



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: 2022 Annual Report on Building Fees and Costs
Date of Report: May 23, 2023
Date of Meeting: May 23, 2023
Report No: 2023-FI-013

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, 2022 to December 31, 2022.

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 costs 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 costs 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."

4.0 Building Services Reserve Fund

Purpose: Bill 124 imposes specific restrictions on the use of building code revenues. The purpose of the reserve is to accumulate annual building code surpluses, which will be specifically used to provide building code service continuity only.

Source of Funding: From annual building code revenue surplus.

Limitations: Municipalities are required to segregate fees generated through building code permits and restrict them for building code related purposes. Based on this, uses are limited to:

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

Special Reporting: As part of the Ontario Building Code Act, SO 1992 C23, the Municipality shall prepare an annual financial report by March 31st of each year. This report includes the account balance for any building permit reserve funds that have been established by Council.

Specific Legislation Reference: Ontario Building Code – Bill 124.

5.0 Analysis

	2022	2021
Total Fees Collected	\$282,127	\$186,610
Less:		
Indirect Costs Incurred	\$12,545	\$17,290
Direct Costs Incurred	\$338,421	\$316,481
Total Indirect and Direct Costs Incurred	\$350,966	\$333,771
Net Surplus (Deficit)	(\$68,839)	(\$147,161)

As the total expenses of the building department exceed the total fees collected, the deficit of \$68,839 is drawn from the Building Services Reserve Fund, for year-end 2022. The net deficit for 2022 is less than the net deficit experienced in 2021, by approximately \$78,322 or 53%. This is a result of increased fee revenue collected in 2022.

6.0 2022 Reserve Fund Balance

The Building Services Reserve Fund Balances, as of December 31, 2022, are as follows:

	2022	2021
Capital for Equipment Replacement	\$30,990	\$48,224
Building Services Reserve Fund	\$134,366	\$195,680
Total Held at Year End	\$165,356	\$243,904

In 2022, there were a total of 163 permits issued and total revenue collected by the Building Services Department was \$282,127.

The capital for equipment replacement was reduced in 2022 as a result of a draw of approximately \$23,220.

The Building Services Reserve Fund is reduced by the 2022 deficit of \$68,839 (less interest earned in 2022).

7.0 Related Policies / Procedures

Ontario Building Code Act, SO 1992 C23.

8.0 Financial / Budget Assessment

As outlined above, as of December 31, 2022, the total reserve balances for the Building Services Department is \$165,356.

9.0 Climate Change Impacts

N/A

10.0 Communications

N/A

11.0 Conclusion

It is recommended that Council receive this report for information purposes.

12.0 Recommendation

BE IT RESOLVED THAT Report 2023-FI-013, "Annual Report on Building Fees and Costs for 2022", be received.