



Staff Report

Department: Planning and Building Services

To: Mayor Strathearn and Council

Meeting Date: December 11, 2019

Report No.: BD-2019-13

Report Title: 2018 Building Department Annual Financial Report

Recommendation:

That Report BD-2019-13, regarding the 2018 Building Department Financial Report, dated December 11, 2019 be received; and

That consideration be given to directing the 2018 surplus created by Building Department activity in 2018 to the Building Reserve Fund subject to the completion of the 2018 Audited Financial Statement; and

That the 2018 Building Department Financial Report be posted on the Town's website.

Background:

In accordance with Section 7(4) of the Building Code Act (Act), the municipality is required to prepare an Annual Report, in order to enhance transparency and ensure that the Building Permit Fees do not exceed the anticipated reasonable delivery service expense.

As a requirement of Article 1.9.1.1., Division C of the 2012 Ontario Building Code, the Annual Report must include the following:

- a) Total fees collected between January 1, 2018 and December 31, 2018,
- b) The direct and indirect expenses of delivering services related to the administration and enforcement of the Act,
- c) A breakdown of the costs into at least the following categories:
 - i) Direct costs of administration and enforcement of the Act, including the review of applications for building permits and inspection of buildings,
 - ii) Indirect costs of administration and enforcement of the Act, including support and overhead expenses,
- d) If a Reserve Fund has been established, the amount of the fund at the end of the period of the report.

Analysis:

The following Building fees and costs occurred during the 2018 calendar year:

Total Building Permit and associated administrative fees received:	\$404,485.80
Total direct cost to administer and enforce the Building Code Act	\$394,750.50
Total indirect cost to administer and enforce the Building Code Act	\$ 78,974.80

In past years, Finance has recommended that the Building Reserve be maintained at 1.5 years of expenditures and this represented a target reserve of **\$650,000**. Currently the Building Reserve at December 31, 2018 was **\$106,601**.

2018 Building activities continued to be busy in terms of number of inspections (2,889), a likely result of the sheer volume of new construction in 2017 that continued to require inspections into 2018. In terms of numbers, there were 388 permits issued in 2018 compared to 427 in 2017. Total permit fees collected were higher than estimated, and the actual fees collected for 2018 were \$275,553.92 compared to \$244,101 that was budgeted.

Final details of the operation and financing of the Building Department are subject to the completion of the 2018 audited financial statement.

Conclusions:

Building Department activities specifically associated with administration and enforcement of the Ontario Building Act and Code are funded through user fees. Transfers to and from the Building Department Reserve Fund to balance the budget are completed as required each year end.

Council's Strategic Priorities:

The subject of this report and its recommendations are not specifically addressed in Council Strategic Priorities.

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Reviewed by: Susan Turnbull, Director of Finance
Approved by: J. Skorobohacz, Chief Administrative Officer