

Corporate Policy and Procedure



Policy	User Fees, Rates and Charges
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Policy Statement

User fees will be established by Council to recover some or all of the costs of providing a municipal good or service or for the use of its property, when such provision or use results in direct benefits to identifiable individuals, groups of individuals or businesses beyond those that accrue to the general public.

Municipal services that are fully supported by user fees are referred to as “non-tax supported services”, including water, wastewater, stormwater, parking, courts, and Ontario Building Code. User fees for municipal services that are tax-supported are applied to reduce the property tax funding required for these services.

The City’s User Fees, Rates and Charges policy sets out the principles, objectives, responsibilities, and reporting requirements for user fees, and is designed to:

- Promote fairness and transparency;
- Ensure cost recovery where appropriate;
- Support long-term financial sustainability; and
- Comply with applicable legislation.

Purpose

The practice of establishing municipal user fees, rates and charges (subsequently referred to in this policy as “user fees”) within the framework of a formalized policy is a best practice and consistent feature of most large cities in Canada. The revenue generated from such user fees offsets the cost of municipal service delivery to specific individuals and businesses, provides a source of funding for future capital works, and reduces the annual property tax levy.

User fees are an essential feature of strong financial management that supports property tax affordability and recovers costs from those directly benefitting from

specific municipal services. A properly balanced approach to the use of user fees is considered prudent financial management and is a key component of Guelph's strong credit rating.

Definitions

"City" - The Corporation of the City of Guelph, its agencies, boards and commissions, and in accordance with the City's Consolidated Financial Statements, those organizations accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City.

"Clerk" - the duly appointed Clerk for the City of Guelph or designate

"Council" – the Council of the City of Guelph.

"Treasurer" - the duly appointed Treasurer/Chief Financial Officer for the City of Guelph or designate.

Legislative Authority

This Policy is enacted under authority of:

- Municipal Act, 2001 (Sections 9, 10, 11, 391–398)
- Planning Act, 1990 (planning application fees)
- Building Code Act, 1992 (building permit fees)
- Safe Drinking Water Act, 2002 (water/wastewater services)

Exceptions

This policy specifically does not apply to:

- Property taxes and property tax rates established under the authority of the Municipal Act, 2001;
- Development Charges established under the authority of the Development Charges Act, 1997; and
- Community Benefit Charges and Parkland Dedication requirements established under the authority of the Planning Act, 1990.

User Fee Categories

Services delivered by the City are generally classified into the following three categories:

- General Service (fully tax supported): benefits the general public in cases where it is not reasonably possible (legislatively or otherwise) to prevent access to or enjoyment of the benefits of the service.
- Private Service (non-tax supported): benefits specific individuals, groups, or businesses; and where it is possible to prevent access to the service.
- Mixed Service (partially tax supported): benefits the general public as well as a specific individual, group or business using the service.

Cost Recovery Guidelines

Where it is determined that a service or activity provided by the City confers a direct benefit on individuals, identifiable groups or businesses, a user fee will be set to recover some or all of the cost of providing the service. A decision matrix guiding the determination of whether a service should be funded by user fees, property taxes, or a combination of user fees and property taxes is set out below:

Table 1: Cost Recovery

Funding Category	Who Benefits	Type of Service	Cost Recovery Level Guidance
General service / fully tax supported	Community	General	0% to 5% (primarily property taxes)
Mixed service / partially tax supported	Primarily the community	General/Individual	5% to 50% (primarily property taxes, some user fees)
Mixed service / partially tax supported	Primarily the individual	Individual/General	50% to 95% (primarily user fees, some property taxes)
Private service / non-tax supported	Individual benefit only	Individual	95% to 100% (primarily user fees)

User Fee Pricing

When pricing its goods and services, the City should take into account factors such as affordability, pricing history, the need to regulate demand, the desire to subsidize a certain product, competition with private businesses, economic development, elasticity of demand for the particular service, municipal comparators and visibility of the service to the community. The specifics of how a particular user fee will be levied and collected (i.e. the administrative effort) should also be considered.

The City of Guelph will price its user fees to recover the full cost of providing the applicable service, except where:

- Council has approved a pricing model for all users or for certain groups when deemed beneficial based on City strategy, policy, or application of an equity lens;
- The goods or services are offered competitively in the open market; or

- Fee amounts or methodology are legislated by a higher order of government.

The full cost of providing a service includes direct operating costs, indirect operating costs (administration and overhead, including billing and collection costs), and capital costs (debt servicing costs, lifecycle reserve contributions, etc.)

The City's rate-supported services, which include water, wastewater, stormwater, Ontario Building Code Administration, courts, and parking, shall be financially self-sustaining using the revenue generated from the corresponding user fees and shall not rely upon a contribution from the City's annual property tax levy.

Indexing

Council may authorize the automatic annual indexing of specified user fees based on the most applicable publicly available measures such as the Consumer Price Index. The fees to which such automatic indexing apply and the specific measures shall be explicitly set out in the City's user fee by-law(s).

Equity and Accessibility

Council may provide user fee assistance programs, offer reduced rates for low-income households, or waive fees in defined circumstances that are to be set out in the applicable user fee by-law(s) approved by Council from time to time. The Treasurer is authorized to apply such reductions, discounts and subsidies in accordance with the relevant by-law provisions.

Public Engagement

The public has the opportunity to delegate on new user fees and proposed changes to existing user fees through the budget delegation night. Public engagement on user fee reviews shall be undertaken as part of the review outside of the budget process. Changes resulting from fee studies are incorporated into the next budget update. The City shall make a schedule of all user fees readily available to the public on its website.

Roles and Responsibilities

Executive Management Team Members

- Recommends user fees and related cost-recovery ratios and subsidies/discounts as required for their portfolio of services, in conjunction with the Treasurer and Finance Department staff.

The Clerk

- Ensures that the relevant notice provisions, including those set out in O. Reg. 584/06 under the Municipal Act, are met.

The Treasurer, or Designate

- Maintains a complete list of all user fees in effect at any given time;
- Ensures that this policy is applied on a consistent basis across the organization;
- Ensures the accurate and appropriate treatment of federal and provincial sales taxes applicable to each user fee, as required;
- Invoices and collects user fees;
- Develops and updates this Policy as necessary and present changes to Council from time to time; and
- Reports to Council in accordance with this Policy.

City Council

- Evaluates and approves this Policy;
- Adopts user fees by-law;
- Approves new and revised user fees through the budget process and on an as-required basis.

User Fees, Rates and Charges Review

A broad review of user fees shall be undertaken as part of the Multi-Year Budget process and shall consider factors such as the impact of inflation, other cost increases, adequacy of cost recovery, use of services, opportunities for cost reductions, and the competitiveness of current rates (including comparisons to peer municipalities).

City staff shall make recommendations to Council to adjust user fees as needed, and the impact of approved changes to user fees will be incorporated into the Budget in accordance with the Budget Policy.

Transparency and Reporting

This policy is to be publicly available on the City's website. Reporting on such user fees shall be as follows:

- As may be required in the City's Audited Financial Statements;
- As may be required in the City's Financial Information Return;
- As may be required under the Municipal Act and under any other relevant statute, regulation or directive;
- In the City's Budget;
- As required by this Policy; and
- Further as requested by Council or as deemed appropriate by the Treasurer.

Policy Review

This policy shall be reviewed periodically by the Treasurer. Any changes or revisions to the Municipal Act and/or other Acts impacting user fees or to the regulations thereunder subsequent to the formal adoption of this Policy which affect the policy will apply when they come into force. This Policy will be updated to reflect such

change(s) accordingly. Otherwise, this Policy must be formally reviewed and approved by Council once per term of Council.

References

- Municipal Act, 2001 and O. Reg. 584/06
- Building Code Act
- Planning Act
- City of Guelph Budget Policy