

DATE: January 20, 2021

FILE: 1700-02/2021/285

TO: Chair and Directors
Electoral Areas Services Committee

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. Dyson

RE: 2021 - 2025 Financial Plan – Building Inspection Service – Function 285

Purpose

To provide the Electoral Areas Services Committee with the proposed 2021 - 2025 Financial Plan and work plan highlights for the Building Inspection service, function 285.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2021 – 2025 financial plan for the Building Inspection service, function 285, be approved.

Executive Summary

- The estimated residential tax impact per \$1,000 / assessed value is \$0.0420 or \$0.0103 less than the 2020 rate.
- Rethink Comox Valley response due to COVID-19 includes the introduction of new processes and procedures streamlining the service.
- Approximately 60 per cent of revenues are collected through permit fees the remaining 40 per cent are derived from the tax requisition.
- Tax requisition and operations costs are reduced for 2021 with a COVID-19 Rethink review process to provide relief to ratepayers.
- Minor increase in personal costs for records management and Building Official certifications.
- Minimum specifications for two vehicles scheduled for replacement in 2021 are proposed as hybrid.
- Financial plan includes annual contributions of \$11,750 to the capital works reserve.

Prepared by:

Concurrence:

D. Mirabelli

S. Smith

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Manager of Building Services

Scott Smith, RPP, MCIP
General Manager of Planning and
Development Services

Board Strategic Drivers

The Comox Valley Regional District (CVRD) Board has set four strategic drivers to guide service delivery. Not all services will be influenced by all drivers. Table 1 notes the degree of influence the drivers have on projects and work plans.

Table 1: Board Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> • A \$55,000 reduction to the tax requisition due to surplus from 2020. Relief provided to ratepayers with COVID-19 focus 	<p>Climate crisis and environmental stewardship and protection:</p> <ul style="list-style-type: none"> • Continue with public education and rebate incentives for BC Step Code compliance • Vehicles scheduled for replacement are proposed as hybrid
<p>Community partnerships:</p> <ul style="list-style-type: none"> • Building Inspection Service agreement with the Village of Cumberland 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • Not significantly influenced by this driver

Rethink Comox Valley / COVID-19 Response and Renewal


Building Services introduced new software to review building plans digitally and implemented new procedures to issue permits electronically. Video inspections options were also developed to allow for projects of occupied spaces to continue as well as maintaining workplace safety. The new procedures have proven to be effective in streamlining the service and will continue moving forward.

Financial Plan Overview

The 2021 - 2025 proposed five-year financial plan for the Building Inspection service, function 285, including service establishment information, the requisition summary and the operating and capital budgets, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD financial plan web page at www.comoxvalleyrd.ca/currentbudget.

Table 2 on the following page summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the financial plan sections that follow.

Table 2: Financial Plan Highlights

 2021 Proposed Budget		285 Building Inspection		
Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)	
Revenue				
Grants In Lieu	990	990	-	
Requisition	354,086	299,086	(55,000)	
Applications/Permit Fees	308,000	329,000	21,000	
Sales of Services Local Gov't	55,000	55,000	-	
Other Revenue/Recoveries	11,500	11,500	-	
Transfer from Reserve		16,165	16,165	
Prior Years Surplus	224,822	150,000	(74,822)	
	\$ 954,398	\$ 861,741	\$ (92,657)	
Expenditures				
Personnel Costs	634,919	669,380	34,461	
Operating	200,633	180,611	(20,022)	
Contribution to Reserve	118,846	11,750	(107,096)	
	\$ 954,398	\$ 861,741	\$ (92,657)	
Capital				
Funding Sources				
Transfer from Reserve	0	70,000	70,000	
	\$ -	\$ 70,000	\$ 70,000	
Funding Applied				
Capital Projects & Equip	0	70,000	70,000	
	\$ -	\$ 70,000	\$ 70,000	

Highlights of the 2021 - 2025 proposed financial plan for 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
- Service agreement with the Village of Cumberland
- Tax requisition

The COVID-19 pandemic has impacted housing markets in unexpected and unpredictable ways. Despite what may be a down turn in the BC economy, the housing and construction market remained strong in the Comox Valley. For financial purposes, we have projected construction activity and permit revenues to be similar to 2020 budget values. This revenue along with a transfer from the future expenditure reserve enables the tax requisition to be reduced for 2021.

Personnel

The 2021 financial plan reflects a \$34,461 increase in staff costs. Increased costs are attributed to additional staff time required to digitize files, a two per cent increase in salary and benefit costs as a result of the collective agreement, along with upgrade salary costs for the building officials as they obtain levels of certification required by the *Building Act*.

Operations

Operation costs are marginally reduced for 2021 as some training and development opportunities along with associated travel costs are not anticipated to be available. In addition, costs toward orthophotos are not scheduled again until 2022.

Capital

The proposed budget includes funding for two vehicle replacements in 2021. Building services has consulted with the fleet manager and taking into consideration the age and mileage of the existing vehicles, present trade in values, obtaining a package price for two vehicles along with the available capital works reserve funds, it is recommended both vehicles be replaced in the 2021 budget year.

Reserves

- The capital works reserve fund balance for the building inspection service is projected to be \$138,611 as of December 31, 2020.
- \$70,000 of the reserve will be allocated for the two replacement vehicles.
- Annual contributions of \$11,750 is budgeted in the 2021 - 2025 financial plan with a projected ending 2025 balance of \$127,361.

As of December 31, 2020 the future expenditure reserve fund balance is projected to be \$790,569 with no contributions currently proposed throughout the 5-year financial plan. The balance of this reserve will decrease progressively over the five year plan as contributions from reserves to operations are planned in order to offset any tax requisition increases to a projected balance of \$194,684. Note this considers annual draws of \$16,000 in 2021 to \$184,000 by 2025 which holds the requisition flat. No potential increases in permit fees are contemplated at this time. Requisition figures will be reviewed annually with increases as necessary to maintain adequate reserve balances.

Tax Impacts

- Based on the 2021 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.0420 per \$1,000 of taxable assessed value.
- The 2020 residential tax rate for the service was \$0.0523 per \$1,000 of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$21.00.

Citizen/Public Relations

No public consultation required for this service.