



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn
Position: Director of Finance/Treasurer
Title / Subject: 2023 Annual Report on Building Fees and Costs
Date of Report: March 15, 2024
Date of Meeting: April 8, 2024
Report No: 2024-FI-010

1.0 Issue / Origin

The purpose of this report is to provide Council with a summary of the Building Permit Revenue and Expenses for the period from January 1, 2023 to December 31, 2023 and to recommend a withdrawal from the Building Reserve fund for year-end 2023 to assist with the departmental deficit experienced during the year.

2.0 Background

Section 7(2) of the Ontario Building Code Act, SO 1992 C23, as amended, prescribes that the total amount of fees authorized for the application and issuance of building permits must not exceed the anticipated reasonable cost of the municipality to administer and enforce the Act in its area of jurisdiction.

Section 7(4) of the Ontario Building Code Act, SO 1992 C23, as amended, prescribes that a municipality is required to prepare a report every twelve (12) months that contains information about fees prescribed for the application and issuance of permits, for maintenance inspections and orders and cost of the municipality to administer and enforce the Act in its area of jurisdiction.

Section 7(5) of the Ontario Building Code Act, SO 1992 C23, as amended, prescribes that the annual report is to be made available to the public.

3.0 Establishment of Reserve Fund – General

A municipality is permitted to have a reserve fund which is available to manage the risks involved in the operation of a Building Division. Construction downturns, capital purchases, litigation, staffing levels and changes in legislation are examples of factors which may place stress on the annual budget. It is for these types of unexpected expenses that the Reserve Fund is established.

The Building Reserve Fund is considered to be an obligatory reserve fund. An Obligatory Reserve Fund is described as follows:

“Obligatory Reserve Fund” means a reserve fund created whenever a statute or legislation requires that funds received be segregated from the general funds of the Township through financial agreement or legislative direction. Obligatory reserve funds are created solely for the purpose prescribed for them”.

The Building Reserve Fund is funded from annual building code revenue surplus and can only be used for building code related purposes. The uses of the reserve are limited to:

- Offset unfavourable revenue variances due to severe economic conditions;
- Subsidize any negative year-end position; and
- Upon authorization of the Treasurer, the funds may also be used to fund or phase-in large building code budget items (i.e. studies, fee initiatives, capital projects, etc.)

4.0 Analysis

	2023	2022	2021
Total Fees Collected	\$131,827	\$282,127	\$186,610
Less:			
Indirect Costs	\$10,692	\$16,146	\$17,290
Direct Costs	\$355,085	\$338,421	\$316,481
Total Costs	\$365,777	\$354,567	\$333,771
Net Surplus (Deficit)	(\$233,950)	(\$72,440)	(\$147,161)

The building department incurred a loss of approximately \$233,950 in 2023. Revenues are down by approximately \$150,300 over 2022, expenses are up by approximately \$11,210 and overall deficit is up by approximately \$161,510.

The building reserve fund at year-end 2023 (before any adjustment for year-end deficit) is approximately \$120,135, which is insufficient to cover the entire deficit incurred in 2023.

Staff recommend that the entire reserve balance be used in 2023, leaving an unfunded deficit of approximately \$112,815, which will be incorporated into the Township's 2023 year-end surplus/deficit. This will leave the building reserve funding balance as \$nil.

The building reserve does have a capital equipment reserve fund with a balance of \$67,822.

5.0 Related Policies / Procedures

Ontario Building Code Act, SO 1992 C23.

6.0 Financial / Budget Assessment

As outlined above, the Building Department experienced a deficit of \$233,950 in 2023 year-end. Adjustments have been made in the 2024 budget to minimize risk of deficit in the year 2024.

5.1 Asset Management

N/A

7.0 Climate Change Impacts

N/A

8.0 Communications

N/A

9.0 Conclusion

It is recommended that Council and staff continue to keep a close eye on the building department revenue and expenses in 2024 as further budget adjustments may be required in future years.

10.0 Recommendation

That Council receive report 2024-FI-010 for information and approve the transfer of \$120,135 from the building reserve fund for 2023.