

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee – November 21, 2024

AUTHOR: Brian Kennett, Chief Building Official

SUBJECT: BUILDING BYLAW NO. 687 AND PLUMBING BYLAW NO. 400 FEES UPDATE

RECOMMENDATIONS

- 1) **THAT the report titled Building Bylaw No. 687 and Plumbing Bylaw No. 400 Fees Update be received for information;**
 - 2) **AND THAT proposed fee updates to increase the fees prescribed in Schedules A and B of Building Bylaw No. 687, enclosed as Attachment A, be approved;**
 - 3) **AND THAT proposed fee updates to increase the fees prescribed in Schedule A of Plumbing Bylaw No. 400, enclosed as Attachment B, be approved;**
 - 4) **AND FURTHER THAT the 2025-2029 Draft Financial Plan be amended accordingly.**
-

BACKGROUND

Building Inspection Services are provided to all Electoral Areas within the Sunshine Coast Regional District (SCRD) and lands under the jurisdiction of the shíshálh Nation Government District (sNGD) via a service agreement. Services include issuing permits, conducting site inspections, monitoring construction and information sharing with both members of the public and other agencies for the purpose of regulating construction in the interest of the health and safety of the public.

The service is currently 100% funded by revenues generated from user fees. User fees are comprised of various permit and service fees prescribed in the fee schedules contained within the regulatory bylaws. These bylaws include *SCRD Building Bylaw No. 687* (Building Bylaw), *SCRD Plumbing Bylaw No. 400* (Plumbing Bylaw) and *sNGD Building Bylaw No. 2017.09*. The fees prescribed by both SCRD and sNGD bylaws are currently aligned, however the SCRD has no authority over sNGD bylaws.

As a component of the Building and Plumbing Bylaw renewal project, scheduled for completion in 2025, staff recently conducted and completed a user fee review. The purpose of this report is to discuss the findings of this review in conjunction with a brief financial overview and present a recommendation for a pre-emptive fee update to increase the fees for 2025 in advance of a new draft bylaw.

DISCUSSION

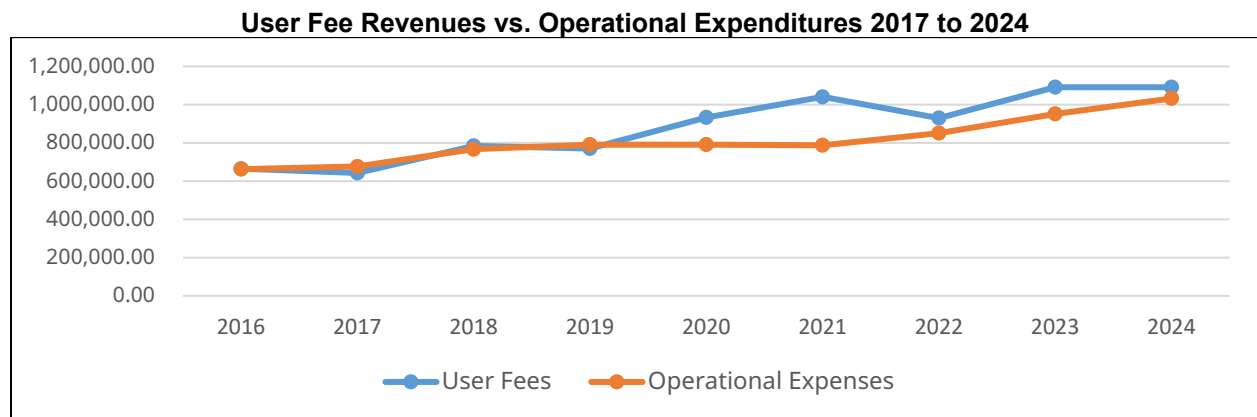
Financial Overview

Service Funding

Service delivery is currently explicitly funded by user fees revenues. Full cost recovery has been maintained since 2020 with subsidization from taxation having ceased after 2019. For the purpose of this report, the period from 2020 onwards is referred to as the “cost recovery period”.

User Fee Revenues vs. Operational Expenditures

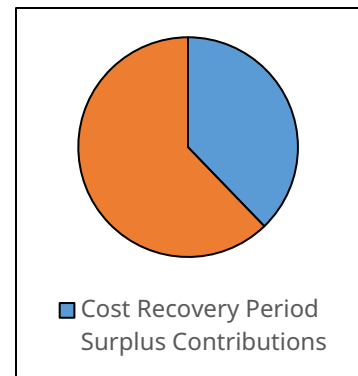
Yearly user fee revenues have increased 70% overall from \$642,757 in 2017 to \$1,091,598 in 2023. The highest rate of growth occurred through the beginning of the cost recovery period, after which time revenues dipped slightly and essentially leveled off. At time of this report, 2024 year to date user fees revenues are tracking to be equal or above those recorded in 2023.



Operational expenditures, inclusive of support services and wages, have increased 53% from \$676,414 in 2017 to \$951,595 in 2023. Inflation stalled through the first two years of the cost recovery period but has continued to rise since. At the time of this report, 2024 year to date expenditures revenues are forecast to exceed those recorded in 2023.

Operational Reserve Fund

The balance of the service’s operational reserve fund includes surplus revenues resulting from the combination of user fees and subsidization from taxation received prior to the cost recovery period. The balance of the reserve fund at the start of 2024 was \$1,645,189. Surplus user fee revenues during the cost recovery period totaled \$621,723 and account for approximately 38% of this balance. User fee revenues and expenditures in 2021 resulted in a \$240,124 surplus and the largest yearly reserve fund contribution on record.



Fee Review Findings:

Last Updates

The fees prescribed in both the SCRD Building and Plumbing Bylaws have remained unchanged for 10 years and 14 years respectively.

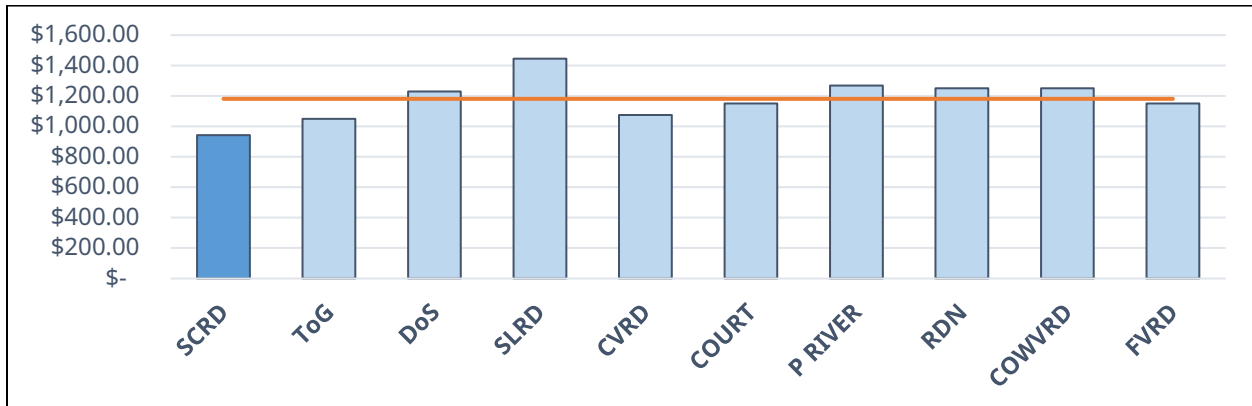
Comparison to Other Local Governments

SCRD user fees were compared to those charged by 9 comparable jurisdictions including: Town of Gibsons, District of Sechelt, Squamish Lillooet Regional District, Comox Valley Regional District, City of Courtenay, City of Powell River, Regional District of Nanaimo, Cowichan Valley Regional District, and Fraser Valley Regional District. Some but not all have recently updated their fees.

Data revealed that current SCRD user fees are below the average of the fees charged by the compared jurisdictions (the standard) to the extent of:

- 50% on average for lower value of construction permits (\$50,000 or less),
- 16% on average for medium to higher value of construction permits (\$50,001 to \$3,000,000), and
- over 100% for numerous flat permit and service fees.

As an example, the chart below depicts the current fees prescribed by all jurisdictions for a permit with a \$100,000 value of construction. The orange line represents the standard.



Fees vs. Costs

Through additional analysis, data confirmed that costs associated with processing, inspecting, and delivering lower value permits and flat fee services far exceed the revenues generated from the fees being charged. The resulting deficits are being offset by revenues from the high value of construction permit fees. In addition, recent changes to building regulations have introduced new requirements. Permit processing and administration costs, in the form of additional review time and added inspections, for medium to higher value of construction permits have increased as a result.

Fee Update Proposal Summary

A 16% average increase to medium to higher value of construction permit fees combined with varying higher percentage increases to lower value of construction permit, flat permit and service fees is proposed. Resulting fees to be equivalent or slightly higher than the average fees charged by comparable jurisdictions. Increases to application processing fees, applied as credits towards the total fees, are also included.

Examples of Current vs. Proposed Building Permit Fees.

As standard building permit fees are calculated according to the formula applicable to the value of construction, the table below provides examples of the current vs. proposed fees as calculated and the percentage change.

| Standard Building Permit Fee Examples | | | |
|--|----------------|-----------------|-------------------|
| Value of Construction (Typical Project) | Current | Proposed | % Increase |
| \$1,000.00 - (minor repair) | \$85.00 | \$150.00 | 76% |
| \$10,000.00.-.(small aux. building) | \$193.00 | \$249.00 | 29% |
| \$50,000.00 - (aux. building / suite) | \$493.00 | \$699.00 | 42% |
| \$100,000.00 - (alteration / addition) | \$943.00 | \$1197.00 | 27% |
| \$350,000.00 - (1000 sqft. new ADU)_ | \$3,193.00 | \$3,687.00 | 15% |
| \$650,000.00 - (1850 sqft. new SFD) | \$5,893.00 | \$6,675.00 | 13% |
| \$1,000,000.00 - (2850 sqft new SFD) | \$9,043.00 | \$10,161.00 | 12% |

Attachments A and B enclosed in this report outline all proposed changes to the standard building permit fee formulas, flat permit, application processing and service fees.

Staff recommend a fee increase for the following reasons:

- **Inflation:** Fees have not been updated to account for the inflationary costs associated with service delivery nor the 30% rise in the Consumer Price Index (CPI) since Building Bylaw adoption in 2014. Although standard building permit fees incorporate an inflationary component by referencing value of construction, the resulting fees calculated by current fee formulas are not universally proportional to the percentage increase in values of construction.
- **Cost recovery:** Lower value of construction permit, flat permit, service, and application processing fees currently do not promote cost recovery. Medium value of construction permit fees are trending in the same direction.
- **Comparability:** Current fees are lower than the standard being charged by comparable jurisdictions and do not promote regional consistency.
- **Financial sustainability:** to ensure that the service continues to be funded explicitly by user fee revenues and avoid future subsidization from the operational reserve fund, taxation or considerably higher fee increase proposals. Comparable regional district building inspection services have recorded consecutive drops in user fee revenues due to reduced permit activity over the past two years and have resorted to these alternate means of subsidization; some to the degree that they are close to depleting their reserve funds.

- Response to trends: The rate of growth in revenues during the beginning of the cost recovery period is unlikely to repeat. Various drivers were at play during this period, including low interest rates, strong real estate activity, abrupt increase in values of construction and other factors related to the pandemic.
- Impact to Affordability: With current standard building permit fees equaling roughly 0.9% of the value of construction, the proposed 16% on average increase will be negligible in terms of impacts to cost and affordability. The proposed increase would result in a less than 0.15% increase to the overall cost of construction.

Timeline for Next Steps

If approval is received, bylaw amendments will be drafted and presented to an upcoming Regular Board Meeting (proposed as December 12, 2024) for three readings and adoption with a proposed effective date of January 1. Upon adoption, permit applications and service requests received in the 2025 fiscal calendar year will be subject to the updated fees.

Communications Strategy

Information regarding an approved fees increase would be communicated to the public via social media, SCR D website, and bulletins posted at the Building Division counter at the Field Road office. Staff would also communicate outcomes directly with sNGD staff for awareness and in support of regional consistency.

STRATEGIC PLAN AND RELATED POLICIES

The proposed fee update aligns with the Board Financial Sustainability Policy and Development Approvals Process Review (DAPR) Recommendation #10B.

CONCLUSION

Building Inspection Services is one of the few SCR D services funded solely by user fees. The service is currently in a stable financial position, due largely in part to the abundance of construction activity over the past 5 years. Analysis has revealed that current user fees are below the comparable standard in other similar jurisdictions. Although user fees generated from permit activity are difficult to forecast, there are signs that indicate that recently recorded rates of growth in revenues are unlikely to be repeated any time soon. Based on this information, staff recommend a fee update proposal to increase user fees as a proactive approach to maintaining full cost recovery and financial sustainability.

Attachments:

- A – Proposed Fee Updates Bylaw No. 687 Schedules A and B
- B - Proposed Fee Updates Bylaw No. 400 Schedule A

| | | | |
|--------------|------------------|-------------|-------------|
| Reviewed by: | | | |
| Manager | X – B. Kennett | Finance | X – B. Wing |
| GM | X – I. Hall | Legislative | |
| CAO/CFO | X - T. Perreault | Other | |

ATTACHMENT A

Proposed Fee Updates

Sunshine Coast Regional District Building Bylaw No. 687 Schedule A

Application Processing Fees

| Section | Fee | Existing | Proposed |
|---------------------|--|--------------------------------------|--|
| A.1.(1) a) to c) | The non-refundable application processing fee for a permit to construct | | |
| | Any works requiring a permit under this bylaw with a value of building construction as determined by the Building Official | of \$30,000 or less \$80.00 | of \$41,000 or less \$150.00 |
| | Any works requiring a permit under this bylaw with a value of building construction as determined by the Building Official | of \$30,000 to \$200,000 \$300.00 | of more than \$41,000 shall be 25% of the estimated permit fee required pursuant to Schedule B |
| | | of more than \$200,000 \$750.00 | |

ATTACHMENT A

Proposed Fee Updates Sunshine Coast Regional District Building Bylaw No. 687 Schedule B

| Building Permit Fees | | | |
|-----------------------------|--|---|---|
| Section | Fee | Existing | Proposed |
| B.1.(1) a) | For standard buildings except those referenced in B.1.(1)(b) | | |
| | \$0.00 to \$1,000.00 | \$85.00 | \$150.00 |
| | \$1,001.00 to \$10,000.00 | \$85.00 plus \$12.00 per \$1,000.00 or part thereof exceeding the first \$1,000.00 | \$150.00 plus \$11.00 per \$1,000.00 or part thereof exceeding the first \$1,000.00 |
| | \$10,001.00 to \$50,000.00 | \$193.00 plus \$7.50 per \$1,000.00 or part thereof exceeding the first \$10,000.00 | \$249.00 plus \$11.25 per \$1,000.00 or part thereof exceeding the first \$10,000.00 |
| | \$50,001.00 to \$3,000,000.00 | \$493.00 plus \$9.00 per \$1,000.00 or part thereof exceeding the first \$50,000.00 | \$699.00 plus \$9.96 per \$1,000.00 or part thereof exceeding the first \$50,000.00 |
| | \$3,000,001.00 to \$10,000,000.00 | \$27,043 plus \$5.50 per \$1,000.00 or part thereof exceeding the first \$3,000,000.00 | \$30,081.00 plus \$7.00 per \$1,000.00 or part thereof exceeding the first \$3,000,000.00 |
| | \$10,000,001.00 and greater | \$65,543 plus \$5.50 per \$1,000.00 or part thereof exceeding the first \$10,000,000.00 | \$79,089 plus \$7.00 per \$1,000.00 or part thereof exceeding the first \$10,000,000.00 |
| B.1.(1) b) | For Multi Family Residential, Industrial, Commercial, Office Buildings, Assembly and Institutional Buildings | add to fees in B.1.(1) a) \$3.25 per \$1,000.00 | add to fees in B.1.(1) a) \$2.18 per \$1,000.00 |
| B.1.(2) | Chimney / Wood Burning Appliance Permit Fees | \$50.00 | \$85.00 |
| B.1.(3) | Subsoil drainage installation for standard buildings | \$60.00 | \$125.00 |
| B.1.(4) | Building Design Modification Administration Fee - Plan review rate per hour | \$70.00 | \$150.00 |

| | | | |
|----------|--|--|--|
| B.1.(5) | Extension of a building permit when required | original permit value of less than \$30,000 \$50.00 | original permit value of less than \$30,000 \$100.00 |
| | | original permit value of \$30,000 or more and less than \$200,000 \$150.00 | original permit value of \$30,000 or more and less than \$200,000 \$250.00 |
| | | original permit value of \$200,000 or more \$250.00 | original permit value of \$200,000 or more \$500.00 |
| B.1.(8) | Demolition Permit Fee | \$150.00 | \$300.00 |
| B.1.(11) | For each special inspection during normal working hours (non-refundable) | \$150.00 | \$250.00 |
| B.1.(12) | Re-inspection Fee - Where it has been determined by the building inspection that due to Non compliance with the provisions of this bylaw or the British Columbia Building Code more than two (2) inspections are necessary - for each type of inspection in accordance with Section 16.4 after the second inspection | \$50.00 | \$250.00 |
| B.1.(13) | Microfilming of Records Fee - To assist in the cost of preparing efficient permanent construction plans and permit records – per document sheet | \$2.00 (per sheet) | \$2.50 (per sheet) |
| B.1.(14) | Removal of Notice on Title Fee | \$100.00 | \$1000.00 |
| B.1.(16) | Alternative Solutions - An alternative solution presented by an owner or his consultant must be submitted in the form prescribed by the Building Official and subject to an application fee, including initial review | \$200.00 plus \$100.00/hr for any review time in excess of two hours | \$1000.00 plus \$100.00/hr for any review time in excess of two hours |
| B.1.(17) | To complete a title search | \$20.00 | \$50.00 |

ATTACHMENT B

Proposed Fee Updates

Sunshine Coast Regional District Plumbing Bylaw No. 400 Schedule A

Plumbing Permit Fees and Inspection Service Charges

| Plumbing Fees | | | |
|--------------------------|--|---|---|
| Section | Fee | Existing | Proposed |
| 1. (i), (ii), (iv) | <u>Fixtures</u> For the purpose of this calculation in addition to the more common plumbing fixtures, hot water storage tanks, automatic washers, built in dishwashers, rod drains and floor drains shall be included as fixtures and be charged at the following rates | The minimum fee for a plumbing permit shall be \$50.00 | The minimum fee for a plumbing permit shall be \$75.00 |
| | | The permit fee for each fixture shall be 18.33 per fixture or a maximum of 12 shall be \$220.00 | The permit fee for each fixture shall be 20.83 per fixture or a maximum of 12 shall be \$250.00 |
| | | The permit fee for each fixture over twenty-five (25) shall be \$8.00 | The permit fee for each fixture over twenty-five (25) shall be \$12.00 |
| 2. (i), (ii) | <u>Water Service</u> The permit fee for each water service shall be | Up to two (2) inches in diameter \$40.00 | Up to two (2) inches in diameter \$55.00 |
| | | Over two (2) inches in diameter \$50.00 | Over two (2) inches in diameter \$65.00 |
| 4. (i), (iv) | <u>Fire Sprinklers</u> Each floor level of a building shall be considered as being a separate installation for the purpose of determining fees. The permit fee for each sprinkler system shall be as follows | A minimum fee for each system up to a maximum ten (10) sprinkler heads \$50.00 | A minimum fee for each system up to a maximum ten (10) sprinkler heads \$75.00 |
| | | Each added zone \$50.00 | Each added zone \$75.00 |
| 6. | <u>Backflow Prevention Device</u> The permit fee for each backflow prevention device shall be | \$15.00 | \$45.00 |
| 7. | <u>Internal Roof Leaders</u> The permit fee for the installation or alteration of rain water leaders or roof drains per leader or roof drain shall be | \$15.00 | \$45.00 |

| | | | |
|-----------------------------------|---|--|--|
| 8. (i) | <u>Storm Water Drainage</u> The permit fee for the installation of a storm water drainage system shall be | For single and two family dwelling \$50.00 | For single and two family dwelling \$60.00 |
| 11. | <u>Fire Fighting Supply</u> The permit fee for each siamese connection, hose station or hose cabinet used for firefighting shall be | \$40.00 | \$60.00 |
| Service Charges | | | |
| 1. | <u>Special Inspection Fee</u> For special arrangements or to check condition of a plumbing system the fee shall be | \$50.00 | \$250.00 |
| 2. | <u>Re-Inspection Fee</u> In every case where, due to non-compliance with the British Columbia Plumbing Code or provisions of this Bylaw, more than two inspections are necessary, the fee for each inspection after the second inspection shall be | \$50.00 | \$250.00 |
| 3. | <u>Permit Extension Fee</u> For the extension of a plumbing permit when required an additional fee shall be paid of twenty percent (20%) to the nearest dollar of the original permit fee to a maximum of | \$50.00 | \$75.00 |
| Application Processing Fee | | | |
| 1. | The application processing fee for a permit application to construct a plumbing system with a permit value of more than \$50.00 shall be | \$50.00 | \$75.00 |