

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 26, 2022

Item 2, Report No.16, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on April 26, 2022.

2. BUILDING PERMIT FEES – ANNUAL FINANCIAL REPORT 2021

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Deputy City Manager, Planning and Growth Management, dated April 5, 2022:

Recommendation

1. THAT the Building Permit Fees Annual Financial Report for 2021 be received for information.

Committee of the Whole (1) Report

DATE: Tuesday, April 5, 2022

WARD(S): ALL

TITLE: BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2021

FROM:

Haiqing Xu, Deputy City Manager, Planning and Growth Management

ACTION: FOR INFORMATION

Purpose

To provide Council with the Building Permit Fees Annual Financial Report for 2021, as required by the Building Code.

Report Highlights

- Building permit revenues collected in 2021 were \$16,016,426.
- Direct and Indirect costs in 2021 were \$12,405,036.

Recommendation

1. THAT the Building Permit Fees Annual Financial Report for 2021 be received for information.

Background

The 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 delivering services (Review of permit applications and inspections of buildings);
- iii. Indirect Costs of delivering services (Support and Overhead Costs); and
- iv. The account balance for the Building Standards Service Continuity Reserve as established by Council.

To comply with the Building Code, the Building Permit Fees Annual Financial Report has been prepared for 2021 and is based on unaudited information.

Previous Reports/Authority

Not applicable.

Analysis and Options

This report has been prepared in coordination with Financial Planning and Development Finance Department staff. It is based on Council's previous approvals respecting the Watson and 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 stabilize fluctuations in permit revenues resulting from changes or variations in construction activity. The stabilization of permit revenues allows the Building Standards Department (BSD) to meet its legislated requirements; thereby ensuring continuity of service delivery without impacting the general tax base.

In order to develop a sustainable financial model for the BSD, a comprehensive building permit fee study was carried out by Watson and Associates in 2017/2018 to ensure fees achieve full cost recovery of direct and indirect costs associated with the delivery of services in the BSD (building permits and inspection services). The study also benchmarked Vaughan's building permit fees with other comparable GTA municipalities to maintain market competitiveness.

The BSD is once again working with Watson and Associates to develop a new financial model for direct and indirect costs, followed by a review of user fees. It is anticipated that the new financial model and updated user fees will be completed for the start of the 2023 fiscal year.

Financial Impact

The Building Permit Fees Annual Financial Report shows a total revenue of \$16,016,426 for building permit fees collected in 2021 and a combined total of direct and indirect costs of \$12,405,036. A revenue surplus of \$3,611,390 was transferred to the Building Standards Service Continuity Reserve. The 2021 closing balance in the Building Standards Service Continuity Reserve is \$19,664,713.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

As required by legislation, this report provides the total fees collected by the BSD in 2021, total costs of delivering its service, and balance of the Building Standards Service Continuity Reserve.

For more information, please contact: Ben Pucci, Director of Building Standards.

Attachment

1. 2021 Building Permit Fees Annual Financial Report.

Prepared by

Ben Pucci, Director of Building Standards

Approved by



Haiqing Xu, Deputy City Manager,
Planning and Growth Management

Reviewed by



Nick Spensieri, City Manager

City of Vaughan
Ontario Building Code Act
Building Standards Service Continuity Reserve
2021 Annual Actual Report - Unaudited
(For the Period January 1, 2021 to December 31, 2021)

ONTARIO BUILDING CODE - REVENUES

| | |
|----------------------|-----------------|
| Total Fees Collected | \$ (16,016,426) |
|----------------------|-----------------|

ONTARIO BUILDING CODE - EXPENSES

| | | |
|--------------|--|--------------|
| Direct Costs | | \$ 8,135,605 |
|--------------|--|--------------|

| | | |
|----------------|--|--------------|
| Indirect Costs | | \$ 4,269,431 |
|----------------|--|--------------|

| | |
|------------------------------|---------------|
| TOTAL DIRECT & INDIRECT COST | \$ 12,405,036 |
|------------------------------|---------------|

| | |
|--|--------------|
| CONTRIBUTION TO/(FROM) BUILDING STANDARDS CONTINUITY RESERVE | \$ 3,611,390 |
|--|--------------|

| | |
|-------------|---|
| NET BALANCE | <div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ -</div> |
|-------------|---|

BUILDING STANDARDS SERVICE CONTINUITY RESERVE

| | | |
|-----------------|--|---------------|
| Opening Balance | | \$ 16,028,358 |
|-----------------|--|---------------|

| | | |
|--|--|--------------|
| Transfer to / (Withdrawal from) Reserve: | | \$ 3,611,390 |
|--|--|--------------|

| | | |
|---|--|-------------|
| Transfer to / (Withdrawal from) Reserve - Capital | | \$ (65,288) |
|---|--|-------------|

| | | |
|-----------------|--|-----------|
| Interest Earned | | \$ 90,253 |
|-----------------|--|-----------|

| | |
|---------------------------------------|--|
| <u>CLOSING BALANCE RESERVE</u> | <div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 19,664,713</div> |
|---------------------------------------|--|