

Township of Perth South

Report to Council

TO: Mayor Aitcheson and Members of Council
FROM: Rebecca Clothier, Deputy CAO/Treasurer
DATE: April 16, 2024
SUBJECT: Building Department Annual Report 2023

Recommendation

THAT the Report regarding the Building Department Annual Report 2023 be received;

AND FURTHER THAT the Deputy CAO/Treasurer be authorized to transfer the 2023 surplus to the Building Permit Fee Stabilization Reserve bank account.

Background

Bill 124 amended the *Building Code Act 1992* as it relates to accountability and reporting requirements. The changes related to reporting requirements came into effect on January 1, 2006 and requires municipalities prepare and make available to the public an annual report with respect to the fees imposed under the Act and associated costs. Further to this, the Ontario Regulation 305/03 arising from the Act established details on the contents of the annual report, stipulating that it must also contain the direct and indirect costs of delivering the services related to administration and enforcement of the Act, and the amount of any reserve fund established for the same purpose. Direct costs include the costs associated with the review of permit application and the inspection of buildings. Indirect costs include support and overhead costs. The reserve fund is established for use in the administration and enforcement of the *Building Code Act*.

Comments/Analysis

The purpose of this report is to present Council and the public with an annual report on building permit fees collected, direct and indirect costs of administration and enforcing the *Building Code Act*, as well as the balance in the Building Reserve as of December 31, 2023. This analysis does not include revenues generated from letters of zoning/sub-division compliance or by-law enforcement.

Appendix "A" attached to this report provides the prescribed information for the 2023 fiscal year.

It is important to note that changes in the accounting of expenditures have occurred over the years to further allocate expenditures related to the indirect costs incurred by the Building Department. Such indirect costs include the operating and capital costs of the municipal office as well as the costs of other municipal staff that participate in the administrative functions, such as finance with the processing of payroll, issuance of cheques for expenditures, and accounting associated with building deposit record

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keeping. Improvements to the recording of expenditures continue to be made every year.

Table 1

In 2023 a total of 129 building permits were issued, which represents a slight decrease from 2022 but still more than the 5-year average of 127 permits annually. The 5-year analysis of building permits issued can be found in Table 1.

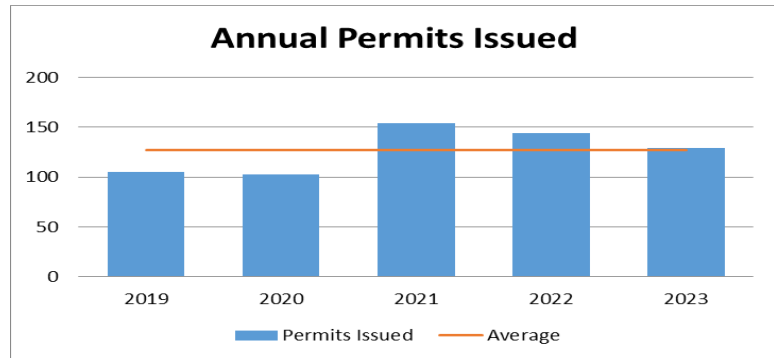
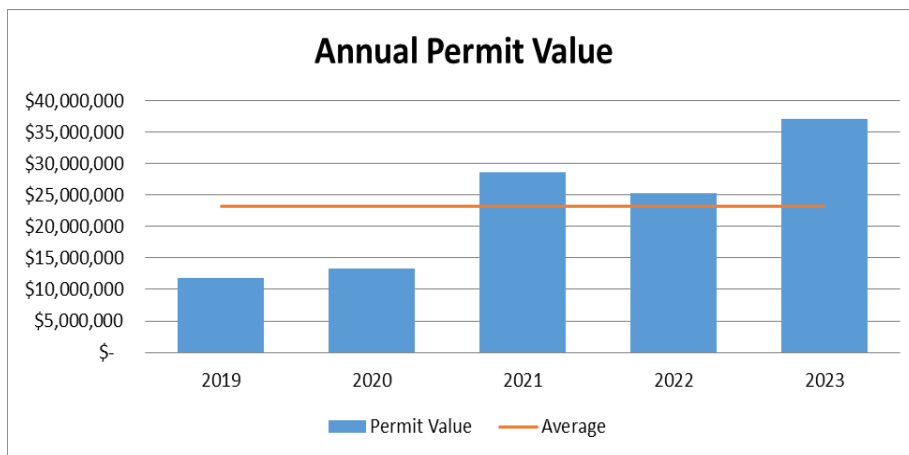


Table 2



In 2023 the total building permit value was \$37,081,252, which represents an increase of 47% from the prior year and an amount that is more than the 5-year average of \$23,219,381 as shown in Table 2.

Table 3

The 2023 building permits were primarily for agricultural projects which represented 57% of the total permits, followed by residential projects, which made up 34% of total permits.

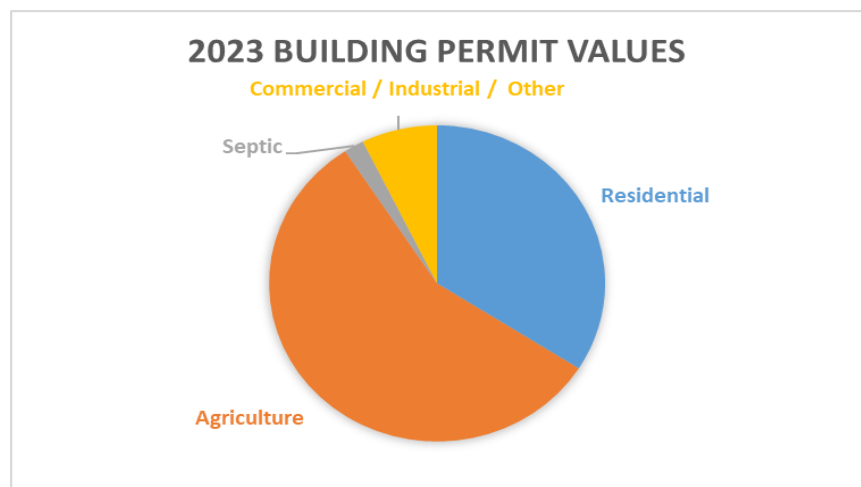
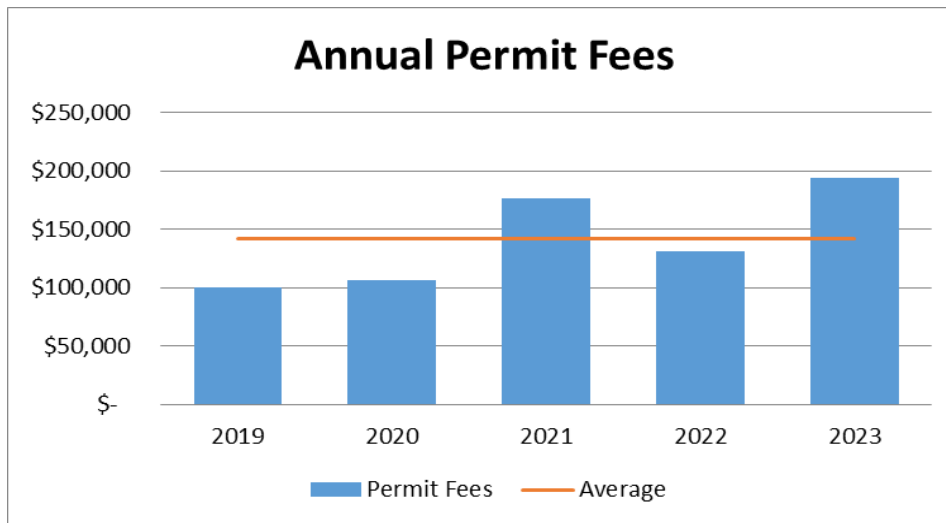


Table 4



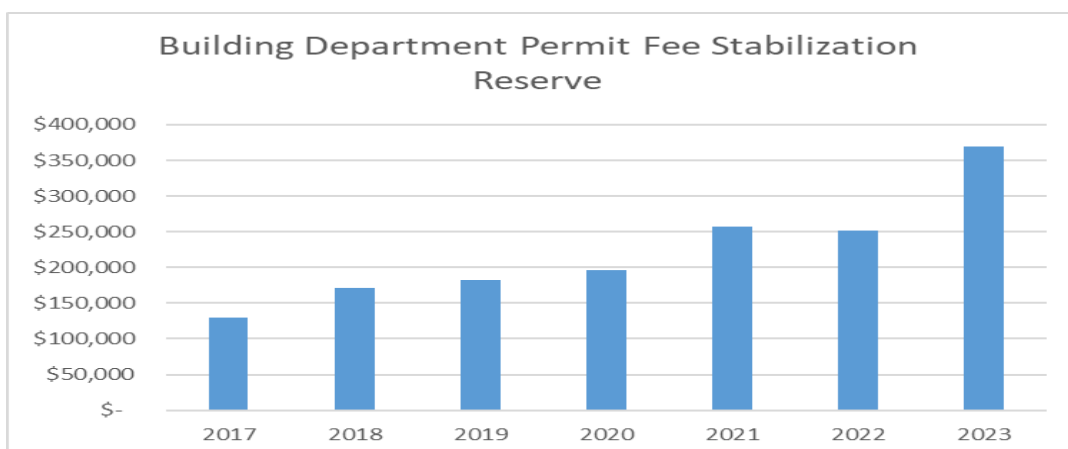
The total permit fee revenue for 2023 was \$193,879 which represents a record high and an increase of \$62,378 in revenue from 2022. The 5-year average permit revenue was \$141,754. The permit fee revenues for the period 2013 to 2023 are illustrated in Table 4.

The Building Department had an operating surplus of \$101,018.73. This amount was transferred to the Building Department Permit Stabilization Reserve Fund.

Building Permit Fee Stabilization Reserve Fund – The *Building Code Act* allows municipalities to establish a reserve for surplus Building Permit Revenues. Reserve funds are to be set aside by municipalities to offset costs in lean years where building fee revenues are less than the cost of delivering the building services and are not to be used for other municipal services.

In 2023, a transfer in the amount of \$17,260 was made by the Public Works Department to the Building Department for the Transfer of the Building Department’s pickup truck, a 2016 GMC Crew Cab 4 x 4.

A Statement of Reserves has been included in Appendix A attached. A 7-year analysis of the balance in the Building Permit Fee Stabilization Reserve Fund is illustrated below:



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Information regarding the Building Department Annual Reporting has been added to the web site and includes links to the report prepared for each fiscal year.

Financial Implications to Budget

There is no financial implication from this report as its purpose is to report actual 2023 financial performance in terms of revenues, expenses, and reserve balance.

Reference Material Attached –

Appendix A – 2023 Building Permit Fee Annual Report