



TOWN OF MOOSONEE- BUILDING PERMIT FEE REVIEW

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STUDY OBJECTIVES

RSM Building Consultants was engaged by the Town of Moosonee to undertake a building permit fee review and make recommendations regarding the building permit fee amounts to be collected. The current building permit fees are calculated based on building value and are set in the 2020 Town Fees By-Law. An increase in building permit activity and associated building department services is expected due to the new hospital and associated growth projects, therefore the Town of Moosonee has deemed it an appropriate time to undertake a building permit fee review.

The purpose of the study is to establish the anticipated reasonable costs related to the administration and enforcement of the Building Code Act in the Town of Moosonee and to set the amounts for various building permit fees to cover those costs based on the rationale of full-cost recovery.

REVIEW METHOD

The review method included a review of information provided by the Town of Moosonee:

- Building permit activity data was collected for the period of 2019-2023 (inclusive) to determine the average level of building permit activity,
- A budget was created including estimated indirect corporate and building department costs and estimated direct costs related to building permit fees,
- Information was collected on the future hospital development projects.

BUILDING CODE ACT

The Building Code Act (Act) permits the council of a municipality to pass a by-law prescribing classes of permits requiring the payment of fees. The total amount of the fees appropriate to be collected cannot exceed the anticipated reasonable costs of the Municipality to administer and enforce the Act. To determine the anticipated and reasonable costs of administration and enforcement of the Act a calculation of both the direct and indirect costs is to be completed. The Act also enables the establishment of a reserve fund, referred to as the Building Permit Reserve Fund.

The Act requires that the Municipality provide an annual report which must include the direct and indirect costs associated with administration and enforcement of the Act and include the balance of any building permit reserve fund.

Where there is a proposed change to existing building permit fees or where new fees are proposed, the Ontario Building Code sets out the details for a public meeting process that must accompany the setting of fees, including:

- Hosting one public meeting,
- Offering 21-day notice of the public meeting and,
- The public notice would need to include the anticipated reasonable costs of administration and enforcement of the Act, the amount of the new fees, and the rationale for the new fees.

BUILDING DEPARTMENT SERVICES

Currently, the Town of Moosonee building administration and enforcement services have been conducted by RSM Building Consultants, a third-party contracted building services company. The administration and enforcement building services are completed on a virtual online platform where all building permits, inspections and enforcement matters are completed online. The anticipated building permit activity growth due to the associated permits with the new hospital development is expected to commence late 2024 with construction spanning upwards of seven years to 2031. RSM Building Consultants will add in-person services to complete building inspections and enforcement bi-monthly in addition to the virtual support for the duration of the initial seven-year construction timeline. Beyond the initial permitting phase of the hospital and associated buildings there will be a likely overall increase in the average building permit activity due to an increase the Town's population for an estimated 10 years past the completed construction stage approximately 2041. To support day-to-day coordination, future planning includes the creation of a new full-time position in 2025 of a Planning and Development Coordinator with a work location being in the local town office. This position will be shared with the planning department.

BUILDING PERMIT ACTIVITY

The following table represents the building permit activity for the period of 2018-2023. During this 6-year period the grand total number of permits issued was 82, with an average of 14 per year. Residential building permits averaged 10 per year, with 2023 showing a spike in activity and increasing the average due to 30 semi-detached dwelling unit permits that were issued in association with the future hospital project. Without the spike in activity the residential permits would average 9 permits issued per year, and a grand total of 50 permits issued within the 6-year period. Residential permit averages include 1 single detached dwelling unit, 1 accessory building and 2 alteration/renovation permits per year. The second highest building permit activity was for demolition permits (residential) , averaging 2 per year.

Number of Permits by Year								
	2018	2019	2020	2021	2022	2023	Grand Total	6 year average
Demolition	1	3	2	3	0	1	10	2
Non- Residential	1	0	0	0	0	0	1	0
Residential	0	3	2	3	0	1	9	2
Business and Personal Service	0	0	1	0	0	0	1	0
Alteration	0	0	1	0	0	0	1	0
Site Servicing	0	0	0	0	0	1	1	0
New	0	0	0	0	0	1	1	0
Residential	7	4	11	3	2	35	62	10
Accessory Building	0	0	3	0	0	0	3	1
Addition	0	0	2	0	0	0	2	0
Alteration	4	1	4	2	1	0	12	2
Deck	0	2	0	0	0	0	2	0
New- Duplex	0	1	0	0	0	0	1	0
New- Hotel	1	0	0	0	0	0	1	0
New- Mobile Home	0	0	1	0	0	0	1	0
New- Semi- Detached Dwelling	0	0	0	0	0	30	30	5
New- Single Detached Dwelling	1	0	0	1	1	0	3	1
Shed	1	0	1	0	0	5	7	1
Assembly	1	1	1	0	0	0	3	1
Alteration	1	0	1	0	0	0	2	0
New	0	1	0	0	0	0	1	0
Mechanical	0	0	1	0	0	1	2	0
Alteration	0	0	1	0	0	1	2	0
Mercantile	0	0	0	1	1	0	2	0
Alteration	0	0	0	0	1	0	1	0
New	0	0	0	1	0	0	1	0
Care & Detention	0	1	0	0	0	0	1	0
New	0	1	0	0	0	0	1	0
Grand Total	9	9	16	7	3	38	82	14

Figure 1- Total and Average Building Permits 2018-2023

The following projects are included in the permit activity however they represent a spike in activity as they are one-time large-scale projects.

- 2019- New OPP station,
- 2023- Site servicing Permit for WAHA Semi Detached Dwelling Units,
- 2023- 30 New Semi-Detached Dwelling Units.

BUILDING PERMIT FEE CALCULATION PROCESS

The following provides an overview of the process used to calculate the fees.

- Establish the total costs of service for the building department,
- Review the building department processes and anticipated cost estimates for each permit and service type,
- Review building permit reserve fund,
- Review cross- subsidy amounts for fair and equitable building permit fees.

Total Cost of Service- Indirect and Direct Costs

The total anticipated reasonable costs of services have been estimated to cover a 17-year period, 2024-2041. The first 7 years 2024-2031 include the average estimated costs, the additional costs of contracted services and the creation of a new position to support the construction timeline of the new hospital and associated projects. The next 10 years 2032-2041 costs include the new position, the average estimated costs and a reduction in contracted services to the return to an online virtual platform. The necessity for the new position will remain after the construction period of the first 7 years as the needs of the building department will change. The new hospital and associated projects will bring with them an increase in building permit activity after the initial construction has been completed due the anticipated growth in population, this will require the Town to provide additional building department services that otherwise would not have been required based on the average permit activity from 2018-2023. After 2041 the building permit activity is projected to stabilize and return a new average level at which time the building permit fees should be reviewed again to ensure that the desired level of cost recovery is appropriate, and the fees collected are in keeping with the requirements of the Act and OBC.

The anticipated direct costs for building department administration and enforcement as well as indirect corporate costs incurred by other municipal functions which support the building department are included in Appendix A.

The indirect corporate costs incurred include amounts from human resources, clerks, finance planning, council, CAO and administration office. The direct building department costs include salary and benefits, contracted services for Chief Building Official and Inspectors and other items such as permitting software, legal, fleet and fuel.

The combined total building department costs and corporate costs represent the total amount of costs associated with the administration and enforcement of the Ontario Building Code and Building Code Act by the building department for the Town of Moosonee. These costs are the recoverable costs in establishing the building permit fees, the total is **\$ 3,382,885**. The

recoverable costs are intended to represent a full cost recovery for the provision of this municipal service for a 17-year period.

Department Processes and Anticipated Costs Estimates

RSM Building Consultants has provided building department contracted services in the Town of Moosonee since 2021. Due to staffing vacancies and Ministry of Municipal Affairs and Housing qualification requirements support was needed for administration, enforcement, inspections, and plan examination duties. To determine department processes and costs for services the following steps were completed:

- Identify the types of permits and additional services that the department traditionally provides,
- Review the current building permit fee structure,
- Review the 6-year historical permit activity data,
- Review future large scale building permit projects,
- Review the contracted pricing for all permit types and associated administration and enforcement.

Building Permit Reserve Fund

The building permit reserve fund provides a reserve from which funds could be withdrawn to offset the costs of the building department in times of low building permit activity. In times of increased building permit activity any fee amounts collected over the total recoverable costs annually would be added to the reserve fund. To stabilize the building department operational costs the building permit fee amounts collected in 2025 are expected to exceed incurred costs for the 2025 year. The excess funds are to be held in the reserve fund and drawn upon to sustain the direct and indirect costs of building department operations as required until 2041, after which time a building permit fee review will need to be completed to ensure alignment with the requirements of the Act and OBC.

Cross-Subsidy of Building Permit Fees

A cross-subsidy of building permit fees is an adjustment for cost recovery which allows reduced permit fee values for specified types of permits; for example, a residential deck or shed. If the base value building permit fees are applied to a deck or shed project the building permit fees could be substantially higher than the cost of the construction of the project and would likely deter applicants from obtaining building permits for the projects. For example, the base cost for administration and enforcement on a deck permit is approximately \$1693. In some cases, this cost is more than the construction value and not considered a fair and equitable amount.

The lost revenue from reducing building permit fees for the cross-subsidy can be recovered by adding the amounts to the remaining permit types such as new occupancy groups A, B, C, D, E, F, and G building permits to ensure a full cost recovery is achieved.

Building Permit Fee Calculation

The proposed building permit fees will approximately generate \$124,500 in total over 17 years and the anticipated recoverable costs for the department are estimated to be \$3,382,885, a difference of \$3,258,385. The considerable cost difference is due to the four new large-scale building projects that are commencing. Those include a new hospital campus 19,885m² (214,050 ft²), hostel/annex 6,561m² (70,642 ft²), long term care home 2,271m²(24,266ft²) and an apartment building 10,235m² (110,171ft). These projects require substantial building department resources and continued support long after the construction has been completed. The building permit fees for these four projects will need to reflect the anticipated costs incurred by the building department to ensure building services are available for the life cycle of the projects.

The proposed building permit fee calculations were derived from the following amounts:

- Base fee as established by the anticipated costs estimates for each permit type + cross subsidy if applicable x 6-year average building permit numbers by permit type including the 4 large- scale building permits.

Currently, the building permit fee for a new 150m² (1,614ft²) mobile home dwelling unit on average would total \$1,099. The minimum base fee to cover the municipal costs for this permit is \$1,994, which is 45% higher than the current permit fee. For a new 92.9m² (1000ft²) accessory garage the current building permit fee is on average \$254, although the minimum base rate to cover the municipal costs for this permit type would be \$ 1,755 or 86% higher than the fee amount to be collected.

Overall, some of the building permit fees require an increase to cover the municipal costs which is the minimum base fee. For the proposed fees, each permit type has either had an amount added to account for a cross- subsidy or has been reduced to remain fair and equitable. It is not a consistent percentage that the fees will increase or decrease across all permit types, each permit type is different.

The Town of Moosonee has used a fee structure based on construction value for many years. In some cases the calculated building permit fees are much higher than what would be needed to cover the reasonable anticipated costs for that type of permit and some much lower than would be required. To streamline the permit fees the structure is proposed to be changed to a per meter squared \$/m² price with some flat and minimum fees to better reflect collecting the

reasonable anticipated costs and suit the overall changing building services needs of the community. See Schedule A for the proposed building permit fees.

CONCLUSION

This building permit fee review has determined the reasonable anticipated costs for the administration and enforcement based on the criteria set out in the Building Code Act. The proposed revised fees and fee structure set out a full cost recovery for the provision of services for the average building permit activity and the anticipated additional costs that will be incurred in 2025-2041 due to the upcoming large scale building permit projects. With this strategy the building department will require the creation of a building permit reserve fund which is to be used to stabilize the building department costs for the future, at which time another building permit fee review should be completed. It is recommended that the Council of the Town of Moosonee hold a public meeting to adopt the proposed fee schedule into a new building department by-law for the provision of building services.

APPENDIX A- ANTICIPATED COSTS BY YEAR

Town of Moosonee- Building Department Anticipated Annual Recoverable Costs by Year							
	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Indirect Corporate Costs							
Internal Allocations (HR, Clerks, Finance, Planning, Council, CAO)	\$2,500	\$2,600	\$2,704	\$2,812	\$2,925	\$3,042	\$3,163
Internal Allocations (Administrative Office)	\$6,000	\$6,240	\$6,490	\$6,749	\$7,019	\$7,300	\$7,592
Total Corporate Costs	\$8,500	\$8,840	\$9,194	\$9,561	\$9,944	\$10,342	\$10,755
Direct Building Department Costs							
Salaries, Benefits & Payroll- Manager & Building Coordinator	\$67,660	\$70,366	\$73,181	\$76,108	\$79,153	\$82,319	\$85,611
Contracted Services- Chief Building Official, Building Inspectors- Online Services	\$25,400	\$26,416	\$27,473	\$28,572	\$29,714	\$30,903	\$32,139
Contracted Services- Chief Building Official, Building Inspectors - Large Scale Projects & In Person Inspections	\$111,930	\$94,567	\$98,350	\$102,284	\$106,375	\$110,630	\$115,055
Other: Personal Protective Equipment, Permitting Software, Office Equipment, Legal, Fleet & Fuel etc.	\$10,000	\$10,400	\$10,816	\$11,249	\$11,699	\$12,167	\$12,653
Total Building Department Costs	\$214,990	\$201,749	\$209,820	\$218,212	\$226,941	\$236,018	\$245,459
Total Recoverable Costs	\$223,490	\$210,589	\$219,013	\$227,774	\$236,884	\$246,360	\$256,214

Figure 2- Anticipated Recoverable Costs 2025-2031, 7 Years

Town of Moosonee- Building Department Anticipated Annual Recoverable Costs by Year										
	2032 Budget	2033 Budget	2034 Budget	2035 Budget	2036 Budget	2037 Budget	2038 Budget	2039 Budget	2040 Budget	2041 Budget
	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Indirect Corporate Costs										
Internal Allocations (HR, Clerks, Finance, Planning, Council, CAO)	\$3,290	\$3,421	\$3,558	\$3,701	\$3,849	\$4,003	\$4,163	\$4,329	\$4,502	\$4,682
Internal Allocations (Administrative Office)	\$7,896	\$8,211	\$8,540	\$8,881	\$9,237	\$9,606	\$9,990	\$10,390	\$10,806	\$11,238
Total Corporate Costs	\$11,185	\$11,633	\$12,098	\$12,582	\$13,085	\$13,609	\$14,153	\$14,719	\$15,308	\$15,920
Direct Building Department Costs										
Salaries, Benefits & Payroll- Manager & Building Coordinator	\$89,036	\$92,597	\$96,301	\$100,153	\$104,159	\$108,326	\$112,659	\$117,165	\$121,852	\$126,726
Contracted Services- Chief Building Official, Building Inspectors- Online Services	\$33,425	\$34,762	\$36,152	\$37,598	\$39,102	\$40,666	\$42,293	\$43,985	\$45,744	\$47,574
Contracted Services- Chief Building Official, Building Inspectors - Large Scale Projects & In Person Inspections	-	-	-	-	-	-	-	-	-	-
Other: Personal Protective Equipment, Permitting Software, Office Equipment, Legal, Fleet & Fuel etc.	\$13,159	\$13,686	\$14,233	\$14,802	\$15,395	\$16,010	\$16,651	\$17,317	\$18,009	\$18,730
Total Building Department Costs	\$135,620	\$141,045	\$146,687	\$152,554	\$158,656	\$165,002	\$171,602	\$178,467	\$185,605	\$193,029
Total Recoverable Costs	\$146,805	\$152,678	\$158,785	\$165,136	\$171,741	\$178,611	\$185,756	\$193,186	\$200,913	\$208,950

Figure 3- Anticipated Recoverable Costs 2025-2032, 10 Years

Town of Moosonee- Building Department Anticipated Annual Recoverable Costs by Year	
	Total
Indirect Corporate Costs	
Internal Allocations (HR, Clerks, Finance, Planning, Council, CAO)	\$59,244
Internal Allocations (Administrative Office)	\$142,185
Total Corporate Costs	\$201,429
Direct Building Department Costs	
Salaries, Benefits & Payroll- Manager & Building Coordinator	\$1,603,374
Contracted Services- Chief Building Official, Building Inspectors- Online Services	\$601,917
Contracted Services- Chief Building Official, Building Inspectors - Large Scale Projects & In Person Inspections	\$739,191
Other: Personal Protective Equipment, Permitting Software, Office Equipment, Legal, Fleet & Fuel etc.	\$236,975
Total Building Department Costs	\$3,181,457
Total Recoverable Costs	\$3,382,885

Figure 4- Anticipated Recoverable Costs 2025-2041, 17 Years

SCHEDULE A- PROPOSED BUILDING PERMIT FEES

CLASSES OF PERMITS AND PERMIT FEES					
Class	Note	Unit of Measure/Rate	Fee Amount	Min. Amount	
Residential Occupancies (Group C) House, Apartment, Motel					
New & Additions- Detached Dwelling Unit, Semi-Detached and Townhouse Dwellings	(4)	\$/m2	\$13.00	\$600.00	
New & Additions- Mobile Home, Additional Residential Unit	(4)	\$/m2	\$9.00	\$600.00	
New & Additions- Multiple Unit Residential- Apartment, Motel, Hotel, Hostel less than 600m2 or less than 3 stories	(4)	\$/m2	\$9.00	\$600.00	
New & Additions- Multiple Unit Residential- Apartment, Motel, Hotel, Hostel greater than 600m2 or more than 3 stories		\$/m2	\$83.65	\$600.00	
Alterations & Interior Finishes		\$/m2	\$5.00	\$200.00	
Non Residential Occupancies Group A,B,D,E,F,G					
Assembly, Care and Detention, Business and Personal Service, Mercantile, Industrial, Agricultural					
Finished Building & Additions- Greater than 600m2 or more than 3 stories		\$/m2	\$83.65	\$1,200.00	
Shell Buildings- Greater than 600m2 or more than 3 stories		\$/m2	\$62.73	\$1,200.00	
Finished Building & Additions- Less then 600m2 and less than 3 stories		\$/m2	\$13.00	\$800.00	
Shell Building- Less then 600m2 and less than 3 stories		\$/m2	\$9.75	\$800.00	
Alterations & Interior Finishes		\$/m2	\$6.50	\$300.00	
Demolition Permit					
Residential		Flat Rate	\$200.00		
Non-Residential		Flat Rate	\$300.00		
Change of Use Permit					
Change of Use Permit (No Construction)		Flat Rate	\$300.00		
Change of Use Permit (Construction)		\$/m2	Major Occupancy Classification		
Miscellaneous Permits					
Deck, Porch		Flat Rate	\$200.00		
Detached Garage, Carport		\$/m2	\$5.00	\$200.00	
Fireplace, Woodstove		Flat Rate	\$200.00		
Gazebo, Cabana, Shed		\$/m2	\$5.00	\$200.00	
Designated Structure (not already listed)		Flat Rate	\$300.00		
Roof Mounted Solar Panel		Flat Rate	\$200.00		
Temporary Tent		Flat Rate	\$200.00		
Plumbing/Mechanical/Electrical Permit- Residential		Flat Rate	\$200.00		
Plumbing/Mechanical/Electrical Permit- Non Residential		Flat Rate	\$300.00		
Site Servicing Permit (Per Unit)		Flat Rate	\$300.00		
Footing and Foundation Permit	(5)		25%		
Wind Turbines		Flat Rate	\$300.00		
Administrative Fees					
Alternative Solution- Part 3 & 9 other than residential		Flat Rate	\$500.00		
Alternative Solution- Part 9 residential		Flat Rate	\$300.00		
Compliance Letter- Building/AGCO		Flat Rate	\$200.00		
Conditional Building Permit	(6)		25%		
Construction, Demolition or Change of Use without a Permit	(11)	Flat Rate	100%		
Deferral or Revocation of Permit- Permit Extension		Flat Rate	\$200.00		
Development Comments on Planning Applications		Flat Rate	\$200.00		
Occupancy Permit		Flat Rate	\$200.00		
Re-Inspection due to work not ready (per inspection)		Flat Rate	\$150.00		
Revision to permit and/or plans or documents under review	(7)	Flat Rate	25%	\$200.00	
Third Party Professional Review			Consultant Fee		
Transfer of Permit Ownership		Flat Rate	\$200.00		
All Orders Issued		Flat Rate	\$500.00		
Lapsed Orders (applied to orders that have a lapsed compliance date)		Per Month	\$200.00		
Maintenance Fee for Permit Files not Closed within 24 Months		Per Month	\$200.00		
Flat Fee (unless otherwise noted)					
a) Residential Projects		Flat Rate	\$200.00		
b) All other buildings not described in (a)		Flat Rate	\$300.00		

Building Permit Fee Schedule Notes

1. Except where a minimum flat fee is indicated for the Occupancy Classification or Type of Construction, the fee per square meter of floor area set out in this Schedule shall be used by the Chief Building Official in determining the permit fee.
2. Any building permit not otherwise listed the table will be assessed at 1% of its construction value. Construction values submitted are at the discretion of the Chief Building Official.
3. All fees listed with minimum fees and \$/m² rates are to be calculated and the permit fee will be the higher amount.
4. Fireplaces, HVAC, plumbing, attached garages, decks and porches are included in the permit fee for new residential buildings not more than three (3) storeys and not exceeding 600m² in building area where submitted plans for the new building include these details.
5. Footing and Foundation Permit Fee: Equal to 25% of applicable new permit fee and not lower than the flat fee, to a maximum of \$25,000. The second portion of the permit is subject to the full applicable fee amount.
6. Conditional Permit Fee: Equal to 25% of applicable new permit fee and not lower than the flat fee, to a maximum of \$25,000. The second portion of the permit is subject to the full applicable fee amount.
7. Any revision to permit and/or plans or documents after plans review stage: Equal to 25% of original permit paid fee amount and not lower than the flat fee, to a maximum of \$7,000.
8. The occupancy classification and floor area shall be determined on the following basis for the purpose of the fee schedule calculations.
 - a) The occupancy classification shall be established in accordance with the occupancy definitions of the Ontario Building Code and its appendices.
 - b) The floor area shall be measured to the outer face of exterior walls and to the center line of party walls or demising walls. No deductions shall be made for openings within the floor area (e.g., stairs and stair openings, ducts, elevators, escalators). Floor area shall include all habitable areas, including attached garages, mezzanines, finished attics and enclosed balconies.
 - c) Calculating floor area for interior finishes, partitioning, corridors, lobbies, washrooms, lounges, etc. are to be included and classified according to the major occupancy classification for the floor area with which they are associated. Where any of these areas are constructed in a shell only building, fees shall be calculated at the finished rate in this Schedule.
 - d) The occupancy classifications used in this schedule are based on the Building Code major occupancy classifications. For mixed occupancy floor areas, the fee multiplier for the major occupancy of the floor area applies.
9. Unfinished basements/crawlspaces are not included in the floor area calculations.

10. Where a change of occupancy from one classification to another classification is proposed, the fee multiplier for the proposed occupancy applies.

11. Construction, demolition or change of use without a permit being issued: An administration fee of 100% of the applicable permit fee to be added to the applicable permit fee to a maximum of \$5,000.