

6. **2017 ANNUAL REPORT PURSUANT TO THE *BUILDING CODE ACT***
RAPPORT ANNUEL DE 2017 PRESCRIT PAR LA *LOI SUR LE CODE DU BÂTIMENT*

COMMITTEE RECOMMENDATION

That Council receive the 2017 Annual Report Pursuant to the *Building Code Act* for information.

RECOMMANDATION DU COMITÉ

Que le Conseil prenne connaissance, à titre d'information, du rapport annuel de 2017 prescrit par la *Loi sur le Code du bâtiment*.

DOCUMENTATION/DOCUMENTATION

1. Director's report, Planning Services, Planning, Infrastructure and Economic Development Department, dated February 28, 2018 (ACS2018-PIE-PS-0014)

Rapport de la directrice, Services de la planification, Direction générale de la planification, de l'infrastructure et du développement économique, daté 28 février 2018 (ACS2018-PIE-PS-0014)

**Report to
Rapport au:**

**Planning Committee
Comité de l'urbanisme
27 March 2018 / 27 mars 2018**

**and Council
et au Conseil
11 April 2018 / 11 avril 2018**

**Submitted on February 28, 2017
Soumis le 28 février 2017**

**Submitted by
Soumis par:**

**Lee Ann Snedden
Director / Directrice**

**Planning Services / Service de la planification
Planning, Infrastructure and Economic Development Department / Services de la
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2018-PIE-PS-0014

SUBJECT: 2017 Annual Report Pursuant to the *Building Code Act*

OBJET: Rapport annuel de 2017 prescrit par *La Loi Sur le Code du Bâtiment*

REPORT RECOMMENDATION

That Planning Committee recommend Council receive the 2017 Annual Report Pursuant to the *Building Code Act* for information.

RECOMMANDATION DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil de prendre connaissance, à titre d'information, du rapport annuel de 2017 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 2017 Annual Report pursuant to the *Building Code Act* is provided to Planning Committee and Council for information.

Table 1 - Cost of Service Building Permits

The Cost of Servicing Building Permits and Enforcing the <i>Building Code Act</i> and Ontario Building Code		Actual 2017 \$000
Building Permit Revenues		14,891
Expenditures	Direct Costs	(15,660)
	Indirect Costs	(6,911)
Transfer from Building Code Enforcement Reserves		(7,680)
Building Code Enforcement Reserve Funds		

	Revenue Stabilization \$000	Insurance \$000	Capital Contribution \$000
Closing Balances			
December 31, 2017	21,103	8,184	5,625

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 2017, 69 per cent were direct while 31 per cent were indirect. The direct and indirect costs, excluding the contribution to the reserve funds, were:

Table 2 - Total Costs	(\$000)
Direct Costs	\$15,660
Indirect Costs	\$6,911
2017 Totals	\$22,571

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 2017, the Building Code Services Branch reviewed and reduced building permit fees by 20 per cent to better align with the cost of administering the *Act* and Code. Staff will continue monitoring revenues and expenditures to ensure the branch is well positioned to service building permits and enforce the *Act* and Code in future years.

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. The branch has 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.

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 the information contained within this 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 recommendation of this report.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with Council receiving this information report.

ACCESSIBILITY IMPACTS

There are no accessibility implications 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.