

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 14, 2019

Item 3, Report No. 7, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on May 14, 2019.

3. BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2018

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager, Planning and Growth Management, dated May 6, 2019:

Recommendations

1. That the Building Permit Fees Annual Financial Report for 2018 be received, for information.

Finance, Administration and Audit Committee Report

DATE: Monday, May 06, 2019

WARD(S): ALL

TITLE: BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2018

FROM:

Jason Schmidt-Shoukri, Deputy City Manager, Planning and Growth Management

ACTION: FOR INFORMATION

Purpose

The report provides the Building Permit Fees Annual Financial Report for 2018 as required by the Building Code.

Report Highlights

- 2018 Annual Report (attached)

Recommendations

1. That the Building Permit Fees Annual Financial Report for 2018 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)
- iv. The account balance for the Building Standards Service Continuity Reserve established by Council

To comply with the Building Code, the Building Permit Fees Annual Financial Report has been prepared for 2018 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 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 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; 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 building permits and inspection services. The study benchmarked Vaughan's building permit fees with other comparable GTA municipalities. Building permit fee recommendations resulting from the study, included a three-year phased-in fee increase approach which started on January 1, 2019.

Financial Impact

The Building Permit Fees Annual Financial Report shows a total of \$10,253,741 for building fees collected in 2018 and a combined total of direct and indirect costs of \$12,994,017. A draw of \$2,740,276 from the Building Standards Service Continuity Reserve funded the net shortfall between revenues and full costs. The 2018 closing balance in the Building Standards Service Continuity Reserve is \$12,830,109.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

The Building Permit Fees Annual Financial Report shows a total of \$10,253,741 for building fees collected in 2018 and a combined total of direct and indirect costs of \$12,994,017. A draw of \$2,740,276 from the Building Standards Service Continuity Reserve funded the net shortfall between revenues and full costs. The 2018 closing balance in the Building Standards Service Continuity Reserve is \$12,830,109.

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

Attachments

1. 2018 Building Permit Fees Annual Financial Report

Prepared by

Ben Pucci, Director of Building Standards

City of Vaughan
Ontario Building Code Act
Building Standards Service Continuity Reserve
2018 Annual Actual Report - Unaudited
(For the Period January 1, 2018 to December 31, 2018)

ONTARIO BUILDING CODE - REVENUES

Total Fees Collected	\$	(10,253,741)
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ONTARIO BUILDING CODE - EXPENSES

Direct Costs	\$	8,709,910
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Indirect Costs	\$	4,284,107
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TOTAL DIRECT & INDIRECT COST	\$	12,994,017
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CONTRIBUTION TO/(FROM) BUILDING STANDARDS CONTINUITY RESERVE	\$	(2,740,276)
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NET BALANCE	\$	-
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BUILDING STANDARDS SERVICE CONTINUITY RESERVE

Opening Balance ⁽¹⁾	\$	15,938,530
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Transfer to / (Withdrawal from) Reserve:	\$	(2,740,276)
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Transfer to / (Withdrawal from) Reserve - Capital	\$	(638,295)
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Estimated Interest	\$	270,150
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<u>CLOSING BALANCE RESERVE</u>	\$	12,830,109
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(1) Opening balance includes \$245,678 in transactions processed after the release of the 2017 financial statement.

The entries include an additional \$47,627 in interest and \$293,305 withdrawal from reserve to capital

Note: 2018 Actuals have been provided by the Financial Planning and Development Finance Department.