

Town of Whitby

Staff Report

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Report Title: Building Permit Fees Annual Financial Report 2022

Report to: Committee of the Whole

Date of meeting: June 12, 2023

Report Number: FS 17-23

Department(s) Responsible:

Financial Services Department

Submitted by:

Fuwing Wong, Commissioner, Financial Services & Treasurer

**Acknowledged by M. Gaskell,
Chief Administrative Officer**

For additional information, contact:

Kevin Douglas, Interim Supervisor,
Financial Analysis x2904

1. Recommendation:

That Report FS 17-23 on Building Permit Fees Annual Financial Report 2022 be received as information.

2. Highlights:

- As required by the *Building Code Act 1992*, this report contains the Town's annual reporting, for the year ended December 31, 2022, of building permit fees, related costs, and the Building Permit Reserve Fund related to the Town's administration and enforcement of the Ontario *Building Code Act*.

3. Background:

In accordance with the *Building Code Act* Division C Part 1, Article 1.9.1.1 which specifies what is to be included in the annual report, attached is a summary of the building permit fees and related costs and Statement of Reserve Fund for the year ended December 31, 2022.

4. Discussion:

- The Town regularly reviews its fees for planning applications, building permit applications and engineering review and inspection to help offset the cost of development related services.

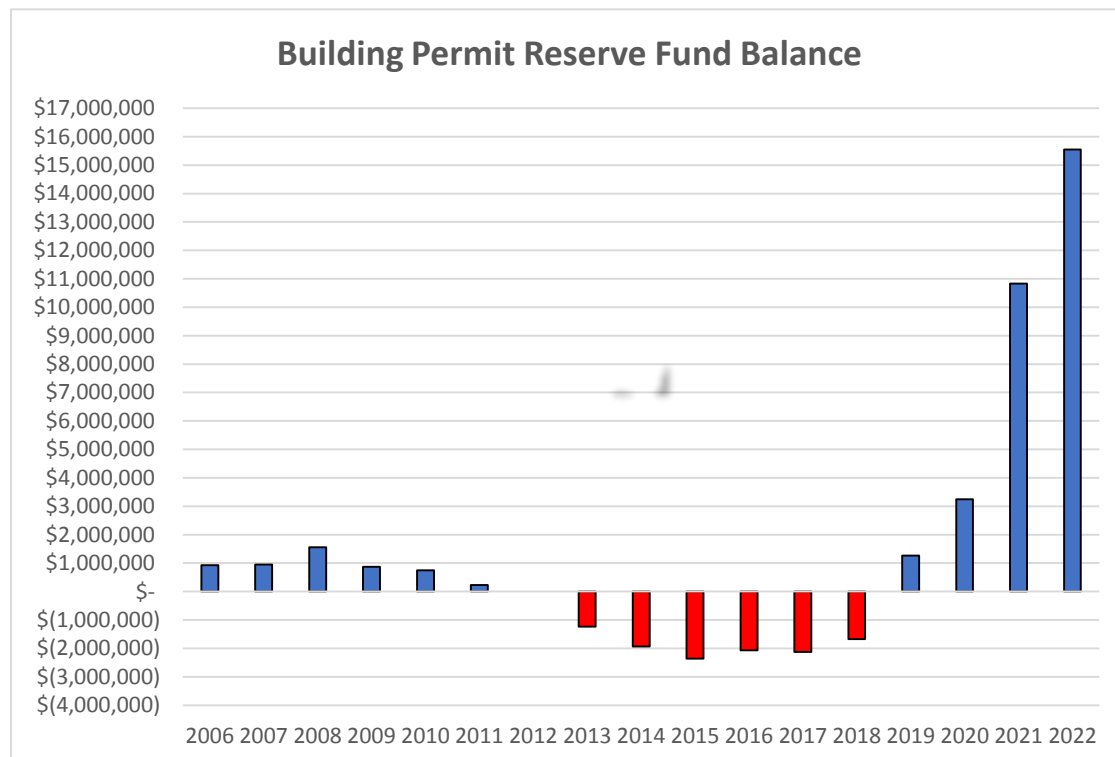
- The most recent Development Related Fee Study completed for building permit applications was undertaken by staff in 2018 in conjunction with Watson & Associates Economics Ltd. The objective of the Development Related Fee Study was to provide a comprehensive Development Fee review resulting in new Building Permit Fees and Planning Application Fees and their related By-laws.
- The revised fees came into force on October 1, 2018 and are to be indexed by 2.5 per cent on October 1 of each year. The next Development Related Fee Study for building permit applications is currently in progress at the time of this report and is scheduled for completion in the Fall of 2023.
- The Building Permit Fees Annual Financial Report 2022, (Attachment 1), outlines the fees and costs that are directly and indirectly attributable to the costs and associated fees permitted in accordance with the *Building Code Act*.
- The annual report includes information regarding the revenues and total costs and contribution to the Building Permit Reserve Fund.

5. Financial Considerations:

Building permit fees were established to fully recover the Town's cost of providing building permit services, including an allocation of administrative overhead/indirect costs. Any surplus of revenue from building permit fees is transferred to a reserve fund.

This reserve fund is used to ensure continued building permit service delivery during an economic downturn (e.g., building permit inspections that may take place year(s) after a building permit is pulled).

The following graph illustrates the December 31st balance in the Building Permit Reserve Fund since it was established in 2006:



As illustrated above, the extended economic downturn starting in 2008 had resulted in the Building Permit Reserve Fund requiring temporary funding from the Long Term Finance Reserve. The years 2013, 2014, 2015 and 2017 actually required funds to be borrowed from the Long Term Finance Reserve to offset costs for building code enforcement. By 2019, all remaining funds loaned to the Building Permit Reserve Fund were repaid to the Long Term Finance Reserve as a result of increased development activity. There have been regular contributions to the reserve since. The contribution to the Building Permit Reserve Fund in 2022 is reflective of the significant development activity in 2022.

The unaudited balance in the Building Permit Reserve Fund, as of December 31, 2022 is \$15,551,588:

- The target reserve fund balance is 2.07 times the annual total building code costs (i.e., direct, indirect, and capital costs). This means that the Building Permit Reserve Fund has a target balance to keep the Building Department operational (e.g., inspections and other work related to building permits already issued and still open) for just over 2 years if there is an economic downturn and no new building permit applications/revenues are received.
- The current balance of the reserve fund is in excess of the 2.07 times/years target and is more reflective of the years of required draws from this reserve to fund the Building Department operations during the last economic downturn (as shown in the chart above). As part of the Development Related Fee Study in 2023, Town staff will complete a fulsome assessment of building permit service delivery and adequacy of the reserve fund target balance going forward.

6. Communication and Public Engagement:

The *Building Code Act* requires that the Town of Whitby shall give notice of the preparation of a report under subsection 7(4) of the Act to every person and organization that has requested that the Town of Whitby provide the person or organization with such notice and has provided an address for the notice. To date, no person or organization has requested for such notice.

7. Input from Departments/Sources:

The report was reviewed with the Building Services division within the Planning and Development Department

8. Strategic Priorities:

- To continue the Whitby tradition of responsible financial management and respect for taxpayers; and to understand the importance of affordability and sustainability to a healthy, balanced community.
- Develop and utilize comprehensive business and financial planning processes.

9. Attachments:

Attachment 1: Building Permit Fees Annual Financial Report, December 31, 2022