

**DATE:** July 26, 2021

**REPORT NO:** PD-83-2021

**SUBJECT:** Information Report – 2020 Building Department Annual Budget Report 2020

**CONTACT:** Brian Treble, Director of Planning & Building

**OVERVIEW:**

- The purpose of this report is to provide Planning/Building/Environmental Committee (the Committee) and Council with information regarding revenues and expenses associated with administering and enforcing the Building Code Act during 2020.
- This report is required annually as outlined in Section 7(4) of the Building Code Act.
- This report will also be posted on the Township website to ensure compliance with the public requirements of Section 7(4) of the Building Code Act.

**RECOMMENDATION:**

1. That, report PD-83-2021, regarding the “Building Department Annual Budget Report 2020”, dated July 26, 2021 be RECEIVED for information.

**ALIGNMENT TO STRATEGIC PLAN:**

**Theme #3 and 6**

- Efficient, Fiscally Responsible Operations
- Strategic, Responsible Growth

**BACKGROUND:**

In accordance with Section 7(4) of the Building Code Act, the Building Department is required to report annually on the direct and indirect costs of operating the Building Department. This has historically been published with each year’s Township Budget document. Most municipalities however, prepare statements in a form such as the Table found as Schedule 1 to this report and then the annual report is posted on the municipal website. West Lincoln has been posting the report on the Township website for at least the last eight years.

**CURRENT SITUATION:**

Section 7(4) of the Building Code Act states that every twelve months each municipality shall prepare a report that contains such information as may be prescribed, about any fees authorized under the Act and any costs that are incurred by the municipality to administer and enforce the Act in its area of jurisdiction.

The Building Department Annual Budget Report consists of three components: total fees collected, costs both direct and indirect and finally the balance of the building reserve fund.

**Total Fees Collected:** This refers to revenues generated from building permit fees. This does not include revenues generated from other sources such as fines or fees or revenues from other municipal services.

**Direct and Indirect Costs:** The second component of the annual report sets out the direct and indirect costs of administration and enforcement of the Building Code Act. Direct costs are the costs of the building department itself, while indirect costs are for services provided to the building department by other departments within the municipality.

**Reserve Funds:** The final component of the report includes information on the reserve fund. Reserves are created when the total fees received exceed the total direct and indirect costs. Reserve funds are intended to be set aside to offset costs in years where building fee revenues are less than the cost of delivering the Building Department service.

For Council's information, there was a deficit of revenue in 2020 of \$211,418.00. As directed by legislation, a deficit cannot be carried forward to the next year; only a surplus can be carried forward. Therefore, a corresponding amount was drawn from the reserve account to balance the Building Department budget for 2020. For the last several years, we have been transferring a positive balance to the reserve. Therefore, 2019 and 2020 confirmed that fees being generated by permits were not adequate to cover operating costs. Due to COVID-19, staff did not recommend that fees be raised in 2020, but report PD-062-21 did recommend the need to raise fees in 2021 which occurred through by-law 2021-48, which took effect on June 1, 2021.

This report is prepared to satisfy the requirements of Section 7(4) of the Building Code Act, and is provided to Committee and Council for their information.

**FINANCIAL IMPLICATIONS:**

The Building Department must be self-sustaining and there is no impact to the Township's main operation budget.

**INTER-DEPARTMENTAL COMMENTS:**

In 2020 Township Building staff processed 303 building permits as compared to 258 total permits in 2019, 341 total permits for 2018 and 402 permits in 2017.

**CONCLUSION:**

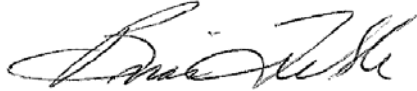
Staff presents this report to Committee and Council in order to fulfil the obligation in

accordance with Section 7(4) of the Building Code Act. This report will be placed on the Township website in order to inform the public as required by the Act.

**ATTACHMENTS:**

1. Schedule A – 2020 Building Department Annual Budget Report as of December 31, 2020.


**Prepared & Submitted by:**



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**Brian Treble**  
**Director of Planning & Building**

**Approved by:**



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**Bev Hendry**  
**CAO**

**TOWNSHIP OF WEST LINCOLN**  
**BUILDING PERMIT FEE ANNUAL REPORT**  
**FOR THE 12 MONTHS ENDING DECEMBER 31st**

	<b>Actual 2020</b>
<b>TOTAL FEES</b>	\$346,493
<b>DIRECT COSTS</b>	
Staffing Costs	\$160,988
Office Expenses	\$113,224
Capital Expenditures	\$118,399
<b>TOTAL DIRECT COSTS</b>	\$392,611
<b>INDIRECT COSTS</b>	\$165,300
<b>TOTAL DIRECT &amp; INDIRECT COSTS</b>	\$557,911
<b>REVENUE OVER (BELOW) COSTS</b>	<b>-\$211,418</b>
 <b>STATEMENT OF RESERVES</b>	
Opening Balance, January 1	\$1,034,805
Transfer to (from) Reserves	<b>-\$211,418</b>
Interest Earned on the Reserve	\$10,406
Closing Balance, December 31	\$833,793

**Basis:** Section 7(4) of the Building Code Act requires an annual report be prepared setting out the total fees collected, the direct and indirect costs related to administration and enforcement, and the statement of reserve funds for the building department.