

To: City Council

From: Stephanie Sinnott, Commissioner,
Corporate and Finance Services Department

Item Number: INFO-23-75

Date: March 22, 2023

Subject: 2022 Annual Statement of Building Permit Revenues and
Expenses

File: 03-05

1.0 Purpose

Section 7(4) of the Building Code Act requires that “Every 12 months, each principal authority shall prepare a report...” of building permit fees and related costs.

The purpose of this report is to provide that information.

2.0 Input From Other Sources

Chief Building Official

3.0 Analysis

Section 7(4) of the Building Code Act, 1992, as amended, (the “Act”) requires that the Council of the municipality prepare a report every twelve months that contains such information as may be prescribed about any fees authorized under clause 1(c) of the Act, specifically fees on applications for and issuance of permits, as well as the municipality’s cost to administer and enforce the Act.

The annual public report is required to contain the total amount of building permit fees collected, the direct and indirect cost of delivering the services, and the balance in the Building Permit Reserve.

The City uses a financial model that identifies all direct and indirect costs of delivering the services related to the administration and enforcement of the Act.

The Act states that fees must not exceed the anticipated reasonable costs and excess revenue must be transferred to the Building Permit Reserve to support the building permit program during periods of decline. If building permit costs exceed revenue, a transfer from the Building Permit Reserve is required to cover this amount.

The following financial summary indicates that revenues exceeded costs by \$1.3 million, which has been transferred to the Building Permit Reserve.

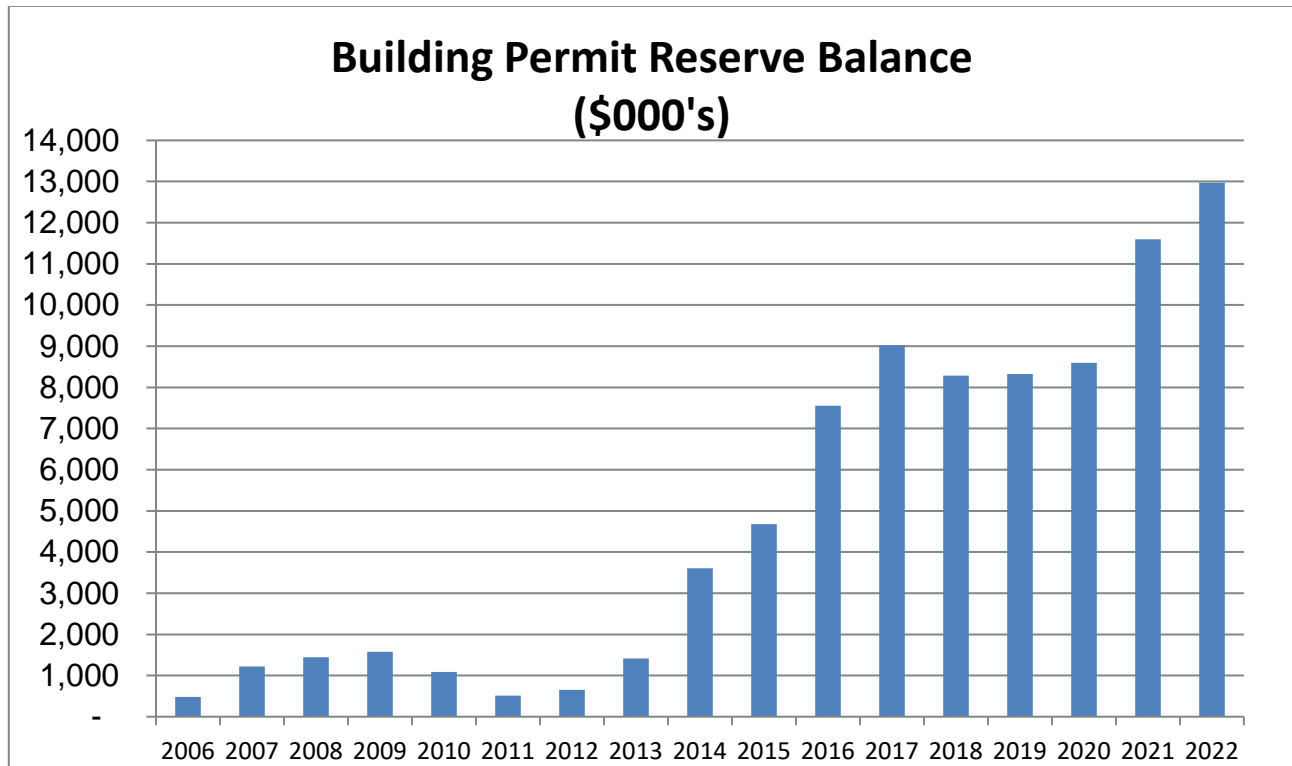
Building Permit Statement of Revenue and Expense
For the year ended December 31, 2022

Building Permit Revenues and Expenses	\$000's
Direct Costs	\$3,116
Indirect Costs	<u>578</u>
Total Building Permit Costs	3,694
Total Building Permit Revenues Collected	<u>4,977</u>
Excess Revenues over Costs to be transferred to Building Permit Reserve	<u>\$1,283</u>

Building Permit Reserve

Description	\$000's
Opening balance, January 1, 2022	\$11,595
Interest Earned	95
Excess Building Permit Revenues transferred in	<u>1,283</u>
Closing balance, December 31, 2022	<u>\$12,973</u>

The following graph illustrates the December 31st balance in the Building Permit Reserve since it was established in 2006.



As illustrated, the reserve fund balance declined in 2010 and 2011. In 2012 and 2013, the City examined and reduced its building permit issuance costs. These adjustments as well as higher building permit revenues resulted in a significant reserve balance increase between 2012 and 2017. In 2018, funds were drawn to cover operating costs. There have been regular contributions to the reserve since then.

Best practice indicates that the Building Permit Reserve should have a target balance of approximately two times the total costs of the building permit function. This will ensure that the building permit function is self-sustaining and will not require tax levy subsidization during periods of building permit decline. The reserve fund target should be approximately \$7.39 million. As at December 31, 2022, the uncommitted balance in the Building Permit Reserve Fund is \$12.97 million. As is the current policy, any operating and capital expenditures funded from the Building Permit Reserve will be presented to Council for approval.

4.0 Financial Implications

There are no financial implications resulting from this report.

5.0 Relationship to the Oshawa Strategic Plan

This report meets the Oshawa Strategic Plan goal of Accountable Leadership by ensuring respect, responsiveness and transparency.

A handwritten signature in dark ink, appearing to read 'S. Sinnott', with a long horizontal flourish extending to the left.

Stephanie Sinnott, Commissioner,
Corporate and Finance Services Department