

Report to Council



Date: June 16, 2025
To: Council
From: City Manager
Subject: Draft Council Policy No. 395, Fees and Charges
Department: Financial Services

Recommendation:

THAT Council receives, for information, the report from the Financial Services Department dated June 16, 2025, with respect to the Fees and Charges Council Policy;

AND THAT Council adopts Council Policy No. 395, being Fees and Charges as outlined in the Report from the Financial Services Department dated June 16, 2025;

AND FURTHER THAT Council Policy No. 222 being Recreation and Cultural Services – Philosophy/Fees & Charges Policy be rescinded.

Purpose:

To establish a policy framework for setting and reviewing fees and charges.

Background:

Fees and charges are a method the City uses to recover the costs to provide a good or service. This seeks to align the funding of those with the users that benefit from them the most and directly (i.e. user pay). Users are to pay fair, transparent, and fiscally responsible charges based on the cost of delivery. In doing so it may reduce reliance on property tax revenue. As part of our corporate priorities and our active financial management, one of the goals is to increase non-tax revenue and additionally, to ensure subsidized fees are set purposefully, according to the Policy framework.

The City has various user fees and charges which represent 35% of the City's revenues (2024) and currently there are differences in how these are being developed. User fees are regulated through various bylaws.

Previous Council Resolution:

April 7, 2025, the Council endorsed the concept of a City-wide Policy to provide fees and charges guidance for their development.

Discussion:

A fees and charges policy establishes a framework for the process, rationale, and information necessary to establish an appropriate fee or charge. The following principles underline the policy:

1. Charge categories: those who receive direct benefits from a particular good or service should pay for it according to the cost of delivery and the level or value of the benefit received. Those not benefiting, should not pay for it. User fees will be based on a benefits-based approach:
 - a) *100% user fees*: the benefit can be fully contributed to the direct user and the costs are fully funded by the revenue from those user fees.
 - b) *Discounted user fees*: where there are community benefits, funding may be a combination of user fees and taxation. Programs and services promoting health, wellness, cultural engagement and accessibility reflect such community benefit considerations.
 - c) *100% taxation funded*: when benefits cannot easily be ascribed to an individual user, or a user fee is not desirable due to the overall community benefit, full taxation funding can be applied.
 - d) *Net revenue generating*: when a good or service is provided outside core goods or services, there may be an opportunity to generate revenues exceeding its delivery cost. The excess is to be used to reduce taxation.
 - d) *Other fees and charges*: cost incurred by the City due to user actions, including but not limited to non-compliance, damage to City property, extraordinary or non-core emergency response shall be a 100% user paid levy.
2. Charge Development
 - e) The full cost of delivery includes direct, indirect and capital costs and the aim of recovering the full cost of providing as often as practical and desirable and thereby reducing the burden on general taxation.
 - f) Resident priority considers that residents pay taxes and contribute to general funding. Granting preferential access and/or discounts ensures that the primary tax base stakeholders derive the maximum benefit from the goods and services provided. The following approach will be taken when considering a resident/non resident fee structure:
 - i) Determine demand from residents and non-residents and determine if preferred access for residents is feasible.
 - ii) Discounted user fees are for residents, with non-residents paying 100% user fees, where feasible. Additionally, qualitative factors such as community impact are to be considered to determine the appropriateness of the fee or charge.
 - g) Administrative efficiency considers the implementation of and collection of any fee and charge for efficiency and cost-effectiveness. The revenues generated through user fees need to be greater than the administrative costs of implementing and administering a user fee.
 - h) Dynamic Pricing consideration may be given to establishing a premium on high demand periods or discounts to optimize full subscription of offerings and realizing a superior net result.

3. Ongoing Review: Fees and charges will be adjusted annually for inflation and a regular review will be conducted to ensure they remain fair, equitable, and aligned with the cost-of-service delivery at set intervals. Adjustments will be made as necessary to reflect changes in costs, market conditions, and strategic priorities.

Conclusion:

A fees and charges policy will help the City in achieving its corporate goal of active financial management. Charging appropriate fees and charges for goods and services reduces the reliance on taxation and assists the City in meeting its mandate for clarity on fees and charges.

Internal Circulation:

Risk Branch
Active Living and Culture

Considerations applicable to this report:

Legal/Statutory Authority: Community Charter section 194

Legal/Statutory Procedural Requirements: Fees and Charges must be established by Bylaw

Existing Policy: No. 222 Recreation and Cultural Services – Philosophy/Fees & Charges Policy

Considerations not applicable to this report:

Financial/Budgetary Considerations
Consultation and Engagement
Communications Comments

Submitted by: M. Warrender, Deputy Chief Financial Officer

Approved for inclusion: J. Sass, General Manager Corporate Services

Attachments:

Attachment A - Council Policy No. 395 – Fees and Charges draft

Attachment B - Council Policy No. 222 - Recreation and Cultural Services – Philosophy/Fees & Charges