
2024 BUDGET BRIEFING NOTE

Summary of User Fee Adjustments in the Prepared 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. This briefing note is made available at budget launch to summarize the status of fees.

In accordance with the City User Fee Policy, all user fee adjustments incorporated into the final 2024 City Budget will require Council approval, except for Automatic Annual Inflationary Adjustments which have previously approved delegated authority and are effective on January 1 each year.

These 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. Incremental revenue expected to be generated from these inflationary fee adjustments is incorporated into the Prepared Operating Budget and a summary of this revenue is included below in Table 1. Details of these automatic inflationary fee changes 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 2024 Budget Process and are reflected in each Program/Agency Budget Note. Under the Bill 3 amendments to the City of Toronto Act, 2006, 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 recommending the user fee changes needed to raise the user fee revenue set out in the Mayor's proposed budget will be presented at City Council's special meeting on February 14 for Council's consideration.

The interim 2024 water and wastewater consumption rates and service fees adopted in [2023.EX10.4](#), as well as the interim 2024 solid waste management services rates and fees adopted in [2023.EX10.5](#) will also be included to confirm as final rates for 2024.

Details of the proposed user fee adjustments incorporated into the 2024 Prepared Budget are included for information in Appendix B. This summary includes additional

fee changes for certain market based fees, creation of new user fees, any changes to user fees beyond inflation, user fees for technical adjustment, transfer, discontinuation and/or rationalization. Certain fees requiring Council approval for a technical adjustment to move to delegated authority for inflationary purposes are also included.

Recent decisions by Council regarding the Long-Term Financial Plan report [EX7.1](#) in September 2023 impacted Toronto Parking Authority. At that time, City Council amended Subsection 179-7D of the Toronto Municipal Code Chapter 179, Parking Authority, to delegate authority entirely to Toronto Parking Authority to fix rates for on-street parking meters or parking machines. As such, details for their rates can be found in the [Toronto Parking Authority Board minutes](#) and from the Toronto Parking Authority 2024 Budget Note.

Key Points:

- The City gives notice to the public of its intent to change existing user fees and introduce new fees. The public and stakeholders can make their views about the proposed changes known to the Budget Committee in writing, or by speaking to the Committee at meetings on January 22 and 23, 2024.
- 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 2024 Prepared Budget and detailed in Appendix A. Rate changes based on inflationary adjustments are expected to generate incremental revenues of \$9.97 million as summarized in Table 1 below.

TABLE 1	
2024 USER FEE INFLATIONARY CHANGE - INCREMENTAL REVENUE	
Division	\$000s
Arena Boards of Management	107.6
Association of Community Centres – Swansea Town Hall	35.0
City Planning	1,687.5

Corporate Real Estate Management	14.9
Engineering and Construction Services	782.0
Legal Services	1.5
Municipal Licensing & Standards	897.5
Parks, Forestry & Recreation	3,006.7
Toronto Fire Services	619.4
Toronto Public Health	12.0
Transportation Services	2,806.2
TOTAL	9,970.2

Primary drivers of incremental revenue include the following programs.

City Planning

- Development application fees are being adjusted for an inflationary increase of 4.15% which will generate incremental revenue of \$1.687 million in 2024, to maintain the approved cost recovery model used in City Planning. Please refer to Appendix A for more details.

Engineering and Construction Services

- Engineering and Construction Services rates are being adjusted for an average inflationary increase of 4.0% which equates to incremental revenue of \$0.782 million in 2024. Please refer to Appendix A for more details.

Municipal Licensing & Standards

- The majority of Municipal Licensing & Standards user fees are being adjusted for an inflationary increase of 4.0% effective January 1st, 2024 which will generate incremental revenue of \$0.898 million. Please refer to Appendix A for more details.

Parks, Forestry & Recreation

- The 2024 Operating Budget for Parks, Forestry and Recreation has been adjusted based on an inflationary increase of 4.0% for fees in Community Recreation, Parks and Urban Forestry, which will generate incremental revenue of \$3.0 million. Please refer to Appendix A for more details.

Toronto Fire Services

- Toronto Fire Services rates are being adjusted for an average inflationary increase of 3.9% which equates to incremental revenue of \$0.619 million in 2024 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. Please refer to Appendix A for more details.

Transportation Services

- Transportation Services will generate incremental revenue of \$2.8 million in 2024 from an inflationary increase of 4.0% on fees such as right of way, application, and permit fees for various activities. Please refer to Appendix A for more details.

Attachments:

Appendix A – User Fees Automatic Adjustments

Appendix B – User Fees Adjustments Requiring City Council Approval

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