Everyone Act*. One of the amendments to the *Planning Act* enacted by the Act are requires municipalities to refund Zoning By-Law Amendment and Site Plan application fees if legislated timeframes for decisions/approvals are not met. Furthermore, the Act also includes the ability for municipalities to deem Site Plan applications incomplete and require additional information be provided with the submission of an application.

1.2.1.2 More Homes Built Faster Act, 2022

The *More Homes Built Faster Act, 2022* received Royal Assent on November 28, 2023. The Act imposes a number of changes to the *Planning Act*, and other growth management and long-range planning initiatives at the municipal level, amongst changes to other pieces of legislation. Some of the planning related changes include:

- Increased housing targets by municipality;



- Removal of planning policy and approval responsibilities for upper tier municipalities in the province;
- Integration of Place to Grow and Provincial Policy Statement; and
- Changes to expand/support rental and affordable housing supply opportunities.

In response to the ongoing legislative changes with respect to planning application review, the Town has undertaken a review of their development review process and identified associated changes. These include a two-stage pre-consultation process to ensure complete application submission and Town requirements for processing Land Division applications with the removal of Regional planning authority. The recommendations provided herein are provided in the context of the anticipated state of application review processes provided by Town staff during the review.

1.2.2 *Municipal Act, 2001*

Part XII of the *Municipal Act* provides municipalities and local boards with broad powers to impose fees and charges via passage of a by-law. These powers, as presented in s. 391 (1), include imposing fees or charges by a municipality:

- (a) “for services or activities provided or done by or on behalf of it;
- (b) for costs payable by it for services or activities provided or done by or on behalf of any other municipality or any local board; and
- (c) for the use of its property including property under its control.”

This section of the Act also allows municipalities to charge for capital costs related to services that benefit existing residents. The eligible services for inclusion under this subsection of the Act have been expanded by the *Municipal Statute Law Amendment Act*. Moreover, the amendments to the Act have also embraced the broader recognition for cost inclusion within municipal fees and charges with recognition under s. 391 (3) that “the costs included in a fee or charge may include costs incurred by the municipality or local board related to administration, enforcement and the establishment, acquisition and replacement of capital assets.”

Fees and charges included in this review, permissible under the authority of the *Municipal Act*, would include development services fees related to engineering review that are not specifically provided for under the *Planning Act*.



In contrast to cost justification requirements under other legislation, the *Municipal Act* does not impose explicit requirements for cost justification when establishing fees for municipal services. In setting fees and charges for these services, however, municipalities should have regard for legal precedents and the reasonableness of fees and charges. The statute does not provide for appeal of fees and charges to the OLT; however, fees and charges may be appealed to the courts if municipalities are acting outside their statutory authority. Furthermore, no public process or mandatory term for fees and charges by-laws is required under the Act. There is, however, a requirement that municipal procedural by-laws provide for transparency with respect to the imposition of fees and charges.

1.2.3 *Building Code Act, 1992*

Section 7 of the *Building Code Act* provides municipalities with general powers to impose fees through passage of a by-law. The Act provides that:

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

- (c) Requiring the payment of fees on applications for and issuance of permits and prescribing the amounts thereof;
- (d) Providing for refunds of fees under such circumstances as are prescribed;”

The *Building Code Statute Law Amendment Act* imposed additional requirements on municipalities in establishing fees under the Act, in that:

“The total amount of the fees authorized under clause (1)(c) must not exceed the anticipated reasonable cost of the principal authority to administer and enforce this Act in its area of jurisdiction.”

In addition, the amendments also require municipalities to:

- Reduce fees to reflect the portion of service performed by a Registered Code Agency;
- Prepare and make available to the public annual reports with respect to the fees imposed under the Act and associated costs; and
- Undertake a public process, including notice and public meeting requirements, when a change in the fee is proposed.



O.Reg. 305/03 (which has since been replaced by O.Reg. 332/12) was the associated regulation arising from the *Building Code Statute Law Amendment Act, 2002*. O.Reg. 332/12 provides further details on the contents of the annual report and the public process requirements for the imposition or change in fees. With respect to the annual report, it must contain the total amount of fees collected, the direct and indirect costs of delivering the services related to administration and enforcement of the Act, and the amount of any reserve fund established for the purposes of administration and enforcement of the Act. The regulation also requires that notice of the preparation of the annual report be given to any person or organization that has requested such notice.

Relating to the public process requirements for the imposition or change in fees, the regulations require municipalities to hold at least one public meeting and that at least 21-days notice be provided via regular mail to all interested parties. Moreover, the regulations require that such notice include, or be made available upon request to the public, an estimate of the costs of administering and enforcing the Act, the amount of the fee or change in existing fee and the rationale for imposing or changing the fee.

The Act specifically requires that fees “must not exceed the anticipated reasonable costs” of providing the service and establishes the cost justification test at the global *Building Code Act* level. With the Act requiring municipalities to report annual direct and indirect costs related to fees, this would suggest that *Building Code Act* fees can include general corporate overhead indirect costs related to the provision of service. Moreover, the recognition of anticipated costs also suggests that municipalities could include costs related to future compliance requirements or fee stabilization reserve fund contributions. As a result, *Building Code Act* fees modeled in this exercise include direct costs, capital-related costs, indirect support function costs directly consumed by the service provided, and corporate management costs related to the service provided, as well as provisions for future anticipated costs.



Chapter 2

Activity Based Costing Methodology and Approach



2. Activity Based Costing Methodology and Approach

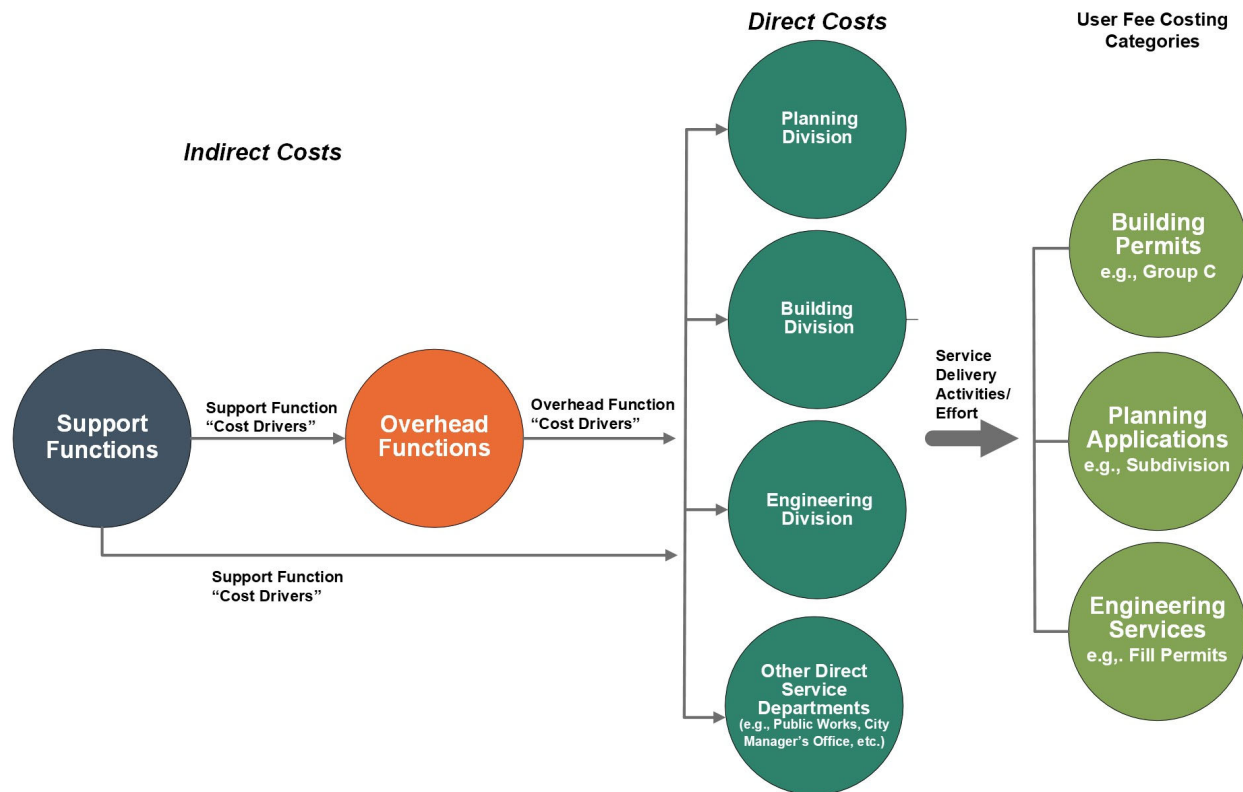
2.1 Methodology

An A.B.C. methodology, as it pertains to municipal governments, assigns an organization's resource costs through activities to the services provided to the public. Conventional municipal accounting structures are typically not well-suited to the costing challenges associated with application processing activities as these accounting structures are business unit focused and thereby inadequate for fully costing services with involvement from multiple business units. An A.B.C. approach better identifies the costs associated with the processing activities for specific application/permit types and thus is an ideal method for determining the full cost of processing and other user fee related activities.

As illustrated in Figure 2-1, an A.B.C. methodology attributes processing effort and associated costs from all participating municipal business units to the appropriate service categories (i.e. costing categories). The definition of these costing categories is further explained in Section 2.2. The resource costs attributed to processing activities and costing categories include direct operating costs, indirect support costs, and capital costs. Indirect support function and corporate overhead costs are allocated to direct business units according to operational cost drivers (e.g., information technology costs allocated based on the relative share of workstations supported). Once support costs have been allocated amongst direct business units, the accumulated costs (i.e., indirect, direct, and capital costs) are then distributed across the various costing categories, based on the business unit's direct involvement in the processing activities. The assessment of each business unit's direct involvement in the costing category review processes is accomplished by tracking the relative shares of staff processing efforts across the sequence of mapped process steps for each category. The results of employing this costing methodology provides municipalities with a better recognition of the costs utilized in delivering development review and approvals processes, as it acknowledges not only the direct costs of resources deployed but also the operating and capital support costs required by those resources to provide services.



Figure 2-1
Activity-Based Costing Conceptual Flow Diagram



2.2 Costing Category Definition

A critical component of the full cost fee review is the selection of development fee costing categories. This is an important first step as the process design, effort estimation and subsequent costing is based on these categorization decisions. It is also important from a compliance standpoint where, as noted previously, the *Planning Act* requires fees to be cost justified by application type consistent with the categorization contained within the Town's tariff of fees. Moreover, it is equally important in costing development engineering fees and building permit fees to understand the cost/revenue relationships within the Town's By-law, beyond the statutory cost justification for fees.

The costing categorization process for development fees occurred at the project initiation stage of the study process and through subsequent discussions with Town staff. Some of the key categorization decisions are summarized below:



- Planning application costing categories:
 - Reflect a two-stage application pre-consultation process;
 - a broader realignment of subdivision agreement and release processes from development engineering costing categories to planning applications and separate agreement processes for subdivision, site plan and condominium;
 - processing differences for Minor Variance applications by development type (i.e. residential and non-residential), as well as for draft approved and registered plans of Subdivision/Condominium;
 - anticipated process for Town approval authority of Land Division applications;
 - distinguish between simple, standard and complex processing characteristics for Official Plan Amendments and Zoning By-Law Amendments applications;
 - processing differences for Site Plan applications by development type (i.e. residential, non-residential and mixed-use), as well as for minor application amendments, communication towers, sales trailers and model homes; and
 - new costing categories for Heritage Permits (i.e. standard, delisting/de-designating, alteration/demolition), Street Name Change, Architectural Review, Letter of Undertaking, and Tree Removal Permits.
- Development engineering costing categories:
 - distinguish between development and non-development Site Alteration permits; and
 - new costing category for Environmental Compliance Approval (ECA) applications.
- Building permit costing categories were refined to better reflect the Town's by-law and development tracking system, including:
 - distinguish between low and medium density residential development types;
 - new costing categories for administrative processes, such as Amendments to Conditional Permits, Phased Permits, Application Resubmission, Written Compliance Request, Spatial Separation, Title Search, and Register/Discharge from Title; and



- new costing categories for permit types, i.e. Plumbing, Mechanical, and Other (e.g. fire alarm/sprinklers, solar panels, communication towers, storage tanks, change of use, etc.).

Tables 2-1 through 2-3 summarize the development fee costing categories for various development fees included in the A.B.C. model and later used to rationalize changes to the Town's development fee structure.



Table 2-1
Planning Application Fee Types and Costing Categories

Planning Application Types	Planning Application Costing Category
Pre-Consultation Meetings	Stage 1
	Stage 2
Subdivision	Plan of Subdivision
	Minor Redline Revision
	Major Redline Revision
	Extend Draft Approval
	Agreement
	Subdivision Agreement - Landscaping Processes
Minor Variance	Residential
	Non-Residential
	Draft Approved and Registered Plans of Subdivision/Condominium
Land Division	
Condominium	Plan of Condominium
	Agreement
Zoning By-law Amendment	Simple
	Complex
Lift Holding	
Official Plan Amendment	OPA - Simple
	OPA - Standard
	OPA - Complex
Heritage Permits	Standard
	Delisting or De-designating
	Alteration or Demolition
Site Plan	Residential
	Non-Residential
	Mixed-Used development
	Communication tower
	Sales trailer
	Model homes
	Agreement
	Minor Application - Minor Amendment (<= 300 sq.m)
	Minor Application - Minor Amendment (> 300 sq.m)
Part Lot Control	
Sign Variance	
Sign By-law Amendment	
Street Name Change	
Architectural Review	
Letter of Undertaking	
Tree Removal Permit	



Table 2-2
Development Engineering Fee Types and Costing Categories

Engineering Fee Type	Engineering Fee Costing Category
Engineering Design Review, Inspection and Assumption	Small Scale Subdivision
	Large Scale Subdivision
Engineering Design Review and Inspection	Site Plan
	In-Fill Lots
Site Alteration	Development
	Non-Development
Environmental Compliance Approval (ECA)	

Table 2-3
Building Permit Fee Types and Costing Categories

Building Permit Type	Building Permit Costing Category
Assembly	New/Additions
	Alterations/Fire Damage
	Pools - New/Addition
Institutional	New/Additions
	Alterations/Fire Damage/Vehicle Impact
Residential	SFD, Semi, Link & Duplex - New/Additions
	Town, Stacked Townhouse - New/Additions
	Finished Basement
	Live/Work Units
	SFD, Semi, Town, Link - Alterations/Fire Damage/Vehicle Impact
	Pre-Approved Model Homes - New
	New Model
	Repeat Model Homes - New
	Accessory Apartments - New/Additions
	Apartment/Condo & Hotel/Motel - New/Additions
	Apartment/Condo & Hotel/Motel - Alterations/Fire Damage/Vehicle Impact
	Decks/Ramps
	Garages, Carport, Porch, Accessory Structure
Business and Personal Services	Finished - New/Additions
	Shell - New/Additions
	Alterations/Fire Damage/Vehicle Impact
Mercantile	Finished - New/Additions
	Shell - New/Additions
	Alterations/Fire Damage/Vehicle Impact
Industrial	Finished - New/Additions
	Shell - New/Additions
	Alterations/Fire Damage/Vehicle Impact
	Gas Station/Car Wash - New/Additions
	Canopy/Parking Garages - New/Additions
	Canopy/Parking Garages - Alterations/Fire Damage



Table 2-3 (cont'd)
Building Permit Fee Types and Costing Categories

Building Permit Type	Building Permit Costing Category
Other	Farm Buildings/Accessory Storage Facility - New/Additions
	Tent
	Air Supported Structures
	Repair/ Reclad Wall
	Sales Pavilion/Temporary Building/Sales Trailer
	Portable Classroom
	Flat Rates
	Fire Alarm/ Sprinklers – Part 9
	Fire Alarm/Sprinklers – Alteration/Fire Damage Part 9
	Fire Alarm/ Sprinklers – Part 3
	Fire Alarm/Sprinklers – Alteration/Fire Damage Part 3
	Kitchen Exhaust/Spray Booth/Dust Collector
	Magnetic Locks
	Solar Panels (ICI)
	Solar Panels (Residential)
	Communication Tower/Wind Turbine
	Storage Tanks
	Fireplace, Woodstove
	Balcony Guard Replacement
	Retaining Wall
	Change of Use (includes all categories)
	Foundation for relocated building
	Mezzanine/Racking System (including Shelf and Rack Storage System)/Demountable Stage/Demountable support structure
	Below Grade Entrance
	Underpinning
	Demising Wall
Signs	
Demolition	ICI
	Residential
	Accessory Structures (includes all categories)
Plumbing	Plumbing Only
	Plumbing Drain Work
	Manholes/Catchbasins/Interceptors/Sump Pumps
	Backflow Preventors
	Site Servicing
Mechanical (standalone mechanical work)	Duct work only
	Mechanical Penthouse
	Geothermal system or earth energy system
	System add-ons (space heater, roof top unit, etc.)



Table 2-3 (cont'd)
Building Permit Fee Types and Costing Categories

Building Permit Type	Building Permit Costing Category
Administrative	Minimum Fee (all categories)
	Alternative Solutions (and 3rd party review)
	Conditional Permit Agreement
	Amendment to Conditional Permit
	Revision to Permit - Major
	Revision to Permit - Minor
	Phased Permit
	Transfer of Permit
	Additional Inspection
	Occupancy Permit/Agency Letters
	Resubmission of application found to be incomplete
	Work commenced prior to building permit application submission
	Work commenced prior to building permit application issued
	Refund - Minimum
	Refund – Application Administrative functions performed
	Refund – Application reviewed but not issued
	Refund – Permit issued no construction commenced
	Written request for information concerning compliance with the Building Code and applicable law
	Spatial Separation Agreements or Agreements not otherwise noted in the schedule
	Title Search
	Registration on Title and Discharge from Title

2.3 Process Map Documentation

Once the costing categories have been established, the next step in the study process is to create a link between the direct service departments and the costing categories. This is done through the process of documenting the Town's review and approvals activities and generating process maps. The process maps were generated by starting with the processes established during the Town's prior reviews. The process maps from the 2018 Development Fee Review and 2021 Development Engineering Fee Review were reviewed and updated by Town staff to ensure that they were representative of the current internal processes of the Town. These process maps were then converted into data collection templates to receive level of processing effort estimates from Town staff.



2.4 Processing Effort Estimate Collection, Reasonability Check and Cost Allocations

Participating Town staff member's provided initial level of effort estimates for undertaking the activities documented in the process map templates. These are provided by staff within participating business units for typical process steps undertaken for each development fee costing category identified previously. The effort estimates received were applied against average annual application volumes for the period 2017-2022 to assess the average annual processing time per position spent on each development fee costing category.

Annual processing effort per staff position was measured against available staff processing capacity to determine overall service levels. The results of the initial capacity analysis were reviewed with Town staff. Effort estimates were subsequently refined by Town staff in consultation with the participating business units to better reflect current staff level utilization. These refinements provided for the recognition of efforts within the development fees review processes ancillary to direct processing tasks, i.e. application oversight activities by departmental senior management and administration and enforcement activities under the authority of the Building Code.

Two costing scenarios are provided in the analysis for each of development fee services (i.e. planning applications, development engineering and building permits). These scenarios reflect (1) an unrestricted service level where staff effort estimates were costed based on anticipated service levels irrespective of 2024 budgeted complement levels, and (2) a restricted service level where effort estimates were reduced to alignment with 2024 budgeted complement levels and current spending levels. The first scenario reflects the costs the organization would incur if sufficient staff complement were in place to meet planned levels of service. As considered in the previous development engineering fee review, where sufficient complement is not presently budgeted for the Town may consider contracted services. This scenario is provided to identify the potential additional complement requirements and fees that would result. The latter, the 2024 budget restricted service level scenario, reflects the fee recommendations at current Town costs of service. The staff capacity results underlying the costing model are provided in each of the respective chapters for planning application fees, development engineering fees and building permit fees.



2.5 Full Cost of Providing Development Application Review Services

As described in Section 2.1, the full cost of providing development application review and approvals services consist of direct, indirect, capital costs, and, in the case of building permits, contributions to the *Building Code Act* reserve fund. The following sections define each of these cost objects and how each of these are allocated to the individual costing categories.

2.5.1 Direct Costs

The following Town business units are directly involved in processing the development fees included in the review:

- Planning and Development Department
 - Planning Administration Division
 - Planning Services Division
 - Development Review Services
 - Policy and Heritage Planning
 - Zoning and Regulation Services
 - Building Services Division
 - Plans Examination Services
 - Building Inspection Services
 - Engineering Services Division
 - Development Engineering Services
 - Transportation Services
 - Infrastructure Engineering Services
 - Municipal Construction Services
- Operational and Fire & Emergency Services Department
 - Fire Administration Division
 - Fire Risk Management and Education Division
- Financial Services Department
 - Financial Planning and Risk Management Division
 - Taxation Services Division
 - Treasury Services Division



- Community Services Department
 - Administration Division
 - Facilities Division
 - Waste Management Division
 - Parks Maintenance Division
 - Roads & Traffic Division
 - Technical & Administrative Services Division
 - Parks Development and Design Division
- Chief Administration Office Department
 - Office of the CAO Division
 - Office of the Town Clerk Division
 - Mayor & Council Division
 - Strategic Initiatives Division
 - Corporate Communications and Creative Services Division
- Legal and Enforcement Services Department
 - Legal Services Division

Based on the results of the staff capacity analysis described above, the proportionate share of each individual's direct costs is allocated to the respective costing categories. The Town's 2023 Operating Budget was used to generate the direct cost allocations within the model and include the cost components such as:

- Labour costs (e.g. salary, wages, and benefits);
- Employee related costs (e.g. mileage, conferences, training, etc.);
- Utility costs;
- Administrative costs (e.g. postage, printing, supplies, etc.);
- Operating supplies;
- Services/contracted work;
- Vehicles and equipment costs; and
- Other miscellaneous service costs.

It should be noted that transfers to reserves (reserve funds) and transfers to capital have been excluded from the direct service costs, as these reflect financing costs and not service costs. Moreover, capital costs have been provided for separately within the analysis.



2.5.2 Indirect Costs

An A.B.C. review includes not only the direct service costs of providing service activities but also the indirect support costs that allow direct service business units to perform these functions. The method of allocation employed in this analysis is referred to as a step costing approach. Under this approach, support function and general corporate overhead functions are classified separate from direct service delivery departments. These indirect cost functions are then allocated to direct service delivery departments based on a set of cost drivers, which subsequently flow to development fee categories according to staff effort estimates. Cost drivers are a unit of service that best represent the consumption patterns of indirect support and corporate overhead services by direct service delivery business units. As such, the relative share of a cost driver (units of service consumed) for a direct department determines the relative share of support/corporate overhead costs attributed to that direct service department. An example of a cost driver commonly used to allocate information technology support costs would be a business unit's share of supported personal computers. Cost drivers are used for allocation purposes acknowledging that these business units do not typically participate directly in the development review process, but that their efforts facilitate services being provided by the Town's direct business units.

Table 2-4 summarizes the support and corporate overhead functions included in the development fees calculations and the cost drivers assigned to each function for cost allocation purposes. The indirect support and corporate overhead cost drivers used in the fees model reflects accepted practices within the municipal sector by municipalities of similar characteristics.



Table 2-4
Indirect Support and Corporate Overhead Functions and Cost Drivers

Indirect Cost Functions	Cost Driver
<u>Indirect Support Functions</u>	
Human Resource Services	Full time equivalents
Technology and Innovation	Personal computers
Records Management	Facility square footage
Asset Management Services	Operations vehicles
Operations Fleet Maintenance	Operations vehicles
Other Vehicle Maintenance	Operations vehicles
Building Inspectors Vehicles	Building vehicles
Engineering Inspection Vehicle	Engineering vehicles
Fire - Fleet Maintenance	Fire vehicles
By-Law Officers Vehicles	By-Law vehicles
Municipal Offices-Inside	Facility square footage
<u>Indirect Corporate Overhead Functions</u>	
Members of Council	Agenda items
Mayor & Council's Office	Agenda items
Chief Administrative Officer	Gross operating expenditures
Clerks Administration	Agenda items
Project Management	Gross operating expenditures
Finance & Admin. Services	Gross operating expenditures
Treasury Services	Gross operating expenditures
Corporate Revenues & Expenses	Gross operating expenditures
Legal Services	Gross operating expenditures

2.5.3 Capital Costs

The inclusion of capital costs within the full cost development fees calculations follows a methodology similar to indirect costs. Market-equivalent rents and/or replacement value of assets commonly utilized to provide direct business unit services have been included to reflect capital costs of service. The replacement value approach determines that annual asset replacement value over the expected useful life of the respective assets. This reflects the annual depreciation of the asset over its useful life based on current asset replacement values using a sinking fund approach. This annuity is then allocated across all fee categories based on the capacity utilization of direct business units. For market-equivalent rents, the annual rent costs are calculated based on market rate and floor space utilized and then allocated to the various fee categories in a similar manner.



The market-equivalent rate applied for facility space is \$29.39/square foot. This information is based on indexing the rates from prior studies based on the non-residential building construction price indexes published by Statistics Canada.

In addition to facility space, annual capital replacement costs have been estimated for computer hardware, software and the AMANDA development processing infrastructure and administration. Annualized project costs were also included for the building permit portal upgrade, electronic plans review solution update, and ERP Workday system. These annual capital costs estimates were then allocated to the fee categories based on staff resource capacity utilization.

2.6 Building Permit Stabilization Reserve Fund Policy

The *Building Code Act* recognizes the legitimacy of creating a municipal reserve fund to provide for service stability and mitigate the financial and operational risk associated with a temporary downturn in building permit activity. Specifically, a reserve fund should be maintained to reduce the staffing and budgetary challenges associated with a cyclical economic downturn and the requirement for ongoing legislative turnaround time compliance. Without such a reserve fund, reduced permit volumes during a downturn could result in budgetary pressures and the loss of certified Town building staff, which would be difficult to replace during the subsequent recovery when mandatory permit processing turnaround times apply.

Although the Act does not prescribe a specific methodology for determining an appropriate reserve fund, municipalities have developed building permit reserve funds providing service stabilization. Previous fee review studies undertaken by the Town established the need for a Building Permit Stabilization Reserve Fund. A target reserve fund balance was established based on the witnessed reduction in building permit activity during recessionary periods when compared with the long-run average to ensure that sufficient reserve fund levels are attained to sustain operations through a downturn in permit activity and acknowledging the Town's responsibility to manage some of the cost impacts.

The 2005 Study measured the impact of historic development on presumed long-term staffing levels to arrive at a target reserve fund balance of 2.07 years of annual building permit costs, including direct, indirect and capital costs. The balance in the Town's reserve fund at the beginning of 2023 was \$15.6 million.



Chapter 3

Planning Application Fees Review



3. Planning Application Fees Review

3.1 Staff Capacity Utilization Results

The planning application review process considered within this assessment involves to varying degrees, staff from multiple departments and divisions across the organization. The planning application processing effort estimates in this report reflect the Town's current business processes and modifications in response to recent legislative changes. To measure the reasonableness of the processing effort estimates an assessment relative to historic average annual application volumes as prepared. Average planning application volumes for the period 2017-2022 and 2024 budgeted staff complement were considered in the assessment.

Table 3-1 summarizes the staff capacity utilization and number of full-time equivalent (FTE) positions attributable to planning application processes. Planning application processes would consume approximately 26 FTE staff positions across the organization based on the unrestricted service level scenario. This scenario would require approximately 3.5 FTE staff position more than currently budgeted in 2024 (i.e. restricted service level scenario). Adjusted for 2024 budgeted complement and compared to average annual staff capacity utilization in the 2018 fee review, the Town deploys approximately 12 more FTE annual for planning applications today. This increase in staff resource consumption reflects changes in underlying application volumes, new costing categories included in the modeling and a realignment of efforts from the Development Engineering Services from engineering fees to planning applications.

The following observations are provided based on the results of the capacity analysis presented in Table 3-1.

- On average approximately 42% (13.6 FTEs out of 33.6 FTEs) of available staff resources within Planning Services Division would be fully consumed processing planning applications based on the unrestricted service level scenario. These include the business units of Development Review Services, Policy and Heritage Planning, and Zoning and Regulation Services. Adjusting for 2024 budgeted complement under the restricted service level scenario, approximately 11 FTE staff positions are reflected in the fee calculations. These divisions continue to



provide the largest amount of effort to planning applications within the Town. This level of planning recovery is comparable with levels of participation in other Greater Toronto Area (G.T.A.) municipalities, reflecting a significant amount of non-planning application processing effort provided by planning departments for corporate management, policy initiatives, OLT appeals, and public information tasks.

Table 3-1
Planning Application Resource Utilization by Department/Division (in FTE)

Town Department/Division	FTEs within Costing Model	Planning Applications		
		Capacity Utilization	Unrestricted Service Level Scenario FTE	Restricted Service Level Scenario FTE
Planning Services Division	33.6	41.8%	13.6	11.0
Engineering Services Division	43.0	20.9%	9.0	8.1
Strategic Initiatives	5.6	18.9%	1.1	1.1
Community and Marketing Services & Parks	28.0	2.1%	0.6	0.6
Office of the Town Clerk	15.0	3.8%	0.6	0.6
Legal and By-law Services	29.0	1.1%	0.3	0.3
Chief Administrators Office	5.0	3.3%	0.2	0.2
Fire & Emergency Services	14.0	1.1%	0.2	0.2
Building Services Division	25.3	0.4%	0.1	0.1
Corporate Services (Finance)	24.0	0.4%	0.1	0.1
TOTAL	222.5	11.5%	25.7	22.1

- The Engineering Services Division provides the second largest allocation of annual staff resources in the costing model. Nine FTE staff positions would be fully consumed annually by planning application review for the business units of Development Engineering Services, Transportation Services, Infrastructure Engineering Services, and Municipal Construction Services. This accounts for approximately 20% of their available staff resources. Considering the 2024 budgeted complement under the restricted service level scenario for the Engineering Services Division, the fee calculations include cost recovery for 8.1 FTE staff positions.
- A number of other Town business units such as Strategic Initiatives, Community and Marketing Services & Parks, and Office of the Town Clerk that provide relatively small allotments of effort to planning applications (3 F.T.E.s). These



business units provide a small number of staff positions with specific planning application review requirements.

3.2 Planning Applications Annual Costing Results

Table 3-2 presents the Town's annual costs of providing planning application review and approval services. The annual costs reflect the organizational direct, indirect, and capital costs for the two scenarios described in section 2.4, i.e. (1) unrestricted service level, and (2) the restricted service level (2024 budgeted complement). The annual cost and revenue estimates are provided in aggregated for all application types based on existing fees and average historic planning application volumes levels. Costs and revenues are denominated in 2023\$, with revenues modelled from current planning application fee schedules applied to average application volumes and charging parameters. The charging parameters for these applications were derived from historical applications and development fee revenue data provided by Town staff. It should be noted that average annual revenues have not been estimated for Heritage Permits, Architectural Review, and Tree Removal Permits as fees are currently not imposed for these services.

Annual costs of planning applications under the unrestricted service level scenario would total \$5.9 million. Reflecting the restricted service level scenario, the overall costs of service total \$5.1 million annually. In total, direct service costs represent 62% of annual costs (\$3.2 million). Indirect and capital costs constitute 27% (\$1.4 million) and 11% (\$0.5 million) of total costs, respectively. Estimated annual planning application revenues total \$3.0 million. This represents a total cost recovery of approximately 52%-60% under the unrestricted and restricted service level scenarios respectively.

Section 3.3 provides the comparison of costs and revenues for each costing category and related full cost recovery fee recommendations for each scenario.



Table 3-2
Annual Planning Application Costs and Revenues (2023\$)

	Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Annual Costs by Component</u>		
Direct Costs	3,621,697	3,157,835
Indirect Costs	1,617,693	1,369,161
Capital Costs	655,090	552,437
Total Annual Development Costs (2023\$)	5,894,479	5,079,433
<u>Estimated Annual Revenues</u>		
Planning Application Fees	(3,043,256)	(3,043,256)
Total Annual Planning Application Fee Revenues (2023\$)	(3,043,256)	(3,043,256)
Annual (Surplus)/Deficit	2,851,223	2,036,177

3.3 Planning Application Type Impacts

The *Planning Act* requires fees to be cost justified at the application type level. Moreover, OLT decisions require that there is consideration given to the marginal costs of processing applications of varying size and complexity. In this regard, planning application review processes have been costed at the application type and sub-type level. This level of analysis goes beyond the statutory requirements of cost justification by application type to better understand costing distinctions at the application sub-type level to provide the basis for a more defensible fee structure and better alignment with revenue expectations.

Table 3-3, summarizes the per application processing costs for each scenario and compares them with per application revenues derived from the Town's current fee structure and historical average application characteristics.



Table 3-3
Planning Application Costs and Revenues by Costing Category (2023\$)

Planning Application Fees - Costing Category	Avg. Cost / Application		Avg. Revenue / Application	Cost Recovery %	
	Unrestricted Service Level Scenario	Restricted Service Level Scenario		Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Minor Variance</u>					
Minor Variance - Residential	2,928	2,659	999	34%	38%
Minor Variance - Non-Residential	2,928	2,659	2,829	97%	106%
Minor Variance - Draft Approved and Registered Plans of Subdivision/ Condominium	2,976	2,707	7,665	258%	283%
<u>Land Division</u>					
Land Division	3,746	3,546	962	26%	27%
<u>Plan of Subdivision</u>					
Plan of Subdivision	128,377	108,553	215,369	168%	198%
Subdivision Agreement Fee	44,429	40,127	-	0%	0%
Minor Redline Revision	8,323	6,919	7,521	90%	109%
Major Redline Revision	13,784	11,247	36,764	267%	327%
Extend Draft Approval	13,522	10,055	3,394	25%	34%
<u>Condominium</u>					
Condominium	13,034	10,320	10,152	78%	98%
Condominium Agreement Fee	7,655	7,165	2,498	33%	35%
<u>Zoning</u>					
ZBA - Simple	43,339	41,604	15,226	35%	37%
ZBA - Complex	59,192	52,142	28,278	48%	54%
Lift Holding	24,072	21,771	7,734	32%	36%
<u>Official Plan Amendment</u>					
Official Plan Amendment Simple	39,397	37,431	25,457	65%	68%
Official Plan Amendment Standard	45,475	43,440	31,971	70%	74%
Official Plan Amendment Complex	53,680	51,611	38,485	72%	75%
<u>Site Plan</u>					
Site Plan - Residential	42,108	37,670	41,791	99%	111%
Site Plan - Non-Residential	37,268	34,174	50,796	136%	149%
Site Plan - Non-Residential	37,268	34,174	25,381	68%	74%
Site Plan - Mixed-Use Dev.	44,230	38,707	42,589	96%	110%
SP Minor Amendment - No App<300	9,897	9,571	1,219	12%	13%
SP Minor Amendment - No App>300	10,828	10,467	5,483	51%	52%
Site Plan - Sales Trailer	7,250	5,808	853	12%	15%
Site Plan - Model Homes	7,220	5,772	853	12%	15%
Site Plan Agreement Fee	8,992	5,806	2,715	30%	47%
Site Plan - Communication Tower	8,763	6,659	6,092	70%	91%



Table 3-3 (cont'd)
Planning Application Costs and Revenues by Costing Category (2023\$)

Planning Application Fees - Costing Category	Avg. Cost / Application		Avg. Revenue / Application	Cost Recovery %	
	Unrestricted Service Level Scenario	Restricted Service Level Scenario		Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Heritage Permits</u>					
Heritage - Standard	9,155	9,155	-	n/a	n/a
Heritage - Dedesignate or Demolition	7,338	7,338	-	n/a	n/a
Heritage - Alteration	5,850	5,850	-	n/a	n/a
<u>Other Fees</u>					
Part Lot Control	1,692	1,249	1,529	90%	122%
Sign Variance	6,043	5,693	2,489	41%	44%
Sign By-law Amendment	13,748	12,769	3,168	23%	25%
	n/a	n/a	1,697	n/a	n/a
Street Name Change	4,804	4,734	1,358	28%	29%
Architectural Review	5,967	5,377	n/a	n/a	n/a
Letter of Undertaking	5,439	4,238	820	15%	19%
Tree Removal Permit	5,844	5,757	n/a	n/a	n/a
<u>Pre-Consultation</u>					
Pre-Consultation Stage 1	10,864	8,977	622	6%	7%
Pre-Consultation Stage 2	32,971	26,956	622	2%	2%

3.4 Rate Structure Analysis

Calculated fee structure alternatives are provided for both scenarios based on the cost revenue impacts presented in Table 3-3 and historic average application characteristic underlying planning applications. The fee schedule alternatives for the unrestricted and restricted service level scenarios are provided in Table 3-4. These alternatives are provided in comparison to the Town's current planning application fees.



Table 3-4
Comparison of Planning Application Fees
under the Town's Current By-Law and Fee Calculation Scenarios

Planning Fee By-Law - Application Type	Existing Fees (2023\$)			Calculated Fees (unrestricted service level)			Calculated Fees (restricted service level)		
	Base / Flat Fee	Variable Fee	Variable Unit	Base / Flat Fee	Variable Fee	Variable Unit	Base / Flat Fee	Variable Fee	Variable Unit
<u>Minor Variance</u>									
Residential	999			2,928			2,659		
Non-Residential	2,829			2,928			2,659		
Tabling by Applicant	849			849			849		
Draft Approved and Registered Plans of Subdivision	5,883	594	per lot/block	2,928	16	per lot/block	2,659	16	per lot/block
<u>Land Division</u>									
Land Division Release Fee	962			3,746			3,546		
<u>Plan of Subdivision</u>									
Residential	42,509	850	per lot/block	42,509	404	per lot/block	42,509	306	per lot/block
Non-Residential	42,509			124,624			104,800		
Subdivision Agreement Fee	6,449			44,429			40,127		
Minor Redline Revision	7,310	317	per lot/block	8,089	351	per lot/block	6,707	317	per lot/block
Major Redline Revision	7,310	488	per lot/block	8,089	94	per lot/block	6,707	75	per lot/block
Subdivision Release	3,753			3,753			3,753		
Extend Draft Approval	3,394			13,522			10,055		
<u>Condominium</u>									
Standard	10,152			9,281			6,567		
Condominium Conversion	10,152	477	per unit	9,281	477	per unit	6,567	477	per unit
Condominium Release	3,753			3,753			3,753		
Condominium Agreement	2,498			7,655			7,165		
<u>Zoning</u>									
Simple	15,226			43,339			41,604		
Complex	28,278			59,192			52,142		
Lifting an 'H' Holding Symbol	7,734			24,072			21,771		
Temporary Use	13,922			13,922			13,922		
Temporary Use for Second Residence	6,960			6,960			6,960		
Temporary Use Extension	6,526			6,526			6,526		
<u>Official Plan Amendment</u>									
Official Plan Amendment Simple	25,457			39,397			37,431		
Official Plan Amendment Standard	n/a			45,475			43,440		
Official Plan Amendment Complex	38,485			53,680			51,611		
Combined OPA & Zoning - Simple	40,731			63,035			59,889		
Combined OPA & Zoning - Standard	n/a			66,817			63,825		
Combined OPA & Zoning - Complex	51,515			71,856			69,085		



Table 3-4 (cont'd)
Comparison of Planning Application Fees
under the Town's Current By-Law and Fee Calculation Scenarios

Planning Fee By-Law - Application Type	Existing Fees (2023\$)			Calculated Fees (unrestricted service level)			Calculated Fees (restricted service level)		
	Base / Flat Fee	Variable Fee	Variable Unit	Base / Flat Fee	Variable Fee	Variable Unit	Base / Flat Fee	Variable Fee	Variable Unit
<u>Site Plan</u>									
Residential (incl. Retirement Home w/ self-contained units)	10,966	488	per unit (first 25)	10,966	493	per unit (first 25)	10,966	422	per unit (first 25)
		281	per unit (next 75)		284	per unit (next 75)		243	per unit (next 75)
		134	per unit (>100)		135	per unit (>100)		116	per unit (>100)
Residential (Retirement Home w/ units not self-contained)	10,966			42,108			37,670		
Commercial/Industrial	10,966	5.37	per sq.m.	10,966	3.55	per sq.m.	10,966	3.13	per sq.m.
Institutional	10,966	4.75	per sq.m.	10,966	8.67	per sq.m.	10,966	7.65	per sq.m.
Mixed Use	Same rates as Residential and Commercial/Industrial								
Commissioner's Approval	1,219			9,897			9,571		
Expansion to an existing	5,483			10,828			10,467		
Sales Trailer	853			7,250			5,808		
Model Home	853			7,220			5,772		
Within Environmental Areas	5,657			5,657			5,657		
Site Plan Agreement (all types) (+ legal expenses)	2,715			8,992			5,806		
Amending Agreement (+ legal expenses)	1,358			1,358			1,358		
Communication Tower	6,092			8,763			6,659		
<u>Heritage Permits</u>									
Standard	n/a			9,155			9,155		
Dedesignate or Demolition	n/a			7,338			7,338		
Alteration	n/a			5,850			5,850		
<u>Other Fees</u>									
Part Lot Control		1,529	per unit/lot/block		1,692	per unit/lot/block		1,249	per unit/lot/block
Additional Public Meetings	1,219			1,219			1,219		
Sign Variance	2,489			6,043			5,693		
Sign By-law Amendment	3,168			13,748			12,769		
Annual Administrative Fee	1,697			1,697			1,697		
Street Name Change Request (external)	1,358	122	per address	4,804	122	per address	4,734	122	per address
Architectural Review (Working)	n/a	170	per hour		170	per hour		170	per hour
Letter of Undertaking	820			5,439			4,238		
Tree Removal Permit	n/a			5,844			5,757		
<u>Pre-Consultation</u>									
Pre-Consultation Stage 1	622			10,864			8,977		
Pre-Consultation Stage 2	622			32,971			26,956		



Chapter 4

Development Engineering Fees Review



4. Development Engineering Fees Review

4.1 Staff Capacity Utilization Results

The effort estimates were provided by Town staff and applied to anticipated annual application volumes. This enabled an assessment of the average annual processing time per staff position spent on development engineering services. Annual processing effort per staff position was compared with current staff complement to inform the unrestricted service level scenario. As summarized in Table 4-1, this assessment determined that approximately 17.9 FTE staff positions would be fully consumed by these activities annually. This scenario would require approximately 3.3 additional FTE staff positions in the Engineering Services Division than currently budgeted in 2024 (i.e. restricted service level scenario). As such, this has resulted in operational impacts to service delivery requiring peer review services.

Table 4-1
Development Engineering Resource Utilization by Department/Division (in FTE)

Town Department/Division	FTEs within Costing Model	Development Engineering		
		Capacity Utilization	Unrestricted Service Level Scenario FTE	Restricted Service Level Scenario FTE
Engineering Services Division	43.0	41.3%	17.8	14.5
Community and Marketing Services & Parks	28.0	0.5%	0.1	0.1
Building Services Division	25.3	0.0%	-	-
Planning Services Division	33.6	0.0%	-	-
Fire & Emergency Services	14.0	0.0%	-	-
Corporate Services (Finance)	24.0	0.0%	-	-
Office of the Town Clerk	15.0	0.0%	-	-
Strategic Initiatives	5.6	0.0%	-	-
Legal and By-law Services	29.0	0.0%	-	-
Chief Administrators Office	5.0	0.0%	-	-
TOTAL	222.5	8.0%	17.9	14.6



4.2 Development Engineering Annual Costing Results

Table 4-2 presents the Town's annual costs of providing development engineering review and inspection services. The annual costs reflect the organizational direct, indirect, and capital costs for unrestricted and restricted service level scenarios. The annual cost and revenue estimates for all costing categories is based on typical application characteristics for small subdivisions (\$1 million in infrastructure), large subdivisions (\$4.6 million in infrastructure) and site plans (\$335,000 in infrastructure). Annual costs and revenues are denominated in 2023\$, with revenues modelled from current development engineering and site alteration fee schedules applied to average application volumes and charging characteristics. Average annual revenues have not been estimated for environmental compliance approval applications as this would represent services for which fees are currently not imposed by the Town.

Annual costs of development engineering fees under the unrestricted service level scenario would total \$3.6 million. Adjusted costs to reflect 2024 budgeted staff complement levels under the restricted service level scenario, the annual costs of service total \$3.0 million annually. In total, direct service costs represent 68% of annual costs (\$2.0 million). Indirect and capital costs constitute 20% (\$0.6 million) and 12% (\$0.4 million) of total costs, respectively. Estimated annual development engineering revenues total \$3.3 million. This represents a total cost recovery of approximately 92%-111% under the unrestricted and restricted service level scenarios respectively.



Table 4-2
Annual Development Engineering Services Costs and Revenues (2023\$)

	Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Annual Costs by Component</u>		
Direct Costs	2,432,609	2,022,498
Indirect Costs	697,933	580,778
Capital Costs	448,748	367,222
Total Annual Development Costs (2023\$)	3,579,289	2,970,499
<u>Estimated Annual Revenues</u>		
Development Engineering Fees	(3,288,495)	(3,288,495)
Total Annual Development Engineering Fee Revenues (2023\$)	(3,288,495)	(3,288,495)
Annual (Surplus)/Deficit	290,794	(317,997)

4.3 Development Engineering Fee Type Impacts

Table 4-3 summarizes the costs and revenues of providing development engineering services by costing category for each scenario. Average revenues per costing category were derived from the Town's current fee structure and historical application characteristics identified by staff during the costing category determination stage of the assignment. The following observations are provided for the types of development engineering fees included in the modeling under the restricted service level scenario:

- Subdivision design review and inspection fees represent the largest portion of services, accounting for \$1.6 million annually. These costs reflect a reallocation of development engineering staff effort from development engineering fees to planning application fees, as determined through the process mapping end effort estimation stage of the assignment. In the context of these service costs, current subdivision design review and inspection fees are recovering approximately 130% of full costs. The fee structure generally produces greater than cost recovery from larger applications (as defined by the capital costs of infrastructure) to assist in the under recovery from smaller applications.
- Site plan review and inspection activities account for \$1.2 million in annual costs of service. In total, current fees are generally recovering full costs of service at



99% cost recovery. Similar to the cost recovery performance witnessed for subdivisions, residential in-fill lots generally under recover the full costs of service, which are support by larger site plan applications.

- Site alteration permits recover approximately 47% of annual costs, with non-development site alterations of less than 500 m³ recovering marginally less at 40% of cost recovery.
- Environmental compliance approvals are a new service being provided by the Town for which the modeling was provided to determine a fee. The costing model identifies a full cost fee per application based on the underlying processing activities of \$9,514.

Table 4-3
Development Engineering Services Costs and Revenues by Costing Category
(2023\$)

Category	Avg. Cost / Application		Avg. Revenue / Application	Cost Recovery %	
	Unrestricted Service Level Scenario	Restricted Service Level Scenario		Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Subdivision Design Review and Inspection Fees</u>					
Small Scale Subdivision	176,227	149,226	92,859	53%	62%
Large Scale Subdivision	243,805	203,220	320,124	131%	158%
<u>Site Plan Engineering Fees</u>					
Site Plan	40,973	34,004	39,415	96%	116%
Residential In-Fill Lots	7,199	6,369	4,722	66%	74%
<u>Site Alteration Permits Application Fee</u>					
Site Alteration - Non-Development	9,222	6,867	2,741	30%	40%
Site Alteration - Development	18,616	11,583	5,482	29%	47%
Environmental Compliance Approval (ECA)	10,323	9,514	-	n/a	n/a

4.4 Rate Structure Analysis

The development engineering fee structure recommendations are detailed in Table 4-4. This table summarizes the Town's current fees for subdivision, site plan, site alteration permits and environmental compliance approvals, as well as the calculated fees to achieve full cost recovery under unrestricted and restricted service level scenarios. The fee calculations are based on the costing results by costing category provided in the prior section and maintenance of the Town's exiting fee structures. The gradation of fee structure by infrastructure intervals and minimum fees have been maintained in the fee recommendations.



Table 4-4
Comparison of Development Engineering Fees
under the Town's Current By-Law and Fee Calculation Scenarios

Development Engineering Fee By-Law - Type	Existing Fees (2023\$)		Calculated Fees (unrestricted service level)	Calculated Fees (restricted service level)
	Infrastructure Value / Flat Fee	Fee Minimum	Infrastructure Value / Flat Fee	Infrastructure Value / Flat Fee
<u>Subdivision Design Review and Inspection Fees</u>				
Engineering Design Review Fee	1.89%	19,373	1.89%	1.89%
Engineering Inspection Fee Up to \$200,000	7.86%		8.93%	6.43%
Engineering Inspection Fee \$200,000.01 to \$500,000	6.95%		7.90%	5.69%
Engineering Inspection Fee \$500,000.01 to \$1,000,000	5.89%		6.69%	4.82%
Engineering Inspection Fee \$1,000,000.01 to \$2,000,000	4.99%		5.67%	4.08%
Engineering Inspection Fee \$2,000,000.01 to \$3,000,000	4.38%		4.98%	3.58%
Engineering Inspection Fee \$3,000,000.01 and over	3.93%		4.46%	3.22%
Underground Servicing Approval Only	11.00%	18,860	11.00%	11.00%
<u>Subdivision Design Review Fee Surcharge</u>				
Additional Surcharge for a fourth Engineering Submission review	33.30%		33.30%	33.30%
Additional Surcharge for each Engineering Submission review after the fourth submission	20.00%		20.00%	20.00%
Delayed Assumption Surcharge (issued 1 year from the issuance of Final Deficiency Report, and each anniversary date thereafter)	2.00%	5,253	2.00%	2.00%
Subdivision Assumption Fee	7,939		7,939	7,939
<u>Site Plan Engineering Fees</u>				
Tier 1 Development Site Area: ≤ 1,000 m ²	2,623		2,727	2,263
Tier 2 Development Site Area: 1,001 to 3,000 m ²	7,809		8,118	6,737
Cost of Civil Works Up to \$200,000.00	12.38%		12.87%	10.68%
Tier 3 Development Site Area: > 3,001 m ² with Estimated Cost of Civil Works \$200,000.01 to \$500,000.00	10.95%		11.38%	9.45%
Tier 3 Development Site Area: > 3,001 m ² with Estimated Cost of Civil Works \$500,000.01 to \$1,000,000.00	9.28%		9.65%	8.01%
Tier 3 Development Site Area: > 3,001 m ² with Estimated Cost of Civil Works \$1,000,000.01 to \$2,000,000.00	7.86%		8.17%	6.78%
Tier 3 Development Site Area: > 3,001 m ² with Estimated Cost of Civil Works \$2,000,000.01 to \$3,000,000.00	6.90%		7.17%	5.95%
Tier 3 Development Site Area: > 3,001 m ² with Estimated Cost of Civil Works \$3,000,000.01 and over	6.19%		6.43%	5.34%
<u>Site Plan Engineering Fee Surcharge</u>				
Site Plan Engineering Fee Surcharge: Tier 1 per submission for 4th Submission and beyond	3,895		4,049	3,360
Site Plan Engineering Fee Surcharge: Tier 2 per submission for 4th Submission and beyond	11,480		11,934	9,904
Site Plan Engineering Fee Surcharge: Tier 3 for 4th Submission	33%		33%	33%
Site Plan Engineering Fee Surcharge: Tier 3 for each submission after the 4th	20%		20%	20%



Table 4-4 (cont'd)
Comparison of Development Engineering Fees
under the Town's Current By-Law and Fee Calculation Scenarios

Development Engineering Fee By-Law - Type	Existing Fees (2023\$)		Calculated Fees (unrestricted service level)	Calculated Fees (restricted service level)
	Infrastructure Value / Flat Fee	Fee Minimum	Infrastructure Value / Flat Fee	Infrastructure Value / Flat Fee
Engineering Review for Residential In-Fill Lots - including all single family residential dwellings not requiring a Site Plan Application	4,722		4,722	4,722
<u>Site Alteration Permits Application Fee</u>				
Small Site Alteration < 500 m3	2,741		2,741	2,741
Large Site Alteration ≥ 500 m3	5,482		5,482	5,482
Environmental Compliance Approval (ECA)	-		10,323	9,514



Chapter 5

Building Permit Fees Review



5. Building Permit Fees Review

5.1 Staff Capacity Utilization Results

The building permit review process considered within this assessment principally involves the Town's Buildings Services Division, as well as other divisions with direct involvement to a lesser degree. The building permit review processing effort estimates in this report reflect the Town's anticipated business processes under the unrestricted service level scenario. These effort estimates were revised to align with the Town's 2024 budgeted complement in a subsequent restricted service level scenario. The staff capacity assessment was based on average permit volumes and characteristics for the majority of permit types during the period of 2018-2022.

Table 5-1 summarizes the staff resource capacity utilization and number of FTE positions attributable to building permit activities. These include staff positions from Building Services, as well as for all other Town departments with direct involvement in building permit processes. Building permit activities would consume approximately 40 FTE staff positions across the organization based on the unrestricted service level scenario. This scenario would require approximately 9.2 FTE staff position more than currently budgeted in 2024 (restricted service level scenario). Compared to average annual staff capacity utilization in the 2018 fee review, with adjustment for 2024 budgeted staff complement levels, the Town deploys approximately 3.1 more FTE staff positions annually for building permit processes in 2024.

The following observations are provided based on the results of the capacity analysis presented in Table 5-1.

- The Building Services Division contributes 85% of the annual processing effort for building permit processes annually. The unrestricted service level scenario would suggest a staff complement of 34 FTEs would be required to provide the level of service underlying the effort estimates. Adjusting this complement to 2024 budgeted levels under the restricted service level scenario would reduce the amount of effort included in the modeled costing to 25 FTE staff positions from the Building Division.



- Fire & Emergency Services Department provides the second largest allocation of staff resources to activities required under the *Building Code Act*. In total, approximately 2.1 FTE staff positions are consumed by these activities annually.
- Division in planning services contributes efforts equal to 2 FTE staff positions annually to building permit activities.
- Other divisions in finance, legal and development engineering collectively provide the equivalent of 1.8 staff positions of effort annually.

Table 5-1
Building Permit Resource Utilization by Department/Division (in FTE)

Town Department/Division	FTEs within Costing Model	Building Permits		
		Capacity Utilization	Unrestricted Service Level Scenario FTE	Restricted Service Level Scenario FTE
Building Services Division	25.3	134.4%	34.0	24.9
Fire & Emergency Services	14.0	14.7%	2.1	2.1
Planning Services Division	33.6	6.0%	2.0	2.0
Corporate Services (Finance)	24.0	3.1%	0.7	0.7
Legal and By-law Services	29.0	2.1%	0.6	0.6
Engineering Services Division	43.0	1.1%	0.5	0.4
Community and Marketing Services & Parks	28.0	0.0%	-	-
Office of the Town Clerk	15.0	0.0%	-	-
Strategic Initiatives	5.6	0.0%	-	-
Chief Administrators Office	5.0	0.0%	-	-
TOTAL	222.5	17.9%	39.9	30.7

5.2 Building Permit Annual Costing Results

Table 5-2 presents the Town's annual costs of providing building permit services in aggregate. The annual costs reflect the two costing scenarios, i.e. unrestricted service level, and the restricted service level scenario. The costs are provided by component including the organizational direct, indirect, and capital costs. Annual revenues reflect actual building permit revenues for the period 2018-2022 underlying the staff effort estimates, indexed to 2023\$.

Annual costs of building permits under the unrestricted service level scenario would total approximately \$7.1 million. Reflecting the 2024 budgeted staff complement under



the restricted service level scenario, the overall costs of service totals \$5.5 million annually. Direct service costs represent 67% of annual costs (\$3.6 million). Indirect constitute 19% (\$1.0 million) of total costs, and capital costs represent 15% (\$0.8 million) of total costs. Estimated annual building permit revenues total \$7.1 million. This represents a total cost recovery of approximately 100%-130%, with an average annual contribution to the Building Permit Reserve Fund of approximately \$1.6 million under the restricted service level scenario. Fees would only recover costs of service under the unrestricted service level scenario, with no reserve fund contribution provided.

Table 5-2
Annual Building Permit Costs and Revenues (2023\$)

	Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Annual Costs by Component</u>		
Direct Costs	4,680,372	3,650,015
Indirect Costs	1,318,860	1,020,913
Capital Costs	1,083,256	808,986
Total Annual Development Costs (2023\$)	7,082,487	5,479,914
<u>Estimated Annual Revenues</u>		
Development Engineering Fees	(7,064,927)	(7,064,927)
Total Annual Development Engineering Fee Revenues (2023\$)	(7,064,927)	(7,064,927)
Annual (Surplus)/Deficit	17,561	(1,585,013)

5.3 Full Cost Building Permit Fees

Table 5-3 summarizes the Town's costs of providing building permit services on a per permit basis for both the unrestricted service level and restricted service level scenarios. The costs per permit type reflects the full cost of service by costing category as defined in Chapter 2. Costs are compared with revenues derived from the application of current permit fees to average permit charging parameters (e.g. average permit size). Historical permit applications were provided by Town staff to determine average permit size characteristics for revenue purposes.



The findings in Table 5-3 indicates that building permits for new construction are generally recovering the full costs of service, where as alteration and other minor permits are under recovering full costs. This is a trend generally witnessed in municipal building permit reviews. The table also provides the costs permit fee for new administrative costing categories (e.g. conditional permit amendments, resubmissions, written compliance request, etc.), plumbing/mechanical permits, and other permits (e.g. fire alarm/sprinklers, solar panels, storage tanks, change of use, etc.).



Table 5-3
Building Permit Costs and Revenues by Costing Category (2023\$)

Building Permit Fee Model - Costing Category	Avg. Cost / Permit		Avg. Revenue / Permit	Cost Recovery %	
	Unrestricted Service Level Scenario	Restricted Service Level Scenario		Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Assembly</u>					
Assembly - New/Additions	18,600	13,937	38,277	206%	275%
Assembly - Alterations/Fire Damage/Vehicle Impact	6,575	5,299	5,699	87%	108%
Assembly - Pools - New/Addition	9,685	7,385	-	0%	0%
<u>Care & Detention</u>					
Institutional - New/Additions	18,600	13,937	200,762	1079%	1440%
Institutional - Alterations/Fire Damage/Vehicle Impact	6,629	5,356	1,422	21%	27%
<u>Residential/Builders Subdivision House/Pre-Approved Model/Multi- Use</u>					
Residential - SFD, Semi, Link & Duplex - New/Additions	4,520	3,481	5,125	113%	147%
Residential - Town, Stacked Townhouse - New/Additions	4,253	3,343	5,125	121%	153%
Residential - Live/Work Units	4,287	3,217	5,125	120%	159%
Residential - Finished Basement	2,904	2,313	5,125	177%	222%
Residential - Pre-Approved Model -	993	810	565	57%	70%
Residential - New Model	4,005	3,071	4,299	107%	140%
Residential - Repeat Model - New	3,153	2,403	2,799	89%	116%
Residential - Accessory Apartments -	4,298	3,317	863	20%	26%
Residential SFD, Semi, Town, Link, Duplex, Live/Work Units - Alterations/Fire Damage/Vehicle Impact	3,420	2,581	471	14%	18%
Hotel/Motel - New/Additions	18,599	13,994	138,449	744%	989%
Residential - Apartment/Condo & Hotel/Motel - Alterations/Fire	6,726	5,357	1,684	25%	31%
Residential - Decks/Ramps	2,239	1,783	276	12%	15%
Residential - Garages, Carport, Porch, Accessory Structure	2,614	2,036	547	21%	27%
<u>Hotel/Motel</u>					
Residential - Apartment/Condo & Residential - Apartment/Condo & Hotel/Motel - Alterations/Fire	Included Apt./Condo above			n/a	n/a
	Included Apt./Condo Alteration above			n/a	n/a



Table 5-3 (cont'd)
Building Permit Costs and Revenues by Costing Category (2023\$)

Building Permit Fee Model - Costing Category	Avg. Cost / Permit		Avg. Revenue / Permit	Cost Recovery %	
	Unrestricted Service Level Scenario	Restricted Service Level Scenario		Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Business & Personal Services</u>					
Business & Personal Services - Finished - New/Additions	18,304	13,614	89,059	487%	654%
Business & Personal Services - Shell - New/Additions	8,155	6,250	5,894	72%	94%
Business & Personal Services - Alterations/Fire Damage/Vehicle Impact	6,328	5,158	2,056	32%	40%
<u>Mercantile</u>					
Mercantile - Finished - New/Additions	18,219	13,518	64,537	354%	477%
Mercantile - Shell - New/Additions	8,155	6,250	77,978	956%	1248%
Mercantile - Alterations/Fire Damage/Vehicle Impact	6,616	5,422	11,225	170%	207%
<u>Industrial</u>					
Industrial - Finished - New/Additions	18,600	13,937	120,146	646%	862%
Industrial - Shell - New/Additions	7,950	6,095	38,652	486%	634%
Industrial - Alterations/Fire Damage/Vehicle Impact	6,280	5,090	9,901	158%	195%
Industrial - Gas Station/Car Wash - New/Additions	9,118	7,089	4,337	48%	61%
Industrial - Gas Station/Car Wash - Alterations	6,280	5,090	321	5%	6%
Industrial - Canopy/Parking Garages - New/Additions	11,875	9,502	59,716	503%	628%
Industrial - Canopy/Parking Garages - Alterations	6,644	5,534	1,050	16%	19%
<u>Farm Building</u>					
Farm Buildings/Accessory Storage Facility - New/Additions	3,037	2,350	4,096	135%	174%
Farm Buildings/Accessory Storage Facility - Alterations	3,817	3,112	1,212	32%	39%
<u>Miscellaneous</u>					
Air Supported Structures	8,737	7,027	3,946	45%	56%
Tent	1,469	1,305	225	0	0
Repair/ Reclad Wall	1,422	1,182	-	0%	0%



Table 5-3 (cont'd)
Building Permit Costs and Revenues by Costing Category (2023\$)

Building Permit Fee Model - Costing Category	Avg. Cost / Permit		Avg. Revenue / Permit	Cost Recovery %	
	Unrestricted Service Level Scenario	Restricted Service Level Scenario		Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Miscellaneous</u>					
Sales Pavilion/Temporary Building/Sales Trailer	4,811	3,589	6,324	131%	176%
Portable Classroom	2,172	1,940	339	0	0
Solar Panels (Residential)	1,321	1,103	225	0	0
Solar Panels (ICI)	1,560	1,311	153	0	0
Fire Alarm/ Sprinklers – Part 9	1,927	1,718	565	0	0
Fire Alarm/ Sprinklers – Part 3	1,927	1,718	1,132	1	1
Fire Alarm/Sprinklers – Alteration Part 9	1,927	1,718	284	0	0
Fire Alarm/Sprinklers – Alteration Part 3	1,927	1,718	284	0	0
Kitchen Exhaust/Spray Booth/Dust Collector	1,834	1,545	565	0	0
Magnetic Locks	1,121	1,047	884	1	1
Communication Tower/Wind Turbine	1,633	1,339	225	0	0
Storage Tanks	1,681	1,386	225	0	0
Fireplace, Woodstove	1,669	1,284	225	0	0
Balcony Guard Replacement	1,391	1,124	225	0	0
Retaining Wall	2,660	2,347	225	0	0
<u>Signs</u>					
Signs	1,385	1,233	225	16%	18%
<u>Demolition</u>					
Demolition (ICI)	900	783	140	16%	18%
Demolition - Accessory Structures (includes all categories)	774	662	225	29%	34%
Demolition (Residential)	829	716	225	27%	31%
<u>Plumbing and Drain</u>					
Residential	882	638	-	0%	0%
Plumbing Drain Work and Water Main	1,137	781	-	0%	0%
Plumbing - Manholes/Catchbasins/Interceptors	1,204	817	-	0%	0%
Site Servicing	5,936	4,900	-	0%	0%
Plumbing - Backflow Preventors	737	555	-	0%	0%



Table 5-3 (cont'd)
Building Permit Costs and Revenues by Costing Category (2023\$)

Building Permit Fee Model - Costing Category	Avg. Cost / Permit		Avg. Revenue / Permit	Cost Recovery %	
	Unrestricted Service Level Scenario	Restricted Service Level Scenario		Unrestricted Service Level Scenario	Restricted Service Level Scenario
<u>Other Fees</u>					
Change of Use without construction (includes all categories)	1,753	1,611	225	13%	14%
Mezzanine/Racking System (including Shelf and Rack Storage System)/Demountable Stage/Demountable support structure	1,997	1,668	-	0%	0%
Foundation for relocated building Below Grade	2,969	2,259	-	0%	0%
Entrance/Underpinning	3,722	2,829	-	0%	0%
Demising Wall	1,988	1,640	-	0%	0%
Conditional Permit Agreement	4,612	4,417	1,696	37%	38%
Amendment to Conditional Permit Agreement	2,304	2,211	-	0%	0%
Alternative Solutions (and 3rd party review)	4,597	4,417	-	0%	0%
Revision to Permit - Minor	776	652	225	29%	34%
Revision to Permit - Major	1,344	1,059	-	0%	0%
Phased Permit	1,209	1,066	-	0%	0%
Transfer of Permit	217	187	225	104%	120%
Additional Inspection	259	175	225	87%	128%
Occupancy Permit/Agency Letters	223	183	380	170%	208%
Title Search	167	162	-	0%	0%
Registration on Title and Discharge from Title	1,791	1,693	-	0%	0%
<u>Mechanical</u>					
Mechanical - Duct work only	1,124	772	-	0%	0%
Mechanical - Mechanical Penthouse	3,794	2,824	-	0%	0%
Mechanical - Geothermal system or earth energy system	993	698	-	0%	0%
Mechanical - System add-ons (space heater, roof top unit, etc.)	1,708	1,239	-	0%	0%



5.4 Fee Structure Recommendations and Building Code Act Reserve Fund Design

5.4.1 *Building Code Act Reserve Fund Design*

The *Building Code Act* financial reporting regulations recognize the legitimacy of creating a municipal reserve fund(s) to manage Building Code responsibilities. While the Act does not prescribe a specific methodology for determining an appropriate reserve fund, municipalities have developed building permit reserve funds providing service stabilization. Building permit reserve funds should be developed to reduce the staffing and budgetary challenges associated with a cyclical economic downturn and the requirement for ongoing legislative turnaround time compliance. Without such a reserve fund, reduced permit volumes during a downturn could result in severe budgetary pressures and the loss of certified Town building staff, which would be difficult to replace during the subsequent recovery when mandatory permit processing turnaround times apply. A reserve fund stabilization policy will provide the Town with the ability to retain a sustainable portion of the qualified staff across a future economic downturn, while recognizing the Town's need to manage resources through resource management until permit volumes improve during an economic recovery.

The Town's prior development fee review studies recommended a policy for the creation of a Building Code Act Stabilization Reserve Fund. The policy established a reserve fund for the purposes of stabilizing service delivery during periods of economic downturn, particularly in light of the regulated turnaround times for permit review and inspection activities. The 2005 Study measured the impact of historic development on presumed long-term staffing levels to arrive at a target reserve fund balance of 2.07 years of annual direct costs. The target balance was measured to ensure that the Town had a measure of determining when an appropriate balance was achieved to mitigate potential impacts of service delivery related to future downturns in activity.

Based on discussions with Town staff, the target reserve fund balance has been recommended to be adjusted to reflect broader industry practice and recognition for current economic conditions. As such that the reserve fund target has been adjusted to 3.0 times total costs (i.e. including indirect and capital costs). This change is being proposed to account for both direct and indirect costs being maintained during a



downturn in permit activity. Based on current costing results, the 3.0 years of annual total costs would equate to \$16.5 million (i.e. \$5.5 million x 3.0).

The Town's reserve fund balance at the beginning of 2023 was \$15.6 million. Factoring the current reserve fund position into the overall cost recovery performance at average historic volume levels, the Town's current permit fees would ensure sustainability in approximately 1 year under the restricted service level scenario. It should be noted that the that the Town anticipates significant one-time draws from the reserve fund for capital expenditures in 2024. As such, the term to sustainability may be extended beyond one year. Under the unrestricted service level scenario, average annual permit fee increases of 2.4% would allow the Town to achieve the 3.0 x multiple in five year (approximate time for the next fee review).

5.4.2 Rate Structure Analysis

Accounting for financial performance at average historic permit volumes and 2024 budgeted staff complement levels under the restricted service level scenario, current building permit fees are sufficient to recover the full costs of service and provide funding for sustainability over a period of economic downturn. However, if the Town was to increase its staff complement consistent with the unrestricted service level scenario, fees would increase by approximately 2.4% annually each year over the next 5 years. Table 5-4 provides the calculated fees under both scenarios for the Town's consideration. Moreover, the Town should monitor financial performance in coming years to ensure operational funding sustainability and re-examine building permit fees when the reserve fund target multiple is secured.



Table 5-4
Comparison of Building Permit, Sign Permit, and Miscellaneous Charges Under
the Town's Current By-Law and Fee Calculation Scenarios

Building Permit Fee By-Law - Permit Type	Charging Parameter	Existing Fees (2023\$)	Calculated Fees (unrestricted service level)	Calculated Fees (restricted service level)
<u>Assembly</u>				
All Assembly Occupancies - New/Addition	per m ²	33.95	34.76	33.95
All Assembly Occupancies - Alteration/Fire Damage/Vehicle Impact	per m ²	12.55	12.85	12.55
Assembly - (Pools) - New/Addition	per m ²	12.55	12.85	12.55
<u>Care & Detention</u>				
Institutional - New/Addition	per m ²	36.10	36.97	36.10
Institutional - Alteration/Fire Damage/Vehicle Impact	per m ²	12.55	12.85	12.55
<u>Residential/Builders Subdivision House/Pre-Approved Model/Multi-Use</u>				
(SFD, Semi, Link & Duplex) - New/Addition	per m ²	20.94	21.44	20.94
(Town, Stacked Townhouse) - New/Addition	per m ³	20.94	21.44	20.94
Live/Work Units	per m ⁴	20.94	21.44	20.94
Finished Basement	per m ⁵	20.94	21.44	20.94
(PAM) Pre-Approved Model - New	Flat	565	579	565
(New Model) - New	per m ²	20.94	21.44	20.94
(Repeat Model) - New	per m ²	15.14	15.50	15.14
Accessory Apartment - New/Addition	per m ²	9.96	10.20	9.96
(SFD, Semi, Townhouse, Link, Duplex, Live Work) - Alteration/Fire Damage/Vehicle Impact	per m ²	9.96	10.20	9.96
(Apt./Condo) - New/Addition	per m ²	20.94	21.44	20.94
(Apt./Condo) - Alteration/Fire Damage/Vehicle Impact	per m ²	9.96	10.20	9.96
Deck/Ramps - New/Addition	Flat	276	283	276.00
Garages, Carport, Porch, Accessory Structure	per m ²	9.96	10.20	9.96



Table 5-4 (cont'd)
Comparison of Building Permit, Sign Permit, and Miscellaneous Charges Under
the Town's Current By-Law and Fee Calculation Scenarios

Building Permit Fee By-Law - Permit Type	Charging Parameter	Existing Fees (2023\$)	Calculated Fees (unrestricted service level)	Calculated Fees (restricted service level)
<u>Hotel/Motel</u>				
Hotel/Motel - New/Addition	per m ²	20.94	21.44	20.94
Hotel/Motel - Alteration/Fire Damage/Vehicle Impact	per m ²	9.96	10.20	9.96
<u>Business & Personal Services</u>				
Business & Personal Services - New/Addition - (Finished)	per m ²	23.77	24.34	23.77
Business & Personal Services - New/Addition - (Shell)	per m ²	19.30	19.76	19.30
Business & Personal Services - Alteration/Fire Damage/Vehicle Impact	per m ²	12.55	12.85	12.55
<u>Mercantile</u>				
Mercantile - New/Addition - (Finished)	per m ²	26.02	26.64	26.02
Mercantile - New/Addition - (Shell)	per m ²	20.26	20.75	20.26
Mercantile - Alteration/Fire Damage/Vehicle Impact	per m ²	12.55	12.85	12.55
<u>Industrial</u>				
Industrial - New/Addition (Finished)	per m ²	16.30	16.69	16.30
Industrial - New/Addition - (Shell)	per m ²	13.76	14.09	13.76
Industrial - Alteration/Fire Damage/Vehicle Impact	per m ²	10.89	11.15	10.89
Industrial (Gas Station/Car Wash) - New/Addition	per m ²	18.17	18.61	18.17
Industrial (Gas Station/Car Wash) - Alteration	per m ²	10.89	11.15	10.89
Industrial (Canopy/Parking Garage) - New/Addition	per m ²	9.51	9.74	9.51
Industrial (Canopy/Parking Garage) - Alteration/Fire Damage	per m ²	7.00	7.17	7.00
<u>Farm Building</u>				
Farm Building/Accessory Storage Facility - New/Addition	per m ²	4.54	4.65	4.54
Farm Buildings/Accessory Storage Facility - Alterations	per m2	10.89	11.15	10.89



Table 5-4 (cont'd)
Comparison of Building Permit, Sign Permit, and Miscellaneous Charges Under
the Town's Current By-Law and Fee Calculation Scenarios

Building Permit Fee By-Law - Permit Type	Charging Parameter	Existing Fees (2023\$)	Calculated Fees (unrestricted service level)	Calculated Fees (restricted service level)
<u>Miscellaneous</u>				
Air Supported Structures	per m ²	12.55	12.85	12.55
Tent	Flat	225	230	225
Repair / Reclad Walls	per m ²	0.58	0.59	0.58
<u>Miscellaneous</u>				
Sales Pavilion/Temporary Building/Sales Trailer	per m ²	26.11	26.74	26.11
Portable Classroom	Flat	339	347	339
Solar Panels (Residential)	Flat	225	230	225
Solar Panels (ICI) - Maximum \$5,000	Flat	153	157	153
Fire Alarm/Sprinklers - Part 9	Flat	565	579	565
Fire Alarm/Sprinklers - Part 3	Flat	1,132	1,159	1,132
Fire Alarm/Sprinklers – Alteration Part 9	Flat	284	291	284
Fire Alarm/Sprinklers – Alteration Part 3	Flat	284	291	284
Kitchen Exhaust/Spray Booth/Dust Collector	Flat	565	579	565
Electromagnetic Lock	per Item	170	174	170
Communication Tower/Wind Turbine	Flat	225	230	225
Storage Tanks	Flat	225	230	225
Fireplace / Woodstove	Flat	225	230	225
Balcony Guard Replacement	Flat	225	230	225
Retaining Wall	Flat	225	230	225
<u>Signs</u>				
Sign Permits - New/Addition	Flat	225	230	225
<u>Demolition</u>				
Demolition (ICI)	per m2	0.19	0.19	0.19
Demolition - Accessory Structures (includes all categories)	Flat	225	230	225
Demolition (Residential)	Flat	225	230	225



Table 5-4 (cont'd)
Comparison of Building Permit, Sign Permit, and Miscellaneous Charges Under
the Town's Current By-Law and Fee Calculation Scenarios

Building Permit Fee By-Law - Permit Type	Charging Parameter	Existing Fees (2023\$)	Calculated Fees (unrestricted service level)	Calculated Fees (restricted service level)
<u>Plumbing and Drain</u>				
Plumbing Fixture - ICI/Residential	per fixture	26.02	26.64	26.02
Plumbing Drain Work/Watermain	per linear metre	11.32	11.59	11.32
Manholes/Catchbasins/Interceptors/Sump Pumps	per Item	113.78	116.51	113.78
Backflow Preventors	per Item	225	230	225
<u>Other Fees</u>				
Change of Use (includes all categories)	Flat	225	1,753	1,611
Mezzanine/Racking System (including Shelf and Rack Storage System)/Demountable Stage/Demountable support structure	Flat	-	1,997	1,668
Foundation for relocated building	Flat	-	2,969	2,259
Below Grade Entrance/Underpinning	Flat	-	3,722	2,829
Demising Wall	Flat	-	1,988	1,640
Conditional Building Permit	Flat	1,696	1,737	1,696
Amendment to Conditional Permit Agreement	Flat	-	2,304	2,211
Alternative Solutions (+ any 3rd Party Consultants Costs)	Flat	1,132	4,597	1,132
Resubmission of Application Found to be Incomplete	% of Appl. Fee	25%	25%	25%
Revision to Permit - Minor	Flat	225	300	300
Revision to Permit - Major	Flat	-	1,344	1,059
Phased Permit	Flat	-	1,209	1,066
Transfer of Permit	Flat	225	230	225
Additional Inspection	Flat	225	230	225
Occupancy Permit	Flat	380	389	380
Title Search	Flat	-	Included in Legal Fees	
Registration on Title and Discharge from Title	Flat	-	Included in Legal Fees	
Spatial Separation Agreement	Flat	-	1,737	1,696



Table 5-4 (cont'd)
Comparison of Building Permit, Sign Permit, and Miscellaneous Charges Under
the Town's Current By-Law and Fee Calculation Scenarios

Building Permit Fee By-Law - Permit Type	Charging Parameter	Existing Fees (2023\$)	Calculated Fees (unrestricted service level)	Calculated Fees (restricted service level)
<u>Other Fees</u>				
Work Commenced Prior to Building Permit Application Submission	% of Appl. Fee	25%	25%	25%
Work Commenced Prior to Building Permit Application Issued	% of Appl. Fee	15%	15%	15%
Minimum Permit Fee (3 hours)	Flat	225	300	300
Refund - Application Administrative Functions Performed	% of Appl. Fee	75%	75%	75%
Refund - Application Reviewed but not Issued	% of Appl. Fee	60%	60%	60%
Refund - Permit Issued with no Construction Commenced	% of Appl. Fee	40%	40%	40%
<u>Mechanical</u>				
Mechanical - Duct work only	Flat	-	1,124	772
Mechanical - Mechanical Penthouse	Flat	-	3,794	2,824
Mechanical - Geothermal system or earth energy system	Flat	-	993	698
Mechanical - System add-ons (space heater, roof top unit, etc.)	Flat	-	1,708	1,239



Chapter 6

Conclusions



6. Conclusion

Summarized in this technical report is the legislative context for the imposition of development application fees (i.e. planning application fees, development engineering fees, and building permit fees), the methodology undertaken, full cost of service determination, and the calculated fees to achieve full cost recovery and building permit reserve fund sustainability. In developing the fee calculations for the Town's consideration, cost recovery fee structure costs were determined for two scenarios (1) an unrestricted service level scenario, and (2) a restricted service level scenario reflective of 2024 budgeted levels. The unrestricted service level scenarios is provided for consideration to guide future operational investments and inform future fee adjustments.

The intent of this review is to provide the Town with fee structure recommendations, for their consideration, to appropriately recover the service costs from benefiting parties relative to the costs of service being provided. The Town will ultimately determine the service level investments underlying the fee calculations, level of cost recovery, and phasing strategy that is suitable for their objectives in this context. Furthermore, planning application fees continue to be evaluated in light of potential changes to development review processes in the Town as a result of changes to the *Planning Act* made through the *Cutting Red Tape to Build More Homes Act*, *More Homes for Everyone Act*, and *More Homes Built Faster Act* amendments.

The fee calculations based on the findings of this study are presented in Tables 3-4 for planning application fees, Table 4-4 for development engineering fees, and Table 5-4 for building permit fees, respectively. Table 6-1 provides the overall anticipated annual financial performance the three development fee service areas for each scenario. Under the unrestricted service level scenario, annual costs of development fees total approximately total \$16.6 million. Under the restricted service level scenario, annual costs of development fees total approximately total \$13.5 million. The calculated fees provide for full cost recovery with provision for building permit services sustainability.



Table 6-1
Estimated Annual Financial Performance with Development Fee Calculation
Scenarios (2023\$)

Unrestricted Service Level Scenario Annual Costs and Revenues	Planning Application Fees	Development Engineering Fees	Building Permit Fees	Total Development Fees
<u>Annual Costs by Component</u>				
Direct Costs	3,621,697	2,432,609	4,680,372	10,734,677
Indirect Costs	1,617,693	697,933	1,318,860	3,634,485
Capital Costs	655,090	448,748	1,083,256	2,187,094
Total Annual Development Costs (2023\$)	5,894,479	3,579,289	7,082,487	16,556,256
<u>Estimated Annual Revenues</u>				
Development Fee Revenues	(5,894,479)	(3,579,289)	(7,234,485)	(16,708,254)
Total Development Fee Revenues (2023\$)	(5,894,479)	(3,579,289)	(7,234,485)	(16,708,254)
Annual (Surplus/Contribution to Building Permit Sustainability Reserve Fund)/Deficit	-	-	(151,998)	(151,998)

Restricted Service Level Scenario Annual Costs and Revenues	Planning Application Fees	Development Engineering Fees	Building Permit Fees	Total Development Fees
<u>Annual Costs by Component</u>				
Direct Costs	3,157,835	2,022,498	3,650,015	8,830,348
Indirect Costs	1,369,161	580,778	1,020,913	2,970,852
Capital Costs	552,437	367,222	808,986	1,728,645
Total Annual Development Costs (2023\$)	5,079,433	2,970,499	5,479,914	13,529,846
<u>Estimated Annual Revenues</u>				
Development Fee Revenues	(5,079,433)	(2,970,499)	(7,064,927)	(15,114,859)
Total Development Fee Revenues (2023\$)	(5,079,433)	(2,970,499)	(7,064,927)	(15,114,859)
Annual (Surplus/Contribution to Building Permit Sustainability Reserve Fund)/Deficit	-	-	(1,585,013)	(1,585,013)