



Staff Report for Budget Committee of the Whole Meeting

Date of Meeting: June 28, 2022

Report Number: SRCFS.22.018

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.22.018 – Tariff of Fees Update**

Purpose:

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

Recommendation(s):

- a) That the amended fees for Recreation & Culture Services Schedule C Section B Outdoor Parks and Sports Fields and for Community Standards Division Schedule E set out in draft By-law 98-22 (Appendix "B") be adopted.
- b) That the proposed fees set out in draft By-law No. 83-22 (Appendix "F") be adopted.
- c) That the proposed fees be subject to an additional convenience fee in line with charges incurred, for online payments where applicable.

Contact Person:

Jennifer Concepcion, Financial Management Advisor, Extension 2499
Sara Beukeboom, Manager, Fiscal Planning & Strategy, Extension 6311

Report Approval:

Submitted by: Sherry Adams, Commissioner of Corporate and Financial Services

Approved by: Darlene Joslin, Interim 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.

Background:

As part of the City's annual budgeting process, staff completed a review of all its existing user fees for potential increases and considered the introduction of new fees,

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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, 2023 or as per the dates set out in the by-law.

The City's objective through the annual fees review process is to ensure services continue to provide value to the community while remaining fiscally responsible. User fees are often set at rates to allow for the recovery of costs to provide the relevant services/programs to a specific user or group of users. In addition, benchmarking with neighboring municipalities aids in ensuring that fees are set at affordable, reasonable and adequate service levels and meeting user expectations with demand for services.

In 2013, Council approved the annual indexing of related fees to a maximum of the Consumer Price Index (CPI) with any exceptions highlighted to Council. The City is using the RBC Economics Provincial Outlook (March 2022) as its guideline for setting fees. The RBC Economics outlook has a 2023 CPI projection of 2.1% for Ontario. All fees that have increased by over CPI (2.1%) are shown separately in Appendix "B".

The City recognizes the financial & economic impact the ongoing pandemic has had on its residents and community. Also adding to the pressure, the economy is experiencing the fastest inflation increases over the past three decades amidst the continuing war between Russia and Ukraine, pushing up oil prices and continuing supply chain issues. Some businesses are passing their costs down to the consumers while other businesses have had to close down all together. The subsequent impact on residents has been significant, with more dollars coming out of their pockets and balancing the affordability of increased costs for food, gas and shelter. Although the unemployment rate for Ontario has been trending downwards at almost pre-pandemic levels of 5.3%, the rise in minimum wage has also caused prices to rise.

While the effects of Covid-19 have been substantial and impacted the community for over two years now, there continues to be financial hardship on both residents and businesses, and the affordability of fees will play a large role in the City's fees review process. For 2023, most notably under the Recreation and Culture Division, Covid-19 guidelines and government regulations have impacted class sizes and participation levels. Due to these challenges, opportunities for fee increases will be considered in parallel with anticipated demand for specific recreation programs. All other non-Recreation program fees have been reviewed and increased accordingly, while striking a balance between affordability versus cost recovery as the community recovers from the pandemic. From the 2023 Tariff of Fees review, a number of fees (19%) have remained unchanged from their 2022 rates, compared to the 2022 Tariff of Fees review where 28% of fees remained flat. All recommended fee increases are proposed while keeping in mind the pillars of cost recovery, affordability to residents and comparability to other municipalities.

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Financial/Staffing/Other Implications:

The City’s fees are 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.
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).

Table 1 New, Amended and Total Fees

Fee Type	# of New Fees	No Change	Amended		Total # of Fees
			<=CPI (2.1%)	> CPI (2.1%)	
Legislative	0	14	76	2	92
Regulatory	2	9	19	1	31
Cost Recovery	5	23	114	53	195
Community	27	194	618	138	977
Total	34	240	827	194	1,295

The table above summarizes the results of the annual Tariff of Fees review by fee category. In total, the City expects to charge 1,295 fees in the upcoming year. There will be:

- 34 new charges,
- 240 existing fees will be unchanged;
- 827 fees to be amended by CPI (2.1%) or less;
- 194 (15% of total fees) will be amended by more than CPI.

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For reference, Appendix “C” includes a summary of all new fees and Appendix “D” highlights all the fees that were amended by more than CPI.

Table 2 Estimated Revenue Impact of Tariff of Fee Update

Fee Type	Estimated Revenue Impact	Estimated WWW Revenue Impact
Legislative	\$56,000	-
Regulatory	\$2,600	-
Cost Recovery	\$44,000	\$88,100
Community	\$313,300	-
Total	\$415,900	\$88,100

The collection of all imposed fees are expected to generate additional revenues of approximately \$415,900 in the Operating and \$88,100 for the Water & Wastewater fund for 2023. The individual departments have completed a thorough review of fee rates and anticipated demand to arrive at the estimated revenue increases.

Public Works Services Division

A number of fees have been increased related to Waste Management, Roads and Water and Waste water. These typically reflect increases in contract pricing obtained through competitive bids plus a 20% administrative fee or municipal bench marking. With the current supply chain disruptions, high inflation rates and the rising costs of gas, some of the fees are being amended above CPI. On the other hand, where services are provided in house the Tariff of Fees have been amended to CPI. For fees updated outside of the timing of the annual tariff of fees review, they will be amended to reflect the new pricing charged by contractors obtained through competitive bids.

Community Standards Division

Staff are recommending 2 two new Lake Wilcox Park parking permit fees, which will only be used in limited circumstances for qualifying applicants. The Lake Wilcox Park Seasonal Canoe Club Parking Permit will be available to non-resident Canoe Club members and a monthly permit fee will potentially be available to community centre course instructors from affiliated organizations. These changes are expected to result in minimal overall budget impact as discussed in SRCS.22.14.

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In addition, an Express Mobile Sign Permit Processing fee will be added to the mobile sign permit fee when an applicant requires a sign permit to be issued on an accelerated basis (before the end of the following business day). Typically, mobile sign permits are processed within 5 business days, however, increasingly applicants are requesting mobile sign permits be issued shortly after application submission. This fee is intended to encourage applicants to apply within appropriate time frames and request expedited services only when they are truly needed.

Financial Services Division

The Revenue Services section is introducing new fees in relation to Tax Sales to recover costs incurred during the process. A Tax Sale is a sale of one or more properties by a municipality to recover unpaid taxes on those properties which have outstanding property taxes from two years prior to the current year. The fees associated with Tax Sales include, but are not limited to: property tax arrears notices, title, execution and corporate searches, engaging professional services, preparing notices and certificates, creating tender packages, preparing and execution of Extension Agreement, public tender or auctioneer fees, advertising, and administrative fees for the City.

Also introduced are fees for Statement of Taxes, Bill re-prints and payment refund fees. In order to minimize an overabundance of requests to bill reprints and statement of taxes, and encourage the use of the self-serve portal forthcoming, a nominal fee of \$20 has been presented in the Tariff of Fees schedule. With the City moving towards a paperless system such as electronic funds transfer payments (EFT), the payment refund fee of \$38 is to recover the admin and banking charges related to issuing a cheque or EFT refunds.

Legal Services Division

The Legal services section is introducing a new fee for the recovery of Teraview charges, which is related to the registrations of Orders to Comply and Certificates of Compliance. These charges include a statutory fee portion and a fee under the Electronic Land Registration Services Act ("ELRSA") plus H.S.T.

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Recreation and Culture Division

With the vast array of programs and services offered, the Recreation & Culture division fees represent 956 (or 98%) of the total 971 Community fees.

Table 3 Community Fees (Recreation & Culture)

Category	# of New Fees	No Change	Amended ≤CPI (2.1%)	Amended > CPI (2.1%)	Total # of Fees
Adults	2	21	115	25	163
Children & Youth	-	68	224	27	319
Seniors	-	16	61	2	79
Residents	-	9	15	17	41
Non Residents	-	12	20	24	56
Other	25	68	167	38	298
Total	27	194	602	133	956

The Recreation and Culture Division’s role is to ensure the fee schedule continues to allow the City of Richmond Hill to recover the operational costs associated with the delivery of quality services as well, the long-term viability of existing facilities and equipment throughout the City. The division continues to strive to balance fiscal accountability while ensuring the delivery of quality and accessible services to the community of Richmond Hill. The impact of Covid-19, reduced participation levels and staff shortages will need to be balanced as the division continues to reopen facilities, and re-implement programs and services. Based on the benchmarking undertaken, the recommendation is to increase the majority of fees by 2.1% and staff focused on increasing fees where it was determined that the fees were consistently lower based on municipal benchmarking.

For 2023, the Recreation division is introducing a total of 28 new fees (Table 3) to its Tariff of Fees by-law. The majority of the new fees are in the Other category for the Richmond Hill Theatre of Performing Arts where a flat fee is being introduced to align their costs with other theatres for event services and programming areas. In the Adults category, the new pickleball program is being established for league play and lessons.

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Mid-Year Tariff of Fee Update

In processing film permit fees there have been several instances of independent film makers expressing concerns that the standard film permit fee creates a significant hardship for them. It is therefore being suggested that a reduced fee be charged in association with low budget, independent film projects. Staff is recommending to apply retroactively in 2022, an Independent Film Permit Application Fee for \$184.90 included in Section B – “Outdoor Parks and Sports Fields” of the Recreation and Culture services.

Also as an amendment to the Recreation and Culture services Section B schedule, staff will be re-introducing fees for residents, affiliated minor sports groups, and non-resident commercial groups to permit a number of tennis and pickleball courts. The Parks Plan, Recreation Plan, and Culture Plan Review – Key Findings and Directions Report (SRPI.22.021, hereinafter “the Key Directions Report”) endorsed by Council on March 9, 2022 acknowledges that pickleball is one of the fastest growing sports in Canada. As its popularity continues to spread all over the province from adults 55+ wishing to remain physically active to younger players, Richmond Hill is creating 15 pickleball courts geographically distributed across the City (SRPI.22.049). This service has been requested by the community and is consistent with a number of comparator municipalities such as Vaughan, Aurora and Burlington. The additional revenue projected as a result is nominal and has been captured within Sports Fields and Parks. Staff will be implementing this fee effective July 1, 2022.

In addition, the Community Standards Division is recommending that the hourly rate for the Main/Splash Pad parking lot at Lake Wilcox Park be raised from \$5 to \$7 per hour for reasons outlined in accompanying Staff Report SRCS.22.14 to be effective July 2022.

Convenience Fee Update

With the City undertaking to provide more services online for the Community, the popularity and ease of moving towards a cashless electronic payment system has also brought a rise in handling and processing costs for credit card payments. Staff are recommending for cost recovery purposes that credit card payments made online for applications, permits or approval of service to reflect the actual convenience fee incurred by the City to be imposed above the total cost of the application or service requested when processed electronically.

Relationship to Council’s Strategic Priorities:

Presentation of the annual review of the City’s Tariff of Fees reflects the overall use and wise management of resources but also touches on other goals within the Strategic Priorities:

- a) Fiscal Responsibility in Richmond Hill to serve as a role model for municipal management. The City’s Tariff of Fees demonstrates responsible municipal management as it enhances the decision-making process surrounding the delivery of the City’s services and programs. In addition, it demonstrates wise management of resources by ensuring that the fees levied are affordable, allow for cost recovery and

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remain competitive with neighbouring municipalities while delivering quality programs & services to the community.

Conclusion:

In order to ensure that the City levies reasonable and justifiable charges for its various services and programs, while mitigating cost pressures in 2022 & 2023, it is recommended that the fees be adopted as presented in Appendix B (By-law 98-22) & F (By-law 83-22).

Attachments:

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

- Appendix A – Amended 2022 Recreation & Culture Services Schedule C Section B Outdoor Parks and Sports Fields & 2022 Community Standard Division Schedule E
- Appendix B – Draft By-law 98-22 Amended 2022 Tariff of Fees Schedule for Recreation & Culture Services Schedule C Section B and Community Standard Division Schedule E
- Appendix C – 2023 New Fees
- Appendix D – 2023 Market Amended Fees
- Appendix E – Recreation & Culture Division
- Appendix F – Draft By-law 83-22 Consolidated Tariff of Fees By-Law

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Report Approval Details

Document Title:	SRCFS.22.018 Tariff of Fee Update.docx
Attachments:	<ul style="list-style-type: none">- SRCFS.22.018 Appendix A - 2022 Revised Tariff of Fees Rec.pdf- SRCFS.22.018 Appendix B - By-law 98-22 Amend Recreation and CSDCSD.pdf- SRCFS.22.018 Appendix C - 2023 Tariff of Fees - NEW FEES.pdf- SRCFS.22.018 Appendix D - 2023 Tariff of Fees - MARKET AMENDED.pdf- SRCFS.22.018 Appendix E - CSD Rec memo.pdf- SRCFS.22.018 Appendix F - By-law 83-22 2023 Tariff of Fee Update.pdf
Final Approval Date:	Jun 21, 2022

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

Gigi Li - Jun 21, 2022 - 11:11 AM

Sherry Adams - Jun 21, 2022 - 11:41 AM

Darlene Joslin - Jun 21, 2022 - 1:52 PM