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## 2020 OPERATING BUDGET BRIEFING NOTE

### Inflationary Changes to Existing User Fees Included in the 2020 Staff Recommended Budget

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#### Issue/Background:

In accordance with the City's User Fee Policy, fees that have been approved by Council for automatic annual inflationary adjustments are increased by the applicable rate of inflation effective January 1 each year. Authority for this increase is delegated to the Chief Financial Officer and Treasurer and incremental revenue expected to be generated from these inflationary fee adjustments is incorporated into the staff recommended operating budget.

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.

This briefing note details all inflationary changes to existing user fees that are incorporated in the 2020 Staff Recommended Budget, and provides a summary of the 2020 incremental revenues that will be generated from these fees.

In addition to existing user fees that have increased by inflation as of January 1, 2020, additional fee changes for 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. Details on these fee changes are included in the Budget Notes for each Program and Agency for consideration and approval by Council.

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 2020.

#### Key Points:

- Changes recommended to existing user fees as a result of inflation are included in the 2020 Staff Recommended Budget and detailed in Appendix A, and summarized in Table 1.

- Program-specific changes to user fees beyond inflation are included in the Budget Notes for each Program and Agency.
- Appendix A lists inflationary changes to existing user fees and the corresponding percentage change included in the 2020 Staff Recommended Budget. Rate changes based on inflationary adjustments are expected to generate incremental revenues of \$4.926 million as summarized below.

<b>TABLE 1</b>	
<b>2020 RECOMMENDED USER FEE INFLATIONARY CHANGE - INCREMENTAL REVENUES</b>	
<b>Division/Agency</b>	<b>\$</b>
Arena Boards	
Association of Community Centres - Swansea Town Hall	2,083
City Clerk's Office	1,680
City Planning	720,376
Corporate Real Estate Management	27,954
Facilities, Real Estate - Environment & Energy	4,829
Fire Services	283,220
Information & Technology	790
Legal Services	128,772
Municipal Licensing & Standards	749,182
Office of the controller -Revenue Services	330,306
Parks, Forestry & Recreation	1,690,528
Toronto Paramedic Services	24,806
Toronto Public Health	39,270
Transportation Services	922,739
<b>TOTAL</b>	<b>4,926,535</b>

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

### **Inflationary Adjustments to Base Fees**

In accordance with the City's User Fee Policy, fees approved for automatic inflationary increase are adjusted annually to reflect the inflationary costs unique to each service provided. Inflationary adjustments to base fees will generate incremental revenue of \$4.926 million in 2020.

#### *City Planning:*

- Development application fees are being adjusted for an inflationary increase of 2.46% which will generate incremental revenue of \$0.720 million in 2020, to maintain the approved cost recovery model for City Planning.

#### *Fire Services:*

- Fire Services will generate incremental revenue of \$0.283 million in 2020 from an inflationary adjustment on fees such as, false alarms; fire prevention inspections; and life safety inspections.

#### *Municipal Licensing and Standards:*

- Municipal Licensing and Standards will generate incremental revenue of \$0.749 million in 2020 from inflationary adjustments on fees such as business licensing, re-inspection fees, and some permitting fees. To accurately reflect the costs for the services provided, the increase to business licenses and permit fees is 2.0% based on a blended inflationary rate.

#### *Office of the Controller:*

- The 2020 Staff Recommended Budget for Office of the Controller includes an inflationary adjustment to most fees within the Program that will generate incremental revenue of \$0.330 million.

#### *Parks Forestry & Recreation:*

- The 2020 Staff Recommended Budget for Parks Forestry and Recreation includes an average inflationary adjustment of 2.06% to fees within Community Recreation, Parks and Urban Forestry Services, which will generate incremental revenue of \$1.691 million.

#### *Transportation Services:*

- Transportation Services will generate incremental revenue of \$0.922 million from an inflationary increase of 2.25% in 2020 on fees such as: right-of-way; utility cut billings; and application and permit fees for various activities.

## **Notice of Change to Existing and New User Fees**

Notice of intention to change user fees and add new fees as part of the 2020 budget process was posted on the City of Toronto website. The Budget Committee will hear deputations on January 20, and 21, 2020 from stakeholders groups and the general public.

### **Attachments:**

Appendix A – 2020 Recommended Inflationary User Fee Rate Changes

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