

Type: Open Session

Report To: Finance Standing Committee

Meeting Date: October 24, 2024

Subject: FIN-24-32 2025 User Fees and Charges Update

Recommendation(s)

1. That report FIN-24-32, 2025 User Fees and Charges update, October 24, 2024, be received;
2. That the recommended 2025 Draft User Fees and Charges be approved as outlined in Appendices B through P; and
3. That staff be directed to prepare the necessary By-law and schedules to update User Fees effective January 1, 2025.

Executive Summary

The 2023 Operating Budget included a project under the Finance Department to retain the services of a consulting firm to perform a comprehensive user fee review of the Town's existing fees. The Government Finance Officers Association (GFOA) recommends that municipalities conduct a comprehensive review every 5 years. At the time of the proposed project, it was estimated that a comprehensive review had not taken place for more than 10 years.

In compliance with the Town's Procurement Policy, a Request for Proposal (RFP) for this project was issued and closed in late 2023. The contract was awarded to StrategyCorp Inc. Work has been completed on this project and staff have prepared revised schedules for Consolidated Fees and Charges to be effective January 1, 2025, subject to the approval of Council and passage of the appropriate by-law.

A copy of the findings and recommendations prepared by Strategy Corp is attached to this report as Appendix A. This report seeks to obtain Council approval for the updated 2025 User Fees and Charges update, effective January 1, 2025 as per Appendices B through P. Appendix references relate to the existing Schedule references in the User Fees by-law. As a result, Appendices M and N have intentionally been omitted from this report since those schedules relate to Recreation Programming and Recreation Facility Rentals which form part of the Community Services User Fee review now in progress.

Library User Fees (Appendix O) have not changed since those rates are subject to Library Board approval.

A summary of fee changes (Appendix Q) is also included for quick reference to identify changes made outside of indexing.

Project Scope

Through the RFP processes, the Town retained an external consulting firm to conduct a comprehensive review of the Town's existing User Fee structure. The scope of the project included:

- Ensuring that fees were consistent with the cost of providing services.
- Identification of additional fees or revenue opportunities not currently implemented.
- Benchmarking of fees charged to those of neighbouring and similar sized municipalities.
- Review of regulatory requirements to ensure compliance with any applicable legislation.
- Identification of redundant fees or any duplication of cost recovery.
- Provision of methodology to conduct fee updates and assign value to new fees.
- Preparation of a final report to present findings in conjunction with the presentation of a User-Fee By-Law for updated fees.

Activities of the Municipality, which were subject to review included:

- Animal Control
- Building Services
- By-law Enforcement
- Cemeteries
- Clerks
- Finance
- Fire Services and the Grimsby Regional Training Centre (GRTC)
- Planning and Development
- Committee of Adjustment
- Public Works
- Library Services

Area's excluded from this review were Water and Wastewater consumption charges as well as Community Services Fees. The Community Services department is undertaking

a comprehensive review of Recreation, Facility Rental and Programming fees which will be updated separately at the conclusion of their study.

Analysis/Comments

The review process was initiated in late 2023 and involved significant input and contribution from staff across the reviewed areas. Data was collected, analyzed and presented to team members for their input and consideration.

Decisions about user fees and charges are carefully considered by Municipalities, taking into consideration numerous factors, with the overarching principle that those who benefit from a service that doesn't apply to all members of the public should contribute to or be responsible for the cost of receiving services. These calculations are critical in keeping levy impacts to a minimum so as not to overburden the taxpayer. Additional considerations include market conditions and inflationary increases, demand for services, Council initiatives and priorities, capacity of the user to pay and applicable legislative constraints.

Following the conclusion of the work completed by StrategyCorp, Finance staff collaborated with all of the impacted Departments to update the 2025 Consolidated User Fees and Charges schedules for January 1, 2025 implementation. In some instances, adjustments were made to phase in changes to mitigate significant increases. All fees and charges subject to this review had not been indexed for 2024, therefore 2025 schedules reflect total indexing of approximately 5.4%, which includes 3.4% for 2024 and 2% for 2025. Some variation applies for rounding to facilitate cash handling. Revised rates are noted in the Consolidated User Fees and Charges Schedules attached as Appendices B through P. A summary of fee changes (Appendix Q) is also included for quick reference to identify changes made outside of indexing.

Financial Impact

Revenue implications arising from the revised fees will be factored into the 2025 budget. A summary of the recommendations and financial impacts is included in Appendix A starting on page 11. Below are some highlights along with the associated reference code from the consultants' report:

Finance – The Tax Sale administration fee is being converted from one large fee payable near the end of the process to four smaller fees payable at different stages along the way (R1). This change better reflects costs associated with staff time and ensures cost recovery for services performed. Changes also include the introduction of

new fees for tax sale extensions and payment plans as well as increases in non-sufficient funds fees (R2).

By-law Enforcement – Increase in fees for orders, non-compliance inspection fees, and return inspection fees to boost cost recovery rates (R6).

Grimsby Regional Training Centre – Reduction in the rate for the use of training facilities to enhance competitiveness with other area training facilities to attempt to increase usage and overall revenues (R14).

Planning– Provisions are included in the fee schedule to enable us to recover 100% of legal & professional services associated with costs of reviewing planning applications (R24).

Public Works - Provisions are included in the fee schedule to enable us to recover 100% of actual costs for 3rd party preparation or review of special engineering studies (R29). Increased fees for water on/off charges and water meter supply and installation costs (R35). A new fee for sewer lateral investigations with a differentiation for after hours, weekend, and holiday rates (R37).

In addition to any fee adjustments or new fee recommendations, StrategyCorp provided additional suggestions for future consideration pertaining to fee structures and methodologies. These suggestions for future consideration are also captured in Appendix Q.

Conclusion

The User Fees and Charges Review has provided the Town with a good basis to support fees and charges and provides methodology considerations for future fee decisions. Staff recommend the approval of the updated User Fees as outlined in Appendices B through P.

Next Steps

Upon approval by the Finance Committee, this report and appendices will be presented to Council on November 4, 2024. Pending their consideration and approval, a by-law will be prepared for consideration at Council on November 18, 2024. Approved fees will take effect on January 1, 2025.

Strategic Priorities

Priority: Collective Prosperity

Direction: Focus on affordability and financial sustainability for the municipality

Action: Continue to enhance financial transparency

Public Input

Notice will be provided to the public by way of the Town website and via our Communications specialist. This report will be followed by the appropriate by-law and updated schedules to be approved by Council prior to January 1, 2025.

Respectfully prepared by,



Lisa Martin
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Respectfully submitted by,



Tony Del Monaco
Director of Finance/Treasurer

Respectfully approved by,



Sarah Kim
Chief Administration Officer

Attachments

- **Appendix A** – Consultant Final Report
- **Appendix B** – 2025 Animal Control User Fees
- **Appendix C** – 2025 Building User Fees
- **Appendix D** – 2025 By-Law Enforcement User Fees
- **Appendix E** – 2025 Cemeteries User Fees
- **Appendix F** – 2025 Clerks User Fees

- **Appendix G** – 2025 Committee of Adjustment User Fees
- **Appendix H** – 2025 Finance User Fees
- **Appendix I** – 2025 Fire Services User Fees
- **Appendix J** – 2025 Grimsby Regional Training Centre User Fees
- **Appendix K** – 2025 Planning User Fees
- **Appendix L** – 2025 Public Works User Fees
- **Appendix M** – (Intentionally omitted)
- **Appendix N** – (Intentionally omitted)
- **Appendix O** – 2025 Library User Fees
- **Appendix P** – 2025 Water User Fees
- **Appendix Q** – Summary of Changes