

REPORT

ADMINISTRATIVE SERVICES COMMITTEE

MEETING DATE: DECEMBER 05, 2016

FROM: Building Services Department

DATE: November 9, 2016

SUBJECT: Permit Fee Waiver Request

LOCATION: Town Wide

WARD:

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RECOMMENDATION:

1. That the Building Permit Fee waiver/subsidy request of the Region of Halton (Appendix A) in support of the Region-Wide Basement Flood Mitigation Program be approved;
2. That staff monitor the volume of permits issued as part of this program; and
3. That should permit volumes significantly exceed those predicted by the Region of Halton, staff report back to Council to confirm the continuance or cancellation of the fee waiver/subsidy.

KEY FACTS:

The following are key points for consideration with respect to this report:

- The Region of Halton has an active Region Wide Basement Flood Mitigation Program which provides homeowner subsidies for undertaking works that serve to remove extraneous flows from the sanitary sewer system and as such minimize the likelihood of a basement flood due to sanitary back-ups.
- The Region of Halton has requested the consideration of a fee waiver/subsidy of municipal fees for various municipal permits that would be required to implement the back-up systems.
- The Town of Oakville has participated in the Basement Flood Mitigation Working Group and resolved that a Building Permit would be required for the installation of backwater valves, sump pumps or the re-laying of the sanitary lateral within the private lot.
- The Town's User Fee Policy provides for the consideration of a Subsidy where justification is provided and approved by Council.
- Staff has provided a Subsidy Justification statement/position within this report and is seeking Council's approval of a fee waiver/subsidy request being sought by the Region of Halton.

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BACKGROUND:

The Region of Halton's Region-Wide Basement Flood Mitigation Program provides subsidies to owners to encourage them to undertake modifications to their homes weeping tile, downspouts and sanitary lateral where these elements are interconnected.

It is recognized that in older parts of our community, a home's sanitary sewer lateral may be connected to more than just the homes internal plumbing system. Specifically, a home's weeping tile and/or roof eaves trough system may be connected to the property's sanitary lateral. In addition, the lateral itself may be in disrepair whereby groundwater could enter into the sanitary lateral. These additional sources of water (above and beyond the expected sanitary water) can put additional load on the Regional sanitary pipe network. These additional loads, when excessive can surcharge the sanitary sewer system, resulting in sanitary water backing up into a private landowners property and home structure.

As an additional level of protection, the Region of Halton will subsidize the introduction of a backwater valve on the sanitary sewer lateral. This device serves to prevent the back-up of sanitary effluent into the home should the sanitary main be surcharged.

The Region Basement Flood Mitigation Program encourages owners to assess their sanitary connections, and if they are a candidate home, the region will provide technical advice and subsidies to undertake improvements for the benefit of both the homeowner as well as the immediate community that relies on the efficient operation of the sanitary sewer.

In an effort to encourage homeowner participation in the program, the Region of Halton has requested the local municipalities to consider waiving Building permit fees that would be attracted by the works being recommended and subsidized by the Regional program. This report to the Administrative Services Committee sets out the Regional request, the applicable Town policies that are to be considered and the financial impact of granting a waiver should the Committee/Council chose to approve the Regional request.

COMMENT/OPTIONS:

Town staff have assessed the various components of the Regional Flood Mitigation Program and determined Building Permits and Fees would be attracted by most of the options available to the property owner. Staff have further set out the fee that would be applicable and the expected volume of permits that could be realized through this program (based on the Regional assumptions).

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Program Activity	Expected Volume	Applicable Fee	Estimated Revenue
Backwater Valve Installation	50	\$37.00	\$1,850
Lateral Replacement	25	\$30.00	\$750
Weeping Tile Disconnect and Sump Pump Installation	30	\$37.00	\$1,110
Program Revenue Potential			\$3,710

The Town's User Fee Policy sets out the Corporation's intention to collect user fees to recover the costs of services where it is determined that a service provides direct benefits to individuals, groups, and businesses, unless otherwise directed by Council. The Policy provisions for the consideration of subsidizing a service are set out within section 4 of the supporting procedure provided below for reference.

4. Subsidy

Notwithstanding the principle that the full cost of user fee services be recovered, certain factors may exist that warrant recovery of less than full cost, or no recovery at all. The reasons why a subsidy should be provided for a particular User Fee Service will be detailed in a report to Council. The report will include conditions and criteria for awarding subsidies. A subsidy will be considered where:

- *Full cost recovery would conflict with town policy objectives or priorities, or with legislative requirements.*
- *Consumption of the good or service provides societal benefits in excess of the value received by those paying for the service. In such cases, the amount of the subsidy should reflect the estimated value of the societal benefit derived from consumption of the service.*
- *Collecting the user fee is inefficient, not cost effective, or the fee constitutes an insignificant portion of the cost of the applicable service.*
- *Market conditions preclude setting user fees to recover the full cost of services that are offered in a competitive, open market environment.*
- *Other conditions exist, based on the extent of societal benefits derived from the general consumption of the service, which justify funding from other revenue sources*

The justification for the level of cost recovery associated with individual user fee services should be clear and explicit. Furthermore, the amount of subsidy shall be well defined and transparent to those providing and monitoring the user fee service.

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Subsidy Justification

Broader Community Benefit: The Region-Wide Basement Flood Mitigation Program specifically targets improvements to the communities sanitary sewer system whereby these improvements are intended to benefit more than simply the homeowners property.

Fee is an insignificant portion of the applicable service: The predicted revenue of \$3,710 represents a very small portion of Buildings' overall budget based on the fee and the low volume of permits in this category. Additionally, our fee structure provides for the distribution of activity costs over a variety of permit types, whereby service fees (like this one at \$37) can be (and is) cross-subsidized by other Building Permit fees and activities. As such, the applicable fee set out in the Bylaw, and resulting predicted revenue is very minor and constitutes an insignificant portion of the overall Building revenue/budget.

Based on the justification provided above, staff seeks Committee/Council approval of the Region of Halton's Request for a Building permit fee waiver in support of the Region-Wide Basement Flood Mitigation Program.

CONSIDERATIONS:**(A) PUBLIC**

The request from the Region of Halton can be addressed within the provisions of the Town's User Fee Policy and therefore does not require any provision of public notice of this consideration.

(B) FINANCIAL

The application of permit fees including the provision of a fee subsidy is set out in the Town's User Fee Policy. The predicted revenue impact as a result of the fee subsidy request, if approved, is relatively minor and is not expected to impact/impair the Building departments overall budget position based on the predicted volume of permits being anticipated through this program. Staff however do recognize that this statement is premised on low volumes of permits, being issued under this program and the associated administrative and inspection time anticipated. Staff have recommended that should the fee subsidy be approved, that the program volume be monitored and should volumes and or time spent significantly exceed those predicted, that staff report back to Council to confirm the continuance or cancellation of the waiver/subsidy.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

The Town's Finance department has been involved in the development of this report and the position set out herein.

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(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS

This report addresses the corporate strategic goal to:

- be accountable
- to be the most livable town in Canada

(E) COMMUNITY SUSTAINABILITY

The report set out herein and its recommendations demonstrate alignment with the Town's User Fee Policy; a Policy that provides for fiscal control and transparency on the construction and application of User Fees.

APPENDICES:

Appendix A – Region of Halton Request for Building Permit Fee Waiver

Prepared by:
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Building Services

Submitted by:
Jane Clohecy, Commissioner
Community Development