



Subject: 2022 Proposed User Fees and Charges

To: Committee of the Whole - Budget

From: Corporate Services Department

Report Number: 2021-277

Meeting Date: October 28, 2021

Recommendation:

That Corporate Services Department Report 2021-277 be received;

That the 2022 Proposed User Fees and Charges schedules attached as Appendices A to U of Corporate Services Report 2021-277 be approved; and

That the draft by-law attached as Appendix V of Corporate Services Report 2021-277 be brought forward to Council for consideration.

Purpose:

The purpose of this report is to seek Council approval to amend and replace schedules from the previously approved user fees and charges (Report 2019-147) by-law with the 2022 proposed user fees and charges schedules identified in Appendices A to U of Corporate Services Report 2021-277.

Background:

As part of the annual budget process, user fees and charges are reviewed to ensure that previously approved user fees and charges are complete, account for changes in service, and consider market rates and cost recovery. Where estimated user fees and charges in the 2022 Levy Budget presented to the Budget Committee of the Whole on October 28, 2021 account for the proposed changes to the City's user fees and charges recommended in this report. Previously approved user fees and charges schedules not updated by way of the recommended amendments in this report will continue in effect until which time changes to those user fees and charges are approved by Council – these user fees and charges are also reflected in the 2022 Levy Budget.

Discussion:

User fees and charges were reviewed as part of the annual budget process. Through this review, staff identified that some services were offered where:

- a fee was not charged;
- full cost was not charged/recovered; and/or
- the fee was not at market rate.

As a result of this review, new user fees and charges are being recommended where the services are new, or the fees were previously not charged. Adjustments to reflect changes in market rates and cost recovery are being recommended for other user fees and charges.

Staff (many of whom are new to the City) observed that details on the number of units sold by service was not always readily available. In many instances, revenues from services delivered were recorded but the number of units sold were not. This information gap makes it difficult to estimate the financial impact of changes made to some services where revenues from multiple fees were recorded to the same revenue account. Staff is working toward improving the tracking of units sold. An example of this is the new Beach software and the #Porticipate Pass.

The user fees and charges updated by way of this report represent the most frequently used services offered by the City. Finance in collaboration with all City departments will continue to review the City's user fees and charges. New fees and changes to existing fees may come forward as a result. Recognizing that there have been organizational changes, future updates will reflect those changes and include new departmental schedules as a result of the changes.

Some of the salient changes included in this proposed bylaw are as follows:

- Public Works staff would like to point out that no comparative (prior year) user fees and charges were noted in Appendix A: Schedule A – Engineering and Operations as the fees have been reset to follow the principle of cost recovery pricing. Council is encouraged to reach out to Public Works management should they have any questions about specific user fees and charges.
- Recreation removed Programing Fees as most of the programming has moved to the YMCA.
- Arena fees have been updated by 2.5% after reviewing arenas of similar size municipalities within the Niagara region.

- Beach fees were updated to reflect recent Council decision and to align Nickel Beach/Cedar Bay – Centennial Park fees. An additional new fee was added mid-week, Niagara residents pass.
- Marina fees have been simplified after having reviewed how other marinas operate. Key to this is the boaters will now be charged the greater of the length of their boat or dock size.
- Financial Services is introducing three new fees: New Account Fee – Ownership Change; New Account Fee – New Roll Creation; and Transfers to Tax for Overdue Accounts. These new fees are fees that other local area municipalities charge and are a means of offsetting the cost of providing these services.

In addition to the updates noted above and in the attached appendices, the following are proposed to facilitate the timely delivery of goods and services and to support a strong customer service environment:

- Unless otherwise identified, that staff be delegated authority to set the price for goods purchased for resale. Provided that the price is higher than the cost to purchase the goods.
- That staff be approved to waive any fee up to \$2,000 on compassionate grounds or when related to a charity or related fundraiser.

Internal Consultations:

Internally, user fees and charges have been discussed through the development of the 2022 Levy Budget.

Financial Services would like to thank City departments for their leadership and cooperation in updating certain user fees and charges in this report and look forward to working with others to update their user fees and charges going forward.

Financial Implications:

User fees and charges are a significant source of revenue for the City. The City will rely on \$3.7 million generated through user fees and charges to deliver the wide range of services offered in the 2022 Levy Budget. The user fees and charges in the 2022 Levy Budget reflect an estimated \$1.1 million increase in user fees and charges over the 2021 Levy Budget, the majority of which relate to self sustaining entities and the Vale Health and Wellness Centre.

Section 391 of the *Municipal Act* and section 69 of the *Planning Act* provide the authority for a municipality to establish fees and charges. The fundamental principle behind user fees and cost recovery price setting is that those who actually consume and benefit from the good/service pay for it and those who do not use the good/service or receive any benefit from it should not be obligated to pay for it. A key element is that the benefit of the service is to the individual, not the general taxpayer. The main economic reason why user charges should be levied on the direct recipient of benefits is that this improves the efficiency of the government in allocating resources in a way which creates the largest bundle of possible services demanded by the public.

An alternative to the proposed fees and charges schedules would be to not increase the fees and charges and to subsidize the cost of service through the general levy tax base. This alternative is not recommended since many of these services directly benefit the user and provide little or no direct benefits to the community as a whole. Alternatively, larger increases to the fees and charges schedule could have been applied to ensure full cost recovery and no subsidization from the general tax levy. This alternative is also not recommended since larger increases may have negative impacts on lower income customers and small businesses.

Public Engagement:

User fees and charges take into account cost recovery and for significant or material user fees and charges market rates are considered when available.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Service and Simplicity - Quality and Innovative Delivery of Customer Services
- Attracting Business Investment and Tourists to Port Colborne
- City-Wide Investments in Infrastructure and Recreational/Cultural Spaces
- Value: Financial Management to Achieve Financial Sustainability
- People: Supporting and Investing in Human Capital
- Governance: Communications, Engagement, and Decision-Making

Conclusion:

Staff recommend Council approve the proposed user fees and charges outlined in this report.

Appendices:

- a. Schedule A - Engineering and Operations
- b. Schedule B - Dog Licensing
- c. Schedule C - Fire and Emergency
- d. Schedule D - Vale Health and Wellness Centre
- e. Schedule E - Advertising Vale Health and Wellness Centre
- f. Schedule F - Parks and Pavilions
- g. Schedule G - Playing Fields and Sport Courts
- h. Schedule H - Beaches
- i. Schedule I - Roselawn Centre
- j. Schedule J - Sugarloaf Marina
- k. Schedule K – Event Services
- l. Schedule L - Procedures for Tax Registration and Tax Sales
- m. Schedule M - Corporate Services
- n. Schedule N - Port Colborne Historical and Marine Museum
- o. Schedule O - L.R. Wilson Heritage Research Archives
- p. Schedule P – By-Law Enforcement
- q. Schedule Q - Cemeteries of the City of Port Colborne
- r. Schedule R – Planning and Development
- s. Schedule S - Maintenance & Occupancy of Property (Property Standards By-law)
- t. Schedule T - Permits for Construction, Demolition, Occupancy and Change of Use, Transfer of Permits and Inspections
- u. Schedule U - User Group Liability Insurance
- v. Draft By-law to Establish User Fees and Charges

Respectfully submitted,

Adam Pigeau, CPA, CA
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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.