

---

## 2019 OPERATING BUDGET BRIEFING NOTE

### Changes to Existing User Fees and New User Fees in the 2019 Staff Recommended Budget

---

#### Issue/Background:

This briefing note details all changes to existing user fees and new user fees that are incorporated in the 2019 Staff Recommended Budget, and provides a summary of the 2019 incremental revenues that will be generated from these fees.

With the exception of transit fares and certain market based fees charged by City Agencies, new fees and any changes beyond the rate of inflation to existing user fees for services provided to the public by all City Programs and Agencies, must be approved by City Council. 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 Chief Financial Officer and Treasurer 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 on page 3 shows the incremental revenues to be realized from inflationary and other adjustments being made to base fees, and additional revenues to be generated from new fees included in the 2019 Staff Recommended Budget.

In accordance with the City's User Fee Policy and a commitment to transparency and accountability, the City gives 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 2019.

#### Key Points:

- Changes recommended to existing user fees as well as new fees included in the 2019 Staff Recommended Budget are detailed in Appendices A, B, and C and summarized in Table 1.

- Program-specific changes to user fees have been appended to the 2019 Staff Recommended Budget Notes for each respective Program and Agency.
- Appendix A in this Briefing Note lists recommends changes to existing user fees and the corresponding percentage change, included in the 2019 Staff Recommended Operating Budget. User Fee rate changes based on inflationary adjustments will generate incremental revenues of \$5.830 million plus \$25.811 million from the TTC fare increase; other adjustments to existing user fees will increase an additional \$5.750 million in revenues with changes to reflect current market prices and/or to recover full costs of providing the related user fee service.
- Appendix B lists new user fees included in the 2019 Staff Recommended Budget; these fees will generate incremental revenues of \$0.164 million in 2019.
- Appendix C lists discontinued user fees reflected in the 2019 Staff Recommended Budget. Fees are generally discontinued because a service is no longer provided, or to transition to a new fee structure.
  - Municipal Licensing and Standards discontinued fees were inadvertently included in 2018 report.
  - Toronto Paramedic Services discontinued fees are mainly to differentiate fee rate structure for a Primary Care Paramedic versus an Advanced Care Paramedic attending an event. The discontinued user fees are being replaced with new, more specific user fees to reflect the differentiated costs.

Table 1 below summarizes incremental revenues for inflationary and other adjustments and new fees by Program, totalling \$37.557 million.

<b>TABLE 1</b>				
<b>2019 RECOMMENDED USER FEE CHANGE AND NEW REVENUES</b>				
<b>Division / Agency</b>	<b>Inflationary Adjustments Base Fees</b>	<b>Other Adjustments Base Fees</b>	<b>New Fees</b>	<b>2019 Incremental Revenue Total \$</b>
	<b>2019 Incremental Revenue \$</b>	<b>2019 Incremental Revenue \$</b>	<b>2019 Incremental Revenue \$</b>	
Arena Boards		267,005		267,005
Association of Community Centres - Swansea Town Hall		13,400		13,400
City Clerk's Office	1,732	487		2,219
City Planning	584,100			584,100
Economic Development & Culture		14,099	161,598	175,697
Facilities, Real Estate Environment & Energy	30,340	29,000		59,340
Fire Services	310,088			310,088
Information & Technology	557			557
Legal Services	32,500			32,500
Municipal Licensing & Standards	482,117	63,961		546,078
Office of the Controller	309,400	1,700,000		2,009,400
Parks, Forestry & Recreation	2,499,650	539,568		3,039,218
Toronto Paramedic Services	21,000	500	2,500	24,000
Toronto Public Health	24,200			24,200
Toronto Zoo		122,861		122,861
Transportation Services	1,535,086	3,000,000		4,535,086
TTC	25,811,200			25,811,200
<b>TOTAL</b>	<b>31,641,970</b>	<b>5,750,881</b>	<b>164,098</b>	<b>37,556,949</b>

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

### Inflationary Adjustments to Existing User Fees

#### *City Planning:*

- Development application fees are being adjusted for an inflationary increase of 2.04% which will generate incremental revenue of \$0.584 million in 2019, to maintain the approved cost recovery model used in City Planning. The development application fees are comprehensively reviewed through a four year cycle which will next be completed in 2020.

*Facilities, Real Estate, Environment & Energy:*

- Facilities, Real Estate, Environment and Energy will generate incremental revenue of \$0.030 in 2019 from an inflationary increase of 2.2% for the smart commute partner fee; film shoots, appraisal and rental fees.

*Fire Services:*

- Fire Services will generate incremental revenue of \$0.310 million in 2019 from an inflationary adjustment of 2.2% on fees such as fire prevention inspections; life safety inspections; and false alarms fees.

*Municipal Licensing & Standards:*

- Municipal Licensing and Standards will generate incremental revenue of \$0.482 million in 2019 from an inflationary adjustment of 2.0% on permit and application fees.

*Office of the Controller:*

- The 2019 Staff Recommended Operating Budget for Office of the Controller includes incremental revenue of \$0.309 million from an inflationary adjustment of 2.0% on new account set-up for water/utility accounts; tax history statements; and duplicate utility bills fees.

*Parks Forestry and Recreation:*

- The 2019 Staff Recommended Operating Budget for Parks Forestry and Recreation includes an inflationary adjustment of 4.07% applied to user fees within Parks, Community Recreation, and Urban Forestry, which will generate incremental revenue of \$2.499 million

*Transportation Services:*

- Transportation Services will generate additional revenue of \$1.535 million from an inflationary increase of 2.93% in 2019 on fees for: right-of-way; utility cut billings; and application and permit fees for various activities.

*TTC*

- The recommended fare increase is in line with inflation since the previous fare increase two years ago. The recommended TTC fare increase will generate \$25.811 million in additional revenues. There is no change to adult cash fare, however, senior and student cash fare as well as tokens and e-purse are increasing by \$0.10. While this impact will not be fully mitigated, actions will be taken in 2019, in addition to past fare policy initiatives, to lessen this impact.

New and continued initiatives include:

- No change in adult cash fare which will remain at \$3.25;
- Free PRESTO cards have been distributed to Toronto Community Housing residents;
- Full year implementation of the Two Hour Transfer; and
- Children under 12 ride free.

### **Other Adjustments to Base Fees**

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. Other adjustments to current fees will generate incremental revenue of \$5.750 million in 2019.

#### *Arena Boards:*

- Arena Boards of Management's 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.
- Each individual arena board examines its user fee levels in relation to fees at other comparable facilities, consults with key user groups, and determine appropriate user fee adjustments to meet inflationary increase in expenses and reflect market conditions.
- Fee adjustments generally start in September of the year, consistent with the hockey season. All 8 Arena Boards of Management have user fee adjustments for the 2019 year.

#### *Facilities, Real Estate, Environment & Energy:*

- The 2019 Staff Recommended Operating Budget includes incremental revenue of \$0.029 million from increase to rental rates for interior stalls at the St. Lawrence Market, which have not been increased since 1995. The rental rates will increase by 25%, which to recover an incremental amount of the full cost of providing the related service.
- Even with the proposed increase of 25%, the rates for interior stalls are still lower than other comparable Farmers Markets. On a go-forward basis, annual inflationary increase will be applied to user fees for interior stalls at the St. Lawrence Market.
- St. Lawrence Farmers Market Committee and vendors were notified of this proposed increase during the annual Farmers Market General meeting on November 17, 2018.

#### *Municipal Licensing & Standards:*

- Renewal fees charged to Payday Loan Establishments for business licenses will increase by \$6.18 to \$308.99. An additional \$0.064 million in revenues will be realized from the recommended changes. These fees were adopted by City Council at its meeting of April 24-27, 2018 and this amount adjusts the base for that approval.

- Application and renewal fees charged to Payday Loan Establishments for business licenses will increase by \$12.66 and \$6.18 respectively. An additional \$0.064 million in revenues will be realized from the recommended changes. These fees were adopted by City Council at its meeting of April 24-27, 2018 and this amount adjusts the base for that approval.

*Parks Forestry and Recreation:*

- The 2019 Recommended Budget for Parks, Forestry and Recreation includes an additional increase of 1.0 % applied to recreation fees and facility permits, starting April 1, 2019 to maintain the historical cost recovery ratio and will generate incremental revenue of \$0.539 million.
- Welcome Policy individual benefit rates have been increased to provide a consistent level of support for users, taking the total increase of 4.07% into account.

*Office of the Controller:*

- The 2019 Staff Recommended Budget for the Office of the Controller \$1.700 million in incremental revenue, representing a fee increase from \$10 to \$12 for a Vehicle Owner Address Information Search.
- The City currently pays MTO for vehicle owner searches and incurs staffing and non-staffing costs which have not been charged back to the vehicle owners.
- The increased fee to recover the full cost of providing the service is in accordance with the City's User Fee Policy.
- The administration fee for Municipal Land Transfer Tax (MLTT) is proposed to increase from \$75 to \$79.50, effective on Council's approval of the 2019 Operating Budget. This increase will recover the full cost of processing electronic and manual registrations for the collection of MLTT by the City's external service provider.

*Toronto Zoo:*

- The 2019 Staff Recommended Budget for Toronto Zoo includes \$0.122 million in additional revenue from a market-based fee increase for an enhanced schools program. The increase of \$1 per student for all group categories, will set new fees for 2019 as post-secondary - \$11, secondary - \$10, and elementary -\$9.

*Transportation Services:*

- Transportation Services' 2019 Staff Recommended Budget includes an increase above the rate of inflation to the Lane Occupancy Permit Fee (Areas AA, A, B, C, D) to reflect increases in the Toronto Parking Authority (TPA) parking meter rates, which were approved in October 2017.

- The current lane occupancy fees, which were developed in 2015, were based on the TPA area-based parking meter rates for different areas of the City. Stakeholder consultation is complete, and the increase will result in additional revenue of \$3.00 million in 2019 and incremental revenue of \$1.00 million in 2020.

## **Highlights of New User Fees by City Program and Agency**

### *Economic Development & Culture:*

- Economic Development and Culture is implementing a Program Administration Fee to support the Imagination Manufacturing Innovation and Technology (IMIT) program of thirty cents per square metre based on the eligible gross floor area of each approved development, to be deducted from the grant awarded each year for all existing and new IMIT projects, beginning in 2019.
- The recommendation to implement this fee was adopted by City Council in 2018 (PG31.5, EX30.6). Economic Development and Culture would retain approximately two-thirds of the revenues, with the remaining one-third would be allocated among other City Divisions (Corporate Finance, Legal Services, City Planning, and Toronto Employment and Social Services) contributing to the delivery of the service.
- This fee will generate new revenue in 2019 of \$0.161 million.

### *Toronto Paramedic Services:*

- The 2019 Staff Recommended Budget for Toronto Paramedic Services includes six new user fees which will recover the full cost associated with the service and will generate revenue of \$0.002 million in 2019.
- The "EMS Planning" user fees were introduced to reflect the full cost of an Advanced Care Paramedic and Primary Care Paramedic crew attending a scheduled event. Previously, Paramedic Services would use a blended rate that did not necessarily cover the full cost of the events.
- The Professional Standards Unit introduced 2 new users fees:
  - The Ambulance Call Report (ACR) or patient care record is required because the Information and Privacy Commissioner of Ontario received numerous patient complaints about the high administrative cost of the ACR.
  - The Paramedic Incident Report (or Statement) fee was introduced to reflect the full cost to complete the task.

## **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 2019 budget process was posted on the City of Toronto website. The Budget Committee will hear deputations on February 7 and 11, 2019 from stakeholders groups and the general public.

### **Attachments:**

Appendix A – 2019 Recommended User Fee Rate Changes

Appendix B – 2019 Recommended New User Fees

Appendix C – 2019 Recommended Discontinued User Fees

---

**Prepared by:** Pansy Murdock, Senior Financial Planning Analyst, Financial Planning Division,  
(416)-392-8891, pansy.murdock@toronto.ca

**Further information:** Alan Cohen, Manager, Financial Planning Division  
(416) 392-3740, alan.cohen@toronto.ca

**Date: January 30, 2019**