



Subject: 2023 Proposed User Fees and Charges

To: Committee of the Whole - Budget

From: Corporate Services Department

Report Number: 2022-244

Meeting Date: December 7, 2022

Recommendation:

That the Committee of the Whole recommend to Council:

That Corporate Services Department Report 2022-244 **BE RECEIVED**;

That the 2023 Proposed User Fees and Charges schedules attached as Appendices A to R of Corporate Services Report 2022-244 **BE APPROVED**; and

That the draft by-law attached as Appendix S of Corporate Services Report 2022-244 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 2021-277) by-law with the 2023 proposed user fees and charges schedules identified in Appendices A to R of Corporate Services Report 2022-244.

Background:

As part of the annual budget process, user fees and charges are reviewed to ensure that previously approved or new user fees and charges are complete and included in this user fee bylaw, account for changes in service, and consider market rates and cost recovery.

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, inflation, and cost recovery are being recommended for other user fees and charges.

Staff continue to acknowledge that details on the number of units sold by service is not always readily available. 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 are working toward improving the tracking of units sold.

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.

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

- Arena fees have been updated after reviewing the fees charged by local area municipalities and considering the ever-increasing cost of operations. Since September 2018 the fees have only increased 2.5%. Historically the City has done a larger increase every three years. The new fees will not increase the revenue line in the budget. Through historical review it was noted the former Parks and Recreation department increased the revenue budget several years ago without increasing the rink rate at that time. Budgeted fees at the recommended rates are \$505,000 which compares to direct personnel costs for arena and cleaning attendants of \$560,000.
- Beach fees were updated to reflect new non-beachfront parking options as well the introduction of new fines to deter unwanted behaviour.
- Roselawn fees have been simplified after having reviewed the facility rental and agreement processes. Key to this is the grouping of options that were regularly purchased together.
- Marina fees have been updated to reflect the introduction of a new non-motorized recreational craft (kayaks and stand-up paddleboards) rental program

being developed, as well as discount incentives for first time seasonal customers and for those customers that pay their winter storage fees in full by September 15th. Attracting new boaters, retaining existing boaters, as well as maintaining a best in class facility were key criteria in developing these rates.

- Financial Services is introducing four new fees: Administration Processing Fee (for tax registrations and sales); New Account Fee – Water; POA Add to Tax Administration Fee; and Administration Fee Accounts Sent to Collections. These new fees are fees that other local area municipalities charge and are a means of offsetting the cost of providing these services.
- Cemetery fees have been simplified and updated after having reviewed the operational costs of the services offered as well as the cost of maintaining the cemeteries in perpetuity. Key to this review, which was done with the help of an external cemetery consultant, was ensuring that services sold were not subsidized by the levy. New to this fee schedule is the proposal to waive fees for Baby/Child Grave Opening and Closing services as well as Baby Lots for Port Colborne residents under the age of 12 years old.
- Planning fees have been updated to accommodate the addition of an engineering technologist within the division who is reviewing development applications.

In addition to the updates noted above and in the attached appendices, the following is 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 advertising and rental fees not specified in the appendices of this report and for sponsorships less than \$50,000. Sponsorships will need to be consistent with the City's values in order to be considered.

Internal Consultations:

Internally, user fees and charges have been discussed through the development of the 2023 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 2023 Levy Budget. Despite changes in the user fees and charges in the 2023 Levy Budget, user fees and charges revenue is expected to remain flat over the 2022 Levy Budget, this is due to the change and mix of customers.

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 - Parks and Pavilions
- f. Schedule F - Playing Fields and Sport Courts
- g. Schedule G - Beaches
- h. Schedule H - Roselawn Centre
- i. Schedule I - Sugarloaf Marina
- j. Schedule J - Procedures for Tax Registration and Tax Sales
- k. Schedule K - Corporate Services
- l. Schedule L - Port Colborne Historical and Marine Museum
- m. Schedule M - L.R. Wilson Heritage Research Archives
- n. Schedule N – By-Law Enforcement
- o. Schedule O - Cemeteries of the City of Port Colborne
- p. Schedule P – Planning and Development
- q. Schedule Q - Maintenance & Occupancy of Property (Property Standards By-law)
- r. Schedule R - Permits for Construction, Demolition, Occupancy and Change of Use, Transfer of Permits and Inspections
- s. 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.