



Town of Newmarket
395 Mulock Drive P.O. Box 328,
Newmarket, Ontario, L3Y 4X7

Email: info@newmarket.ca | Website: newmarket.ca | Phone: 905-895-5193

Building Permit Fees Information Report

Report Number: 2018-16

Department(s): Financial Services

Author(s): Anita Gibson, Financial Analyst

Date: April 30, 2018

In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Purpose

The purpose of this report is to provide information on the building permit fees and costs associated with delivering the services for the year 2017.

Background

In 2016, By-law 2015-58 was enacted for Building Permit fees. This fee schedule remained unchanged in 2017 and 2018.

As per the Building Code Act, 1992, a municipality is required to prepare a report regarding building permit fees collected and the costs of administering and enforcing this Act every 12 months; and, the municipality shall make its report available to the public. The purpose of this report is to meet the statutory requirement.

Discussion

The total building permit fees collected in 2017 were \$2,872,514. The operating results show that revenues exceeded expenditures in the amount of \$1,098,598. This amount was transferred to the Reserve Fund for Building Permits. There was a capital cost of \$1,828 for the Cityview upgrade which was funded by the Reserve Fund for Building Permits.

In 2017, surplus Building Permit Fees were changed from a reserve to an obligatory reserve fund. A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how

these funds may be used and under certain circumstances, how these funds may be refunded. As such the practice of deferring the last three months of building permit fees collected in any given year has been discontinued, as the entire balance is deferred revenue.

Also, as a reserve fund there will be an interest allocation. The interest allocation for 2017 is \$136,479. As at the end of December 31, 2017, the Reserve Fund for Building Permits had a balance of \$7,003,684 including this amount.

Attached is the Statement to illustrate building permit fees and costs associated with delivering the services for the year 2017.

Conclusion

The report will be posted on the Town's website.

Business Plan and Strategic Plan Linkages

This report links to Newmarket's key strategic direction in being Well Managed through fiscal responsibility.

Consultation

Consultation has taken place with Building Services.

Human Resource Considerations

Not applicable to this report.

Budget Impact

The Reserve Fund for Building Permit Fees is currently at 324% of total annual costs (2016 = 272%).

In 2015, Council approved a Development Application Approval Process (DAAP) Cost Recovery review, as recommended by BMA Consulting Inc. in the Building Permit Fees Report. The review recommended a target reserve fund balance of between 150% to 200% of annual building department costs.


Attachments

Annual Report on Building Permit Fees


Contact

For more information on this report, contact Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at mmayes@newmarket.ca

Approval



Mike Mayes, CPA, CGA, DPA
Director, Financial Services/Treasurer



Esther Armchuk, LL.B
Commissioner, Corporate Services

THE CORPORATION OF THE TOWN OF NEWMARKET

Annual Report on Building Permit Fees

December 31, 2017

The Town of Newmarket is a municipality in the Province of Ontario, Canada. The municipality is required to prepare an annual report, which includes the total fees collected in the previous 12 month period:

	<u>2017</u>	<u>2016</u>
Fees collected in current year	\$ 2,872,514	\$ 1,460,619
Fees collected in current year and not earned *	-	(385,848)
Fees collected in prior year and earned in current year *	385,848	1,431,984
Total Ontario Building Code Revenues	\$ 3,258,362	\$ 2,506,755

Direct and indirect costs of delivering services are as follows:

	<u>2017</u>	<u>2016</u>
Direct costs	\$ 1,692,788	\$ 1,655,475
Indirect costs	466,976	457,834
Capital costs	1,828	4,858
Total Ontario Building Code Expenditures	\$ 2,161,592	\$ 2,118,167
Net Surplus/(Deficit)	\$ 1,096,770	\$ 388,588

The continuity of the Reserve Fund for Building Permits is as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 5,770,435	\$ 5,381,847
Plus: Transfer from operating fund	1,098,598	393,446
Interest Earned*	136,479	-
Less: Transfer to operating fund	-	-
Transfer to capital fund	(1,828)	(4,858)
Balance, end of year	\$ 7,003,684	\$ 5,770,435

*Note: In 2017, surplus Building Permit Fees are now reported as an obligatory reserve fund which means they will prospectively earn interest revenue and there will no longer be a distinction between when the fees are collected during the year.