



Staff Report for Budget Committee of the Whole Meeting

Date of Meeting: September 24, 2024

Report Number: SRCFS.24.038

Department: Corporate and Financial Services

Division: Financial Services

Subject: SRCFS.24.038 – Tariff of Fees Update

Purpose:

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

Recommendations:

a) That staff report SRCFS.24.038 regarding the Tariff of Fees Update, be received;
and

b) That draft By-law 121-24, attached as Appendix 'D' to staff report SRCFS.24.038, be brought forward to the October 9, 2024 Council meeting for consideration and enactment.

Contact Persons:

- Jennifer Concepcion, Financial Management Advisor, Extension 2499
- Lisa Chen, Manager, Fiscal Planning & Analysis, Extension 6311
- Gigi Li, Director Financial Services and Treasurer, Extension 6435
- Sherry Adams, Commissioners Corporate and Financial Services, Extension 2521

Report Approval:

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.

Page 2

Key Messages:

- The Tariff of Fees by-law is updated annually in coordination with the operating budget process. Existing fees are indexed for the next year's budget through delegated authority, if they are within the 5% maximum indexing limit as reviewed by the Treasurer annually.
- This annual exercise balances the tariff of fees increase with the overall economic climate and cost pressures – the Treasurer's approved index aligns with the City's anticipated inflation of 3% for 2025.
- Staff may recommend higher or lower increases depending on benchmarking with neighbouring municipalities and market conditions. Staff also propose new fees by seeking alternative delivery methods and considering new services to increase user fee revenues.
- New fees or increases beyond the approved index are presented for Council's consideration, and if approved, the revenue impact will be incorporated in the draft operating budget submission.
- Staff are also seeking Council approval to deem property related fees and charges as debt owed to the City, which enables staff to transfer the amount owed to the tax roll, and collected with the same priority lien status.

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, 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, 2025, or as per the dates set out in the by-law. Staff may also recommend administrative or operational changes to streamline the annual Tariff of Fees By-law process.

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.

The City recognizes the financial and economic impact of an environment constantly being faced with higher expenses and persistent inflationary pressures have had on its residents and community. The Bank of Canada started to reduce its lending rate in 2024, with its current policy rate at 4.25% (September 4, 2024), however unemployment rate in Canada still remains high at 6.6% (August) resulting in a slowdown of growth in the economy. Our residents and community are having to make difficult choices with the available spending money they have, while balancing the affordability of increased costs for food, gas and shelter.

Page 3

Striking a balance between affordability versus cost recovery played a large role throughout the annual review of user fees. Staff considered potential increases for all existing user fees and proposed new fees, 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, which will help ease the City's financial pressures in the 2025 Operating Budget. A large portion of programming expenses is comprised of casual wages. The minimum wage is increasing almost 4%, from \$16.55 to \$17.20 per hour starting in October 2024.

In 2024, Council approved the annual indexing of fees to an index approved by the Treasurer. Although the inflation rate has started to slow down compared to previous years, the minimum wage impact lags one year. Following the 2025 Budget Strategy report presented to Council in June, inflation is forecasted at 3% for purposes of updating the Tariff of Fees By-law, and any exceptions are shown separately in Appendix "B".

Discussion:

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 (e.g. Municipal Act, Planning Act) and are consistent across municipalities.
2. Regulatory Fees – These fees are generally associated with licenses and permits required by City By-laws.
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 below summarizes the results of the annual Tariff of Fees review by fee category. In total, the City expects to charge 1,260 fees in the upcoming year. There will be:

- 8 new charges
- 127 existing fees will be unchanged
- 1,083 fees to be amended 3.0% or less
- 42 (3.3% of total fees) will be amended by more than 3%.

Page 4

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

Table 1: New, Amended and Total Fees (Count)

Fee Type	No. of New Fees	No Change	Amended 3.0% or Less	Amended Greater than 3.0%	Total No. of Fees
Legislative	2	17	85	2	106
Regulatory	1	9	17	3	30
Cost Recovery	3	28	148	18	197
Community	2	73	833	19	927
Total	8	127	1,083	42	1,260

Public Works Operations Division

A number of fees related to Waste Management, Roads and Water and Wastewater have been increased to reflect municipal comparators or increases in contract pricing resulting from competitive bids. For contracts updated outside of the timing of the annual tariff of fees review, associated fees will be amended at the time that the contracts are finalized. Where services are provided in house, the Tariff of Fees have been adjusted by the index.

In the Parks Operations and Event Services section, a new fee of \$4.87 each will be added for garden access Key Replacement. In 2024 a new lock and key entry system was introduced at the Phyllis Rawlinson Garden. All new members were provided a key, however a new fee is being introduced that will be charged for replacement keys if required.

Community Standards Division

The Community Standards Division is introducing a Dangerous Dog Designation License fee. This fee of \$125 is anticipated to align with our Animal Services By-law review which should be completed and finalized in late 2024 or early 2025. Staff has estimated \$1,500 additional revenues will be generated for this new fee.

Page 5

Financial Services Division

Staff are recommending two new administration fees. A \$300 administration fee to transfer unpaid water bills to multiple tax rolls will be charged to each condominium to recover for the cost of administration. The second new administration fee of \$40 each will be charged to customers requesting miscellaneous services that do not have their own specific charge. For example, requests for re-printing multiple bills for water consumption reports or landlords asking for multiple years of past bills. The City currently performs these requests as part of customer service at no charge.

Development Planning Division

In the Development Planning division, staff are recommending two new fees for 2025. A File Maintenance Fee will be applied to Committee of Adjustment applications consistent with the current File Maintenance Fee applied to planning applications. This fee has been recommended as there appears to be an increasing number of applicants placing their applications on hold. This fee covers the administration of maintaining application files open for extended periods of time. The second fee staff are recommending is a Servicing Allocation Extension Fee. This is a new fee that will align with the new servicing allocation policy and by-law coming forward in the fall of 2024 as a result of legislative changes. Staff has estimated \$10,300 additional revenues will be generated for both new fees.

Policy Standards Division

The Parks and Natural Heritage Planning staff recommend establishing a fee for Hazard Tree Assessments, i.e. a Tree Risk Assessment Qualification (TRAQ) report completed by staff. Currently, when residents call By-law Enforcement to report the need for a hazard tree inspection, the resident is not charged for the TRAQ Report completed by staff which determines the tree's hazard rating. When a resident applies for an Exemption Tree Permit to remove a hazard tree under the Tree Preservation By-law, they are required to provide the City with a TRAQ Report (which they would have paid a private Arborist to complete). This creates an inequity between those residents applying for an Exemption Tree Permit to remove a hazard tree and those residents reporting a hazard tree via the Property Standards By-law. This proposed fee is intended to rectify this inequity. Preliminary benchmarking has been completed, with a range between \$450 - \$700 for this service (i.e. TRAQ report) being charged by Arborists with the TRAQ certification in the private market. Staff recommends a \$450 fee for a report for 1 tree and \$107 for additional trees added to the same report.

Staff also are seeing increasing development pressures that put our cultural heritage assets at risk of being lost through demolition. While staff do not support the demolition of listed or designated heritage properties, demolition requests are submitted and require staff to process and review them. A demolition request has historically required approximately 65 to 70 people-hours, for a single staff member. The number of people-hours it takes to process an objection or an appeal for any of the scenarios noted above is approximately 135 to 140 hours. This includes a thorough review of the claims made

Page 6

in the objection/appeal, reviewing the research previously conducted or the need to conduct new research based on claims made, preparing a staff report to rebut the claims made in an objection, preparing visual evidence and a witness statement to rebut the claims of an appeal, coordinating with the City’s legal team, attending Council meetings, preparing for negotiation meetings and attending OLT hearings. As a result, staff are recommending a heritage property demolition review request fee of \$5,700 starting in 2025, which will generate estimated revenues of \$17,000.

Recreation and Culture Division

With the vast array of programs and services offered, the Recreation and Culture division fees represent 905 (or 98%) of the total 927 Community fees. The changes are summarized in Table 2.

Table 2: Community Fees (Recreation and Culture)

Category	# of New Fees	No Change	Amended 3.0% or Less	Amended Greater than 3.0%	Total # of Fees
Adults	-	2	149	3	154
Children & Youth	1	29	324	5	359
Seniors	-	-	64	1	65
Residents	-	-	32	4	36
Non-Residents	-	-	48	-	48
Other	-	40	200	2	242
Total	1	71	818	15	905

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 as 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. Based on the benchmarking undertaken, the recommendation is to increase the majority of fees by 3.0% and staff focused on increasing fees where it was determined that the fees were consistently lower based on municipal benchmarking. Appendix C provides additional details of the proposed changes.

Page 7

For 2025, the Recreation division is introducing a new summer camp fee for specialty aquatic classes. Due to the evolving community demand, the specialty aquatic classes summer camp will run for 8 weeks for children 6-13 years old. Staff are estimating additional revenues of \$24,200 to be generated from this program.

Administrative Changes to the Tariff of Fees By-Law

Under the Municipal Act (section 398), fees and charges imposed by a municipality or local board on a person constitute a debt of the person to the municipality or local board, and may be added to the tax roll and collected in the same manner as municipal taxes under two scenarios:

- If a property receives a service, taxes can be charged to the property, or
- If all owners receive a service, taxes can be charged to their property

This process, and the administration fees, to move charges to the tax roll are currently in place for water bills, grass and weed cutting, property standards, and Regional Provincial Offences Act charges. Staff recommend that the City's Tariff of Fees By-law be updated to allow other fees and charges, including administration fees, be deemed a debt to the municipality and be collected or added to the tax roll in the same manner as taxes (priority lien status). This update will expand the range of property related fees that can be added to the tax bill including false alarm responses, unauthorized open air burning incidents, and public works fees requested by the property owner.

Financial Implications:

The collection of all imposed fees are expected to generate additional 2025 Budget revenues of approximately \$629,900 in the Operating Fund and \$87,900 for the Water and Wastewater Fund (WWW). Staff have completed a thorough review of fee rates and anticipated demand to arrive at the estimated revenue increases as noted in Table 3 below.

Table 3: Estimated Revenue Impact of Tariff of Fee Update

Fee Type	Estimated Operating Revenue Impact	Estimated WWW Revenue Impact
Legislative	\$81,700	-
Regulatory	\$2,400	-
Cost Recovery	\$57,700	\$87,900
Community	\$488,100	-
Total	\$629,900	\$87,900

Page 8

The administrative changes to allow the transfer of unpaid fees related to properties or property owners, increase the likelihood of receiving payment to 100%. The largest impact of this amendment relates to the collection of False Alarm charges, where after 3 incidents within one year, an invoice is sent to the property address for dispatching a fire services crew and truck to the property due to faulty or false fire alarms. Table 4 shows the outstanding amounts as of August 2024, and invoice year.

Table 4: Unpaid False Alarm Invoices by Year

Invoice Year	Outstanding Amount
2018	\$26,529
2019	15,264
2020	11,640
2021	9,035
2022	7,138
2023	12,094
2024	27,383
Total as of August 2024	\$109,083

In comparison to the \$27,383 outstanding amount for false alarms, the August year-to-date unpaid grass and weed cutting charges transferred to the tax roll was \$35,543.

Relationship to Strategic Plan 2024-2027:

The presentation of the annual review of the City's Tariff of Fees relates to Pillar 2, Focusing on People, specifically, Priority 2, supporting Richmond Hill's unique character and sense of community through programs, services and events fostering connections between the City and residents, as well among community members themselves.

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 – 2025 New Fees
- Appendix B – 2025 Market Amended Fees
- Appendix C – Recreation and Culture Division
- Appendix D – Draft By-Law 121-24 Consolidated Tariff of Fees By-Law

Page 9

Report Approval Details

Document Title:	SRCFS.24.038 Tariff of Fee Update.docx
Attachments:	- Appendix A - 2025 Tariff of Fees - NEW FEES.pdf - Appendix B - 2025 Tariff of Fees - MARKET AMENDED.pdf - Appendix C - Recreation and Culture Fees.docx - Appendix D - By-law 121-24 2025 Tariff of Fee Update.pdf
Final Approval Date:	Sep 19, 2024

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

Gigi Li - Sep 18, 2024 - 2:58 PM

Sherry Adams - Sep 18, 2024 - 3:18 PM

Darlene Joslin - Sep 19, 2024 - 9:17 AM