



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: 2024 Annual Report on Building Fees and Costs
Date of Report: February 14, 2025
Date of Meeting: February 24, 2025
Report No: 2025-FI-008

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, 2024 to December 31, 2024 and to recommend a withdrawal from the Building Reserve fund for year-end 2024 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 Established 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

	2024	2023	2022
Total Fees Collected	\$210,245	\$131,827	\$282,127
Less:			
Indirect Costs	\$28,871	\$10,692	\$16,146
Direct Costs	\$349,676	\$355,085	\$338,421
Total Costs	\$378,547	\$365,777	\$354,567
Net Surplus (Deficit)	(\$168,302)	(\$233,950)	(\$72,440)

On January 1, 2024, a new Building By-Law and associated fees schedule were introduced and the new fees were instrumental in increasing the revenue collected in 2024, over 2023. A further updated fee schedule was implemented as of January 1, 2025 and annual increases of 2% per year are to be applied to the fees schedule going forward.

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 approximately \$168,302 at 2024 year-end.

At year-end 2024, the estimated balance in the building fees reserve fund is \$116,011 (unaudited). A total of \$58,393 was allocated during the 2025 budget process, leaving a balance of approximately \$57,618.

Staff recommend that the entire remaining balance in the Building Reserve Fund (approximately \$57,618) be used during 2024 year-end to assist with the deficit. The remainder of the unfunded deficit will need to be funded as part of the overall corporate surplus or deficit calculations.

This will leave a balance of \$NIL and if there are deficits experienced in 2025 and future years, they will need to be funded through year-end surplus.

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 2025 as further budget adjustments may be required in future years.

10.0 Recommendation

That Council receive report 2025-FI-008 for information and to authorize the transfer of the remaining balance in the Building Fees Reserve to assist with offsetting the deficit experienced in 2024.