

DATE: December 9, 2024

REPORT NO: T-25-2024

SUBJECT: **Consolidated User Fees and Charges By-Law and 2025 User Fees and Charges**

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OVERVIEW:

- This report provides Council with the information necessary to approve the proposed 2025 User Fees and Charges for all Township departments (excluding Building and Utility Services). These fees are proposed to come into effect on January 1, 2025 (unless indicated otherwise).
- User fees and charges provide a cost-recovery mechanism and revenue-generating function for the Township’s programs and services.

RECOMMENDATION:

1. That, Recommendation Report T-25-2024, titled “Consolidated User Fees and Charges By-Law and 2025 User Fees and Charges”, dated December 9, 2024, be received; and,
2. That, Schedule “A”, attached to this Report, outlining the Consolidated Schedule of Fees and Charges, be approved with an effective date of January 1, 2025 (unless otherwise indicated); and,
3. That, Schedule “B”, outlining the Consolidated User Fees and Charges By-Law 2024-82, be approved, with an effective date of January 1, 2025.

ALIGNMENT TO STRATEGIC PLAN:

Theme #4

- **ADVANCE** organizational capacity and effectiveness

BACKGROUND:

User fees and charges provide a cost-recovery mechanism to fund programs and services that provide limited or no direct benefit to the community as a whole. Section 391 of the Municipal Act, 2001 authorizes municipalities to impose fees and charges for services or activities provided, or for the use of its property. Under this authority, the Township of West Lincoln has established departmental user fees and charges; the goal of which is to recover some, or all, of the costs associated with providing the underlying service. It is

important to note that the setting of appropriate user fees and charges shifts the financial burden of providing specific services from the property tax base to the users of those services.

In 2022, BMA Management Consultants (BMA) performed a comprehensive user fee study for the Township (excluding water and wastewater consumptive and fixed charges and development charges). Two key recommendations from BMA, both of which Administration have adopted and continue to follow, were to:

- 1) Implement a centralized, consolidated user fee schedule and by-law; and,
- 2) Apply annual inflationary increases, to ensure fees keep pace with the underlying cost of service.

CURRENT SITUATION:

Schedule “A” (Consolidated Schedule of Fees and Charges) outlines the proposed 2025 user fees, for the following Service Areas: By-Law, Cemetery, Corporate Services, Fire, Legislative Services, Library, Planning, Public Works, and Recreation. The user fees are inclusive of the harmonized sales tax (HST) of 13%, where applicable. It is important to note that this Schedule does not contain the following:

- Building Service user fees: Administration has identified a need to undergo a third-party fee review specific to this service area, to ensure fees are adequately covering the service cost. Following this review, the fees will be presented for Council’s approval. Until such time, the current 2024 user fees will be used.
- Utility Service user fees: The user fees for this service area will be presented for Council approval alongside the 2025 budget process. Until such time, the current 2024 user fees will be used. The water and wastewater consumptive and fixed charges are set to increase July 1, consistent with prior years.
- Development charges: These fees are calculated in accordance with the Development Charges Act and the Township’s Development Charge Background Study, and are reflected in their respective by-law.
- Penalties and fines under the Administrative Monetary Penalty System (AMPS): These are not considered user fees and are reflected in the respective Township by-law.

The approach that Administration took to propose the 2025 user fees and charges is described below:

- For existing user fees, Administration applied a preliminary 3% increase to the 2024 user fees, rounded to the nearest dollar. This acted as a 2025 starting base for each department’s consideration. The rationale for this increase is discussed below. Recreation Services user fees were increased by 5% over 2024 user fees, to address recreational and community service costing pressures, and to better align fees with comparator municipalities.
- For any significant changes to existing user fees, these are supported through Administration’s calculation of an appropriate user fee using a financial costing template, provided by BMA, that factors in staffing and direct cost inputs. The same process was followed for any new user fees. This ensures that fees are calculated consistently and fairly across the Township. In cases where a new fee is proposed.

Administration also reviewed against comparable municipalities, where applicable.

Canada's inflation rate, commonly measured via the Consumer Price Index (CPI), rose, on average, 2.6% over the 12-month period between November 2023 and October 2024. CPI reflects price changes over time in a fixed basket of goods and services. It is common for municipalities to consider the CPI in their decision to update user fees. However, it is important to note that CPI is general in nature and does not reflect the unique goods and services that are acquired annually by the Township. Therefore, Administration also gives consideration to other inflationary pressures related to collective agreements and vendor price changes, while keeping in mind affordability to the user. Given this, Administration considers the 3% increase to be reasonable as a starting base for the 2025 user fees, with departments making adjustments as necessary based on costing pressures faced.

The following is a synopsis of significant items that Administration wishes to highlight to Council.

Corporate Services:

- Administration is introducing a new fee, "Property Tax Roll Ownership Change", for \$35. Currently, the Township performs ownership change services at no cost; however, it does require Administration's time and resources to complete. This service is mostly triggered by real estate transactions. Several local municipalities already charge a fee to perform this service, and Administration's suggested fee aligns with others. Certain ownership changes would be exempt from this fee, such as a simple removal or addition of a name to title, or a survivorship application is made.

Public Works:

- A new user fee, "New/Replacement/Removal of Tree" is proposed for \$855. Administration has received various tree requests in the past from property owners, but has not had a mechanism to provide this service or charge a fee.
- Another new fee, "Ontario Bridge Formula Check for Overweight Loads" is suggested for \$392, related to oversize/overweight loads travelling over a bridge structure. An assessment of the load needs to be completed to determine whether it can safely travel across a Township-owned bridge structure. An Engineering firm capable of making this assessment would complete this work. The recommended fee covers Administration's time along with external costs.

Recreation:

- Recreation user fees are presented for both 2025 and 2026, which is consistent with the approach taken last year, in order to efficiently administer facility rental and program registrations. The 2026 user fees reflect a 3% increase over the 2025 fees. Administration recommends setting recreation fees for two years in advance, with the availability to adjust fees if deemed necessary through the annual approval process.
- The Market user fees have been adjusted on a prorated basis to reflect the number of market events offered to vendors. Proof of insurance is required to participate in these events. Some market vendors provide their own insurance, which they already hold. In situations where a vendor does not have access to insurance, Administration has

elected to provide the insurance to the vendor through the Township's User Group Insurance program, the cost of which is budgeted for, and is covered by the user fees.

FINANCIAL IMPLICATIONS:

If approved by Council, the updated user fees and charges will be charged to ratepayers starting at the effective dates as indicated. Given the majority of fees are presented with increases over the previously approved fees, this will result in increased revenue opportunities. Further, there are new user fees that are proposed in this report, which will provide new revenue streams for the Township, as no fee was previously charged for these services performed by Administration.

INTER-DEPARTMENTAL COMMENTS:

The contents of this report have been prepared in consultation with each department, where each had the opportunity to provide feedback on their departmental user fees. Internal meetings were held as necessary to gain an understanding of current fees and identify opportunities for changes to the fees and relevant processes that surround those fees.

The Library Board was presented with the 2025 proposed user fees for the Library, and raised no concerns with respect to the fees.

CONCLUSION:

In summary, Administration recommends that the proposed user fees and charges rates and fees as presented in the attached Schedule "A" – Consolidated Schedule of Fees and Charges be approved and that the fees take effect as per the effective dates indicated.

Prepared & Submitted by:

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Approved by:

Truper McBride
Chief Administrative Officer