

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 19, 2016**

Item 8, Report No. 5, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on April 19, 2016.

**8**

**BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT  
ONTARIO BUILDING CODE ACT  
BUILDING STANDARDS DEPARTMENT**

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager of Planning and Growth Management and the Director of Building Standards, dated April 4, 2016:

**Recommendation**

The Deputy City Manager of Planning and Growth Management and the Director of Building Standards, in consultation with the Director of Financial Planning and Development Finance, recommend:

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

**Contribution to Sustainability**

Building permits issued are in conformance with the 2012 Ontario Building Code (OBC), including the updated environmental sustainability standards outlined and/or referenced in its regulations.

**Economic Impact**

Construction activity in 2015 was at a 5-year record high of \$1.4 billion dollars. The economic impact of this magnitude of growth and construction activity is far reaching, touching many aspects of the prosperity and quality of life experienced in Vaughan.

Over 5,000 building permits were issued in 2015, about 52% of which were in the residential sector and the remaining 48% in industrial, commercial, institutional, renovations and additions.

**Communications Plan**

Copies of this public report will be made available to every person(s) and/or organization(s) that requested a copy, as per the Building Code Act (BCA) and OBC. To date, staff have not received any such requests.

**Purpose**

To provide Council information respecting the Building Permit Fees Annual Financial Report.

**Background - Analysis and Options**

The amendments to the BCA / OBC (through Bill 124), require that a financial report be prepared annually to provide information on the following matters:

- i. Total Fees Collected (12-month period)
- ii. Direct Costs of Administering the Act (Plans Review and Inspections)
- 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 2015, and is based on unaudited information.

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 19, 2016**

#### **Item 8, Finance Report No. 5 – Page 2**

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 permit revenues resulting from changes or variations in construction activity. The stabilization of permit revenues allows the Building Standards Department to meet its legislated requirements; ensuring continuity of service delivery without impacting the general tax base. Last year, as forecasted in the 2015 operating budget, a withdrawal from the reserve fund was necessary to cover all direct and indirect costs despite an increase in construction activity. This withdrawal was in relation to corporate overhead and other initiatives necessary to support the business unit, as built in the building permit fees financial model. The current 2016 Operating Budget also forecasts a withdrawal from the reserve fund. The proposed withdrawal is related to corporate initiatives including undertaking a comprehensive review of the Zoning By-law, procurement of vehicles for field staff and other initiatives related to service excellence.

A comprehensive study of Building Permit Fees is scheduled to be undertaken by Watson & Associates later this year to ensure Building Permit fees fully recover all direct and indirect costs associated with the delivery of Building Permit and Inspection services. The review will also benchmark Vaughan's permit fees with other comparable GTA municipalities. The Building Permit Fees Financial Model will be revisited as part of the comprehensive review to ensure a sustainable long-term financial plan for Building Permits and Inspection Services is in place. The review will also address the contributions to the Continuity Reserve.

#### **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

#### **Regional Implications**

None

#### **Conclusion**

The Building Permit Fees Annual Financial Report shows a total of \$7,282,927 for building fees collected and a combined total of direct and indirect costs of \$9,007,580 with a closing balance of \$13,721,465 in the Building Standards Service Continuity Reserve.

Moving forward, the comprehensive review of building permit fees will ensure that fees collected fully cover the total costs of delivering building permits and inspections services, and that the revisited building permit fees financial model will allow the City of Vaughan to maintain a sustainable financial position.

#### **Attachments**

1. 2015 Annual Report

#### **Report prepared by:**

Jason Schmidt-Shoukri, Director of Building Standards, Chief Building Official, Ext. 8706

(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.)