

The background of the slide is a scenic photograph of a park. In the foreground, a wooden gazebo with a green roof stands on a paved area. To the left of the gazebo, a flagpole holds a Canadian flag. A paved path leads from the gazebo towards a large, calm lake on the right. The background is filled with a dense forest of trees showing vibrant autumn colors in shades of green, yellow, orange, and red. The sky is overcast with grey clouds.

Building Permit and Planning Application Fees Review Council Presentation

Town of Petawawa
October 28, 2019

Introduction



- The Town of Petawawa (Town) has retained Watson & Associates Economists Ltd. (Watson) to undertake a comprehensive review of Building Permit and Planning Application fees that:
 - Conforms with legislation and is defensible;
 - Balances the Town's need to maximize cost recovery with stakeholder interests, affordability and competitiveness;
 - Reflects industry best practices; and
 - Recommends fee structure improvements to provide for reasonable full cost recovery.



Legislative Context and Trends

Planning Application Fees

- Governed by s.69 of the *Planning Act*
 - Recovery of anticipated costs of processing by type of application
 - No public process required in setting fees
 - Fees may be paid under protest and appealed to the Local Planning Appeal Tribunal (LPAT)
 - LPAT decision suggests fee structures should recognize marginal costs attributes of planning application processes



Legislative Context and Trends

Building Permit Fees

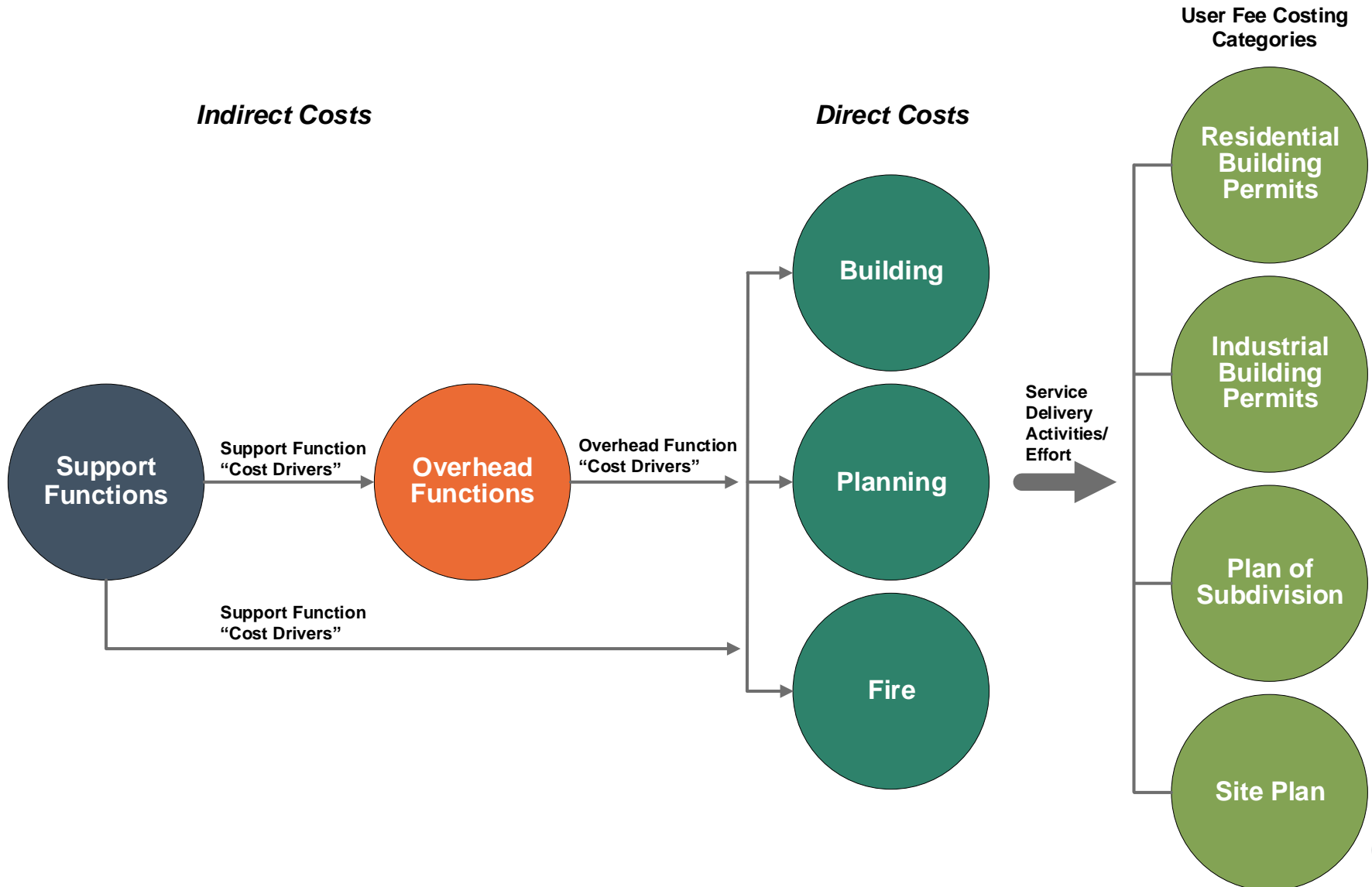
- Building Permit Fees are governed by the *Building Code Act, s. 7*
 - Allows municipalities to pass a by-law requiring the payment of fees on applications for and issuance of building permits
 - The fees must not exceed the anticipated reasonable costs of administration and enforcement (including direct and indirect costs)
 - Allows for the creation of *Building Code Act* reserve funds
 - Reporting and public process requirements

Full Cost Definition



- Full cost recovery activity-based costing definitions:
 - Direct costs – operating and capital asset replacement costs associated with individuals directly participating in the service delivery activities.
 - Indirect costs – operating costs associated with individuals supporting direct service departments. Typically involves support functions (e.g. HR, IT, facility maintenance) and corporate support functions (e.g. Council, CAO, financial planning and budgets, etc.)
 - Capital costs – space utilized in Town Hall by the Planning and Development department

Activity-Based Costing Methodology



Development Fees Review Methodology



- Methodology employed measures the processing activities for a variety of application types and identifies the full costs of services
- Direct processing efforts compared with available resource capacity for reasonableness
- Planning application and building permit costs by type were subsequently measured against existing fee structures to provide indication of overall cost recovery performance
- Full cost recovery fees measured against municipal market comparators, and presented to Town staff to inform development fee recommendations

Staff Utilization – Historical Baseline



Position	Full-time Equivalents (FTEs)	Annual Capacity Utilization		
		Planning	Building	Total
Planning and Development				
Director	1	55.00%	15.00%	70.00%
CBO	1	0.44%	79.56%	80.00%
Building Inspector	1	0.03%	99.97%	100.00%
Admin Assistant	1	30.00%	70.00%	100.00%
Public Works				
Director	1	0.54%	0.00%	0.54%
Fire				
Fire Chief	1	0.00%	0.00%	0.00%
Total FTEs Utilized		0.86	2.65	3.51



Development Fee Costing Results

Average annual costs at historical permit volumes

	Planning	Building	Total
Salaries, Wages, and Benefits (SW&B)	\$83,339	\$211,187	\$295,027
Non-SW&B	\$30,093	\$89,406	\$119,499
Capital	\$711	\$2,200	\$2,910
Total	\$114,643	\$302,793	\$417,436

Average annual revenue (2014-2018)

Planning	Building	Total
\$12,490	\$117,460	\$129,950

Cost Recovery %





Development Fee Costing Results

Planning Applications

- Average annual full cost recovery by application type (based on 2014-2018 average volumes)

Application Type	% Cost Recovery
Consent/ Severance	0%
Minor Variance	14%
Site Plan	7%
OPA	32%
Zoning Bylaw Amendment	30%
Subdivision	0%
Extension of Subdivision Draft Approval	0%
Condominium	0%
Waterfront Road Allowances	0%
Lifting of Part Lot Control	0%
Total - Planning	11%



Findings

Planning Applications

- Current planning application fees recover less than the full costs of service in all categories.
- Overall level of cost recovery is relatively low partially due to the lack of cost recovery for applications where County of Renfrew is the approval authority.



Development Fee Costing Results

Building Permits

- Average annual full cost recovery by application type (based on 2014-2018 average volumes)

Building Permit Type	% Cost Recovery
Assembly - New	79%
Institutional - New	0%
Residential SFD - New	77%
Residential Apartments - New	238%
Residential Minor - New	8%
Commercial - New	65%
Industrial - New	90%
Alterations & Renovations	18%
Demolition	9%
Change of Use	9%
Septic System	48%
Signs	26%
Compliance Report	59%
Total - Building	39%



Findings

Building Permits

- New Non-residential Construction permits in aggregate recover approximately 78% of total annual costs.
- New Residential Construction permits in aggregate recover approximately 83% of total annual costs. However, Minor New Residential Construction permits are operating at approximately 8% of full cost recovery.
- Alteration and Renovation permits recover approximately 18% of total annual costs.
- Revenues generated from all other permit types, in aggregate, provide approximately 37% recovery of total annual costs.



Proposed Fees

Planning Applications

- Increase existing planning application fees to upper-end of market rates to reduce the level of under-recovery

Application Type	Existing Fee	Proposed Fee	Notes
Planning			
Consent/ Severance	\$ -	\$ -	County of Renfrew
Minor Variance	\$ 500	\$ 1,100	Town
Site Plan	\$ 350	\$ 1,600	Town
OPA	\$ 1,200	\$ 2,000	County of Renfrew
Zoning Bylaw Amendment	\$ 1,100	\$ 1,600	Town
Subdivision	\$ -	\$ -	County of Renfrew
Extension of Subdivision Draft Approval	\$ -	\$ -	County of Renfrew
Condominium	\$ -	\$ -	County of Renfrew
Waterfront Road Allowances	\$ -	\$ -	Town (no charge)
Lifting of Part Lot Control	\$ -	\$ -	County of Renfrew



Proposed Fees

Planning Applications (continued)

- Introduce new fees for planning applications that the Town is currently not charging for

Application Type	Existing Fee	Proposed Fee	Notes
Planning			
Consent/ Severance	\$ -	\$ 750	County of Renfrew
Minor Variance	\$ 500	\$ 1,100	Town
Site Plan	\$ 350	\$ 1,600	Town
OPA	\$ 1,200	\$ 2,000	County of Renfrew
Zoning Bylaw Amendment	\$ 1,100	\$ 1,600	Town
Subdivision	\$ -	\$ 2,600	County of Renfrew
Extension of Subdivision Draft Approval	\$ -	\$ 500	County of Renfrew
Condominium	\$ -	\$ 3,000	County of Renfrew
Waterfront Road Allowances	\$ -	\$ 500	Town
Lifting of Part Lot Control	\$ -	\$ 500	County of Renfrew



Proposed Fees

Building Permits

- Increase building permit fees to upper-end of market rates to reduce the level of under-recovery without producing avoidance of permit approvals

Application Type	Existing Fee	Proposed Fee	Charging Parameter
Building			
Assembly - New	\$ 0.79	\$ 1.04	Per Sq.Ft.
Institutional - New	\$ 1.09	\$ 1.10	Per Sq.Ft.
Residential SFD - New	\$ 0.54	\$ 1.11	Per Sq.Ft.
Residential Apartments - New	\$ 0.45	\$ 0.45	Per Sq.Ft.
Residential Minor - New	\$ 0.14	\$ 0.52	Per Sq.Ft.
Commercial - New	\$ 0.53	\$ 1.80	Per Sq.Ft.
Industrial - New	\$ 0.41	\$ 1.10	Per Sq.Ft.
Alterations & Renovations	\$ 0.11	\$ 0.42	Per Sq.Ft.
Demolition	\$ 35.00	\$ 150.00	Flat
Change of Use	\$ 50.00	\$ 300.00	Flat
Septic System	\$ 225.00	\$ 350.00	Flat
Signs	Per Sign By-law No. 794/12		
Compliance Report	\$ 35.00	\$ 100.00	Flat
Minimum Permit Fee	\$ 35.00	\$ 100.00	Flat
Second Dwelling Unit - New	\$ -	\$ 0.42	Per Sq.Ft.
Second Dwelling Unit - Existing	\$ -	\$ 544.00	Flat

Note: The proposed fees for Second Dwelling Units are being further reviewed to account for the mandatory registration process.



Proposed Fees

Cost Recovery

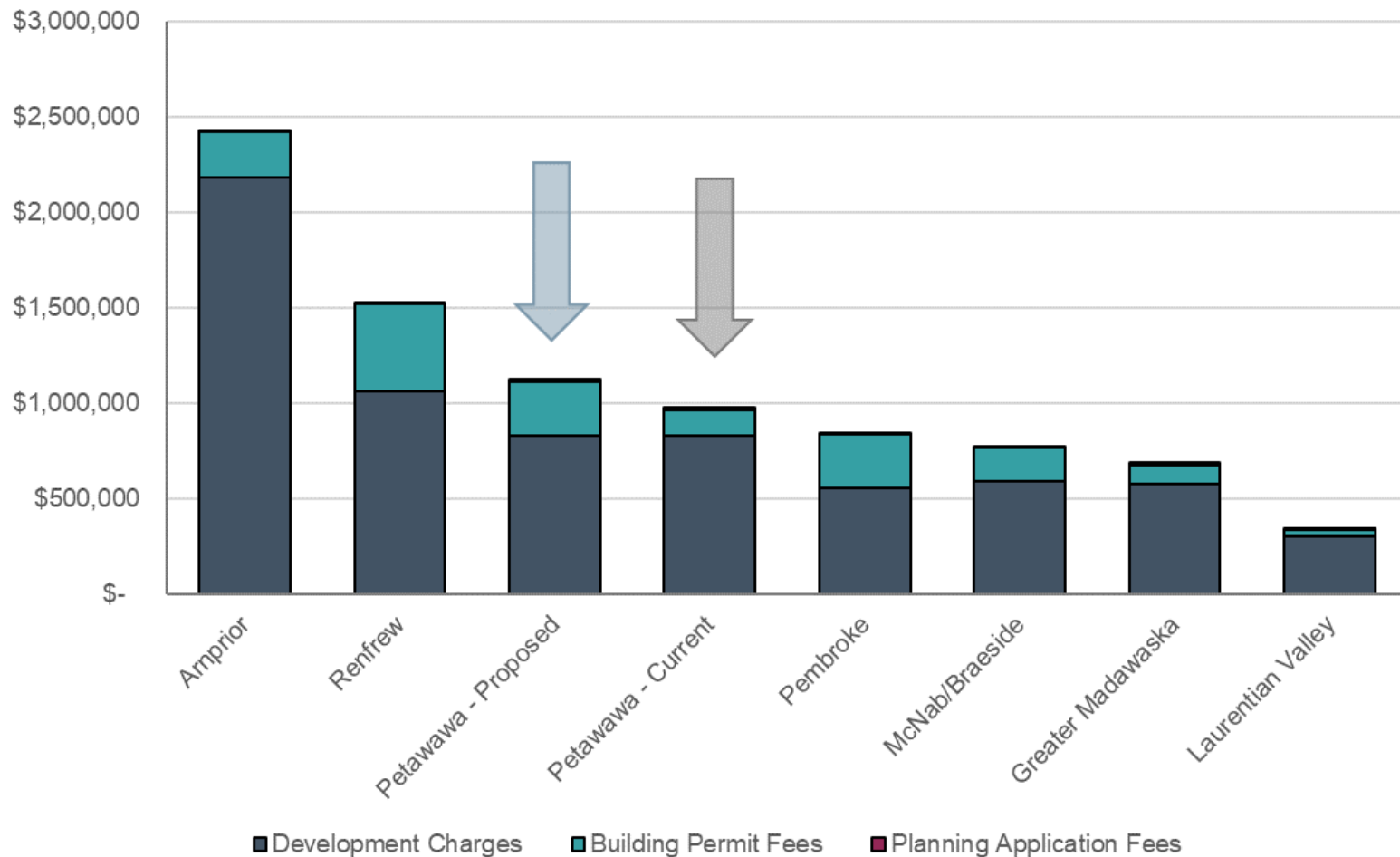
- If proposed fee increase were implemented, cost recovery levels would improve for both planning application and building permit processing activities
- Further opportunity to improve level of cost recovery by imposing fees on Planning Applications where County of Renfrew is the approval authority

	Cost Recovery at Current Fees	Cost Recovery at Proposed Fees	Cost Recovery with New Fees
Planning	11%	22%	36%
Building	39%	92%	92%
Total	31%	73%	77%

Comparison of Development Fees Residential Subdivision



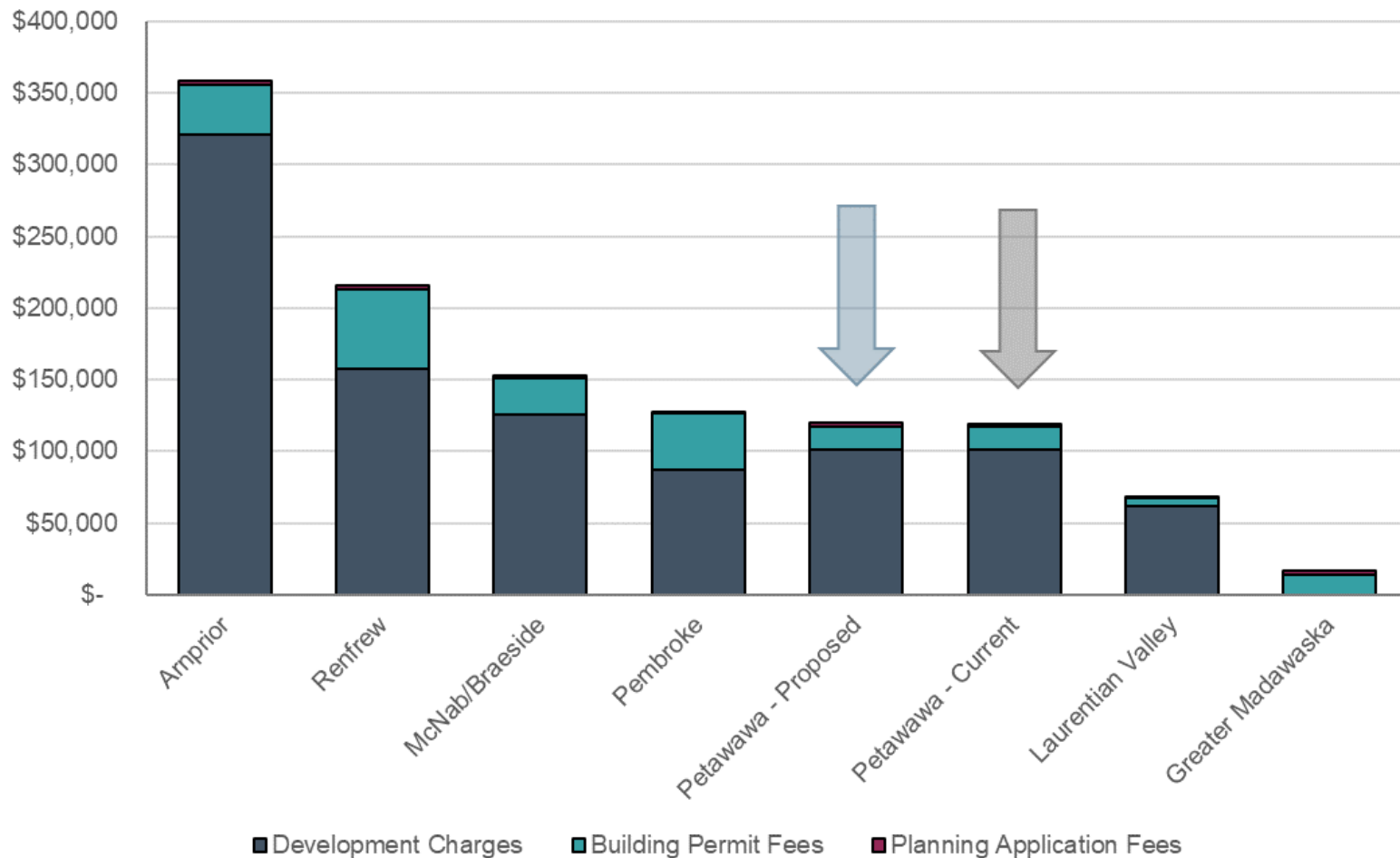
Survey of Fees Related to a Residential Subdivision Development
(150 Single Dwelling Units, 1,700 ft² GFA each)



Comparison of Development Fees Apartment Building



Survey of Fees Related to an Apartment Building Development
(40 Units, 900 ft² average GFA per unit)

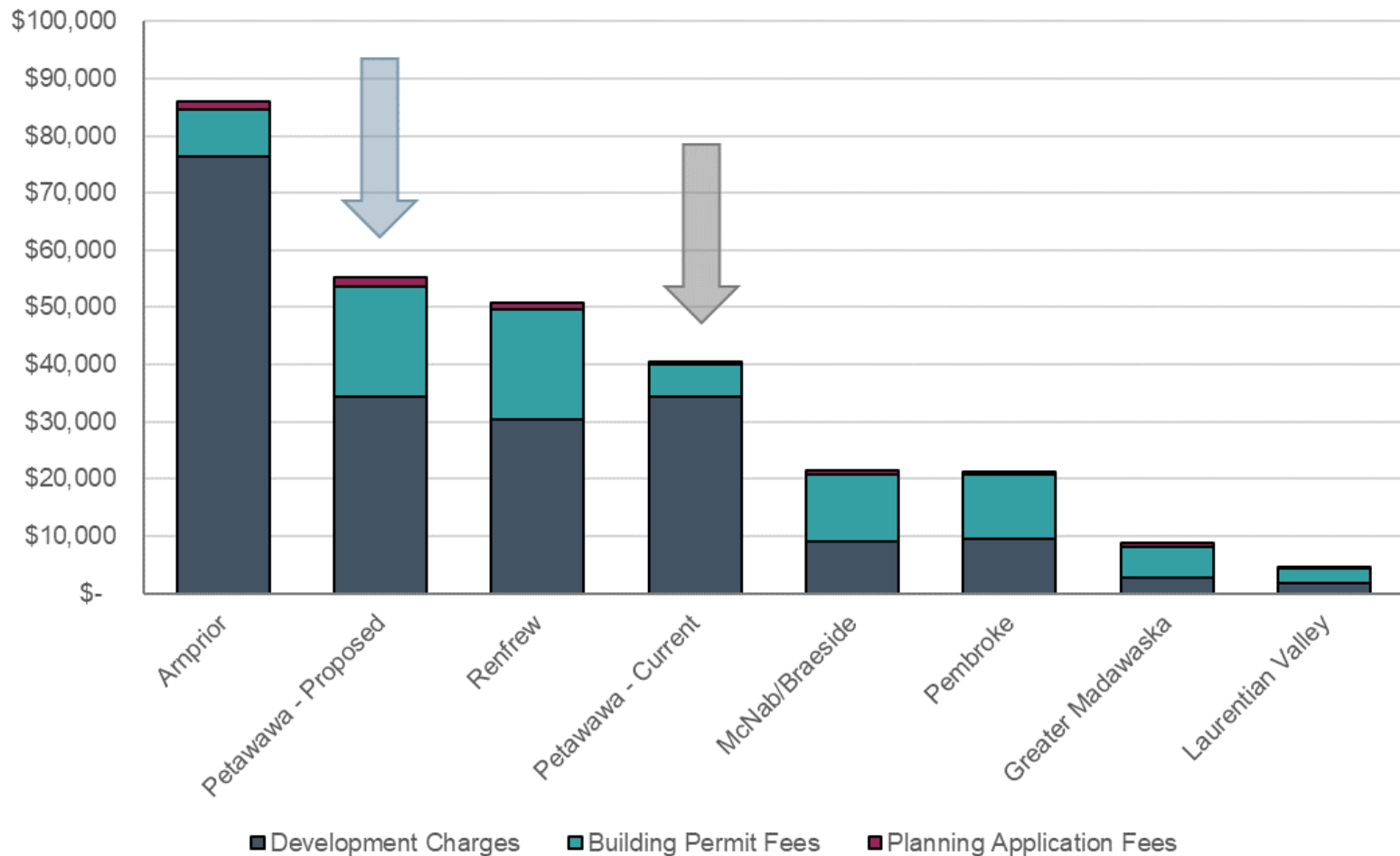


Comparison of Development Fees

Commercial Development



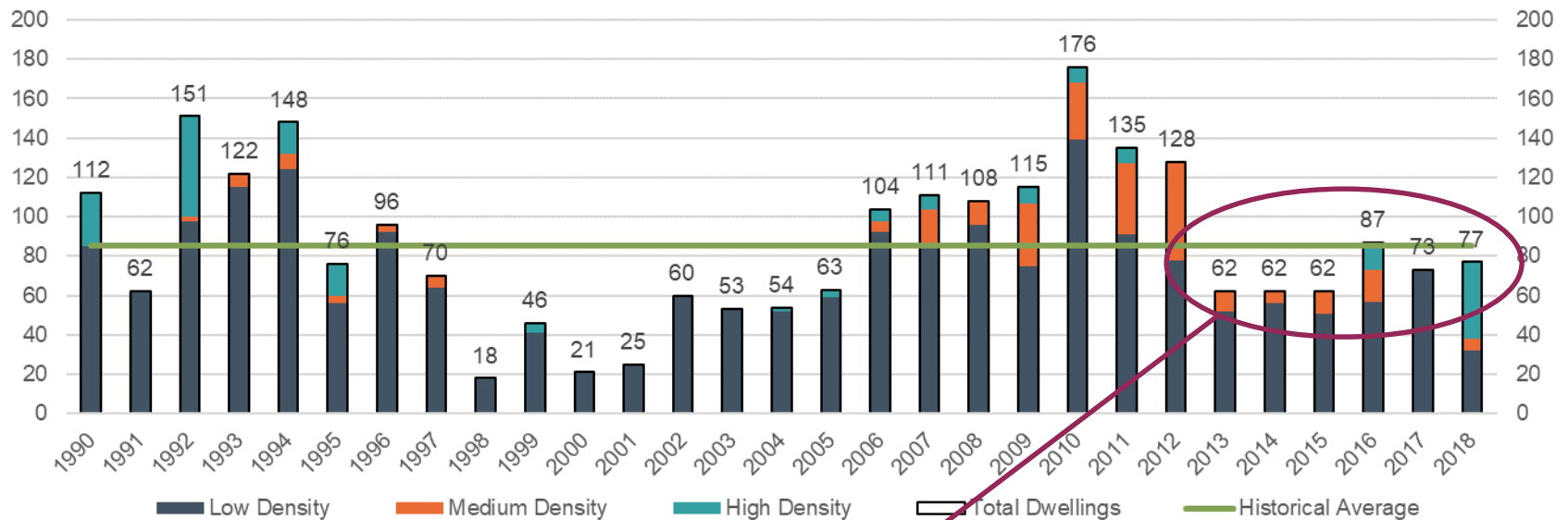
Survey of Fees Related to a Commercial Development
(1,000 m² GFA)



Building Code Stabilization Reserve Fund



Petawawa Building Permit Activity (New Residential Construction), 1990-2018



*Derived from Statistics Canada Reported Building Permit activity, 1990-2007. 2008-2018 derived from the Town of Petawawa, 2019.

Permits Lost Over 2013-2018 Period	89
Multiple of Average Annual Permit Volume	1.05
Annual Direct Costs	\$ 300,593
Reserve Fund Target Balance	\$ 314,913
Annual RF Contribution (5-yr phase-in)	\$ 62,983



Next Steps

- Receive input on the proposed fee recommendations from Council;
- Present final fee recommendations and undertake statutory Public Meeting (November 18th);
- Council approval of proposed building permit and planning application fee recommendations (December 2nd or 16th); and
- Proposed changes to fees effective January 1st, 2020.