

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 19, 2017

Item 3, Report No. 4, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on April 19, 2017.

**3 BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2016
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, Planning and Growth Management and the Director of Building Standards, dated April 3, 2017:

Recommendation

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

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

Contribution to Sustainability

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

Economic Impact

In 2016, the value of permitted construction activity in Vaughan was approximately \$1.15 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.

Approximately 4,900 building permits were issued in 2016, out of which 56% were in the residential sector with the remaining 44% related to industrial, commercial and institutional sectors, and renovations and additions.

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.

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 2016 Building Permit Fees Annual Financial Report.

Background - Analysis and Options

Under the legislative authority of the Building Code Act, the Ontario Building Code requires 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)

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 19, 2017

Item 3, Finance Report No. 4 – Page 2

- 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.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 19, 2017

Item 3, Finance Report No. 4 – Page 3

Attachments

1. 2016 Annual Report

Report prepared by:

Nadim Khan, Manager of Policy and Regulatory Services ext. 8232

(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.)

BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2016
BUILDING CODE ACT
BUILDING STANDARDS DEPARTMENT**Recommendation**

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Nadim Khan, Manager of Policy and Regulatory Services ext. 8232

Respectfully submitted,

JOHN MACKENZIE
Deputy City Manager
Planning & Growth Management

JASON SCHMIDT-SHOUKRI
Director of Building Standards
Chief Building Official

City of Vaughan
Ontario Building Code Act
Building Standards Service Continuity Reserve
2016 Annual Actual Report - Unaudited
(For the Period January 1, 2016 to December 31, 2016)

ONTARIO BUILDING CODE - REVENUES

Total Fees Collected	\$ (13,876,424)
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ONTARIO BUILDING CODE - EXPENSES

Direct Costs		\$ 7,378,366
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Indirect Costs: Operating		\$ 3,062,371
Capital		\$ 737,642

TOTAL DIRECT & INDIRECT COST	\$ 11,178,379
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CONTRIBUTION TO/(FROM) BUILDING STANDARDS CONTINUITY RESERVE	\$ 2,698,046
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NET BALANCE	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">\$ -</div>
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BUILDING STANDARDS SERVICE CONTINUITY RESERVE

Opening Balance		\$ 13,710,629
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Transfer to / (Withdrawal from) Reserve:		\$ 2,698,046
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Interest earned		\$ 133,169
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<u>CLOSING BALANCE RESERVE</u>		<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">\$ 16,541,843</div>
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