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Date April 20, 2021 **Report No.** 2021-290

To Chair and Members
Committee of the Whole – Community Development

From Heidi de Vries, General Manager
People, Legislated Services & Planning

1.0 Type of Report

Consent Item	<input checked="" type="checkbox"/>
Item For Consideration	<input type="checkbox"/>

2.0 Topic 2020 Year-End Report on Building Permit Fees [Financial Impact – None]

3.0 Recommendation

THAT Report 2021-290, being the 2020 Year-End Report on Building Permit Fees, BE RECEIVED.

4.0 Executive Summary

The purpose of this report is to comply with Section 7(4) of the Ontario Building Code Act (the “Act”), which requires the principal authority (in this case, the Council for the municipality) to prepare and make available to the public a report containing information on the annual permit fees collected, as well as the costs of administration and enforcement of the Building Code Act and the Building Code.

This report provides the total fees collected for 2020, the direct and indirect costs of delivering services related to the administration and enforcement of the Act, and the amount of the reserve fund that has been established for administration and enforcement of the Act.

5.0 Purpose and Overview

The purpose of this report is to provide Council with information on the annual permit fees collected, as well as the costs of administration and enforcement of the Building Code Act and the Building Code.

6.0 Background

In 2005, the Ontario Building Code Act was restructured by legislation known as Bill 124. The amendments to the Act changed the way building departments operated and included a number of additional responsibilities, such as:

- Building Code Officials were required to pass qualifying exams;
- mandatory timeframes were imposed for service delivery;
- additional mandated inspections were identified;
- Province-wide forms and orders were created;
- a Code of Conduct was required for Municipal Code Officials, and
- the preparation of an annual report on permit revenues and administration and enforcement costs was required.

This report is provided to Council to fulfil the aboven-noted requirements under the Building Code Act to provide an annual report on permit fees, administration and enforcement costs.

Specifically, section 1.9 of Division C of the Ontario Building Code identifies the required information necessary to be contained within the Report as follows:

1.9.1.1. Annual Report

(1) The report referred to in subsection 7(4) of the Act shall contain the following information in respect of fees authorized under clause 7(1) of the Act:

- (a) total fees collected in a 12-month period ending no earlier than three months before the release of the report,
- (b) the direct and indirect costs of delivering services related to the administration and enforcement of the Act in the area of jurisdiction of the principle authority in the 12-month period referred to in Clause (a),
- (c) a break-down of the costs described in Clause (b) into the following categories:

- (i) direct costs of administration and enforcement of the Act, including the review of applications for permits and inspection of buildings, and
 - (ii) indirect costs of administration and enforcement of the Act, including support and overhead costs, and
- (d) 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 12-month period referred to in Clause (a).

7.0 Corporate Policy Context

Reporting on building permit fees collected and costs to administer and enforce the Building Code Act conforms to Goal 4 – “Excellence in Governance and Municipal Management”, with the desired outcome that Brantford will be recognized as a fiscally responsible and well-managed City that provides efficient and effective government services.

8.0 Input From Other Sources

The Finance Department has confirmed the amounts in the Statement of Activities, as shown below.

9.0 Analysis

The Building Department Statement of Activities for the 12 month period ending on December 31, 2020 are as follows:

	<u>2020 Actuals*</u>
Building Revenues	\$2,004,809.99
Less Building Expenses:	
Direct Cost	\$1,577,342.98
Indirect Cost	\$ 231,917.94
Transfer to/(from) Building Services Reserve	\$ 195,549.07
Building Services Reserve Balance Dec 31, 2019	\$4,776,607.56
2020 Transfer from/(to) Operating	\$ 195,549.07
2020 Transfer from/(to) Capital Projects(s)	\$ 0.00

2020 Interest Allocation	\$ 110,482.80
2019 Reversal of 2019 Return Unspent Capital Fund**	\$(198,629.94)
2020 Return Unspent Capital Fund***	\$ 141,339.75
Building Services Reserve Balance Dec 31, 2020	<u>\$5,025,349.24</u>

*Note: Figures based on preliminary unaudited financial statements for 2020.

**Note: Unspent fund of \$198,629.94 on Capital BS1901 was returned to Reserve Fund in 2019 for interest calculation purpose only. The money was brought back to Capital in 2020.

***Note: Unspent fund of \$141,339.75 on Capital BS1901 was returned to Reserve Fund in 2020 for interest calculation purpose only. The money was brought back to Capital in 2021.

As indicated in the financial statement above, the 2020 Building Services expenses were less than building permit revenue, resulting in an operating surplus and a transfer of \$195,549.07 into the Building Services Reserve. This surplus is the result of higher than anticipated permit fee revenue being collected throughout the year. In 2020, there were a total of 1,078 building permits issued, which resulted in a year-end construction value of \$255.191 million. The 2020 construction year was very successful in terms of construction value, which was partly due to the issuance of 267 building permits for new, single detached dwellings, which had a construction value of \$83.683 million, and the issuance of 23 building permits for new, multiple residential type buildings, which had a construction value of \$77.534 million.

Indirect costs in the amount of \$231,917.94 were budgeted for and charged to Building Services in 2020. Indirect costs are broken down into two line items within the Building Services budget, one being 'overhead charges' and the other being 'insurance premiums & claims'.

In 2020, overhead charges in the amount of \$221,713 were paid, which accounts for costs associated with using the services of various City Departments such as Information Technology, Legal, Finance, Human Resources and Property Management. Also, insurance premiums in the amount

of \$10,204.94 were paid to the Insurance and Risk Management Department for costs associated with providing insurance coverage.

10.0 Financial Implications

The Province recognizes the need for reserve funds to ensure municipalities are able to fulfill their legislative mandate despite a downturn in construction activity, as well as to cover other special costs associated with administration of the Act.

11.0 Conclusion

In 2020, the construction value of permits issued in the City of Brantford was greater than the value issued in 2019. The strong level of construction activity throughout 2020 produced a surplus, which allowed for a transfer into the Building Services Reserve Account. The Building Department is a user-rate supported service with no revenue for this service coming from property taxes.



Heidi F. de Vries
General Manager - People, Legislated Services & Planning

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Attachments: None

N/A

Copy to:

N/A

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required ☐ yes ☒ no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk ☐ yes ☒ no

Is the necessary by-law or agreement being sent concurrently to Council? ☐ yes ☒ no