



Rob Rossini
Deputy City Manager & Chief Financial Officer

Financial Planning
City Hall, 7th Floor, East Tower
100 Queen Street West
Toronto, ON M5H 2N2

Josie La Vita
Executive Director

Tel: 416 397-4229
Fax: 416 397-4465
jlavita@toronto.ca

2016 OPERATING BUDGET BRIEFING NOTE

Changes to Existing User Fees and New User Fees in the 2016 Preliminary Operating Budget

Issue/Background:

This briefing note details all changes to existing user fees and new user fees that are incorporated in the 2016 Preliminary Operating Budget, and provides a summary of the 2016 incremental revenues that will be generated from these fees.

With the exception of transit fares and certain market based fees charged by City Agencies, City Council must authorize new fees and any changes beyond inflation to existing user fees for services provided to the public by all City Divisions and Agencies. In accordance with the City's User Fee Policy, fees that have been approved by Council for automatic annual inflationary adjustments are effective on January 1 each year. Authority is delegated to the Deputy City Manager and Chief Financial Officer to determine the annual inflation rate for user fees.

The inflationary adjustment applied to each user fee service is based on a blended rate of the inflation factors for each cost component in the basket of goods used to provide a specific service. This method, which was approved with the User Fee Policy, accurately reflects the inflation rate for each service provided. Other fees are adjusted to reflect market prices and/or to recover an incremental amount of the full cost of providing the related user fee service. Table 1 shows the incremental revenues for inflationary and other adjustments for base fees, as well as new fee revenues included in the 2016 Preliminary Operating Budget.

In accordance with the City's User Fee Policy and a commitment to transparency and accountability, the City is required to give notice to the public of its intent to change existing user fees and introduce new fees. The public notice is posted on the City of Toronto website five business days before the Budget Committee public hearings, where constituents are given the opportunity to provide input or depute the proposed changes to fees. This briefing note supplements the public notice for all recommended user fee changes in 2016.

Key Points:

- Changes recommended to existing user fees as well as new fees included in the 2016 Preliminary Operating Budget are detailed in Appendices A and B, and summarized in Table 1 below. These changes will generate total incremental revenues of \$8.972 million in 2016.

- Program-specific changes to user fees have also been appended to the 2016 Operating Budget Notes for each respective Program and Agency.
- Appendix A lists changes to existing user fees included in the 2016 Preliminary Operating Budget. These fees will generate incremental revenues of \$8.954 million, which is comprised of \$6.246 million from automatic inflationary adjustments and \$2.707 million for user fee rate adjustments beyond inflation in 2016. In 2017, the annualized incremental revenue will be \$0.820 million.
- Appendix B lists new user fees included in the 2016 Preliminary Operating Budget; these fees will generate incremental revenues of \$0.018 million in 2016. In 2017, the annualized incremental revenue will be \$0.006 million.

TABLE 1				
2016 RECOMMENDED USER FEE CHANGE AND NEW SUMMARY				
Division / Agency	Inflationary Adjustments Base Fees	Other Adjustments Base Fees	New Fees	2016 Incremental Revenue Total \$
	2016 Incremental Revenue \$	2016 Incremental Revenue \$	2016 Incremental Revenue \$	
AOCC - Swansea Town Hall Community Centre	19,200	-	-	19,200
Arena Boards	-	275,179	-	275,179
City Clerk's Office	2,362	1,278	-	3,640
City Planning	479,567	-	-	479,567
Exhibition Place	121,700	604,100	-	725,800
Facilities, Real Estate & Energy	7,674	-	-	7,674
Fire Services	11,400	940,000	-	951,400
Information & Technology	2,023	-	-	2,023
Municipal Licensing & Standards	681,000	-	-	681,000
Parks, Forestry & Recreation	1,599,673	873,419	18,439	2,491,532
Office of the Treasurer	216,700	-	-	216,700
Toronto Building	2,078,235	-	-	2,078,235
Toronto Paramedic Services	13,000	-	-	13,000
Toronto Public Health	149,500	-	-	149,500
Toronto Zoo	-	13,892	-	13,892
Transportation Services	864,304	-	-	864,304
TOTAL	6,246,339	2,707,868	18,439	8,972,646

Highlights of Changes to Existing User Fees by City Program and Agency

Arena Boards:

- Arena Boards of Managements' user fees are market-based and not subject to inflationary increases. The Arena Boards post their market-based fees, but have Council delegated authority to adjust fees without returning to City Council for approval, as these fees may need to change throughout the year to respond to market conditions.
- From time to time, each individual arena board examines its user fee levels in relation to fees at other comparable facilities, consults with key user groups, and determines appropriate user fee increases to meet inflationary increases in expenses.
- Most fee adjustments start in September of the year, consistent with the hockey season. All 8 Arena Boards of Management have user fee increases for the 2016 year.
- The proposed fee rate changes would result in additional revenue of \$0.275 million. See Appendix A for full list of user fee rate changes.

City Clerks:

- The 2016 Preliminary Operating Budget for City Clerk's Office includes a market based increase of \$0.75 to the fee for making a copy of an existing Archives digital image on a digital storage medium. This will raise the fee from \$25 to \$25.75 per image. This will generate an additional \$1,278 in revenue in 2016.
- The fees rate change will go into effect on February 18, 2016.

Fire Services:

- \$0.940 million in increased revenue is included in the 2016 Preliminary Operating Budget to reflect an increase in the vehicle response fees. The rate increase is in line with the remuneration rate authorized by the Ministry of Transportation in November 2015 for the attendance of municipal fire vehicles at incidents on provincial highways. This fee has not increased since 2010.
- The change is being applied to all incidents where Fire Services charges for fire vehicle attendance which is expected to result in an incremental increase of revenues collected for False Alarms (\$0.792 million) as well as Vehicle Incidents (\$0.075 million) and Non-Emergency Elevator Responses (\$0.073 million).
- These fee changes will go into effect on April 1, 2016.
- A list of fee changes can be found below:

Ref #	User Fee Description	Fee Unit/ Basis	2015 Fee	Adjustments	2016 Recommended Fee
FALSE ALARMS					
FR044	Nuisance False Alarms -Fee for three Operations Crews and vehicles dispatched to a specific address other than a Single Family Home in response to a nuisance false fire alarm	Per Dispatch	\$1,230.00	\$120.00	\$1,350.00
FR045	Nuisance False Alarms -Fee for three Operations Crews and vehicles dispatched to a specific address that is a Single Family Home, as defined in response to the first nuisance false fire alarm in a 12 month calendar year	Per Dispatch	\$820.00	\$80.00	\$900.00
FR046	Nuisance False Alarms -Fee for three Operations Crews and vehicles dispatched to a specific address that is a Single Family Home, as defined in response to any additional nuisance false fire alarm in a 12 month calendar year	Per Dispatch	\$1,230.00	\$120.00	\$1,350.00
FR028	Malicious False Alarms - Fee for each Operations Crew and vehicle dispatched to a specific address in response to a malicious false fire alarm	Per Fire Vehicle dispatched	\$410.00	\$40.00	\$450.00
VEHICLE INCIDENTS					
FR030	Vehicle incident - non City resident First hour - Fee for Fire Apparatus response to vehicle incidents	Per Fire Vehicle	\$410.00	\$40.00	\$450.00
FR031	Vehicle incident - non City Resident - each additional half hour - Fee for Fire Apparatus response to vehicle incidents	Per Fire Vehicle	\$205.00	\$20.00	\$225.00
NON-EMERGENCY ELEVATOR RESPONSES					
FR032	Non-emergency elevator incident response - Fee for Fire Apparatus response to Release or assist individual in elevator that is a non-emergency incident	Per Fire Vehicle	\$362.83	\$35.40	\$398.23

Exhibition Place:

- An increase of \$0.604 million from parking fee rate changes is included for Exhibition Place's Parking Access Service.
- The daily maximum for Parking user fee rates will increase by \$5 from "\$11 to \$25 per day" to "11 to \$30 per day".
- In establishing the parking fee rate increase, comparative rates charged by other attractions within the GTA were considered. Comparators include, but are not limited to, Canada's Wonderland, Ripley's Aquarium (City parking locations in the vicinity),

and Ontario Science Centre. Parking fees for accessing these attractions vary significantly.

- The daily maximum fees rate changes were approved by the Exhibition Place Board on May 1, 2015 and referred to the 2016 Budget process. If approved by Council, the fee rate changes would go into effect on February 18, 2016.

Parks, Forestry & Recreation:

- In line with the City Council adopted User Fee Policy, the Program has applied an annual inflationary rate increase of 2.0% based on service specific costs which will generate increased revenues of \$1.599 million in 2016. This inflationary rate increase would go into effect April 1, 2016.
- In addition to this rate increase, a market based adjustment of 2.0% has been applied to all user fees with the exception of Ice Permit fees as they were increased above inflation in 2015. (See Appendix A for a full list of fee changes)
 - This market based rate increase is effective April 1, 2016 and will generate \$0.873 million in incremental revenues.
 - This market based rate adjustment is in response to rising budgetary pressures with the intent of increasing cost recovery and aligning the City's user fees to other municipalities in the Greater Toronto Area.

Toronto Zoo:

- The 2016 Preliminary Operating Budget includes a market based increase for Zoo Camp and Zoo School fees.
- A review of comparable camp fees resulted in a recommended increase in the Zoo Camp fees by \$5 per week. User fee rates will increase from \$280 per week to \$285 per week. Zoo camp fees have not increased since 2012
- Zoo School fees were last increased in 2014 to \$1,295. Since that time the available spaces have been consistently sold out. A fee increase of \$98 is proposed to bring the price of the program to \$1,393. A \$98 increase brings the course fee in-line with comparable courses offered in the GTA.
- This proposed rate increase for both programs will result in increased revenues of \$0.014 million.
- Both rate changes would become effective July 1, 2016.

Highlights of New User Fees by City Programs and Agencies

Parks, Forestry & Recreation:

- The 2016 Preliminary Operating Budget includes five new user fees for premier sports fields.
- During the 2015 Budget process, City Council requested that the General Manager, Parks, Forestry and Recreation to consider the following:
 - a) Implementing permit fee increases equally over a three year period for existing resident seasonal permit holder organizations at sport fields reclassified or developed from "A" to "Premier"; and
 - b) Including a new not-for-profit Children and Youth Resident Fee of \$25 per hour for existing resident seasonal permit holder organizations at sport fields reclassified or developed from "A" to "Premier".
- Parks, Forestry & Recreation completed a review of its sport field classifications and will change the classifications of the sport fields based on maintenance frequency and amenities; and where there are increased fees as a result of the re-classification, the increased fee will be phased-in over 3 years for existing seasonal permit holders.
- In 2016, 2 sport field locations will be converted from the lower "A" classification to premier status and the resulting increase in permit fees will be phased in over three years.
- The phased in fees of \$36 for Adults, \$12 for Children & Youth and \$26 for Older Adults for 2016 is shown in the table below:

Rate ID	Rate Description	Service	Fee Category	Fee Basis	2016	2017	2018
					Budget Rate	Plan Rate	Plan Rate
PR1.3101	Sport Field P-NP, Res, C&Y-Prime-existing seasonal groups	Parks	City Policy	Per Hour	\$12.03	\$18.51	\$25.00
PR1.3102	Sport Field P-NP, Res, Adult-Prime-existing seasonal groups	Parks	City Policy	Per Hour	\$36.35	42.82	49.29
PR1.3103	Sport Field P-NP, Res, OA-Prime-existing seasonal groups	Parks	City Policy	Per Hour	\$26.39	37.84	49.29
PR1.3104	Sport Field P - TCDSB - Prime - existing seasonal groups	Parks	City Policy	Per Hour	\$12.03	18.51	25.00
PR1.3105	Sport Field P - TDSB - Prime - existing seasonal groups	Parks	City Policy	Per Hour	\$17.45	\$21.23	\$25.00

- These fees will go into effect on April 1, 2016 and are expected to generate an additional \$0.018 million in revenues in 2016.

Notice of Change to Existing and New User Fees

Notice of intention to change these user fees and add new fees as part of the 2016 budget process was posted on the City of Toronto website. A User Fee Information Session has been scheduled on January 11, 2016 at 6 p.m., City Hall, Committee Room 1. In addition, the Budget Committee will hear deputations on January 12, 13 and 14, 2016 from stakeholders groups and the general public.

Attachments:

Appendix A – 2016 Recommended User Fee Rate Changes

Appendix B – 2016 Recommended New User Fees

Prepared by: Erik Franc, Financial Planning Analyst, Financial Planning Division
(416) 397-4556, efranc@toronto.ca

Further information: Andy Cui, Manager, Financial Planning Division
(416) 397-4207, acui@toronto.ca

Date: January 4, 2016