

## MEMORANDUM

**To:** Harold Lenters, Director of Development Services  
**From:** Andrew Mirabella, Senior Consultant  
**Date:** July 15, 2022  
**Re:** Industrial Building Permit Fees Review

---

Municipalities in Ontario are responsible for ensuring that the delivery of local services is undertaken in accordance with the provisions of Provincial legislation. To offset the cost of providing services, municipalities are permitted to charge fees. The Town of Georgina has levied such fees for many years with the most recent Building Permit Fees Study (herein after called the “2021 Report”) undertaken in 2021 by Hemson Consulting Ltd.

Since the completion of this study, some industrial developments within the Keswick Business Park have proceeded through the planning stages and are near building permit application. This type and scale of industrial development is fairly new to Georgina and has prompted this review to assess if any changes need to be made to the industrial permit fees (Group F classification), and more specifically the Interior Alteration fees contained within this group.

### A. OVERVIEW OF THE 2021 BUILDING PERMIT FEE STUDY PROCESS & BACKGROUND OVERVIEW

In 2021, the Town of Georgina completed a review of its building permit fees. The purpose of the review was to calculate fees that recovered the full cost of providing Building Code services in accordance with the *Building Code Act* over the five-year period from 2021-2025. Furthermore, the analysis also considered other *Municipal Act* related fees under the authority of the Building Division.

The analysis revealed that an increase of 16.55% on the 2020 fees to cover expenses were the maximum permit fees that can be justified under the *Act*. The report also included a comprehensive benchmarking analysis for major fee categories in force in similar and surrounding municipalities. Of particular relevance to this review, the benchmarking analysis outlined in the 2021 Report revealed that Industrial permit fees (for new build

shells) in Georgina were above the overall average from the sample communities, however, those fees remain competitive with other communities within the Region.

The fee increase calculated was applied uniformly to most fees in the Town's by-law with some modification to certain fee categories based on benchmarking and discussions with Town staff. The new building permit fees by-law was passed in March 2021 with implementation of the by-law commencing on June 1<sup>st</sup> 2021.

## **B. BENCHMARKING COMPARISON OF FEES**

As part of this 2022 review, a more fulsome industrial fee rate comparison was prepared to compare the rates in Georgina in relation to similar and surrounding municipalities. The results of this comparison is presented in Table 1. Please note, the rates for the other municipalities are those that are currently in force and may not recover the full cost of providing Building Code services. Also, note that this comparison does not take into account any service level differences that may exist in terms of, for example, the time it takes to process an application, or the level of customer service provided, etc.

Similar to the findings of the 2021 Report, Table 1 shows that the current industrial building permit fees for industrial new shell permits in Georgina are above the overall average, however, remains competitive with other communities within the Region. The table also illustrates the Industrial alteration permits in Georgina appear to be well above average compared to other neighbouring municipalities.

## **C. REVENUE IMPACT OF RATE CHANGE - SENSITIVITY TEST**

The 2021 building permit fees model was established using a set of key assumptions and parameters to determine the uniform fee increase applied to the existing rates. The report included a forecast of building permit revenue in Georgina over the five-year period from 2021 to 2025. Overall, the forecast assumed a fee revenue of \$1.35 million per annum from 2021 to 2025. Of this total, \$225,000 was assumed for non-residential permit activity. Importantly, the industrial permit revenue represents only a subset of the total non-residential permit revenues as this total also includes commercial, institutional and government revenues.

**TABLE 1**  
**TOWN OF GEORGINA**  
**INDUSTRIAL BUILDING PERMIT FEES REVIEW**  
**MUNICIPAL COMPARISONS - INDUSTRIAL BUILDING PERMIT FEES**

| Municipality                               | F: Occ Industrial<br>Shell (New) | F: Occ Industrial<br>Alteration | F: Occ Industrial<br>Complete with<br>Occupancy | Minimum Fee |
|--|----------------------------------|---------------------------------|---|-------------|
| *per sq.m.                                 | Exterior shell<br>only           | Interior alteration<br>only     | New, completed<br>interior included             |             |
| <b><u>York Region</u></b>                  |                                  |                                 |   |             |
| Aurora                                     | \$ 8.75                          | \$ 5.40                         | \$ 10.90  | \$ 600.00   |
| East Gwillimbury                           | \$ 7.53                          | \$ 4.31                         | \$ 10.23  | \$ 327.00   |
| Georgina                                   | \$ 12.16                         | \$ 12.16                        | \$ 14.10  | \$ 264.00   |
| King City                                  | \$ 9.00                          | \$ 5.00                         | \$ 12.00  | \$ 400.00   |
| Markham                                    | \$ 10.68                         | \$ 6.70                         | \$ 14.78  | \$ 500.00   |
| Newmarket                                  | \$ 8.50                          | \$ 4.65                         | \$ 10.62  | \$ 294.00   |
| Richmond Hill                              | \$ 9.75                          | \$ 4.15                         | \$ 16.42  | \$ 332.82   |
| Vaughan                                    | \$ 8.65                          | \$ 6.50                         | \$ 12.49  | \$ 175.00   |
| Whitchurch-Stouffville                     | \$ 12.81                         | \$ 6.14                         | \$ 12.81  | \$ 200.00   |
| <b><u>Peel Region</u></b>                  |                                  |                                 |   |             |
| Brampton                                   | \$ 7.77                          | \$ 3.59                         | \$ 11.36  | \$ 397.95   |
| Mississauga (<10,000 sq.m.)                | \$ 12.41                         | \$ 6.64                         | \$ 14.44  | \$ 292.00   |
| Mississauga (>10,000 sq.m.)                | \$ 9.81                          | \$ 3.45                         | \$ 13.86  | \$ 292.00   |
| Caledon (<600 sq.m.)                       | \$ 8.87                          | \$ 4.28                         | \$ 10.20  | \$ 260.10   |
| Caledon (>600 sq.m.)                       | \$ 6.53                          | \$ 4.28                         | \$ 7.24   | \$ 260.10   |
| <b><u>Simcoe County</u></b>                |                                  |                                 |   |             |
| Barrie                                     | \$ 11.76                         | \$ 4.98                         | \$ 12.29  | \$ 265.52   |
| New Tecumseth                              | \$ 6.03                          | \$ 11.63                        | \$ 4.09   | N/A         |
| Bradford West Gwillimbury                  | \$ 10.23                         | \$ 10.23                        | N/A   | N/A         |
| <b><u>Halton Region</u></b>                |                                  |                                 |   |             |
| Burlington (first 4,650 sq.m.)             | \$ 13.67                         | \$ 6.67                         | N/A   | \$ 288.00   |
| Burlington (>4,650 sq.m.)                  | \$ 9.33                          | \$ 6.67                         | N/A   | \$ 288.00   |
| Oakville (up to 5,000 sq.m.)               | \$ 13.10                         | \$ 6.10                         | N/A   | \$ 200.00   |
| Oakville (>5,000 sq.m.)                    | \$ 9.10                          | \$ 6.10                         | N/A   | \$ 200.00   |
| Milton                                     | \$ 12.55                         | \$ 6.05                         | \$ 13.53  | \$ 244.08   |
| Halton Hills (<1,000 sq.m.)                | \$ 12.11                         | \$ 6.29                         | \$ 15.10  | \$ 310.35   |
| Halton Hills (1,000 sq.m. to 5,000 sq.m.)  | \$ 10.09                         | \$ 6.29                         | \$ 12.60  | \$ 310.35   |
| Halton Hills (5,000 sq.m. to 15,000 sq.m.) | \$ 8.40                          | \$ 6.29                         | \$ 10.93  | \$ 310.35   |
| Halton Hills (>15,000 sq.m.)               | \$ 6.71                          | \$ 6.29                         | \$ 9.26   | \$ 310.35   |
| <b><u>Durham Region</u></b>                |                                  |                                 |   |             |
| Oshawa (<11,600 sq.m.)                     | \$ 14.23                         | \$ 7.10                         | N/A   | \$ 150.00   |
| Oshawa (>11,600 sq.m.)                     | \$ 7.11                          | \$ 3.58                         | N/A   | \$ 150.00   |
| Ajax                                       | \$ 7.00                          | \$ 4.74                         | \$ 7.00   | N/A         |
| Pickering                                  | \$ 11.00                         | \$ 14.70                        | N/A   | \$ 140.00   |

Source: Based on survey of municipal websites, as of July 2022.

As shown in Table 2 below, using the allocations derived from the 5-year average revenues outlined in the 2021 Report, the anticipated \$225,000 in fee revenues for non-residential permit activity is projected by category.

| <b>Table 2</b>  |  |  |
|---|--|--|
| <b>Breakdown of Average Annual Non-Residential Revenues</b> |  |  |
|   | <b>5-Year Average Historical<br/>(2015-2019)</b> | <b>5-Year Average Forecast<br/>(2021-2025)</b> |
| <b>Industrial</b>   | \$26,000   | \$64,000                                       |
| <b>Government</b>   | \$7,000  | \$19,000                                       |
| <b>Commercial</b>   | \$25,000   | \$62,000                                       |
| <b>Institutional</b>  | \$32,000   | \$80,000                                       |
| <b>Total</b>  | <b>\$90,000</b>                                  | <b>\$225,000</b>                               |

Of the average annual \$64,000 in industrial fee revenues anticipated, over 95% of the revenues were assumed to be derived from new industrial construction permits as opposed to interior renovation permits – this ratio is consistent with past revenues in the Town observed from 2015-2019. As the average annual revenue projections (contained within the 2021 Report) related to industrial interior alterations are limited, any changes to the rates within this fee category would not negatively impact the full cost recovery rates assuming all other revenue assumptions contained within the report remain equal.

## **D. OVERVIEW AND RECOMMENDATIONS**

In light of the benchmarking analysis and the sensitivity analysis prepared, the following observations can be made.

- 1) Although the Town's existing building permit fees for industrial shell permits in Georgina are above the overall average, the rates remain competitive with other communities within the Region.
- 2) The benchmarking analysis indicates that the Industrial interior alteration permits in Georgina appear to be well above average compared to other neighbouring municipalities.
- 3) As the average annual revenue projections (contained within the 2021 Report) related to industrial interior alterations are limited, any changes to the rates within this fee category would not negatively impact the full cost recovery rates which

were calculated, assuming all other revenue assumptions contained within the report remain equal.

As a result of the observations made, the following is put forward for consideration:

- No change to the industrial “Shell” or “Complete” permit fees as outlined in By-law 2021-0019.
- The Town could look to reduce the Industrial alteration permit fees to better align with municipal benchmarks. The updated fees for this category could be reduced to a rate between \$5.00-\$6.00 per square meter – this would be in line with other communities in York Region.