

THE MUNICIPALITY OF LAMBTON SHORES

Report TR 07-2025

Council Meeting Date: February 25, 2025

TO: Mayor Cook and Members of Council

FROM: Rebecca Clothier, Director of Financial Services

RE: Building Department 2024 Annual Report

RECOMMENDATION:

THAT Report TR 07-2025 regarding Building Department 2024 Annual Report be received.

THAT the Building Permit Fee Annual Report – 2024 be approved.

THAT the transfer of reserve funds in the amount of \$70,228.72 to cover the 2024 Building Department operating deficit be approved.

THAT the Treasurer's Building Permit Fee Annual Report – 2024 be posted on the Lambton Shores website.

SUMMARY

This report provides an overview of building permit fees, associated costs, and the financial position of the Building Department Reserve Fund for the 2024 fiscal year, in accordance with the reporting requirements outlined in the Building Code Act and Ontario Regulation 305/03.

In 2024, permit fees saw a slight increase compared to 2023, while interest revenue declined due to a reduced reserve balance. Total Building Department expenses decreased, primarily due to the transition of Chief Building Official services from an internal staff member to contracted services provided by the County of Lambton.

Contributions from the reserve fund were required to offset operating shortfalls in both 2023 and 2024. Despite an operating surplus in 2022, a significant contribution to the new municipal office resulted in a net draw from the reserve fund. As of December 31, 2024, the Building Department Reserve Fund holds a balance of \$1,090,663, equivalent to 3.92 times the annual operating costs.

The number of permits issued has steadily declined since 2019, while total permit values have decreased since 2022, with only a slight reduction between 2023 and 2024. Detailed financial data and trends from 2019 to 2024 are illustrated in the accompanying graphs.

Appendix “A” provides the prescribed financial information for the 2024 fiscal year.

BACKGROUND

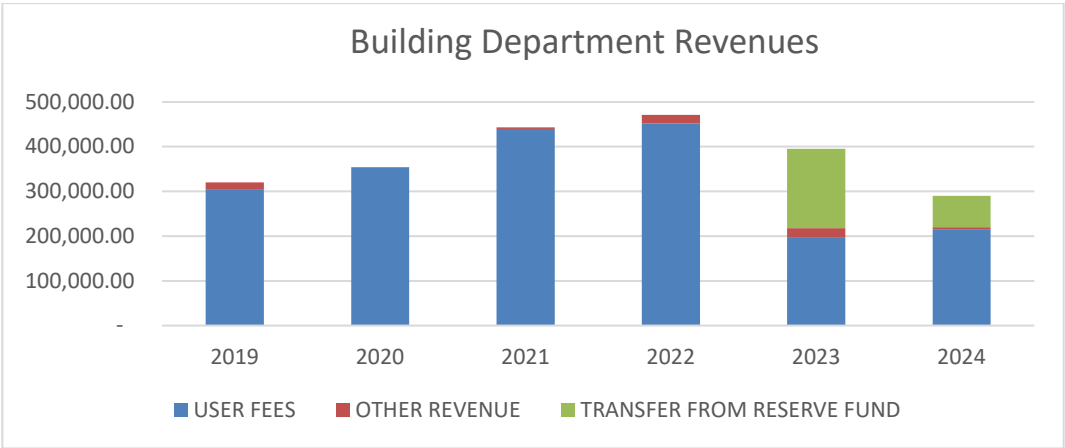
Bill 124 amended the *Building Code Act, 1992, S.O. 1992, c.23* (Building Code Act) as it relates to accountability and reporting requirements. The changes related to reporting requirements came into effect on January 1, 2006, and require municipalities prepare and make available to the public an annual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

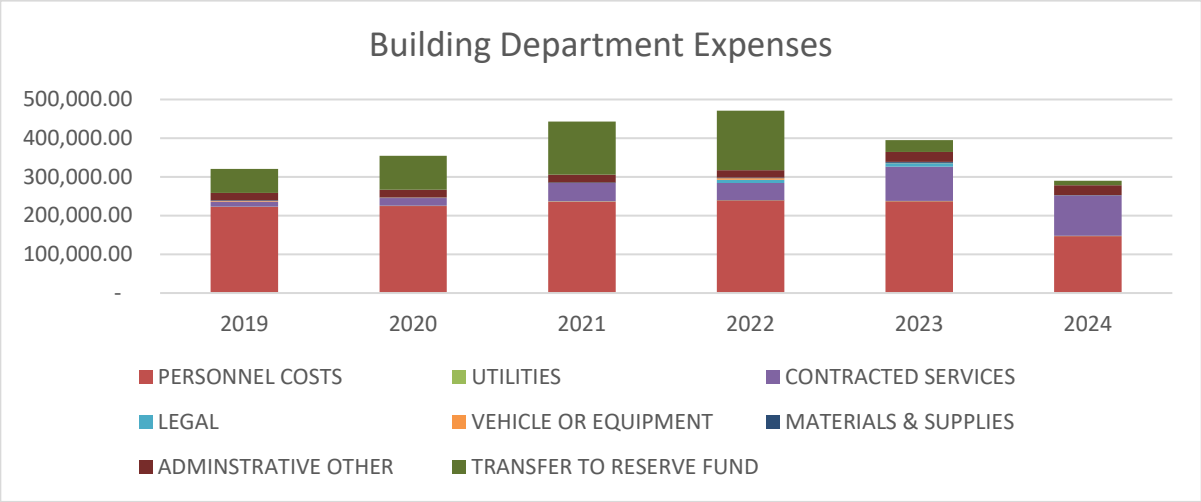
The purpose of this report is to present Council and the public with an annual report on building permit fees collected, direct and indirect costs of administration and enforcing the Building Code Act, as well as the balance in the Building Reserve as of December 31, 2024. This analysis does not include 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 2024 fiscal year.

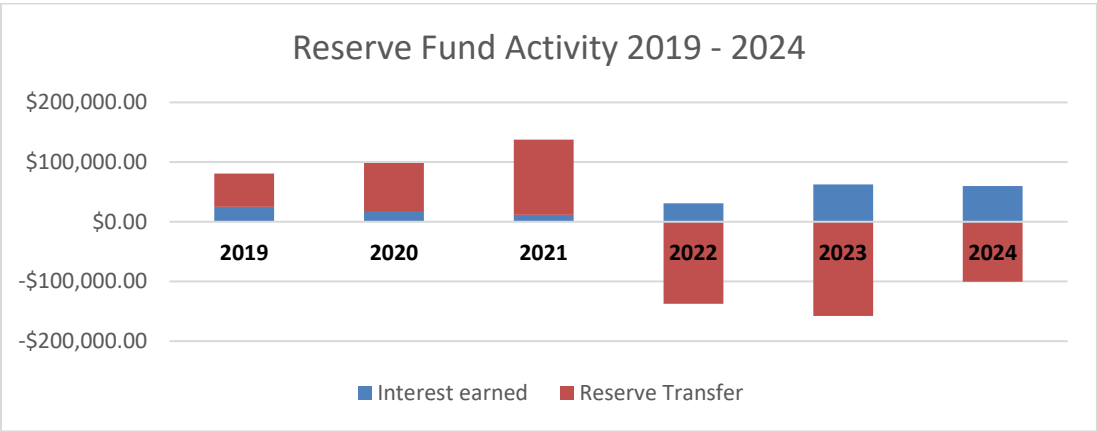
The 2024 permit fees have increased slightly over 2023, interest revenue was less than in 2023 due to the reduced reserve balance, and the amount of reserve funds required to cover operating expenses in 2024 was less than in 2023. Revenues over the period 2019 through to 2024 are illustrated in the following graph.



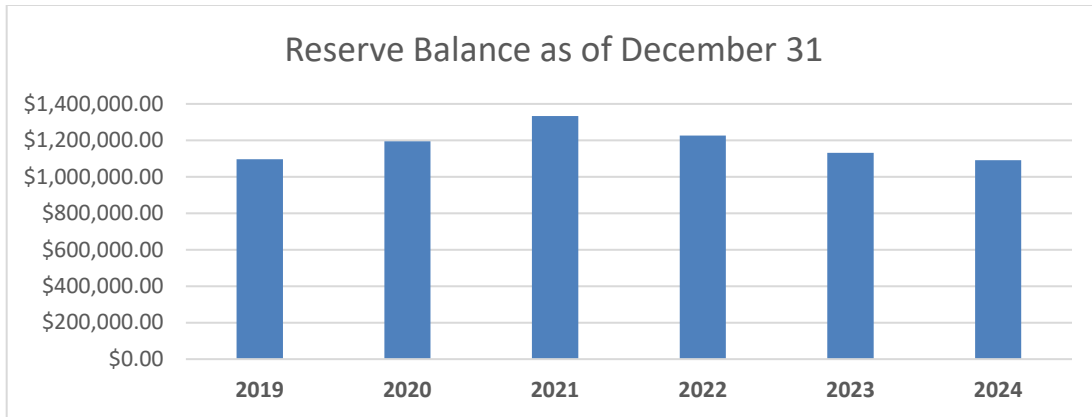
Total Building Department expenses decreased in 2024. There was a shift from personnel costs to contracted services due to the change in the delivery of Chief Building Official services from internal staff member to contracted services delivered by the County of Lambton. This change occurred during the 2024 fiscal year. Expenses over the period 2019 through to 2024 are illustrated in the following graph.



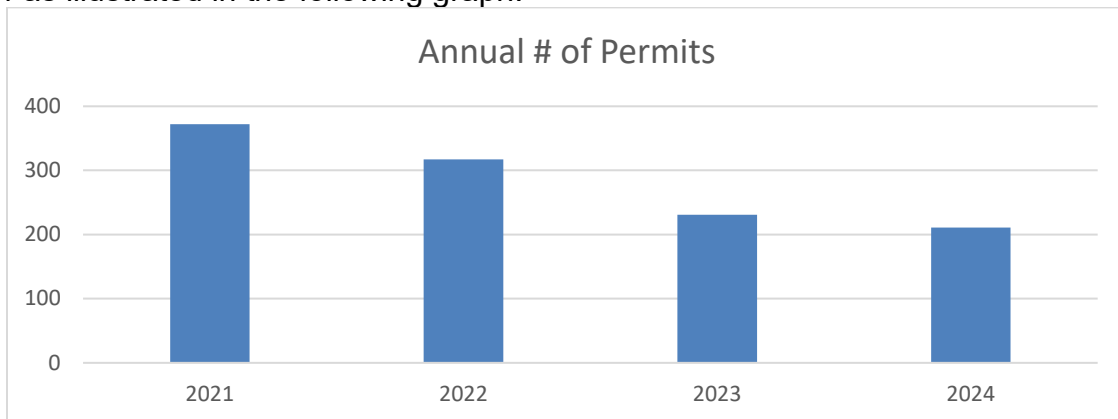
Contributions from the reserve fund were required to fund operating shortfalls in 2023 and 2024 fiscal years. Although the operating surplus was \$142,563 in 2022, a contribution to the new municipal office in the amount of \$279,811 resulted in a net payment from the reserve fund. Net reserve transfers over the period 2019 through to 2024 are illustrated in the following graph.



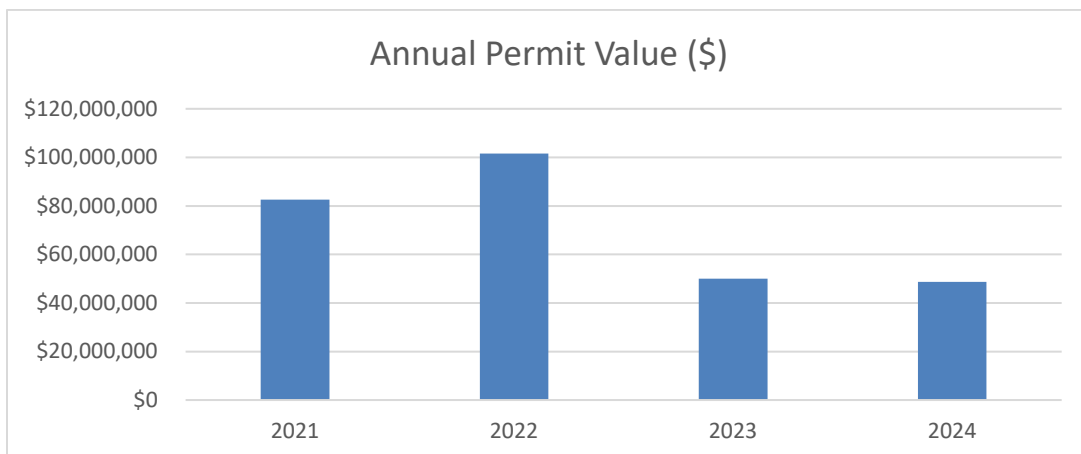
The Building Department Reserve Fund has a balance of \$1,090,663 as of December 31, 2024. This represents 3.92 times the amount of annual operating costs. Annual Reserve Fund balances at the end of each fiscal year over the period 2019 through to 2024 are illustrated in the following graph.



The annual number of permits issued has decreased over the period 2021 through to 2024 as illustrated in the following graph.



The total annual permit value has decreased since 2022, however, there was only a slight decrease in permit value between 2023 and 2024 as illustrated in the following graph.



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

It is recommended that Council approves the Building Permit Fee Annual Report – 2024. Additionally, approval is sought for a reserve fund transfer of \$70,228.72 to cover the 2024 Building Department operating deficit. Finally, it is recommended that the Treasurer's Building Permit Fee Annual Report – 2024 be posted on the Lambton Shores website for public access.

FINANCIAL IMPACT

There is no financial implication from this report as its purpose is to report actual 2024 financial performance in terms of revenues, expenses, and reserve balance.

CONSULTATION

None

ATTACHMENTS

Appendix A – 2024 Building Permit Fee Annual Report

**Municipality of Lambton Shores
Building Permit Fee Annual Report - 2024**

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:

2024

Total fees collected for the period January 1 to December 31, 2024

\$219,988.56

Direct Costs to provide Building Services

\$264,717.28

Indirect Costs to provide Building Services

\$25,500.00

Total Direct and Indirect Costs

\$290,217.28

Revenues over(under) costs as at December 31, 2024

-\$ 70,228.72

Statement of Reserve Fund:

Balance as at December 31, 2023

\$1,131,022.87

Interest earned in 2024

\$59,869.30

Net TRF to/from reserve fund in 2024

-\$100,228.72

Building Department Reserve Fund as at December 31, 2024

\$1,090,663.45