CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 22, 2024

Item 4, Report No. 14 of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on April 22, 2024.

4. BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2023

The Committee of the Whole recommends approval of the recommendation contained in the report of the Deputy City Manager, Planning and Growth Management, dated April 16, 2024:

Recommendation

1. THAT the Building Permit Fees Annual Financial Report for 2023 be received for information.

Committee of the Whole (2) Report

DATE: Tuesday, April 16, 2024 **WARD(S):** ALL

TITLE: BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2023

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 2023, as required by the Building Code.

Report Highlights

- Building permit revenues collected in 2023 were $10,419,404.
- Direct and Indirect costs in 2023 were $14,046,567.

Recommendations

1. THAT the Building Permit Fees Annual Financial Report for 2023 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 2023 and is based on unaudited information.

Previous Reports/Authority

None.

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 & Associates Economists Ltd. 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.

To develop a sustainable financial model for the BSD, a comprehensive building permit fee study was carried out by Watson & Associates Economists Ltd. 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.

In 2022 the City retained Watson & Associates Economists Ltd. to undertake a comprehensive review of the full costs of Development Planning, Development Engineering and Building Standards functions and to make fee structure recommendations to provide for reasonable full cost for the services. This study was completed in 2023 and presented to the April 18, 2023, Committee of the Whole (2) for consideration, and latter approved without amendment at the Council meeting of April 25, 2023. The Building Standards Department will monitor the effectiveness of the new cost model resulting from this study and will work with our partners in Development Finance if further changes are necessary in the future.

Financial Impact

The Building Permit Fees Annual Financial Report shows a total revenue of $10,419,404 for building permit fees collected in 2023 and a combined total of direct and indirect costs of $14,046,567. An amount of $3,627,163 was withdrawn from the Building Standards Service Continuity Reserve to cover the deficit. The 2023 closing balance in the Building Standards Service Continuity Reserve is $25,535,358.

Operational Impact
None.

Broader Regional Impacts/Considerations
None.

Conclusion
As required by legislation, this report provides the total fees collected by the BSD in 2023, 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, ext. 8872.

Attachment

1. 2023 Building Permit Fees Annual Financial Report.

Prepared by
Ben Pucci, Director of Building Standards, ext. 8872

Approved by

Haiqing Xu, Deputy City Manager,
Planning and Growth Management

Reviewed by

Nick Spensieri, City Manager

Attachment 1

City of Vaughan
Ontario Building Code Act
Building Standards Service Continuity Reserve
2023 Annual Actual Report - Unaudited
(For the Period January 1, 2023 to December 31,2023)

ONTARIO BUILDING CODE - REVENUES		
Total Fees Collected		$ (10,419,404)
ONTARIO BUILDING CODE - EXPENSES		
Direct Costs	$ 10,941,397	
Indirect Costs	$ 3,105,170	
TOTAL DIRECT & INDIRECT COST		$ 14,046,567
CONTRIBUTION TO/(FROM) BUILDING STANDARDS CONTINUITY RESERVE		$ (3,627,163)
NET BALANCE		$ -
BUILDING STANDARDS SERVICE CONTINUITY RESERVE		
Opening Balance	$ 28,353,994	
Transfer to / (Withdrawal from) Reserve:	$ (3,627,163)	
Transfer to / (Withdrawl from) Reserve - Capital	$ (65,729)	
Interest Earned	$ 874,255	
CLOSING BALANCE RESERVE		$ 25,535,357