

9. **2018 Annual Report Pursuant to the *Building Code Act***
Rapport annuel de 2018 prescrit par la *Loi sur le Code du Bâtiment*

COMMITTEE RECOMMENDATION

That Council receive this report for information.

RECOMMANDATION DU COMITÉ

Que le Conseil prenne connaissance de ce rapport.

DOCUMENTATION/DOCUMENTATION

1. Director's Report, Planning Services, Planning, Infrastructure and Economic Development Department, dated March 5, 2019 (ACS2019-PIE-PS-0021)

Rapport de la directrice, Services de la planification, Direction générale de la planification, de l'Infrastructure et du développement économique, daté le 5 mars 2019 (ACS2019-PIE-PS-0021)

**Report to
Rapport au:**

**Planning Committee
Comité de l'urbanisme
28 March 2019 / 28 mars 2019**

**and Council
et au Conseil
10 April 2019 / 10 avril 2019**

**Submitted on March 5, 2019
Soumis le 5 mars 2019**

**Submitted by
Soumis par:**

**Lee Ann Snedden,
Director / Directrice**

**Planning Services / Service de la planification
Planning, Infrastructure and Economic Development Department / Services de la
planification, de l'infrastructure et du développement économique**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2019-PIE-PS-0021

SUBJECT: 2018 Annual Report Pursuant to the *Building Code Act*

OBJET: Rapport annuel de 2018 prescrit par *La Loi Sur le Code du Bâtiment*

REPORT RECOMMENDATION

That Planning Committee recommend Council receive this report for information.

RECOMMANDATION DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil de prendre connaissance de ce rapport.

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 2018 Annual Report pursuant to the *Building Code Act* is provided to Planning Committee and Council for information.

Table 1 - Cost of Servicing Building Permits

| The Cost of Servicing Building Permits and Enforcing the Building Code Act and Ontario Building Code | | Actual 2018 | |
|---|------------------------------|--------------------|-----------------------------|
| | | \$000 | |
| Building Permit Revenues | | 17,625 | |
| Expenditures | Direct Costs | (17,417) | |
| | Indirect Costs | (6,941) | |
| Transfer from Building Code Enforcement Reserves | | (6,733) | |
| <hr/> | | | |
| Building Code Enforcement Reserve Funds \$000 | | | |
| | Revenue Stabilization | Insurance | Capital Contribution |
| Closing Balances | | | |
| December 31, 2018 | 15,079 | 6,668 | 9,430 |

DISCUSSION

The *Building Code Act* directs municipalities to set building permit 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 the Building Officials (the Chief and Deputy Chief Building Officials, Plan Examiners, Building Inspectors and Building Code Enforcement Officers), 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 by other departments incurred 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 2018, 72 per cent were direct while 28 per cent were indirect. The direct and indirect costs were:

| | |
|----------------|----------|
| Direct Costs | \$17,417 |
| Indirect Costs | \$6,941 |
| 2018 Totals | \$24,358 |

Revenues and Reserves

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. As a result, 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.

To assist in managing these variations, the *Building Code Act* provides for the establishment of reserve funds. These funds are used 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. The Branch has established the following reserve accounts: 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.

As approved by Council in 2016/2017, Building permit fee rates were reduced by 10 per cent and 20 per cent respectively, below cost recovery levels to reduce the balance of the reserves. Building permit fees will be adjusted incrementally upwards moving the branch towards revenue neutrality as required by provincial legislation. This is reflective in the 2019 Budget with an increase to most building permit fees of 7.5 per cent.

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 implications associated with this information 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 the recommendations of this report.

FINANCIAL IMPLICATIONS

There are no direct financial implications.

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.

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.