

Non-Tax Revenues

April 23, 2012

Presentation Objectives

This presentation provides:

- A summary of the policy decisions Council has taken to date regarding non-tax revenues
- Context for a variety of pending decisions related to 2013 Budget Directions and fees associated with the following services:
 - Water and wastewater
 - Recreation
 - Parking
 - Solid Waste management

Policies Related to Non-tax Revenues

- Financial Policies Framework (11-G-261)
- 2012 Budget Directions (11-G-250)
- 2012 Business Plan (12-G-010)
- Service-specific direction
 - Water/wastewater (12-G-010)
 - Recreation fees (12-G-010)
 - Marina fees (12-G-055)

Policy Direction

Affordable property taxes, with user fees that reflect the cost of the service and any subsidies approved by Council.

Policy Direction

Financial Policies Framework - User Fees & Service Charge Policy

Guiding Principles

- User fees should be used as a full cost recovery mechanism for services that are provided for the benefit of individuals rather than for the community as a whole and particularly where the use of the municipal service is discretionary to the user.
- Objective criteria is used to determine where user fees apply, and for the range of fees to be applied
- Recovery rates for services consider:
 - Operating and capital costs including an allocation of corporate overhead;
 - Incorporation of an asset renewal or replacement charge
 - Extent of private, commercial and community benefit (note: community benefit includes environmental considerations)
 - Use of service by non residents (not including tourists);
 - Rates for commercially available services
 - Impact of changing user fees on demand
- Service fees implemented where individual beneficiaries of the service can be identified
- Fees subject to periodic study and review
- Programs to mitigate the impact of fees on specific users should be adjusted in accordance with fees
- Changes in user fees to be transparent and to occur in conjunction with annual operating budget process and Council deliberations.

Policy Direction

Targets

- Capital and operating costs for water, wastewater and parking operations to be 100 per cent recovered by fees (includes associated development charges)
- All other services that have user fees will recover a percentage of cost that reflects Council's decisions about an appropriate level of cost recovery after considering the extent to which:
 - A service provides a private or commercial benefit,
 - A service is routinely supplied to non residents, or
 - A service provides a community or common good
- User fees and service charges will be updated annually and reported as part of the City's Business Plan and Budget

Purpose of Non-tax Revenues

- Not just about property tax relief
- Fees:
 - Help manage demand for a service
 - Allow tax dollars to be applied to a broader range of programs and services
 - Signal when the value of a service reaches a level where new investment is warranted
 - Can encourage desired behaviors

Difference Services, Different Fees

Service Type	Purpose of Fees or Charges	Examples
Self-sustaining	Ensure no taxpayer subsidy is required.	Water/Wastewater (non-discretionary) Building permits (non-discretionary) Parking (discretionary)
Quality of Life	Reduce a taxpayer subsidy to recognize there is both a community and an individual benefit provided by the service	Recreation program fees Facility rentals Transit Landfill tipping fee
Routine Transactions	Reflect rates set by Council or another order of government	Tax Certificates FOI Responses Planning fees Advertising space

Different Services, Different Fees

- Actual levels of non-tax revenue will fluctuate based on usage
- Risk of unplanned subsidies if revenues do not meet planned levels
- Consequences?
 - reduced service or increased subsidy

Influencing Factors

- Availability of substitutes
- Market position, where a market exists
- Policy choices regarding the expected mix of fees, taxation and service levels

Finding a Balance with the Public in Mind

- Multiple stakeholders
- Conflicting objectives
- Sustainability and Consistency

Expected Results

Answers to the following questions:

- Do the fees reduce reliance on the taxpayer?
- Does the corporation have the “right” balance between community and individual benefit?
- Does the community demonstrate the desired behaviors (e.g. waste diversion, program participation rates)?