

**Public Council Meeting  
AGENDA**

Tuesday, January 30, 2018, 6:00 pm  
Tecumseh Town Hall  
[www.tecumseh.ca](http://www.tecumseh.ca)

Pages

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **DISCLOSURE OF PECUNIARY INTEREST**
4. **DELEGATIONS**
5. **COMMUNICATIONS**
  - a. Notice: Public Meeting on January 30, 2018 2  
Re: New Building By-law and Permit Fees
6. **REPORTS**
  - a. Director of Planning and Building Services Report No. 38-17 3  
Re: New Building By-law and Permit Fee Report
7. **ADJOURNMENT**

## **New Building By-law and Permit Fees**

**TAKE NOTICE** that the Council of The Corporation of the Town of Tecumseh will hold a Public Meeting on the **30<sup>th</sup> day of January, 2018, at 6:00 pm**, in the Council Chambers of the Tecumseh Town Hall, located at 917 Lesperance Road, Tecumseh, Ontario to consider a proposed new Building By-law under Section 7 of the *Building Code Act*.

**PURPOSE AND EFFECT** – The proposed new Building By-law follows after a review of the building permit fees under Section 7(b) of the *Building Code Act*. The effect will be to increase permit fees. Information will be provided at the meeting on the estimated costs of enforcing and administering the *Building Code Act*, the amount of the proposed fees, and the rationale for changing and/or imposing fees.

**ANY PERSON** may attend the Public Meeting and/or make written or verbal representation either in support of, or in opposition to, the proposed fees.

For more information about Council Meetings, or to be scheduled as a delegation, please contact the following on or before January 25, 2018:

Laura Moy, Director Corporate Services & Clerk, Ext 116  
[lmoy@tecumseh.ca](mailto:lmoy@tecumseh.ca)

Jennifer Alexander, Deputy Clerk & Manager Legislative Services, Ext 139  
[jalexander@tecumseh.ca](mailto:jalexander@tecumseh.ca)

Written submissions may also be delivered to the above persons by January 25, 2018.

**ADDITIONAL INFORMATION** related to the proposed fees is available during regular office hours at the Tecumseh Town Hall or by clicking on the Report.



**THE CORPORATION OF THE  
TOWN OF TECUMSEH**

**Planning and Building Services**

Report No. 38/17

**TO:** Mayor and Members of Council  
**FROM:** Michael Voegeli, Manager of Building Services, Chief Building Official  
**DATE OF REPORT:** December 06, 2017  
**DATE TO COUNCIL:** December 12, 2017  
**SUBJECT:** New Building By-law and Permit Fee Report

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**RECOMMENDATIONS**

It is recommended that:

1. Planning and Building Services Report No. 38/17, " New Building By-law and Permit Fee Report", be received.
2. The scheduling of a public meeting, to be held on Tuesday, January 30, 2018 at 6:00 pm, in accordance with the requirements of *The Building Code*, to receive comments from the public regarding the proposed building permit fee rates, be authorized.

**BACKGROUND**

Section 7 of the Building Code Act gives the municipality the authority to pass a by-law regarding permit applications, permits, inspections, the establishment of permit fee rates and related matters. This by-law is commonly referred as the "Building By-law".

The Town's current "Building By-law", By-law 2004-037 has been in place since 2004 and has not been amended. The current permit fee rates have not increased or changed since originally implemented some 13 years ago.

In order to change permit fees, and make some administrative and Building Code related changes, the by-law is proposed to be replaced with a new "Building By-law".

**COMMENTS**

**Proposed New Building By-law**

The following is a summary of the provisions of the proposed new "Building By-law".

- a) Prescribing different classes of permits such as Building Permits, Demolition Permits, Conditional Permits, Sewage System Permits and Change of Use Permits.
- b) Requiring the filing of specific application forms together with certain types of plans and documents in order to obtain a permit.
- c) The establishment of new permit fee rates.
- d) Requiring the payment of permit fees for different classes of permits and types of construction projects.
- e) Requiring the payment of either the permit fee or a filing fee when applying for a permit, with the balance of any outstanding permit fee to be paid when the permit is issued.
- f) Requiring the payment of an additional fee for projects that have been started before a permit has been issued. The addition fee \$500 or the applicable permit fee, whichever is less.
- g) Requiring that a 24 hour notice be given to the municipality for the purpose of conducting mandatory inspections.
- h) Granting the Chief Building Official the authority to enter into Conditional Permit agreements.
- i) Granting the Chief Building Official the authority to enter into a service agreements with Registered Code Agencies for providing inspection services when required.
- j) Requiring as-built drawings to be submitted if required by the Chief Building Official.
- k) Allowing Permits to be transferred to new property owners.
- l) Providing the refunding of a percentage of permit fees if permits are cancelled or revoked.
- m) Requiring construction sites to be fenced if required by the Chief Building Official.
- n) Prescribing a Code of Conduct that is to be followed by Building Inspectors and the Chief Building Official.

### **Proposed New Permit Fees**

The proposed by-law includes a new permit fee rate schedule for different classes of permits and various types of construction projects. Under Subsection 7(2) of the Building Code Act, the municipality is permitted to charge permit fees, provided the fees do not exceed the anticipated reasonable costs to administer and enforce the Act. In order to determine the reasonable costs, a financial review of the Building Department was undertaken. The review was conducted for a 10 year period from 2007 until the end of 2016. A summary of the results of the financial review are as follows:

- a) The historical 10 year average yearly permit fee revenue for the period is \$258,006. Revenue from fees for grading, fence and sign permits was not included as permit fee revenue. These permits are issued under by-laws under the Municipal Act and any fees for these permits are not subject to the Building Code Act (See Table 1).
- b) The overall cost for running the Building Department in 2016 was \$431,598. This includes the direct cost of \$393,641 and the indirect cost of \$37,957 (See Table 1).
- c) The direct cost is the yearly operating cost which includes expenses such as wages, benefits, legal costs, fuel, supplies and equipment etc.
- d) The indirect cost is an allocation of the yearly estimated costs of other departments that provide support to the Building Department, the facility cost (utilities, janitorial and maintenance) and the vehicle replacement cost (See Table 2).
- e) The overall cost in 2016 is reduced to \$366,858 to reflect the estimated cost which is recoverable by permit fees under the Building Code Act. Since the Building Department was responsible for other matters, such as by-law enforcement, grading, fence and sign permits, it is estimated that 85% of the Department's time was spent on building permit administration, enforcement and related matters. Therefore the net overall cost is an allocation of 85% of the actual cost, which equates to \$366,858 (See Table 1).
- f) Based on this analysis, revenue from the current permit fees is not sufficient to cover the allocated overall cost of building permit administration and enforcement. Over the 10 year period, every year with the exception of 2014 and 2015, permit fees collected resulted in a deficit. The historical 10 year average shows a deficit of \$34,587 with an accumulated deficit of \$345,689 (See Table 1). On average the overall cost of operating the Building Department has increased by approximately 3.2 percent per year.
- g) In order to help reduce the deficit, permit fee rates need to be increased. Under the Building Code Act, permit fees can be increased to any amount provided that the fees do not exceed the anticipated reasonable costs to administer and enforce the Act. Administration recommends that the new permit fee rates should be competitive and comparable with rates charged by the surrounding municipalities.
- h) An average 20 percent increase in permit fees rates is recommended since they would be comparable with permit fee rates charged by the other municipalities in Essex County and the City of Windsor (See Table 3)
- i) Table 4 shows the results of increasing permit fee rates for the historical 10 year average permit activity. The increased rates results in an increase in revenue of approximately \$51,588 which is \$17,001 greater than the historical 10 year average deficit of \$34,587. The surplus recovery of \$17,001 will serve to reduce the accumulated deficit. At the rates proposed, it would be approximately 20 years to eliminate the \$345,689 accumulated deficit.
- j) If permit fee revenue exceeds the overall cost to administer and enforce the Act, the excess revenue would be transferred to a reserve account. This reserve account will be used to offset the Department's cost when revenue is reduced because of lower permit activity.

- k) Table 3 shows the proposed permit fee rates for different classes of permits and various types of construction projects. It compares them with the current permit fee rates. All permit fees rates have been increased generally by 20 percent so that they are compatible with permit fee rates of the other municipalities in Essex County and the City of Windsor, while also being in accordance with the Building Code Act.
- l) Table 5 shows the proposed permit fee rates for major building types and compares them with the permit fee rates of the other municipalities in Essex County and the City of Windsor..
- m) Table 6 shows some sample permit fee calculations using the proposed permit fee rates for typical construction projects. It compares the Tecumseh permit fees with the permit fees that are currently being charged by the other municipalities in Essex County and the City of Windsor.

### **Public Meeting**

Subsection 1.9.1.2 of Division C of the Building Code requires that before there can be a change to a permit fee, Council must hold a public meeting. A minimum of 21 days' notice must be given to the general public and every person or organization that has requested to be notified within the last 5 years. The Town has not received any requests from any persons or organizations within the last 5 years, so only the general public need to be notified.

The notice is required to contain information regarding the estimated costs of administering and enforcing the Building Code Act, the proposed permit fee rates and the rationale for changing the permit fee rates, or indicate that such information will be available to the public at no charge.

To notifying the general public, a notice of public meeting to be held on January 30, 2018 will be posted on Town's website and Facebook page.

### **CONSULTATIONS**

Financial Services has been consulted.

### **FINANCIAL IMPLICATIONS**

It is projected that the proposed permit fee rates should increase annual permit fee revenue by approximately \$51,588 on average.

## **LINK TO STRATEGIC PRIORITIES**

<b>No.</b>	<b>2017-18 Strategic Priorities</b>	<b>Applicable</b>
1.	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.	
2.	Ensure that the Town of Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.	
3.	Integrate the principles of health and wellness into all of the Town of Tecumseh's plans and priorities.	
4.	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.	✓
5.	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.	

## **COMMUNICATIONS**

Not applicable

Website

Social Media

News Release

Local Newspaper

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This report has been reviewed by senior Administration as indicated below and recommended for submission by the CAO.

Prepared by:

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Michael Voegeli,  
Manager, Building Services,  
Chief Building Official

Reviewed by:

Reviewed by:

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Brian Hillman, MA MCIP RPP  
Director, Planning and Building Services

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Luc Gagnon, CPA, CA, BMath  
Director Financial Services & Treasurer

Recommended by:

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Tony Haddad, MSA, CMO, CPFA  
Chief Administrative Officer

Attachment(s):

Table 1 - Overall Costs Vs Permit Fee Revenue (2007-2016)

Table 2 – Indirect Costs (2016)

Table 3 - Proposed Permit Fee Rates

Table 4 – Projected Permit Revenue

Table 5 – Comparative Permit Fee Rates For Major Projects

Table 6 - Comparative Sample Permit Fees For Major Projects

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**TABLE 1 - OVERALL COSTS vs PERMIT FEE REVENUE (2007-2016)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Totals	10 Year Average
<b>REVENUES</b>												
Grading Permits Fees	100	300	600	700	400	200	200	1,000	600	300	4,400	440
Fence Permits Fees	740	600	760	740	1,060	600	880	720	840	920	7,860	786
Sign Permits Fees	5,220	4,950	4,050	4,390	3,050	3,050	3,400	2,400	3,150	2,550	36,210	3,621
Pool Permits Fees	6,780	4,945	3,515	5,425	6,485	5,670	6,208	6,563	5,928	6,298	57,817	5,782
Building Permit Fees	224,549	106,534	125,273	278,252	256,703	220,671	254,418	277,776	391,827	329,720	2,465,723	246,572
Septic Permit Fees	8,018	3,851	3,885	5,417	206	5,793	5,995	6,489	8,320	8,550	56,524	5,652
Total Revenue (All Permits)	245,407	121,180	138,083	294,924	267,904	235,984	271,101	294,948	410,665	348,338	2,628,534	262,853
<b>Total Building, Pool &amp; Septic Permit Revenue</b>	<b>239,347</b>	<b>115,330</b>	<b>132,673</b>	<b>289,094</b>	<b>263,394</b>	<b>232,134</b>	<b>266,621</b>	<b>290,828</b>	<b>406,075</b>	<b>344,568</b>	<b>2,580,064</b>	<b>258,006</b>
<b>COSTS</b>												
* Net Direct Costs	247,615	253,552	257,094	263,049	265,307	215,701	243,637	251,184	298,591	334,595	2,630,327	263,033
* Net Indirect Costs	26,997	27,537	28,087	28,649	29,222	29,806	30,403	31,011	31,631	32,263	295,605	29,561
Total Overall Costs	274,612	281,088	285,182	291,698	294,529	245,508	274,040	282,195	330,222	366,858	2,925,933	292,593
<b>SURPLUS/DEFECIT</b>	<b>-35,265</b>	<b>-165,758</b>	<b>-152,509</b>	<b>-2,604</b>	<b>-31,135</b>	<b>-13,374</b>	<b>-7,419</b>	<b>8,633</b>	<b>75,853</b>	<b>-22,290</b>	<b>-345,869</b>	<b>-34,587</b>

\* Net Direct and Indirect Costs are 85% of the Department's costs that are attributed to the permit administration and enforcement

**TABLE 2 – INDIRECT COST (2016)**

<b>Indirect Cost - Other Departments</b>	Net Expenditures	Approx. Hours Per Year	Percent Per Year	Yearly Cost
CAO	518,640	6	0.33%	1,710
Clerks	294,611	12	0.66%	1,942
Council	303,870	1	0.05%	167
Engineering	50,000	52	2.86%	1,429
Finance	812,788	26	1.43%	11,611
IT	388,958	26	1.43%	5,557
Planning	406,634	52	2.86%	11,618
			<b>TOTAL</b>	<b>34,034</b>
<b>Indirect Cost - Facility Cost</b>	Net Expenditures	Overall Sq. Ft. Cost (13000 sf)	Building Dept. Area (sf)	Yearly Cost
Hydro & Water	25,700	1.98	248	490
Janitorial Services	4,500	0.35	248	86
Maintenance Services	9,300	0.72	248	177
Maintenance Supplies	5,000	0.38	248	95
Natural Gas	3,900	0.30	248	74
			<b>TOTAL</b>	<b>923</b>
<b>Indirect Cost - Replacement Vehicle Cost</b>	Replacement Cost	No. of Years		Yearly Cost
Pickup Truck	30,000	10		3,000
			<b>TOTAL</b>	<b>3,000</b>
			<b>GRAND TOTAL</b>	<b>37,957</b>
			<b>85 % ALLOCATION</b>	<b>32,263</b>

**TABLE 3 – PROPOSED PERMIT FEE RATES**

No.	PERMIT CLASSIFACATION/DESCRIPTION	CURRENT RATE	PROPOSED RATE	RATE TYPE	INCREASE
1	Residential (Group "C" occupancies as set out in the Ontario Building Code)	\$ 0.90	\$ 1.05	per gross square foot	17%
2	Industrial (Group "F" occupancies as set out in the Ontario Building Code)	\$ 0.70	\$ 0.85	per gross square foot	21%
3	Commercial (Group "D & E" occupancies as set out in the Ontario Building Code)	\$ 0.85	\$ 1.05	per gross square foot	24%
4	Assembly (Group "A" occupancies as set out in the Ontario Building Code)	\$ 0.85	\$ 1.05	per gross square foot	24%
5	Institutional (Group "B" occupancies as set out in the Ontario Building Code)	\$ 0.85	\$ 1.05	per gross square foot	24%
6	Alterations or Work Not Specifically Listed (per \$1000 value of construction)	\$ 10.00	\$ 12.00	per gross square foot	20%
7	Residential Garages & Accessory Structures	\$ 0.40	\$ 0.48	per gross square foot	20%
8	Farm Buildings ( as set out in the Ontario Building Code)	\$ 0.20	\$ 0.25	per gross square foot	25%
9	Tents	\$ 100.00	\$ 120.00	flat fee	20%
10	Demolitions	\$ 100.00	\$ 120.00	flat fee	20%
11	Sanitary & Storm Sewers	\$ 100.00	\$ 120.00	flat fee	20%
12	Plumbing Systems	\$ 100.00	\$ 120.00	flat fee	20%
13	Heating, Cooling & Ventilation Systems	\$ 100.00	\$ 120.00	flat fee	20%
14	Sewage Systems (Septics)	\$ 713.00	\$ 825.00	flat fee	16%
15	All Other Projects Not Listed (per \$1,000 of construction value)	\$ 0.10	\$ 0.12	per \$1,000 of const. value	20%
16	Permits Revised or Transferred	\$ 100.00	\$ 120.00	flat fee	20%
17	Re-Inspections (per hour)	\$ 100.00	\$ 120.00	flat fee	20%
18	Property Standards Inspections (per inspection)	\$ 100.00	\$ 120.00	flat fee	20%
19	Change of Use Permits	\$ 100.00	\$ 120.00	flat fee	20%
20	Minimum Permit Fee	\$ 100.00	\$ 120.00	flat fee	20%
21	Application Filling Fee	\$ -	\$ 240.00	flat fee	
22	Late Fee (for projects started prior to a permit being issued)	\$ 50.00	\$500 or the value of the applicable permit fees whichever is less		

**TABLE 4 - PROJECTED PERMIT FEE REVENUE**

PERMIT FEES BASED ON GROSS AREA	Total Gross Area (All Years)	No. of Years	Yearly Average Gross Area	Current Rate Per Square Foot	Current Average Yearly Permit Fees	Proposed Rate Per Square Foot	Increased Rate Per Square Foot	Increased Average Yearly permit Fees
Residential Buildings	1,041,046	10	104,105	0.90	93,694	1.05	0.15	15,616
Industrial Buildings	749,555	10	74,956	0.70	52,469	0.85	0.15	11,243
Commercial Buildings	753,582	10	75,358	0.85	64,054	1.05	0.20	15,072
Farm Buildings	99,810	10	9,981	0.20	1,996	0.25	0.05	499
							<b>TOTAL</b>	<b>42,430</b>
OTHER PERMIT FEES	Permits Fees (All Years)	No. of Years	Yearly Average Amount	Current Rate Per Permit	Current Average Yearly Permit Fees	Proposed Rate Per Permit	Increased Rate Per Permit	Increased Average Yearly Amount
Septic Systems, Accessory Structures, Renovations and Improvements	457,923	10	45,792	Varies	45,792	Varies	20.00%	9,158
							<b>TOTAL</b>	<b>9,158</b>
							<b>GRAND TOTAL</b>	<b>51,588</b>

**TABLE 5 – COMPARATIVE PERMIT FEE RATES FOR MAJOR PROJECTS**

MAJOR PERMIT CLASSIFICATION	Amherstburg	Essex	Kingsville	Lakeshore	Lasalle	Leamington	Windsor	Tecumseh (proposed)
Residential (Group “C” occupancies as set out in the Ontario Building Code)	\$1.00 Sq. Ft.	\$0.90 Sq. Ft.	\$1.00 Sq. Ft.	\$1.00 Sq. Ft.	\$0.98 sq. ft. Plus 257.55 per unit	\$0.80 Sq. Ft.	\$1.09 Sq. Ft.	<b>\$1.05 Sq. Ft.</b>
Industrial (Group “F” occupancies as set out in the Ontario Building Code)	\$1.00 Sq. Ft.	\$0.57 Sq. Ft.	\$11.25 for every \$1000 of construction value	\$0.74 Sq. Ft.	\$0.68 Sq. Ft.	\$11.00 for every \$1000 of construction value	\$1.06 Sq. Ft.	<b>\$0.85 Sq. Ft.</b>
Commercial (Group “D & E” occupancies as set out in the Ontario Building Code)	\$1.00 Sq. Ft.	\$0.80 Sq. Ft.	\$11.25 for every \$1000 of construction value	\$0.74 Sq. Ft.	\$1.66 Sq. Ft.	\$11.00 for every \$1000 of construction value	\$2.25 Sq. Ft.	<b>\$1.05 Sq. Ft.</b>
Institutional (Group “B” occupancies as set out in the Ontario Building Code)	\$1.00 Sq. Ft.	\$0.80 Sq. Ft.	\$11.25 for every \$1000 of construction value	\$0.74 Sq. Ft.	\$0.68 Sq. Ft.	\$11.00 for every \$1000 of construction value	\$2.25 Sq. Ft.	<b>\$1.05 Sq. Ft.</b>
Assembly (Group “A” occupancies as set out in the Ontario Building Code)	\$1.00 Sq. Ft.	\$0.80 Sq. Ft.	\$11.25 for every \$1000 of construction value	\$0.74 Sq. Ft.	\$1.05 Sq. Ft.	\$11.00 for every \$1000 of construction value	\$2.18 Sq. Ft.	<b>\$1.05 Sq. Ft.</b>
Farm Building	\$0.10 Sq. Ft.	\$0.20 Sq. Ft.	\$0.20 Sq. Ft.	\$0.15 Sq. Ft.	\$0.38 Sq. Ft.	\$0.25 Sq. Ft.	\$15.00 for every \$1000 of construction value	<b>\$0.25 Sq. Ft.</b>
Residential Garages & Accessory Structures	\$150.00	\$0.20 Sq. Ft.	\$0.20 Sq. Ft.	\$0.15 Sq. Ft.	\$0.22 Sq. Ft.	\$0.25 Sq. Ft.	\$13.45 for every \$1000 of construction value	<b>\$0.48 Sq. Ft.</b>
Minimum Permit Fee	\$50.00	\$100.00	\$150.00	\$94.00	\$77.37	\$75.00	\$200.00	<b>\$120.00</b>

**TABLE6 - COMPARATIVE SAMPLE PERMIT FEES FOR MAJOR PROJECTS**

BUILDING TYPE	Amherstburg	Essex	Kingsville	Lakeshore	Lasalle	Leamington	Windsor	Tecumseh (proposed)
Residential - 2000 Sq. Ft. home	\$2,000	\$1,800	\$2,000	\$2,000	\$2,218	\$1,600	\$2,180	<b>\$2,100</b>
Industrial - 10,000 Sq. Ft. factory with 2000 Sq. Ft. offices (\$1,400,000 value)	\$12,000	\$7,300	\$15,750	\$8,800	\$7,660	\$15,400	\$12,720	<b>\$12,600</b>
Commercial - 10,000 Sq. Ft. plaza (\$1,500,000 value)	\$10,000	\$8,000	\$16,875	\$7,400	\$16,600	\$16,500	\$22,500	<b>\$10,500</b>
Assembly - 20,000 Sq. Ft. community hall (\$4,000,000 value)	\$20,000	\$16,000	\$45,000	\$14,800	\$13,600	\$44,000	\$43,600	<b>\$21,000</b>
Farm Building - 5000 Sq. Ft. (\$100,000 value)	\$500	\$1,000	\$1,000	\$750	\$1,900	\$1,250	\$1,500	<b>\$1,250</b>
Residenital Garage - 400 Sq. Ft. (\$20,000 value)	\$150	\$75	\$150	\$92	\$184.00	\$100	\$270	<b>\$192</b>