

**TOWNSHIP OF GILLIES
BUILDING PERMIT FEES 2008
ANNUAL FINANCIAL REPORT**

BACKGROUND:

Under Section 7(4) of the *Building Code Act (BCA)*, municipalities are required to prepare an annual report, which includes the total fees collected in the previous 12-month period. The report must identify the direct and indirect costs of delivering building inspection services, and the amount of any reserve fund that has been established. Section 7(2) of the *BCA* provides that the total amount of the permit fees collected must not exceed the anticipated reasonable costs of the municipality to administer and enforce the *BCA*. The cost of administering and enforcing the *BCA* is a “pay-for-use” service; the revenue solely comes from building permits fees and not taxation.

No reserve fund was established in 2008 for building enforcement and administration.

STATISTICS:

Number of permits issued 2008 – 6

Number of permits completed to occupancy stage 2008 – 2

Number of permits outstanding 2008 - 4

Number of permits outstanding from previous years – 4

VARIANCES: None identified.

RECOMMENDATION:

It is recommended that Building Permit fees remain the same for 2009 since there are still 8 permits outstanding that require inspections and paperwork to be finalized, the cost of which will exceed the surplus from 2008. If these inspections would have been carried out in the current year, a deficit may have resulted.

Building permits which are not finalized (to occupancy stage) within one year from the date of issue, do pay an annual renewal fee. However, under section 8 (10) (b) of the *BCA*, if after six months of a permit being issued, construction has not seriously commenced, the CBO may revoke a permit. One permit issued in 2007 for a house addition is planned to be revoked in early 2009 for this reason. For permits revoked under this section of the *BCA*, the Building By-law allows for 60% of the building permit fee to be reimbursed, upon the request of the permit holder. Under section 8 (10) (c) of the *BCA*, the CBO may also revoke a permit if

construction is substantially suspended or discontinued for a period of more than year. One permit issued in 2004 for a garage addition was revoked (not renewed) for this reason. The Building By-law does not have a provision for a partial refund of fees paid for permits revoked under this section.

Administration is confident that the current building fees cover the reasonable costs of enforcement and administration.

Council may wish to consider establishing a Building Permit Reserve Fund to transfer any yearly surpluses. This fund can be drawn from in years where there may be minimum revenue, but there is still the expense of finalizing outstanding permits from previous years. Without such a fund, any deficits would be drawn from taxation revenue.