



Corporation of the Municipality of South Bruce

Report Title: 2018 Building Permit Fee Annual Report

Prepared By: Kendra Reinhart, Treasurer

Department: Finance

Date: March 26, 2019

Report Number: FIN 2019-03-2 Building Permit Fee Report

Attachments:

Recommendation: That report #FIN 2019-03-2, entitled 2018 Building Permit Fee Annual Report, is received for information purposes, and further that the Treasurer is authorized to transfer \$19,829 to the Building Department Surplus, from the Protection and Policing Reserve.

Report Origin

Section 7(4) of the Ontario Building Code Act requires municipalities to publish an Annual Report on Fees to illustrate that building permit fees collected do not exceed the anticipated reasonable expenditures to administer and enforce the Ontario Building Code.

The *Building Code Act* provides for the establishment of reserve funds to ensure municipalities are able to fulfill their legislative mandate despite downturns in construction activity, to cover capital investments (growth vehicles, computers and software development, etc.) and other costs associated with the building department such as insurance claim deductibles, legal and special costs involved in appeals and lawsuits.

By-law 2018-32 was adopted by Council to establish and maintain a Building Stabilization Reserve.

Report

The by-law provides that an annual surplus and/or deficit, in the Building Department will be transferred to the Building Stabilization Reserve as it may occur.

The Building Rate Stabilization Reserve will be used to administer and enforce the Building Code Act, and to fund expenditures related to the enforcement of the Building Code Act, to cover capital investments for the department, and other costs associated with the building department such as departmental deficits, insurance claim deductibles, legal, and special costs involved in appeals and lawsuits.

The reserve fund can be used to offset lean years, implement service enhancements and cover unexpected expenses related to the administration and enforcement of the Building Code Act. South Bruce has established a Reserve for Protection Services which includes transfers in and out for surplus and deficit activity for By-law Enforcement, Building Services, Policing, Animal Control, Health & Safety and other protective inspection and control services.

Prior to 2017 the Building Services Department was operating at a deficit where revenue from permit fees did not offset the cost associated with the delivery of the service. In 2017 and 2018, South Bruce realized a surplus from the building department fees compared to the cost of delivering the service.

The legislated Building Permit Fee Annual Report consists of three components: total fees, direct and indirect costs and the reserve fund balance.

Total Fees: This refers to revenues generated from building permit fees. This does not include revenues generated from other sources such as fines or fees or revenues from other municipal services.

Direct and Indirect Costs: The second component of the annual report sets out the direct and indirect costs of administration and enforcement of building services. Direct costs are the costs of the building department itself, while indirect costs are for administrative support and overhead costs. Indirect costs are reported as a percentage of administration costs pro-rated on the building department's salaries and benefits cost, total expenses and square footage of office space used.

Reserve Fund: If a reserve fund has been established for any purpose relating to the administration or enforcement of the Act, the amount of the fund at the end of the year.

Building Department Statement of Activity For the Period Ending December 31st, 2018

	Yr 2018	Yr 2017
Building and Septic Permit Fees	180,494	175,803
Less Expenses		
Direct Costs	130,267	127,941
Indirect Costs	30,398	28,775
Transfer to Building Stabilization Reserve	19,829	19,087
BUILDING STABILIZATION RESERVE		
Building Stabilization Reserve Opening Balance	19,087	
Adjust for 2018 Surplus	19,829	
Balance Dec 31st, 2018	38,916	

Respectfully Submitted by

Kendra Reinhart, Treasurer

Reviewed by _____
CAO/Clerk Leanne Martin