
2023 OPERATING BUDGET BRIEFING NOTE USER FEE CHANGES INCLUDED IN THE 2023 BUDGET

Issue/Background:

User fees are monitored and adjusted for price changes through the annual budget process. The budget process prompts assessment of existing fees that are subject to change and the introduction of new fees.

In accordance with the City User Fee Policy, the following adjustments require City Council approval: additional fee changes for certain market based fees, creation of new fees, and any changes beyond the rate of inflation to existing user fees. Details of the proposed fee changes for 2023 are included in Appendix A.

Historically, user fee adjustments were included as part of the operating budget decision. User Fee revenues are still being considered as part of the Budget Process and are reflected in the 2023 Budget Notes. Under Bill 3, an approval of the user fee adjustments and enactment of the requisite by-laws to give effect to them, including new user fees and changes to existing user fees, remains under City Council's authority. A standalone report on user fee changes, consistent with the user fee adjustments that will be set out in the Mayor's proposed budget, will be presented at City Council's meeting on February 14th for Council's consideration.

The automatic annual inflationary adjustments to the user fees are increased by the applicable rate of inflation 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 tabled operating budget. Details of these fee changes are included in Appendix B.

Key Points:

- The City gives notice to the public of its intent to change existing user fees above inflation and introduce new fees. The public and stakeholders are able to make their views about the proposed changes to the fees known to the Budget Committee in writing, or by speaking to the Committee at meetings on January 17 and 18, 2023.

- 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.
- Changes to existing user fees as a result of inflation and the corresponding percentage change are included in the 2023 Tabled Operating Budget and detailed in Appendix B. Rate changes based on inflationary adjustments are expected to generate incremental revenues of \$12.0 million as summarized in Table 1 below.

TABLE 1	
2023 USER FEE INFLATIONARY CHANGE - INCREMENTAL REVENUE	
Division	\$000s
City Clerk's Office	2.2
City Planning	1,691.0
Corporate Real Estate Management	14.3
Engineering and Construction Services	284.6
Fire Services	1,257.4
Legal Services	1.6
Municipal Licensing & Standards	899.6
Office of the Controller - Revenue Services	835.5
Parks, Forestry & Recreation	4,356.6
Transportation Services	2,659.2
TOTAL	12,002.0

City Planning

- Development application fees are being adjusted for an inflationary increase of 4.35% which will generate incremental revenue of \$1.691 million in 2023, to maintain the approved cost recovery model used in City Planning.

Fire Services

- Fire Services rates are being adjusted for an average inflationary increase of 4.73% which will generate incremental revenue of \$1.257 million in 2023 on fees such as false alarms, fire prevention inspections, and life safety inspections. Fire Services inflationary increases do not result in net increased revenues as the increases are offset by a reduction in volumes.

Municipal Licensing & Standards

- Majority of Municipal Licensing & Standards user fees are being adjusted for an inflationary increase of 4.35% effective January 1st, 2023 which will generate incremental revenue of \$0.900 million.

Office of the Controller – Revenue Services Division

- The Office of the Controller user fees are being adjusted for an inflationary increase of 4.73% for fees within Revenue Services Division that will generate incremental revenue of \$0.836 million in 2023.

Parks, Forestry & Recreation

- The 2023 Operating Budget for Parks, Forestry and Recreation has been adjusted based on an inflationary increase of 4.73% for fees in Community Recreation, Parks and Urban Forestry, which will generate incremental revenue of \$4.357 million.

Transportation Services

- Transportation Services will generate incremental revenue of \$2.659 million in 2023 from an inflationary increase of 4.73% on fees such as right-of-way, application, and permit fees for various activities, as well as a 4.35% inflationary increase on development application review processing (DARP) fees.

Attachments:

Appendix A – User Fees: Adjustments Requiring City Council Approval

Appendix B – User Fees: Automatic Adjustments

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