

Reserve Policy – Building Permit Fee Reserve Policy	 Hamilton	Corporate Services Department
Policy No: Obligatory - 104050		
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POLICY STATEMENT	This Policy sets out the guidelines for the sources, uses and appropriate target level for the balances in the Building Permit Fee Reserve.
PURPOSE	<p>The Building Permit Fee Reserve is an obligatory reserve fund established for the direct and indirect costs of administration and enforcement of the <i>Building Code Act</i>. This Reserve also provides a source of funding to offset extraordinary and unforeseen expenditures for one-time expenditures, for permit fee revenue shortfalls and for various contingent and potential future liabilities.</p> <p>Operating budget surpluses in the Building Enterprise Zone Program cannot be used to fund general City expenditures and will be transferred to this Reserve. Operating budget deficits in this program will be funded from the Building Permit Fee Reserve and not for other City funds. This Reserve is not intended to be a long-term funding source for general operations.</p>
SCOPE	This Policy applies to all City employees that manage financial resources.
PRINCIPLES	<p>The following principles apply to this Policy:</p> <p>Authority:</p> <ul style="list-style-type: none"> • All transfers from the Building Permit Fee Reserve (104050) are to be approved by the Chief Building Official, the General Manager of Planning and Economic Development Department or the City Manager in accordance with their relevant expenditure limits set out by the City. Any expenditure above these limits is to be approved by City Council by a budget submission, a separate Council report or a Council motion. • Where City Council approval is required, staff in the Building Division must make a request to the Financial Planning, Policy and Administration Division of the Corporate Services Department responsible for reserves for approval to use the Building Permit Fee Reserves. All relevant information is to be included with the request. • The Chief Building Official, in consultation with the General Manager of Finance and Corporate Services, has the authority to recommend the use of the Reserve as per the <i>Building Code Act</i>.

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PRINCIPLES (Cont'd)	<p>The source of funds that are to be transferred to this Reserve include:</p> <ul style="list-style-type: none"> • Year-end Net Building Permit Fee operating budget surplus in Building Enterprise Zone Program. • Repayment of principal plus interest for any internal borrowings from the reserve as per policies and procedures. • Remaining balances in operating reserves approved for closure. • Investment income earned on the reserve's balance as per policies and procedures. • One time unexpected sources of operating revenues. <p>The use of funds from this Reserve to ensure the administration and enforcement of the <i>Building Code Act</i> is permitted if other sources of funding are not available. Uses are governed by the <i>Building Code Act</i> and may include:</p> <ul style="list-style-type: none"> • Year-end Net Building Permit Fee operating budget deficit in the Building Enterprise Zone Program. • Operating program phase-ins, pilot programs and one-time grants. • Procurement of external services for investigations, plan examination and inspection, when expert advice is required. • Procurement of technology which increases productivity or increases level of service provided to permit applicants. • Provision of Ontario Building Code training of staff. • Service enhancements that have a benefit to permit applicants. • Investment in capital assets related to the administration and enforcement of the <i>Building Code Act</i>. • Internal borrowings from Reserve • Extraordinary and unforeseen operating expenditures.
RESERVE BALANCE TARGET LEVEL	<p>The balance in the reserve has a target level \$ as follows:</p> <p>Target Level: 2.0 times the annual program operating cost</p> <ul style="list-style-type: none"> • Building Permit Reserve: \$22 million (2017)
GOVERNING LEGISLATION	<i>Building Code Act</i>
RESPONSIBILITY FOR THE POLICY	Corporate Services Department Director of Financial Planning, Administration and Policy
POLICY HISTORY	This Reserve Policy replaces the Stabilization Reserve Policy approved by Council in April 2001 in Report PD01027.