

July 2007

User Fees

The City of Toronto charges user fees as means of obtaining funding for services directly from the residents and businesses that make use of particular programs and services. Not all user fees are intended to reflect the full cost of services as this would present an undue burden and detract from the City's objectives for building a prosperous and live able city. User fees have continued to increase to reflect the City's need to leverage all possible sources of revenue to fund services.

Excluding Toronto Water and Toronto Parking Authority, the City of Toronto collects over \$1 billion in user fee revenues on an annual basis (See Table 1 below). Transit fares represent the largest source of user fee revenues. As shown in the table below, since 2003 the Tax Levy Operations user fee revenues have grown by an average of 4% per year and will give the City \$1.2 billion in revenues this year. Rate Supported Program User Fees have grown on average, by 6% annually since 2003 and are budgeted for \$750,452 in 2007.

The City has a large number of user fees covering a variety of services. User fees include recreation program fees, charges for water consumption, admission fees, rents, concessions or franchises, daycare fees, library fees, charges for photocopying, fees from sale of publications or other items. Overall, the City administers more than 1000 individual user fees.

	Average Annual Increase %	2007	2006	2005	2004	2003
Levy Operations:						
City Operations	6%	226,145	222,331	226,629	221,075	184,155
Toronto Transit Commission	3%	814,349	782,102	708,111	711,755	729,264
Other ABCs	5%	174,811	185,065	150,900	129,652	143,689
Total - Levy Operations	4%	1,215,305	1,189,498	1,085,640	1,062,482	1,057,108
Rate Supported Programs	6%	750,452	705,618	683,219	650,521	611,122
Total User Fees	4%	1,965,757	1,895,116	1,768,859	1,713,003	1,668,230

User fees are monitored and reviewed on a regular basis. The budget process includes an annual review of fees.

A User Fee Policy is presently being developed for implementation in the fall of 2007.

User Fees and Charges – Revenue Impact of Price Changes:

The City of Toronto Act 2006 empowers the City to impose user fees and charges, and to increase the price of such fees and charges in order to recover the cost of services. While a significant number of fees and charges have already been approved by City Council through the Planning Act, the Building Code and other specific City by-laws, several are being introduced or were referred to in the 2007 Budget process.

Table 2 summarizes the reasons for user fee adjustments and the incremental revenue estimates to be generated in 2007. These price changes were required in order to achieve full cost recovery in accordance with Council's direction, to adjust for inflation, policy objectives and service comparison with other suppliers. In most cases, the fees were increased by the rate of inflation.

Program	Reason for Price Change	2007 Estimated Revenue Increase (\$Million)
Parks, Forestry and Recreation	Inflation, Cost Of Living, cost recovery	1.113
Emergency Medical Services	Cost recovery	0.063
Solid Waste Management Services	Inflation	0.010
City Planning	Inflation, Cost Of Living	0.707
Toronto Building	Cost Of Living	0.761
Municipal Licensing and Standards	Inflation	0.273
Transportation Services	Cost Of Living, full cost recovery, service fee comparison	0.181
Office of the Treasurer	Cost recovery	0.002
City Clerk's Office	Service fee Comparison	0.003
Toronto Public Health	Cost recovery	0.200
Exhibition Place	Service fee comparison	0.601
Theatres	Inflation	0.104
Total 2007 Incremental Revenues		4.019

The new revenues in 2007 resulting from increasing fees and charges are estimated at \$4.019 million. Increases in the majority of fees were based on the consumer price index and cost of living increases. However, a significant number of fees are being increased in order to achieve full cost recovery, for example, emergency medical services fees, golf fees, rifle range fees and Food Handler Training program fee. Exhibition Place admission and parking fee increases are primarily based on market comparison. New fees are recommended for weekend parking on the waterfront and for Municipal Road Damage deposit.

2007 User Fee highlights:

- Golf fees - increased where it is feasible to do so without impacting volume.
- Rifle range fees to be increased by 18% in 2007 to obtain full program cost recovery.

- Cardio Pulmonary Resuscitation, Public Access Defibrillator as well as the Basic Cardiac Life Support recertification courses submitted by Emergency Medical Services staff will permit the program to recover increased costs for course materials.
- City Planning - new fee for Committee of Adjustment Research Request which will have a 2007 revenue impact of \$54,000.
- Increasing the \$10 increase for Not Sufficient Funds (NSF) fees to \$35 will allow Accounting Services to recover full cost for this service with a 2007 revenue impact of \$2,000.
- Food Handler Training Program – increase fees to reflect full cost recovery. 2007 revenue impact of \$200,000.
- Consumer Price Index (CPI) and Cost of Living (COLA)
 - Recreation fees that are imposed on a per participant basis and usage of facilities and parks on a permit basis will increase by the CPI OF 3%. However, rental of indoor and outdoor rinks will increase by 6% which represents 2 years of increase. These increases are generally below external comparators. The overall 2007 revenue impact for all fee increases for this program is \$1.113 million.
 - Solid Waste Management - increase relative to CPI or 2% for Peel Waste from which the City will obtain realize an additional \$9,900 in 2007.
 - City Planning - CPI increase to fees resulting in the amount of \$343,000; conversion from CPI to Cost of Living Adjustment (COLA) in 2007 of \$159,000; \$151,000 for increase in application fees for Committee of Adjustment minor variance applications related to multi-residential, mixed use and non-residential property. Fees increased by CPI and COLA will have a 2007 revenue impact of \$653,000.
 - Building Services, under the authority of the Building Code, will increase permits by 3.25% which represents cost of living increase. This increase results in an increase in revenue of \$761,100.
 - In accordance with the Business Licensing By-law, fees increase by CPI which will result in an increase in 2007 revenue of \$273,300 for Municipal Licensing and Standards.
 - All fee increases for Rights of Way in construction, street events, permit parking and off street parking is directly related to CPI. The 2007 overall revenue impact for Transportation Services due to fee changes is \$180,750.
 - Recommended fee increases for St. Lawrence Centre for the Arts directly relates to CPI resulting in additional revenue in 2007 of \$24,300. The recommended increase for Toronto Centre for the Arts fees to recover full cost will increase revenue by \$79,600 in 2007.
- Service Fee Comparison
 - Fee increases recommended for Exhibition Place for admission and parking are primarily due to market comparisons which will generate incremental revenue of \$601,349.
 - The City Clerk’s Office recommended increase fees for Statutory Public Notices by 6.25%.