



**REPORT TO THE ELECTORAL AREAS COMMITTEE  
MEETING OF MAY 8, 2019**

---

**SUBJECT**     **Building Inspection Cost Recovery Fee Impact**

**ISSUE**

At the March 13, 2019 Electoral Areas Committee (EAC) meeting, the Committee directed staff to:

“Report back on the rationale and implications of different cost recovery policies for the Electoral Areas, Building Inspections Division as a whole and for each Electoral Area”.

This was completed and presented at the April 10, 2019 EAC meeting, at which time the Committee directed staff:

“That no revised cost recovery benchmarks be set until more information has been provided by staff on the implication for fees of different cost recovery methods by the next EAC meeting on May 8, 2019”.

**BACKGROUND**

The staff report (Appendix 1) was presented at the April 10, 2019 EAC.

**ALTERNATIVES**

*Alternative 1:*

That the benchmark rate for Building Inspection Cost Recovery be set at 75%.

*Alternative 2:*

That the benchmark rate for Building Inspection Cost Recover be set at a rate as directed by the Electoral Areas Committee.

**FINANCIAL IMPLICATIONS**

Table 1: Building Inspection Sensitivity Analysis

<b>Cost Recovery</b>	<b>2018 Fee Revenue</b>	<b>2018 Requisition</b>	<b>New Fee Based on Benchmark</b>	<b>Fee Impact</b>
70%	1,110,761	476,040	5,266	-7.14%
75%	1,196,100	390,700	5,670	-0.01%
80%	1,269,441	317,360	6,018	6.12%
90%	1,428,121	158,680	6,770	19.39%

Benchmark Fee was \$5,671 for a Single Family Dwelling.

**CONCLUSION**

Currently Building Inspection has a benchmark target of 80% cost recovery rate for building permit fees. Our analysis has shown that over the last 10 years the actual average fee cost recovery has been approximately 70%.

The *Local Government Act*/Community Charter does not permit a government to recover in fees more than the cost of the function. Staff recommend that a recovery rate be set at 75% to account for the increase in administrative work (approximately 25%) that is not recovered through permit fees.

The analysis shows that a 75% benchmark will not require an increase to the building fees at this time.

**RECOMMENDATION**

That the benchmark rate for Building Inspection Cost Recovery be set at 75%.

Submitted by:	Robert Gutierrez, RBO, Manager Building Inspection
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager, Planning & Protective Services

Attachment: Appendix 1 – April 10, 2019 Building Inspection Cost Recovery Staff Report