# Policy

## POL.COR.16.03
## Building Division Rate Stabilization Reserve Fund

**Policy Type:** Corporate Policy (Approved by Council)

**Date Approved:** January 25, 2016

**Department:** Financial Services

**Staff Report:** FAF.16.04

**By-Law No.:** 2016-4

## Policy Statement

To create a Building Division Rate Stabilization Reserve Fund and establish the uses, contributions, and target levels of the Reserve. The Building Services Division must report their surpluses and deficits to the public as a separate entity as the Building Code Act states that the fees collected are to be used to administer the Act; surpluses shall not be utilized to fund general Town expenditures, and deficits should be funded from a Reserve Fund and not from the Town funds.

For this reason, the Building Division Rate Stabilization Reserve Fund was established to provide for capital expenditures and revenue stabilization, as building permit activity is highly cyclical.

## Purpose

This Reserve Fund will be used to fund annual capital purchases as well as fund any operating budget deficits on an annual basis. The Building Division is 100% user-fee funded and in years were sufficient user-fees are not collected to fund the annual operations the Reserve Fund will be used to offset this deficit.

Transfers to the Building Division Rate Stabilization Reserve Fund are an annual budgeted allocation from building permit revenues, as well as additional revenues added where building permit surpluses occur.

A Council approved target level for the Building Division Rate Stabilization Reserve Fund balance is to maintain a minimum equal to 12 months of projected operating expenses, to mitigate the sharp cyclical drops experienced, or when the economy is in a recessionary period, and to protect against low building permit activity.

The maximum target level for this Reserve Fund will be equal to 125% of the annual building permit revenue generated.

## Source of Funds

Funds will be received either from an annual contribution established through the annual operating budget or in years were the Building Division has an annual surplus.

## Application

This policy applies to all staff.

## Consequences of Non-Compliance

Non-compliance with the Municipal Act, 2001 is subject to the remedies prescribed therein.

## Review Cycle

This policy will be reviewed when legislation changes.

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(Signature)