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## **2019 OPERATING BUDGET BRIEFING NOTE**

### **Toronto Building - Service and Rent Expenditures**

**Issue/Background:**

- Budget Committee at its meeting on February 6, 2019 requested that the Chief Building Official and Executive Director, Toronto Building, provide a briefing note on what has led to the "Service and Rent" expenditure increases from 2017 to 2019.

**Key Points:**

- *The Building Code Act, 1992 (BCA)* sets out the legal framework for building and construction regulation in Ontario. Revenues collected from Building Permit Fees are determined by the City in accordance with the requirements stipulated by Section 7 of the BCA. The total amount of the fees authorized by Council under the authority of the *BCA* must not exceed the anticipated reasonable costs of the City to administer and enforce the *Act* in the City of Toronto.
- Toronto Building’s operating budget is prepared each year with the goal of providing services efficiently, improving performance levels, advancing progress towards meeting our 2017-2021 Service Plan objectives, and implementing further Electronic Service Delivery improvements.
- Through each annual budget cycle, the Division undertakes a comprehensive line-by-line review of expenditure items and assesses opportunities for reallocation, and efficiency savings and/or cost avoidance to align resources and costs with anticipated operational needs.
- Table 1 below presents a comparison of the budgeted and actual spending levels in the Service and Rent expenditure category for 2017, 2018 and 2019.

**Table 1: Toronto Building Service and Rent Expenditures (2017 - 2019)**

(in \$000's)	2017 Approved Budget	2017 Year End Actual	2018 Approved Budget	2018 Projected Actual	2019 Recommended Budget
Service and Rent	1,281.9	965.9	1,685.0	1,685.0	2,588.3

- The \$0.316 million under spending in 2017 was primarily due to lower than expected monthly cell phone charges following the strengthening of management controls and staff vacancies, and sustainment cost savings related to the Division's Interactive Voice Recognition (IVR) system.
- The \$0.719 million increase in the 2018 Service and Rent expenditure category as compared to the 2017 year-end actuals. Increase primarily due to a line-by-line review and realignment of costs across all expenditure categories and line items to account for and accommodate costs for divisional initiatives and priorities including: \$0.277 million in "Computer Hardware Maintenance" for maintenance and licensing costs associated with the Division's Electronic Service Delivery (ESD) initiative \$0.141 million in "Consulting" for an IT Road Map, \$0.101 million for "Wireless devices and telecom services", \$0.065 million in "Training" for an enhanced staff training program, the remaining increase attributed to various nominal increases. This increase to Service and Rent expenditure category was completely offset by reductions and savings in other expenditure line items and categories.
- The 2019 Staff Recommended Budget includes a \$0.903 million increase to the Service and Rent expenditure category primarily attributed to \$0.670 million for consulting services required for the proposed Program Review. The costs are offset by reductions to budgeted contributions to the Building Code Service Improvement reserve.
- As recommended in the 2019 Operating Budget, Toronto Building will be undertaking a comprehensive Program Review, through the retention of an external consulting firm, to assess and analyze the organizational structure, service areas, service levels and service delivery models to determine how the Division can efficiently and effectively meet its short-term and long-term program objectives, establish best practices in meeting legislative requirements, and deliver on its mission and vision.
- The 2019 Service and Rent expenditure category budget also includes a \$0.500 million increase in the "Contracted Services – General" line item account to establish a contingency for the retention of demolition services, in the event that the Division is required to undertake action on behalf of property owners to remediate an unsafe building condition.
- As per the authority set out in Sections 15.9 and 15.10 of the *Building Code Act* (BCA), any costs incurred by Toronto Building in the remediation of buildings on behalf of property owners, are fully recoverable through the addition of these charges to the property tax roll. An offsetting \$0.500 million revenue recovery associated with establishing this budgeted contingency for demolition services, is recorded in the "Sundry and Other Revenues" revenue category.
- The establishment of this contingency is consistent with the requirements of the City's Financial Control Bylaw.
- In addition to the 2019 budgeted increases in the Service and Rent expenditure category, there are also cost avoidance savings of \$0.203 million related to the recent decommissioning of the Interactive Voice Recognition (IVR) solution in 2018. Implementation of harmonized call management services, in combination with recently implemented Web Applications for inspection services to manage inspection requests, has allowed for the retirement of the IVR platform, rather than plan for its sustainment.

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