

**Subject: 2020 Building Department Final Report**

**Department: Infrastructure Services**

**Division: Building**

**Report #: INS-2021-022**

**Meeting Date: 2021-04-12**

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### **Recommendations**

**That report INS-2021-022, 2020 Building Department Final Report be received.**

### **Background and Analysis**

The purpose of this report is to inform Council of the Building Permit Fees collected for the year 2020, and the costs associated with the administration and enforcement of the Building Code Act in 2020.

In accordance with Section 7(4) of the Building Code Act (Act), the municipality is required to prepare an Annual Report, in order to enhance transparency and ensure that the Building Permit Fees do not exceed the anticipated reasonable delivery service expense.

As a requirement of Article 1.9.1.1., Division C of the 2012 Ontario Building Code, the Annual Report must include the following:

- a) Total fees collected between January 1, 2020 and December 31, 2020,
- b) The direct and indirect expenses of delivering services related to the administration and enforcement of the Act within the Town of Orangeville,
- c) Itemization of the expenses into the following categories:
  - Direct costs of administration and enforcement of the Act, including the review of applications for building permits and inspection of buildings;
  - Indirect costs of administration and enforcement of the Act, including support and overhead expenses;
- d) Reserve Fund status, if surplus exists (Reserve Fund is required to address likely ranges in year-to-year volatility in service volumes).

## Revenue

In 2020, Building Division issued 245 permits, of which 72 were building permits for new residential dwelling units, 51 were for Institutional, Commercial and Industrial buildings. 122 miscellaneous permits (which include pools, demolitions, septic systems, signs, tents, decks, designated structures, water, sewer connections, heating, plumbing and garages).

Total revenue collected was **\$306,455.00**

## Expenses

The total actual (direct and indirect) expenses for the Building Services Division for the year 2020 were **\$466,642.00**

The expenses, as provided below, represent the actual cost of operation for the Division in its entirety for the year 2020:

### Direct Expenses:

Compensation: \$ 377,623.00  
Other: \$ 32,419.00

### Indirect Expenses:

Corporate Charges: \$ 56,600.00

Total Actual Building Services Expenses: \$ 466,642.00

As legislated by the Building Code Act, building permit revenue is only permitted to be used to fund the expenses associated with the issuance of building permits and performing the mandatory building inspections.

Annual Building Permit Surplus: **\$ -160,187.00**

2020 ending Building Permit stabilization Reserve Fund balance: **\$ 515,764.00**

The Building Code Act requires that the total amount of Building Permit fees equals the total costs for the municipality to administer and enforce the Building Code Act and Regulations.

The actual revenue that can be used to cover the 2020 year expenses fell short of the 2020 building permit related expenses. The 2020 building permit shortfall in the amount of **\$160,187.00** will be taken from the Building Permit Reserve Fund.

The Treasury Department was consulted with respect to the preparation of this report however, it should be noted that audited numbers were not available at the time this report was prepared.

By way of comparison, the following table shows Building Revenue Surplus for the last five years:

2020	\$ (160,187.00)
2019	\$ 272,297.00
2018	\$ (28,060.00)
2017	\$ 161,140.00
2016	\$ 11,736.00

The primary factor leading to the shortfall in revenue was the COVID-19 pandemic which caused temporary shutdowns, increases in building material costs and economic uncertainty. It is anticipated that economic activity and building permit revenue will return to pre-2020 levels following the end of the pandemic.

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## Strategic Alignment

### Orangeville Forward – Strategic Plan

Priority Area: Municipal Services

Objective: Effective and Efficient

### Sustainable Neighbourhood Action Plan

Theme: Corporate and Fiscal

Strategy: Create and integrate sustainability principles into Town Policies, processes and practices

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## Notice Provisions

None.

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### **Financial Impact**

There is no financial impact as a result of this report.

Respectfully submitted

Douglas G. Jones, M.E.Sc., P. Eng.  
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**Attachment(s):**     n/a