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## 2010 BUDGET BRIEFING NOTE

### Changes to the Transportation Services' User Fees

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#### Issue/Background:

- The 2010 Transportation Services Operating Budget recommends an increase in certain Right-of-Way Management permit fees, as well as the introduction of three new fees. An increase to the existing Utility Cut Billings Fee and introduction of a new Pavement Degradation Fees is also recommended.

#### Key Points:

- The Right-of-Way recommended fee changes relate to:
  - **Front Yard (Off-street) parking** and **Permit (On-street) parking fee** increases in order to align these fees with costs of alternative options and also to recover increased administration and maintenance costs on local roads that permit overnight parking. The 2010 recommended increase will raise permit parking fees from \$11.95 per month to \$13.15 and residential front yard parking from \$168.78 to \$200.00 per year.
  - **Construction activity fee** increases are based on various schedules and range from \$1.19/square metre/month for site protection permit fees to \$63.55/month for site service permit fees, thus bringing these fees up to \$5.15/ square metre/month and \$190.64/month. One new application fee of \$457.58 for Street Occupation Permit - Site Protection, and two new permit fees for large construction equipment requiring one additional traffic lane or full closure of \$100.00 and \$500.00 per day respectively, are also recommended.
- Utility Permitting recommended fee changes are:
  - **Pavement Degradation Fee** is a new fee, of \$20.00 per square metre (based on a weighted average) intended to recover utility cut related losses from premature deterioration of pavement and increased maintenance expenses resulting from the utility cuts, scheduled for consideration by the Public Works and Infrastructure Committee on March 2<sup>nd</sup>, 2010.
  - **Utility Cut Billings Fee** increase from the current 19.5% to 22.5% of the costs of permanent restoration, to offset the cost of additional resources required to enhance key areas of field inspection, enforcement of standards and specifications through quality control of the utility work undertaken by applicants. A proposal to increase the Utility Cut Billings Fee is also scheduled for consideration by the Public Works and Infrastructure Committee at its March 2010 meeting.

- Approval of the recommended changes will result in the following incremental revenue for Transportation Services in 2010:

	<b>Increases</b>	<b>New</b>	<b>Total</b>
Right-of -Way	\$1,343,337	\$331,870	\$1,675,207
Utility Permitting	\$820,000	\$1,000,000	\$1,820,000
<b>Total</b>	<b>\$2,163,337</b>	<b>\$1,331,870</b>	<b>\$3,495,207</b>

### Questions & Answers:

- **How do the City of Toronto Right-of -Way fees compare with other municipal jurisdictions?**
  - In order to determine what other cities charge to residents and to establish appropriate rate increases for Off-street and On-street parking fees, a comparison with other cities was conducted including those around the GTA, other cities in Ontario, Vancouver, Montreal, Chicago and New York.
  - Other municipalities generally discourage or do not permit Off-street (Front Yard) parking, and where exemptions have been granted by a Committee or Council there are no fees charged. However, in consultations with Real Estate it was determined that the value of a property with a legal front yard parking pad is about \$10,000 to \$35,000 higher than one without, depending on the supply and demand for parking in any given Toronto neighbourhood. In addition, the fees for commercial boulevard parking and front yard parking have not been increased in Toronto, apart from CPI, since 2000.
  - Where other municipalities charge for On-street parking permits, their existing fees are less than those currently imposed on Toronto residents. However, when compared to alternative parking options available through the Toronto Parking Authority (TPA) or private properties/garages, the annual cost of a City-issued on-street parking permit is inexpensive at \$143.40 per year. Parking rates charged by the TPA and private property/parking garage owners generally start in excess of \$500 per year and can go up to the thousands of dollars per year (where space is available) in the inner parts of the city.
- **Why does the City of Toronto charge construction permit fees?**
  - Construction permit fee increases are meant to not only reflect rising costs of staff administration and enforcement related to the approval and monitoring of permits authorizing road space for construction activities, but also the increasing impacts these street occupations and lane closures have on mobility in constrained congested areas. Increasingly, it is necessary to permit partial or full road and sidewalk closures to enable construction at new developments. These closures are for material and equipment

- **Why are new Construction Permit and Application fees introduced?**
  - One new application fee of \$457.58 for Street Occupation Permit - Site Protection (hoarding, covered way, scaffolding, etc) is recommended in order to recover the City staff's costs of reviewing and inspection before issuing the permit.
  - Two new construction permit fees are for hoisting curb lane for large pieces of equipment (40 ton crane) when additional lane(s) of traffic and/or full closure is required. These fees will now be based on a street classification. Currently, there is only one set of fees, regardless of street classification and number of lane closures. The new fees recognize the impact of hoisting activity on arterial roads (vs. local roads) and create a 2 tier fee structure with a premium on arterial roads. This structure also allows for a different fee, depending on number of lanes to be closed/occupied. Funds collected will be used to offset expenses associated with providing the service on arterial roads where heavy traffic is involved. Higher fees for occupation of multiple lanes will also be a deterrent to requesting multiple lane use as a convenience, rather than necessity.
- **What is the "Pavement Degradation Fee"?**
  - Each year the City issues on average 40,000 utility cut permits to utility companies, developers, contractors, etc. for the construction, maintenance, upgrading, etc. of underground utilities within the City's municipal right-of-way. Of this total, on average 9,500 permits result in cuts to the City's pavements involving 38,000 separate pavement-related utility cuts totaling 200,000 to 300,000 square metres of permanent pavement restoration work. Despite the City's best efforts and restoration practices, the visible deterioration of the City's pavement infrastructure is becoming more evident. The City of Toronto, as a number of other jurisdictions have already done, is responding to these growing concerns by introducing pavement degradation fees, effective June 1, 2010, for the recovery of costs incurred by the City as a result of permitted utility cut work. Implementation of such fees will ensure that the much needed funds are available for Transportation to maintain the roads in a state of good repair.
- **Why there should be an increase in the Utility Cut Billings Fee?**
  - Through the number of permits issued annually, there has been a rapid rise in the amount of utility cut activity over the years - almost triple the amount since 2000. The current staffing levels, to carry out field inspection, monitoring and enforcement are insufficient to cope with the volume of work and be expected to perform these functions properly. In order to recover all the expenses incurred in administering the cut repairs and to meet the demands placed upon the Program by the volume of utility cuts and implementation of the new guidelines, it was determined that the Utility Cut Billings Fee for engineering and supervision should be raised from the current 19% to 22.5 %, effective June 1, 2010.

**Attachment:**

Appendix A – 2010 Recommended Right-of-Way User Fee Changes

Appendix B – 2010 Recommended Utility Permitting Fee Changes

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## A: 2010 Recommended Right-of-Way User Fee Changes

Section	Type	Unit	Current Rate	Fee Increase	Increased Rate	Revenue Increase to be realized in 2010
Off Street Parking	CBP-Annual Area 1	space	<b>\$363.52</b>	\$67.25	<b>\$430.77</b>	551
Off Street Parking	CBP-Annual Area 2	space	<b>\$275.78</b>	\$51.02	<b>\$326.80</b>	26,306
Off Street Parking	Residential Parking - Annual	space	<b>\$168.78</b>	\$31.22	<b>\$200.00</b>	39,280
Off Street Parking	Transfer	space	<b>\$66.09</b>	\$33.91	<b>\$100.00</b>	1,468
<b>Off Street Parking Total</b>						<b>\$67,605.48</b>
Permit Parking	No access to Off Street Parking - Priority One	Month	<b>\$11.95</b>	\$1.20	<b>\$13.15</b>	635,740
Permit Parking	No access to Off Street Parking - Priority Two	Month	<b>\$29.88</b>	\$2.99	<b>\$32.87</b>	48,107
Permit Parking	With access to Off Street Parking - Priority Three	Month	<b>\$41.84</b>	\$4.18	<b>\$46.02</b>	52,718
Permit Parking	Temporary Permit Parking	space	<b>\$16.73</b>	\$1.67	<b>\$18.40</b>	87,833
<b>Permit Parking Total</b>						<b>\$824,398</b>
Construction Activities	SOP Permits - Equipment & Materials	permits	<b>\$31.78</b>	\$9.53	<b>\$41.31</b>	25,542
Construction Activities	SOP Permits - Site Protection - Permit Fee - per lm		<b>\$11.90</b>	\$3.57	<b>\$15.47</b>	86,236
Construction Activities	SOP Permits - Site Protection - Permit Fee - per sqm - encl.	day	<b>\$3.96</b>	\$1.19	<b>\$5.15</b>	67,790
Construction Activities	SOP Permits - Hoisting - Tower Crane	day	<b>\$31.78</b>	\$9.53	<b>\$41.31</b>	214,594
Construction Activities	SOP Permits - Hoisting	day	<b>\$31.78</b>	\$9.53	<b>\$41.31</b>	6,021
Construction Activities	Single Trip	per load	<b>\$31.33</b>	\$5.80	<b>\$37.13</b>	3,194
Construction Activities	Annual Excess Load	per year	<b>\$188.02</b>	\$34.78	<b>\$222.80</b>	14,609
Construction Activities	Site Service		<b>\$127.09</b>	\$63.55	<b>\$190.64</b>	29,358
Construction Activities	New Fee to be introduced - Application Fee for SOP Permits - Site Protection	permits		\$457.58	<b>\$457.58</b>	162,670
Construction Activities	New Fee to be introduced SOP Permits - Hoisting for lineal and enclosures based on classification of street - hoisting curblane - 40 ton crane - additional lane traffic			\$100.00	<b>\$100.00</b>	28,200
Construction Activities	New Fee to be introduced SOP Permits - Hoisting for lineal and enclosures based on classification of street - hoisting curblane - 40 ton crane - full closure required			\$500.00	<b>\$500.00</b>	141,000
Construction Activities	Property Information	requests	<b>\$64.99</b>	\$35.01	<b>\$100.00</b>	3,991
<b>Construction Activities Total</b>						<b>\$783,204</b>
<b>Grand Total</b>						<b>\$1,675,207</b>

## Appendix B: Recommended Utility Permitting Fee Changes

### Pavement Degradation Fee Schedules<sup>1</sup>

<b>Flexible Pavement</b>		
<b>Pavement Age</b>	<b>Arterial Road</b>	<b>Local/Collector Road</b>
	<b>(\$/m<sup>2</sup>)</b>	<b>(\$/m<sup>2</sup>)</b>
<b>0 – 15</b>	<b>40</b>	<b>34</b>
<b>16 – 30</b>	<b>32</b>	<b>27</b>
<b>31 – 45</b>	<b>24</b>	<b>20</b>
<b>46 – 55</b>	<b>18</b>	<b>14</b>
<b>56 – 70</b>	<b>11</b>	<b>9</b>
<b>70<sup>+</sup></b>	<b>0</b>	<b>0</b>

<b>Composite Pavement</b>		
<b>Pavement Age</b>	<b>Arterial Road</b>	<b>Local/Collector Road</b>
	<b>(\$/m<sup>2</sup>)</b>	<b>(\$/m<sup>2</sup>)</b>
<b>0 – 15</b>	<b>33</b>	<b>29</b>
<b>16 – 30</b>	<b>26</b>	<b>23</b>
<b>31 – 40</b>	<b>19</b>	<b>17</b>
<b>41 – 55</b>	<b>15</b>	<b>14</b>
<b>56 – 65</b>	<b>12</b>	<b>10</b>
<b>66 - 80</b>	<b>9</b>	<b>8</b>
<b>80<sup>+</sup></b>	<b>0</b>	<b>0</b>

1. Pavement degradation fee is waived if pavement is scheduled for reconstruction in the five-year capital program.

**Utility Cut Billings Fee (engineering and supervision): Cost + 22.5%**