



Town of Grimsby – Fees and Charges Review

Final Report

September 2024

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1. Executive Summary

Project Context and Objectives

Project Context & Objectives

This project is timely for the Town of Grimsby as it anticipates significant future growth and the associated rising costs of delivering services across various areas.

- In 2023, the Town of Grimsby engaged StrategyCorp to conduct a comprehensive Municipal Services Fees and Charges Review. Grimsby is a high growth community and significant time has passed since the Town last comprehensively assessed its fee structure (10+ years), emphasizing the need for a thorough reevaluation.
- The purpose of this review is to examine the Town's existing fees in key service areas against established principles and identify any adjustments required to ensure fees better capture the costs of delivering services and are in line with comparator municipalities, including those in the Niagara Region. This can help ensure that the fees are fair, transparent, and in line with the Town's goals and priorities. Objectives for this project include:



Completing a 360° analysis of the Town's fees and charges for 12 different in-scope service areas through background research and stakeholder engagement to understand the current state, expectations, and potential areas of improvement (e.g., adjustments, new fees/charges, etc.).



Leveraging best practices research and comparator benchmarking to assess and optimize the Town's fee structures, ensuring they continue to be both competitive and in alignment with industry standards.



Identifying opportunities to ensure that the Town's fees are characterized by efficiency, effectiveness, defensibility, and align with a cost recovery basis (where appropriate), thereby providing a financially sustainable framework that can be leveraged by the Town for years to come.

Overview of Project Methodology and Approach

This Fees and Charges Review employed a structured approach to assess the cost of service delivery and levels of cost recovery under the Town's current user fee schedules, and to evaluate the appropriateness and effectiveness of those fees in the context of comparator municipalities and different user fee principles.

Key Methodological Elements



Evaluating Cost Drivers: Assessing the cost of service delivery involves considering direct, indirect, and relevant capital replacement costs. Direct costs, mainly driven by staff time dedicated to providing services linked to various fees and charges (i.e., activity-based costing), are typically evaluated to determine cost recovery rates. However, to develop a more accurate picture of cost recovery rates, it is essential to also consider other costs that may not be directly associated with providing the service, such as administrative cross-departmental support and other capital asset management costs. For further information on the fees and charges review costing model, please refer to pages 22-23.



Benchmarking Against Comparator Municipalities: In this review, a thorough examination of user fees across various municipalities was also conducted. This benchmarking exercise included a two-level analysis, where the Town of Grimsby was compared to two groups of municipalities: one representing other municipalities with similar populations / growth profiles, and another comprising nearby municipalities, including some in the Niagara Region. This analysis aimed to understand different user fee rates and practices among comparable municipalities, providing a reference point for Grimsby to evaluate and adjust its fee structures where they significantly deviate from the benchmark averages. Further information regarding the municipal benchmarking analysis is available on pages 24-25.



User Fee Policy Framework: A user fee policy framework delineates the principles and guidelines governing the establishment and management of user fees within a municipality, encompassing various elements such as fee-setting methodologies as well as cost recovery considerations and objectives. This review primarily relies on the use of the Public Benefit Pyramid methodology, which is a structured approach that helps to evaluate, categorize, and prioritize fees and charges imposed by a municipality. It is often used to ensure transparency, fairness, and efficiency in fee structures and their associated policies. The User Fee Policy Framework approach is outlined on pages 26-28.

By integrating these methodological elements, the Town can thoroughly assess different cost recovery levels and update existing fees or assign value to new fees accordingly, now and into the future. A template to guide the undertaking of this process is outlined on pages 37-38.

Key Findings by Service Area (1/4)

Through the municipal fees and charges review, the following high-level service area findings have been identified with respect to current fee setting and cost recovery:

Service Area	High-Level Findings
Animal Control	<ul style="list-style-type: none"> • Since 2019, Animal Control has consistently been improving its service area cost recovery level, reaching 49% in 2023. • Based on very limited data, Grimsby is recovering costs at a slightly higher rate than comparators, possibly due to the Town's strategy of outsourcing all animal control services to the Humane Society of Greater Niagara, which possesses specialized expertise and experience in serving Grimsby residents and their pets.
Library Services	<ul style="list-style-type: none"> • Library Services demonstrates a high level of effectiveness in recovering the costs associated with providing services outlined in their fee schedule – this is primarily driven by robust revenues from photocopying fees, book sales, lost/paid items fees, donations, and Authors' Series event ticket fees, which consistently exceed associated costs.
Finance	<ul style="list-style-type: none"> • Finance is effectively recouping the costs associated with conducting fee-related activities at a notably high rate, supported by timely and efficient processes, as demonstrated by Finance's high cost recovery rates for new tax account setups, providing tax account history / tax bill reprints, and issuing tax certificates, among others. • Finance staff pinpointed cases where their time allocated to fee-related activities is either inadequately recovered, as in the tax sale process, or where no fee currently exists, resulting in no recoupment of staff time costs (i.e., sending out arrears notices, preparing letters for income tax or other purposes, and managing non-Canadian funds).
Clerks	<ul style="list-style-type: none"> • Clerks exhibits a balanced and fair cost recovery rate for fee-related activities, aligning with the community benefits generated by their services, including commissioner services for affidavits, processing Freedom of Information requests, and administering marriage solemnizations, among others. • Clerks is recouping more than 100% of the costs associated with commissioning various documents and performing civil marriage ceremonies, while under-recovering for death registration services.
By-law Enforcement	<ul style="list-style-type: none"> • By-law Enforcement consistently recoups a significant proportion of the operating costs related to administering Schedule D, averaging over 80% from 2021 to 2023. • Some fees (i.e., orders, non-compliance / return inspections, and MTO searches) can be adjusted to achieve higher cost recovery.

Key Findings by Service Area (2/4)

Service Area	High-Level Findings
Fire Services	<ul style="list-style-type: none"> Grimsby Fire Department's (GFD) hourly incident response rate (per apparatus) achieves balanced recovery, but overlooks complexities such as instances where the Town is only partially compensated or not compensated at all for incident response, including cases where GFD is not the first responder on the QEW, discrepancies in MTO reimbursements, and situations where GFD is preempted by other emergency services. Like incident response, Grimsby is achieving balanced cost recovery for inspection services – yet, there are some instances where the Department is not compensated for its services (e.g., installing or replacing smoke alarms for older adult community members). Due to limited administrative staff capacity, invoices for services rendered may not be promptly sent to the MTO or other community members and businesses, leading to revenue loss annually. Grimsby's incident response rate for non-QEW incidents exceeds the 2024 MTO rate by approximately \$272, raising concerns among GFD staff about community perceptions regarding the rationale behind the higher charge.
Grimsby Regional Training Centre (GRTC)	<ul style="list-style-type: none"> The GRTC – with its state-of-the-art facilities and capabilities – faces substantial operational and capital expenses, with its training tower only recovering 32% of costs through full-day rentals. Revenue from GRTC facility rentals and hosting Ontario Fire College courses dropped by 45% from 2021 to 2023, attributed to fewer Fire Departments renting the training tower and decreased enrollment in NFPA and Ontario Fire Code courses, possibly due to new RTCs in the Greater Toronto Area offering lower rates. Among five surveyed municipal Regional Training Centres in Ontario, only Richmond Hill and Oshawa offer preferred rates for Regional Fire Department partners, with discounts ranging from 15%-33%.
Cemeteries	<ul style="list-style-type: none"> Cemeteries exhibits a high-cost recovery rate for existing fee-related services, attributed to factors such as higher fees overall vis-à-vis the comparator group and additional revenue gained from non-resident fees. Staff identified several instances where they dedicate time to completing tasks for community members without any corresponding fee to cover the associated costs – specific examples include conducting ancestral searches, duplicating Rights Holder Certificates, and completing permission forms or commissioning documents. In the Niagara Region, many municipalities, including St. Catharines, Fort Erie, Niagara-on-the-Lake, Welland, and Thorold, differentiate between resident and non-resident fees for most services (including internments), possibly to prevent resident taxpayers from subsidizing cemetery services for non-residents. Meanwhile, municipalities like Pelham, and West Lincoln only differentiate for plot sales. Niagara Falls and Port Colborne do not differentiate between resident and non-resident fees for cemetery services.

Key Findings by Service Area (3/4)

Service Area	High-Level Findings
Planning and Development / Committee of Adjustment	<ul style="list-style-type: none"> The Development Application Approval Process (DAAP) has consistently achieved a Level 4 (Considerable Individual Benefit) cost recovery rate^[1] between 2019 and 2023. During this period, DAAP's operating + capital cost recovery rate has shown an upward trend, rising from 61% in 2019 to 81% in 2023. Some planning applications, like Official Plan / Zoning By-Law amendments, achieve nearly full cost recovery, while others, such as Draft Plan of Condominium (70%) and Type 2 and 3 Site Plan applications (71% and 30% respectively), have lower rates. Additionally, all Committee of Adjustment applications currently have cost recovery levels between 50%-55%. Based on the low cost recovery rates observed for specific application types (i.e., Type 3 Site Plan, as well as Minor Variance / Consent applications), there is an opportunity for the Town to adjust these fees upwards. This adjustment would aim to achieve higher cost recovery rates seen in other application categories and to better align with direct comparators such as the Town of Lincoln. Among the comparator group, most surveyed municipalities – who have similar development patterns to Grimsby – have introduced new DAAP fee structures in recent years whereas they charge a base fee across one or more different application types (i.e., Official Plan / Zoning By-law Amendments, Plans of Subdivision / Condominium, and Site Plans), in addition to a variable per unit fee that decreases through different ranges of the number of units, reflecting a tiered pricing structure based on development scale. Further analysis is needed to determine if similar fee structures would suit Grimsby's unique growth patterns and the increasing complexity of future planning applications. Potential new DAAP fees were also identified, including instituting a special application fee for extending a settlement area boundary (in response to Bill 185), as well as a provision to enable the municipality to fully recover 100% of all legal services costs associated with the legal review of planning applications. The Town may also consider implementing new fees for applicants seeking to undertake alterations to properties designated under the <i>Ontario Heritage Act</i> (i.e., Heritage Permit)
Building Services	<ul style="list-style-type: none"> Although Building Services has maintained an average operating cost recovery rate of over 82% from 2019 to 2023, it has fluctuated significantly year-over-year during that time (i.e., 40% and 42% in 2023 and 2021, and 179% and 119% in 2019 and 2022). Revenue from building permits has fluctuated significantly year-over-year since 2019 – as building permit revenue typically constitutes over 80% of total user fee revenue, these fluctuations impact the service area's cost recovery rate significantly. Building Services fees remain competitive when compared to similar municipalities, being either slightly above, below, or on par with them across Schedule C.

Key Findings by Service Area (4/4)

Service Area	High-Level Findings
<p>Public Works / Water</p>	<ul style="list-style-type: none"> • In 2023, Engineering costs for the Development Application Approval Process (DAAP) were fully recovered, with total annual costs for Engineering staff amounting to approximately \$215K, while the Department received over \$341K in DAAP Overhead Recovery revenue. However, this one-year analysis has limitations, as many developments span several years and additional Engineering Development costs for post-development tasks (e.g., construction inspections, letter of credit reviews, and deficiency walkthroughs) were not included due to significant variation across different development projects. • Public Works faces challenges in collecting Engineering administration fees, as these are typically collected at the time of development agreement registration, leading to potential losses when projects are not subsequently registered or sold. Additionally, Public Works incurs substantial expenses for third-party peer reviews and studies related to the development process, but lacks provisions in its fee schedule to fully recover these costs, unlike other comparator municipalities. • Administrative water fees demonstrate effective cost recovery, with approximately 90% of the costs for creating or modifying water accounts and about 86% of costs for transferring overdue accounts to the tax roll being offset by these fees. • While Pool Bond Release and Outdoor Patio permit fees achieve high rates of cost recovery (82% and 77% respectively), Entrance, Site Alteration, Lot Grading Review and Inspection, and Site Servicing permit fees fall short, with cost recovery rates ranging from 30% to 57%. • Grimsby struggles with low cost recovery rates for private water services, recouping only 47% of the costs associated with water meter supply and installation fees and 32% for water off/on charges. • Public Works staff have identified the need for a new fee for conducting Sewer Lateral Investigations. The Town is currently losing significant revenue in cases where defects are identified on the private portion of a resident's property line.

Key Considerations for Evaluating Recommendations

The following key factors should be taken into account when evaluating all recommendations within this report:

- 1 Council Consideration and Approval:** All recommendations are subject to Council consideration and approval, ensuring alignment with Council's cost recovery goals and other policy priorities for the Town and its community members.
- 2 Revenue Impacts:** It is important to note that some fee recommendations are estimated to generate additional revenue, while others are projected to reduce revenue; any negative revenue impacts should be appropriately addressed through the annual budget process.
- 3 Revenue Generation and Fee Defensibility:** A key objective of this review was to identify new revenue opportunities while ensuring that all fees are justifiable. This includes validating the fairness and transparency of fee structures to support their defensibility and acceptance by stakeholders.
- 4 Targeted Fee Adjustments:** Given the Town's achievement of effective cost recovery levels across many in-scope service areas, this review focused on recommending upward adjustments to fees only where fee-related services were found to be significantly under-recovering costs or where fees were significantly lower than comparators.
- 5 Holistic Fee Evaluation:** In addition to assessing fees through cost recovery and benchmarking lenses, it is also essential to evaluate recommendations through other important fee-setting principles such as transparency, fairness, and efficiency in fee structures.
- 6 Cost Recovery Levels:** While full cost recovery may not always be the primary goal in setting fees nor does this report provide recommendations to that effect, this report sets out the fee levels necessary for 100% cost recovery for all computed fee-related services for Council and staff's information.

Summary of Recommendations (1/5)

The table below provides an overview of the 37 recommendations presented across the 12 in-scope services. While most pertain to adjustments to current fees and the introduction of new fees, some involve the elimination of unnecessary fees, policy revisions, and human resourcing considerations. It is estimated that these proposed recommendations, if implemented, would generate an additional \$194,612 in revenue annually.^[1]

Recommendation		Estimated Service Area Revenue Gain / (Loss)
Finance		
R1	Subdivide the current Tax Sale Administration fee of \$515 into four separate fees. This restructuring, while retaining the total fee amount, will enable a more precise capture of staff time spent on different stage gates before and after the tax sale registration process.	\$66,902
R2	Introduce new fees for specific services, including sending arrears notices, creating different tax sale agreements, preparing letters for income tax or other purposes, and transferring non-Canadian funds – doing so will ensure fair cost recovery for these services.	
R3	Increase fees for high-volume services that currently recover costs below 100% (i.e., returned cheque fees, printed tax account histories / bill reprints, ownership and mailing address changes, and mortgage electronic listings).	
Clerks		
R4	Gradually increase fees for death registrations and liquor license/special events registration to better align with municipal comparators, while increasing the routine disclosure fee immediately.	\$4,669
R5	Implement new fees for marriage solemnization cancellations and witness provision (i.e., Town staff member) during ceremonies to align with best practices.	

Please Note Additional information related to recommendations – including specific fee adjustments / additions and their corresponding cost recovery levels – can be found in **Section Two: Service Area Profiles and Recommendations**.

Summary of Recommendations (2/5)

Recommendation		Estimated Service Area Revenue Gain / (Loss)
By-law Enforcement		
R6	Slightly increase fees for orders, non-compliance / return inspections, and MTO searches to boost cost recovery rates and bring them more in line with the service area benchmark.	\$29,440
R7	Remove all non-parking administrative penalties from Schedule D (e.g., noise, nuisance, signs, etc.) as each of these penalties is governed by its own specific municipal By-law or regulation, which outlines the appropriate enforcement procedures and penalties for non-compliance.	
Fire Services		
R8	Explore the feasibility of aligning the Town's current non-QEW incident response rate with the 2024 MTO rate – including evaluating potential revenue impacts – to enhance the defensibility of the Town's incident response fees and bring Grimsby in line with certain comparator municipalities.	\$1,739 ^[1]
R9	Increase GFD's hourly inspection rate to align more with the comparator group.	
R10	Remove fees for services currently not provided by GFD (e.g., certain compliance inspections).	
R11	Merge fee groups currently charged at the same rate (e.g., residential and commercial fire prevention inspections).	
R12	Prepare a business case to explore the addition of a new staff resource to provide additional administrative support for incident response and inspection invoicing.	
R13	Explore the use of a third-party service to strengthen GFD's ability to recover eligible costs incurred by GFD during incident callouts.	
Grimsby Regional Training Centre (GRTC)		
R14	Consider reducing the GRTC's training tower rate given the declining demand from Municipal Fire Departments and to enhance competitiveness with RTCs like Richmond Hill and Oshawa.	(\$7,319) ^[2]
R15	Introduce a new fee for community groups or organizations to utilize the GRTC's classroom spaces, aiming to generate additional revenue.	
R16	Introduce new fees for equipment rentals (i.e., Rescue Randy and portable radios) to cover the depreciation costs associated with their use.	

Summary of Recommendations (3/5)

Recommendation		Estimated Service Area Revenue Gain / (Loss)
Cemeteries		
R17	Consider introducing a uniform rate for interment services to reflect equal costs for all, while maintaining premium rates for plot and other sales to prevent residents from subsidizing non-residents.	(\$2,951) ^[1]
R18	Introduce new fees for specific services (e.g., ancestral searches, duplicating Rights Holder Certificates, completing permission forms or commissioning documents, and installing memorial trees and benches) to recover costs in cases where either staff currently perform the service free of charge or to generate revenue for services that the Town could but does not currently provide.	
Planning and Development / Committee of Adjustment		
R19	Restore the Site Plan (Type 3) application fee to its 2022 level to ensure cost recovery is consistent with other application fees.	\$12,319
R20	Increase fees for Minor Variance / Consent applications to better match those of the Town of Lincoln.	
R21	Alongside Council, examine the feasibility of adopting new fee structures recently implemented by comparator municipalities (e.g., base fee plus variable fee for residential development) in light of Grimsby's unique growth and development patterns, as well as the increasing complexity and scale of planning applications anticipated over the next several years.	
R22	In response to Bill 185, introduce a special application fee for extending a settlement area boundary to recover the significant staff costs associated with processing such applications, should this type of application be submitted in Grimsby.	
R23	Consider implementing new fees for applicants seeking to undertake alterations to properties designated under the <i>Ontario Heritage Act</i> (i.e., Heritage Permit). Special consideration should be given to the fact that neighbouring municipalities (i.e., Lincoln and Hamilton) currently do not impose fees for Heritage Permits.	

Summary of Recommendations (4/5)

Recommendation		Estimated Service Area Revenue Gain / (Loss)
Planning and Development / Committee of Adjustment (Cont'd)		
R24	Establish a new Schedule K provision to enable the municipality to fully recover 100% of all legal / professional services costs associated with the review of planning applications, including but not limited to Draft Plans of Condominium, Subdivision applications, and other Committee of Adjustment applications.	\$30,646
R25	Introduce a provision within Schedule G that permits a waiver or partial subsidy for Committee of Adjustment applications submitted by charitable organizations, contingent upon the intended use or anticipated public benefit of the land utilization.	
R26	Conduct a comprehensive Development Approval Process Review to not only identify recommendations to improve the efficiency and effectiveness of Grimsby's development review process, but to further assess the potential impacts of new Provincial legislation (i.e., Bill 185) on current fee structures as well as identify how comparator municipalities are responding to these legislative changes. ^[1]	
R27	Continue to monitor demand for pre-consultation services, given that Bill 185 has removed pre-consultation meetings as a mandatory requirement and made it available at the applicants' discretion.	
Building Services		
R28	Reassess current allocation levels to mitigate the risk of non-compliance with the <i>Building Code Statute Law Amendment Act, 2022</i> .	N/A
Public Works / Water		
R29	Introduce a new item within Public Works' fee schedule to allow the Town to fully recover the actual costs (including HST) for the third-party preparation or review of special engineering studies.	\$6,782 ^[2]
R30	Implement a provision within Public Works' fee schedule to allow the Town to collect a flat Engineering administration fee upfront at the time of the initial application, with final fees reconciled upon plan registration. This approach will help mitigate the risk of significant financial losses associated with projects that reach the approval stage but are not subsequently registered.	
R31	Increase Schedule L fees for Entrance, Site Alteration, Lot Grading Review and Inspection, and Site Servicing permits to more effectively cover the expenses associated with these services and better align with comparators.	

[1] – Several municipalities have utilized funding from the Ontario government's [Streamline Development Approval Fund](#) to undertake comprehensive Development Approval Process Reviews in response to new legislation (i.e., Bill 109), including [Richmond Hill](#), [Oakville](#), [Markham](#), and the [County of Lanark](#).

[2] – This figure excludes potential revenue from fully recovering costs for third-party engineering studies. Due to the variability of these costs, it is not feasible to provide an accurate annual revenue estimate.

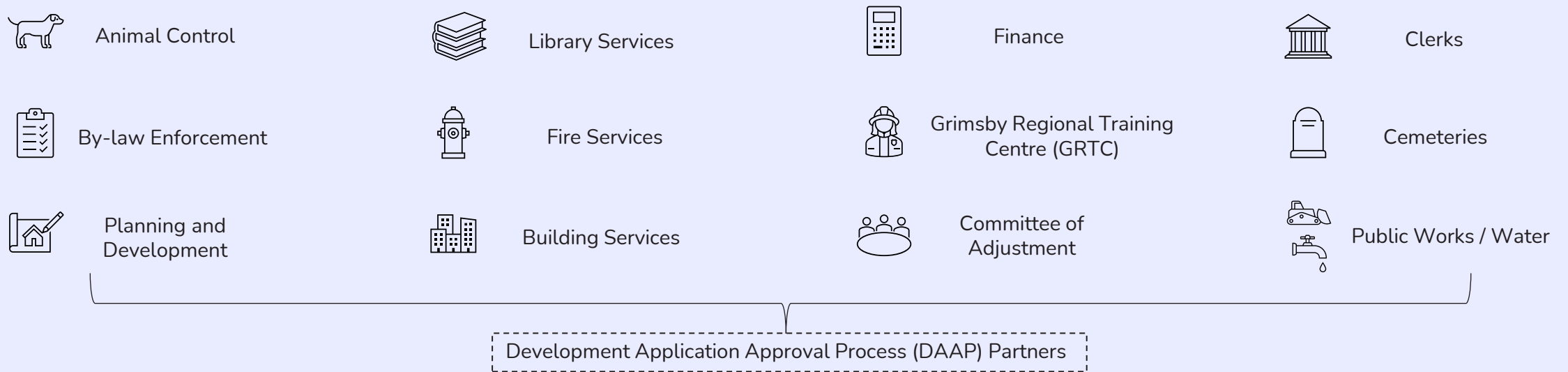
Summary of Recommendations (5/5)

Recommendation		Estimated Service Area Revenue Gain / (Loss)
Public Works / Water (Cont'd)		
R32	Implement new fees to ensure compliance with permit timelines, including potentially a \$75.00 fee for issuing an Order and a \$300.00 non-compliance inspection fee, to address ongoing permit violations and encourage adherence to permit conditions.	\$53,310
R33	Increase fees for high-volume services that currently recover costs below 100% (i.e., new water account set up and collection on overdue account).	
R34	Introduce a new fee for issuing hard copies of water account histories or bill reprints to fairly capture the costs of carrying out this service for community members.	
R35	Increase Schedule P charges for water on/off services and meter supply and installation, to more effectively cover the expenses associated with these services.	
R36	Implement and enforce a consistent policy for charging residents both the on and off water service fees to recover additional costs associated with staff time and equipment being unutilized while ensuring uniformity in charges for all residents.	
R37	Introduce a new fee for conducting sewer lateral investigations for residents to recover costs in cases where Town staff determine that a defect is located on the private portion of the property line.	
Estimated Additional Revenue Gain (Annual)		

2. Project Background and Context

Project Scope

This report assessed 12 distinct service areas that fall within the scope of the Fees and Charges Review:



Note: The Town excluded the following services from this review: development charges, water and wastewater consumption charges and recreation facility rental and programming fees.



This report contains multiple tools to support the Town of Grimsby Council and staff to consider the recommendations contained in the report, as well as a framework to review and assess future revisions to maintain cost recovery targets as established by Council.

The Town's User Fee Process

Municipalities in Ontario have the authority to levy user fees as a way to fund services and infrastructure. These fees, governed by legislation and the Town's By-laws and Policies, allow the Town to charge for services provided by the Town, by other entities on the Town's behalf, or for the use of municipal property.



Legislation and Authority

The Town has the authority to impose user fees based on provincial legislation such as the *Municipal Act, 2001*, the *Development Charges Act, 1997*, and the *Building Code Act, 1992*. Specifically, Section 391 (1) of the *Municipal Act* under Part XII, Fees and Charges, grants the Town broad powers to establish user fees for services provided by or on behalf of the Town, for services provided by other municipalities or local boards, and for the use of Town property, including areas under the Town's control.



By-Laws

The Town's *User Fee By-law 23-24* outlines the types and levels of user fees that are imposed. This by-law is the guiding document for the assessment and collection of fees related to the utilization of Town services and facilities.



Cost Recovery Framework

The Town's *Fees and Charges By-law* and associated policies encompass its current approach to incorporating various operational costs into the pricing of services and programs. User fees play an important role in the Town by providing a revenue stream that supports the maintenance and delivery of essential services and amenities. Simultaneously, the Town must carefully balance these fees with considerations of affordability and ensure that essential services remain accessible to all community members. Each year Grimsby's Finance Department initiates an annual review of the fees with the Town's departments. Generally, fees are increased by inflation reflected on the Consumer Price Index (CPI) on an annual basis to ensure that revenues continue to offset increases in Town costs. In addition, an analysis is performed to determine whether new fees should be added in order to incorporate changes in services provided or legislation.

Project Timeline and Next Steps

The Fees and Charges Review commenced in November 2023 and has progressed through multiple phases, each comprising various activities.

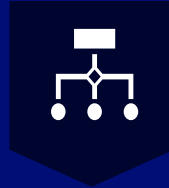


Finalizing the Fees and Charges Report marked the completion of the third phase of work. In Phase 4, a final, condensed version of this report will be presented to Finance Committee as well as Council. Doing so will inform Council as they consider updates to Grimsby's consolidated *Fees and Charges By-law*, including the approval of updated 2025 Fee Schedules for the Town.

Structure of this Report

This report is structured to offer a thorough examination of the municipality's fees and charges landscape. It is divided into sections focusing on:

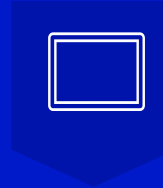
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Methodology and Approach

A detailed overview of the methodological approach used to evaluate the cost effectiveness of service delivery and extent of cost recovery across existing user fee schedules. This includes an analysis of cost drivers (direct, indirect, and capital costs), fee comparisons with similar municipalities for benchmarking purposes, and applying common principles and guidelines to the analysis of cost recovery rates.

2



Service Area Profiles and Recommendations

Comprises separate subsections for each service area, providing a summary of the department's current level of cost recovery from fees, along with comparisons to municipal benchmarks. Key themes related to current fee revenues and recovery levels are also detailed, alongside specific recommendations for adjustments and the introduction of new fees (where necessary).

3. Project Methodology and Approach

Overview of Evaluated Cost Drivers (1/2)

Cost recovery levels for a range of fees were determined through the comprehensive analysis of direct, indirect, and capital costs associated with service delivery.

1. Direct Costs

- An **activity-based costing (A.B.C.) methodology**, as it pertains to municipal service delivery, involves analyzing the specific staff activities and resources required to deliver services associated with various fees.
- Direct costs, also known as **activity-based costs**, include staff salary and benefit expenses directly linked to service delivery (i.e., processing efforts) and other operational expenses which are essential for providing these services (e.g., equipment / vehicle rates, materials, supplies, contracted services, etc.).
- To gather data on staff effort, a structured template (*Figure 1*) was distributed to staff in various service areas. This template facilitated the collection of detailed information on staff time allocation for many different fee-related tasks and activities. This data, combined with salary and benefit rates, helped calculate the cost of staff time for each evaluated activity.
- Non-salary and benefit direct operating costs were sourced from annual budget documents. These costs varied among service areas, reflecting the differing levels of direct expenses associated with each. For example, administrative service areas (such as Clerks) typically incur minimal additional direct costs to conduct fee-related activities, while other areas like Public Works, Cemeteries, and Fire Services require substantial additional direct expenses (such as materials, fuel, and equipment / vehicle maintenance) to deliver services.

Figure 1: Sample Staff Time Allocation Template

Fee or Charge	Position(s) Responsible		Amount of Time Spent on Task Per Position(s) Responsible		Service Volume
	AP Clerk	Manager R&C	AP Clerk	Manager R&C	
POA admin fees added to tax roll	X	X	0.1 hours	0.1 hours	2

Note: Due to their minor or infrequent use, not all fees underwent activity-based costing in this review, with prioritization given to those fees with significant revenue impact and/or frequent utilization by users.

Overview of Evaluated Cost Drivers (2/2)

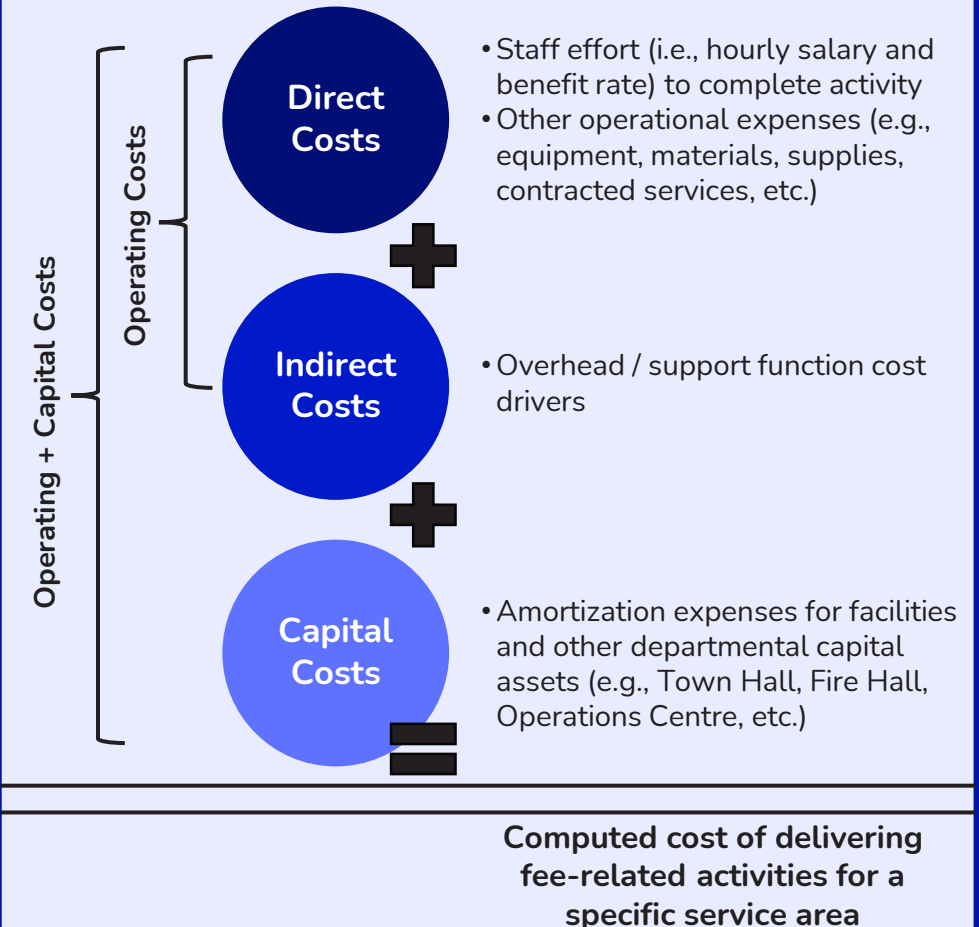
2. Indirect Costs

- Fees and charges reviews typically encompass not only the direct costs of providing service activities, but also the **indirect support costs** that allow direct service business units to perform these functions.
- In the context of a municipal service delivery review, indirect costs often refer to **support and corporate overhead functions** like Human Resources, Finance, Information Technology, Office of the Chief Administrative Officer, among others, whose efforts facilitate the delivery of services being provided by the Town's various direct business units.
- This review employs the use of a standardized rate (i.e., 7% applied to total direct costs), derived from the long-accepted Ontario Ministry of Transportation (MTO) benchmark. This rate was uniformly applied to all service areas as a percentage.

3. Capital Costs

- For the purpose of this review, cost recovery levels also factored in capital costs, which include long-term investments related to significant facilities (such as Town Hall, Fire Hall, and the Grimsby Regional Training Centre) or major asset purchases (e.g., specialized equipment / vehicles, software, photocopiers, etc.). To calculate capital costs, estimated replacement costs were considered, amortized over the estimated useful remaining life of major assets, and then allocated to specific fee-related activities and departments based on their estimated usage.^[1]
- Hourly rates for the use of vital capital assets (e.g., backhoes, pumper trucks, firefighting equipment, etc.) in service areas like Cemeteries, Public Works, and Fire Services were also calculated to ensure more accurate cost recovery for various fee activities.

Figure 2: Methodology for Determining Cost Drivers



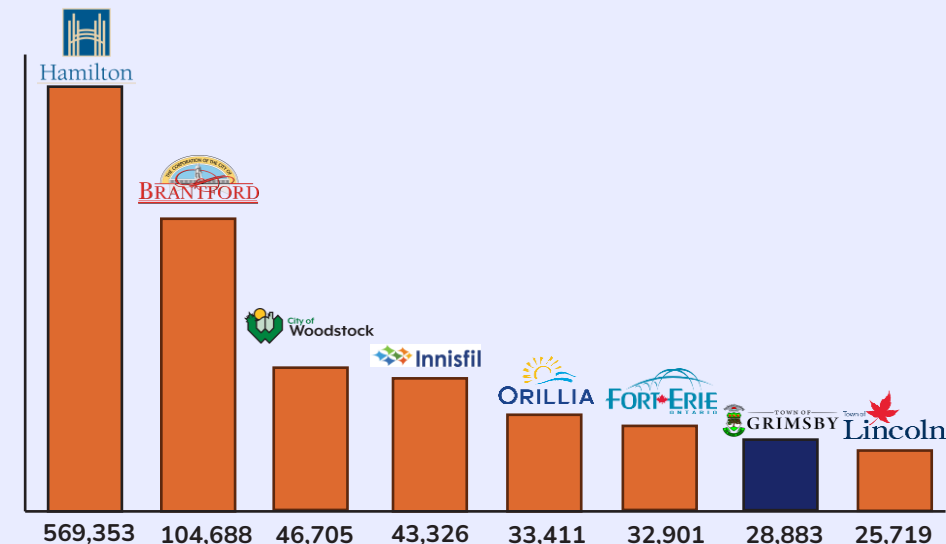
Benchmarking against Comparator Municipalities (1/2)

This analysis involved comparing in-scope schedules against those of other similar municipalities. This process of data collection and analysis offers insights into how the Town “measures up” vis-à-vis appropriate municipal comparators.

Benchmarking Methodology and Selected Comparators

- If a reasonable comparison could not be identified for a fee between the Town of Grimsby and one of the selected comparator municipalities, that specific fee was excluded from the analysis.
- The fees presented in this analysis incorporate HST where applicable, ensuring a consistent basis for comparison.
- In some cases where there were multiple instances of a similar service, an average of the associated fees was employed for the purpose of evaluation.
- The Town of Grimsby was compared to two groups of municipalities: one representing medium-sized municipalities with similar growth patterns and the other representing more regional, direct comparisons for Grimsby:^[1]
 1. **Three medium-sized municipalities** consisting of: Orillia, Woodstock, and Innisfil
 2. **Four proximate municipalities** with close proximity to Grimsby, which include: Lincoln, Fort Erie, Hamilton, and Brantford.

Figure 3: Comparators by Population Size



Please Note

Benchmarking on its own should not be taken as a full assessment of a municipality’s performance. First, no two municipalities are the same – identified differences in fees can be reflective of geographical, policy, and political differences and/or priorities. Second, municipalities must not lose focus of gauging their performance internally; tracking internal metrics enables municipalities to assess year-over-year improvements and progress toward resident and Council priorities.

Benchmarking against Comparator Municipalities (2/2)

Where possible, the overall cost recovery percentages of the 12 in-scope service areas are also compared alongside those of municipal comparators, utilizing Financial Information Return (FIR) and public operating budget documents.

Methodology, Assumptions and Data Limitations

FIR Analysis

- This approach examines data from both 2019 and 2022 to provide a comprehensive evaluation of cost recovery percentages before and after the onset of the COVID-19 pandemic. 2022 data for the post-COVID period is used as it is the most recent, universally available dataset for all comparators.
- Provincial and federal grant revenue is excluded from this analysis to facilitate an unadulterated comparison between the revenue generated from user fees and the total expenses for the service area under consideration.
- Relevant comparative FIR data was available for Planning and Development, Cemeteries, Library Services, and Fire Services.

Operating Budget Analysis

- In certain instances, FIR data for specific fee schedules was either unavailable, the relevant fees were amalgamated with others and could not be isolated, or the data exhibited inconsistencies across municipal comparators. In light of these challenges, an alternative approach was adopted to gauge cost recovery percentages: an examination of municipal operating budgets.
 - However, budget data also raised challenges in terms of the ability to isolate user fees and expenses related to several different municipal charges. In addition, some municipalities do not provide detailed breakdowns of revenues and expenses at the service area level in their public budget documents.
 - For example, in many instances, municipal comparators consolidate animal control fees and expenses with other budget categories, typically encompassing protective services, by-law enforcement, and licensing fees.

Please
Note

Overall cost recovery levels include all user fee revenues and total expenses. **Fee-related levels** specifically focus on the revenues and expenses directly tied to providing the service. Grimsby's overall cost recovery levels were compared with those of other municipalities only for benchmarking purposes. Meanwhile, fee-related rates were used internally to evaluate the Town's effectiveness in covering the costs of fee-based services.

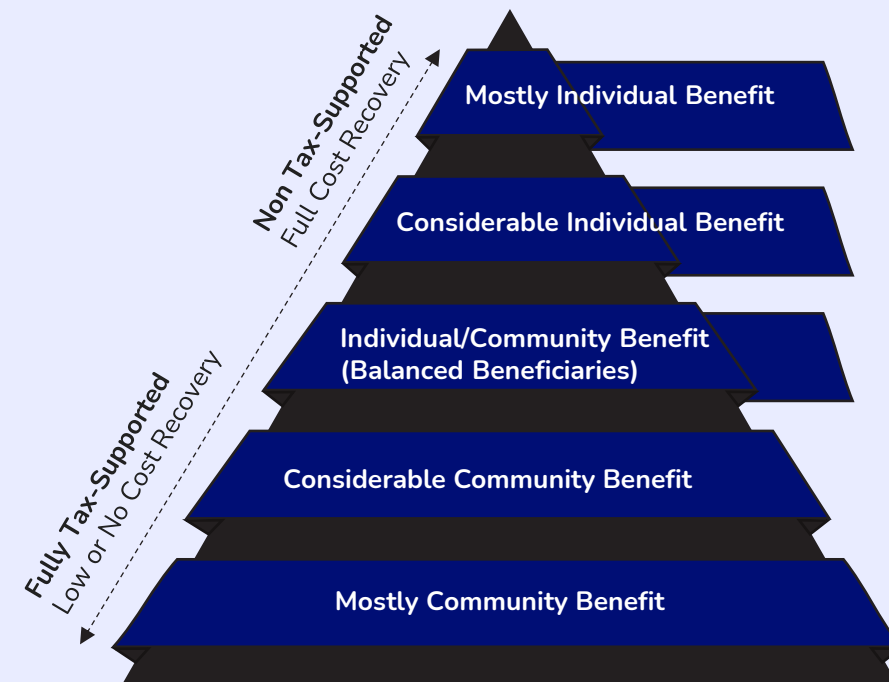
User Fee Policy Framework (1/3)

The Public Benefit Pyramid methodology is a structured approach that helps to evaluate, categorize, and prioritize fees and charges imposed by a municipality. It is often used to ensure transparency, fairness, and efficiency in fee structures and their associated policies.

Overview of Public Benefit Pyramid Methodology

- **Non Tax-Supported:** A non tax-supported good or service is a good or service for which user fee revenues, in an average year, are expected to recover the full costs of delivery. A good or service potentially falls within this category if the benefit from consumption accrues only to the user and a user fee can be charged. Common examples include such services as water and wastewater distribution and solid waste collection.
- **Partially Tax-Supported:** A partially tax-supported good or service is one for which user fee revenues are expected to recover only a portion of the full costs of delivery. The costs not covered through user fees are subsidized through tax revenues. A good or service potentially falls within this category if the benefit from consumption accrues to both the user as well as to society as a whole and a user fee can be charged. Common examples include public transit, as well as culture and recreation services.
- **Fully Tax-Supported:** A fully tax-supported good or service is one for which the full costs are recovered through taxes, therefore no user fees are charged. A good or service potentially falls within this category if the benefit from consumption cannot be easily ascribed to an individual or a user fee is not practical or desirable. Common examples include emergency response services.

Figure 4: Public Benefit Pyramid Methodology



User Fee Policy Framework (2/3)

The table below describes the five levels of community benefit conceived of as layers in the Pyramid, ranging from Level 5, where benefits mostly accrue to individuals and the impact of changes to the service and fees are constrained to individual user groups, to Level 1 (foundational), where service benefits are broadly distributed across the community.

Employing the Public Benefit Pyramid Methodology

Table 1: Proposed Cost Recovery Levels across Pyramid Levels

Levels	Benefit	Proposed Cost Recovery %
Level 5	Mostly Individual Benefit	80% and above
Level 4	Considerable Individual Benefit	60-80%
Level 3	Individual/Community Benefit (Balanced Beneficiaries)	40-60%
Level 2	Considerable Community Benefit	20-40%
Level 1	Mostly Community Benefit	Below 20%

- Theoretically, where the majority of benefits are community-based, higher subsidy levels are warranted as the provision of and access to a service accrues significant social benefits to the community as a whole.
- Conversely, for those services that the benefits mostly accrue to individual users of the service, a higher cost recovery rate is applied.
- Using the Public Benefit Pyramid methodology, the various services offered by the Town of Grimsby can be systematically categorized into these five levels. This classification provides a strategic framework to identify and propose specific cost recovery targets for each of the Town's in-scope services.

Please
Note

These levels are of course subjective, and most services will naturally fit within or between categories differently based on the interpretation of the evaluator. They do, however, serve as a helpful guide for evaluating the scope of impact for potential fee changes.

User Fee Policy Framework (3/3)

Aside from utilizing the Public Benefit Pyramid methodology, this review also considered a suite of additional factors when determining fee adjustments / introducing new charges for the diverse services offered by the Town of Grimsby.

Additional Factors Considered within the User Fee Policy Framework

Community Priorities

Are the residents of the Town willing to pay higher fees to support these services, or do they expect higher levels of tax subsidization to ensure affordability and accessibility?

Political Considerations

Considerations and the preferences of elected officials and stakeholders can also play a significant role in determining cost recovery goals.

Financial Capacity

Assess financial capacity and constraints. Some municipalities may have more resources available to subsidize these services, while others may need to rely more heavily on user fees.

Some municipalities prioritize cost recovery and maintain higher ratios, while others prioritize accessibility of (some) services and may have lower ratios. Ultimately, there should be a balance between financial sustainability and providing services that provide public benefit, while taking local circumstances into account.

Equity and Access

Municipalities must balance cost recovery goals with providing equitable access to services for all residents. For example, higher cost recovery ratios can potentially limit access to low-income residents.

Service Quality

The desired level of service can also influence cost recovery. High-quality facilities and programs may require more significant tax revenue to maintain.

Long-Term Sustainability

Consider the long-term sustainability of the Town's services. Overreliance on user fees might make some services vulnerable during economic downturns.

4. Service Area Profiles and Recommendations

Summary of Recommendations (1/7)

The table below provides an overview of the 37 recommendations presented across the 12 service area profiles, including proposed fee changes / additions alongside estimated revenue impacts (where applicable).^[1]

Description of Recommendation		Proposed Fee Changes / Additions			Estimated Revenue Gain / (Loss)	
		Fee	2023 Fee	Suggested 2024 Fee		% Change
Finance						
R1	Subdivide the current Tax Sale Administration fee of \$515 into four separate fees.	Tax Sale Administration – Eligibility (Step 1)	-	\$70.00	-	\$7,045
		Tax Sale Administration – Farm Debt Stage (Step 2)	-	\$45.00	-	
		Tax Sale Administration – Registration (Step 3)	\$515.00	\$260.00	50%	
		Tax Sale Administration – Initiate Administration (Step 4)	-	\$140.00	-	
R2	Introduce new fees for specific services, including sending arrears notices, creating different tax sale agreements, preparing letters for income tax or other purposes, and transferring non-Canadian funds.	Tax Sale Extension Agreement – Registered Property	-	\$255.00	-	\$45,724
		Tax Sale Eligible Property – Payment Plan / Agreement (pre-registration stage)	-	\$125.00	-	
		Preparation of Letter – For Income Tax or Other Purpose	-	\$44.00	-	
		Non-Canadian Funds Charge	-	\$32.00	-	
		Arrears Reminder Notice	-	\$5.75	-	
R3	Increase fees for high-volume services that currently recover costs below 100% (i.e., returned cheque fees, printed tax account histories / bill reprints, ownership and mailing address changes, and mortgage electronic listings).	Returned Cheque Fee (NSF Funds) for General / Property Tax	\$31.00	\$49.00	58%	\$14,133
		Hard copy of tax account history or bill reprint	\$11.00	\$13.00	18%	
		Ownerships & mailing address changes	\$21.00	\$27.00	29%	
		Mortgage electronic listings per roll number fee	\$6.00	\$8.00	33%	
Clerks						
R4	Gradually increase fees for death registrations and liquor license/special events registration to better align with municipal comparators, while increasing the routine disclosure fee immediately.	Death Registration	\$13.50	\$17.50 ^[2]	31%	\$3,744 ^[2]
		Liquor Licence/Special Events Registration	\$25.75	\$32.17	25%	
		Routine Disclosure Fee	\$10.00	\$35.00	250%	\$925
R5	Implement new fees for marriage solemnization cancellations and witness provision (i.e., Town staff member) during ceremonies to align with best practices.	Marriage Solemnization Ceremony Cancellation Fee (Following Consultation Period)	-	\$125.00	-	N/A ^[3]
		Marriage Solemnization Ceremony Witness Fee (If Own Witness Not Provided)	-	\$25.00	-	

[1] – Additional details pertaining to these recommendations – including their rationale – can be found within individual service profiles.

[2] – This figure is based on increasing the Death Registration fee to \$25.50 by 2026.

[3] – Anticipated demand for these fee-related services is not available at this time.

Summary of Recommendations (2/7)

Description of Recommendation		Proposed Fee Changes / Additions			Estimated Revenue Gain / (Loss)	
		Fee	2023 Fee	Suggested 2024 Fee		% Change
By-Law Enforcement						
R6	Slightly increase fees for orders, non-compliance / return inspections, and MTO searches.	Order	\$75.00	\$140.00	87%	\$29,440
		Non-Compliance Inspection Fee	\$300.00	\$340.00	13%	
		Return Inspection Fee	\$150.00	\$185.00	23%	
		MTO Search	\$11.00	\$15.00	36%	
R7	Remove all non-parking administrative penalties from Schedule D (e.g., noise, nuisance, signs, etc.).	N/A				
Fire Services						
R8	Explore the feasibility of aligning the Town's current non-QEW incident response rate with the 2024 MTO rate, including evaluating potential revenue impacts.	Attending an emergency incident (e.g., nuisance false alarm, non-emergency request, etc.) or providing emergency services to a non-resident in Grimsby.	\$798.25	\$560.00 + 15% admin fee	19%	Not available ^[1]
R9	Increase GFD's hourly inspection rate to align more with the comparator group.	Hourly Rate of Inspection	\$185.40	\$230.00	24%	\$1,739
R10	Remove fees for services currently not provided by GFD.	Open Air Burning Site Insp and Clearance Marijuana Grow Op/Drug Lab Investigation and Compliance Inspection File Report / Search pertaining to environmental issue	N/A			
R11	Merge fee groups currently charged at the same rate (e.g., residential and commercial fire prevention inspections).	N/A				
R12	Prepare a business case to explore the addition of a new staff resource to provide additional administrative support for incident response and inspection invoicing.	N/A				
R13	Explore the use of a third-party service to strengthen GFD's ability to recover eligible costs incurred by GFD during incident callouts.	N/A				

[1] – With the varying levels of cost recovery between the 2023 and potential 2024 fee, it is anticipated that Fire Services would recover 13% less for staff, equipment / vehicle, and other operating and capital costs per hour, per apparatus. However, determining a precise total budgetary impact is challenging due to uncertainties surrounding cost recovery for incident response (e.g., not being the first responder on scene, inability to obtain insurance information for non-residents, etc.).

Summary of Recommendations (3/7)

Description of Recommendation	Proposed Fee Changes / Additions				Estimated Revenue Gain / (Loss)
	Fee	2023 Fee	Suggested 2024 Fee	% Change	
Grimsby Regional Training Centre (GRTC)					
R14 Consider reducing the GRTC's training tower rate given declining demand and to enhance competitiveness with other RTCs in the Greater Toronto Area.	Training Tower Rental Rate (full day)	\$1,225.98+HST	\$860.00+HST	30%	(\$7,319)
R15 Introduce a new fee for community groups or organizations to utilize the GRTC's classroom spaces.	Community Group / Organization Room Rental (full day)	-	\$267.07+HST	-	N/A ^[1]
R16 Introduce new fees for equipment rentals (i.e., Rescue Randy and portable radios).	Randy Rescue Rental – per mannequin (full day)	-	\$5.00+HST	-	N/A ^[1]
	Portable Radio Rental – per radio (full day)	-	\$20.00+HST	-	
Cemeteries					
R17 Consider introducing a uniform rate for internment services to reflect equal costs for all, while maintaining premium rates for plot and other sales to prevent residents from subsidizing non-residents.	Resident Single Depth Internment (Adult)	\$1,749+HST	-	-	(\$12,280)
	Resident Single Depth (Cremated Remains)	\$530+HST	-	-	
	Non-Resident Single Depth Internment (Adult)	\$2,622+HST	\$1,749+HST	33%	
	Non-Resident Single Depth (Cremated Remains)	\$794+HST	\$530+HST	33%	
R18 Introduce new fees for specific services (e.g., ancestral searches, duplicating Rights Holder Certificates, completing permission forms or commissioning documents, and installing memorial trees and benches).	Permissions Form / Commissioner of Oath	-	\$130+HST	-	\$9,329
	Cemetery Records/Ancestorial Search	-	\$105+HST	-	
	Duplicate Rights Holder Certificate	-	\$170+HST	-	
	Memorial Bench / Tree Installation	-	\$105+HST and materials	-	

Summary of Recommendations (4/7)

Description of Recommendation		Proposed Fee Changes / Additions				Estimated Revenue Gain / (Loss)
		Fee	2023 Fee	Suggested 2024 Fee	% Change	
Planning and Development / Committee of Adjustment						
R19	Restore the Site Plan (Type 3) application fee to its 2022 level.	Site Plan (Type 3) Application	\$1,321.72	\$2,880.81	118%	\$6,233
R20	Increase fees for Minor Variance / Consent applications to better match those of the Town of Lincoln.	Minor Variance (Type 1) Application	\$2,760.21	\$3,000	9%	\$6,086
		Minor Variance (Type 2) Application	\$1,592.43	\$1,700	7%	
		Processing Applicant for Consent	\$2,760.21	\$3,000	9%	
R21	Alongside Council, examine the feasibility of adopting new fee structures recently implemented by comparator municipalities (e.g., base fee plus variable fee for residential development).	N/A				
R22	In response to Bill 185, introduce a special application fee for extending a settlement area boundary within the municipality.	Extend Settlement Area Boundary	-	\$80,000	-	N/A ^[1]
R23	Consider implementing new fees for applicants seeking to undertake alterations to properties designated under the <i>Ontario Heritage Act</i> (i.e., Heritage Permit)	N/A				
R24	Establish a new Schedule K provision to enable the municipality to fully recover 100% of all legal / professional services costs associated with the review of planning applications.	Legal / Professional Services Chargeback (e.g., legal review fees will be charged back to the applicant based on actual costs)	-	Actual Costs (i.e., Legal Services Fee, including HST)	-	\$30,646

Summary of Recommendations (5/7)

Description of Recommendation	Proposed Fee Changes / Additions			Estimated Revenue Gain / (Loss)
	Fee	2023 Fee	Suggested 2024 Fee	
Planning and Development / Committee of Adjustment				
R25 Introduce a provision within Schedule G that permits a waiver or partial subsidy for Committee of Adjustment applications submitted by charitable organizations, contingent upon the intended use or anticipated public benefit of the land utilization.				N/A ^[1]
R26 Conduct a comprehensive Development Approval Process Review to identify recommendations to improve the efficiency and effectiveness of Grimsby's development review process and further assess the potential impacts of new Provincial legislation (i.e., Bill 185) on current fee structures.				N/A
R27 Continue to monitor demand for pre-consultation services, given that Bill 185 has removed pre-consultation meetings as a mandatory requirement.				N/A
Building Services				
R28 Reassess current allocation levels to mitigate the risk of non-compliance with the <i>Building Code Statute Law Amendment Act, 2022</i> .				N/A

Summary of Recommendations (6/7)

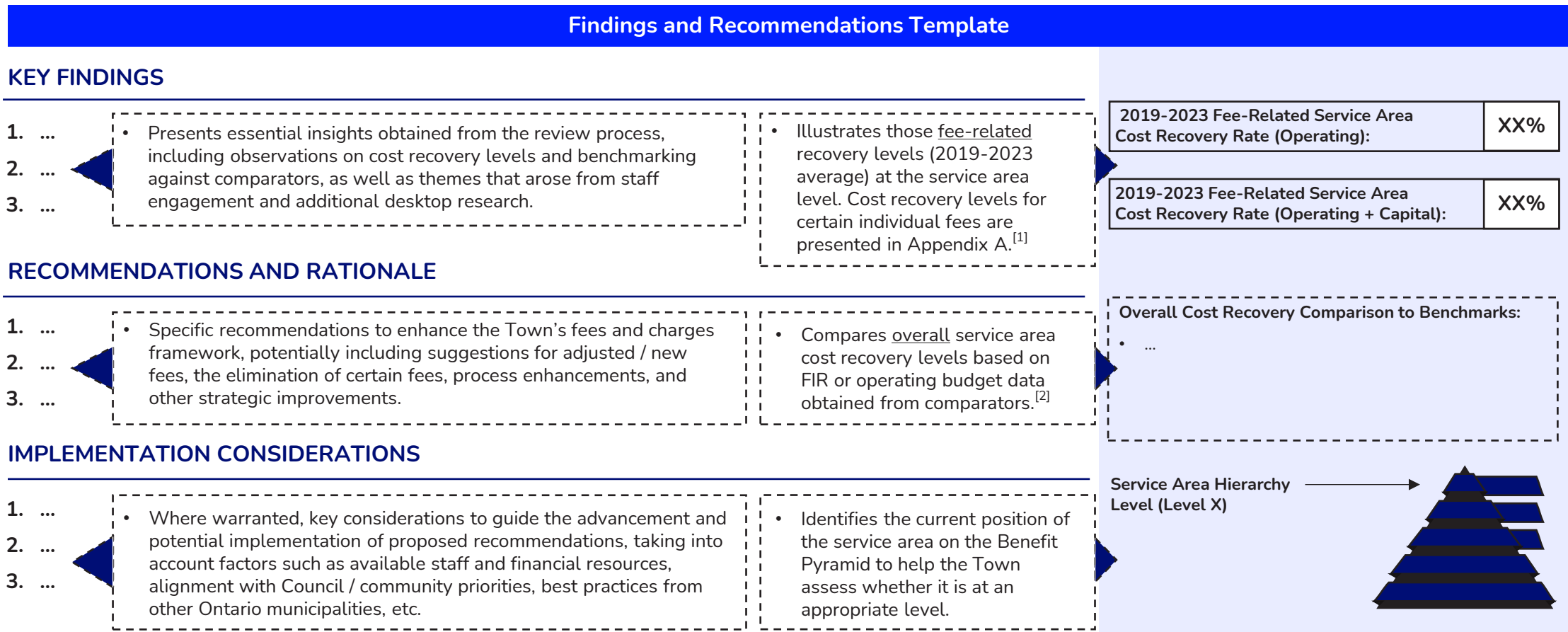
Description of Recommendation	Proposed Fee Changes / Additions				Estimated Revenue Gain / (Loss)	
	Fee	2023 Fee	Suggested 2024 Fee	% Change		
Public Works / Water						
R29	Introduce a new item within Public Works' fee schedule to allow the Town to fully recover the actual costs (including HST) for the third-party preparation or review of special engineering studies.	Special Engineering Studies	-	Actual Costs (i.e., Consultant Fee, including HST)	-	N/A ^[1]
R30	Implement a provision within Public Works' fee schedule to allow the Town to collect a flat Engineering administration fee upfront at the time of the initial application, with final fees reconciled upon plan registration.	N/A				
R31	Increase Schedule L fees for Entrance, Site Alteration, Lot Grading Review and Inspection, and Site Servicing permits.	Entrance Permit	\$123.60+HST	\$215.00+HST	74%	\$6,782
		Site Servicing Permit	\$123.60+HST	\$215.00+HST	74%	
		Lot Grading Review and Inspection	\$257.50+HST	\$350.00+HST	36%	
		Site Alteration Permit	\$500.00	\$600.00	20%	
R32	Implement new fees to ensure compliance with permit timelines.	Order (Permit Non-Compliance)	-	\$75.00	-	N/A
		Non-Compliance Inspection Fee (Permit Non-Compliance)	-	\$300.00	-	

Summary of Recommendations (7/7)

Description of Recommendation	Proposed Fee Changes / Additions				Estimated Revenue Gain / (Loss)
	Fee	2023 Fee	Suggested 2024 Fee	% Change	
Public Works / Water					
R33 Increase fees for high-volume services that currently recover costs below 100% (i.e., new water account set up and collection on overdue account).	Administration Charge - new water account set up fee	\$43.00	\$48.00	12%	\$23,578
	Collection on Overdue Account – Transfer to Tax Roll	\$43.00	\$50.00	16%	
R34 Introduce a new fee for issuing hard copies of water account histories or bill reprints.	Hard Copy of Account History or Bill Reprint (Water)	-	\$13.00	-	\$780
R35 Increase Schedule P charges for water on/off services and meter supply and installation.	Water On/Off (Regular)	\$53.09	\$110.00	113%	\$11,127
	New Water Meter Install (average)	\$595.55 ^[1]	\$700.00	18%	
R36 Implement and enforce a consistent policy for charging residents both the on and off water service fees.	N/A				
R37 Introduce a new fee for conducting sewer lateral investigations for residents. ^[2]	Sewer Lateral Investigation	-	\$575.00+HST	-	\$17,825
Total Annual Gross Fee Revenue Increase					\$215,136
Total Annual Gross Fee Revenue (Decrease)					(\$19,599)
Estimated Additional Revenue Gain (Annual)					\$195,537

Guide to the Service Area Profile (1/2)

This section of the report is organized into two distinct sub-sections for each schedule under review: 'Findings and Recommendations,' as well as 'Specific Fee Adjustments,' detailing proposed changes / new additions for individual fees.



[1] – **Fee-related** cost recovery levels account for relevant user fee revenue and only those direct and indirect expenses tied to delivering fee-related services.

[2] – **Overall** cost recovery levels are more broad in nature, considering user fee revenue and all total service area expenses, including those which are not tied to conducting fee-related activities.

Guide to the Service Area Profile (2/2)


Specific Fee Adjustments Template

This subsection recommends specific adjustments to be made to individual fees and charges within each service's fee schedule, including the addition of new fees where applicable.

Table 2: Specific Fee Adjustment Table

Description of Fees & Charges	Current Fees			Benchmark Average (2023)	Recommended Fees				
	2023 Fee	Estimated Cost Recovery %	Hierarchy Level		2024 Fee	Estimated Cost Recovery %	Hierarchy Level	Change	% Change

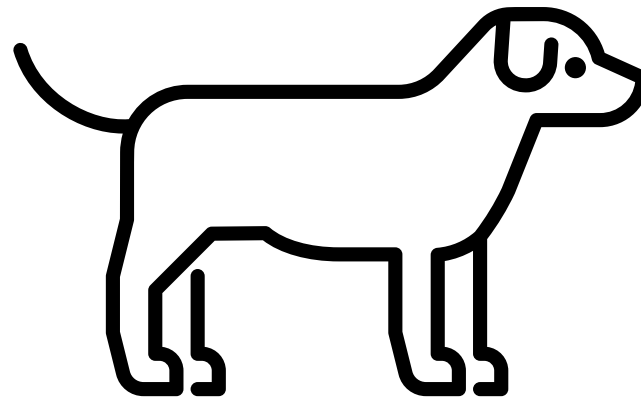
- The methodology behind making an adjustment looked at several factors, with the three most significant being the calculated cost recovery level^[1], benchmarking against comparator municipalities, and the user fee policy framework.
- To evaluate whether an adjustment was necessary, each fee underwent a comparison both with fees from benchmark municipalities and with its own cost recovery percentage in relation to the cost recovery levels observed in the comparable service areas of benchmark municipalities.
- Should a fee show a significant variance, the next step involved identifying its appropriate tier within the five-level hierarchy system. The final adjustment – either upward or downward – aimed to align the fee both with those of comparable municipalities and with the designated hierarchy level.
 - Fees that either lacked sufficient data for a comprehensive analysis or were deemed appropriately priced based on this methodology have been omitted.
- Where feasible, estimated revenue impacts resulting from adjustments to existing fees or the implementation of new fees are also provided in this sub-section.



The template provided serves as a practical tool for updating existing fees and assessing the value of new fees. Furthermore, it offers detailed methodologies to ensure the continued justification and defensibility of fees over time. This template should evolve over time to align with the changing priorities of both Council and staff.

[1] – Estimated cost recovery levels incorporate total staff effort costs, as well as those weighted direct, indirect, and capital costs associated with completing the fee-related activity. In cases where significant equipment or vehicles were required to carry out a service, an hourly rate was determined and are also included in the cost recovery calculation.

Service Area Profile – **Animal Control**



Findings and Recommendations – Animal Control

KEY FINDINGS

Balanced cost-recovery: Since 2019, Animal Control has experienced a consistent rise in its fee-related cost recovery level, reaching 49% by 2023, indicating a balanced cost recovery (reaching level 3). Although limited overall cost recovery data from municipal comparators is available, it seems that Grimsby effectively covers the costs associated with various animal control services – this could be attributed to the Town's strategy of outsourcing all animal control services to the Humane Society of Greater Niagara, which possesses specialized expertise and experience in serving Grimsby residents and their pets.

Some variation for dog tags: Grimsby charges less than comparators for Dog Tags (new/renewal) specifically for new and renewal tags between Nov 1 – Jan 31 and Feb 1 – Mar 31 by approximately 39% and 42%, respectively. However, most comparators, with the exception of Lincoln, do not have a late renewal fee, which may explain their higher standard fees.

Lifetime licensing model: Although implementing a lifetime pet license fee is not recommended for Grimsby, it is noteworthy that several municipalities across Ontario, such as Orillia, Markham, Barrie, Saugeen Shores, and Peterborough, have adopted this approach. This decision may be driven by a desire to reduce the administrative burden associated with annual renewals and/or promote compliance with licensing regulations over an animal's lifetime.

RECOMMENDATIONS AND RATIONALE

No adjustments or new fees are recommended for Animal Control fees outlined in Schedule B.

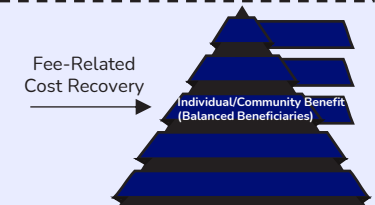
2019-2023 Fee-Related Cost Recovery Rate (Operating):	44%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	N/A ^[1]
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Overall Cost Recovery Comparison to Benchmarks:

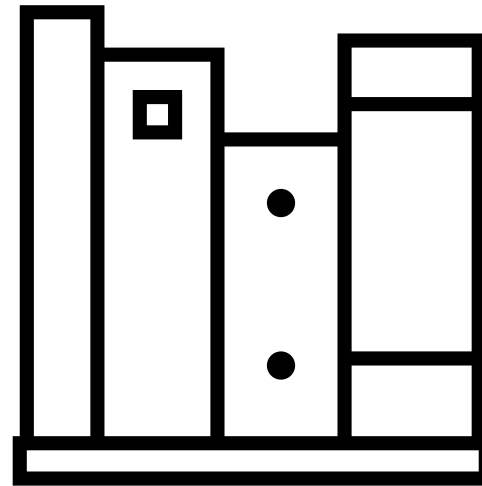
- Based on desktop research, a majority of Ontario municipalities – including all municipal comparators within this review – consolidate animal control fees revenues and expenses with other categories, typically encompassing protective services, by-law enforcement, and licensing, making it not possible to utilize FIR data and difficult to estimate cost recovery rates for other municipalities using operating budgets.
- In examining municipal budgets beyond the comparator group, certain instances, including for Haldimand County, Wasaga Beach, and Owen Sound, were identified where animal control revenues and expenditures were reported separately within their operational budgets. Based on 2022 figures, Grimsby's overall cost recovery rate of 36% was **slightly higher** than the comparator average (30%).

Service Area Hierarchy
Level (Level 3) -
Individual/Community
Benefit (Balanced
Beneficiaries)



[1] – An Operating + Capital recovery rate for Animal Control was not calculated because all Animal Control services are entirely outsourced to the Greater Niagara Humane Society. Since their facilities are not owned or operated by the Town of Grimsby, it was not feasible to calculate this recovery rate.

Service Area Profile – **Library Services**



Findings and Recommendations – Library Services

KEY FINDINGS

Effective cost-recovery for limited services: Overall, Library Services demonstrates a high level of effectiveness in recovering the costs associated with providing services outlined in their fee schedule.

- Library Services' notable high cost recovery rate is primarily influenced by consistently robust revenues from photocopying fees, library book sales, lost/paid items fees, as well as donations and ticket fees from Authors' Series events, which regularly surpass the associated costs of delivering this programming.
- While fee-related costs are recovered at a Level 4 rate (i.e., Mostly Individual Benefit), the fees listed in Schedule O account for only a small portion of the services offered by the Grimsby Public Library to community members. In contrast, Ontario libraries as a whole typically operate at a Level 1 rate (i.e., Considerable Community Benefit), emphasizing their essential role as providers of vital community services rather than focusing on generating revenue.

Lower membership fee for non-residents: Grimsby's non-resident yearly membership fee is approximately 48% lower than that of the comparator group. However, considering the average annual revenue from non-resident membership fees is only around \$207, this difference is not particularly significant.

Streamlined schedules are best practice: Given the limited fees in the schedules of both Grimsby and comparator municipalities, this review also examined other municipalities outside the comparator group, including London, Guelph, and Toronto. The primary observation from doing so was that other public libraries in Ontario, similar to Grimsby, are streamlining their fee structures and removing regressive fees. For instance, all three of these municipalities have abolished card replacement fees.

RECOMMENDATIONS AND RATIONALE

No adjustments or new fees are recommended for Library Services charges outlined in Schedule O.

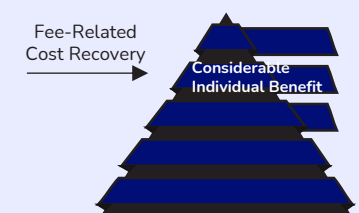
2019-2023 Fee-Related Cost Recovery Rate (Operating):	77%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	70%
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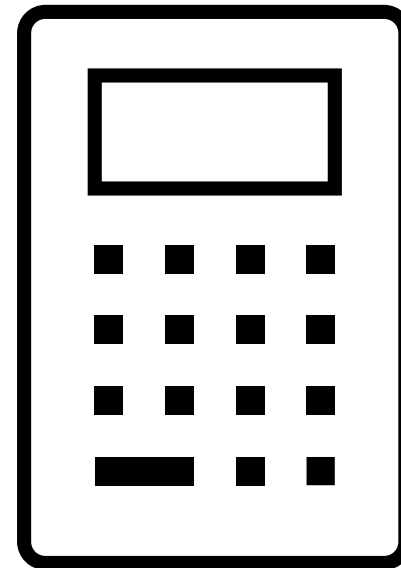
Overall Cost Recovery to Municipal Benchmarks:

- Using FIR data, Grimsby's overall cost recovery rates for Library Services in 2019 (4.2%) and 2022 (1.6%) were **higher than the comparator average** and in nearly every instance surpassed those of each benchmarked municipality.
- These low cost recovery rates, which correspond to Level 1 (i.e., Mostly Community Benefit), reflect the fact that libraries in the comparator group – and across Ontario – operate not as revenue-generating entities but as vital community hubs that are almost entirely funded by the municipal tax base.

Service Area Hierarchy
Level (Level 4) –
Considerable Individual Benefit



Service Area Profile – **Finance**



Findings and Recommendations – Finance (1/2)

KEY FINDINGS

High level of cost recovery: Grimsby's Finance Department is effectively recouping the costs associated with conducting fee-related activities at a notably high rate, supported by timely and efficient processes, as demonstrated by Finance's high cost recovery rates for new tax account setups, providing tax account history / tax bill reprints, and issuing tax certificates, among others.

- Similar to Library Services, Finance demonstrates a high fee-specific cost recovery rate but a low overall cost recovery rate due to fees and charges revenue not being a significant component of overall revenue. This is because the costs of providing services that are vital for municipal operation and financial health (e.g., municipal budgeting, financial reporting, accounting, taxation, etc.), are not recouped through user fees and charges, but mostly through the tax levy.

Fees align with comparators: Roughly half of the fees listed in Finance's schedule for fees and charges fall within a difference of less than 14% when compared to those of regional and similar municipalities. For certain fees, such as obtaining a hard copy of tax account history or tax, tax account analysis, mortgage electronic listings, transfer / refund fees, etc., Grimsby's charges are lower than those of comparators, but not by a significant margin.

New fee opportunities: Finance staff pinpointed cases where their time allocated to fee-related activities is either inadequately recovered, as in the tax sale process, or where no fee currently exists, resulting in no recoupment of staff time costs – specific examples include sending out arrears notices, preparing letters for income tax or other purposes, and managing non-Canadian funds payments.

Increasing other fees to achieve 100% cost recovery: Given the high annual volume of other major fee-related services in the Finance Department – including returned cheque fees, printed tax account histories / bill reprints, ownership and mailing address changes, and mortgage electronic listings – there is an opportunity to increase these fees to achieve 100% cost recovery.

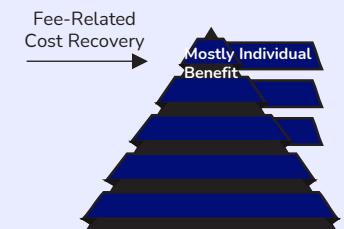
2019-2023 Fee-Related Cost Recovery Rate (Operating):	104%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	83%
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Overall Cost Recovery to Municipal Benchmarks:

- Based on the limited operating budget data available for comparators, as FIR data is not reported at the Finance Department level, Finance's overall cost recovery rate of 6.9% in 2022 **exceeded the comparator average** of 5.2%.
- However, drawing comparisons in overall cost recovery levels based on this limited data set is not informative for a variety of reasons, including disparities in the structures of finance departments among municipalities, inadequate breakdowns of service area revenues and expenditures, and occasional grouping of user fee revenues with unspecified "other" revenues, among others.

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit



Findings and Recommendations – Finance (2/2)

RECOMMENDATIONS AND RATIONALE

- R1** **Subdivide the current Tax Sale Administration fee of \$515 into four separate fees.** This restructuring, while retaining the total fee amount, will enable a more precise capture of staff time spent on different stage gates before and after the tax sale registration process^[1]
- R2** **Introduce new fees for specific services,** including sending arrears notices, creating different tax sale agreements, preparing letters for income tax or other purposes, and completing non-Canadian funds payments for users – doing so will ensure fair cost recovery for these services.
- R3** **Increase fees for high-volume services that currently recover costs below 100%** (i.e., returned cheque fees, printed tax account histories / bill reprints, ownership and mailing address changes, and mortgage electronic listings).

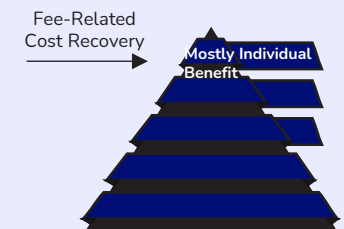
2019-2023 Fee-Related Cost Recovery Rate (Operating):	104%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	83%
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Overall Cost Recovery to Municipal Benchmarks:

- Based on the limited operating budget data available for comparators, as FIR data is not reported at the Finance Department level, Finance's overall cost recovery rate of 6.9% in 2022 **exceeded the comparator average** of 5.2%.
- However, drawing comparisons in overall cost recovery levels based on this limited data set is not informative for a variety of reasons, including disparities in the structures of finance departments among municipalities, inadequate breakdowns of service area revenues and expenditures, and occasional grouping of user fee revenues with unspecified "other" revenues, among others.

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit



[1] – Given that costs associated with tax sales are fully recoverable at time of sale, Finance should ensure they are tracking all related costs (internal and external) for billing purposes.

Specific Fee Adjustments – Finance (1/2)

The table below presents fees identified through an activity-based costing analysis that may require adjustments or additions to Finance's current fee schedule.

Description of Fees & Charges	Current Fees			Benchmark Average (2023)	Recommended Fees				
	2023 Fee	Estimated Cost Recovery ^[1]	Hierarchy Level		2024 Fee	Estimated Cost Recovery	Hierarchy Level	Change	% Change
Subdivide Tax Sale Administration fee into four separate fees:									
Tax Sale Administration – Eligibility (Step 1)	-	-	-	-	\$70.00	56%	Level 5	• These four fees, totaling the original single fee of \$515.00, aim to recoup unrealized revenue from staff time spent on assessing eligibility and taking actions related to the farm debt stage in the tax sale administration process.	
Tax Sale Administration – Farm Debt Stage (Step 2)	-	-	-	-	\$45.00	56%	Level 5		
Tax Sale Administration – Registration (Step 3) ^[2]	\$515.00	-	-	-	\$260.00	47%	Level 5		
Tax Sale Administration – Initiate Administration (Step 4)	-	-	-	-	\$140.00	48% ^[3]	Level 4		
New proposed fees									
Tax Sale Extension Agreement – Registered Property	-	-	-	-	\$255.00	100%	Level 5	-	
Tax Sale Eligible Property – Payment Plan / Agreement (pre-registration stage)	-	-	-	-	\$125.00	100%	Level 5	-	
Preparation of Letter – For Income Tax or Other Purpose	-	-	-	-	\$44.00	100%	Level 5	-	
Non-Canadian Funds Charge	-	-	-	-	\$32.00	100%	Level 5	-	
Arrears Reminder Notice	-	-	-	-	\$5.75	100%	Level 5	-	
Proposed fee adjustments									
Returned Cheque Fee (NSF Funds) for General / Property Tax	\$31.00	63%	Level 3	\$36.90	\$49.00	100%	Level 5	+\$18.00	58%
Hard copy of tax account history or bill reprint	\$11.00	84%	Level 5	\$14.67	\$13.00	100%	Level 5	+\$2.00	18%
Ownerships & mailing address changes	\$21.00	79%	Level 4	\$22.76	\$27.00	100%	Level 5	+\$6.00	29%
Mortgage electronic listings per roll number fee	\$6.00	75%	Level 4	\$12.99	\$8.00	100%	Level 5	+\$2.00	33%

[1] – ABC Cost Recovery % accounts for staff effort costs as well as weighted direct, indirect, and capital costs associated with completing fee-related activity(ies)

[2] – The current Tax Sale Administration fee is being charged at the point of registration.

[3] – While this fee does not achieve full cost recovery, there were only 3 instances of Tax Sale Administration – Initiation in 2023.

Specific Fee Adjustments – Finance (2/2)

Tax Sale Administration – It is estimated that subdividing the current single fee into four separate fees will generate an additional \$7,045 of revenue, based on 2023 volumes, by recovering for staff time spent on activities leading up to the Tax Sale registration process.

New proposed fees – The introduction of these five new fees is projected to generate an extra \$45,724 in revenue, calculated based on 2023 volumes. Primarily, this increase in revenue is expected to be derived from arrears notices, with Finance staff having sent out over 7,000 notices in 2023.

Proposed fee increases – Increasing fees for in order to achieve 100% cost recovery for returned cheque fees, printed tax account histories / bill reprints, ownership and mailing address changes is estimated to increase additional revenue of \$14,133, based on 2023 volumes.

Service Area Profile – **Clerks**



Findings and Recommendations – Clerks (1/2)

KEY FINDINGS

Balanced cost recovery: Grimsby's Clerks office exhibits a balanced and fair cost recovery rate for fee-related activities, aligning with the community benefits generated by their services, including commissioner services for affidavits, processing Freedom of Information requests, and administering marriage solemnizations, among others.

- Similar to Library Services and Finance, Grimsby's Clerks office has a low overall cost recovery level, demonstrating that Clerks provides an array of essential, and often legislated, services – including maintaining official records of Council actions, safeguarding By-laws and meeting minutes, managing the Town's records, ensuring municipal compliance with privacy legislation, etc. – that are not intended to generate revenue through user fees and charges.

FOI requests can be costly: Based on discussions with staff, it is presumed that the Clerks office is not fully recovering the costs associated with staff time spent on fulfilling Freedom of Information (FOI) requests. However, Grimsby lacks the authority to adjust FOI fees, as they are governed by the Province's *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA). To enhance cost-effectiveness and provide transparency to applicants, staff have initiated the practice of offering cost estimates prior to commencing work on FOI requests.

Commissioning of documents / marriage solemnizations generating profit: Clerks is recouping more than 100% of the costs associated with commissioning various documents and performing civil marriage ceremonies. Since 2023, the Town has been conducting marriage solemnizations for a fee of approximately \$282 (excluding tax). In that year, 19 ceremonies were conducted, and demand is expected to increase in the community.

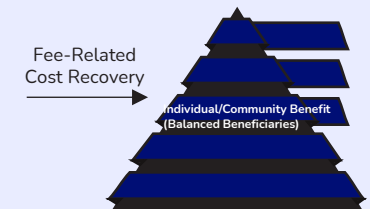
2019-2023 Fee-Related Cost Recovery Rate (Operating):	61%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	53%
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Overall Cost Recovery to Municipal Benchmarks:

- Based on the limited operating budget data available for comparators, as municipalities do not report Clerks FIR data, Clerks overall cost recovery rate of 2.2% in 2022 was **slightly below Lincoln's** (2.3%) and **above Brantford's** (1.7%).
- Similar to Finance, analyzing overall cost recovery levels based on this limited dataset may not yield informative insights. In municipal budget documents, pinpointing user fee revenue and expenses for Clerks offices can be challenging since many municipalities integrate their Clerks office into larger departments like Corporate Services, leading to consolidated budget reporting.

Service Area Hierarchy
Level (Level 3) –
Individual/Community
Benefit (Balanced
Beneficiaries)



Findings and Recommendations – Clerks (2/2)

KEY FINDINGS

New fees for marriage ceremony cancellations and provision of witnesses: Although no cancellations have occurred since the Town began performing ceremonies in 2023, it is prudent to establish a fee structure in anticipation of potential cancellations. Presently, the Town requires full payment upon booking a ceremony, often weeks or months in advance, yet lacks a fee structure for cancellations. Given the substantial staff time and resources invested in preparation (e.g., creating congratulatory cards, reviewing vows), Clerks should introduce a fee for late cancellations (e.g., less than 48 hours before the scheduled solemnization) to offset these costs. Additionally, when couples request Town staff to act as witnesses, diverting them from their usual duties, a fee should be established to account for this extra time and responsibility.

Some fees are low relative to comparators: Death registration and liquor license / special event registration and routine disclosure fees emerged as lower than the comparator average.

RECOMMENDATIONS AND RATIONALE

R4 **Gradually increase fees for death registrations and liquor license/special events registration** over 2-3 years to better align with municipal comparators – this phased approach aims to avoid discouraging special events taking place in the community and respects the sensitivities surrounding death-related services. Additionally, increase the Town’s routine disclosure fee to align more closely with the comparator average.

R5 **Implement new fees for marriage solemnization cancellations and witness provision (i.e., Town staff member) during ceremonies.** Other municipalities in the Niagara Region, such as St. Catharines and Lincoln, already enforce late cancellation fees, with a non-refundable administration fee of \$150 for cancelled civil ceremonies after the consultation period takes place. Additionally, Lincoln imposes a \$28 per witness fee, while Niagara Falls charges \$25 for the same service.

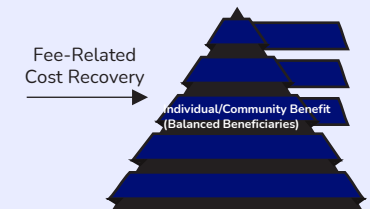
2019-2023 Fee-Related Cost Recovery Rate (Operating):	61%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	53%
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Overall Cost Recovery to Municipal Benchmarks:

- Based on the limited operating budget data available for comparators, as municipalities do not report Clerks FIR data, Clerks overall cost recovery rate of 2.2% in 2022 was **slightly below Lincoln’s** (2.3%) and **above Brantford’s** (1.7%).
- Similar to Finance, analyzing overall cost recovery levels based on this limited dataset may not yield informative insights. In municipal budget documents, pinpointing user fee revenue and expenses for Clerks offices can be challenging since many municipalities integrate their Clerks office into larger departments like Corporate Services, leading to consolidated budget reporting.

Service Area Hierarchy Level (Level 3) – Individual/Community Benefit (Balanced Beneficiaries)



Specific Fee Adjustments – Clerks

The table below presents fees identified through an activity-based costing analysis that may require adjustments to Clerks current fee schedule.

Description of Fees & Charges	Current Fees			Benchmark Average (2023)	Recommended Fees				
	2023 Fee	Estimated Cost Recovery ^[1]	Hierarchy Level		2024 Fee	Estimated ABC Cost Recovery	Hierarchy Level	Change	% Change
Proposed fee adjustments									
Death Registration	\$13.50	33%	Level 2	\$28.25	\$17.50 ^[2]	43%	Level 3	+\$4.00	31%
Liquor Licence/Special Events Registration	\$25.75	16%	Level 1	\$47.98	\$32.17 ^[3]	20%	Level 2	+\$6.42	25%
Routine Disclosure Fee	\$10.00	N/A	N/A	\$37.90	\$35.00	N/A	N/A	+25.00	250%
New proposed fees									
Marriage Solemnization Ceremony Cancellation Fee (Following Consultation Period)	-	-	-	N/A	\$125.00	57%	Level 3	-	-
Marriage Solemnization Ceremony Witness Fee (If Own Witness Not Provided)	-	-	-	N/A	\$25.00	100%	Level 5	-	-

Death Registration – By increasing this fee to \$25.50 by 2026, Clerks can expect to recoup approximately \$3,744 more in operating and capital costs, based on 2023 volumes. Setting its fee at this level by 2026 will also ensure that Grimsby's fee remains slightly below the comparator average of \$28.25.

Marriage Solemnization Cancellation Fee – Implementing this new fee would align the Town more closely with the fee charged currently by St. Catharines and Lincoln and would recoup approximately 57% of the total costs associated with carrying out a complete marriage ceremony.

Marriage Solemnization Witness Fee – This fee is set to closely match the rates in Niagara Falls (\$25) and Lincoln (\$28). It is intended to cover nearly 100% of the Clerks staff time dedicated to serving as a witness, which generally requires 15-30 minutes.

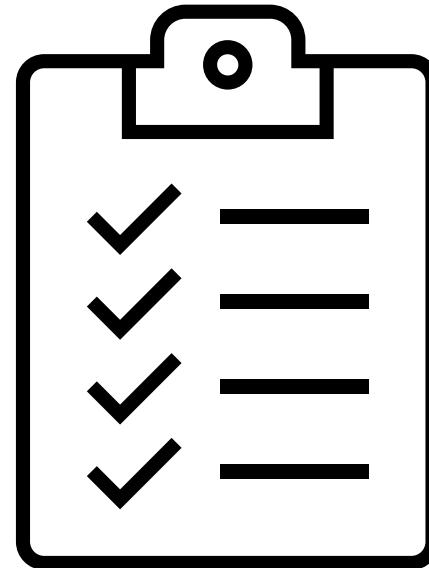
Other Fee Increases – Increasing the Town's routine disclosure fee to \$35 is expected to generate an additional \$925 of revenue per year. Financial impact analysis for increasing liquor licenses and special event registration fees is unavailable as historical application volumes were not provided for this review.

[1] – ABC Cost Recovery % accounts for staff effort costs as well as weighted direct, indirect, and capital costs associated with completing fee-related activity(ies)

[2] – It is recommended to phase in the fee increase over three years. In 2025 the fee would amount to \$21.50 and in 2026, \$25.50

[3] – It is recommended to phase in the fee increase over three years. In 2025 the fee would amount to \$38.59 and in 2026, \$45.00

Service Area Profile – **By-law Enforcement**



Findings and Recommendations – By-law Enforcement

KEY FINDINGS

High level of cost recovery: By-law Enforcement consistently recoups a significant proportion of the operating costs related to administering Schedule D, averaging over 80% from 2021 to 2023. This high degree of cost recovery is largely due to by-law recoveries, which make up nearly 50% of annual revenues. These revenues stem from instances where By-law Enforcement employs third-party contractors to carry out tasks associated with enforcing Schedule D, such as necessary property repairs or maintenance to ensure compliance. The expenses for these services are fully recovered by directly billing non-compliant residents. Additionally, the Town applies a 10% administrative fee to contractor invoices to cover associated costs, which can generate substantial revenue for larger contractor jobs.

...more balanced cost recovery for most fee activities: Despite achieving a more balanced cost recovery of around 50% across most of its other fee-related activities, By-law's overall service-area recovery rate is not significantly impacted because these activities are not conducted in high volumes annually, such as orders and non-compliance fees. Nonetheless, there is an opportunity for the Town to slightly increase some of these fees so that their individual cost recovery levels align more closely with the service area's recovery rate of 82% / 76%.

Low cost recovery for MTO searches, but little control over fee: By-law is currently recovering only 16% of the costs associated with conducting MTO searches. The Town charges the regulated MTO rate of \$8.75, along with a minimal administration fee of \$2.25. This practice is standard among Ontario municipalities, which typically keep the administration fee low, resulting in a total MTO search fee ranging between \$11 to \$15 – however, increasing the administration fee within this range can help recover a greater portion of the associated costs.

RECOMMENDATIONS AND RATIONALE

R6 Slightly increase fees for orders, non-compliance / return inspections, and MTO searches to boost cost recovery rates and bring them more in line with the service area benchmark.

R7 Remove all non-parking administrative penalties from Schedule D (e.g., noise, nuisance, signs, etc.) as each of these penalties is governed by its own specific municipal By-law or regulation, which outlines the appropriate enforcement procedures and penalties for non-compliance.

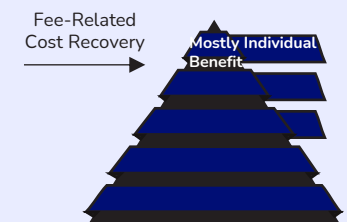
2021-2023 Fee-Related Cost Recovery Rate (Operating): ^[1]	82%
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2021-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	76%
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Overall Cost Recovery to Municipal Benchmarks:

- Similar to Animal Control, many municipalities across Ontario consolidate By-law Enforcement fee revenues and expenses with other categories, typically encompassing protective services, licensing fees, animal control, etc., making it not possible to utilize FIR data and difficult to estimate cost recovery rates for other municipalities using public budget documents.
- As a result, an overall cost recovery level for benchmarking purposes was not calculated for the comparator group.

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit



[1] – Operating budget data for certain By-law revenues in 2019 and 2020 was unavailable, and therefore was excluded from the calculation of fee-related cost recovery averages.

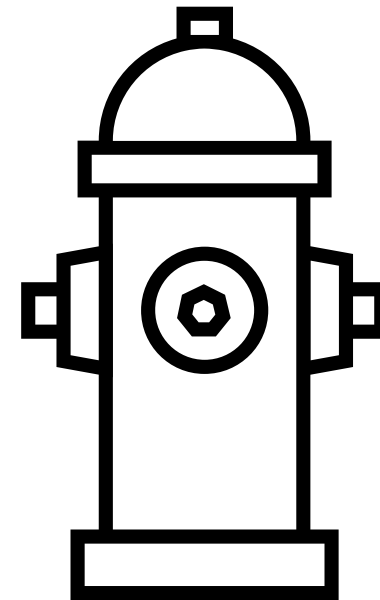
Specific Fee Adjustments – By-law Enforcement

The table below presents fees identified through an activity-based costing analysis that may require adjustments to By-law Enforcement's current fee schedule.

Description of Fees & Charges	Current Fees			Benchmark Average (2023)	Recommended Fees				
	2023 Fee	Estimated Cost Recovery ^[1]	Hierarchy Level		2024 Fee	Estimated ABC Cost Recovery	Hierarchy Level	Change	% Change
Proposed fee adjustments									
Order	\$75.00	48%	Level 3	\$202.55	\$140.00	89%	Level 5	+\$65.00	87%
Non-Compliance Inspection Fee	\$300.00	61%	Level 4	\$255.18 ^[2]	\$340.00	69%	Level 4	+40.00	13%
Return Inspection Fee	\$150.00	54%	Level 3	\$121.00	\$185.00	66%	Level 4	+\$35.00	23%
MTO Search	\$11.00	16%	Level 1	\$12.13	\$15.00	22%	Level 2	+\$4.00	36%

Proposed fee adjustments – By increasing these three fees, it is estimated that By-law Enforcement will generate an additional \$29,440 in revenue, based on 2023 volumes.

Service Area Profile – **Fire Services**



Findings and Recommendations – Fire Services (1/3)

KEY FINDINGS

Low Department-level user fee cost recovery, by design: Grimsby Fire Department (GFD) user fees, which include fees for motor vehicle collision/incident response and fire prevention services, only cover a fraction of the costs of providing these services. This reflects the primary funding of Fire Departments through municipal tax levies and provincial grants, ensuring the delivery of safe and reliable fire suppression / emergency response services and effective enforcement of the *Ontario Fire Code*. Additionally, these funding sources support the purchase of significant capital assets, such as Fire Halls, pumper / tanker trucks, and firefighting equipment.

Hourly incident response rate achieves balanced recovery, but overlooks complexities: The hourly, per apparatus cost of incident response for GFD was calculated to be approximately \$1,216.^[1] While this rate indicates that the Town recovers 45% of costs for incidents (i.e., motor vehicle collisions) on the QEW and 66% for incidents elsewhere, these cost recovery rates fail to account for instances where the Town is either only partially compensated or not compensated at all for incident response. These instances include:

- When GFD is not the first fire service to respond to an incident on the QEW – per MTO policy, only the initial Fire Department on scene receives compensation. Yet with Grimsby's response area overlapping with Lincoln to the west and Hamilton to the east, there are often instances where GFD is not the first responder, leading to non-compensation by MTO.
- MTO reimbursements that are frequently below submitted amounts, largely due to disputes from the Province regarding the necessity of certain GFD-deployed apparatuses, such as specific tanker or pumper trucks – only 23 of the 53 invoices submitted to the MTO through their database were approved and fully paid in 2023.
- When GFD responds to a motor vehicle collision in Town limits but is preempted by Niagara Regional Police and/or Niagara EMS due to their faster response times, GFD is often unable to collect insurance information from out-of-town drivers, resulting in zero cost recovery.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	9%
2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	8%

Overall Cost Recovery to Municipal Benchmarks:

- Using FIR data, Grimsby's overall cost recovery rates for Fire Services in 2019 (2.7%) and 2022 (4.3%) were **higher than the comparator averages** (1.4% in 2019 and 1.7% in 2022) and in nearly every instance surpassed those of each benchmarked municipality, aside from Lincoln.
- These low cost recovery rates, which correspond to Level 1 (i.e., Mostly Community Benefit), indicate that Ontario Fire Departments do not operate to generate revenue, but to ensure the safety and well-being of community members, regardless of their ability to pay, for the varying costs associated with providing the service.

Service Area Hierarchy Level (Level 1) – Mostly Community Benefit

Fee-Related Cost Recovery

Findings and Recommendations – Fire Services (2/3)

KEY FINDINGS (CONTD)

Balanced inspection cost recovery, low revenue collection: GFD's hourly inspection rate, estimated to cost \$343, indicates that the Department recovers around 54% of the costs related to fire prevention inspections. However, there are instances where GFD is not compensated for these services. A common example is replacing/installing damaged, defective, or missing smoke or carbon monoxide alarms. To promote fire prevention practices amongst community members, GFD often provides this service free of charge, especially for older adults, and due to the abundance of donated fire alarms received annually.

Lack of staff resources to collect fees: Managing billing for QEW incident response and other fire inspection services can be labour-intensive. However, due to limited administrative staff capacity, there are instances where invoices for services rendered may not be promptly sent to the MTO or other community members and businesses. Furthermore, GFD lacks formal processes or applications to effectively track invoice receipt and payment, leading to some revenue loss annually.

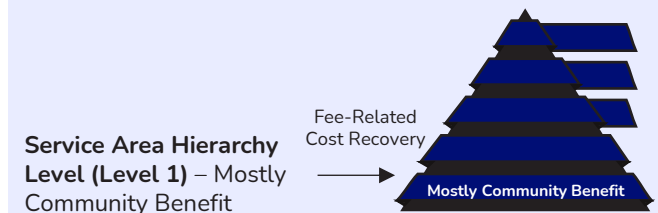
Inconsistent apparatus rates: Grimsby currently sets an incident response rate for non-QEW incidents that exceeds the 2024 MTO rate by approximately \$272. While this practice is not uncommon among municipalities, GFD staff express concerns that charging this higher rate may prompt community members to question the rationale behind charging them more than the Province.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	9%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	8%
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Overall Cost Recovery to Municipal Benchmarks:

- Using FIR data, Grimsby's overall cost recovery rates for Fire Services in 2019 (2.7%) and 2022 (4.3%) were **higher than the comparator averages** (1.4% in 2019 and 1.7% in 2022) and in nearly every instance surpassed those of each benchmarked municipality, aside from Lincoln.
- These low-cost recovery rates, which correspond to Level 1 (i.e., Mostly Community Benefit), indicate that Ontario Fire Departments do not operate to generate revenue, but to ensure the safety and well-being of all community members, regardless of their ability to pay for varying costs associated with providing the service.



Findings and Recommendations – Fire Services (3/3)

RECOMMENDATIONS AND RATIONALE

- R8** Explore the feasibility of aligning the Town’s current non-QEW incident response rate with the 2024 MTO rate (which has increased from \$543 to \$560 for 2024), including evaluating potential revenue impacts. Implementing this approach would bring the Town in line with certain comparator municipalities (i.e., Brantford and Orillia), which charge the MTO rate plus an administrative fee (typically 15%) and enhance the defensibility of the Town's incident response fees. However – since the Town is currently undertaking the Shared Fire Service Pilot Project with the Town of Lincoln – it should be noted that Lincoln’s 2023 non-MTO response rate (\$937) is above both the Town and MTO’s rate by approximately 15% and 40%, respectively.
- R9** Increase GFD’s hourly inspection rate to align more with the comparator group.
- R10** Remove fees for services currently not provided by GFD (e.g., certain compliance inspections).
- R11** Merge fee groups currently charged at the same rate (e.g., residential and commercial fire prevention inspections).
- R12** Prepare a business case to explore the addition of a new staff resource to provide additional administrative support for incident response and inspection invoicing.
- R13** Explore the use of a third-party service to strengthen GFD's ability to recover eligible costs incurred by GFD during incident callouts.^[1]

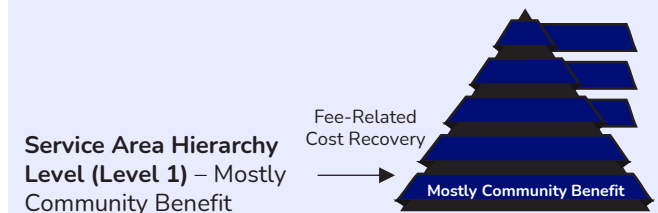
IMPLEMENTATION CONSIDERATIONS

Council and GFD staff should consider the trade-off between potential revenue loss and the benefits of enhanced defensibility and transparency in Fire Services fees by aligning its apparatus rate with the MTO rate.^[2]

2019-2023 Fee-Related Cost Recovery Rate (Operating):	9%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	8%
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- Overall Cost Recovery to Municipal Benchmarks:**
- Using FIR data, Grimsby's overall cost recovery rates for Fire Services in 2019 (2.7%) and 2022 (4.3%) were **higher than the comparator averages** (1.4% in 2019 and 1.7% in 2022) and in nearly every instance surpassed those of each benchmarked municipality, aside from Lincoln.
 - These low cost recovery rates, which correspond to Level 1 (i.e., Mostly Community Benefit), indicate that Ontario Fire Departments do not operate to generate revenue, but to ensure the safety and well-being of all community members, regardless of their ability to pay for varying costs associated with providing the service.



[1] – Fire Marque is an example of a service provider that several Ontario municipalities contract with.

[2] – The next page displays a preliminary estimate of the budget impact resulting from reducing the Town's incident response fee to align with the MTO fee.

Specific Fee Adjustments – Fire Services

The table below presents fees identified through an activity-based costing analysis that may require adjustments to Fire Services' current fee schedule.

Description of Fees & Charges	Current Fees			Benchmark Average (2023)	Recommended Fees				
	2023 Fee	Estimated Cost Recovery ^[1]	Hierarchy Level		2024 Fee	Estimated Cost Recovery	Hierarchy Level	Change	% Change
Proposed fee adjustments to non-QEW incident response rate									
Attending an emergency incident (e.g., nuisance false alarm, non-emergency request, etc.) or providing emergency services to a non-resident in Grimsby.	\$798.25	66%	Level 4	\$692.25	\$560.00 + 15% administrative fee (\$644.00 total)	53%	Level 3	-\$154.25	19%
Other proposed fee adjustments									
Hourly Rate of Inspection	\$185.40	54%	Level 3	\$229.25 ^[2]	\$230.00	67%	Level 4	+44.60	24%
Remove fees for services GFD does not currently provide									
Open Air Burning Site Insp and Clearance	-	-	-	-	-	-	-	-	-
Marijuana Grow Op/Drug Lab Investigation and Compliance Inspection	-	-	-	-	-	-	-	-	-
File Report / Search pertaining to environmental issue	-	-	-	-	-	-	-	-	-

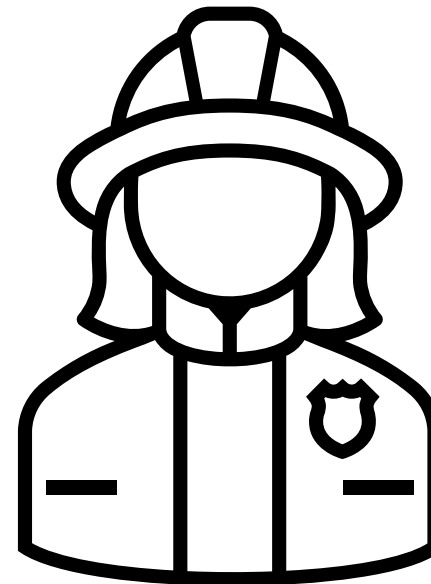
Non-QEW Incident Response – Prior to any adjustment to this fee, both GFD staff and Council must thoroughly assess the budgetary implications of such a change. With the varying levels of cost recovery between the 2023 and potential 2024 fee, it is anticipated that Fire Services would recover 13% less for staff, equipment / vehicle, and other operating and capital costs per hour, per apparatus. However, determining a precise total budgetary impact is challenging due to uncertainties surrounding cost recovery for incident response (e.g., not being the first responder on scene, inability to obtain insurance information for non-residents, etc.).

Hourly Rate of Inspection – Increasing this rate to \$230.00 better aligns GFD with the comparator group and increases the Department's hourly recovery of all associated operating and capital costs by approximately 13%. Based on the number of inspections conducted in 2023 (39), it is estimated the Town would collect an additional \$1,739 in annual revenue.

[1] – ABC Cost Recovery % accounts for staff effort, equipment / vehicle costs (e.g., SCBAs, tanker / pumper trucks, etc.), as well as additional weighted operating and capital costs associated with completing fee-related activity(ies).

[2] – This represents the benchmark average across various categories, including commercial, residential, industrial, and others.

Service Area
Profile – **Grimsby
Regional Training
Centre (GRTC)**



Findings and Recommendations – GRTC (1/2)

KEY FINDINGS

Regional Training Centres are expanding across Ontario at a rapid pace: In 2021, the Ontario Fire Marshal's Office (OFM) announced plans to close the Ontario Fire College (OFC) in Gravenhurst and transition to a more modernized approach to fire safety training through Regional Training Centres (RTCs). Since then, municipalities have shown significant interest in establishing and managing RTCs, with over 25 currently operational across Ontario. The RTC model was initially promoted by the Province as a preferred method as it allows Municipal Fire Departments to conduct training at nearby facilities, thereby reducing costs related to travel, personnel coverage, meal reimbursements, and overtime.

Service area cost recovery rate indicates significant operational and capital costs: The GRTC is an advanced facility equipped with live fire capabilities, unlike Fort Erie's RTC. However, maintaining such capabilities incurs substantial operational and capital expenses, with the GRTC's primary training asset, its training tower, only recuperating 32% of its costs through full-day rentals, which include the tower's yearly amortization cost of approximately \$40,000 annually.

Some RTCs have partner rates, others do not: As of 2023, the Town discontinued preferred "partner" rates for Municipal Fire Services in the Niagara Region, which were previously approximately 56% lower than standard rates. A survey of five municipal RTCs across Ontario – Richmond Hill, Leeds and the 1000 Islands, Oakville, Oshawa, and Fort Erie – revealed that only Richmond Hill and Oshawa currently offer preferred rates for Regional Fire Department partners. In Richmond Hill, this rate is about 15% lower than the standard rate, while in Oshawa, it is approximately 15%-33% lower for Region of Durham Fire Departments, depending on the training facility apparatus utilized.

Decline in demand: Revenue from renting GRTC facilities to Municipal Fire Departments and hosting Ontario Fire College courses in its classrooms has dropped by about 45% from 2021 to 2023. This decline is linked to fewer Fire Departments renting the GRTC's training tower (from around seven to three annually), possibly due to new RTCs in the Greater Toronto Area offering lower rates. For instance, in Richmond Hill and Oshawa, tower rental rates are about 30% lower than those at the GRTC. Additionally, enrollment for NFPA and Ontario Fire Code courses in GRTC classrooms has significantly decreased over the past five years; the GRTC hosted only nine courses in 2023, compared to 21 in 2019.

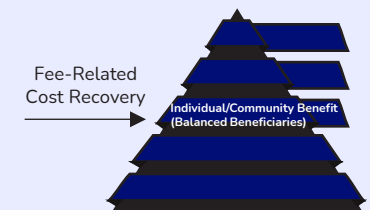
2019-2023 Fee-Related Cost Recovery Rate (Operating):	48%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	34%
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Overall Cost Recovery to Municipal Benchmarks:

- Operating budget revenues and expenses for their respective Regional Training Centres were not reported in the public budget documents of any municipalities within the comparator group. Consequently, overall cost recovery rates for comparator municipalities cannot be calculated.

Service Area Hierarchy Level (Level 3) – Individual/Community Benefit (Balanced Beneficiaries)



Findings and Recommendations – GRTC (2/2)

KEY FINDINGS (CONTD)

Reciprocal training facility arrangements are common practice: The GFD incurs additional revenue loss when it permits regional or local partners to utilize GRTC training facilities in exchange for reciprocal use of their own facilities. For example, the Hamilton Fire Department may use the training tower at no cost, allowing the GFD free access to their indoor facility for rope training. This practice is widespread among Municipal Fire Departments in Ontario and typically results in cost savings for participating Fire Services. Additionally, this practice facilitates joint training exercises between the GFD and local response partners, enhancing response coordination and effectiveness.

Minor fees can be added to Schedule J: GFD staff highlighted that Fire Departments sometimes require the use of additional equipment during their training exercises that they did not bring onsite, such as Rescue Randy mannequins and portable radios. Currently, the GFD lends these items to visiting departments free of charge, despite their having a certain lifecycle and associated replacement costs.

RECOMMENDATIONS AND RATIONALE

R14 Consider reducing the GRTC’s training tower rate given the declining demand from Municipal Fire Departments and to enhance competitiveness with RTCs like Richmond Hill and Oshawa. (Currently, Oakville's training tower rate is notably higher than those of Richmond Hill and Oshawa). However, it is uncertain whether this reduced rate would attract new or former Fire Department customers (i.e., Thorold, Haldimand, County of Brant, and Niagara-on-the-Lake). Factors such as existing relationships with other RTCs or proximity to them may influence these Departments' decisions, as proximity can help minimize travel and related expenses for participating employees.^[1]

R15 Introduce a new fee for community groups or organizations to utilize the GRTC's classroom spaces, aiming to generate additional revenue. Charging a fee aligned with the current classroom rental rate (\$267.07 + tax) would help offset the costs associated with staffing and facility cleanup. Presently, some community groups, like the Girl Guides, utilize the GRTC without charge.

R16 Introduce new fees for equipment rentals (i.e., Rescue Randy and portable radios) to cover the depreciation costs associated with their use.

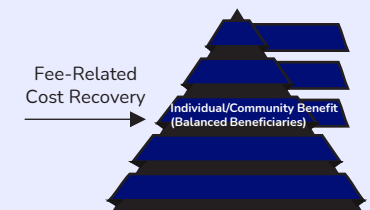
2019-2023 Fee-Related Cost Recovery Rate (Operating):	48%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	34%
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Overall Cost Recovery to Municipal Benchmarks:

- Operating budget revenues and expenses for their respective Regional Training Centres were not reported in the public budget documents of any municipalities within the comparator group. Consequently, overall cost recovery rates for comparator municipalities cannot be calculated.

Service Area Hierarchy
Level (Level 3) – Individual/Community Benefit (Balanced Beneficiaries)



[1] – Before making any adjustments to the Town’s tower rental fee structure, Council and relevant staff should carefully assess the potential financial implications associated with doing so; the following page presents a preliminary budget impact estimate.

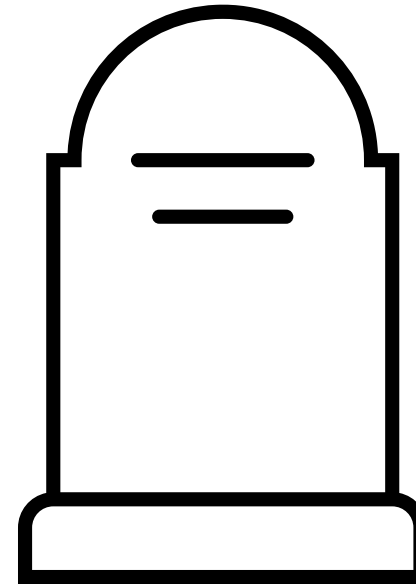
Specific Fee Adjustments – GRTC

The table below presents fees identified through an activity-based costing analysis that may require adjustments or additions to GRTC's current fee schedule.

Description of Fees & Charges	Current Fees			Benchmark Average (2023)	Recommended Fees				
	2023 Fee	Estimated Cost Recovery ^[1]	Hierarchy Level		2024 Fee	Estimated Cost Recovery	Hierarchy Level	Change	% Change
Proposed fee adjustment to GRTC's training tower rental rate									
Training Tower Rental Rate (full day)	\$1,225.98 + tax	32%	Level 2	\$858+HST	\$860.00+HST	25%	Level 2	-\$365.98	30%
New proposed fees									
Community Group / Organization Room Rental (full day)	-	-	-	-	\$267.07+HST	26%	Level 2	-	-
Randy Rescue Rental – per mannequin (full day)	-	-	-	-	\$5.00+HST	100%	Level 5	-	-
Portable Radio Rental – per radio (full day)	-	-	-	-	\$20.00+HST	100%	Level 5	-	-

Training Tower Rental Fee – As highlighted on the previous page, prior to any adjustment to this fee, both GFD staff and Council must thoroughly assess the budgetary implications of such a change. Considering the lower cost recovery rate projected for the potential 2024 fee, it is expected that revenue from training tower rentals would decrease by approximately \$7,319, based on historical usage levels over the past several years

Service Area Profile – **Cemeteries**



Findings and Recommendations – Cemeteries (1/2)

KEY FINDINGS

Effectively recovering costs, for a couple of reasons: Cemeteries demonstrates a very high-cost recovery rate for the various fee-related services provided by its staff, indicating the Town's effective recuperation of staff, equipment, and other associated operational and capital costs. This is attributed to several factors:

- **Higher fees overall:** Grimsby charges higher fees than the comparator average for approximately 74% of its cemetery services.
- **Additional revenue from non-residents:** Additionally, Grimsby imposes non-resident premiums for many of its services (e.g., most internment charges and the sale of plots, columbariums, and niches). This practice generates additional revenue through higher fees for non-residents, despite the identical cost of providing services to residents and non-residents. For example, conducting a burial (single depth) for a non-resident generates \$754 more in revenue compared to a resident, as the cost recovery fee is 47% higher for non-residents

Variability in resident and non-resident fee structures: Within the comparator group, similar resident/non-resident pricing models are utilized by Fort Erie, Lincoln, and Hamilton, where non-residents are charged additional rates of 25-80% for most services, including internments and/or plot sales – such models can be employed to ensure that the cost burden of cemetery services does not fall on resident taxpayers for non-residents' benefit.^[2] Among other municipalities in Niagara Region, many differentiate between residents and non-residents in their cemetery fee schedules. For instance, St. Catharines, Niagara-on-the-Lake, Welland, and Thorold employ similar pricing models to Grimsby, distinguishing between resident and non-resident fees for most services. On the other hand, Pelham and West Lincoln differentiate for plot sales only, while Niagara Falls and Port Colborne do not differentiate between residents and non-residents in their cemetery fees.

New fee opportunities: Staff identified several instances where they dedicate time to completing tasks for community members without any corresponding fee to cover the associated costs – specific examples include conducting ancestral searches, duplicating Rights Holder Certificates, and completing permission forms or commissioning documents. Additionally, staff provided examples of services that the Town has the expertise and capabilities to deliver but currently does not provide, such as memorial tree and bench installations.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	89%
2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	87%

Overall Cost Recovery to Municipal Benchmarks:

- Using FIR data, Grimsby's overall cost recovery rate for Cemeteries in 2019 (29.2%) was **lower** than the comparator average (36.4%). However, by 2022, the Town's overall cost recovery rate (57.8%) **exceeded** the comparator average by more than 10% and surpassed every municipality in the comparator group.
- This significant increase between 2019 and 2022 is due in part to the Town raising cemeteries fees by approximately 10% during that time.
- Grimsby's lower overall cost recovery rate compared to the fee-related rate suggests that the Town's cemeteries incur additional expenses not directly tied to delivering Schedule E services, such as staff time for maintaining cemetery grounds and handling administrative tasks like responding to public inquiries.

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit

[1] – Plot, columbarium, and niche sales revenues were omitted from the cost recovery analysis to prevent artificially inflating the service area's recovery rate, as staff effort and other costs contribute only minimally to the total costs of these sales. However, staff time costs for administering these sales were included in the analysis.

[2] – Benchmarks for Orillia, Woodstock, and Innisfil were not conducted as cemetery services in these municipalities are managed by non-municipal entities, such as not-for-profit church organizations.

Findings and Recommendations – Cemeteries (2/2)

RECOMMENDATIONS AND RATIONALE

- R17** Consider introducing a uniform rate for internment services, while continuing to distinguish between residents and non-residents for the sale of plots, columbariums, and niches. This approach ensures that fees reflect the equal cost of internment services for all, while premiums on plot and other sales ensures that residents do not bear the financial burden of subsidizing non-residents; this model is currently used by Fort Erie, Pelham, and West Lincoln, where only plot sales entail different rates for residents and non-residents.
- R18** Introduce new fees for specific services (e.g., ancestral searches, duplicating Rights Holder Certificates, completing permission forms or commissioning documents, and installing memorial trees and benches) to recover costs for staff currently performing these services free of charge / generate revenue for services that the Town has expertise in but does not currently provide.

IMPLEMENTATION CONSIDERATIONS

- Council and staff should consider the implications of continuing to differentiate between residents and non-residents, particularly in cases where non-residents have strong ties to the community, such as former residents or individuals with familial connections to Grimsby. Conversely, there may be concerns among residents who oppose subsidizing non-resident cemetery costs through the tax levy.
- Before making any adjustments to the Town's cemetery fee structure, Council and relevant staff should assess the financial implications of increasing the equitable access to cemetery services for non-residents.^[1]
- As cemeteries can be a sensitive subject, consider a robust communication strategy to inform the public about any changes in fee structures and the rationale behind them.

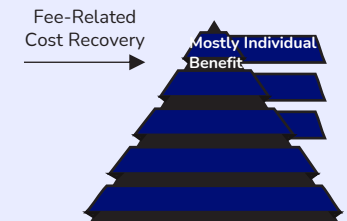
2019-2023 Fee-Related Cost Recovery Rate (Operating):	89%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	87%
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Overall Cost Recovery to Municipal Benchmarks:

- Using FIR data, Grimsby's overall cost recovery rate for Cemeteries in 2019 (29.2%) was **lower** than the comparator average (36.4%). However, by 2022, the Town's overall cost recovery rate (57.8%) **exceeded** the comparator average by more than 10% and surpassed every municipality in the comparator group.
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- Grimsby's lower overall cost recovery rate compared to the fee-related rate suggests that the Town's cemeteries incur additional expenses not directly tied to delivering Schedule E services, such as staff time for maintaining cemetery grounds and handling administrative tasks like responding to public inquiries.

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit



Specific Fee Adjustments – Cemeteries

The table below presents fees identified through an activity-based costing analysis that may require adjustments or additions to Cemeteries' current fee schedule.

Description of Fees & Charges	Current Fees			Benchmark Average (2023)	Recommended Fees				
	2023 Fee	Estimated Cost Recovery ^[1]	Hierarchy Level		2024 Fee	Estimated Cost Recovery	Hierarchy Level	Change	% Change
Potential changes to resident/non-resident fees^[2]									
Resident Single Depth Internment (Adult)	\$1,749+HST	133%	Level 5	\$1,073.13+HST	-	-	-	-	-
Resident Single Depth (Cremated Remains)	\$530+HST	104%	Level 5	\$367.52+HST	-	-	-	-	-
Non-Resident Single Depth Internment (Adult)	\$2,622+HST	180%	Level 5	\$1,378.28+HST	\$1,749+HST	133%	Level 5	-\$873.00	33%
Non-Resident Single Depth (Cremated Remains)	\$794+HST	143%	Level 5	\$470+HST	\$530+HST	103%	Level 5	-\$264.00	33%
New proposed fees									
Permissions Form / Commissioner of Oath	-	-	-	-	\$130+HST	100%	Level 5	-	-
Cemetery Records/Ancestorial Search	-	-	-	-	\$105+HST	100%	Level 5	-	-
Duplicate Rights Holder Certificate	-	-	-	-	\$170+HST	100%	Level 5	-	-
Memorial Bench / Tree Installation	-	-	-	-	\$105+HST and materials	100%	Level 5	-	-

Resident/non-resident fees – The table above illustrates that the Town achieves a significantly higher cost recovery rate for fee-related services provided to non-residents compared to residents. As the Town explores potential changes to its cemetery fee structure, it must consider the potential budgetary implications:

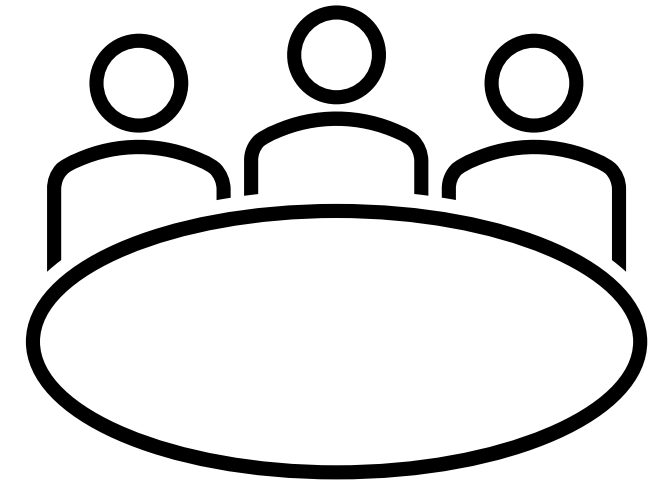
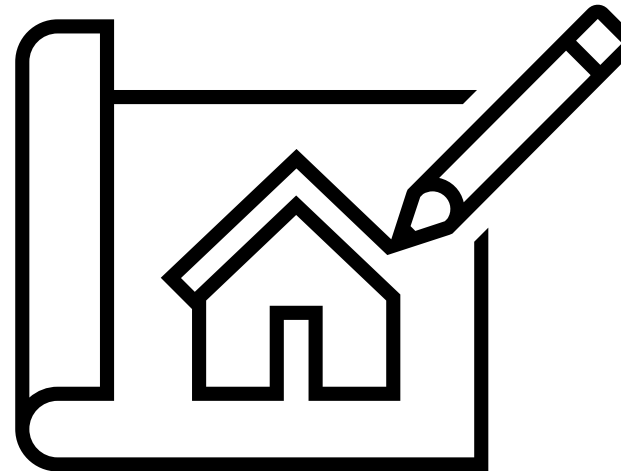
- Transitioning non-resident internment and cremation fees to match the current resident rate, as these are the most frequently requested services for both residents and non-residents, could result in an estimated annual revenue decrease of \$12,280. This calculation is based on the Town's completion of approximately eight non-resident internments and 20 non-resident cremations per year.

New proposed fees: Introducing the proposed fees detailed in the table above could yield an estimated \$9,329 in additional annual user fee revenue, based on projected demand for these services.

[1] – ABC Cost Recovery % accounts for staff effort, equipment / vehicle costs (e.g., backhoe, lowering device, bobcat, etc.), and additional weighted operating and capital costs associated with completing fee-related activity(ies).

[2] – This table does not aim to list every resident versus non-resident fee but rather focuses on those fees that require significant staff effort and equipment use, notably internments and cremations. Fees related to the sale of plots, columbariums, or niches are omitted as these fees predominantly capture land and material expenses.

Service Area
Profile – **Planning
and Development
/ Committee of
Adjustment (CoA)**



Findings and Recommendations – Planning and Development / CoA (1/7)

KEY FINDINGS

Level four (4) cost recovery overall: The Development Application Approval Process (DAAP) has consistently achieved a Level 4 (Considerable Individual Benefit) cost recovery rate between 2019 and 2023. During this period, DAAP's operating + capital cost recovery rate has shown an upward trend, rising from 61% in 2019 to 81% in 2023, with a dip to 60% in 2022 due to factors such as a lack of revenue from condominium application fees and a high volume of minor variance applications where only 50-55% of total costs are recovered.

Variation in cost recovery across different application types: Some planning applications, like Official Plan / Zoning By-Law amendments, achieve nearly full cost recovery, while others, such as Draft Plan of Condominium (70%) and Type 2 and 3 Site Plan applications (71% and 30% respectively), have lower rates. Additionally, all Committee of Adjustment applications currently have cost recovery levels at or below 55%.

Pre-consultation fees are not recouping costs at a high degree: Across the Town's various development application types (excluding standard Official Plan amendments), most pre-consultation fees currently recover between 55-75% of the costs associated with hosting pre-consultation meetings. This variability is attributed to the uniform pre-consultation rate applied across almost all application types, leading to lower cost recovery rates for major versus standard, as well as Type 1 versus Type 3 applications. For example, while the Town recovers 75% of costs for conducting a *standard* Zoning By-Law amendment pre-consultation process, it only recovers 57% for a *major* Zoning By-Law amendment pre-consultation.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	76%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	71%
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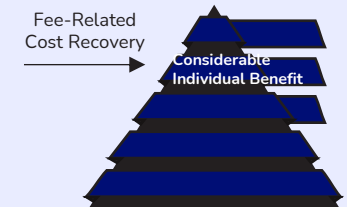
Overall Cost Recovery to Municipal Benchmarks:

- FIR data reveals that Grimsby's overall cost recovery rate for Planning and Development is **below the comparator average**, with a difference of 5.3% in 2019 and 8.2% in 2022. However, it should be noted that these two years represented the lowest cost recovery rates for the Department within the 2019-2023 period.
- Since 2019, Grimsby's overall rate has slightly declined from 28.6% to 24.7%. This trend mirrors similar decreases seen in municipalities like Lincoln and Hamilton. However, during the same period, Oakville, St. Catharines, and Halton Hills experienced increases in their respective overall cost recovery rates.

Please Note

The computed cost recovery level for Planning and Development encompasses all expenses associated with overseeing the Development Application Approval Process (DAAP) at the Town – this includes the time and effort of staff from Engineering, Public Works, Finance, Clerks office, Council, and the CAO, among others (i.e., legal fees), in addition to the Planning and Development department

Service Area Hierarchy Level (Level 4) – Considerable Individual Benefit



Findings and Recommendations – Planning and Development / CoA (2/7)

KEY FINDINGS (CONTD)

Pre-consultation fees vary across municipal comparators: Comparing Grimsby’s primary pre-consultation fee (\$1,645) to other municipalities within the comparator group reveals significant variation both in the fee amounts and the fee structures employed, which may relate to the policy goals of the municipalities under review. For instance, Hamilton seems to front-load planning fees during pre-consultation, with its fee ranging from \$4,785 to \$12,025, perhaps in order to recoup some costs in the event of a mandated Bill-109 refund. On the other hand, Oakville opts for a lower fee of just \$1,234, possibly subsidizing much of the pre-consultation process to spur further development in their jurisdiction.

Recent changes in DAAP fee structures amongst comparators: Among the comparator group, each of the surveyed municipalities have introduced new DAAP fee structures in recent years – namely, these municipalities have implemented pricing schemes whereas they charge a base fee across one or more different application types (i.e., Official Plan / Zoning By-law Amendments, Plans of Subdivision / Condominium, and Site Plans), in addition to a variable per unit fee that decreases through different ranges of the number of units, reflecting a tiered pricing structure based on development scale. Specific examples include:

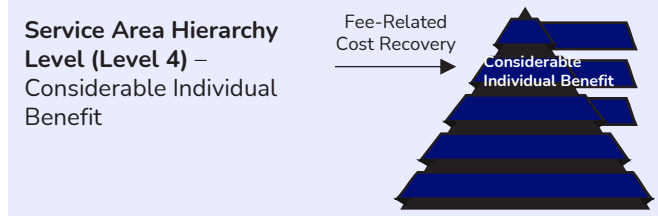
- **Hamilton and Oakville** have implemented similar per unit fee structures for Plans of Subdivision, whereas applicants are charged different fees based on unit range bands (i.e., 0-25 units, 26-100 units, 101+ units). In Hamilton, the per unit fee starts at \$585 and decreases to \$255 for each additional unit beyond 100 units; in Oakville, the per unit fee starts at \$736 and decreases to \$294 for each additional unit beyond 201 units.
- In **Lincoln**, the municipality charges a per unit rate (up to 250 units) of \$100 for Site Plans and Plans of Subdivision; on the other hand, **St. Catharines** charges a similar per unit rate for Site Plans (\$332), as well as an additional variable fee ranging from \$1,237-\$6,267 for different tiers of apartment buildings (i.e., 4 storeys or less, 5-8 storeys, and 9+ storeys).

2019-2023 Fee-Related Cost Recovery Rate (Operating):	76%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	71%
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Overall Cost Recovery to Municipal Benchmarks:

- FIR data reveals that Grimsby’s overall cost recovery rate for Planning and Development is **below the comparator average**, with a difference of 5.3% in 2019 and 8.2% in 2022. However, it should be noted that these two years represented the lowest cost recovery rates for the Department within the 2019-2023 period.
- Since 2019, Grimsby's overall rate has slightly declined from 28.6% to 24.7%. This trend mirrors similar decreases seen in municipalities like Lincoln and Hamilton. However, during the same period, Oakville, St. Catharines, and Halton Hills experienced increases in their respective overall cost recovery rates.



Findings and Recommendations – Planning and Development / CoA (3/7)

KEY FINDINGS (CONTD)

Settlement area boundary expansions: [Bill 185](#) – which received Royal Assent in June 2024 – introduced new permissions for privately initiated settlement area boundary expansions outside of the Greenbelt Area. Specifically, Bill 185 allows applicants to appeal a municipality’s refusal or failure to make a decision on a privately requested Official Plan or Zoning By-law Amendment that would change the boundary of an "area of settlement" outside of the Greenbelt Area, within 120 days of the application's submission. There is concern from staff that broadening the permissions for settlement area boundary can potentially lead to ongoing litigation and significant impacts on the municipality’s financial and staffing resources. In response to this legislative change, some municipalities – including Hamilton and Brantford – have introduced new fees in their 2024 schedules in order to recover costs associated with extending a settlement area boundary.

Heritage fees: Some municipalities in Ontario have instituted heritage planning fees (e.g., Heritage Permit fees) to offset the administrative and professional costs involved in evaluating and managing heritage properties, thereby ensuring compliance with heritage conservation standards and municipal / provincial regulatory frameworks. Amongst the comparator group, only St. Catharines currently charges a Heritage Permit Application fee of \$1,138 for major applications and \$273 for minor applications – all other surveyed municipalities do not charge a fee for a Heritage Permit. However, Halton Hills has a \$150 fee for providing applicants with a Heritage Compliance Letter, which confirms if a property/structure is designated under Part IV or Part V of the *Ontario Heritage Act*.

Waiving CoA fees for Charitable Organizations: At a December 2023 Committee of Adjustment (CoA) meeting, the Committee proposed a motion requesting that Council consider waiving or reducing fees for Registered Charities related to CoA applications. Based on a desktop analysis, it was determined that this is an uncommon practice among Ontario municipalities and could result in additional revenue loss, given the estimated ownership of over 24 properties by such entities across Grimsby. Despite this, staff acknowledge that these organizations often provide significant public benefits over private gains. For instance, the Bruce Trail Conservancy recently submitted an application to acquire a parcel of land from a homeowner bordering the Niagara Escarpment, which would enable the organization to expand its land trust as a steward of Canada’s longest marked footpath.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	76%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	71%
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- Overall Cost Recovery to Municipal Benchmarks:**
- FIR data reveals that Grimsby’s overall cost recovery rate for Planning and Development is **below the comparator average**, with a difference of 5.3% in 2019 and 8.2% in 2022. However, it should be noted that these two years represented the lowest cost recovery rates for the Department within the 2019-2023 period.
 - Since 2019, Grimsby's overall rate has slightly declined from 28.6% to 24.7%. This trend mirrors similar decreases seen in municipalities like Lincoln and Hamilton. However, during the same period, Oakville, St. Catharines, and Halton Hills experienced increases in their respective overall cost recovery rates.



Findings and Recommendations – Planning and Development / CoA (4/7)

KEY FINDINGS (CONTD)

Legal services costs: Staff indicated that the Town currently lacks a fee to recover legal costs incurred by the municipality in preparing and administering subdivision / condominium agreements, as well as for other CoA applications.

Benchmarking challenges exist: Comparing planning fees across municipalities presents challenges due to several factors, including diverse fee structures, unique geographic and demographic characteristics, as well as local planning policies and priorities.^[1] These complexities make it difficult to evaluate Grimsby’s DAAP fees alongside those of other municipalities, particularly when considering them in aggregate. Therefore, assessing potential fee adjustments is more feasible on a case-by-case basis with individual municipalities, especially direct neighbouring municipalities who may share similar growth patterns, land use policies, etc.

There are some clear opportunities for upward fee adjustments: Based on the low cost recovery rates observed for specific application types, there is an opportunity for the Town to adjust these fees upwards. This adjustment would aim to achieve higher cost recovery rates seen in other application categories and to better align with direct comparators such as the Town of Lincoln.

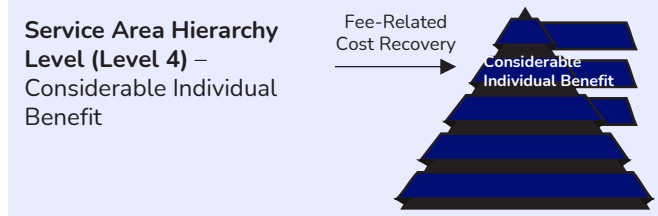
- **Site Plan (Type 3)** application fees presently achieve a cost recovery rate of only 30%, indicating potential to revert to the 2022 fee level of \$2,880, thereby enhancing fee-related cost recovery to around 67% - most planning application fees were reduced from 2022 to 2023 following the decision to adjust pre-consultation fees from a deposit fee to a separate fee on all permits requiring pre-consultation
- Although it is considered best practice to maintain low fees for **Minor Variance / Consent applications** to ensure accessibility and affordability for community members, there is an opportunity for the Town to marginally increase these fees to better align with Lincoln's, which currently exceed Grimsby's by approximately 8% in these categories.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	76%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	71%
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Overall Cost Recovery to Municipal Benchmarks:

- FIR data reveals that Grimsby’s overall cost recovery rate for Planning and Development is **below the comparator average**, with a difference of 5.3% in 2019 and 8.2% in 2022. However, it should be noted that these two years represented the lowest cost recovery rates for the Department within the 2019-2023 period.
- Since 2019, Grimsby's overall rate has slightly declined from 28.6% to 24.7%. This trend mirrors similar decreases seen in municipalities like Lincoln and Hamilton. However, during the same period, Oakville, St. Catharines, and Halton Hills experienced increases in their respective overall cost recovery rates.



72 [1] – For instance, recent changes in fee structures, particularly in the Site Plan application process, have been noted in comparator municipalities such as Lincoln, Hamilton, Oakville, and St. Catharines – in particular, these municipalities have transitioned to a base fee structure with additional variable fees applied per residential or non-residential unit.

Findings and Recommendations – Planning and Development / CoA (5/7)

KEY FINDINGS (CONTD)

Ontario planning legislation has evolved considerably in recent years: In 2022 and 2023, Ontario's planning landscape was notably affected by legislative changes, including [Bill 109](#), which imposed penalties requiring municipalities to refund development application fees if decisions were delayed. However, in April 2024, [Bill 185](#) was introduced, bringing several statutory revisions, including the removal of the pre-consultation requirement (allowing it to remain available at the applicants' discretion) and the elimination of the refund mechanism for application fees.

Previous Planning Fee Review occurred several years ago: In 2017, the Town engaged a third-party consultant to undertake a review of its user fees imposed under the *Planning Act*. The review identified that fee rates for all applications fell below full cost recovery rates and that the Town was subsidizing the planning application review process through the tax rate to a considerable degree (i.e., overall DAAP cost recovery level of only 32%).

- Since the 2017 review, some application fees have increased significantly while others have seen more modest growth. Fees for certain application types that were assessed to have achieved adequate cost recovery levels, such as Official Plan and Zoning By-law amendments, have experienced moderate increases ranging from 12% to 77% since 2017. Conversely, fees for application types determined to be severely under-recovering costs, like minor variances and Draft Plans of Subdivision / Condo, have increased by 79% to 351% during the same period.

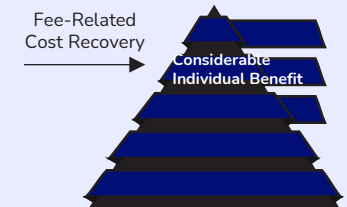
2019-2023 Fee-Related Cost Recovery Rate (Operating):	76%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	71%
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Overall Cost Recovery to Municipal Benchmarks:

- FIR data reveals that Grimsby's overall cost recovery rate for Planning and Development is **below the comparator average**, with a difference of 5.3% in 2019 and 8.2% in 2022. However, it should be noted that these two years represented the lowest cost recovery rates for the Department within the 2019-2023 period.
- Since 2019, Grimsby's overall rate has slightly declined from 28.6% to 24.7%. This trend mirrors similar decreases seen in municipalities like Lincoln and Hamilton. However, during the same period, Oakville, St. Catharines, and Halton Hills experienced increases in their respective overall cost recovery rates.

Service Area Hierarchy Level (Level 4) – Considerable Individual Benefit



Findings and Recommendations – Planning and Development / CoA (6/7)

RECOMMENDATIONS AND RATIONALE

- R19** Restore the Site Plan (Type 3) application fee to its 2022 level to ensure cost recovery is consistent with other application fees.
- R20** Increase fees for Minor Variance / Consent applications to better match those of the Town of Lincoln.
- R21** Alongside Council, examine the feasibility of adopting new fee structures recently implemented by comparator municipalities (e.g., base fee plus variable fee for residential development) in light of Grimsby’s unique growth and development patterns, as well as the increasing complexity and scale of planning applications anticipated over the next several years.
- R22** In response to Bill 185, introduce a special application fee for extending a settlement area boundary to recover the significant staff costs associated with processing such applications, should this type of application be submitted in Grimsby. The City of Hamilton has implemented a fee of \$82,300 for this type of application, while the City of Brantford charges \$76,200 for the same application.
- R23** Consider implementing new fees for applicants seeking to undertake alterations to properties designated under the *Ontario Heritage Act* (i.e., Heritage Permit). Special consideration should be given to the fact that neighbouring municipalities (i.e., Lincoln and Hamilton) currently do not impose fees for Heritage Permits. Additionally, the municipality should weigh the administrative costs of managing these permits against the community benefits derived from preserving heritage properties.
- R24** Establish a new Schedule K provision to enable the municipality to fully recover 100% of all legal / professional services costs associated with the review of planning applications, including but not limited to Draft Plans of Condominium, Subdivision applications, and other Committee of Adjustment (CoA) applications. The Town of Lincoln currently has a similar fee within its Comprehensive Fee Schedule, where it is stipulated that “legal review, appraisal and surveying fees will be charged back to the applicant based on actual costs.”

2019-2023 Fee-Related Cost Recovery Rate (Operating):	76%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	71%
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Overall Cost Recovery to Municipal Benchmarks:

- FIR data reveals that Grimsby’s overall cost recovery rate for Planning and Development is **below the comparator average**, with a difference of 5.3% in 2019 and 8.2% in 2022. However, it should be noted that these two years represented the lowest cost recovery rates for the Department within the 2019-2023 period.
- Since 2019, Grimsby’s overall rate has slightly declined from 28.6% to 24.7%. This trend mirrors similar decreases seen in municipalities like Lincoln and Hamilton. However, during the same period, Oakville, St. Catharines, and Halton Hills experienced increases in their respective overall cost recovery rates.



Findings and Recommendations – Planning and Development / CoA (7/7)

RECOMMENDATIONS AND RATIONALE

R25 Introduce a provision within Schedule G that permits a waiver or partial subsidy for Committee of Adjustment applications submitted by charitable organizations, contingent upon the intended use or anticipated public benefit of the land utilization. This provision should clearly stipulate that such decisions will be made on a case-by-case basis, as a standard approach or policy for this does not appear to exist in other municipalities.

R26 Conduct a comprehensive Development Approval Process Review to not only identify recommendations to improve the efficiency and effectiveness of Grimsby’s development review process, but to further assess the potential impacts of new Provincial legislation (i.e., Bill 185) on current fee structures as well as identify how comparator municipalities are responding to these legislative changes.^[1]

- Several municipalities have utilized funding from the Ontario government’s [Streamline Development Approval Fund](#) to undertake comprehensive Development Approval Process Reviews in response to provincial legislation, including [Richmond Hill](#), [Oakville](#), [Markham](#), and the [County of Lanark](#).

R27 Continue to monitor demand for pre-consultation services, given that Bill 185 has removed pre-consultation meetings as a mandatory requirement and made it available at the applicants’ discretion – this legislative change may impact pre-consultation revenues and may justify raising base application fees to cover the upfront costs of reviewing planning application submissions and supporting documents for completeness.

IMPLEMENTATION CONSIDERATIONS

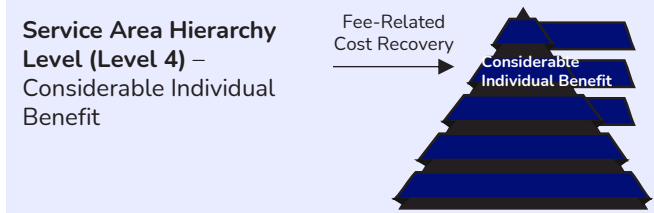
- Under the *Planning Act*, the Town has the authority to establish fees for planning services, provided they do not exceed the total cost of the service rendered.
- Although not obligatory, the Town should consider engaging in a public consultation process before implementing substantial fee increases that may cause certain fees to significantly exceed those of neighbouring municipalities.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	76%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	71%
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Overall Cost Recovery to Municipal Benchmarks:

- FIR data reveals that Grimsby’s overall cost recovery rate for Planning and Development is **below the comparator average**, with a difference of 5.3% in 2019 and 8.2% in 2022. However, it should be noted that these two years represented the lowest cost recovery rates for the Department within the 2019-2023 period.
- Since 2019, Grimsby’s overall rate has slightly declined from 28.6% to 24.7%. This trend mirrors similar decreases seen in municipalities like Lincoln and Hamilton. However, during the same period, Oakville, St. Catharines, and Halton Hills experienced increases in their respective overall cost recovery rates.



[1] – Outside the scope of this review, a report titled *Best Practices in Municipal Development Processes under Bill 109* was prepared for the Planning and Development to identify potential opportunities to improve or enhance Grimsby’s development approvals review process considering major legislative changes introduced by Bill 109.

Specific Fee Adjustments – Planning and Development / CoA

The table below presents fees identified through an activity-based costing analysis that may require adjustments to current fee schedules for Planning and Development and the Committee of Adjustment.

Description of Fees & Charges	Current Fees			Benchmark Average (2024)	Recommended Fees				
	2023 Fee	Estimated Cost Recovery ^[1]	Hierarchy Level		2024 Fee	Estimated Cost Recovery	Hierarchy Level	Change	% Change
Proposed fee adjustments									
Site Plan (Type 3) Application	\$1,321.72	30%	Level 2	N/A ^[2]	\$2,880.81	67%	Level 4	+\$1,559.09	118%
Minor Variance (Type 1) Application	\$2,760.21	55%	Level 3	\$3,000 (Town of Lincoln fee)	\$3,000	60%	Level 4	+\$239.79	9%
Minor Variance (Type 2) Application	\$1,592.43	50%	Level 3	\$1,720 (Town of Lincoln fee)	\$1,700	55%	Level 3	+\$107.57	7%
Processing Applicant for Consent	\$2,760.21	55%	Level 3	\$3,000 (Town of Lincoln fee)	\$3,000	60%	Level 4	+\$239.79	9%
New proposed fees									
Legal / Professional Services Chargeback (e.g., legal review fees will be charged back to the applicant based on actual costs)	-	-	-	N/A	Actual Costs (i.e., Legal Services Fee, including HST)	100%	Level 5	-	-
Extend Settlement Area Boundary	-	-	-	\$79,250 ^[3]	\$80,000	N/A	N/A	-	-

Proposed fee adjustments – Increasing the fees detailed in the table above could yield an estimated \$12,319 in additional annual user fee revenue, based on 2023 volumes, while maintaining these fees at par with the Grimsby’s direct neighbouring municipality (i.e., the Town of Lincoln).

100% cost recovery for legal services – Implementing a provision to fully recover legal service costs associated with the DAAP process is projected to generate an additional \$30,646 in annual revenue for the Town. This projection is based on the historical average costs incurred for third-party legal reviews of development approval applications.

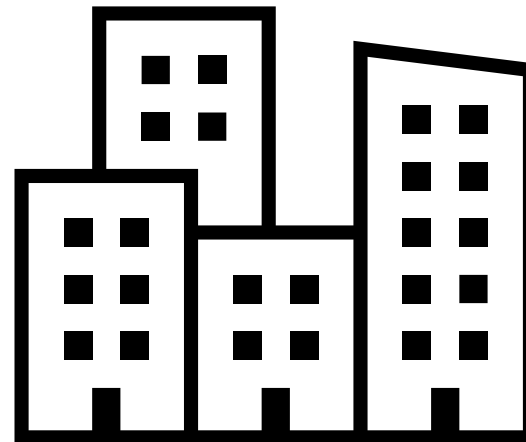
New fee for Settlement Area Boundary Expansion – Staff should confirm whether the proposed fee – which utilized comparator benchmarks from Hamilton and Brantford to set this charge – is appropriate fee for this application type, given that the Town has not previously received applications of this nature.

[1] – ABC Cost Recovery % accounts for staff effort costs as well as weighted direct, indirect, and capital costs associated with completing fee-related activity(ies)

[2] – Amongst the comparator group, only the City of St. Catharines currently has a Type 3 Site Plan fee, which is set at \$1,237.

[3] – This figure represents the average fee of two municipal comparators (i.e., Hamilton and Brantford) who recently implemented a fee for extending a settlement area boundary.

Service Area Profile – **Building Services**



Findings and Recommendations – Building Services (1/2)

KEY FINDINGS

Cost recovery varies significantly year-over-year: Although Building Services has maintained an average operating cost recovery rate of over 82% from 2019 to 2023, it has fluctuated significantly year-over-year during that time (i.e., 40% and 42% in 2023 and 2021, and 179% and 119% in 2019 and 2022). These fluctuations can be attributed to two main factors:

- **Building permit revenue variations:** Revenue from building permits has fluctuated significantly year-over-year since 2019, with revenue changing from approximately \$749K in 2019 to \$160K in 2020, as well as from \$720K in 2022 to \$243K in 2023. As building permit revenue typically constitutes over 80% of total user fee revenue, these fluctuations impact the service area’s cost recovery rate significantly.
- **Interfunctional allocations are significant expenses:** Since 2022, Building Services has incurred substantial expenses due to the introduction of additional allocations for Administration, Finance, HR, Legal, and Insurance, in addition to the existing IT Allocation. These allocations, which aim to capture the support function costs of these service areas, accounted for approximately 33% and 29% of all direct service area costs in 2022 and 2023 (based on ABC costing estimates) – these percentages are significantly higher than the 7% industry benchmark used for this review.

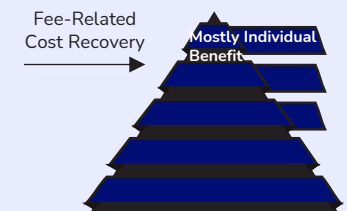
Indirect cost discrepancies in Grimsby’s annual Building Permit Fee Report: Grimsby's Annual Building Permit Fee Report, a mandated document under the *Building Code Act*, reveals significantly higher indirect costs compared to other municipalities. For instance, in its 2022 report, Grimsby disclosed approximately \$213K in indirect costs alongside \$528K in direct costs, with indirect costs constituting about 40% of total direct costs. This differs significantly from other municipalities like [Brantford](#), [Hamilton](#), and [St. Catharines](#), where indirect costs represented only 12% to 15% of direct costs in their respective 2022 reports. While some municipalities break down direct and indirect costs separately in their reports, others, like [Vaughan](#), present a consolidated figure, and [Burlington](#) omits such figures altogether, instead providing only opening and closing amounts for its Building Permit Stabilization Reserve Fund.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	82% ^[1]
2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	79%

Overall Cost Recovery to Municipal Benchmarks:

- FIR data on building, occupancy, etc., permit revenues was not available for this analysis.
- However, to illustrate the impact of fluctuating building permit activity on cost recovery, additional research was conducted to assess building-related transfers/draws from reserve funds in public budget documents. Amongst benchmarks, only the Town of Innisfil reports such figures in its [budget documents](#).
- In 2023, a year marked by low building permit revenue for Grimsby, Innisfil drew approximately \$126K from its “Building Inspection Reserve,” while Grimsby transferred \$109K from deferred revenue.
- Conversely, in 2022, a year of robust building permit revenue for Grimsby, the Town’s Building Department contributed \$88K to reserves, whereas Innisfil made a contribution of \$29K.^[2]

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit



[1] – This recovery rate only accounts for the operating costs involved in administering and enforcing the Building Code. To prevent double counting, it excludes the staff time from Building personnel allocated to assisting Planning and Development with development applications like Site Plans and Plans of Subdivision. However, the contribution of staff effort to these applications is factored into the cost recovery levels of the Planning and Development service area.

Findings and Recommendations – Building Services (2/2)

KEY FINDINGS

Varied cost recovery rates across permit categories: Differences exist between the permit categories in terms of cost recovery performance. For example, permits for Group D/E buildings (i.e., Business / Mercantile) are recovering only 64% of annual costs, while permits for residential construction and assembly / care and treatment buildings are recovering more than 100% of operating and capital costs – this over-recovery is particularly significant as these categories make up over 80% of annual permit volumes.

Fees are aligned with comparators: Building Services fees remain competitive when compared to similar municipalities, being either slightly above, below, or on par with them across Schedule C.

RECOMMENDATIONS AND RATIONALE

R28 Reassess current allocation levels to mitigate the risk of non-compliance with the *Building Code Statute Law Amendment Act, 2022*, which not only requires municipalities to report annually on both the direct and indirect costs of reviewing applications / conducting inspections, but also stipulates that fees "must not exceed the anticipated reasonable costs" of providing the service.

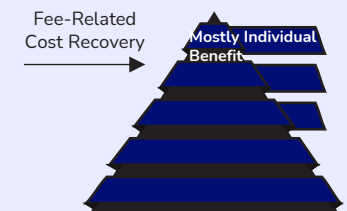
2019-2023 Fee-Related Cost Recovery Rate (Operating):	82% ^[1]
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	79%
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Overall Cost Recovery to Municipal Benchmarks:

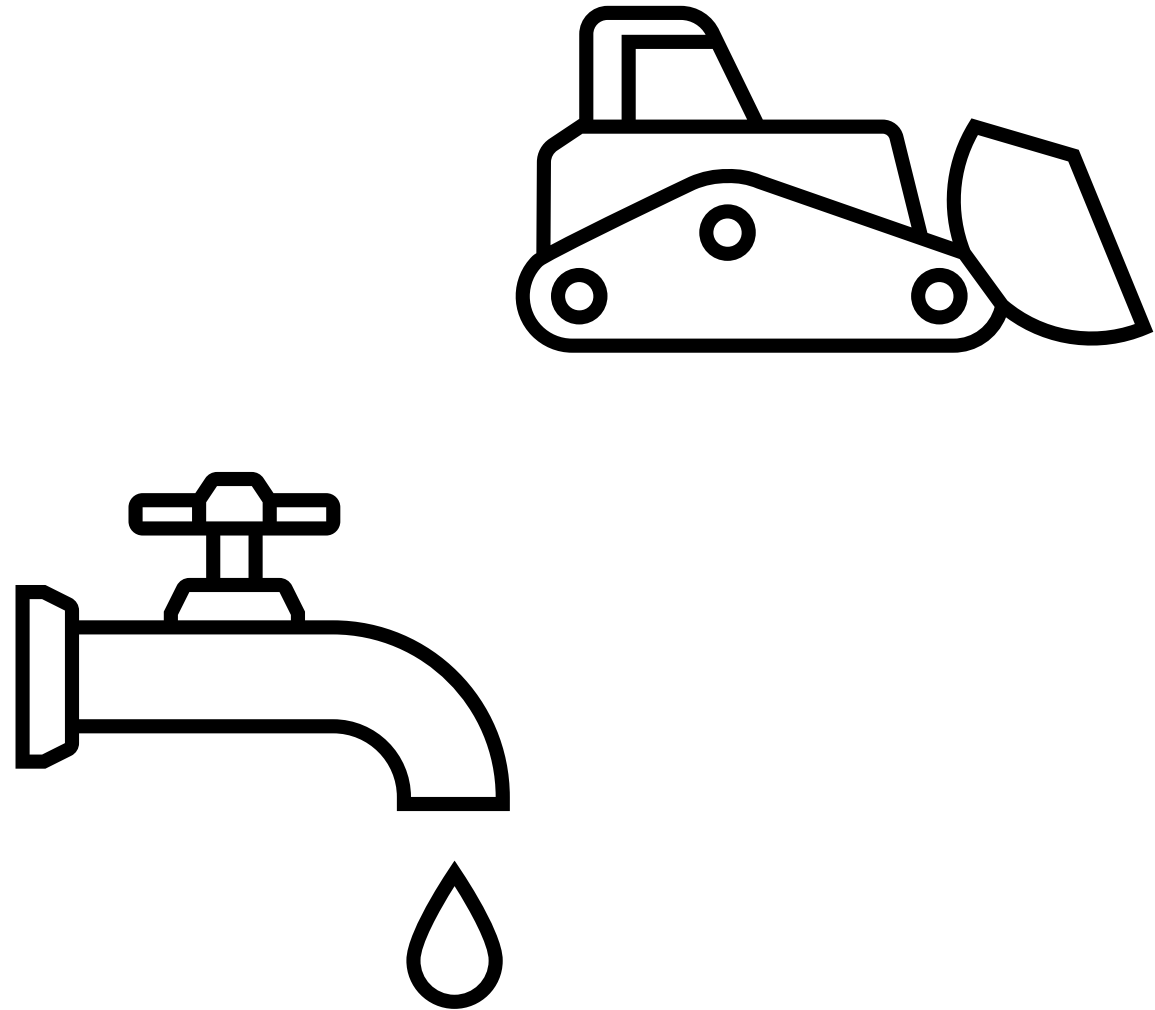
- FIR data on building, occupancy, etc., permit revenues was not available for this analysis.
- However, to illustrate the impact of fluctuating building permit activity on cost recovery, additional research was conducted to assess building-related transfers/draws from reserve funds in public budget documents. Amongst benchmarks, only the Town of Innisfil reports such figures in its [budget documents](#).
- In 2023, a year marked by low building permit revenue for Grimsby, Innisfil drew approximately \$126K from its "Building Inspection Reserve," while Grimsby transferred \$109K from deferred revenue.
- Conversely, in 2022, a year of robust building permit revenue for Grimsby, the Town's Building Department contributed \$88K to reserves, whereas Innisfil made a contribution of \$29K.^[2]

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit



[1] – This recovery rate only accounts for the operating costs involved in administering and enforcing the Building Code. To prevent double counting, it excludes the staff time from Building personnel allocated to assisting Planning and Development with development applications like Site Plans and Plans of Subdivision. However, the contribution of staff effort to these applications is factored into the cost recovery levels of the Planning and Development service area.

Service Area
Profile – **Public
Works / Water**



Key Considerations for Reviewing Public Works / Water Findings

The following key factors should be taken into account when reviewing cost recovery findings from this service area:

- ① **Challenges in determining an overall service area cost recovery rate:** Computing an overall cost recovery rate for the Public Works/Water service area is not feasible due to the complexities in allocating various departmental revenues and expenses from different schedules (Schedule P – Water and Schedule L – Public Works) to a single service area. To address this issue, separate cost recovery rates have been calculated for the following sub-service areas:
 - ✓ Engineering services for development applications (i.e., Development Engineering)
 - ✓ Engineering / Public Works permit applications
 - ✓ Administrative water charges
 - ✓ Private water services

- ② **Limitations in cost recovery rate calculations:** For certain sub-service areas (DAAP Engineering services and Engineering/Public Works permit applications), only 2023 cost recovery rates were calculated due to budget reporting discrepancies from 2019 to 2023. Specifically, Public Works Admin revenue was not reported in 2019, 2020, and 2023, and the DAAP Overhead Recovery was introduced as a budget line item for Public Works during the 2023 budget process.

Findings and Recommendations – Development Engineering (1/2)

KEY FINDINGS

- **In 2023, Engineering costs for the DAAP process were fully recovered...:** Public Works Engineering staff contribute to the Development Application Approval Process (DAAP) and as of 2023 receive DAAP Overhead Recovery revenue, which exceeded the estimated costs of their time and associated expenses in that year – specifically, the total annual costs for Engineering staff amounted to approximately \$215K, while the Department received over \$341K in DAAP Overhead Recovery revenue in 2023.
- **...However, this one-year analysis has its limitations:** Although it appears that Engineering over-recovered costs for 2023, this might not be the case for several reasons. First, many developments span several years, meaning that costs may be recovered in a later year than the year in which the majority of Engineering staff work was conducted. Second, for this analysis, Engineering Development costs recouped through the DAAP Overhead Recovery only accounted for staff activities up until the point of development approval. However, Engineering staff also perform many post-development approval tasks, including construction inspections, letter of credit reviews, and deficiency walkthroughs, for which cost estimates were not provided due to the significant variation in these types of costs across different projects.
- **Challenges in collecting administration fees:** Public Works typically collects Engineering administration fees at the time of development agreement registration. However, there have been instances where projects reached the approval stage but were not subsequently registered / land was subsequently sold, resulting in the loss of anticipated administration fees.
- **Expenses for third-party reviews:** Public Works incurs substantial expenses for a variety of third-party peer reviews and studies related to the development process, including stormwater management peer reviews and professional costs for water and sanitary modeling studies – these charges can vary significantly from year to year and depending on the specific development project. Additionally, although many municipalities in Ontario have provisions to fully recover these costs, Public Works currently lacks such a provision in its fee schedule.

2023 Fee-Related Cost Recovery Rate (Operating):	184%
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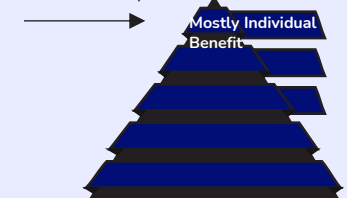
2023 Fee-Related Cost Recovery Rate (Operating + Capital):	158%
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Overall Cost Recovery to Municipal Benchmarks:

- It was not possible to isolate Development Engineering expenses and revenues for comparator municipalities utilizing either FIR data or public budget documents

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit

Fee-Related Cost Recovery



Findings and Recommendations – Development Engineering (2/2)

RECOMMENDATIONS AND RATIONALE

R29 Introduce a new item within Public Works' fee schedule to allow the Town to fully recover the actual costs (including HST) for the third-party preparation or review of special engineering studies. Similar provisions are found in the fee schedules of many municipalities across Ontario, including several local municipalities (i.e., Lincoln, Fort Erie, and Hamilton).

R30 Implement a provision within Public Works' fee schedule to allow the Town to collect a flat Engineering administration fee upfront at the time of the initial application, with final fees reconciled upon plan registration. This approach will help mitigate the risk of significant financial losses associated with projects that reach the approval stage but are not subsequently registered.

2023 Fee-Related Cost Recovery Rate (Operating):	184%
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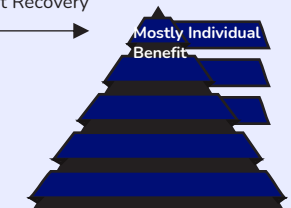
2023 Fee-Related Cost Recovery Rate (Operating + Capital):	158%
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Overall Cost Recovery to Municipal Benchmarks:

- It was not possible to isolate Development Engineering expenses and revenues for comparator municipalities utilizing either FIR data or public budget documents

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit

Fee-Related Cost Recovery →



Findings and Recommendations – Engineering / Public Works Permit Applications

KEY FINDINGS

Some permit fees are effectively covering costs, while others are not: Grimsby is recouping costs for Pool Bond Release and Outdoor Patio permits at a high rate (82% and 77% respectively). However, the Town is under-recovering for other permit fees, especially Entrance (57%), Site Alteration (57%), Lot Grading Review and Inspection (35%), and Site Servicing (30%).

New fee opportunity: Public Works staff reported instances where permit applicants are not adhering to the timelines specified in their permits, such as patio permits extending beyond the summer months. Consequently, there is an opportunity to implement new fees to encourage compliance with permit timelines. For example, Public Works may consider introducing fees similar to those in By-law Enforcement's Schedule D, where a \$75.00 fee is issued for an Order in cases of non-compliance, and a \$300.00 non-compliance inspection fee is applied if the expectations of the Order are not met.

RECOMMENDATIONS AND RATIONALE

R31 Increase Schedule L fees for Entrance, Site Alteration, Lot Grading Review and Inspection, and Site Servicing permits to more effectively cover the expenses associated with these services and better align with comparators, where the Town charges below the comparator average for almost each one of these fees.

R32 Implement new fees to ensure compliance with permit timelines, including potentially a \$75.00 fee for issuing an Order and a \$300.00 non-compliance inspection fee, to address ongoing permit violations and encourage adherence to permit conditions.

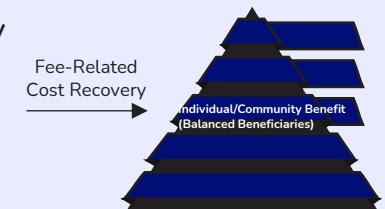
2019-2023 Fee-Related Cost Recovery Rate (Operating):	60%
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2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	52%
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Overall Cost Recovery to Municipal Benchmarks:

- It was not possible to isolate Engineering / Public Works permit application expenses and revenues for comparator municipalities utilizing either FIR data or public budget documents

Service Area Hierarchy
Level (Level 3) – Individual/Community Benefit (Balanced Beneficiaries)



Findings and Recommendations – Administrative Water Charges

KEY FINDINGS

- **Administrative water fees are effectively covering their costs:** Finance staff administer these fees, and most of the operating and capital costs associated with doing so are being recovered. For instance, approximately 90% of the costs for creating or modifying water accounts are recovered, and about 86% of costs for transferring overdue accounts to the tax roll are offset. This high rate of cost recovery is positive, especially considering Finance deals with hundreds of such tasks every year (i.e., 560 account set-ups or modifications and 812 instances of transferring overdue accounts to the tax roll, on average).
- **Increasing fees to achieve 100% cost recovery:** However, similar to other Finance administrative charges (e.g., returned cheque fees, printed tax account histories / bill reprints, ownership and mailing address changes, and mortgage electronic listings), there is an opportunity to increase new water account set up and collection on overdue account fees to achieve 100% cost recovery.
- **New fee opportunity:** Finance staff indicated that they typically issue over 60 hard copies of water account histories or bill reprints annually without charging a fee, as no fee provision currently exists within Schedule P.

RECOMMENDATIONS AND RATIONALE

- R33** Increase fees for high-volume services that currently recover costs below 100% (i.e., new water account set up and collection on overdue account).
- R34** Introduce a new fee for issuing hard copies of water account histories or bill reprints to fairly capture the costs of carrying out this service for community members.

2019-2023 Fee-Related Cost Recovery Rate (Operating):	112%
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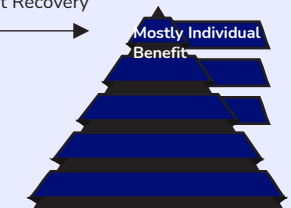
2023 Fee-Related Cost Recovery Rate (Operating + Capital):	88%
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Overall Cost Recovery to Municipal Benchmarks:

- It was not possible to isolate administrative water expenses and revenues for comparator municipalities utilizing either FIR data or public budget documents

Service Area Hierarchy Level (Level 5) – Mostly Individual Benefit

Fee-Related Cost Recovery →



Findings and Recommendations – Private Water Services

KEY FINDINGS

- **Private water services fee recovery is low:** Grimsby is only recovering 47% of the costs associated with water meter supply and installation fees, and only 32% for water off/on charges. Staff reported that additional revenue loss for on/off services occurs when homeowners request to pay solely for turning off the water without paying for turning it back on; this occurs even when they only require the water shut off for a brief period, such as 15 minutes.
- **Lack of fee for sewer lateral investigations:** Engineering staff indicated that the Town currently lacks a fee for completing sewer lateral investigations – including conducting a Closed Circuit Television Video (CCTV) recording – to determine whether there is a structural deficiency (i.e., qualifying defect) within the public portion of the sewer lateral or if the defect is due to sewer lateral negligence.

RECOMMENDATIONS AND RATIONALE

- R35** Increase Schedule P charges for water on/off services and meter supply and installation, to more effectively cover the expenses associated with these services.
- R36** Implement and enforce a consistent policy for charging residents both the on and off water service fees, irrespective of the duration Public Works staff spend on-site waiting for private plumbing services to complete their work. This approach aims to recover additional costs associated with staff time and equipment being unutilized while ensuring uniformity in charges for all residents. The Town should clearly communicate the rationale for consistently charging both on/off fees to residents (i.e., to ensure fairness in billing practices). Additionally, consider a six to twelve-month transition period during which these fees may not always be charged to inform residents and private plumbing services about the new policy.
- R37** Introduce a new fee for conducting sewer lateral investigations for residents; the fee should be applied only when it is determined that a defect is located on the private portion of the property line. Additionally, this fee should align with municipal comparators like Hamilton and Brantford who charge similar fees at rates that achieve full cost recovery (\$477 for Hamilton and \$674 for Brantford).

2019-2023 Fee-Related Cost Recovery Rate (Operating):	52%
2019-2023 Fee-Related Cost Recovery Rate (Operating + Capital):	45%

Overall Cost Recovery to Municipal Benchmarks:

- It was not possible to isolate administrative private water services expenses and revenues for comparator municipalities utilizing either FIR data or public budget documents

Service Area Hierarchy Level (Level 3) – Individual/Community Benefit (Balanced Beneficiaries)

Specific Fee Adjustments – Public Works / Water (1/2)

The table below presents fees identified through an activity-based costing analysis that may require adjustments or additions to current Water and Public Works fee schedules.

Description of Fees & Charges	Current Fees			Benchmark Average (2023)	Recommended Fees				
	2023 Fee	Estimated ABC Cost Recovery	Hierarchy Level		2024 Fee	Estimated ABC Cost Recovery	Hierarchy Level	Change	% Change
Proposed fee adjustments									
Entrance Permit	\$123.60+HST	57%	Level 3	\$263.61+HST	\$215.00+HST	100%	Level 5	+\$91.40	74%
Site Servicing Permit	\$123.60+HST	30%	Level 2	N/A	\$215.00+HST	52%	Level 3	+\$91.40	74%
Lot Grading Review and Inspection	\$257.50+HST	35%	Level 2	\$264.48+HST	\$350.00+HST	48%	Level 3	+\$92.50	36%
Site Alteration Permit	\$500.00	57%	Level 3	\$521.13+HST	\$600.00+HST	68%	Level 4	+\$100.00	20%
Water On/Off (Regular)	\$51.54	32%	Level 2	\$111.67	\$110.00	67%	Level 4	+\$58.46	113%
New Water Meter Install (average)	\$595.55 ^[2]	47%	Level 3	\$543.42	\$700.00	56%	Level 3	+\$104.45	18%
Administration Charge - new water account set up fee	\$43.00	90%	Level 5	\$37.51	\$48.00	100%	Level 5	+\$5.00	12%
Collection on Overdue Account – Transfer to Tax Roll	\$43.00	86%	Level 5	N/A	\$50.00	100%	Level 5	+\$7.00	16%
New proposed fees									
Hard Copy of Account History or Bill Reprint (Water)	-	-	-	-	\$13.00	100%	Level 5	-	-
Sewer Lateral Investigation	-	-	-	-	\$575.00+HST	100%	Level 4	-	-
Special Engineering Studies	-	-	-	-	Actual Costs (i.e., Consultant Fee, including HST)	100%	Level 5	-	-
Order (Permit Non-Compliance)	-	-	-	-	\$75.00	N/A	N/A	-	-
Non-Compliance Inspection Fee (Permit Non-Compliance)	-	-	-	-	\$300.00	N/A	N/A	-	-

Specific Fee Adjustments – Public Works / Water (2/2)

Aligning fees with the comparator group – The fee changes outlined in the table on the previous page are intended to align the Town's fees with those of similar municipalities, ensuring they remain comparable. However, there are exceptions for new water meter installations and new water account setup fees, where charges have been increased approximately 30% above the comparator averages in order to accurately capture total costs of delivering the service.

Projected revenue increases from proposed fee adjustments – Proposed fee adjustments are set to raise most charges by one level in the Benefit Pyramid, indicating an enhanced rate of cost recovery. These changes are anticipated to result in an overall revenue increase of \$41,487, based on the service usage patterns from 2023.

Projected revenue increases from new proposed fees – Introducing a new fee for obtaining a hard copy of water account history or bill reprint is projected to generate \$780 in annual revenue, based on the 2023 volume. Similarly, the implementation of a new sewer lateral investigation fee is expected to yield an annual revenue of \$17,825. This estimate is based on the 31 instances in 2023 where the Town addressed sewer lateral blockages within property lines without charge, despite this being the residents' responsibility. Regarding engineering special studies, revenue can vary significantly each year due to the diverse nature of development projects within the Town – this variability makes it challenging to predict a consistent average, but additional revenue is expected in future years.



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