

THE MUNICIPALITY OF LAMBTON SHORES

Report TR 11-2026

Council Meeting Date: March 17, 2025

TO: Mayor Cook and Members of Council
FROM: Rebecca Clothier, Director of Financial Services
RE: Building Department Annual Report for 2025

RECOMMENDATION:

THAT Report TR 11-2026 regarding Building Department Annual Report for 2025 be received.

THAT the Building Permit Fee Annual Report – 2025 be approved.

THAT Council approves the transfer of reserve funds in the amount of \$7,313.17 to cover the 2025 Building Department operating deficit.

THAT the Treasurer’s Building Permit Fee Annual Report – 2025 be posted on the Lambton Shores website.

SUMMARY

The Building Code Act requires municipalities to report annually on building permit fee revenues, the costs associated with administering and enforcing the Act, and the balance of any related reserve funds.

In 2025, building permit fee revenue increased by approximately \$70,000 (33%) compared to 2024. While the number of permits issued continued to decline, the total value of permits increased due to the mix of permits issued during the year, including a higher number of commercial permits.

For the third consecutive year, a deficit has been incurred by the Building Department. As a result, a transfer of \$7,313.17 from the Building Department Reserve Fund is required to cover the 2025 operating deficit.

The Building Department Reserve Fund balance remains strong at \$1,121,021.59 as of December 31, 2025, representing approximately 3.4 times annual operating costs.

This report fulfills the annual reporting requirements of the Building Code Act and associated regulations and provides transparency regarding building permit fee revenues, related expenditures, and the reserve fund balance.

BACKGROUND

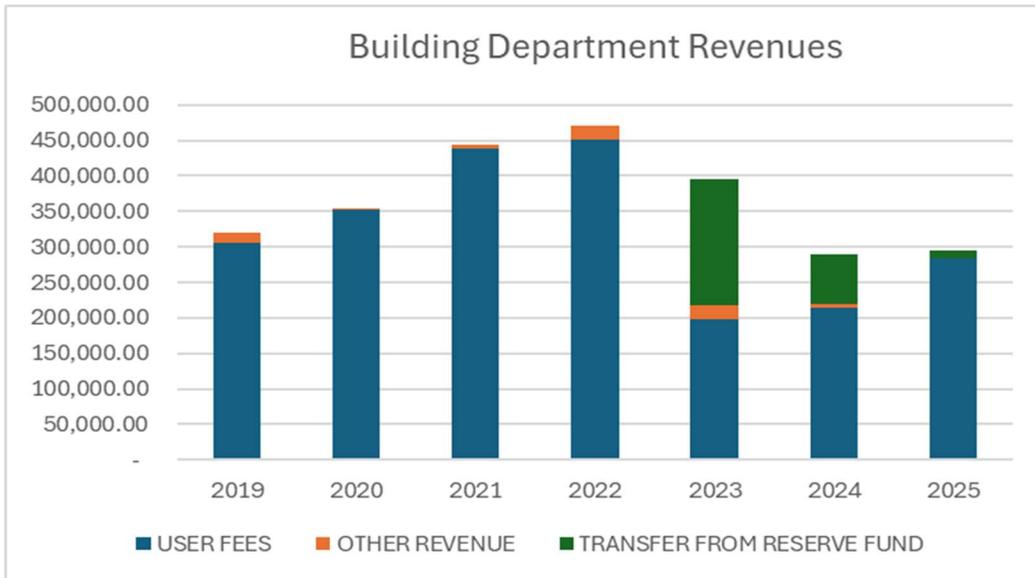
Bill 124 amended the *Building Code Act, 1992, S.O. 1992, c.23* (Building Code Act) as it relates to accountability and reporting requirements. The changes related to reporting requirements came into effect on January 1, 2006, and require municipalities prepare and make available to the public an annual report with respect to the fees imposed under the Act and associated costs.

Further to this, the Ontario Regulation 305/03 arising from the Building Code Act established details on the contents of the annual report, stipulating that it must also contain the direct and indirect costs of delivering the services related to administration and enforcement of the Act, and the amount of any reserve fund established for the same purpose. Direct costs include the costs associated with the review of permit application and the inspection of buildings. Indirect costs include support and overhead costs. The reserve fund is established for use in the administration and enforcement of the Building Code Act.

The purpose of this report is to present Council and the public with an annual report on building permit fees collected, direct and indirect costs of administration and enforcing the Building Code Act, as well as the balance in the Building Reserve as of December 31, 2025. This analysis does not include revenues generated from letters of zoning/sub-division compliance or by-law enforcement.

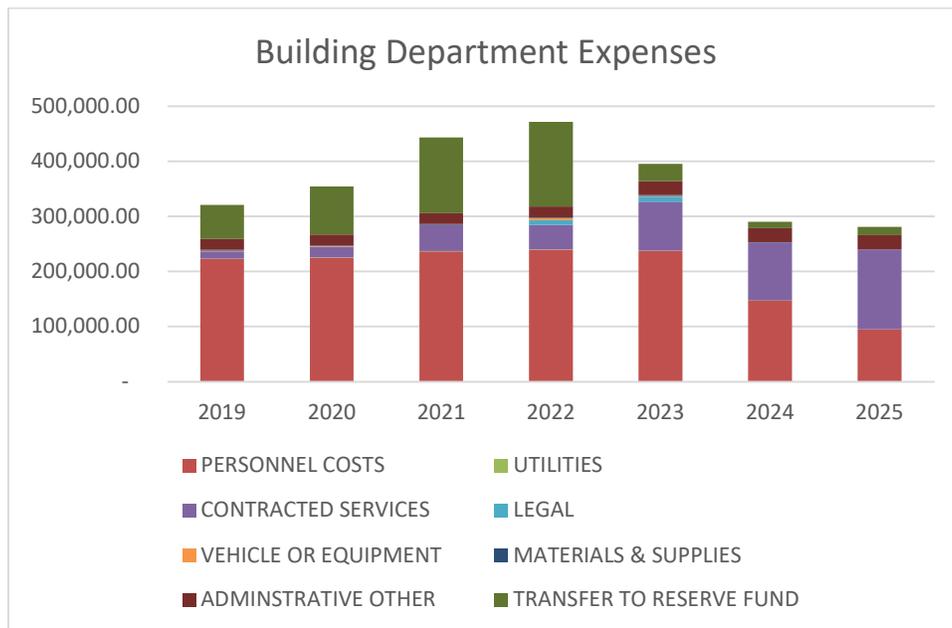
Appendix "A" attached to this report provides the prescribed information for the 2025 fiscal year.

The 2025 permit fees have increased by over \$70K, or 33%, over 2024, interest revenue was less than in 2024 due to the reduced interest rates, and the amount of reserve funds required to fund the deficit incurred in 2025 was less than in 2024. Revenues over the period 2019 through to 2025 are illustrated in the following graph.

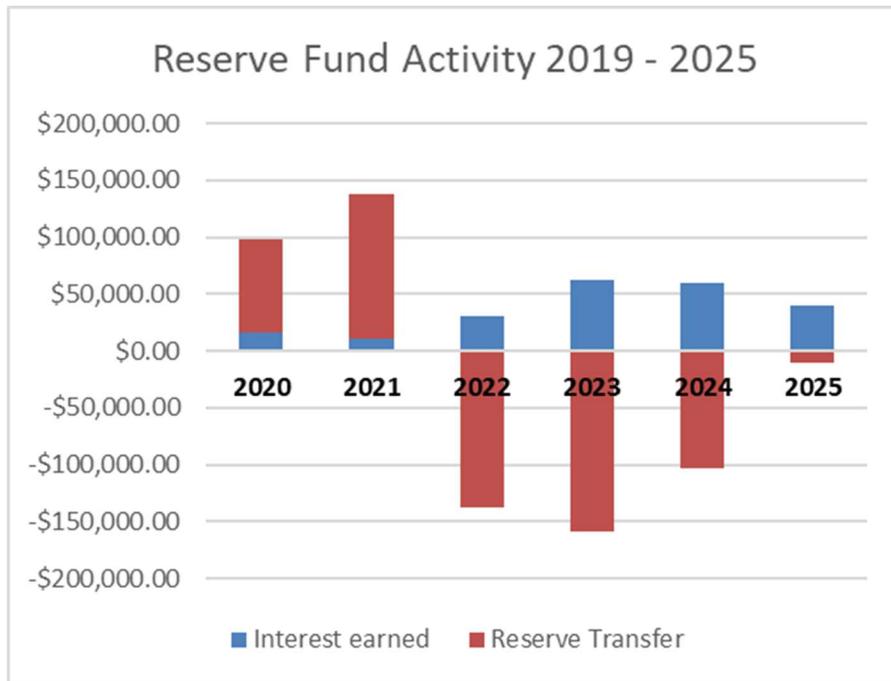


Total Building Department expenses increased in 2025. There was a shift from personnel costs to contracted services due to the change in the delivery of Chief Building Official services from internal staff member to contracted services delivered by the County of Lambton. This change occurred during the 2024 fiscal year.

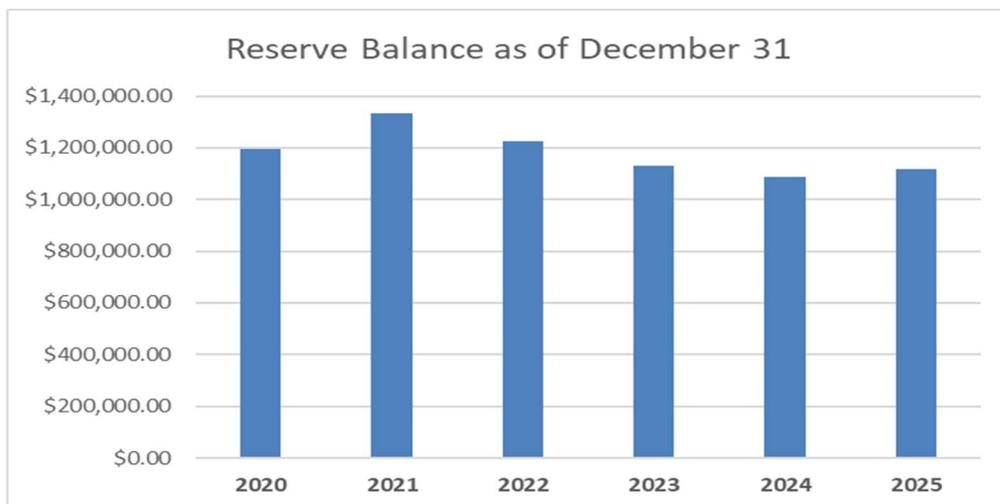
Expenses over the period 2019 through to 2025 are illustrated in the following graph.



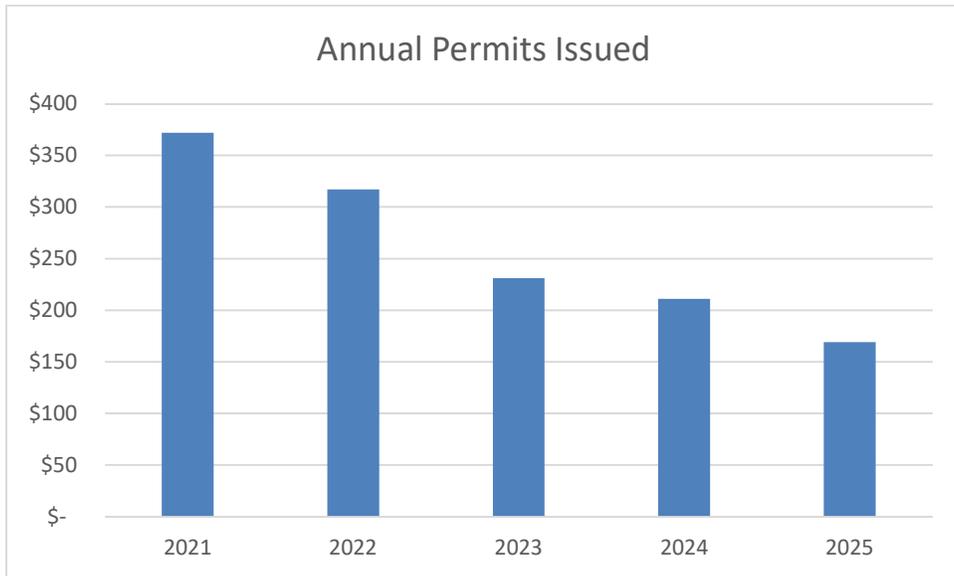
Contributions from the reserve fund were required to fund operating shortfalls in 2023, 2024 and 2025 fiscal years. Net reserve transfers over the period 2019 through to 2025 are illustrated in the following graph.



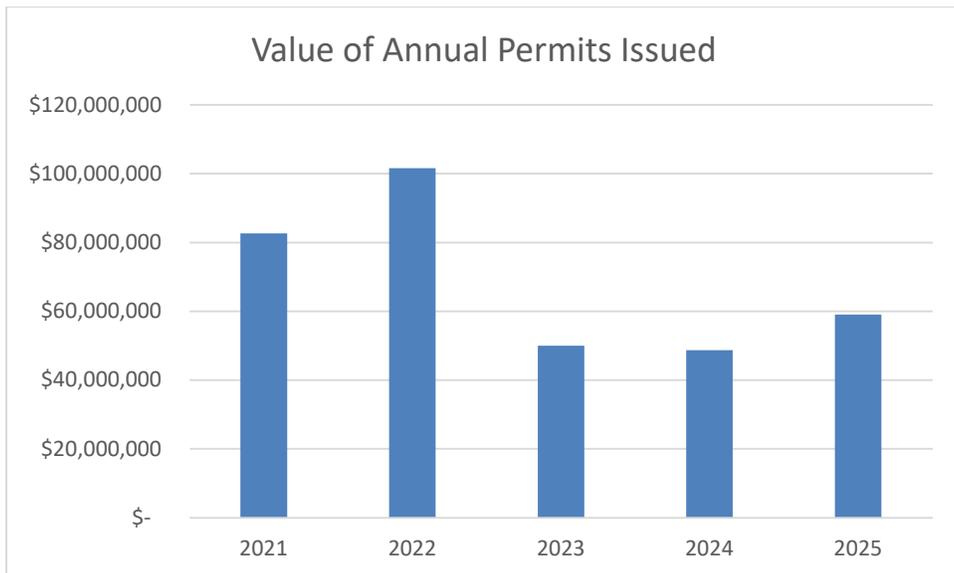
The Building Department Reserve Fund has a balance of \$1,121,021 as of December 31, 2025. This represents 3.42 times the amount of annual operating costs, a slight decrease from 2024. Annual Reserve Fund balances at the end of each fiscal year over the period 2019 through to 2025 are illustrated in the following graph.



The annual number of permits issued has decreased over the period 2019 through to 2025 as illustrated in the following graph.



While the number of permits issued has declined over the past several years, the total value of permits issued increased in 2025. This change is largely attributable to the mix of permits issued during the year. In particular, 2025 saw an increase in the number of commercial permits compared to recent years. Commercial construction projects typically have higher construction values than residential or accessory structure permits, which contributed to the overall increase in total permit value despite the lower number of permits issued.



ALTERNATIVES TO CONSIDER

This report has been prepared to ensure legislative compliance. Council could defer approval, but this would delay compliance with the *Building Code Act* and associated Regulations.

RECOMMENDED ACTIONS

Council is recommended to receive Report TR 11-2026 regarding the 2025 Building Department Annual Report and approve the Building Permit Fee Annual Report – 2025. Additionally, approval is sought for a reserve fund transfer of \$9,964.17 to cover the 2025 Building Department operating deficit. Finally, it is recommended that the Treasurer's Building Permit Fee Annual Report – 2025 be posted on the Lambton Shores website for public access.

As part of ongoing financial oversight of the Building Department, Council may wish to consider a review of the Building Department fee schedule. Building permit fees have not been comprehensively reviewed in several years, and periodic reviews are considered a best practice to ensure that fees remain aligned with the cost of administering and enforcing the Building Code Act. A future review would help confirm that the current fee structure continues to support cost recovery and long-term sustainability of the Building Department.

FINANCIAL IMPACT

There is no financial implication from this report as its purpose is to report on actual 2025 financial performance in terms of revenues, expenses, and reserve balance.

CONSULTATION

Building Code Act, 1992, S.O. 1992, c.23

ATTACHMENTS

Appendix A – 2025 Building Permit Fee Annual Report

**Municipality of Lambton Shores
Building Permit Fee Annual Report - 2025**

This report is pursuant to Section 7(4) of the Building Code Act, as amended. This report sets out the total fees collected, a summary of direct and indirect costs of administration and enforcement and the statement of reserve funds for building services.

TOTAL FEES:

Total fees collected for the period January 1 to December 31, 2025	\$284,835.51
Direct Costs to provide Building Services	\$266,148.68
Indirect Costs to provide Building Services	<u>\$26,000.00</u>
Total Direct and Indirect Costs	\$292,148.68
Revenues over(under) costs as at December 31, 2025	<u><u>-\$ 7,313.17</u></u>

Statement of Reserve Fund:

Balance as at December 31, 2024	\$1,088,180.15
Interest earned in 2025	\$40,154.61
Net TRF to/from reserve fund in 2025	-\$7,313.17
Building Department Reserve Fund as at December 31, 2025	<u><u>\$1,121,021.59</u></u>