



Municipality of Port Hope

Staff Report

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Report Title: 2023 Building Permit Fees Annual Report

Report to: Council

Date of meeting: September 3, 2024

Report Author:

David Baxter, Director, Finance

Department responsible:

Finance

Report Number: FS-11-24

Recommended Action:

1. That Report FS-11-24 regarding 2023 Building Permit Fees Annual Report be received for information purposes and further,
2. That a copy be made available to the public through the Municipal website.

Highlights:

- Annual revenues and expenses on a multi-year basis are resulting in a stable reserve balance position, however reserve balance has reduced.
- There are currently no contributions towards indirect costs, and this should be reviewed in the future to improve cost recovery

Background:

Section 7(4) of the Building Code Act, 1992, S.O. requires municipalities to prepare an annual report that records the amount of building permit fees collected and the costs incurred during the process. Ontario Regulation 332/12: Building Code, Division C, section 1.9.1.1 identifies specific requirements to be included in the annual report.

The Building Code Act allows municipalities to set permit fees to cover the cost of administering and enforcing the Building Code Act. A Reserve Fund was established in 2013 to provide for revenue stabilization, as building permit activity can be cyclical. This reserve can be used to offset periods of low building and construction activity.

Discussion:

The current costs allocated to administering and enforcing the Building Code Act include only direct costs and do not include all shared service costs/indirect costs. In the future, indirect costs should also be considered to improve cost recovery of this service.

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Financial Considerations:

Below is a summary of the revenue and expenses incurred in 2022, including comparative years:

Municipality of Port Hope
Building Permit Fees Annual Report
for the year ended December 31, 2023

	2018	2019	2020	2021	2022	2023
Opening Balance, January 1	256,092	195,797	199,546	402,389	378,522	304,851
Plus:						
Transfer from Operating	-	-	199,779	2,106	-	-
Interest Earned	2,848	5,432	3,064	3,182	4,698	7,446
Subtotal	2,848	5,432	202,843	5,288	4,698	7,446
Less:						
Transfer to Operating	63,143	1,683	-	-	78,369	287,437
Capital Purchases	-	-	-	29,154	-	-
Subtotal	63,143	1,683	-	29,154	78,369	287,437
Closing Balance, December 31	195,797	199,546	402,389	378,522	304,851	24,861

In 2023, the actual net deficit of \$287,437 was transferred from the Building Inspection Reserve Fund. After interest revenue and contributions towards capital purchases, the reserve fund balance decreased to \$24,861 as of December 31st, 2023.

In the future, net surplus funds would be added to the reserve. If there are future net deficits, the reserve may go into a negative position and future contributions would be required. Long term, the reserve should be able to offset surplus and deficits based on levels of activity which change as a result of business cycles. Longer term imbalances would need to be addressed through cost reduction or increases to building fees to ensure cost recovery

Below is a summary of the Reserve Fund since 2018:

**Municipality of Port Hope
Building Permit Fees Annual Report
for the year ended December 31, 2023**

	2018	2019	2020	2021	2022	2023
Total Revenue	(324,052)	(389,621)	(562,892)	(428,799)	(336,629)	(393,715)
Direct Costs	387,195	391,304	363,113	426,693	414,998	681,155
Indirect Costs	-	-	-	-	-	-
Total Expenses	387,195	391,304	363,113	426,693	414,998	681,155
Transfer to / (from) Reserve Fund	(63,143)	(1,683)	199,779	2,106	(78,369)	(287,437)
Annual (Surplus) / Deficit	-	-	-	-	-	3

Communication and Public Engagement:

This report will be available through the Municipal website.

Conclusion:

The annual report of the Building Permit Fees presented to Council satisfies requirements as specified in the Building Code Act.

Attachments:

None.