REPORT FOR PUBLIC CONSULTATION

PREPARED BY HEMSON FOR THE MUNICIPALITY OF KINCARDINE

BUILDING PERMIT FEE STUDY

November 5th, 2025

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EXECUTIVE SUMMARY

The purpose of the Building Permit Fee Study is to calculate fees that recover the full cost of providing Building Code services in accordance with the *Building Code Act.* Fees are typically calculated on the basis that they would be reviewed on a five-year cycle, and fees should be adjusted each year to account for the effects of inflation.

Given that the Municipality of Kincardine has not completed a review of its building fees in quite some time and that fees have not been adjusted for inflation annually, the Municipality has initiated a building permit fee review. The objective of the study is to calculate full cost recovery building permit fees based on current expenditure information and revenue forecasts.

Going forward, it is recommended that the Municipality index its building permit fees annually and that a comprehensive update of the Building Permit Fee Study is undertaken every five years.

The projected average annual full cost of providing Building Code services in the Municipality over the 2026-2030 period is as follows:

SUMMARY OF ALL COSTS (PER ANNUM)		
Total Direct Costs	$604,900	*84.2%*
Total Indirect Costs	$113,600	*15.8%*
Reserve Fund Provision	$-	*0.0%*
Total Costs per annum	**$718,500**	**100%**

Note: Figures are rounded

The average annual revenue from building permits (and related fees) over the 2026-2030 period under current rates is estimated at $400,000. The revenue breakdown is as follows:

CATEGORY	FORECAST
Building Permits	$337,000
On Site Sewage Permit/Inspection	$20,000
Occupancy, Plumbing, Admin	$42,000
Total Average Annual Revenue	**$400,000**

The average annual costs projected for the five-year period (2026-2030) exceed the anticipated average building permit fee revenues (over the same period) by 79.6%. As such, the maximum increase in permit fees, which can be justified under the *Building Code Act* is 79.6% on the current fees levied in the Municipality of Kincardine.

1. INTRODUCTION

The purpose of the Building Permit Fee Study is to calculate fees that recover the full cost of providing Building Code services in accordance with the *Building Code Act.* Fees are typically calculated on the basis that they would be reviewed on a five-year cycle, and fees should be adjusted each year to account for the effects of inflation.

Given that the Municipality has not completed a review of its building fees in quite some time and that fees have not been adjusted for inflation annually, the Municipality has initiated a building permit fee review update. The objective of the update is to calculate full cost recovery building permit fees based on the current expenditure information and revenue forecasts. Going forward, it is recommended that the Municipality index its building permit fees annually and that a comprehensive update of the Building Permit Fee Study is undertaken every five years.

The analysis was undertaken using 2025 budget information and all costs have been adjusted for inflation to bring the analysis to $2026 as the first year of the forecast would be 2026 informing new rates for 2026.

This report has been prepared to help facilitate the public meeting scheduled for November 26th, 2025, for Municipal Council to consider changes to the Building Permit Fees in the Municipality of Kincardine. Following the public meeting, a new fees by-law will be brought forward for Council consideration on December 10th 2025.

A. BUILDING CODE ACT FEE REQUIREMENTS

Municipalities are responsible for ensuring that building construction is undertaken in accordance with the provisions of the *Building Code Act, 1992* (the BCA*).* To offset the costs of providing Building Code services, municipalities are permitted to charge fees for building permit applications and inspections of buildings. The BCA states that Building Code fees must not exceed "the anticipated reasonable costs" required to administer and enforce the Building Code during building construction. In addition, municipalities must prepare an annual report that records the amount of its fees as well as the cost it incurs during the process.

The current Building Code continues *Ontario Regulation 305/03*, which introduced the requirement that the annual report must record both the direct and indirect costs of reviewing building permit applications and of conducting various inspections (i.e. permit inspections and septic maintenance inspections). It also required a municipality to report on

any reserve funds it may have. Finally, the Regulation sets out the requirements for a public process that must accompany the setting of building permit and inspection fees. There is no provision in the *Building Code Act* for appealing fees.

B. REPORT STRUCTURE

This report is divided into the following sections:

Section 2 provides a description of the way in which the Municipality carries out its responsibilities under the BCA. It also describes the current building permit fee structure.

Section 3 contains an analysis of past building permit activity and an assessment of the level of activity that is reasonable to anticipate over the next five years for the purposes of setting fees.

Section 4 presents an analysis of the anticipated direct and indirect (overhead) costs of delivering services required to administer and enforce the Building Code and related *Municipal Act* fees under the authority of the Building Division.

Section 5 reviews the current building permit fee structure and proposes new fee rates for the Municipality on the basis of a five-year cycle. Fee comparisons with surrounding municipalities are also made.

2. BUILDING CODE ACTIVITIES IN KINCARDINE

Section 3(2) of the *Building Code Act* require councils of municipalities to appoint a chief building official and inspectors to carry out the enforcement of the Ontario Building Code.

The Municipality's Building department, led by the Chief Building Official, is responsible for carrying out Building Code related activities including processing applications and conducting inspections. Despite most of the work resting with the Building department, there is some overlap with staff in other departments.

A. CURRENT PERMIT APPLICATION PROCESS

The activities of the Building department are related to administering and enforcing the Building Code. Anywhere between 250 and 300 building permit applications are received annually, and each application undergoes a lengthy review process. The Building Code requires that a municipality review a permit application within a certain timeframe where the application meets the criteria set out in the code. Within this timeframe, the Chief Building Official must either issue the permit or refuse it with reasons for denial. The process usually involves one or more inspections of each building site and may also involve staff in other departments.

B. PERMIT FEES

Permit fees are collected whenever permits are issued. As fees are based on the individual components of an application there is no set fee for any given application type. There are in fact almost 47 different fee categories involving building, plumbing, and septic services. The Municipality currently uses several methods of charging fees. The bulk of the Municipality's building fees are based on either building area (i.e. $/square foot) or on construction value (i.e. $/$1,000 of construction value), but there are also flat rate fees (see Schedule B of the current fees By-law 2024-137).

3. ANALYSIS OF REVENUES

This section contains an analysis of recent building activity in Kincardine and a summary of the level of activity that is anticipated over the next five years for the purposes of setting fees.

A. HISTORICAL BUILDING ACTIVITY

In the preceding five-year period from 2020 through 2024, the average number of permits issued annually in Kincardine was 262 (see Table 1), which is a slight decline from the extended sample period of ten years (2015-2024), during which the average number of permits issued was 283. Overall, about 51% of permits relate to residential construction, which includes permits for the creation of new residential units, secondary suite alterations, additions and renovations, sheds, decks, garages, as well as carports and swimming pools.

Table 1: Historical Number of Permits (2020-2024)

PERMIT CATEGORY	2020	2021	2022	2023	2024	5-YEAR AVG.
Residential	154	143	137	102	133	111
Commercial	5	13	13	4	13	8
Institutional	2	1	3	0	4	2
Industrial	5	0	3	2	5	3
Agricultural	10	18	16	13	16	12
Municipal	3	0	3	2	3	2
Miscellaneous	82	83	109	125	82	80
TOTAL	**261**	**258**	**285**	**248**	**256**	**262**

Source: Municipality of Kincardine Building Permit data

B. HISTORICAL PERMIT FEE REVENUES

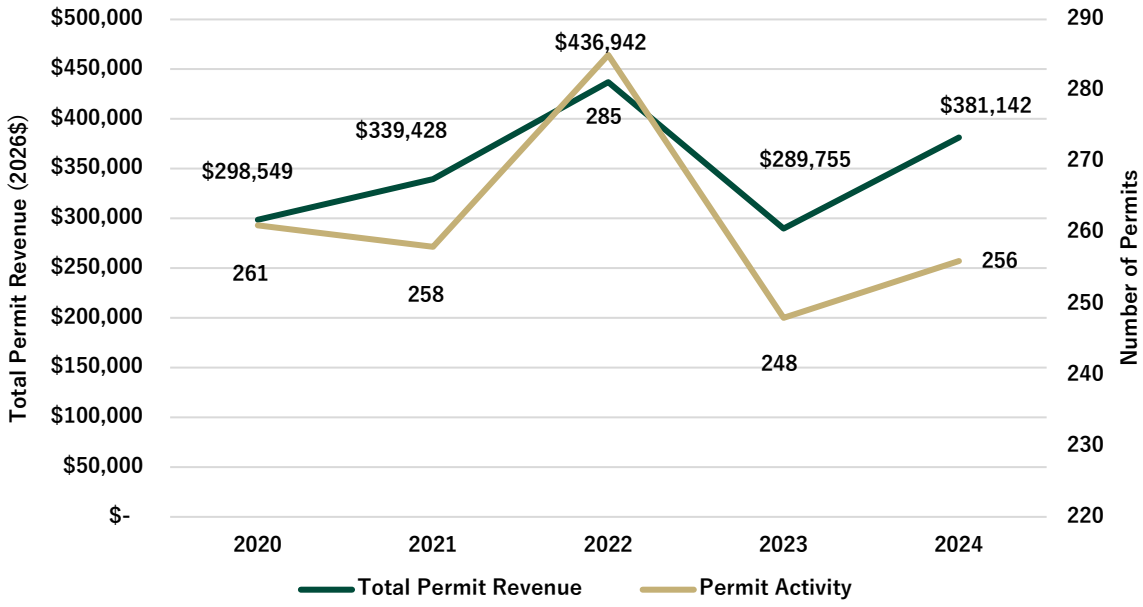
Building permit fee revenue has shown periods of volatility over the last five years averaging approximately $349,000 since 2020. Overall, 2022 was the highest grossing year at nearly $437,000, while 2023 was the lowest at approximately $290,000.

Despite the immediate impacts that COVID-19 had on development in the community, 2020 and 2020 permit data indicate development activity was quick to recover despite 2023 seeing a decline in permit revenue compared to the 5-year average. In 2024, development activity is indicated to have bounced back, with more permits issued and revenue generated compared to the previous year but did not reach the 5-year high observed in 2022 While at

the time of preparing this report complete year-end 2025 permit data was not available, initial estimates indicate revenues to be in line with 2023 and 2024 activity.

Figure 1 below displays the relationship between permit volume and fee revenues in Kincardine between 2020 and 2024. The figure demonstrates the close correlation between permit volumes and fee revenues.

Figure 1: Historical 5-year Building Permit Activity



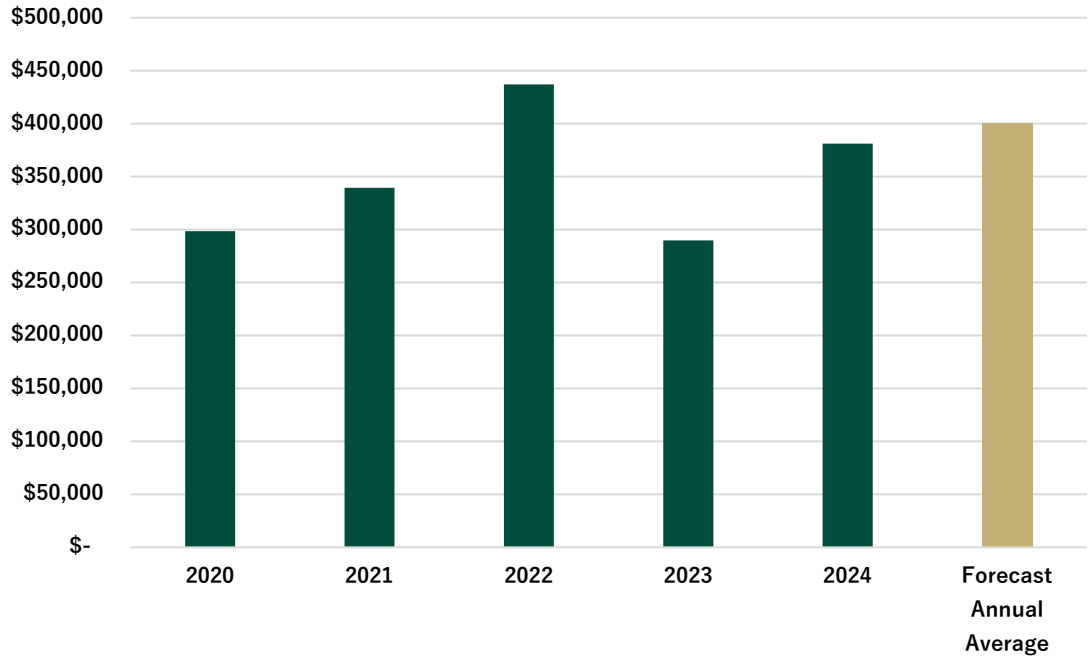
Source: Municipality of Kincardine Building Permit revenue data

C. PROJECTED PERMIT REVENUES

A forecast of building permit revenues in Kincardine over the next five-year cycle period (2026-2030) has been prepared for fee setting purposes. The forecast is based on the historical trends of building permit activity as well as analysis and discussion with Kincardine staff. Overall, it is anticipated that the Municipality will receive permit applications for larger residential and non-residential projects and that revenues from 2026-2030 will be higher than the preceding five-year period average of $349,000. Capturing these anticipated construction trends, the Municipality is assumed to generate approximately $400,000 (in 2026 dollars) on average each year over the period. This represents a level of activity observed in the more recent period despite some pull back in revenues in 2023.

Figure 2 illustrates the forecast annual average revenues compared to the historical revenue trends.

Figure 2: Historical and Forecasted Annual Building Permit Fee Revenue



Source: Municipality of Kincardine Building Permit revenue data

4. Analysis of Costs

This section summarizes the calculation of the cost of administering and enforcing the provisions of the Building Code in Kincardine.

To pay for the costs of providing Building Code services, municipalities are permitted to charge fees for processing building permit applications. The BCA requires that the permit fees not exceed "the anticipated reasonable costs to administer and enforce the *Act*". In addition, municipalities are required to prepare annual reports that record the amount of fees received and the costs incurred in administering the process.

The Code requires that annual reports record and distinguish the direct and indirect costs of reviewing applications conducting building inspections. In this regard:

- Direct costs include the costs of reviewing building permit applications and inspecting buildings; and
- Indirect costs include the support and overhead costs of administering and enforcing the process.

The Building Code also sets out the requirements for a public process that must accompany the setting of fees, including:

- Holding at least one public meeting;
- Providing 21 days' notice of the public meeting; and
- Providing in the notice an estimate of the costs of providing Building Code services as well as the amount and rationale for new fees.

Finally, if a reserve fund for Building Code activities has been established it must be accounted for in annual reports. Annual reports must also include the balance of any building permit reserve funds municipalities may have. It is anticipated that the analysis of costs presented here will serve as a reference for future annual reports.

There is no provision in the Building Code Act for appealing fees.

A. DIRECT COSTS

A number of Municipal staff are responsible for processing applications in respect to building matters in Kincardine. All time spent by Municipal staff reviewing building permit applications, inspecting buildings, carrying out other tasks within the division fee by-law as well as the cost of the resources they use is considered to be a direct cost. Time shares have been determined based on information obtained from detailed staff interviews and time tracking data. The analysis was undertaken using 2025 budget data but adjusted for inflation (at 2%) as the first year of the analysis would be 2026 to inform new fees to be implemented in 2026.

Although the majority of Building staff time is directly involved with Building Code activities or fees imposed under the *Municipal Act* for work related to fees within the building division, a share of time is unrelated to these activities and is therefore excluded as a cost for fee recovery. This "other" staff time includes planning activities and other matters unrelated to the enforcement of the building code and related services.

As shown on Table 2, payroll costs including benefits, which account for the large majority of direct costs, amount to approximately $487,900 ($2026). Please note, the cost analysis includes the current staff levels and complements within the division. Based on the discussions with staff, the current complement of staff is deemed sufficient to manage the volume of activity assumed in this planning period, and therefore, no additional net new staff are accounted for within the 5-year time horizon.

Table 2: Direct Costs – Payroll [1]

POSITION	SUPPORT OF BUILDING CODE
Assistant	70.0%
Executive Assistant	3.7%
Building Inspector	95.0%
Building Inspector	95.0%
Director of Infrastructure and Development	8.4%
Chief Building Official	55.0%
Records Assistant	33.5%
Part-time Building Inspector	95.0%
Total Direct Payroll – Building Department [2]	**$487,900 (92.3%)**

Note 1: Based on salary shares of individual staff, which are not displayed in this report.

Note 2: Total support of Building Code share of 92.3% is a weighted percentage to account of the FTE allocation from Municipal budget related to the Building Department. Otherwise, the total share of time of those staff involved would be 76.1%. when considering the involvement in non fee related work in other divisions.

Space costs include shares of the operating costs of the administration building. Operating cost shares are determined by multiplying the total cost of operating/maintaining the administration building by the share related to the Building department. The total direct cost of space that can be attributed to Building Code activities is about $26,900.

Added to these costs is the cost associated with the replacement of workstation capital (such as computers and other equipment) and the cost of undertaking a Building Permit Fee Study in five years time (cost allocated over five years). The total direct capital cost of these items amounts to about $7,700[1]. It is recommended that a portion of annual permit fee revenues corresponding to this capital cost share be set aside in the Municipal reserve funds for the items such as workstation requirements.

Other direct operating costs have also been accounted for totalling approximately $82,400 (Table 3)[2]. As shown in Table 3, adjustments to some of these costs have been made to account for any one-time expenses observed in 2025 or operating deficiencies identified by Municipal staff which should be captured in the forecast. A summary of these adjustments include:

- A reduction in training expenses: from $15,000 in 2025 budget to assumed annual cost of $8,000 moving forward/
- A reduction in legal fees: from $40,000 in 2025 budget to assumed annual cost of $14,000 moving forward.
- Elimination of the $15,000 consultant cost moving forward.
- Additional software maintenance contract costs of $3,000 per annum (above 2025 budget) moving forward.

[1] Workstation capital replacement provision amounts to about $4,600 per annum while the annual provision for building permit fee update study amounts to $3,100 per annum:

[2] This reflects the share of costs which can be attributable to the fees considered under this report. The allocation is based on the total support of building code activities (Table 2 – 92.3%) and considers the adjustments to the operating budget to reflect changes from 2025.

Table 3: Other Direct Operating Costs (2025 Budget)

EXPENSE	BUILDING SERVICES (2025 BUDGET)	TOTAL ATTRIBUTABLE SHARE (92.3%)
Computer Supplies	$2,000	$1,846
Tools	$4,500	$4,153
Fuel/Oil	$5,000	$4,614
Travel & Meal Allowance	$6,000	$5,537
Conferences & Conventions	$3,000	$2,768
Memberships/Subscriptions	$2,200	$2,030
Training Expenses	$15,000	$7,383
Telecommunications	$6,200	$5,721
Legal Fees	$40,000	$13,842
Engineering	$2,000	$1,846
Consultants	$15,000	$-
Software Maintenance Contracts	$14,500	$13,381
Insurance	$5,126	$4,730
Bank Charges	$1,500	$1,384
Parts	$5,000	$4,614
Additional Software Maint. Costs	$-	$3,000
Other [1]	$4,250	$3,922
TOTAL	**$649,502**	**$80,772**
TO TAL– Adjusted for Inflation $2026		**$82,400**

Note 1: Some budget line items have been rolled up into the "Other" Category. This category includes Stationery and Office Supplies, Office Equipment, Postage/Courier, Photocopying Expenses, Advertising, Boot Allowance, and Miscellaneous.

The total direct cost of administering and enforcing the Building Code amounts to approximately $604,900 in 2026 dollars. A summary of the breakdown of this cost is provided in Table 4 below.

Table 4: Summary of Direct Costs (2026-2030)

CATEGORY	AVERAGE ANNUAL COST ($2026)
Payroll	$487,900
Office Space	$26,900
Other Capital Costs	$7,700
Other Operating	$82,400
Total Costs	**$604,900**

Note: Figures are rounded.

B. INDIRECT (OVERHEAD) COSTS

The indirect cost of Building Code activities in Kincardine represents the share of costs of other municipal departments that can be reasonably be attributed as overhead support of Building Code services. The indirect costs were calculated based on what drives the cost of the corporate departments' support of the Building Code activities and other Building Services related activities.

The indirect costs are calculated in two steps. First, shares of corporate costs are calculated for the building department; these are allocated based on a weighted share of the department's share of total payroll and its overall gross budget share. Second, using these calculated corporate cost shares, the amount attributable to providing Building Code service support was estimated based on the time shares identified in Table 2.

The corresponding cost share of corporate overhead for the department is therefore equal to the share of the total corporate overhead attributable to each department, multiplied by the share of that departments time share committed to Building Code and related activities.

Table 5 summarizes the calculation of corporate overhead support costs. The estimated cost shares are applied to each department's 2025 project net costs which excludes any costs for service areas which are clearly not attributable to its support of Building Code activities (e.g. election costs within the legislative services branch). Particularly for Treasury Services, transfers to the "Community Benefits" and "Lifecycle" reserve funds have been excluded from the analysis. The total corporate overhead support costs amount to approximately $113,600.

Table 5: Calculation of Indirect (Overhead) Costs

NET COSTS (2026)	ATTRIBUTABLE NET COSTS (2026)	SHARE (92.3%)	COSTS	TOTAL INDIRECT COST
$9,524,335	$3,757,225	$123,120	$113,618	**$113,618**

Note: Costs are based on the 2025 Budget, adjusted for inflation to 2026 dollars.

C. RESERVE FUND CONTRIBUTION

The BCA allows for the factoring of anticipated costs when determining the full cost of providing Building Code services.

As previously mentioned, the BCA does not require municipalities to adjust their fees every year in order to match their costs. As the majority of *Building Code* costs are payroll costs, it

would be impractical to even attempt to match revenues and costs on an annual basis. Although building activity is expected to be relatively strong over the next five years, there may be fluctuations in both the number of permit applications and the amount of permit revenue from any one year to the next. This could result in an imbalance between costs and revenues. In years of high activity, revenues will likely exceed costs, however in quieter years, costs may well exceed revenues.

The Municipality has in place a reserve fund for Building Code activities to manage permit revenue variation. The balance of the reserve fund was approximately $1.91 million at the end of 2024. In discussion with staff and based on current volumes, it is expected that the building division would be required to draw upon the reserve fund again in 2025 to support the building division expenses. As a result, based on the average transfers from reserves in 2023 and 2024 to help support the division, the balance of the reserve fund is forecasted to be reduced by about $164,000 in 2025 which would result in an ending 2025 balance of $1.75 million.

Based on discussion with staff, the target for the reserve fund is calculated as the ratio of ending reserve funds to the building services division's gross operating budget and is currently set between 2.0 and 3.0 times the budget. Given the forecasted reserve balance of $1.75 million, the Municipality's reserves are in a healthy position at 2.7 times its gross budget. As a result, no additional reserve fund contributions are included for in the calculation. However, this does not preclude the municipality from putting money into the reserve fund should revenues exceed expenses in any given year. It is recommended the Municipality continue to monitor its permit reserve fund to ensure sufficient funds continue to be available to offset any cost variances which may arise, particularly in the short-term as development activity could be more volatile.

A summary of the analysis of costs is displayed in Table 6 below. It shows that the total annual cost of administering and enforcing the Building Code in the Municipality is $718,500 of which 84.2% are direct costs and 15.8% are indirect costs. As indicated in the previous section, no further contributions to the reserve fund have been captured.

Table 6: Summary of Total Costs (2026$)

CATEGORY	COST	SHARE OF TOTAL COSTS
Total Direct Costs	$604,900	*84.2%*
Total Indirect Costs	$113,600	*15.8%*
Reserve Fund Provision	$-	%-
Total Costs	**$718,500**	**100%**

Note: Figures are rounded

5. CALCULATED FEES

This section presents new full cost recovery building permit fees in light of the cost analysis presented in Section 4. The full cost recovery analysis demonstrates that the Municipality is currently subsidizing the building permit review process from their reserve fund. Given the legislation, Council has the authority to increase the current fees in order to recover the full cost of the process. The Municipality has not undertaken a fee review in quite some time and fees have been unchanged for a number of years due to the lack of indexing. Based on these facts and the estimated costs compared to the anticipated average fee revenue over the next five years, a fee increase of 79.6% is justified.

A. FULL COST RECOVERY FEES

The analysis shows that the projected annual cost of administering and enforcing the Building Code, and related *Municipal Act* fees under the authority of Building Services, in Kincardine over the five-year period from 2026 to 2030 amounts to about $718,500. Under the existing fees, the average annual permit revenue during the same time period is anticipated to be $400,000 annually. Therefore, a shortfall of approximately $318,500 per year has been identified. As a result, an increase in the current fees of 79.6% is the implied maximum justifiable amount under the BCA that the permit fees can be increased. The calculation is shown below:

Average Annual Costs (2026-2030)	**$718,500**
Average Anticipated Annual Revenues (2026-2030)*	**$400,000**
Difference	***79.6%***

**based on current rates*

The fee increase identified is applied uniformly to all fees in the Municipality's fees related categories. Table 7 provides an overview of the updated fees schedule.

Lastly, it is also recommended that indexing provisions be included in the by-law that would allow fees to be adjusted annually to account for the effects of inflation starting in 2027. It is important to note that future fees may be implemented and reviewed further beyond this process, and additional fees may be recommended where appropriate.

Table 7 - Full Cost Recovery Building Permit Fees

Classes of Permits	Current 2025 Fees		Full Cost Recovery Fees	
	Fee Rate	Basis of Fee	Fee Rate	Basis of Fee
Building Permit Basic Minimum Fee	$100.00		$ 179.62	
New building (greater than 108 square feet)	$0.80	/sq. ft.	$ 1.44	/sq. ft.
New buildings (greater than 108 square feet) that will have a finished cellar shall pay an additional surcharge for each square foot of cellar area	$0.40	/sq. ft.	$ 0.72	/sq. ft.
New accessory buildings (greater than 108 square feet)	$0.40	/sq. ft., min. $100	$ 0.72	/sq. ft., min. $100
Green houses (polyhouses)	$4.10	/$1,000	$ 7.36	/$1,000
Additions, renovations, repairs to existing buildings	$10.50	$100.00 flat rate plus $10.50/$1,000 estimated cost of construction	$ 18.86	$100.00 flat rate plus $10.50/$1,000 estimated cost of construction
Additions to existing accessory bldg.	$0.40	/sq. ft., min. $100	$ 0.72	/sq. ft., min. $100
Alteration, renovation to accessory bldg.	$10.50	$100.00 flat rate plus $10.50/$1,000 estimated cost of construction	$ 18.86	$100.00 flat rate plus $10.50/$1,000 estimated cost of construction
Swimming pools (above or in-ground)	$100.00		$ 179.62	
Chimneys and fireplaces	$100.00		$ 179.62	
All new livestock facilities	$0.35	/sq. ft., min. $100	$ 0.63	/sq. ft., min. $100
All new Implement, Hay & Nutrient Storage, Non-livestock farm structures	$0.30	/sq. ft., min. $100	$ 0.54	/sq. ft., min. $100
Additions or renovations to farm buildings excluding dwellings but including tarp structures	$10.50	$100.00 flat rate plus $10.50/$1,000 estimated cost of construction	$ 18.86	$100.00 flat rate plus $10.50/$1,000 estimated cost of construction
All buildings, used for purposes of public service by any department of the Government of Canada or the Province of Ontario, including a Board of Education or any telephone, railway, gas and electrical utilities company including Bruce Nuclear Power Development site and renewable energy excluding commercial wind turbines.				
<=$2,214,500	$11.50	/$1,000	$ 20.66	/$1,000
$2,214,501 - $11,000,000	$8.50	/$1,000	$ 15.27	/$1,000
>$11,000,000	$7.00		$ 12.57	
Demolition of a building or portions thereof and/or septic systems	$100.00		$ 179.62	
Commercial wind turbines	$26.00	/$1,000 estimated cost of construction	$ 46.70	/$1,000 estimated cost of construction
Sign permit (those signs regulated by the OBC and the Municipality of Kincardine sign by-law)	$100.00		$ 179.62	
Council exemption/approval required by Sign By-law	$115.00		$ 206.57	
Awning Permit	$100.00		$ 179.62	
Tent Permit	$100.00		$ 179.62	

Table 7 - Full Cost Recovery Building Permit Fees

Classes of Permits	Current 2025 Fees		Full Cost Recovery Fees	
	Fee Rate	Basis of Fee	Fee Rate	Basis of Fee
Change of Use permit (inspection of building in which occupancy is changed to more hazardous, refer to OBC)	$112.00	plus required permit fees	$ 201.18	plus required permit fees
Occupancy permits (as per OBC)	$112.00		$ 201.18	
Permits issued after commencement of work-Regular Permit Fee + (50 % of Regular Permit Fee)	$1.50	of reg. fee	$ 2.69	of reg. fee
Miscellaneous inspections	$100.00		$ 179.62	
Moving permits for buildings	$100.00		$ 179.62	
Transfer of Permit for any permit structure or sewage system (excluding design revision)	$112.00		$ 201.18	
Additional Review of approved plans	$112.00		$ 201.18	
Lot grading verification by third party	Actual Cost		Actual Cost	
Refundable Building Deposits				
Buildings with up to 3 units	$1,000.00		$ 1,796.22	
Buildings with more than three units in 1 structure	$500.00	/unit	$ 898.11	/unit
Project with more than one building – first three	$1,500.00		$ 2,694.34	
- each additional building	$500.00	/unit	$ 898.11	/unit
Grading/Damage deposit ($100.00 non-refundable)	$2,500.00		$ 4,490.56	
Refundable guarantee deposit of demolition of second house when a new house is being built on the same parcel of land ($100.00 nonrefundable)	$2,500.00		$ 4,490.56	
Moving Deposit fee (returnable if no damage to Municipal property has incurred)	$1,000.00		$ 1,796.22	

Table 7 - Full Cost Recovery Building Permit Fees

Classes of Permits	Current 2025 Fees		Full Cost Recovery Fees	
	Fee Rate	Basis of Fee	Fee Rate	Basis of Fee
Plumbing Permit Fees				
Plumbing Permit Basic Fee (Exclusive of building drain and a building sewer)	$100.00		$ 179.62	
- per fixed unit	$5.10		$ 9.16	
Inspection of a building sewer:	$0.00		$ -	
- For the first 100 feet	$7.10		$ 12.75	
- For each 100 feet thereafter	$5.10		$ 9.16	
Inspection of building drain	$7.10		$ 12.75	
Inspection of a sewer connection and/or storm sewer	$112.00		$ 201.18	
Inspection fee for sewage injectors	Equal to three fixture units		Equal to three fixture units	
Alterations to plumbing without addition of fixtures, inspection fee	$8.15		$ 14.64	
Inspection of factory-built home	$30.50	Basic fee + $30.50 + fixture fees if applicable	$ 54.78	Basic fee + $30.50 + fixture fees if applicable
When plumbing inspector is notified that any plumbing is ready for inspection and the same is not ready when the plumbing inspector intends to inspect the same or if the plumbing fails to conform to any requirements to which the same is bound to conform, an additional fee for each additional inspection or visit by the plumbing inspector will be required in the amount of	$100.00		$ 179.62	
Sewage System Fees				
Class 2,3,4,5 new/replacement system	$605.00		$ 1,086.72	
Class 4 or 5 tank replacement only	$350.00		$ 628.68	
Class 4 Leaching bed repair	$350.00		$ 628.68	
Building Alteration/Change of Use*	$235.00		$ 422.11	
* A $235.00 credit shall be applied to a new sewage permit application in cases where a building alteration appraisal has required a new or altered sewage system to be installed				
Engineering - In addition to above, any application that involves engineering review requires the applicant to cover the actual cost				

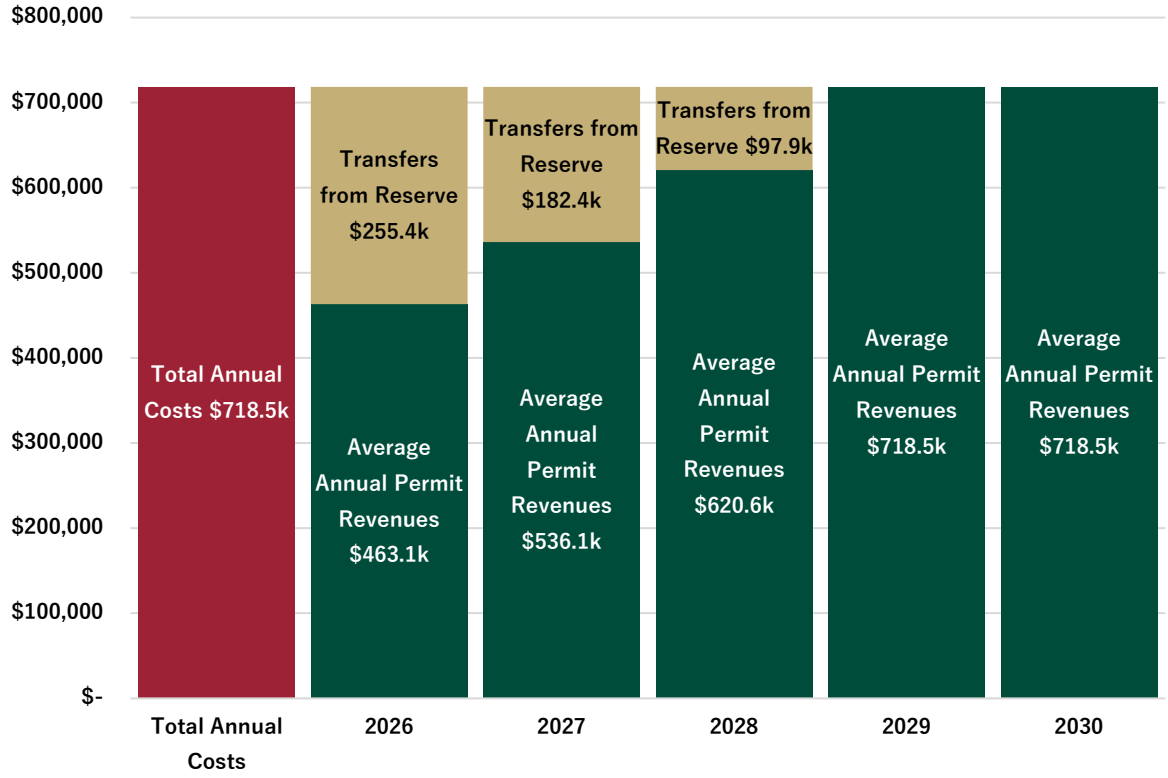
B. IMPLEMENTATION CONSIDERATIONS

The Building Permit Fee Study process has indicated that fees would need to increase by approximately 80% in order to reach full-cost recovery. Given that such a significant one-time increase may be challenging and burdensome to those required to pay the fee, an optional phase-in strategy has been provided to introduce the fee adjustments gradually, allowing a smoother transition to full-cost recovery over a longer planning horizon. Should the Municipality consider an alternative approach to the full cost fees immediately, the revenue loss resulting from the lower fees should be considered in the decision making criteria.

As previously indicated, the Municipality's building-related reserves are in a healthy state with a forecasted 2025 year-end balance of $1.75 million. Over the last few years, the Municipality has been drawing from this reserve fund to offset the shortfall in revenues compared to costs, apart from 2022 where building permit revenues hit their peak and money was transferred to the reserve.

An alternative strategy to reach cost recovery, the Municipality could increase fees by about 15.8% yearly from 2026-2029 (over a 4-year period) while continuing to draw from reserve to cover the shortfall in the interim. This allows the Municipality to phase-in higher fees while also reducing the reliance on the reserve fund over the period to fund building services operations. Figure 3 below demonstrates that by 2029, the Municipality should achieve full-cost recovery and the draws from reserves to stabilize the division shortfalls will be eliminated. Under this approach, by 2030, the Municipality would have drawn about $535,700 from the reserve fund bringing the balance down to about $1.21 million by 2030 (from $1.75 Million). This ending balance would still be generally in-line with the existing policy range.

Figure 3: Potential Phase-in Schedule of Costs and Funding



C. PERMIT FEE COMPARISONS

In order to provide an understanding of the current and full cost recovery fee rates in Kincardine in relation to similar and surrounding municipalities, a building permit fee comparison was prepared. The results of this comparison are presented in Table 8. The rates for the other municipalities are those that are currently in force.

Table 8 shows that the current building permit fees in Kincardine are generally on the lower end compared to its municipal comparators. The calculated full cost fee rates for residential (SFD) would generally be in line with the comparator communities while the rate calculated for commercial and industrial buildings would place the Municipality on the higher-end of this range from others. Note that this comparison does not take into account any service level differences that may exist in terms of, for example, the time taken to process a permit.

Table 8: Municipal Building Permit Fee Comparison

Municipality	Current Fee Rate ($ per square foot)			
	Single Dwelling	One Storey Plaza Shell (Group E)	Multi Storey Office Shell (Group D)	Industrial Warehouse - Shell (Group F)
Blue Mountains	$ 1.69	$ 1.01	$ 1.19	$ 0.73
Huron-Kinloss	$ 0.85	$ 0.85	$ 0.85	$ 0.85
Southgate	$ 0.70	$12 / $1,000 of Construction Value		
Midland	$ 1.84	$ 1.04	$ 1.04	$ 0.66
Shelburne	$ 1.42	$ 0.90	$ 0.93	$ 0.71
Grey Highlands	$ 0.65	$10 / $1,000 of Construction Value		
Meaford	$ 1.53	$ 0.75	$ 0.75	$ 0.85
Saugeen Shores	$ 0.87	$ 1.04	$ 1.04	$ 0.79
Owen Sound	$ 1.56	$ 1.33	$ 1.33	$ 0.72
Amaranth	$ 1.46	$ 0.93	$ 0.96	$ 0.73
South Huron	$ 1.89	$ 1.13	$ 1.13	$ 0.85
Municipal Average	$ 1.31	$ 1.00	$ 1.03	$ 0.77
Municipal Maximum	$ 1.89	$ 1.33	$ 1.33	$ 0.85
Municipal Minimum	$ 0.65	$ 0.75	$ 0.75	$ 0.66
Kincardine - Current Rates	$ 0.80	$ 0.80	$ 0.80	$ 0.80
Kincardine - Calculated 2026	**$ 1.44**	**$ 1.44**	**$ 1.44**	**$ 1.44**