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## **2024 Fees and Charges Overarching Report Staff Report to Council**

Report Number: 2023-86

Department(s): Financial Services

Author(s): Anita Gibson, Supervisor Financial Reporting & Analysis

Meeting Date: December 4, 2023

### **Recommendations**

1. That the report entitled 2024 Fees and Charges Overarching Report dated December 4, 2023, be received; and,
2. That the attached Fees and Charges Schedules “A”, “B”, “C”, “D”, “E”, “F”, “G”, “H”, “I”, “J”, “K”, marked as Recreation Culture Services, Corporate Services, Public Works and Parks, Engineering Services, Legislative Services – General Fees and Licensing, Fire Services, Planning, General Fees, Building Permit, and Planning Processing Fees be approved and adopted by by-law; and,
3. That the fee adjustments come into full force and effect as of January 1, 2024; and,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

### **Executive Summary**

See below.

### **Purpose**

The purpose of this report is to provide an overview of the 2024 Fees and Charges. Per [Report 2022-61](#), the Treasurer has the Delegated Authority to approve the increase to fees and charges on revenue sources up to the lesser of the rate of inflation or 2.5%. For the 2024 Budget, in order to achieve the Target Tax Levy of 2.99%, Staff has proposed the 2024 User Fees and Charges be increased on an average by 3.4% ([Report 2023-77](#)).

## Background

Fees and Charges fall under three categories: Ancillary Revenue, Rate Revenue, and Major Revenue.

Ancillary Revenues are the fees and charges in the tax-supported budget. These revenues cover disbursements as well as staff time for specific services in Fire Services, Public Works and Parks, Corporate Services, Planning, Engineering, Legislative Services-General fees, and all other General Fees. They recover a portion of costs as defined by the Service Pricing Policy.

Rate Revenues are increases in the rate-supported budgets, which are projected through multi-year plans. They include Water, Wastewater, Stormwater, and Building Permit fees are also included in this category. These services are provided for the benefit of specific interested users and as such are categorized as private goods and have a cost recovery target level of 100% to recover the full cost of providing the services by a municipality.

Major Revenues are the fees and charges that recover costs in the tax-supported budget and have a significant impact on residents but exclude property taxes. This affects mainly Licensing, and Recreation & Culture.

Delegated Authority is the prescribed rate of inflation, defined to be the lessor of 2.5% and the target rate established by Council as part of their budget direction. The target rate will be the annual increase in the Consumer Price Index (CPI) for Toronto at the end of March but will be subject to Council review and approval. There is one exception to this restriction; for low dollar fees that for practical reasons are best subject to increases every few years and not annually. For such items, the increase would be limited not by the prescribed rate of inflation, but by the accumulated inflation since the last rate adjustment.

## Discussion

The 2024 Budget increase for Fees and Charges is set at 3.4%. Typically, the increase represents the Toronto Consumer Price Index (CPI) at the beginning of the budget process. The current forecasted CPI for 2024 is 2.4%. The proposed increase for 2024 is above the Treasurer's delegated authority and above the forecasted CPI rate since user fees and charges were waived by Council in 2020 and 2021 during the pandemic years. The proposed higher-than-CPI and Treasurer's Delegated Authority increase in 2024 is a way to catch up with recent years' inflationary increases and move towards bringing the full cost of a service in a better balance between the tax base and the service users.

Per [Report 2022-30](#), Delegated Authority was granted to increase Water, Wastewater, and Stormwater rates as identified in the respective financial plans. The rate schedules are attached to this report as Schedule "L", and "M" - 2024 Water and Wastewater Rates, and Stormwater Rates, respectively.

The Development Applications Approval Process (DAAP) review is currently underway. The review impacts fees for Planning, Engineering, and Building. Based on the results, proposed changes will be presented to council as applicable.

The following is a summary of the recommended fees and charges increases for 2024 by revenue category:

### **Ancillary Revenue**

- **Corporate Services – Financial Services, Information Technology, Procurement, and Legal (Schedule B)** – All fees are proposed to increase by 3.4%.
- **Public Works and Parks Fees (Schedule C)** - Most fees are suggested to increase by the target rate of 3.4%, however, there are a few increases outside the suggested threshold and the addition of a few new fees. These changes are due to a combination of increases to recover staff costs, and alignment with other municipalities in York Region. The changes outside the suggested increase of 3.4% are highlighted on the attached schedule.
- **Engineering Fees (Schedule D)** - All fees are proposed to increase by 3.4%.
- **Legislative Services – General Fees (Schedule E)** – All fees are proposed to increase by 3.4%.
- **Fire Services (Schedule F)** – Most fees are proposed to increase by 3.4%.  
Note: Fee increases for all vehicle-accident or fire-related fire department services that occur on provincial highways are regulated and communicated by the Ministry of Transportation. New rate increases will be communicated at the end of November 2023 and the schedule will be updated accordingly.
- **Planning Act Fees (Schedule G and Schedule K)** – All fees are proposed to increase by 3.4%.
- **All Department Reproduction - General Fees (Schedule H)** – All fees are proposed to increase by 3.4%.

### **Rate Revenue**

- **Building Permit Fees and Charges (Schedule J)** – The majority of the Building Division fees are attributable to values calculated per square metre of a building and are suggested to increase by 3.4%. Set flat fees and specialty fees have been found to be lower than the effort to provide these services and are therefore being increased to cover these costs. The changes outside the suggested increase of 3.4% are highlighted on the attached schedule.

## **Major Revenue**

- **Legislative Services - Licensing Fees (Schedule I)** - All fees are proposed to increase by 3.4%.
- **Recreation & Culture Fees (Schedule A)** - The Recreation & Culture rates and fees encompass a large variety of services including admissions for drop-in programs, programs that require registration, tickets, facility permits and rentals, memberships, and various service fees. Given the wide variety of services offered and the various methods of charging for those services, there is a vast difference in total and type of pricing for hundreds of programs and services offered.

All rates and fees are carefully considered and have been tested against municipal and private competitors. Further, strategically, the rates and fees have been considered from a pricing elasticity perspective – rates and fees are being optimized to the point where volumes of use are not impacted by price. If prices are increased without consideration for what people can afford to pay, volumes of participation will decrease and will negate revenue gains obtained by increases to the rates and fees.

Some rates and fees will not be increased at all – in those situations, it has been determined that any fee increase would likely result in decreased volumes.

Other fees are increasing beyond the suggested rate of 3.4% - this is largely due to the low price point of a service. For example, a drop-in service that is priced at \$3.00 but is increased to \$3.25 represents an 8.3% increase though the actual dollar amount of the increase is minimal.

Other fee increases beyond the 3.4% increase represent an opportunity where the fee increases can occur without affecting the volume of participation. As discussed in the background section of the report, this is in compliance with the Delegated Authority.

Overall, the combination of rates and fees presented for Recreation and Culture represents an average increase at the inflationary point of 3.4%. The changes outside the suggested increase of 3.4% are highlighted on the attached schedule.

## **Conclusion**

Unless otherwise stated, all changes will be effective January 1, 2024.

## **Business Plan and Strategic Plan Linkages**

The adoption of the 2024 Fees and Charges is in alignment with Council's strategic priority of long-term financial sustainability.

## **Consultation**

An Advertisement on the Town of Newmarket's website will be provided in accordance with the Town's Procedure By-law and distribution of the Committee of the Whole agenda.

## **Human Resource Considerations**

Not applicable to this report.

## **Budget Impact**

Fees and charges have been factored into the upcoming 2024 budget proposals. Further information on this will be available as part of the budget process.

The individual reports will recommend fees and charges that should allow them to achieve their cost recovery targets.

## **Attachments**

2024 Schedule A - Recreation and Culture Services Fees and Charges

2024 Schedule B – Corporate Services Fees and Charges

2024 Schedule C – Public Works and Parks Fees and Charges

2024 Schedule D – Engineering Services Fees and Charges

2024 Schedule E – Legislative Services General Fees and Charges

2024 Schedule F – Fire Services User Fees

2024 Schedule G – Planning Act Fees and Charges

2024 Schedule H – General Fees and Charges

2024 Schedule I - Legislative Services - Licensing Fees

2024 Schedule J - Building Permit Fees and Charges

2024 Schedule K - Planning Processing Fees and Charges

2024 Schedule L - 2024 Water and Wastewater Rates

2024 Schedule M - 2024 Stormwater Rates

## **Approval**

Mike Mayes, CPA, CGA, DPA  
Director, Financial Services/Treasurer

Esther Armchuk, LL.B  
Commissioner of Corporate Services

## **Contact**

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