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2026 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 2026 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. The applicable rate of inflation may differ from the consumer price index (CPI) as published by Statistic Canada in that the applicable rate of inflation is based on the expenses incurred to deliver the program or service being offered. 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 2026 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 10, 2026, for Council's consideration.

The interim 2026 water and wastewater consumption rates and service fees adopted in [2025.EX28.9](#), as well as the interim 2026 solid waste management services rates and fees adopted in [2025.EX28.10](#) will also be included to confirm as final rates for 2026.

Details of the proposed user fee adjustments incorporated into the 2026 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, 2026.
- 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.
- Inflationary adjustments to existing user fees and the corresponding percentage change included in the 2026 Prepared Budget and detailed in Appendix A are expected to generate incremental revenues of \$16.258 million as summarized in the following table:

2026 USER FEE INFLATIONARY CHANGE - INCREMENTAL REVENUE	
Division	\$000s
Association of Community Centres - Swansea Town Hall	10.0
City Clerk's Office	14.5
City Planning & Development Review	2,980.3
Corporate Real Estate Management	9.7
Engineering and Construction Services	131.1
Environment, Climate & Forestry	146.4
Exhibition Place	1,218.8
Legal Services	0.9
Municipal Licensing & Standards	2,129.3
Parks & Recreation	1,952.3
Revenue Services Division	542.6
Toronto Building	3,134.5
Transportation Services	3,988.1
TOTAL	16,258.5

Primary drivers of incremental revenue include the following programs:

City Planning and Development Review

- Development application fees have been adjusted based on an average inflationary increase of 4.8% which will generate incremental revenue of \$2.980 million.

Exhibition Place

- Exhibition Place rates are being adjusted for an inflationary increase ranging from 2.9% to 3.3%, which will generate incremental revenue of \$1.218 million.

Municipal Licensing and Standards

- Municipal Licensing & Standards fees have been adjusted based on an average inflationary increase of 4.0% which will generate incremental revenue of \$2.129 million.

Parks and Recreation

- Parks and Recreation fees have been adjusted based on an average inflationary increase of 2.0%, which will generate incremental revenue of \$1.952 million.

Revenue Services

- Revenue Services fees have been adjusted based on an average inflationary increase of 2.5%, generating incremental revenue of \$0.542 million in 2026.

Toronto Building

- Toronto Building fees have been adjusted based on an average inflationary increase of 4.0%, which will generate incremental revenue of \$3.134 million.

Transportation Services

- Transportation Services fees have been adjusted based on an average increase of 5.0%, which will generate an incremental revenue of \$3.988 million

Attachments:

Appendix A – 2026 User Fees: Automatic Adjustments

Appendix B – 2026 User Fees: Adjustments Requiring Council Approval

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