

11. 2016 ANNUAL REPORT PURSUANT TO THE *BUILDING CODE ACT*  
  
RAPPORT ANNUEL DE 2016 PRESCRIT PAR LA *LOI SUR LE CODE DU*  
*BÂTIMENT*

**COMMITTEE RECOMMENDATION**

That Council approve the 2016 Annual Report pursuant to the *Building Code Act*.

**RECOMMANDATION DU COMITÉ**

Que le Conseil approuve le Rapport annuel de 2016 prescrit par la *Loi sur le code du bâtiment*.

**DOCUMENTATION / DOCUMENTATION**

1. Acting Director's report, Planning Services, Planning, Infrastructure and Economic Development Department dated 8 March 2017 (ACS2017-PIE-PS-0035)

Rapport de la Directrice par intérim, Services de la planification, Service de planification, d'Infrastructure et de Développement économique daté le 8 mars 2017 (ACS2017-PIE-PS-0035)

**Report to  
Rapport au:**

**Planning Committee  
Comité de l'urbanisme  
28 March 2017 / 28 mars 2017**

**and Council  
et au Conseil  
12 April 2017 / 12 avril 2017**

**Submitted on March 8, 2017  
Soumis le 8 mars 2017**

**Submitted by  
Soumis par:  
Lee Ann Snedden,  
Acting Director / Directrice par intérim,  
Planning Services / Service de la planification  
Planning, Infrastructure and Economic Development Department / Directions de  
la planification, de l'infrastructure et du développement économique**

**Contact Person  
Personne ressource:  
Frank Bidin  
Chief Building Official/ Chef du service du code de bâtiment, Planning,  
Infrastructure and Economic Development Department / Direction générale de la  
planification, de l'infrastructure et du développement économique  
(613) 580-2424, 41331, Frank.Bidin@ottawa.ca**

**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2017-PIE-PS-0035**

**SUBJECT: 2016 Annual Report Pursuant to the *Building Code Act***

**OBJET: Rapport annuel de 2016 prescrit par *La Loi Sur le Code du Bâtiment***

## REPORT RECOMMENDATION

That the Planning Committee recommend that Council approve the 2016 Annual Report pursuant to the *Building Code Act*.

## RECOMMANDATION DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil d'approuver le Rapport annuel de 2016 prescrit par la *Loi sur le code du bâtiment*.

## BACKGROUND

Pursuant to Section 7 (4) of the *Building Code Act*, the City is required to prepare a report every 12 months containing information on building permit fees collected as well as the cost of servicing building permits and enforcing the *Building Code Act* and Ontario Building Code. Regulation Division C Part 1 (1.9.1.1) further directs the municipality to distinguish between direct and indirect costs as well as to include in the report the balance of the reserve(s) at year-end where such have been established.

Accordingly, the 2016 Annual Report pursuant to the *Building Code Act* is provided for the approval of Planning Committee and Council as discussed in this report and attached as Document 1.

## DISCUSSION

The *Building Code Act* directs municipalities to set building permits fees to fully recover the costs of servicing building permits and of enforcing the *Act* and Building Code. These include both direct and indirect costs. Direct costs include such costs as the compensation costs for Building Officials (the Chief and Deputy Chief Building Officials, Plan Examiners, Building Inspectors and Building Code Enforcement Officers), as well as staff involved in the processing of applications and managing records, claims management activities, training and development, computers, mobile tools and peripherals, vehicles and mileage, to name a few. Indirect costs consist of expenditures incurred by other departments in support of Building Code Services' Code-related activities. For example, legal assistance and representation from Legal Services, budget preparation and tracking by the Finance Department and accommodation expenses based on the square footage space that is occupied by the branch.

Of total costs in 2016, 76 per cent were direct while 24 per cent were indirect. The direct and indirect costs, excluding the contribution from the reserve funds, were:

Direct Costs	\$16,653
Indirect Costs	\$5,395
2016 Totals	\$22,048

#### Permit Fees

The *Building Code Act* stipulates that revenues must not exceed the anticipated reasonable costs required to administer and enforce the *Act* and Code. Accordingly, the building permit fee rate and other fees for services are set to generate sufficient revenues to ensure full cost recovery and ensure the program is revenue neutral.

Estimating annual building permit revenue is difficult because building permits are an economic indicator. Construction is an activity that is driven by external factors that are not controlled by the City. Fees are set by construction type and vary by project. Revenues may be higher in one year due to an unusual number of large projects, or may be lower if a greater number of projects entail renovations and small homeowner projects.

In 2016, the Building Code Services Branch reviewed and reduced building permit fees by 10 per cent. In a continued effort to draw down the reserve funds, fees were further reduced an additional 20 per cent for 2017.

#### Reserve Funds

The *Building Code Act* provides for the establishment of reserve funds to ensure municipalities are able to fulfill their legislative mandate despite downturns in construction activity and to cover capital investments (growth vehicles, computers and software development, etc.) and special costs/liabilities. In 2006, the Branch established the following reserve accounts to which any surplus building permit revenues are allocated at year-end: 1) a revenue stabilization fund, which safeguards the City's ability to enforce the Building Code despite a significant drop in construction activity and a decline in revenues; 2) a capital contribution fund, which covers capital expenditures in support of the activities related to servicing and enforcing building permits and enforcing the *Act* and Code; and, 3) an insurance fund, which covers costs

associated with appeals and lawsuits. The reserve balances for 2016 are outlined in Document 1.

### **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

### **CONSULTATION**

Pursuant to Section 7 (4) of the *Building Code Act*, the City is required to prepare a report every 12 months containing information on building permit fees collected as well as the cost of servicing building permits and enforcing the *Building Code Act* and Building Code.

### **COMMENTS BY THE WARD COUNCILLORS**

This is a City-wide report – not applicable.

### **LEGAL IMPLICATIONS**

There are no legal impediments to adopting the recommendation in the report.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

### **ASSET MANAGEMENT IMPLICATIONS**

There are no asset management implications associated with this report.

### **FINANCIAL IMPLICATIONS**

Financial implications are discussed within the report.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this report

### **TERM OF COUNCIL PRIORITIES**

This project addresses the following Term of Council Priority:

Governance, Planning and Decision-Making: GP2 – Advance management oversight through tools and processes that support accountability and transparency.

**SUPPORTING DOCUMENTATION**

Document 1 Cost of Servicing Building Permits

**DISPOSITION**

The Background portion of this report outlines the legislative requirement for an Annual Report as per the *Building Code Act*. This portion of the report will be published on the City's website and distributed upon request.

Document 1 – Cost of Servicing Building Permits

The Cost of Servicing Building Permits and Enforcing the <i>Building Code Act</i> and Ontario Building Code		Actual 2016		
		\$000		
<b>Building Permit Revenues</b>		17,566		
<b>Expenditures</b>	Direct Costs	(16,653)		
	Indirect Costs	(5,395)		
<b>Transfer from Building Code Enforcement Reserves</b>		(4,482)		
<b>Building Code Enforcement Reserve Funds</b>				
		Revenue		Capital
		Stabilization	Insurance	Contribution
		\$000	\$000	\$000
<b>Closing Balances</b>				
<b>December 31, 2016</b>		28,517	8,448	5,673