

To: City Council

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

Item Number: INFO-24-71

Date: March 20, 2024

Subject: 2023 Annual Statement of Building Permit Revenues and  
Expenses

File: 03-05

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## **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 \$258,000, which has been transferred to the Building Permit Reserve.

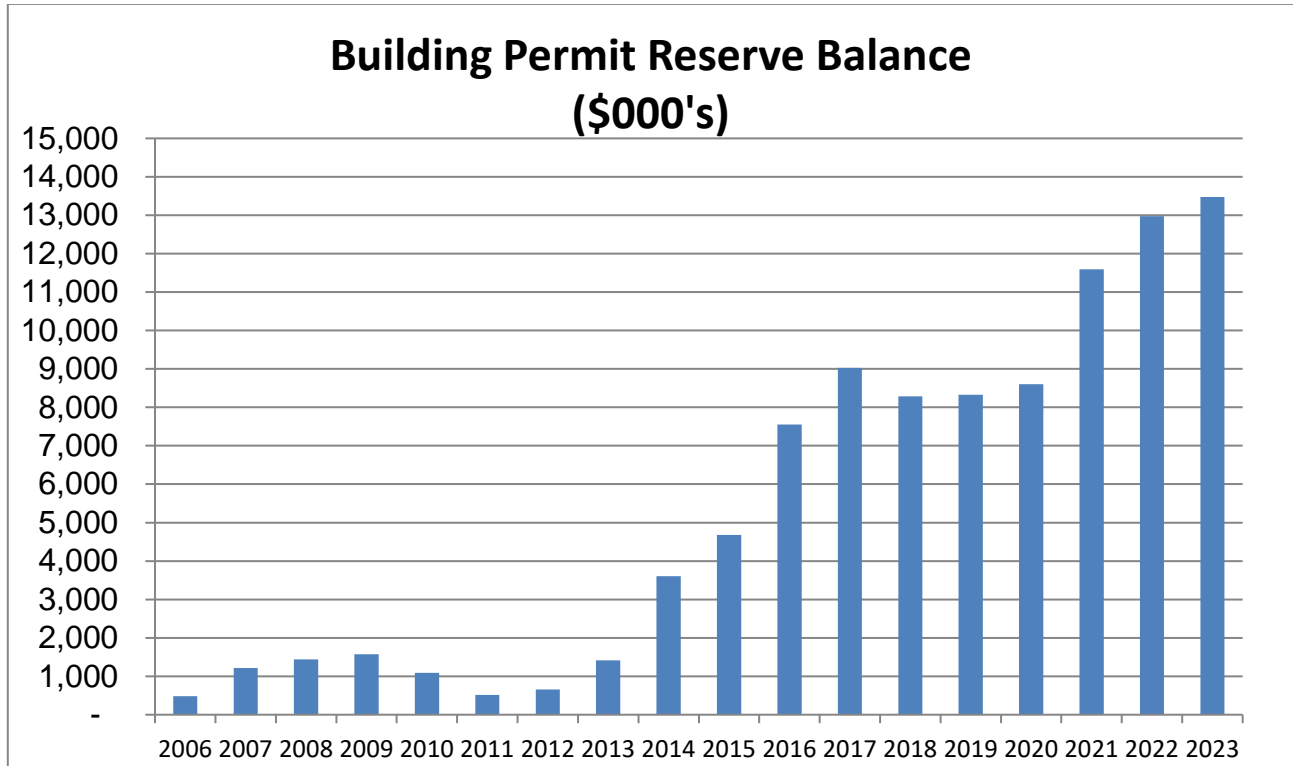
**Building Permit Statement of Revenue and Expense**  
**For the year ended December 31, 2023**

<b>Building Permit Revenues and Expenses</b>	<b>\$000's</b>
Direct Costs	\$3,652
Indirect Costs	<u>767</u>
<b>Total Building Permit Costs</b>	<b>4,419</b>
<b>Total Building Permit Revenues Collected</b>	<b><u>4,677</u></b>
<b>Excess Revenues over Costs to be transferred to Building Permit Reserve</b>	<b><u>\$258</u></b>

**Building Permit Reserve**

<b>Description</b>	<b>\$000's</b>
<b>Opening balance, January 1, 2023</b>	<b>\$12,973</b>
Interest Earned	368
Fund Project 21130125 - New Vehicle Acquisition	(37)
Fund Project 22130133 - New Vehicle Acquisition	(37)
Fund Project 19300082 - Colour Scanner & Digitizing	(48)
Excess Building Permit Revenues transferred in	<u>258</u>
<b>Closing balance, December 31, 2023</b>	<b><u>\$13,477</u></b>

The following graph illustrates the December 31<sup>st</sup> 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.

On January 30, 2023, council approved ED-23-11 amending the City’s Building By-Law 33-2003, removing the automatic 3% annual increase, providing the Chief Building Official with flexibility to consider maintaining current fees when appropriate.

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 \$8.83 million. As at December 31, 2023, the uncommitted balance in the Building Permit Reserve Fund is \$13.47 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 black ink, appearing to read 'S. Sinnott', written in a cursive style.

Stephanie Sinnott, Commissioner,  
Corporate and Finance Services Department