
To: Mayor and Council

From: Candace Waslenko, Supervisor of Revenue

Date: February 2, 2023

Subject: Fees & Charges – Recommended Fee Structure Phased-In Options

Report Highlights

- The purpose of this report is to provide Council with a phased-in approach of fees within the Recommended Fee Structure that are in excess of a 75% increase as requested at the Special Budget meeting on January 20, 2023; and,
- To seek Council direction with the options outlined within this report regarding a phasing in approach.

Recommendation

That the report from the Supervisor of Revenue regarding the Recommended Fee Structure Phased-In Options, dated February 02, 2023, be received; and,

That the proposed Fees and Charges By-law be considered as part of the 2023 Budget Deliberation process and referred to the February 15, 2023 budget meeting, for consideration and approval; and,

That Council provide direction with respect to the options outlined within this report:

Option 1

That Council approve the Recommended Fee Structure as presented and prepared by Watson & Associates Economists Ltd. at the Regular Meeting of Council held on January 18, 2023;

Or

Option 2

That Council approve the Recommended Fee Structure with a phasing-in of fees in excess of a 75% increase over a two-year period inclusive of 2023 and 2024;

Or

Option 3

That Council approve the Recommended Fee Structure with a phasing in of fees in excess of a 75% increase over a three-year period inclusive of 2023, 2024 and 2025.

Background

The Township of Springwater's Finance Department requested a consultant be procured to review and analyze the current user fees and charges in comparison to similar Ontario municipalities. A comprehensive review of this extent had not been undertaken by the Township for over ten years. By undertaking such a review, the Township would be able to quantify the subsidies that are currently being provided to different user groups/associations and would also ensure the Township is recovering competitive user fees & charges in comparison to neighbouring municipalities.

Many municipalities have diversified and expanded their revenue base in recent years to reduce their dependence on municipal taxation as the major revenue source. User fees and charges allow the Township to recover the expenditure(s) created by single use services that are unbudgeted and will relieve the financial impact placed on reserves and taxation.

Section 391 of the *Municipal Act* describes important aspects of the power of a municipality to impose fees and charges for services and for the use of municipal property. A municipality has a range of choices on the services for which it will charge a fee, the amount of the fee, the basis for calculating the fee, and who will pay the fee.

Watson & Associates Economists Ltd. performed a comprehensive user fee review and determined additional sources of revenue that the Township may benefit from. The full cost assessment (i.e. direct, indirect, and capital costs) were used to inform recommended rates and fees to increase user fee revenue and decrease the burden on property taxes.

In aggregate across all service areas, fees are currently recovering 42% (\$2.9 million) of the \$7.3 million annual costs of service. Implementing the fee recommendations herein would provide increased user fee revenue by 19%, providing an additional \$562,000 in annual user fee revenue thereby decreasing the municipal tax funding required to support the provision of these services.

Table ES-3
Full Cost of Service and Current Revenues

Service Area	2022\$			2023\$			2023 Revenue Increase	
	Annual Costs	Annual Revenue - Current Fees	Cost Recovery %	Annual Costs	Annual Revenue - Proposed Fees	Cost Recovery %	%	\$
Animal Licensing and Control	69,103	9,121	13%	71,176	9,395	13%	3%	274
Cemetery	41,041	34,560	84%	42,273	42,118	100%	22%	7,558
Administration	176,933	68,766	39%	182,241	160,234	88%	133%	91,469
Parks and Recreation	4,145,500	476,435	11%	4,269,865	530,197	12%	11%	53,762
Planning	454,225	282,389	62%	467,852	449,274	96%	59%	166,885
Building	1,636,204	1,841,074	113%	1,685,291	1,940,386	115%	5%	99,312
Infrastructure and Operational Services - Roads and Fleet	337,470	189,445	56%	347,594	315,207	91%	66%	125,762
Water and Wastewater	9,629	4,893	51%	9,918	8,529	86%	74%	3,636
Fire	176,941	42,632	24%	182,249	55,953	31%	31%	13,321
Total	7,047,045	2,949,314	42%	7,258,457	3,511,293	48%	19%	561,979

Conclusion

A Comprehensive Review was undertaken by a third-party consultant, to provide recommendations to revise existing fees and implement new fees within the Township of Springwater.

Watson & Associates Economists Ltd. have estimated that based on the recommended fees and charges revisions, and additions, the Township of Springwater could anticipate additional revenue up to \$561,979.

Staff recommend that Council proceed with option 1, Recommended Fee Structure with no phasing, as these recommendations were provided through a comprehensive fees and charges review, including a comparison to surrounding municipalities.

The Recommended Fee Structure will assist the Township with staying in-line with competitors, as well as reducing the need for significant increases in future years as well as the additional burden on residents.

By proceeding with the Option 1, no phasing of fees exceeding a 75% increase, the Township can ensure the fees and charges recommended for single use services are recovered at full cost in conjunction with the 2023/2024 budget and business plan expenditures, as well as decreasing the overall burden on property taxation.

Financial Implications

Option 1

Watson & Associates has estimated that based on the recommended fees and charges revisions, and additions, the Township of Springwater could anticipate additional revenue up to \$561,979 as summarized in the chart below.

Service Area	Annual Revenue -			Watson Recommended 2023 Revenue Increase	
	Annual Costs	Proposed	Cost Recovery	%	\$
	\$	Fees \$	%		
Animal Licensing and Control	71,176	9,395	13%	3%	274
Cemetery	42,273	42,118	100%	22%	7,558
Administration	182,241	160,234	88%	133%	91,469
Parks and Recreation	4,269,865	530,197	12%	11%	53,762
Planning	467,852	449,274	96%	59%	166,885
Building	1,685,291	1,940,386	115%	5%	99,312
Infrastructure and Operational Services - Roads and Fleet	347,594	315,207	91%	66%	125,762
Water and Wastewater	9,918	8,529	86%	74%	3,636
Fire	182,249	55,953	31%	31%	13,321
Total	7,258,459	3,511,293	48%	19%	561,979

Staff are proposing Program Change #3 Fees and Charges Study included within the Proposed 2023/2024 Budget Book. Staff are recommending incorporating user fees and charges at a more conservative approach of less than 50% to be incorporated into the budget and equate to \$205,484.

Option 2 and 3

Service Area	Watson Recommended 2023 Revenue Increase		2 Year Phase-In \$	3 Year Phase-In \$
	%	\$		
	Animal Licensing and Control	3%		
Cemetery	22%	7,558	7,558	7,558
Administration	133%	91,469	59,455	45,735
Parks and Recreation	11%	53,762	26,881	16,129
Planning	59%	166,885	100,131	75,098
Building	5%	99,312	99,312	99,312
Infrastructure and Operational Services - Roads and Fleet	66%	125,762	81,745	56,593
Water and Wastewater	74%	3,636	3,636	3,636
Fire	31%	13,321	8,659	6,661
Total	19%	561,979	387,651	310,995
Excluding Building & Water/Wastewater			284,703	208,047

Pillars of Commitment

The above initiative supports the following Strategic Pillars of Commitment:

- Community Development
- Smart Growth Management
- Infrastructure, Financial Management & Service Delivery

Approvals

Submitted by: Candace Waslenko, Supervisor of Revenue

Financial Implications Reviewed by: Jas Rattigan, CPA, CGA, Director of Finance

Approved by: Jeff Schmidt, CPA, CGA, Chief Administrative Officer

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Applicable Municipal Policy or Legislation

- Municipal Act, 2001
- Building Code Act, 1992
- Planning Act, 1990

Attachments

Appendix A - 2-Year Phase-in - Schedule A – Building Services
Appendix B - 2-Year Phase-in - Schedule A.2 – Building Permits
Appendix C - 2-Year Phase-in - Schedule B – Municipal By-Law
Appendix D - 2-Year Phase-in - Schedule C - Clerks
Appendix E - 2-Year Phase-in - Schedule D - Finance
Appendix F - 2-Year Phase-in - Schedule E – Fire Services
Appendix G - 2-Year Phase-in - Schedule F – RPF
Appendix H - 2-Year Phase-in - Schedule G – Planning Services
Appendix I - 2-Year Phase-in - Schedule I – IOS
Appendix J - 2-Year Phase-in - Schedule J – Cemeteries
Appendix K - 3-Year Phase-in - Schedule A – Building Services
Appendix L - 3-Year Phase-in - Schedule A.2 – Building Permits
Appendix M - 3-Year Phase-in - Schedule B – Municipal By-Law
Appendix N - 3-Year Phase-in - Schedule C - Clerks
Appendix O - 3-Year Phase-in - Schedule D - Finance
Appendix P - 3-Year Phase-in - Schedule E – Fire Services
Appendix Q - 3-Year Phase-in - Schedule F – RPF
Appendix R - 3-Year Phase-in – Schedule G - Planning Services

Appendix S - 3-Year Phase-in – Schedule I - IOS

Appendix T - 3-Year Phase-in - Schedule J - Cemeteries

Background or Relevant Reports on Subject

Township of Springwater - Comprehensive User Fee Review Final Report

[Report - Fees & Charges - Recommended Fee Structure](#)

[Appendix A - Fees and Charges - Schedule G - Planning](#)

[Appendix B - Fees and Charges - Schedule A - Building Services](#)

[Appendix C - Fees and Charges - Schedule A.2 - Building Permits](#)

[Appendix D - Fees and Charges - Schedule C - Clerks](#)

[Appendix E - Fees and Charges - Schedule D - Finance](#)

[Appendix F - Fees and Charges - Schedule B - Municipal Law Enforcement](#)

[Appendix G - Fees and Charges - Schedule F - Recreation, Parks & Facilities](#)

[Appendix H - Fees and Charges - Schedule I - Infrastructure and Operational Services](#)

[Appendix I - Fees and Charges - Schedule E - Fire & Emergency Services](#)

[Appendix J - Fees and Charges - Schedule J - Cemeteries](#)