

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 19, 2016

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

Recommendation

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

Economic Impact

Communications Plan

Purpose

Background - Analysis and Options

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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.)

FINANCE, ADMINISTRATION AND AUDIT COMMITTEE APRIL 4, 2016

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

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.

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.

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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.

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Report prepared by:

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

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
2015 Annual Actual Report - Unaudited
(For the Period January 1, 2015 to December 31, 2015)**

ONTARIO BUILDING CODE - REVENUES

Total Fees Collected	\$	(7,282,927)
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ONTARIO BUILDING CODE - EXPENSES

Direct Costs	\$	6,103,984
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Indirect Costs	\$	2,903,596
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TOTAL DIRECT & INDIRECT COST	\$	9,007,580
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CONTRIBUTION TO/(FROM) BUILDING STANDARDS CONTINUITY RESERVE	\$	(1,724,653)
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NET BALANCE	\$	-
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BUILDING STANDARDS SERVICE CONTINUITY RESERVE

Opening Balance	\$	15,279,247
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Transfer to / (Withdrawal from) Reserve:	\$	(1,724,653)
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Estimated Interest	\$	166,871
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<u>CLOSING BALANCE RESERVE</u>	<u>\$</u>	<u>13,721,465</u>
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Note: 2015 Actuals have been provided by the Financial Planning and Development Finance Department.