



Staff Report for Budget Committee of the Whole Meeting

Date of Meeting: June 24, 2025

Report Number: SRCFS.25.019

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.25.019 – 2026 Tariff of Fees Update**

Purpose:

To update the Tariff of Fees By-law for 2026 to reflect the proposed new and amended fees.

Recommendations:

- a) That staff report SRCFS.25.019 regarding the 2026 Tariff of Fees Update be received; and
- b) That draft By-law 61-25, attached as Appendix “D” to the staff report SRCFS.25.019 be brought forward to the July 9, 2025, Council meeting for consideration and enactment with fees effective January 1, 2026, unless otherwise noted.

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.

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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 2% for 2026.
- 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 recommend implementing a \$10 cap on non-sufficient funds (NSF) or dishonored payment charges, effective January 1, 2026. This aligns with the federally mandated \$10 cap applied by banks to personal deposit accounts.

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, 2026, 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 against neighboring municipalities helps ensure that fees are set at affordable and reasonable levels, support adequate service delivery, and align with user expectations and service demand.

The City acknowledges the financial and economic challenges posed by the current unstable environment, including the unpredictability of impending tariffs, growing economic uncertainty, and rising inflation, all of which have impacted residents and the broader community. The Bank of Canada has been reducing its lending rate steadily, with its current policy rate at 2.75% (March 12, 2025). Trade tensions with our US neighbours are disrupting the labour market recovery, with businesses reporting a slowdown in hiring. As a result Ontario's unemployment rate is at 7.8% (April 2025).

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Businesses and consumers are anticipating ongoing higher costs, reducing purchasing power, and potential supply chain disruptions, all contributing to an overall economic slowdown. Consequently, our residents and community face difficult decisions as they manage limited spending money, while coping with the rising costs of essentials like food, gas and shelter.

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 2026 Operating Budget. A large portion of programming expenses is comprised of casual wages. The minimum wage is increasing 2.3%, from \$17.20 to \$17.60 per hour starting in October 2025.

In 2024, Council approved the annual indexing of fees to an index approved by the Treasurer. Since January 2025, the inflation rate for Toronto has fluctuated between 1.7% (April) to 2.8% (February) and the impact of minimum wage increases typically lags by one year. Following the 2026 Budget Strategy report presented to Council on May 6, 2025, the City is using the provincial government's 2026 inflation forecast of 2% as the basis for updating the Tariff of Fees By-law. And any exceptions are detailed 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 apply 1,262 fees in the upcoming year. There will be:

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- 15 new fees
- 82 existing fees will be unchanged
- 1,124 fees to be amended 2.0% or less
- 42 (3.3% of total fees) will be amended by more than 2%.

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 2.0% or Less	Amended Greater than 2.0%	Total No. of Fees
Legislative	0	8	78	2	88
Regulatory	0	8	20	2	30
Cost Recovery	1	27	144	25	196
Community	14	39	882	13	948
Total	15	82	1,124	42	1,262

Fire and Emergency Services Division

The Richmond Hill Fire and Emergency Services Division is introducing a new training service when using the training tower, by adding the option of the use of a fire engine. Currently, colleges and fire departments are required to bring their own fire engine during training. Offering the fire engine pumper for eight hours of training at a rate of \$700/day should make renting the training tower and fire engine more attractive for smaller fire departments, as they will not have to take a frontline fire engine outside of their municipality. Additionally, colleges will not be required to own and maintain their own fire engine. The estimated additional revenue from this new training service will be \$7,000 annually.

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 Roads section, two new fees have been introduced for business properties in the downtown core Village of Richmond Hill Business Improvement Area that are receiving

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municipal waste collection in 2025 (as approved in staff report SRCS.25.01). Firstly, a new fee for municipal waste collection and disposal service for the businesses located in the downtown core, fronting Yonge Street between Major Mackenzie Drive and Crosby Avenue. The initial proposed fee of \$365 per year, per property, covers the collection of three garbage items/bags, recyclables, and organics, with service provided weekly. This fee will be adjusted through the annual Tariff of Fees bylaw update with the intent to move towards full cost recovery for this service. For 2026 it is estimated to generate \$25,500 in additional revenues. The second fee applies to the purchase of recycling bins, only for business properties in the downtown core receiving municipal waste collection. This fee will cover the cost of recycling containers intended for the business properties in the downtown core that have been approved and are paying for municipal waste collection and the estimated additional revenue projection for 2026 is \$1,000.

In the Parks Operations and Event Services section, a new fee of up to \$25 is intended to allow the sale of garden-related products through the Healthy Yards program such as compost, soil amendments, seeds and small tools.

Office of the Clerks Division

Staff are recommending two new fees for 2026. A new marriage video/livestreaming service will be available when officiating weddings. As the City of Richmond Hill has updated the cameras and technology in the Committee Room, staff are now able to provide this new service if/when requested at a rate of \$75. Previously, if someone wanted to livestream/record the ceremony, they would have needed to provide their own technology. The estimated additional revenue impact is \$750.

The second fee staff are recommending is a \$30 municipal clearance raffle letter fee. This letter, required by the Alcohol Gaming Commission of Ontario (AGCO), must be issued by City staff to authorize charities to sell raffle tickets in Richmond Hill. Previously, charities obtained their licenses from other jurisdictions. The estimated additional revenue impact of this fee is \$60.

Recreation and Culture Division

With the vast array of programs and services offered, the Recreation and Culture Division fees represent 921 (or 97%) of the total 948 Community fees. The changes are summarized in Table 2, and detailed explanations are available in Appendix “C”.

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Table 2: Community Fees (Recreation and Culture)

Category	# of New Fees	No Change	Amended 2.0% or Less	Amended Greater than 2.0%	Total # of Fees
Adults	-	1	152	2	155
Children & Youth	-	8	355	4	367
Seniors	-	-	59	2	61
Residents	4	-	37	2	43
Non-Residents	3	-	48	-	51
Other	2	27	215	-	244
Total	9	36	866	10	921

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, staff recommend increasing the majority of fees by 2.0%. Particular attention was given to adjusting fees that were consistently lower than those of comparable municipalities in the benchmarking analysis. Appendix C provides additional details of the proposed changes.

For 2026, the Recreation and Culture Division is introducing a total of 9 new fees associated with exhibition space rental, a new production or recording studio space at the Richmond Hill Cultural Centre, commission on merchandise sales at the Richmond Hill Centre of Performing Arts and a telescope drop-in fee at the Richmond Hill David Dunlap Observatory.

Non-Sufficient Funds or Dishonored Payment Fees

Similar to the banks, the City charges non-sufficient funds (NSF) fees or dishonored payment fees when a payment is returned due to insufficient funds in a customer's account mostly for tax, water or recreation program payment. These fees are standard

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practice and intended to encourage customers to monitor their account balances and to manage their spending when payments are due.

However, NSF fees disproportionately impact low-income individuals, particularly those with limited access to credit. In response to this concern, the Federal government has announced that, effective March 12, 2026, a \$10 cap will be imposed on NSF fees for personal deposit accounts and no more than one NSF fee may be charged within a two-day period.

While municipalities are not bound by this Federal regulation, the City currently charges \$49.50 per NSF transaction, with approximately 500 transactions annually related to pre-authorized payments for taxes and water. In support of the City's broader efforts to enhance affordability for residents and align with the Federal direction applied to banks, staff recommend introducing a \$10 cap on NSF or dishonored payment fees, effective January 1, 2026.

The estimated financial impact of this fee reduction is approximately \$19,600 in lost revenues (\$15,700 from tax accounts and \$3,900 from water accounts). However, this impact is expected to be partially offset by the 2% increase in other fees.

Financial Implications:

The collection of all imposed fees are expected to generate additional 2026 Budget revenues of approximately \$525,700 in the Operating Fund and \$45,900 for the Water and Wastewater Fund. 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 Water and Wastewater Revenue Impact
Legislative	\$77,000	-
Regulatory	\$1,000	-
Cost Recovery	\$16,000	\$45,900
Community	\$431,700	-
Total	\$525,700	\$45,900

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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 61-25 Consolidated Tariff of Fees By-Law

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Report Approval Details

Document Title:	SRCFS.25.019 2026 Tariff of Fees Update.docx
Attachments:	<ul style="list-style-type: none">- SRCFS.25.019 - Appendix A - New Fees 2026 Tariff of Fees Update-AODA.pdf- SRCFS.25.019 - Appendix B -Market Amended 2026 Tariff of Fees Update-AODA.pdf- SRCFS.25.019 - Appendix C - Recreation and Culture Fees.docx- SRCFS.25.019 - Appendix D - By-law 61-25 - Tariff of Fee-AODA.pdf
Final Approval Date:	Jun 4, 2025

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

Gigi Li - Jun 2, 2025 - 4:49 PM

Sherry Adams - Jun 2, 2025 - 5:04 PM

Darlene Joslin - Jun 4, 2025 - 9:32 AM