

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 19, 2017

3 BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2016
BUILDING CODE ACT
BUILDING STANDARDS DEPARTMENT

Recommendation

1. That the 2016 Building Permit Fees Annual Financial Report be received, for information.

Economic Impact

The Building Permit Fees Annual Financial Report shows a total of \$13,876,424 for building fees collected and a combined total of direct and indirect costs of \$11,178,379 with a closing balance of \$16,541,843 in the Building Standards Service Continuity Reserve.

Purpose

Background - Analysis and Options

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- iii. Indirect Costs (Support and Overhead Costs)
- iv. The account balance for the Building Standards Service Continuity Reserve established by Council.

Attachment 1 is a copy of the Building Permit Fees Annual Financial Report that has been prepared for 2016, and is based on unaudited information.

This report has been prepared in coordination with Financial Planning and Development Finance Department staff, and is based on Council's previous approvals respecting the Watson & Associates Activity Based Costing Methodology for User Fees Report, and the establishment of the Building Standards Service Continuity Reserve.

The Building Standards Service Continuity Reserve was established to smooth out the fluctuations in building permit revenues resulting from changes or variations in construction activity. Stabilization of permit revenues allows the Building Standards Department to meet its legislated requirements; ensuring continuity of service delivery without negatively impacting the general tax base.

Last year, Vaughan witnessed another robust year in construction activity with almost five-thousand building permits issued. The construction value of \$1.15 billion was the second highest construction activity in the past five years. The residential sector, including high-rise condominium, accounted for about 75% of the construction value and the industrial, commercial and institutional (ICI) sectors accounted for the remaining 25%. As a result of the strong construction activity, a positive contribution of \$2.7 million to the Building Standards Service Continuity Reserve has taken place.

A comprehensive study of Building Permit Fees is currently underway by Watson & Associates to ensure the long term sustainability of the Building Permit Fees Financial Model as it relates to the delivery of Building Permit and Inspections service delivery. The review will also benchmark Vaughan's building permit fees with other comparable GTA municipalities. The final consultant's report with staff recommendations is expected to be brought forward to Council in the Fall/Winter of 2017/18.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report supports the following priority set forth in Term of Council Service Excellence Strategy Map (2014-2018):

- Invest, renew and manage infrastructure and assets
- Continue to ensure the safety and well-being of citizens

Conclusion

The Building Permit Fees Annual Financial Report shows a total of \$13,876,424 for building fees collected and a combined total of direct and indirect costs of \$11,178,379 with a closing balance of \$16,541,843 in the Building Standards Service Continuity Reserve.

Moving forward, the intent of the comprehensive review of building permit fees is to ensure that fees collected fully cover the total costs of delivering building permit and inspections services. The revisited building permit fees financial model derived from this review will allow the City to maintain a sustainable financial position and ensure continuity of mandated service levels despite economic fluctuations.

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Attachments

1. 2016 Annual Report

Report prepared by:

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)