

Staff Report 2023-0073

Meeting Date: February 15, 2023

Subject: Proposed 2023 Fees and Charges By-law

Submitted By: Eysa Patel, Senior Financial Analyst, Revenue, Finance

RECOMMENDATION

That Fees and Charges By-law 2021-87, as amended be repealed and replaced with the proposed 2023 Fees and Charges By-law attached as Schedule A to Staff Report 2023-0073 to take effect March 1, 2023; and

That the 2023 tax subsidy for Recreation Services of 56%, be approved.

REPORT HIGHLIGHTS

- Each year during the budget preparation process, departments review user fees and charges to determine if increases are required to better reflect cost recovery for the services provided.
- As part of the 2023 budget process, several departments have adjusted user fee revenue to include proposed fee rate increases based on the user fee review.
- Some new fees have been established for Planning, Community Services, Corporate Services and Engineering Services.
- The overall increase to the proposed 2023 Revenue budget for proposed fee adjustments and new fees recommended in this report is approximately \$151,432.

DISCUSSION

In addition to property tax revenues, municipalities may charge for goods and services, such as recreational programs, via fees established under Provincial legislation, and set and approved via by-law at the municipal level. There are limited sources of income for a municipality, with property taxes representing approximately 68% of operating revenues for the Town. User fees are a way of having one person pay for the direct costs relating to the benefit they are receiving vs. having all taxpayers carry the costs of these services through property taxes. New fees proposed relate directly to the cost of specific work requested which helps offset potential tax increases.

The Proposed 2023 Budget includes new fees and fee increases to reflect cost recovery for the services provided. Due to inflation and cost of living increases, Staff review fees to determine whether an increase is appropriate. A full list of proposed fees is included in Schedule A to Staff Report 2023-0073.

Proposed New Fees

The Proposed 2023 Budget proposes new fees from departments as indicated in Table 1 below. These fees reflect new processes that have been identified or fees that the Town was not recovering costs. As a result, staff are proposing a new fee to recover these costs. Many of the fees below are related to development applications and are being proposed to better ensure that growth pays for growth. For these new fees benchmarking with other municipalities has occurred to ensure they are comparable.

Table 1: 2023 Proposed New Fees

Department	Fee Category Description	2022 Fee Total (Excl. Taxes)
Planning	Oak Ridges Moraine (ORM) Site Plan Application – Appeal to Ontario Land Tribunal	\$219.58 plus cost recovery
Community Services	Memorial Program - Park bench (metal) with acrylic plaque on concrete pad, Caledon Trailway stone bench on limestone screenings with acrylic plaque, and Tree Fees	Cost Recovery
	Filming Rates – Full Day & Set-up/Dismantle Fees	\$2,152.50 to \$4,305.00
	Facility Amenities – Kitchen Fee Hourly Rate	\$18.10
	Picnic Rentals - Subsidized/ Not-for-profit Picnic Rate	\$70.46 to \$196.27
	Artificial Turf and Dome Rentals Hourly Rates	\$155.75 to \$265.25
	Bandshell Rental – Resident, Non-Resident/Commercial, and Subsidized	\$26.09 to \$659.23
	Parks Clean Up Fee for large events/ permitted fireworks	\$283.94
Corporate Services	Consent – Undertaking Required	\$107.12 plus costs*
Engineering Services	Environmental Compliance Approval Monitoring and Reporting Approval Fee	\$2,000 plus costs*

Proposed Fee Increases

The Proposed 2023 Budget includes proposed fee increases from several departments. Highlights of the increases are included in Table 2. These fees were increased to recover cost of living increases and/or inflationary increases related to the below processes. There are fifteen Town Wide, Community Services and Library fees listed below that are increasing greater than 3% mainly due to the effort to recover the time and resources associated with those processes upon further review. Any substantial increases to fees are also benchmarked with other municipalities to ensure they are comparable.

Table 2: Highlights of Proposed Fee Increases

Department	Fee Category Description	Fee Increase	Range of 2023 Fees (Excl. Taxes)
Town Wide Administration Fees	NSF Cheque	5% increase	\$48.33
	Research Fee	3% increase	\$15.76 to \$52.53
Corporate Strategy & Innovation	Maps	3% increase	\$12.36 to \$76.22
Building & Municipal Law Enforcement Services	All Fees	3% increase	\$0.21 to \$2,575.00
Planning	Compliance Letters	3% increase	\$130.27
	Land Use Inquiry Form	3% increase	\$130.27
	Peer Review	3% increase	\$206.00
	Official Plan and Zoning By-law	3% increase	\$5.25 to \$562.07
	NEC	3% increase	\$210.12 to \$2,255.64
	Public Information Meetings & Advertising	3% increase	\$515.00
	Preliminary and Pre-Consultation	3% increase	\$309.00 to \$41,200.00
	Telecommunications	3% increase	\$338.29 to \$6,997.00
	Site Plan Applications	3% increase	\$103.00 to \$10,300.00

Department	Fee Category Description	Fee Increase	Range of 2023 Fees (Excl. Taxes)
	Oak Ridges Moraine (ORM) Site Plan Application	3% increase	\$51.50 to \$552.68
	Official Plan Amendment Applications	3% increase	\$219.58 to \$15,450.00
Department	Fee Category Description	Fee Increase	Range of 2023 Fees (Excl. Taxes)
Planning	Zoning By-law Amendment Applications	3% increase	\$219.58 to \$10,300.00
	Subdivision Applications	3% increase	\$219.58 to \$20,600.00
	Condominium Applications	3% increase	\$219.58 to \$12,780.31
	Part Lot Control Exemption Applications	3% increase	\$535.60 to \$6,434.61
	Reports and By-laws	3% increase	\$577.83 to \$998.07
Fire & Emergency Services	All Fees	3% increase	\$26.78 to \$2,836.62
Community Services	Pool Rentals	3% to 25% increase	\$24.65 to \$150.40
	Arena Rentals	3% increase	\$43.78 to \$278.38
	Floor Rentals	3% increase	\$65.71 to \$750.97
	Gymnasium Rentals	2% to 6% increase	\$2.80 to \$181.02
	Hall and Room Rentals	3% increase	\$12.07 to \$687.97
	Sponsored Drop-in Activities	3% increase	\$191.92 to \$399.37
	Celebrate with Us Party Packages	3% increase	\$185.40 to \$391.40
	Sport and Passive Park Rentals – Plus Park Amenities	3% to 83% increase	\$1.11 to \$2,366.28

Department	Fee Category Description	Fee Increase	Range of 2023 Fees (Excl. Taxes)
	Programs (Aquatics, Arenas, Camps, Fitness & Lifestyle)	3% increase	\$2.52 to \$658.75
Corporate Services	Agreements	3% increase	\$144.67 to \$8,252.48
	Miscellaneous	3% increase	\$21.43 to \$567.95
	Reports and By-laws	3% increase	\$278.73 to \$1,060.25
	Application to Purchase Town Land	3% increase	\$546.52
Department	Fee Category Description	Fee Increase	Range of 2023 Fees (Excl. Taxes)
Corporate Services	Appeal Hearing Tribunal	3% increase	\$206.00
	Committee of Adjustment	3% increase	\$219.58 to \$4,601.92
	Liquor Licence	3% increase	\$154.50 to \$570.62
	Animal Shelter	3% increase	\$5.15 to \$360.50
Customer Service & Communications	Certifying and Commissioning	3% increase	\$25.75 to \$52.53
	Marriage	3% increase	\$51.50 to \$309.00
Operations	All Fees	3% increase	\$2.06 to \$25,750.00
Engineering	All fees	3% increase	\$1.03 to \$5,358.06
Library	NSF Cheque	5% increase	\$48.33

Building Services Division Fees

Building Services Division fees were reviewed to ensure full cost recovery including corporate overhead costs, as required pursuant to Bill 124 which amended the Ontario Building Code Act by requiring that the fees collected by the municipality not exceed the anticipated reasonable costs of the municipality to administer and enforce the Act.

Recreation Subsidy

In 2017, Council adopted a subsidy policy in order to understand the cost of providing recreation services and to acknowledge that recreation services are not self-funding (fees, sponsorship etc.). Each year Council considers the subsidy for recreation services as part of the budget process.

The pandemic has significantly impacted the operating costs and revenues due to facility closures, limited enrollment and a freeze on user fees. In 2022, the approved subsidy was 56%. When preparing the 2023 proposed budget a 59% subsidy assumption was made. A final recommendation on subsidy is made prior to Council deliberation and consideration as part of the budget report. For the proposed 2023 budget, this breaks down as follows:

Total Revenues	\$ 6,333,222
<u>Total Expenses</u>	<u>\$15,574,703</u>

Total Subsidy Required \$ 9,241,481

Revenues come from fees for programs, rentals and other user fees. Expenses include expenses directly related to a program as well as allocations for indirect expenses such as facility costs and customer service. To balance the budget, property taxation is the source of funds to subsidize the remaining expenses after the fees are collected.

A property tax subsidy of 59% means that 41% of the Recreation division's costs are recovered by user fees from the users of recreation facilities and programs and the balance of 59% is subsidized by all property taxpayers. Throughout the last three years, recreational programs, outdoor parks and amenities saw an increase in users and visitors to assist with overall wellness during the pandemic. Impacts from the pandemic continue to impact Recreational businesses, creating a continued need for property tax support for these programs as in the previous two budget years. Decrease in rentals, lack of interest in programs due to COVID, program cancellations due to staffing issues, reduction in membership sales as a result of social distancing all continue to impact the costs and revenues of offering Recreational programming.

The Community Services department experienced 2023 inflationary impacts mainly relating to recovering from unanticipated costs from the pandemic as outlined above, cost of living increases, phase in of previously approved council initiatives (i.e. Caledon East Community Centre expansion, etc.), proposed Change in Service Level requests (i.e. Mayfield Artificial Turf Dome operating costs, etc.), and increasing contracted services and insurance costs. In addition, staff are recommending that some 2023 recreation user fees rates are increased 3% where appropriate. User fees are the main tool used to decrease the Recreation Tax Subsidy in a given year. User fees were frozen in 2021 as part of the pandemic relief efforts with increases beginning in 2022 due to inflation. As inflation continues to grow in 2023 it is recommended these user fees be increased.

Given the number of factors continuing to put pressure on the Recreation subsidy in 2023, it is being proposed as part of the budget to withdraw \$562,000 from the operating contingency reserve. Staff believe this will support the revenue loss in recreation programs due to the lingering effects of the pandemic. This has been included in the 2023 proposed budget report dated February 15, 2023 for approval by Council. This support from reserves will maintain the recreation subsidy at 56%, or its 2022 level, thereby reducing the impact of recreation services on the proposed tax increase.

Further work will be completed in 2023 regarding what is driving the cost of the subsidy and to analyze the true costs of offering recreation services in the Town of Caledon along with the scheduled work on a Parks and Recreation Strategic Plan. This will be presented to Council later this year.

FINANCIAL IMPLICATIONS

Incremental revenue of approximately \$151,432 (excludes Provincial Offences Revenue) related to the proposed new fees and fee increases in this report have been included in the proposed 2023 Operating budget. A delay in the approval of the by-law or any amendments to the proposed by-law may negatively impact the Town's 2023 operating budget (e.g. the Town may not achieve the 2023 revenue budgets if the 2023 proposed fee by-law is not implemented/not approved for implementation March 1, 2023).

The fees included in Schedule A reflect the complete set of fees for the Town under the Municipal Act, Planning Act, and Ontario Building Code Act, and provide a comparison to the 2022 fees.

A comparison of 2022 fees vs. 2023 proposed fees is also included in the 2023 proposed budget documents.

COUNCIL WORK PLAN

Subject matter is not relevant to the Council Workplan.

ATTACHMENTS

Schedule A: Proposed 2023 Fees and Charges By-law