



**Appendix 1**  
**2011 Comprehensive User Fee Review**  
**Program / Agency Specific Findings and Recommendations**

### **Children's Services**

Child care is provided in municipally operated child care centres, purchased home care operations, as well as through purchased child care subsidies provided by third party operators. Children's Services has 26 user fees that are included in Appendix 8.

Fees for Children's Services are comprised of two types: the family contribution to the cost of child care as prescribed by Provincial legislation and fees for full-fee paying parents.

The family contribution partially recovers the cost of child care, based on a prescribed formula driven by parent income levels. This formula is regulated by Provincial legislation, defined in the Day Nurseries Act. As this fee is established by Provincial legislation, it is not included in the inventory of user fees and charges contained in Municipal Code Chapter 441.

The fees for full-fee paying parents are managed as part of the Municipal Code Chapter 441, with rates approved annually as part of the City's budget process. The fees are categorized into five age groups and further defined between full-time and part-time care. Fees are determined by the cost of service for the different age groups and for the length of time the service is provided.

As the fees for subsidized child care are determined by Provincial legislation (i.e. Day Care Nursery Act), the City does not recover the full cost of service. Full-fee families, however, pay the full cost of service, excluding the cost of capital. Confirmation of the capital cost will be determined during 2012, and reported back through the 2013 Budget process.

### **Court Services**

Court Services currently has one user fee, which is a transaction fee of \$3.00 for on-line fine payments.

The fee is based on market rates, benchmarked with other Ontario municipalities, and has not changed since it was introduced in 2008.

A review determined that cost recovery based on direct and indirect costs and weighted inflationary increases would result in an increase of the user fee to \$3.74 in 2012.

It is not recommended at this time to increase the user fee from \$3.00 to \$3.74, given that the current market rate in other Ontario municipalities is \$3.00. Also, since the user fee would increase by 25%, the incremental impact on users is unknown. The implications of increasing the fee will be reviewed in time for the 2013 Budget process.

One new user fee opportunity has been identified that would enable Court staff to recover material and staff costs from members of the public for photocopying and record searching

Licensing Tribunal cases. The proposed fee would be a \$1.00 charge for each photocopied page and \$7.50 for every 15 minutes spent by staff searching for records. The \$7.50 charge is the estimated direct and indirect cost associated with the search. The fee has not been recommended at this time as further review is required to compare against other similar charges at the City and in other municipalities. The review will be completed in time for the 2013 Budget process.

## **Economic Development and Culture**

A total of 118 user fees and charges as contained in Municipal Code Chapter 441 were reviewed in detail. Of this total, 26 user fees are identified for discontinuation as the services have been terminated. The most significant service termination is the "Toronto a la Cart" program that ended in 2011. The remaining 92 user fees have been confirmed as appropriate and are included in Appendix 6 "Market –Based User Fees".

The 92 user fees are grouped into two service areas:

- Heritage Programming (total revenue \$0.130 million in 2012 Recommended Operating Budget), including Museum activities, admissions and room rentals.
- Art Services (total revenue \$0.210 million in the 2012 Recommended Operating Budget), including Arts activities, and room rentals.

Admission and Registration fees to the City's Museums and Cultural Centres have been reviewed and it is proposed that 28 market based fees including Colborne Lodge, Fort York, Mackenzie House, Scarborough Historical Museum, Spadina Museum, Todmorden Mills, and Cedar Ridge be increased based on current market conditions. These increases have been included in the 2012 Recommended Operating Budget. The fee increases will result in approximately \$20,474 in additional revenue as seen in Appendix 6.

Detailed cost and revenues for each specific service has not been determined. Economic Development and Culture staff will proceed to apply the full costing model to their services, as defined in the User Fee Policy, to assess the appropriate cost recovery target. The definitions of users and age groupings will also be reviewed to ensure consistency with user fees for other services charged within the City.

Confirmation of the cost structure of these services will be undertaken and opportunities for new user fees will be investigated during 2012, as directed by the Core Services Review, and reported back through the 2013 Budget process.

## **Emergency Medical Services**

EMS has a total of 29 user fees for services to external organizations/individuals. All 29 user fees were reviewed in detail and 3 user fees have been identified and recommended for deletion due to lack of demand for these courses, Two user fees that are currently being charged are not listed in the inventory of user fees and charges as contained in Municipal Code Chapter 441 in 2011 but will be included in 2012.

EMS' user fees are grouped into three service areas:

- Standby fees to ensure resources are on site to respond to an emergency during special occasions such as movie film stunt shoots, private corporate functions, sports events (marathon and triathlon races), etc.
- Standard First Aid, Emergency First Aid, and CPR (cardiopulmonary resuscitation) training (various levels) and EMS First Aid/CPR Instructor/Vendor training.
- Automatic External Defibrillator (AEDs) Site Responder training. AEDs are computerized medical device that checks and recognizes a person's heart rhythm where treatment is provided through the application of electrical therapy.

Of the 29 services which EMS charges fees, 13 are deemed to benefit an individual and/or organizations and thus user fee rates are set to recover full costs. EMS has defined full cost recovery as direct and indirect costs specific to EMS operating costs only and does not include indirect costs such as corporate overhead and capital charges. These fees are subject to automatic inflationary adjustments with a blended inflationary rate that has been calculated at 2.24% for 2012. A review of charging the full costs to provide these services will be undertaken in 2012 that will include corporate overhead charges and capital costs.

Of the remaining 14 services that EMS charges, fees are based on market rates as there are several external organizations that provide all or some of the services provided by EMS. EMS fees have been determined to be in the median range as compared to fees charged by external organizations and therefore, can be sustained in a competitive market. These organizations are as follows:

- Emergency Rescue Academy,
- St John Ambulance,
- Lifesaving Society,
- Heart to Heart
- First Aid and Survival Technologies (FAST)
- Vital First Aid, and,
- Heartsmile

An opportunity for a new user fee for special events has been identified as a new revenue source. Currently, EMS is required to provide assistance during Special Events such as Caribana, Pride Parade, the Honda Indy, etc. and EMS has always absorbed the costs of providing this service.

EMS already has a fee structure in place for the provision of EMS services, however the authority to charge all events for its services will have to be reviewed in 2012 to ensure that user fee charges are not in contravention of the Ambulance Act of Ontario which sets out the legislative framework for the funding and delivery of land ambulance services under municipal jurisdiction. This potential fee will be considered in the context of the recommended comprehensive review of special event supports.

## **Long-Term Care Homes & Services**

A total of 5 user fees were reviewed in detail, and have been confirmed as appropriate.

The 5 user fees can be grouped into two service areas:

- Resident fees – room fees based on the duration of stay and room privacy
- Adult Day Program Client Days fee – a fee for seniors to participate in social programming

All fees are based on formulas established by the Ministry of Health and Long-Term Care, and in terms of benchmarking are identical to those of other homes in Ontario municipalities and are not included in the Toronto Municipal Code Fees and Charges. The resident fees can be subsidized depending on the capability of the resident to pay. The Adult Day Program Client Days is based on a 10% cost recovery, as mandated by the Province.

As the Ministry of Health and Long-Term Care mandates all fees and changes, no new fees or changes are recommended at this time.

## **Parks, Forestry and Recreation**

Parks, Forestry and Recreation (PF&R) offers over 70,000 different recreation courses. Of these courses there are approximately 17,000 different combinations of course descriptions, fees and durations. In 2011, PF&R user fees accounted for 1,744 fees or 47% of all fees in the User Fee Database. These fees were represented by using a weighted average user fee per category representing over 1,000 different recreation course fees.

An extensive review and rationalization of PF&R's existing user fees was undertaken. The review has resulted in a reduced and harmonized list of less than 1,300 user fees that now correlate to the actual fees charged on a one to one basis. As a result, 399 fee codes/ references that are no longer used are recommended for deletion, 187 obsolete unused fee codes will be deleted and 136 fees that were missing from the User Fee Database will be added. There will be no financial impact from the rationalization or deletion of PF&R's fee codes/references. The Program will be in a better position to review the costs of providing services and report out on the rate of recovery from its user fees.

PF&R determines user fees and subsidies based on the principle of societal and user benefits and positive impacts on communities. Cost recovery rates for PF&R's programs vary greatly, in particular: Leisure/Drop-in Skating programs recover less than 10% of programming costs, Leisure/Drop-in Fitness and Sports programs recover approximately 45% of programming costs, Instructional Skating programs recover 107% of direct programming costs while Golf, Ferry and Stadium fees recover more than 100% of program and operating expenses. It is important to note that programming costs include staffing and supply costs only and do not include facility costs (i.e., custodians, utilities, etc.), indirect costs and/or any other operating expenses (i.e., maintenance).

All recreation program fees and parks permits are subject to automatic inflationary increases. In the case of Parks, Forestry and Recreation, the appropriate blended rate (based on specific inflationary factors for service inputs) has been determined to be 3% in 2012.

Every year PF&R user fees are compared to other municipalities within the GTA and across Ontario for the provision of similar recreation services. The fee comparison includes the courses with the highest registration volumes from Introductory and Specialized course categories as well as ice permit fees. PF&R user fees are ranked as a percentile of GTA market rates. The average introductory instructional program fee ranked in the 30th percentile of GTA rates and the average ice permit fee for 'A' class arenas ranked in the 39th percentile. As a result, the 2012 Recommended Operating Budget for PF&R includes a 10% increase for introductory instructional program fees and 5% to 15% increase for ice permit fees.

Continuing the shift of the allocation of recreation subsidy from a geography-based to a needs-based model, the 2012 Recommended Operating Budget for PF&R includes the introduction of children and youth user fees for registered programming in Priority Centres. This will completely eliminate the special status of the Priority Centres subsidy in favour of the Welcome Policy and the subsequent additional revenue will be allocated to the Welcome Policy subsidy. In Priority Centres, user fees will be added for programs that have user fees in other areas of the City and there will be no impact to programs that are offered free of charge such as Children & Youth drop-in programs. In addition, two opportunities for new fees have been recommended, in particular for sportsfield permit fees for children and youth and user fee for outdoor bake ovens.

PF&R will be completing a Recreation Service Plan that will determine recreation program offerings and will guide decision-making in the management and administration of all recreation programs and leisure services across the City. Once the Plan is finalized, PF&R will assess the appropriate recovery target for each recreation program. In some cases recreation fees may be able to achieve 100% full cost recovery while in other cases the appropriate cost recovery may be 0%. In all cases, PF&R will report back on appropriate recovery levels through the 2013 Budget process.

PF&R will also be assessing the viability of changing ice permit fees based on uptake, in particular determining the feasibility of lowering fees for certain locations or hours to increase the usage of the ice.

The 400 user fee codes/references no longer required as a result of user fee rationalization and harmonization will be deleted, as detailed in Appendix 2 and Appendix 4. Full cost determination and confirmation for all user fees and permits will be undertaken and reported back, as appropriate, through the 2013 Budget process. New user fees recommended in 2012 are outlined in Appendix 9.

## **City Planning**

A detailed review of City Planning's 56 user fees was undertaken. Fees for development application reviews are comprised of 12 base user fee rates, with escalating rates based on size of development.

While City Planning fees were set at full cost recovery, only partial costs (approximately 66 percent) are currently being recovered. The Development Application Review Service provides direct benefits to identifiable beneficiaries and therefore, in accordance with the City's User Fee Policy should be fully cost recovered. In response to previous Council direction as well as the City's User Fee Review, the Development Application Review Team with the support of City Planning and other Program areas that participate in the Development Review process, have undertaken a detailed review of development application costs. This review has identified all of the City's direct, indirect and capital costs related to the processing of development applications. The 48 Development Application Review fees are included in a report which was submitted to the Budget Committee December 13, 2011, detailing an approach to increasing community planning and development application review fees to allow for full cost recovery of all City costs. The recovery rates are inclusive of all City Divisions that are directly involved in the development application review delivery process and share in the delivery of the service.

If Council approves the new Development Application Review Fee schedule, the effective date for implementation will be April 1, 2012. Therefore, \$6.750 million in development application revenue will be generated in 2012, and an additional \$2.500 million in 2013. The \$6.75 million is comprised of \$5.9 million in direct costs; \$0.7 million in indirect costs and \$0.15 million in capital costs. The revenues for the collection of direct and indirect costs totalling \$6.6 million have been included in the City's 2012 Recommended Non-Program Revenue Budget at this time and will be reallocated to appropriate Program budgets after Council approval of the budget. The remaining \$0.15 million for capital costs will be directed to City Reserves to provide funding for capital for projects that support the development application review service.

The majority of City Planning Development Application Review User Fees are subject to a 2.1% rate of inflation, resulting in an increase in forecasted revenues of \$0.444 million, which is included in City Planning's 2012 Recommended Operating Budget.

There are 6 Heritage user fees that relate to Heritage Inventory & Incentives and Reviews. These 6 fees represent a portion of direct costs only. This is because it is assumed that a fee that equates to 100% of cost recovery would undermine the incentive of owners to deem property as Heritage, especially with respect to smaller projects. It is recommended that City Planning review the appropriate subsidy for user fees for heritage reviews and report back during the 2013 Budget process.

The 2 Research Fees are: the Research Request Fee for Committee of Adjustments and the Expert Research Fee for Surveys, Monitoring and Forecasting.

The Expert Research Fee is recommended to be increased from \$60/hour to \$120/hour, based on the research fee benchmarked to MPAC. Revenues are expected to be minimal as a result of this increase and will be included in the 2013 Operating Budget for City Planning.

## **Fire Services**

Fire Services currently has 42 user fee services for which a user fee is charged and upon review it was determined that there are no new opportunities for additional user fees. The 2012 Recommended Operating Budget for Fire Services includes estimated revenues of \$14.4 million generated from user fees.

All fees have been previously reviewed on an ad hoc basis with 2 fees reviewed annually, 32 fees reviewed every 2 years, 7 fees reviewed every 3 years and 1 fee reviewed at more than a 3 year interval.

Of the 42 user fee services for which Fire Services charges a fee, 37 directly benefit individuals and thus the fees are set to recover full costs. The 37 services for which Fire Services charges a fee relate to Fire Prevention & Public Safety and include:

- 18 fees for building inspections;
- 7 fees for fireworks permits and inspections;
- 3 fees for marijuana grow ops;
- 3 fees for field testing of Fire/Life Safety Systems; and,
- 6 fees for reports, letters and plan reviews.

The 5 remaining user fee services benefit the community as well through supporting Public Safety in reducing False Alarms, and responding to Vehicle and Elevator Incidents. The 5 fees are based on a Provincial recommended rate of \$410 per vehicle dispatched per hour, were last updated in 2011 and are not considered for increase in 2012. The 5 services for which Fire Operations charges a fee based on policy are as follows:

- Response to Malicious False Alarms –The fee is for each Operations Crew and vehicle dispatched to a specific address in response to a malicious false fire alarm. Malicious false alarms are caused when alarm systems are intentionally activated in the absence of any real emergency;
- Response to Nuisance False Alarms –The fee is for each Operations Crew and vehicle dispatched to a specific address in response to a nuisance false fire alarm. Nuisance false alarms generally occur when an alarm system is not maintained properly which may cause a false alarm to be issued.
- Response to Vehicle incidents involving non-City residents. The fee is for the first hour per Fire Apparatus on scene; and,
- Response to Vehicle incidents involving non-City residents. The fee is for each Fire Apparatus for each additional 30 minutes on scene;
- Response to non-emergency elevator incidents - The fee is for each Fire Apparatus used in response to release or assist individuals in an elevator.

The majority of these fees were reviewed in 2007. As Fire Services is in process of reviewing all fees and associated costs, these fees have not been updated to reflect full cost recovery (direct, indirect and capital) or for inflationary increases. The full cost of these fees will be reviewed at the detailed fee level in 2012 and reported as part of the 2013 Budget process.

## **Municipal Licenses and Standards**

Municipal Licenses and Standards Program has 402 user fees that can be grouped into four categories: Business Licenses, Dog & Cat Licenses, Animal Services and Other User Fees that include service charges, Right of Entry permits, registration fees, photocopy and card replacement fees. In 2011, 9 user fees were discontinued in areas where the service is no longer offered to the public. These fees will be deleted from Municipal Code Chapter 441. The remaining user fees have been confirmed as appropriate.

Business license fees recover the cost of providing the service (direct and indirect) based on the Program's internal full cost recovery model. Dog and cat licenses recover the direct cost of providing this service to the public. Animal Services fees recover less than 25% of the annual budget and have not been increased since 1999. All user fee categories need to be reviewed to determine full cost in accordance with the User Fee Policy.

All business license fees are subject to automatic inflationary increases. In the case of Municipal Licenses and Standards, the appropriate blended rate (based on specific inflationary factors for service inputs) has been determined to be 2.21% in 2012. There are opportunities for additional user fees, particularly in the area of graffiti exemptions, natural gardens exemptions and noise exemptions.

It is recommended that the 9 user fees in areas where the service is no longer offered to the public will be deleted, as detailed in Appendix 2. Full cost determination and confirmation for all user fees will be undertaken and opportunities for new user fees will be investigated during 2013 and reported back, as appropriate, through the 2013 Budget process.

## **Technical Services**

A total of 97 user fees were reviewed in detail. Of this total, 11 fees were determined to be duplicates or redundant and should be deleted. In addition, 60 were fees for mapping services. Certain mapping services were transferred to Information and Technology during 2010, but the associated user fees were not transferred and are now recommended to be transferred, as outlined in Appendix 3. The remaining 26 user fees have been confirmed as appropriate. The 2012 Recommended Operating Budget for Technical Services includes budgeted revenues of \$5.9 million from user fees.

The remaining 26 user fees can be grouped into four service areas:

- Engineering Application Review fees for review of engineering drawings and applications, records search and site inspections of development and utility-related infrastructure, including full stream utility permit applications fees.



- Municipal Infrastructure Design and Construction fees for printing/reproduction of engineering drawings, sale of digital data, engineering review of data and capital construction design and contract administration for the TTC track work.
- Survey and mapping fees include fees for provision of survey records, utility maps and the numbering of properties.
- Engineering Policies and Standards fees include one fee to acquire a copy of City's construction standards and specifications.

All fees should recover full cost of services since the services provided bring benefits to specific individuals, groups or businesses. However, actual costs, including direct, indirect and capital, need to be revisited and confirmed. Two survey and mapping fees are subject to annual inflationary increases. In the case of Technical Services, the appropriate blended rate (based on specific inflationary factors for service inputs) has been determined to be 2.16%. One other fee (review in response to lawyer's inquires) is recommended for automatic inflationary increase at a blended rate of 2.21%. There may be some opportunities for additional user fees, particularly in the area of design and construction on behalf of third parties and recovery of fees for administration relating to the management of contracts. Fees for services related to development application review under the Planning Act (DARP) have been addressed. The report was considered by Budget Committee on December 13, 2011.

It is recommended that, the 11 fees that were determined to be redundant or duplicates be deleted, as detailed in Appendix 2; the fees for certain mapping services be transferred to Information and Technology, as detailed in Appendix 3; 2 utility mapping fees be increased as a result of a detailed cost review, as presented in Appendix 8; and that full cost confirmation for all user fees be undertaken and opportunities for new user fees be investigated during 2012 and reported back, as appropriate, through the 2013 Budget process.

### **Toronto Building**

Toronto Building has 154 user fees. The Program reviews its service levels and user fees throughout the year and makes necessary adjustments where needed. As a result, no fees have been identified for deletion or rationalization through this review process.

Toronto Building has various cost recovery rates for its fees and permits. The Program as a whole recovers 100% of the total costs. Under the Building Code Act (BCA), Toronto Building can set fees to recover indirect and direct costs as long as the total fees collected do not exceed the anticipated reasonable costs to administer and enforce the BCA.

Building Permit, Sign Permit and Sign Variance fees are subject to automatic inflationary increases in order to maintain 100% cost recovery model. In the case of Toronto Building, the appropriate blended rate (based on specific inflationary factors for service inputs) has been determined to be 2.1% in 2012.

There are no opportunities for new user fees being proposed at this time. When necessary, Toronto Building reports to City Council on any fee changes stemming from approved service level changes.

It is recommended that full cost determination and confirmation for all user fees will be undertaken and reported back, as appropriate, through the 2013 Budget process.

### **Toronto Environment Office (TEO)**

TEO has 3 user fees included in the inventory of user fees and charges as contained in Municipal Code Chapter 441.

These user fees are grouped in three service areas:

- Live Green Toronto Program: booth rental fees at the festivals/exhibitions.
- Environment Initiative: Smart Commute Program fees for assisting in the design and implementation of programs that encourage the workers to utilize alternative low polluting modes of transportations.
- Transportation Demand: Smart Commute Program fee for conducting the initial employee survey when the company is considering joining the program.

Smart Commute Program fees are based on market competitiveness and recover 7% of the cost from the implementation and design fees and 80% from survey fees. The exhibitor/vendor fee is set to recover full costs associated with renting the booths used at the festivals (e.g. tents, bales, chairs, set-up and takedown). In the case of the Smart Commute survey fee, there is no clear indication how much a small/medium or large company is charged, and as a result, this fee should be adjusted to a more specific fee charge based on some delineation of company size and therefore effort and time spent. Booth rental fees differ for for-profit and not-for-profit organizations based on the proportion of the participation of these two types of groups. It needs to be determined what proportion of full cost recovery each organization should be charged based on the benefits those organization bring to the community, rather than their proportion of participation.

These fees are not subject to automatic inflationary adjustments. Smart Commute Program fees are based on relative market competitiveness and therefore the fees are set at the same level as other Smart Commute Programs across GTA/Hamilton based on discussions with those Program staff and Metrolinx. The Exhibitor/Vendor fee adjustment is based on what is charged by the contractors providing the booth services.

A review of TEO fees will be undertaken during 2012 to establish new costing for these fees. TEO will report on findings as part of the 2013 Budget process.

### **Transportation Services**

A total of 139 fees were reviewed in detail. The 2012 Recommended Operating Budget for Transportation Services includes budgeted revenues of \$36.4 million from user fees. Transportation Services fees can be grouped as follows:

- Construction Permits consist of application, inspection and licence/permit fees to erect and maintain signs, canopies, encroachments, landscaping, streetscaping, load/unload materials and occupy portions of right of ways.
- Permit & Boulevard Parking fees include licence/permit, application and inspection fees to provide on street and off street parking to residents, parking spaces for occupants of private and commercial properties abutting on a boulevard, as well as temporary parking permits to visitors.
- Street Event fees include licence/permit and application fees to install and hoist banner signs over or across a street, within or outside BIA's designated areas, to have sidewalk sales, to use a street or part of it for social, recreational, community and athletic purposes and to install or sell Christmas decorations on the public right of way.
- Other Permits include fees to install and maintain dispensing boxes and publications kiosks within the public right of way.
- Traffic Safety information fees include various information requests such as maps showing average traffic volumes, traffic signal location and timing reports, and collision summary reports.
- Utility Cut fees are for utility cut repair billing and pavement degradation.
- Development Review fees are represented with one non-refundable application fee for payment-in-lieu of parking for developers who are unable to provide the number of parking spaces required by relevant zoning by-laws

Except for several fees introduced in recent years, such as pavement degradation fees or temporary parking permits to visitors, all Transportation Services' fees are pre-amalgamation fees that were subsequently harmonized across the City. The majority of the fees are currently subject to inflationary increases. The appropriate blended rate (based on specific inflationary factors for service inputs) was determined at 2.35% for Traffic Planning/ Right of Way Management fees (construction permits, permit and boulevard parking fees, street events and other permits) and 2.6% for traffic safety information fees for 2012.

All fees are based on full cost recovery since the services provided bring benefits to specific individuals, groups or businesses (Appendix 8). Although most of the fees are being increased by the CPI annually, they need to be revaluated and confirmed during 2012 and reported back as appropriate, through the 2013 Budget process. 16 traffic safety information fees for which currently there is no demand are recommended for deletion as detailed in Appendix 2. A total of 17 traffic safety information and construction permit fees were replaced with 6 new ones as presented in Appendix 4. Another 6 fees are recommended for further increases as a result of a detailed review of direct and indirect costs, as detailed in Appendix 8. A further review to confirm full cost recovery, including recovery of capital costs will be undertaken in 2012.

Street event fees generate relatively insignificant revenue and the majority of related costs (estimated at approximately \$1.1 million net) are currently funded from the tax base. Although increased by the CPI annually, street event fees have not been evaluated in a comprehensive manner since their introduction. Notably, permits issued for street parties, festivals and races generate very little revenue compared to the costs involved in supporting organizations of such events. In addition to the City staff, additional costs include provision of signage, ramp closures,

barricades and clean up. For some of the street events, the City incurs net costs ranging from \$7,000 to \$97,000 per event.

It is recommended that all user fees for street events be considered further and, reported to Council during 2012, as a part of more inclusive special events review that involves a number of other City programs. The Payment-in-lieu Parking Application fee of \$300.00 per application as approved by Council at its meeting on July 20, 21 and 22, 2004 (Clause 11, Planning and Transportation Committee Report 5) should be added to the inventory of user fees and charges as contained in Municipal Code Chapter 441 as presented in Appendix 5.

### **Office of the Treasurer (Revenue Services, Purchasing & Materials Management)**

There are 27 user fees that were reviewed and have been confirmed as appropriate. These user fees are grouped into three service areas:

- Revenue Services delivery of non-mandatory services such as tax history statements, tax apportionment applications, prior year tax receipts, new accounts set up and providing statements to account designates. It also includes transaction fees for paying tickets electronically, processing manual tax refunds, preparing duplicate tax bills as well as notices for overdue accounts and adding overdue amounts to the tax roll. Total revenues of \$9.826 million are included in the 2012 Recommended Operating Budget for Office of the Treasurer.
- Purchasing and Materials Management costs to purchase call documents. Total revenues of \$0.398 million are included in the 2012 Recommended Operating Budget.
- Accounting Services administrative charge for dishonoured cheques. \$0.007 million has been included in the 2012 Recommended Operating Budget.

Fees for services delivered by Revenue Services and Purchasing and Materials Management were set to be comparable to similar services in other municipalities. These fees are reviewed on an annual basis to ensure they remain consistent with other municipalities. Where it can be determined, actual costs are reflected in the pricing of fees. Revenue Services has two fees subject to inflationary increases. These fees were not adjusted in 2012 but will be revisited in time for the 2013 Budget process.

It is recommended that a full cost analysis for all user fees be undertaken in 2012 and opportunities for new user fees be investigated and reported back, as appropriate, through the 2013 Budget process.

### **Facilities Management and Real Estate**

There are 43 user fees which were reviewed in detail for the User Fee Review. Of this total, 17 fees are duplicates or redundant and recommended for deletion as detailed in Appendix 2. The 16 fees relating to the St. Lawrence Farmers Market and room rentals at the St. Lawrence Market were rationalized to 5 user fees as described in Appendix 4. There are 4 user fees for the Metro Hall and Scarborough Civic Centre Farmers Markets and 6 fees relating to room rentals at Memorial Hall in North York. The 7 existing cost recovery fees for services provided for film

shoots are recommended to be added to the inventory of user fees and charges as contained in Municipal Code Chapter 441 for 2012.

The recommended 22 user fees can be grouped into three service areas:

- Room Rentals: There is 1 user fee for room rentals at the St. Lawrence Market and 6 user fees for rentals of rooms at North York Memorial Hall.
- Farmers' Markets: There are 4 user fees for the Farmers' Market at St. Lawrence Market and 2 user fees at each of Metro Hall and Scarborough Civic Centres.
- Film Shoots: There are 7 user fees for recovery of costs for film shoots.

In total, \$0.938 million has been included in the 2012 Recommended Operating Budget for Facilities Management and Real Estate for user fees.

The fees for room rentals and farmers' market space are based on market competitiveness and are listed in Appendix 6. A review of these existing user fees determined that an increase in room rental rates for Memorial Hall is appropriate to further align with market rates. An increase of 2% for each of the 6 user fees is recommended.

Recoveries for film shoots should be based on full cost recovery and are listed in Appendix 8. A preliminary analysis on full costs for film shoots was undertaken in 2011. As a result, a revenue increase of \$0.024 million has been included in the 2012 Facilities Management and Real Estate's Recommended Operating Budget. A further review to ensure recoveries of direct, indirect and capital costs will be undertaken during 2012, in time to report back through the 2013 Budget process.

There may be some opportunities for additional user fees for rental of City spaces. This could include both rental of rooms as well as rentals of civic squares. A comprehensive review of special events including the use of civic squares is recommended to be undertaken during 2012 to consider these opportunities. Full cost confirmation for all user fees including analysis of direct, indirect and capital costs will be completed in 2012 and reported in time for the 2013 Budget process.

## **Information and Technology**

Information and Technology has a total of 60 user fees for geospatial products and services. These were reviewed in detail. These fees have resided in Technical Services and they were administratively transferred in May 2010 to Information and Technology when the geospatial functions were centralized into Information and Technology as a result of the IT Transformation project implementation.

The products for sale to the public include hard copy and electronic map products in varying sizes and formats depicting:

- Property Data
- Electoral and community council boundaries
- Operational districts

- Street Indexes
- Aerial Photography
- Digital Terrain Model
- Street and Address Ranges

The fees were introduced in 2004 through a Report to the Works Committee approved by Council on December 2, 2004 entitled "Sale of Over-the-Counter Maps, Survey Field Notes and Related Products to the Public." The fees have not changed since 2004.

All fees should recover the full costs of providing these services. However, actual costs need to be determined and confirmed. All fees are subject to inflationary increases and the appropriate blended rate (based on specific inflationary factors for service inputs) has been determined to be 2.19% for 2012.

It is recommended that the 28 fees that were determined to be redundant or duplicates be deleted, as detailed in Appendix 2; the fees for digital survey and mapping be transferred to Information and Technology from Technical Services, as detailed in Appendix 3; and that full cost confirmation for all user fees be undertaken during 2012 and reported back, as appropriate, through the 2013 Budget process.

### **City Clerk's Office**

A total of 95 user fees were reviewed in detail. The fees are in the following service areas:

- Elections & Registry Services (40 user fees)
- Corporate Information Management Services (36 user fees)
- Secretariat (19 user fees)

As a result of the review, 34 of these fees were rationalized and consolidated into 10 fees as detailed in Appendix 4. In addition, 13 fees were determined to be obsolete and are included in Appendix 2 for deletion.

The Fee price determinants are a combination of cost recovery, market driven or legislated. Twenty-five fees will be adjusted to reflect annual inflation impact of 2.10%. The costs of user fee will be reviewed when Corporate's indirect cost becomes known, to ensure that they cover all direct, indirect and capital costs. The user fees that are subject to an annual adjustment for inflation are detailed in Appendix 8.

Cost recovery related to Statutory Public Notices placed in newspaper (non City-initiated) is recommended to be increased to recover staff costs incurred in providing the service.

It is recommended that the 13 fees that were determined to be obsolete are to be deleted, as detailed in Appendix 2; the rationalization of the 34 fees be consolidated into 10 fees as detailed in Appendix 4.; the 25 fees recommended for an annual adjustment be increased for 2012 projected inflation of 2.10%; and that full cost review for all user fees will be undertaken when Corporate's indirect cost become known.

## **Legal Services**

A total of 40 user fees were reviewed in detail which can be grouped into the following three service areas:

- **Real Estate Law:** This consists of fees charged by Legal Services for real estate documentation prepared and/or registered for transactions which are initiated by third parties. The documentation generally relates to long-term leases and historical contracts and third parties unilaterally encroaching on City land.
- **Sale of Land for Tax Arrears:** Legal Services provide support by investigating the title of properties, preparing legal documentation and assuring that all legal matters are addressed.
- **Marijuana Grow Operation Enforcement:** This includes title investigations and the preparation of registrations or discharge orders.

All fees should be based on a full cost recovery basis for the services provided, however, detailed analysis is required to confirm all costs, including, direct, indirect and capital are being recovered. The 20 Real Estate Law user fees and the 4 Marijuana Grow Operation Enforcement user fees are subject to inflationary increases. A further review will be undertaken to determine whether inflationary increases are appropriate for the Sale of Land for Tax Arrears user fees. In addition, budgeted revenues will be properly identified and presented during the 2013 Budget process.

On an ongoing basis, the Program will be reviewing the user fees to establish the current direct, indirect and capital costs to identify the potential cost increases and apply the appropriate blended rates. A review will be undertaken in conjunction with Revenue Services in 2012 to consider the transfer of the 16 Sale of Land for Tax Arrears user fees to Revenue Services. In addition, Legal Services will consider whether the 20 Real Estate Law user fees should be collapsed into a fewer number of fees.

## **Toronto Public Health**

TPH has a total of 20 user fees, 16 are listed in the Municipal Code Chapter 441, 2 fees are authorized under Municipal Code 166 of the former Municipality of Etobicoke, while 2 fees that are currently being charged are not listed in the inventory of user fees and charges as contained in Municipal Code Chapter 441 in 2011 but will now be included for 2012.

The 20 user fees are grouped into three service areas:

- **Food safety** which includes inspection and issuance of licenses (liquor licenses, business licenses, mobile care licenses, food handler training, etc).
- **Property inspections** which includes lodging room inspections in the West District (Municipal Code 166 of the Former Municipality of Etobicoke) and property inspections following remediation of marijuana grow operations to ensure premises are safe from mould and chemical contamination
- **Documentation requirements** for body shipment and disinterment.

All services that TPH charges a fee directly benefit an individual and/or organizations and thus user fee rates are set to recover full costs and are subject to automatic inflationary adjustments. In 2012, the blended inflationary rate has been calculated at 2.25%. The 20 user fees were reviewed in detail to ensure that TPH's direct and indirect costs to provide these services are recovered, however, corporate overhead and capital charges were not accounted for. A review of all costs will be required for 2012 to include these charges.

Opportunities for new user fees that may generate revenues of approximately \$0.060 million net have been identified and will be reviewed in 2012.

- TPH does not charge a fee for three services for special events associated with Food Safety as described below:
  - On-site inspection services  
This will ensure that food being served on site are being managed, cooked and served properly thus reducing or eliminating the risk of food-borne illness.
  - Food Handler Training for Outdoor Food Preparation  
TPH will educate vendors on proper food handling which will aid in reducing the risk of food-borne illness
  - Permit Application Fee (Food Vending)  
TPH will review application forms for events, assess the risk level and provide food safety and health hazard consultation to event organizers. This will also result in better informed and educated event organizers pertaining to food safety.
- Currently, there are two licensing fees for lodging houses (license to operate and renewals) for the South and West Districts of the City of Toronto.

Background:

- Rooming/lodging houses are regulated and subject to inspection and licensing only in the South and West Districts of the City of Toronto.
- In the West District, TPH inspects and issues the licenses and charges \$395.00 for a lodging house inspection and \$226.00 for license renewals. These fees were authorized under Municipal Code 166 of the former Municipality of Etobicoke.
- In the South District, the Municipal Licensing and Standards (MLS) Division issues the license and fees range from \$55.00 to \$94.00. TPH inspects the rooming houses on behalf of MLS at no charge.
- The East and North District of the City of Toronto do not have requirements for licensing lodging houses or rooming houses as rooming houses are considered illegal.

To ensure consistency in both the service level and the cost to provide inspection / licensing services for rooming houses across the City of Toronto, TPH and MLS will review the services currently provided in the South and West Districts. The 2012 review will establish consistent service levels, and determine the appropriate user fees to ensure full cost recovery in time for the 2013 Budget process.



## **Toronto Public Library**

The Toronto Public Library Board is established under the authority of the Public Libraries Act R.S.O. 1990. The Public Libraries Act specifies that access and certain services of a public library shall be free, including reserving and borrowing circulating materials, and the use of reference and information services as the library board considers practicable. Circulation material includes books, periodicals, newspapers, audio and video materials, computer software and multi-media kits. The Toronto Public Library (TPL) has eight user fees that are allowed within the Public Libraries Act as follows: Photocopying & Printing, Non-resident charges, Digital Design Studio, Intellisearch, and rental fees for Meeting Rooms, Auditoriums, Theatres, and the Appel Salon.

A total of 8 user fees included in Appendix 6 of the Municipal Code Chapter 441 were reviewed in detail, of which two recover direct and indirect costs (Photocopying & Printing and Non-resident charges) and the remaining six user fees are set at market rate (Digital Design Studio, Intellisearch, and room rental fees for Meeting Rooms, Auditoriums, Theatres, and the Appel Salon). These six user fees were compared to other similar organizations.

Upon reviewing comparable market rates for room/theatre rentals to fees currently charged by TPL, it is recommended the rental fees for Meeting Rooms, Auditoriums, and Theatres be increased. When fully implemented, the estimated cost recovery improves from 76.79% to 100% for Meeting Rooms, from 76.79% to 90.3% for Auditoriums, and from 31.23% to 71.5% for Theatres. The incremental revenue resulting from the recommended increase in rental fees could be up to \$0.220 million when fully implemented. The 2012 impact of the recommended fee increase has been incorporated into the 2012 Recommended Operating Budget.

An opportunity for one new user fee has been identified in the area of online payment charge; an added function on TPL's website to enable users to pay fines online. The cost to administer and maintain this new service is \$0.019 million annually and this user fee recovers direct and indirect costs with estimated revenue of \$0.019 million per year.

Recovering the full cost of fees (direct, indirect, and capital) will be reviewed during 2012 and reported back, as appropriate, through the 2013 Budget process.

## **Association of Community Centres – Swansea Town Hall**

Generally, the AOCCs offset their program expenditures through a combination of grants and user fees. Program user fees were not in the user fee review's scope of work.

However, Swansea Town Hall is the only AOCC that offsets its administrative costs with user fee revenue, as its Program Budget is very limited in scope. It has 35 user fees, with 30 of these fees for activity room rentals, and they vary based on the nature of the user renting them, as detailed below:

- The Activity Room for individual use is set based on market rates.

- The following rates are set below market / full cost recovery as these room rentals are deemed of benefit to the community:
  - The Activity Room for courses specifically for non-profit users is based on 75% of market rate. The criteria to determine the rate is based on the renter having a legal non-profit designation and providing an educational program.
  - The Activity Room for general community use is based on 65% of market rate. The criteria to determine the rate is based on the renter having a legal non-profit designation, and having a strong connection and providing services to the community.

There are 5 non-activity room user fees for use of the kitchen, lobby, LCD projector, mail box and storage locker. These fees are based on market rates.

Swansea conducts research on comparable market rates every 3-4 years to validate its user fee increases, and will conduct another detailed review in 2012. Although Swansea staff increase its rates nominally based on inflationary factors, the actual increases are determined based on assessment of market conditions. Fees have been increased based on this assessment and are included in the 2012 Recommended Operating Budget.

The current user fees are comprehensive and no additional fees are recommended for 2012. Total revenues of \$0.219 million are included in the 2012 Recommended Operating Budget for the Association of Community Centres.

### **Exhibition Place**

A total of 3 user fees for Exhibition Place have been confirmed as appropriate and are included in Appendix 6 "Market –Based User Fees" and will be included in Municipal Code Chapter 441 for the first time.

User fee revenues for building rentals and parking total \$15.137 million and represent 53 percent of funding for Exhibition Place's 2012 Recommended Operating Budget, including the Direct Energy Centre and the Allstream Centre.

Traditionally, user fees for building rentals and parking have been monitored annually at Exhibition Place relative to the competitive marketplace and adjusted for price changes to maintain competitive rates and profitability so as to cover operating costs through the fiscal process. In-year market changes to the exhibition industry require immediate and reactive steps to be taken to adjust these fees quickly. A delay could result in the loss of revenue.

In accord with the User Fee Policy, City Council will review annually standard user fee rates for Exhibition Place as part of the Budget Process, and it is recommended that Council delegate the authority to the Board of Governors of Exhibition Place to approve in-year changes to their standard user fees (listed in Appendix 10) to respond to market conditions.

**Theatres Group)**  
**(Sony Centre, Toronto Centre, St Lawrence Centre)**

There are 18 fees and charges imposed by the Sony Centre for the Performing Arts, The Toronto Centre for the Arts and the St Lawrence Centre for the Arts (Theatres Group). All are market based and change to respond to differing market conditions. These standard fees and charges are included in the inventory of user fees and charges as contained in Municipal Code Chapter 441 and will be reviewed annually through the Budget Process. It is recommended that Council delegate the authority to the Boards of each of the 3 theatres to approve in-year changes to their standard user fees to respond to market conditions. (see Recommendation #12)

The user fees charged by each Theatre are as follows:

- Sony Centre for the Performing Arts offers multi-functional space, comprehensive event services, a 3,000-seat auditorium, state-of-the-art lighting and sound systems, a world class stage and highly experienced event staff. The user fee database contains 2 user fees for the Sony Centre for venue rental.
- Toronto Centre for the Arts offers a first class venue for a full range of performing arts. The Centre holds 3 theatres: the 1,727-seat Main Stage theatre; 1,032-seat George Weston Recital Hall; and the versatile 200-seat Studio Theatre. The user fee database contains 12 user fees for the Toronto Centre for venue rental and 2 for Cultural Programming.
- St. Lawrence Centre for the Arts provides state-of-the-art facilities to Toronto's "not for profit" performing arts companies and local communities at an affordable cost. The Centre houses 2 theatres: the 876-seat Bluma Appel theatre and the 498-seat Jane Mallett theatre. The user fee database contains 2 user fees for the St Lawrence Centre for venue rental.

While the Theatres Group fees are identified to recover direct & indirect costs (ticket surcharges recover capital maintenance costs), the detailed costing of each fee is not available. To ascertain the degree to which total cost of services are being recovered it is recommended that the Theatres be directed to apply the City's full costing model as detailed in the User Fee Policy adopted by Council, for consideration as part of the 2013 Budget process.

**Toronto Zoo**

A total of 59 user fees for the Toronto Zoo have been reviewed and confirmed as appropriate and are included in Appendix 6 "Market –Based User Fees" and will be included in Municipal Code Chapter 441 for the first time.

The 59 user fees are grouped into four service areas:

- 11 admission fees (total revenue \$11.695 million in 2012 Recommended Operating Budget),
- 1 parking fee (total revenue \$2.907 million in the 2012 Recommended Operating Budget),

- 14 membership fees (total revenue \$3.261 million in 2012 Recommended Operating Budget)
- 35 rides and rental fees (total revenue \$1.239 million in 2012 Recommended Operating Budget)

All fees for the Toronto Zoo have been reviewed and the increases for 21 fees are recommended including, Peak and Off Peak admission fee adjustments, annual membership fees and stroller rentals. The fee increases will result in approximately \$0.742 million of increased revenue for 2012.

Costing details have not been determined for each discrete fee. Confirmation of the cost structure of user fee services will be undertaken and opportunities for new user fees will be investigated during 2012 in accordance with the User Fee Policy and reported back, as appropriate, through the Budget Process.

### **Arena Boards of Management**

There are eight City-owned arenas that provide recreational ice programs and arena facility rental services to facility renters, ice users, participants and attendees. While most City Programs and Local Boards implement their user fees according to the calendar year (January 1 – December 31), the Arena Boards of Management administer their user fees according to Ice Seasons (September 1 to August 31 the following year). This approach is in line with industry practice by operators of ice arenas and ensures that ice rental rates and program registration fees do not change mid-season. As the Arena Board fees are market-based, they may be varied to ensure optimum use of the facilities.

As shown in Appendix 10, there is no change between the 2011 and 2012 user fee prices for the Arena Boards of Management, as the fees listed under these categories are for the 2011-2012 Fall/Winter Ice Season from September 1, 2011 to August 31, 2012. User Fees for the 2012-2013 Fall/Winter Ice Season will be considered by the Arena Boards of Management in the Spring of 2012.

To enable the Boards to adhere to industry practices and to set fee prices that are responsive to market conditions, it is recommended that City Council annually approve the standard user fee rates for the Arena Boards of Management but delegate authority to the Arena Boards to approve in-year changes to their standard user fees to respond to market conditions without requiring Council approval prior to the fee changes coming into effect. The Arena Boards' standard user fee rates will be included in Municipal Code Chapter 441 for the first time upon adoption of this report.

### **Yonge-Dundas Square**

The three permit user fees listed in Appendix 10 for the Yonge-Dundas Square (YDS) Program are for events held on Yonge-Dundas Square during its high season and off season, and a promotional space fee.

The Board of Management of Yonge-Dundas Square sets its event permit fees based on market competitiveness and market conditions. Permit fee rates are reviewed by the YDS Board on an annual basis as part of the operating budget process. The basis of the fee price is 100% cost recovery of the direct costs of delivering the service. The fees cover the cost of delivering the service and contribute to the annual operating budget of Yonge-Dundas Square.

As part of its mission to contribute to the vitality of downtown Toronto while fostering community initiatives, Yonge-Dundas Square remains available for community bookings. Special discounts and waiving of permit fees for registered Canadian charitable organizations and not-for-profit groups are outlined in the Board's Community Use Policy. The subsidies are at varying levels, ranging from 10% to 100% (permit fee waived under specific conditions). A further review of the fee pricing/setting strategy to rationalize some of the subsidies will require a look at the whole business model and governance.

As all of the user fees of Yonge-Dundas Square are market-based, it is recommended that City Council approve the standard user fee rates for Yonge-Dundas Square but delegate authority to the Board of Management of Yonge-Dundas Square to approve in-year changes to their standard fees to respond to market conditions without requiring Council approval prior to the fee changes coming into effect. The Yonge-Dundas Square standard user fee rates will be included in Municipal Code Chapter 441 for the first time upon adoption of this report.

Besides Yonge-Dundas Square, the City has three other civic squares (Nathan Phillips Square; David Pecaut Square; Mel Lastman Square) and they are all managed separately and governed by separate fee schedules. It is recommended that the City Manager comprehensively review the user and event permit fees for the use of all City of Toronto open outdoor public civic squares to develop an overall approach to guide the type and size of events that is most appropriate for the respective locations.

### **Toronto Transit Commission – Conventional and Wheel-Trans**

TTC has three different types of user fees: 1) Transit Fares; 2) Bus and Streetcar Charter Service; and 3) Commuter Parking Lots. A total of 51 user fees within the aforementioned three categories were reviewed in detail. Wheel-Trans have one type of user fee: 1) Transit Fares. A total of 8 user fees within the aforementioned category were reviewed in detail. All user fees for TTC and Wheel-Trans have been confirmed as appropriate.

Costs included in the analysis are different for each user fee. Transit Fares are based on direct and indirect operating costs. Charter Service cost recovery is based on direct, indirect and capital costs. Commuter Parking Lots cost recovery is based on direct costs to operate and maintain the lots. Exact capital replacement costs are difficult to identify at this time and therefore are excluded from the analysis for Transit Fares and Commuter Parking Lots.

Transit service provides a direct benefit to the individual user and also provides a community benefit as public transit mitigates road congestion and environmental impacts. Therefore, it should not be expected that transit riders pay for the full operating cost of the service provided. Currently, TTC revenues account for about 70% of the total operating costs with City funding

accounting for 30%. The 70/30 revenue/cost ratio (amongst the highest for municipal transit agencies around the world) is almost at the same level of historical operating funding agreements with the TTC, City and Province of 68/16/16 where by the Province funded 50% of the operating subsidy (after transit fare revenue).

Capital costs are currently not funded by fares or any other TTC revenues. However, incorporating capital costs in the cost recovery model would reflect the total costs. A full costing model for consideration and review during 2013 coupled with a multi-year fare strategy would help the TTC maintain an acceptable recovery rate for the capital and operating budget.

While this report does not include a recommendation for a fare increase for Council consideration, City staff has been working with the TTC to develop a multi-year fare strategy. At its meeting of December 14, 2011 the TTC Commission approved a standard 10 cent fare increase on the adult token (and a pro-rata increase on all other fare media) effective January 1, 2012 and approved-in-principle a standard 10 cent fare increase on the adult token (and a pro-rata increase on all other fare media) in each of 2013, 2014 and 2015 as part of a multi-year financing strategy required to balance the Operating Budget over the next 4 years. City staff supports the Commission's approved multi-year fare strategy to enable TTC to maintain stability in its budget and to effectively project and manage budget pressures in future years.

It is recommended that the TTC establish a recovery rate and that it form the basis for establishing its multi-year fare strategy.

In addition to transit fares, new fee opportunities have been identified.

The Next Vehicle Arrival System (NVAS) - Text Messaging is currently provided at no cost to the user. TTC estimates the annual costs to be between \$0.540 and \$1.31 million based on 12-24 million text messages. TTC proposed the following new user fee:

- The first two text messages per day to any individual telephone number from the NVAS will be free; and
- The third and subsequent daily text messages will be based on the application of a \$0.15 per message fee.

Even with this fee structure, the cost recovery would be below 100% as TTC estimates the net cost would be \$0.140 million per year based on 20 million text messages. This fee proposal was not approved by the Commission but will be re-assessed in 2012.

TTC has identified an opportunity to introduce a new parking lot fee. As approved by the Commission, the TTC will implement a new fee of \$2 at 20 TTC parking lots after 3 PM on weekdays. The new fee revenue, effective January 1, 2012, is included in the TTC's 2012 Recommended Operating Budget.

### **Toronto Police Service**

The Toronto Police Service currently has 12 user fees. The Toronto Police Service user fees are within ranges comparable to other Police Services and are classified as follows:

- 2 Administration Fees for the Police Paid Duty program and Paid Duty Equipment Rentals.
- 8 Infrastructure Services Fees for processing various requests from the public for police reference checks, clearance letters, motor vehicle accident reports, witness statements and occurrence reports.
- 2 Law Enforcement Fees for alarm and marijuana grow operation responses.

The majority of the fees recover direct plus indirect costs. Staffing costs plus a recovery of 25% for fringe benefits and 30% for overhead is used in arriving at a cost recovery rate. There is no determination of whether these fees recover the full cost of the service provided. As such it is recommended that the Toronto Police Service be directed to apply the City's full costing model to calculating user fees in keeping with the User Fee Policy adopted by Council.

## **Toronto Water**

Toronto Water is fully self-sustaining and does not rely on the municipal property tax levy. Direct and indirect operating costs and capital investments are fully funded from revenues generated through their 94 user fees for services that benefit specific individuals, groups or businesses, which are all based on full cost recovery.

Of the 94 Toronto Water user fees, 44 fees are for water consumption and sewage services based on a Block 1 rate, Block 2 rate and a fixed rate based on 42 potential water fixture (i.e. bath, laundry tub, etc ...) for non-metered accounts.

- Water consumption and sewage rate fees are reviewed annually and have been increased by 9% from 2006 to 2012, with additional 9% increases planned for 2013 and 2014 to generate revenues needed to address capital infrastructure requirements.
- Toronto Water is currently in the process of metering all flat rate customers, resulting in all account holders being subject to either the Block 1 or Block 2 rate, which will reduce the number of fees from 44 to 2 once all conversions are completed.

Toronto Water has 36 user fees that are charged for water related services, including water installations/connections/disconnections; water turn on/turn off; the activation/relocation/testing of water meters; fire hydrant permitting/relocating/testing; ownership update fees; reuse of residential water services; and fees charged due to damages to water infrastructure or equipment.

The remaining 14 user fees are charged for wastewater services, including waste discharge surcharges or agreements; wastewater connection and/or disconnection services; tree root or sewer drain blockages; and spill cleanup fees.

Aside from the 9% increase to water consumption, the 2012 Approved Operating Budget for Toronto Water included \$1.364 million in increased full cost recovery user fee revenues arising from fee increases for 7 services, reflecting market conditions and current costs to Toronto Water. The increased user fees included:

- Water Meter Accuracy Test - 150% Increase
  - The approved fee increase for a Water Meter Accuracy Test will generate an additional \$0.024 million in revenues and ensures Toronto Water is recovering a

greater percentage of cost recovery. The 2011 fee of \$60 recovered approximately 17% of the full cost of this service. The 2012 approved fee increase to \$150 will result in the recovery of approximately 43% of the full cost.

- Toronto Water will continue to review the Water Meter Accuracy Test in future budget processes, with the aim to achieve full cost recovery by 2014 through stepped user fee increases.
- Install New Residential Sanitary Sewer Service Connection in the Road Allowance – 5.9% Increase
- Install New Residential Storm Sewer Service Connection in Road Allowance – 5.9% Increase
- To Disconnect Residential Sanitary Sewer Service Connection in Road Allowance – 15.4% Increase
- Installing 19 mm New Water Service and Meter – 18.4% Increase
- Installing 25 mm New Residential Water Service and Meter – 24.5% Increase
- Residential Water Service Disconnection less than or equal to 25 mm – 33.3% Increase
  - These 6 approved fee increases for the remaining water and sewer installation, connection and disconnection services generates and additional \$1.340 million in revenues and ensures the full recovery of operating and capital cost for these services, including construction cost increases in 2012 and the impact of Council approved pavement degradation fees on service costs.

5 new user fees, resulting in total incremental revenue of \$0.183 million, have been approved for 2012 as follows:

- New Reuse of Residential Sanitary Sewer Service Connection up to 150 mm Fee
  - Approval for reuse is subject to a CCTV inspection to confirm that the service connection is in good condition and meets current City standards and specifications.
  - A fee of \$500 per service to be reused, effective January 1, 2012 has been approved in order to fully recover the costs associated with the service connection inspection, as well as the administration and review by City staff.
- New Technical Review Fee – Permission to Construct a Reverse Slope Driveway
  - Under the by-law, an Applicant may make an application to Toronto Water for an exemption from this provision in cases where compliance would create a hazardous situation, or is not technically feasible. Staff are required to perform a technical review to determine if an exemption should be allowed.
  - A Technical Review fee of \$1,500 per application effective January 1, 2012 has been approved. This fee will ensure that the full cost of a Toronto Water Engineer spending an average of 20 hours reviewing a typical application will be recovered.
- New Technical Review Fee – Requests to Encroach within a Toronto Water Easement
  - Toronto Water occasionally receives requests from individual property owners to allow for encroachment within a Toronto Water easement. Where encroachments are



- not permitted, however there are instances where encroachments cannot be avoided, or where the property owner has already encroached without City approval.
- In either case, Toronto Water staff must undertake a technical review to ensure that the encroachment will not impact on Toronto Water's infrastructure or their operation and maintenance abilities and to prepare a report to Community Council seeking authority for the encroachment.
  - A Technical Review fee of \$300 per request and an hourly rate of \$74 after the first 4 hours up to a maximum of \$1,500 has been approved effective January 1, 2012 to fully recover the cost of a Toronto Water Engineer spending an average of 20 hours reviewing a typical application.
- New Technical Review Fee – Direct Connections
    - Toronto Water staff review applications for direct connections to a storm and/or sanitary sewer to sites not reviewed under site plan approval, reviewing approximately 20 direct connection applications per year, with an average of 14 hours spent on each application.
    - A Technical Review fee of \$300 per request and an hourly rate of \$74 after the first 4 hours up to a maximum of \$1,500 has been approved effective January 1, 2012 to fully recover the cost of a Toronto Water Engineer spending an average of 20 hours reviewing a typical application.
  - New Technical Review Fee – Requests to have a Toronto Water Easement Removed from Title
    - Toronto Water also receives non-Development Engineering circulated requests to have a Toronto Water easement released from title. Toronto Water staff are required to undertake a review, including a site visit, to determine if the easement is required for present or future infrastructure.
    - A Technical Review fee of \$300 per request and an hourly rate of \$74 after the first 4 hours up to a maximum of \$1,500 has been approved effective January 1, 2012 to ensure the full cost recovery staff time estimated at an average of 20 hours reviewing a typical application.

## **Solid Waste Management Services**

There were 129 user fee services and activities reviewed including 3 new opportunities for user fees which form part of the 2012 Approved Operating Budget for Solid Waste Management Services. The 2012 Approved Operating Budget includes estimated revenues of \$262.8 million from user fees. All fees are reviewed annually as part of the budget process. Solid Waste Management Services is self-sustained through user fees which include volume-based bin fees as well as tipping fees and other user fees as required.

The approved user fees are based on a combination of full cost recovery of direct and indirect expenses and market competitiveness. Replacement of loss bins, downsizing of garbage bin and upsizing of recycling bins are exempt from fees as approved by Council.

Services recovered from user fees based on market competitiveness were reviewed and not considered for an increase in 2012 as it was determined that they are still valid based on detailed due diligence as part of the budget submission.

The user fees based on cost recovery include:

- 16 fees are for receiving waste at transfer stations (tipping fees);
- 22 fees are for small commercial waste collections;
- 8 fees are the one-time purchase of composters and containers;
- 8 fees are related to services provided to ABCDs;
- 9 fees are for to services provided to school boards;
- 10 fees for waste collection for residential units above commercial establishments (RUAC);
- 3 fees for multi-residential curbside collection (Subscription);
- 3 fees for multi-residential bulk collection; and,
- 10 fees for residential curbside collection.
- As part of the 2012 budget process it has been determined that bin fees (multi-residential bulk and residential curbside collection) will not be increasing for 2012. As well, RUAC fees will not change for 2012.
- It has also been determined that collection fees for ABCDs will not increase in 2012 as this is considered side-loading of costs and incompatible with reduction targets. However, a rate structure adjustment for Commercial, Agencies, Boards, Commissions, Departments, and School Board Front-End Bulk Collection will occur with rate structures now being based on a linear cubic yard basis.
- Multi-residential curbside collection (Subscription) is budgeted for an increase in 2012 due to a structural change to volume based pricing resulting in incremental revenue of \$3.722 million.
- The following full cost recovery fees that have not been increased in recent years which may be eligible for inflationary increases:
  - a. 16 tipping fees @ 2.54% = \$21,323.64
  - b. 22 fees for small commercial waste collection @ 2.54% = \$25,355.96
  - c. 9 fees for services provided to school boards @ 2.26% = \$41,754.49.

However, these increases for inflationary pressures on tipping fees and school boards will be deferred for review to the 2013 budget process. In addition, due to the requirement to maintain yellow bag fees at a consistent level with other bag fees, no inflation factor will be applied to small commercial waste collection for 2012. These fees will be reviewed in 2012.

- Three new user fees, resulting in total incremental revenue of \$0.266 million, have been approved for 2012 as follows:
  - i. the existing Commercial Collection Program be expanded to include previously excluded properties, such as, but not limited to, hospitals, libraries, places of worship, properties which provides community support services, profit and non-

profit nursing/retirement homes and charitable organizations. In addition, there will be the charging of tip fees at Transfer Stations to charitable organizations. These new fees will be phased in over 4 years and have a resulting incremental revenue of \$0.258 million in 2012;

- ii. the establishment of a Twice Weekly Premium Organics service and fee for Commercial Properties on the Commercial Collection program with a resulting incremental revenue of \$0.006 million in 2012; and,
- iii. a new transfer station load weighing service and fee to permit haulers to weigh their load for their own information with a resulting incremental revenue of \$0.002 million in 2012.

### **Toronto Parking Authority**

The Toronto Parking Authority (TPA) is a wholly owned corporation of the City of Toronto. Its purpose is to provide safe, attractive, self-sustaining, conveniently located and competitively priced off-street and on-street public parking as an integral component of Toronto's transportation system. The TPA is the largest operator of municipal parking in North America, and it manages an estimated 19,000 on-street parking spaces. Off-street parking operations are comprised of approximately 22,100 spaces. Facilities include 12 attended lots; 14 full automated lots; and, 172 unattended lots. The Toronto Parking Authority provides City owned on-street parking and off-street parking services in a highly competitive environment. As such, user fee prices are influenced not only by the cost of providing the relevant service but also by market forces, such as demand and the pricing strategies of competitors. Council at its meeting of November 29, 30 and December 1, 2011 approved that the TPA have delegated authority for establishing all off-street rates and rates for on-street parking meters and machines provided that such rates do not exceed \$3.50 per hour.