

6. **2020 Annual Report Pursuant to the *Building Code Act***
Rapport annuel de 2020 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 du présent rapport.

Documentation/Documentation

1. Report from the Chief Building Official, Planning, Infrastructure and Economic Development Department, dated February 12, 2021 (ACS2021-PIE-BCS-0002)

Rapport du Chef du service du bâtiment, Direction générale de la planification, de l'infrastructure et du développement économique, daté le 12 février 2021 (ACS2021-PIE-BCS-0002)

**Report to
Rapport au:**

**Planning Committee
Comité de l'urbanisme
February 25, 2021 / 25 février 2021**

**and Council
et au Conseil
10 March 2021 / 10 mars 2021**

**Submitted on February 12, 2021
Soumis le 12 février 2021**

**Submitted by
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2021-PIE-BCS-0002

SUBJECT: 2020 Annual Report Pursuant to the *Building Code Act*

OBJET: Rapport annuel de 2020 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 du présent 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 2020 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 the Ontario Building Code		Actual 2020 \$000	
Building Permit Revenues		24,825	
Expenditures	Direct Costs	(17,334)	
	Indirect Costs	(6,941)	
Transfer to Building Code Enforcement Reserves		550	
Building Code Enforcement Reserve Funds \$000			
	Revenue Stabilization	Insurance	Capital Contribution
Closing Balances			
December 31, 2020	15,845	6,916	7,712

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.

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.

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 receiving this report for information.

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 report addresses the following Term of Council Priorities:

- Service Excellence Through Innovation: Deliver quality services that are innovative and continuously improve to meet the needs of individuals and

communities.

DISPOSITION

The Background heading 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.