
2025 BUDGET BRIEFING NOTE

Summary of User Fee Adjustments in the Prepared Budget

Issue/Background:

User fees are monitored and adjusted through the annual budget process. The budget process includes an assessment of existing fees and the introduction of new fees.

In accordance with the City User Fee Policy, all user fee adjustments incorporated into the final 2025 City Budget will require Council approval, except for Automatic Annual Inflationary Adjustments.

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 2025 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 11 for Council's consideration.

The interim 2025 water and wastewater consumption rates and service fees adopted in [2024.EX19.9](#), as well as the interim 2025 solid waste management services rates and fees adopted in [2024.EX19.10](#), will also be included to confirm as final rates for 2025.

Details of the proposed user fee adjustments incorporated into the 2025 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.

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 21 and 22, 2025.
- 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. Increases to user fees based primarily on labour costs take into consideration current labour market and collective bargaining trends.
- Changes to existing user fees as a result of inflation and the corresponding percentage change are included in the 2025 Prepared Budget and detailed in Appendix A. User fee changes based on inflationary adjustments are expected to generate incremental revenues of \$14.94 million as summarized in Table 1 below.

TABLE 1	
2025 USER FEE INFLATIONARY CHANGE - INCREMENTAL REVENUE	
Division	\$000s
Arena Boards of Management	130.5
Association of Community Centres – Swansea Town Hall	40.0
City Clerk’s Office	5.0
City Planning and Development Review	1,934.3
Corporate Real Estate Management	16.8
Engineering and Construction Services	538.7
Exhibition Place	2,110.6
Legal Services	0.9
Municipal Licensing & Standards	971.8
Parks, Forestry & Recreation	3,038.5

TABLE 1	
2025 USER FEE INFLATIONARY CHANGE - INCREMENTAL REVENUE	
Revenue Services	734.0
Toronto Building	2,461.7
Transportation Services	2,959.0
TOTAL	14,941.8

Primary drivers of incremental revenue include the following programs.

City Planning and Development Review

- Development application fees are being adjusted for an inflationary increase of 4.00% which will generate incremental revenue of \$1.934 million in 2025. Please refer to Appendix A for more details

Engineering and Construction Services

- Engineering and Construction Services rates are being adjusted for an inflationary increase of 4.00% which equates to incremental revenue of \$0.538 million in 2025. Please refer to Appendix A for more details.

Exhibition Place

- Exhibition Place rates are being adjusted for an average inflationary increase of 3.2% which equates to incremental revenue of \$2.110 million.

Municipal Licensing & Standards

- The majority of Municipal Licensing & Standards user fees are being adjusted for an inflationary increase of 4.0% effective January 1st, 2025 which will generate incremental revenue of \$0.972 million. Please refer to Appendix A for more details.

Parks, Forestry & Recreation

- The 2025 Operating Budget for Parks, Forestry and Recreation has been adjusted based on an inflationary increase of 3.5% for fees in Community Recreation, Parks and Urban Forestry, which will generate incremental revenue of \$3.039 million. Please refer to Appendix A for more details.

Revenue Services

- User Fees are being adjusted for an inflationary increase of 3.50% for fees within Revenue Services Division, generating incremental revenue of \$0.734 million in 2025.

Toronto Building

- Toronto Building will generate incremental revenue of \$2.462 million in 2025 from an inflationary increase of 4.0% on Building Application Fees.

Transportation Services

- Transportation Services will generate incremental revenue of \$2.959 million in 2025 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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