



## Committee of the Whole Report

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**Report Number:** BLDG2021-002  
**Meeting Date:** November 2, 2021  
**Title:** Review and Replacement of By-law 2012-019  
**Description:** Building By-law Replacement By-law  
**Author and Title:** Susanne Murchison, Chief Building Official

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### Recommendations:

**That** Report BLDG2021-002, **Review and Replacement of By-law 2012-019**, be received;

**That** a by-law substantially in the form attached as Appendix A to this report be forwarded to Council for adoption; and

**That** this recommendation be brought forward to Council for consideration at the next Regular Council Meeting.

**(Acting) Department Head:** \_\_\_\_\_

**Financial/Legal/HR/Other:** \_\_\_\_\_

**Chief Administrative Officer:** \_\_\_\_\_

## **Background:**

The existing Building By-law 2012-019 has previously been amended on six occasions since its inception in February 2012, resulting in the need for a comprehensive review and restructuring of the by-law.

The fee schedule of the existing by-law was established with five year indexed tables that will expire at the end of 2022; however the current fee structure does not sustain the Building and Septic Division operational budget and requires fee increases to address the rising costs associated with staff positions that have been added since 2016.

The Building Code Act reads as follows with respect to a change in fees:

“7 (6) If a principal authority proposes to change any fee imposed under clause (1) (c), the principal authority shall,  
(a) give notice of the proposed changes in fees to such persons as may be prescribed; and  
(b) hold a public meeting concerning the proposed changes. 2002, c. 9, s. 11 (2); 2006, c. 22, s. 112 (6)”.

This report addresses a replacement by-law.

## **Rationale:**

The existing fee schedule in the Building By-law is not sufficient to cover the operating budget of the Building and Septic Division at this time. It is necessary to increase the fees relating to building and septic permits to address the additional operating costs resulting from additional staff positions, as well as to rebuild the Building and Septic Division reserve account. The additional staff positions added over the last few years result from legislated activity such as the Mandatory Septic System Inspection Program, recommendations from the Planning Advisory Task Force and increased development activity. The additional five staff positions will result in an operating budget increase in excess of \$400,000 per year. The reserve account has moved into a deficit position in 2021 and the Finance Department has suggested rebuilding of the account over the lifespan of the fee schedule, in five equal annual contributions.

Aside from staff position increases and increased development activity, other factors that affect the fee structure include providing a fee waiver for City related permits,

Municipal Housing Project Facilities permits and the Mandatory Maintenance Sewage System Inspection Program, all of which Council has previously determined should be provided at no cost to the applicants involved.

A review of fees in neighbouring municipalities was undertaken as part of the analysis of the fee rates and is attached as Appendix D.

## **Proposed By-law Amendments**

### **Fee Schedule Changes**

Since the by-law amendment in 2017 that initiated the current five-year fee schedule, the Building and Septic Division has added an additional four staff positions and a fifth position is added in 2022 in the form of a dedicated Administrative Assistant.

Overall, the additional staff positions include the following:

- 2017 addition of a second Part 8 Inspector;
- 2017 addition of a Building & Zoning Intake Clerk;
- 2019 addition of a second Administrative Assistant;
- 2021 addition of a Building Inspector; and
- 2022 addition of a third Administrative Assistant.

Over time, the salary budget has increased while the fee structure has remained unchanged, resulting in a drain of the reserve account. Without an increase to the current fee structure, the Building and Septic Division will become a burden on the tax base and will no longer represent a cost recovery model.

Projections for the proposed new fee schedules were done based on those fee types that are constant revenue sources and make up the majority of revenue in each category. See Appendix C.

### **Reserve Account**

In 2005, the Building Code Act was amended to implement a legislated cost recovery system for municipal building departments to restrict the use of monies collected for building permits to only those required for operating costs relating to running the building department. In other words, excess revenues generated by building departments could no longer be used for other municipal purposes.

Building Code Act section 7(2) reads “The total amount of the fees authorized under clause (1) (c) must not exceed the anticipated reasonable costs of the principal authority to administer and enforce this Act in its area of jurisdiction. 2002, c. 9, s. 11 (2)”.

The legislation allows for a building department to create a reserve account funded by building permit fees to prepare for an economic downturn, in order to retain staff until the economy bounces back. The legislation does not outline the parameters around the limit to which a reserve account is capped, but a survey of larger Ontario municipalities indicated that the most common approach was a cap of two years’ department salary values. With the recent shortage of qualified building inspectors in the province, recruitment is proving to be very challenging and it is crucial that the reserve account be maintained to allow for retention of staff in future years when revenue does not fully cover the operating budget.

### **Reserve Account Rebuilding**

Due to a few recent years of low permit activity, the Building and Septic Division budget required use of the reserve account funds to balance each of the last few years, culminating in a complete draining of the reserve account at the 2021 year-end. The proposal is to incorporate a reserve percentage into the fee structure to allow for a rebuilding of the reserve account over the next five years.

### **Reserve Account Cap**

The account cap is being proposed at equal to two years’ total salaries –  $2 \times \$1,837,136$  for 2022 = \$3,674,272. In consultation with the Treasurer and the Treasurer’s 2021 Building and Septic Division revenue actual to-date and projected values to the remainder of the year, it is proposed to rebuild the reserve over the course of the fee schedule (five years). The Treasurer has suggested that a figure of \$750,000, or possibly higher, will be transferred to the reserve account at the end of 2021. The figure used to calculate the remaining required contributions added to the fee rates is based on \$3,674,272 minus \$750,000 and divided by five to determine the total annual contribution each year. This results in an annual contribution of \$584,854.40 to the Building and Septic Division reserve, each year, over the next 5 years.

Once the predetermined cap is achieved in the reserve account, the fee schedule can be changed to the alternate schedule without the reserve contributions until such time as the reserve account is drawn upon.

### **Waived Fee Categories**

The City related permits, Municipal Housing Project Facilities permits and the Mandatory Maintenance Sewage System Inspection Program are currently funded through fees collected from all other permit applications. To quantify the amount being waived annually:

- CKL permits: \$192,005 total 2017-2020, average \$48,001 per year
- Municipal Housing Project Facilities permits: \$38,176 total 2017-2020, average \$9,544 per year
- Mandatory Maintenance Sewage System Inspection Program: \$112,500 total 2017-2020, \$28,125 per year, doing an average 375 site inspections per year.

This results in an average annual waived fee amount of \$85,670, which is covered by other building permit fees.

### **Proposed Housekeeping Changes**

The following changes are proposed to be added to provide clarification on various matters in the by-law.

- Section 3.016(d) is added to clarify necessity to transfer a sewage system permit relating to a building permit where ownership of permit application is being transferred to new ownership.
- Section 4.04 is added to clarify that flipped/reversed plans are not acceptable for submission. The submission needs to include the actual drawings being constructed in the field to avoid the need for additional planning approvals later.
- Sections 4.07 to 4.09 are re-organized and clarified by topic to better lay out the required forms and processes relating to site plans and lot grading and drainage plans. No changes have been made to the previous intent of the sections but the new language is simply being added to clearly define the process steps.
- Section 6.02 language clarification – previously spoke only to fees relating to a permit; however the fee tables include other related administrative fees not associated with permits, such as compliance letters.

- Section 6.05 language clarification – clarifying that fee deduction applies to any type of sewage system application, where previously only spoke to a full system replacement or holding tank.
- Section 6.06 tidies up language but doesn't change the previous intent.
- Section 6.07 fee refund section has been updated to clarify the language at each benchmark and reduces the number of benchmarks.
- Section 6.010(b) is clarified to indicate that the sewage system test-hole inspection will not prevent a permit fee refund.
- Section 6.010(c) language is substituted to reference the minimum fee which has now been moved to Schedule A to allow for indexing.
- Section 6.010(e) language clarification – addition of words "in writing" to clarify that the trigger is based on written activity in an abandoned file.
- Renumbering of various sentences to accommodate the above-mentioned updates.
- Re-ordering of the Tables to put items in alphabetical order to make them more logical to read.
- Schedule A Table 1 – updating of fees to required 2022 values; clarification of language to simplify descriptions; clarification of Search of Records fees to correct fee to full cost recovery; and deletion of fee categories relating to inspections for files greater than two years old and permits for restricted access lots.
- Schedule A Table 2 - updating of fees to required 2022 values; clarification of demolition categories; and relocation of CKL and Municipal Housing Project Facilities from Table 3, as this is a more appropriate location for the waiver categories.
- Schedule A Table 3 - updating of fees to required 2022 values; clarification of language to simplify descriptions; addition of new fee categories for ARUs and Non-residential Accessory buildings as by-law formerly silent on both fee types; minimum fee category added to Table 3 to allow for yearly indexing; and updating of Notes below table to simplify. The intent remains unchanged.
- Schedule A Table 4 - updating of fees to required 2022 values.
- Schedule B Table 1 – addition of Energy Efficiency Design Summary form.
- The draft by-law, with proposed five-year fee schedule, is attached as Appendix A with all changes highlighted for ease of reference. The existing Building By-law 2012-019 is also attached as Appendix B for comparison purposes.

## **Other Alternatives Considered:**

One option for Council would be to set the fee schedule rates to provide for full cost recovery **without** allowance for contributions to the Building and Septic Division reserve account. In the event of an economic downturn, this option would potentially result in more immediate staff lay offs before the economy bounces back.

A second option for Council would be to leave the existing by-law in force until the lifespan of the current fee schedule expires at the end of 2022. This option may potentially require the Building and Septic Division budget to be subsidised by the general tax base, should the revenues not meet those projected as a result of development activity not moving forward.

## **Alignment to Strategic Priorities**

This report speaks to the strategic priority of Good Government, in that the Building and Septic Division budget is permitted through legislation to be a full cost recovery model. As a result, if the fee rates are correctly set, the Division will not burden the remainder of the tax base, thus putting the onus on development to fund development.

## **Financial/Operation Impacts:**

This report has a positive impact on the operating budget of the Building and Septic Division, in that it is based on a cost recovery model. Increasing the fee rates to reflect the necessary revenue to maintain the operating budget without drawing from the general tax base will ensure that development pays for development. Additionally, incorporating a fee schedule that includes an additional amount in each fee for the rebuilding of the Building and Septic Division reserve fund will allow the Division to weather economic downturns without the necessity for staff lay-offs.

## **Consultations:**

Treasurer

Supervisor Part 8 Sewage Systems

Acting Director of Development Services

## Attachments:

Appendix A – Proposed Building By-law with changes highlighted



Draft Building  
By-law 2021 for shar

Appendix B – Current Building By-law for reference



2012-019  
Consolidated Buildi

Appendix C – Fee Analysis Exercise Worksheet



Fee analysis  
exercise worksheet.›

Appendix D – Fee Comparison to Neighbouring Municipalities



2021 Fee  
Comparisons to Nei

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