

Heather Taylor  
Chief Financial Officer and TreasurerFinancial Planning Division  
City Hall, 7<sup>th</sup> Floor, East Tower  
100 Queen St. West  
Toronto, ON M5H 2N2Tel: 416-397-4229  
Fax: 416-397-4465  
Stephen.Conforti@toronto.ca  
www.toronto.ca

---

## 2021 OPERATING BUDGET BRIEFING NOTE

### Inflationary Changes to Existing User Fees Included in the 2021 Staff Recommended Budget

---

#### 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 2021 Staff Recommended Budget, and provides a summary of the 2021 incremental revenues that will be generated from these fees. The COVID-19 pandemic has had a significant impact on user fee revenues. The decrease in user fee revenues resulting from the impact of COVID-19 are provided in the Budget Notes for each Program and Agency.

In addition to existing user fees that have increased by inflation as of January 1, 2021, 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 2021.

**Key Points:**

- Changes recommended to existing user fees as a result of inflation and the corresponding percentage change are included in the 2021 Staff Recommended Budget and detailed in Appendix A. Rate changes based on inflationary adjustments are expected to generate incremental revenues of \$4.332 million as summarized in Table 1 below.
- Program-specific changes to user fees beyond inflation, including market-based fee changes, are included in the Budget Notes for each Program and Agency.
- Appendix B lists discontinued user fees reflected in the 2021 Staff Recommended Budget. Fees are generally discontinued because a service is no longer provided, or to transition to a new fee structure.

<b>TABLE 1 2021 RECOMMENDED USER FEE INFLATIONARY CHANGE - INCREMENTAL REVENUE</b>	
<b>Division / Agency</b>	<b>\$</b>
City Clerk's Office	68,814
City Planning	566,906
Corporate Real Estate Management	23,420
Economic Development & Culture	20,093
Fire Services	397,775
Legal Services	99,759
Office of the Controller	341,315
Parks, Forestry & Recreation	1,575,976
Toronto Building	11,525
Toronto Public Health	20,284
Transportation Services	1,206,056
<b>TOTAL</b>	<b>4,331,923</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 \$4.332 million in 2021.

#### *City Planning:*

- Development application fees are being adjusted for an inflationary increase of 1.86% which will generate incremental revenue of \$0.567 million in 2021, to maintain the approved cost recovery model for City Planning.

#### *Fire Services:*

- Fire Services will generate incremental revenue of \$0.398 million in 2021 from an inflationary adjustment on fees such as, false alarms; fire prevention inspections; and life safety inspections.

#### *Office of the Controller:*

- The 2021 Staff Recommended Budget for Office of the Controller includes an inflationary adjustment to most fees within the Program that will generate incremental revenue of \$0.341 million.

#### *Parks Forestry & Recreation:*

- The 2021 Staff Recommended Budget for Parks Forestry and Recreation includes an average inflationary adjustment of 2.01% to fees within Community Recreation, Parks and Urban Forestry Services, which will generate incremental revenue of \$1.576 million.

#### *Transportation Services:*

- Transportation Services will generate incremental revenue of \$1.206 million from an inflationary increase of 2.33% in 2021 on fees such as: right-of-way; utility cut billings; and application and permit fees for various activities.

#### *Municipal Licensing and Standards*

- Municipal Licensing and Standards has made a number of efforts to support Toronto businesses during the COVID-19 pandemic, including streamlining license requirements, online applications and waiving of late fees. As the City moves into a recovery stage, MLS recommends that inflationary increases applied to the cost of a new or renewed license or permit be reversed in 2021 in a further effort to assist Toronto businesses.

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

Notice of intention to change user fees and add new fees as part of the 2021 budget process was posted on the City of Toronto website. The Budget Committee will hear deputations on January 25, and 26, 2021 from stakeholders groups and the general public.

### **Attachments:**

Appendix A – 2021 Recommended Inflationary User Fee Rate Changes

Appendix B – 2021 Recommended Discontinued User Fees

Appendix C – 2021 Recommended User Fees for Transfer

---

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

**Further information:** Rebecca Anas, Manager, Financial Planning Division  
(416) 392-9734, Rebecca.Anas@toronto.ca

**Date: January 14, 2021**