



## **Staff Report for Budget Committee of the Whole Meeting**

**Date of Meeting:** October 22, 2019

**Report Number:** SRCFS.19.036

**Department:** Corporate and Financial Services

**Division:** Financial Services

**Subject:** SRCFS.19.036 – Tariff of Fees Update

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### **Purpose:**

To update the Tariff of Fees By-law for the proposed new and amended fees.

### **Recommendation(s):**

That the proposed fees set out in the draft By-law No. 108-19 (Appendix “D”) be adopted.

### **Contact Person:**

A Li, Financial Management Advisor, Extension 3646

### **Report Approval:**

**Submitted by:** Mary-Anne Dempster, Commissioner of Corporate and Financial Services

**Approved by:** Neil Garbe, City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner and City Manager. Details of the reports approval are attached.

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### Background:

As part of the City's annual budgeting process, staff completed a review of all existing user fees for potential increases and considered the introduction of new fees, where applicable and appropriate. All new and amended fees are presented to Council through the Tariff of Fees By-law. Once approved by Council, the Tariff of Fees become effective for services rendered beginning on January 1, 2020 or as per the dates set out in the by-law.

The City's objective through the annual review of fees is to ensure services continue to be of good value to the community while maintaining fiscal responsibility. User fees are often set at rates to recover the costs required to provide the relevant services/programs while benchmarking with neighbouring municipalities helps to ensure that fees are set at affordable, reasonable and justifiable levels.

In 2013, Council approved the annual indexing of related fees to a maximum of the Consumer Price Index (CPI) and any exceptions to the guideline were to be highlighted to Council. The Consumer Price Index is estimated to be 2%, consistent with the Province of Ontario's Economic Outlook forecast. All fees that have increased over CPI (2%) are shown in Appendix "B".

At the June 26<sup>th</sup> Budget Committee of the Whole meeting, Council had directed staff to present a 2020 Draft Operating Budget increase of 1% or less. To help reach the target staff are reviewing expenses to try and find efficiencies and savings, as well as reviewing all fees in efforts to increase user fee revenues by up to 5%, while keeping in mind the pillars of cost recovery, affordability to residents and comparability to other municipalities. The net impact of the changes will assist in increasing the City's overall revenue share collected from user fees, currently at 21% of total revenues.

### Financial/Staffing/Other Implications:

The City's fees have been classified into 4 categories:

1. Legislative Fees – These fees are enacted by a government body and are required by law. Such fees may be communicated through various Acts (eg. Municipal Act, Planning Act) and are consistent across municipalities.
2. Regulatory Fees/Fines – These fees are imposed through a regulatory body or City bylaws and are meant to ensure adherence to rules and policies (eg. parking fines/permits, sign permits, dog licensing).
3. Cost Recovery Fees – These fees are charged to fully recoup the cost of the services provided. Examples include Inspection Fees and Engineering Review Fees.

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4. Community Fees – These fees are charged for non-mandatory or discretionary programs/services. The majority of the City's fees are classified as community fees (e.g. Recreation and Culture related fees).

The table below summarizes the results of the annual Tariff of Fees review by fee category. In total, the City expects to charge 1,350 fees in the upcoming year. There will be 78 new charges, 201 fees to be amended by less than 2%, 847 to be amended by over 2% and 224 existing fees will be unchanged. For 2020, 62% of total fees will have been increased by more than 2%, as compared to 48% in 2019. Appendix "A" provides a detailed list of new fees and Appendix "B" provides a detailed list of the fees amended by greater than 2%.

**Table 1 – New, Amended and Total Fees**

Fee Type	# of New Fees	No Change	Amended < 2%	Amended 2-5%	Amended > 5%	Total # of Fees
Legislative	2	4	70	1	11	88
Regulatory	-	15	10	-	5	30
Cost Recovery	6	35	46	13	120	220
Community	70	170	75	26	671	1,012
<b>Total</b>	<b>78</b>	<b>224</b>	<b>201</b>	<b>40</b>	<b>807</b>	<b>1,350</b>

If approved, the collection of all these fees will generate additional revenues of approximately \$1,212,900 in Operating and \$78,250 for the Water & Wastewater fund in 2020. As shown in the table below, the majority of the revenue increase resides in Community fees (\$743,500), largely from the Recreation and Culture division. The individual departments have performed a thorough review of fee rates and anticipated volumes to arrive at the estimated revenue increases. In total, 224 fees were unchanged from 2019 due to provincial mandates, municipal benchmarking or due to the fee being newly introduced in the prior year.

There are challenges to increasing all fees by at least 5%. In some cases, a 5% increase may place a fee as non-competitive with market rates or surrounding municipalities and thus have a negative impact on demand/volume. Other legislative or regulatory fees may be restricted to nominal annual increases by their governing bodies. However, for reference, staff have calculated an estimated additional revenue impact of \$248,100 in the scenario that all fees are increased by at least 5%.

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**Table 2 – Estimated Revenue Impact of Tariff of Fees Update**

Fee Type	Estimated Revenue Impact	Estimated WWW Revenue Impact	Additional Revenue Impact if all fees increased by 5%
Legislative	\$210,500	-	\$77,800
Regulatory	12,800	78,250	37,700
Cost Recovery	246,100	-	14,400
Community	743,500	-	118,200
<b>Total</b>	<b>\$1,212,900</b>	<b>\$78,250</b>	<b>\$248,100</b>

A further breakdown of the Community fees is provided below. The Recreation & Culture division fees represent 993 of the total 1,012 Community fees (98%). These fees are set as to not discourage participation and as per the Recreation & Culture User Fee Pricing Policy consider: maintaining existing levels of services, demand considerations, competitive pricing, City/Department priorities, administration considerations, phasing process for implementing new fees and participant related pricing factors.

**Table 3 – Community Fees (Recreation & Culture)**

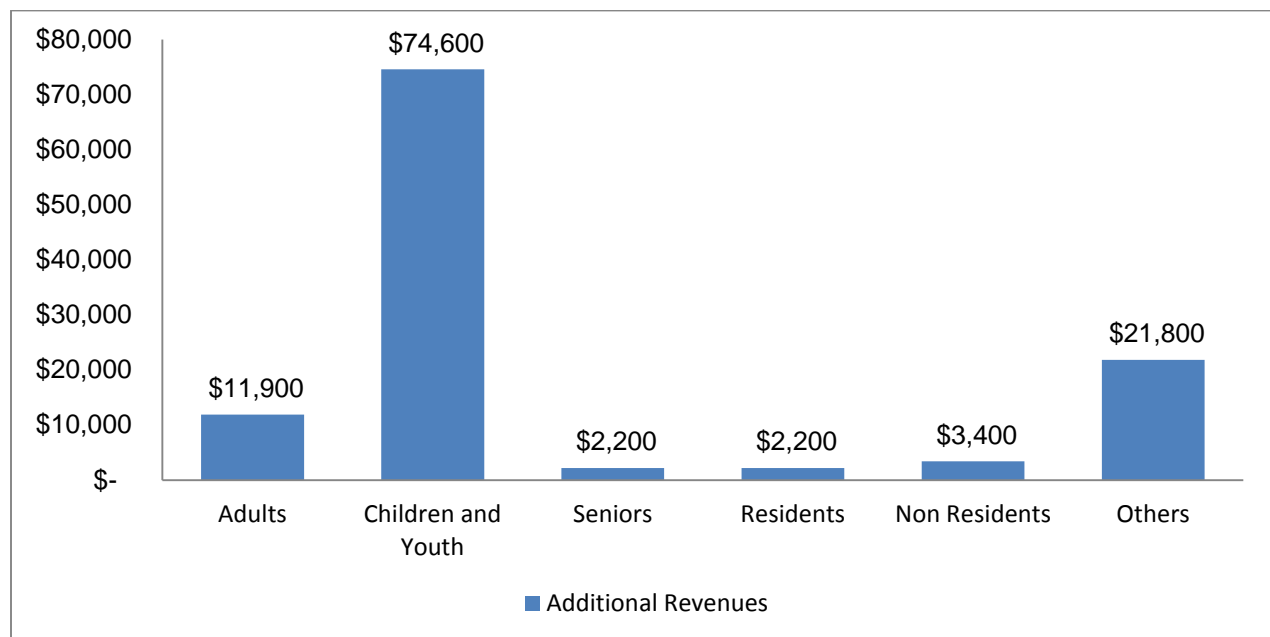
Category	# of New Fees	No Change	Amended < 2%	Amended 2-5%	Amended > 5%	Total # of Fees
Adults	9	18	3	5	138	<b>173</b>
Children & Youth	30	43	21	8	216	<b>318</b>
Seniors	12	17	-	1	61	<b>91</b>
Residents	2	7	3	-	28	<b>40</b>
Non-Residents	2	12	3	2	33	<b>52</b>
Others	15	71	41	2	190	<b>319</b>
<b>Total</b>	<b>70</b>	<b>168</b>	<b>71</b>	<b>18</b>	<b>666</b>	<b>993</b>

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### Recreation and Culture Division

Over half the fees can be separately classified between Adult, Children & Youth and Seniors. Staff estimate that approximately \$116,100 in additional revenues may be generated if all Recreation and Culture fees are increased by a minimum of 5%, assuming no impact on volume or demand (see Table 4). However, it is assumed that such a fee increase across the board would negatively affect volume to some degree, or create complaints in some areas. In total, 69% of the Recreation & Culture fees would be amended by more than CPI in 2020, as compared to 65% in 2019.

**Table 4 – Recreation & Culture Division – Additional Revenues From Increasing All Fees By Minimum of 5%**



Of the \$116,100 of potential additional revenue, staff identified \$107,000 as notable for Council consideration through five program areas. The following summary (Table 5) presents each area and the risks associated with increasing the fee.

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**Table 5- Additional Fee Opportunities and Risks**

<b>Fee Category</b>	<b>Additional revenue if fees increased to 5%</b>	<b>Comments</b>
Outdoor parks and sports fields	\$10,300	<p>Current increase for illuminated baseball and soccer fields is 2% which is higher than comparator communities. As an example, increasing to 5% would have the following 2020 impact on these user groups:</p> <p>Richmond Hill Soccer Club - \$8,000</p> <p>Oak Ridge's Soccer club - \$3,000</p> <p>Phoenix Baseball Club - \$3,100</p>
Aquatic Programs	\$11,100	<p>The public swim admissions for children, youth and seniors are the highest in the comparator market space. As residency is not a requirement to attend these programs, residents could potentially go to other communities adjacent to Richmond Hill where rates would be lower.</p> <p>Aquatic leadership programs are price sensitive and a significant channel for future part time aquatics staff. There is a concern that higher costs for lifeguard and instructor certification will reduce availability of future program staff. Staff have been working with Markham and Vaughan over the past year to ensure staff pay rates and course fees are consistent.</p>
General Programs – Adult & Seniors	\$5,100	Fees are high compared to neighbouring programs. Risk to increasing beyond recommendation is drop in participation levels due to financial barriers.
Richmond Hill Centre for the Performing Arts	\$11,500	Staff have benchmarked with surrounding theatres such as Markham, Milton, Burlington and proposed fees that are at or above market comparators where sustainable. The risk associated with increasing fees to 5% is a reduction in rental permits. As there are often no geographical boundaries for these rental groups, they will book with whatever theatres give them the best rates.

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Fee Category	Additional revenue if fees increased to 5%	Comments
Arena Facility & Services Charges	\$69,000	<p>The prime time ice is recommended to be increased 2% in line with market comparison. Richmond Hill is at a higher cost when comparison to Markham and Vaughan. As an example, increasing to 5% would have the following 2020 impact on these user groups:</p> <p>Richmond Hill Hockey Association - \$57,100</p> <p>York Region Skating Academy - \$27,600</p> <p>Richmond Hill Figure Skating Club - \$12, 600</p> <p>Richmond Hill Ringette - \$9,800</p>

The following summaries have been prepared by department staff to provide an overview of the updated 2020 Tariff of Fees, specifically for those that are new or have been adjusted beyond the CPI rate to reflect market prices.

### Public Works Operations Services

The Roads & Traffic Operations have updated the 2020 fees to reflect the unit prices charged by contractors obtained through competitive bids. Where services are provided in house, the Tariff of Fees have been amended to market rates where applicable. The fees associated with Water and Wastewater (WWW) infrastructure repairs are predominately contracted services which are based on competitive pricing plus a 20% administrative fee. These fees are typically updated annually each fall to reflect new pricing. The total incremental Operating and Water & Wastewater revenues to be generated for the fees increase in 2020 are estimated at \$50,250 and \$78,250 respectively.

There are new charges for the Additional Waste Collection Services in 2020, from time to time; the high-rise buildings require an extra waste pick-up. For example, a building may generate more waste than usual and require an interim pick-up in addition to the City's weekly collection service. Currently these circumstances require property owners to contract private waste collection services. The updated Waste Management by-law in February 2019 allows the City to provide these extra services by charging a fee to the property owner that covers the City's cost for this service. This approach allows the City to provide better support to multi-residential buildings while still maintaining financial accountability.

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### **Licensing & By-Law Services**

Council direction in 2014 specified that there should be no fee for Temporary Parking Permits issued between June and October when the permit is necessary due to driveway repair. The seasonal restriction has caused customer service issues and therefore staff are recommending that the free permit for driveway repair apply year round. Additionally, in 2014 it was determined that a maximum of 25 Temporary Parking Permits would be issued per address annually. It is proposed that this maximum be increased to 50 permits per address per year. This will provide residents with better parking options and generate additional revenue.

Additional tow truck fees have been added for Appointment No Shows, Re-inspections and Lost Permission to Tow Forms. Industry representatives participating in a recent focus group consultation for the Tow Truck By-law update, advocated for increased accountability in following license regulations. These fees are intended to better establish such accountability and balance the freeze on license application fees.

Property-related work fees have been reviewed and updated, including adding and removing fees from this category. The net result should be a minimal positive increase in revenue mainly due to the new garbage clean-up, hazard tree removal and safety fence installation administration fees as well as an increase to the Fence By-law Exemption Fee. In addition, the Newspaper Box and Tobacco Retailer license fees have been raised 17% and 21% respectively in order to align them with similar fees in adjacent municipalities.

### **Fire & Emergency Services**

The Fire & Emergency Services division is introducing several new fees in 2020. The first fee is a paid duty for fire prevention staff to monetize the request for fire prevention staff to attend certain events to support needs such as by-laws, and permit compliance.

The second new fee is a charge to attend to natural gas incidents, which was added to be consistent with other similar size fire services.

A fee to recover costs related to third party contracts for emergency support has been added to allow for these costs to be transferred to the property owner as part of the emergency response costs.

### **Relationship to the Strategic Plan:**

The annual review of the City's Tariff of Fees demonstrates responsible municipal management. The review provides improved access to decision-making information concerning costs and revenues of the City's services and programs. In addition, it demonstrates wise management of resources in ensuring the appropriate charges, justifiable cost recovery and delivery of quality accessible programs within the City's fiscal framework.



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### **Conclusion:**

In order to ensure that the City levies reasonable and justifiable charges for its various services and programs while mitigating cost pressures in 2020, it is recommended that the fees be adopted as presented in Appendix D (By-Law 108-19).

### **Attachments:**

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format please call the contact person listed in this document.

- Appendix A – New Fees
- Appendix B – Market Amended Fees
- Appendix C – Recreation & Culture Division
- Appendix D – Draft By-law 108-19 Consolidated Tariff of Fees By-Law

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### Report Approval Details

Document Title:	SRCFS.19.036 Tariff of Fees Update.docx
Attachments:	<ul style="list-style-type: none"><li>- SRCFS.19.036 Appendix A - Tariff of Fees Update.pdf</li><li>- SRCFS.19.036 Appendix B - Tariff of Fees Update.pdf</li><li>- SRCFS.19.036 Appendix C - Tariff of Fees Update.pdf</li><li>- SRCFS.19.036 Appendix D - Tariff of Fees Update.pdf</li></ul>
Final Approval Date:	Oct 18, 2019

This report and all of its attachments were approved and signed as outlined below:

**David Dexter - Oct 16, 2019 - 1:35 PM**

**MaryAnne Dempster - Oct 17, 2019 - 2:29 PM**

**Neil Garbe - Oct 18, 2019 - 9:59 AM**