

DATE: January 15, 2019**FILE:** 1700-02/2019/285**TO:** Chair and Directors
Electoral Areas Services Committee**FROM:** Russell Dyson
Chief Administrative OfficerSupported by Russell Dyson
Chief Administrative Officer**R. Dyson****RE: 2019 - 2023 Financial Plan – Building Inspection Service – Function 285**

Purpose

To provide the Electoral Areas Services Committee with the proposed 2019 - 2023 Financial Plan and work plan highlights for the Building Inspection service, function 285.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2019 - 2023 financial plan for the Building Inspection service, function 285, be approved.

Executive Summary

- Building Inspection service consists of two primary functions: building permit and inspection services, and front counter customer support.
- Building Inspection service revenue is derived from building and plumbing permit fees and tax requisition.
- The tax requisition for 2019 is proposed to remain at the 2018 level and accounts for approximately 50 per cent of the service's revenue.
- The 2019 financial plan includes \$105,000 as a contribution to reserves.
- Comox Valley Regional District (CVRD) hired one new full time building official in 2018 after signing a service agreement with the Village of Cumberland.

Prepared by:

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Concurrence:

S. Smith

Scott Smith, MCIP, RPP
General Manager of Planning and
Development Services Branch**Policy Analysis**

The building inspection service was established in 1969 under Section 818 of the *Municipal Act* granting the regional district the power to make building regulations. Subsequently, Bylaw No. 1160, being the “Regional District of Comox-Strathcona Building Inspection Service Bylaw, 1989” was adopted in 1989 and amended in January 2003 by Bylaw No. 2489, being the “Regional District of Comox-Strathcona Building Inspection Service 1989, amendment Bylaw No. 1, 2002”, establishing the extended service of building inspection.

Building inspection regulations were established under Bylaw No. 142, being the “Comox Valley Regional District Building Bylaw No. 142, 2011”, for the purpose of regulating construction within the CVRD in the general public interest.


Financial Plan Overview

Each year the CVRD prepares an updated five-year financial plan that represents the operation of each service from one budget year to the next.

The objective of the building inspection service is to provide citizens of the CVRD with front end information pertaining to property development in the areas of building permit process, zoning bylaws, planning related functions, and water and sewer services.

Table 1 below summarizes the 2019 proposed budget as compared to the 2018 adopted budget. Significant variances from the 2018 adopted budget will be discussed in the financial plan highlights section below.

Table 1: Financial Plan Highlights

 285 Building Inspection			
Operating	2018 Budget	2019 Proposed Budget	Increase (Decrease)
Revenue			
Grants In Lieu	990	990	-
Requisition	354,086	354,086	-
Applications/Permit Fees	281,000	308,000	27,000
Sales of Services Local Gov't	40,000	55,000	15,000
Other Revenue/Recoveries	9,500	9,500	-
Transfer from Reserve	0	50,745	50,745
Prior Years Surplus	302,837	126,815	(176,022)
	\$ 988,413	\$ 905,136	\$ (83,277)
Expenditures			
Personnel Costs	606,401	618,595	12,194
Operating	167,887	181,541	13,654
Contribution to Reserve	214,125	105,000	(109,125)
	\$ 988,413	\$ 905,136	\$ (83,277)

The 2019 - 2023 proposed five-year financial plan for the building inspection service, including the requisition summary and the operating and capital budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the Comox Valley Regional District financial plan web page at www.comoxvalleyrd.ca/currentbudget.

Table 2 below outlines the number of permits issued, construction values, projected permit revenue and actual permit revenue from January 2016 to December 2018. The table shows a decrease in construction values of approximately 0.8 per cent with a 12 per cent increase in permit revenue in 2018. This is attributed to the new building permit fee rates introduced in November 2017.

Table 2: Comparatives of Permits Issued, Construction Values and Permit Revenue

Year	Dwelling Units (net)	Other	Total Building Permits	Construction Value	Budget Projection Building Permit Revenue	Actual Permit Building Permit Revenue
2016	104	172	276	\$39,875,414	\$184,000	\$266,193
2017	124	198	322	\$49,430,247	\$200,000	\$328,363
2018	105	168	273	\$49,040,264	\$250,000	\$368,662

Highlights of the 2019 – 2023 proposed financial plan for building inspection service, function 285, include:

Revenue Sources

Building inspection service revenue is derived from:

- Building permit fees and plumbing fees.
- Service fees for permit renewals, property file archives, covenants and title searches.
- Tax requisition.
- Service agreement with the Village of Cumberland.

Construction activity has a direct impact on revenues. The Canada Mortgage and Housing Corporation's housing market outlook publication released in fall 2018 expects British Columbia's housing starts to soften going into 2019 through to 2020, moving back towards the 10-year average pace of construction.

With construction activity expected to moderate with relatively gradual decline, staff have projected a conservative increase in building inspection service revenue for 2019. This revenue along with annual transfers from the future expenditure reserve enables the tax requisition to remain unchanged through to 2022.

The proposed 2019 financial plan shows an estimate of surplus carried forward from 2018 of \$126,815. This figure will be updated once the 2018 year-end is finalized.

Personnel

The 2019 financial plan accounts for the new Building Official hired in August 2018. A portion of the additional personnel costs will be offset with the revenue generated by the service agreement for building inspection services to the Village of Cumberland.

Additional personnel costs of \$12,194 are projected mainly as a result of the provincial Employee Health Tax introduced on January 1, 2019.

Staffing levels should remain unchanged for the five year plan.

Operations

Budgeted operating costs for 2019 are proposed to increase by \$13,654. This is attributed to an increase in support services, insurance costs, resource material purchases and staff training planned for 2019.

Capital

The only capital acquisitions included in the 2019-2023 proposed financial plan is \$70,000 for the replacement of two building official vehicles in 2020, to be funded by capital works reserves.

Reserves

The capital works reserve fund balance for the building inspection service is projected to be \$123,542 as of December 31, 2018. There are annual contributions of \$5,000 to this reserve budgeted in the 2019-2023 financial plan.

As of December 31, 2018 the future expenditure reserve fund balance is projected to be \$481,273 with a contribution from prior year's surplus proposed in 2019 of \$100,000.

The balance of this reserve will decrease steadily over the five year plan as contributions from reserves to operations are planned in order to offset any tax requisition increases.

Citizen/Public Relations

The proposed estimated tax rate for 2019 is \$0.0552 per \$1,000 of assessed value, a dwelling assessed at \$400,000 equals \$22.08 for 2019.