



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: July 17, 2023

Report No: CORS-038-23

Subject: 2023 User Fee By-law Update

Recommendation: **THAT the changes to user fees, as outlined through staff report CORS-038-23, be received;**
THAT the proposed User Fee By-law 058-2023 be considered for approval.

EXECUTIVE SUMMARY

- User fees and charges (excluding Building Permit Fees which are covered under a separate By-law and certain fees which are transferred to reserve as received) account for \$28.1 million of the 2023 approved budget and serve as an important tool to recover costs directly from those benefiting from Town services and mitigate pressure on the property taxes.
- Many of the Town's fees are proposed to be inflated by the Municipal Price Index (MPI) for expenditures estimated at 5.11%, beginning in the year 2024. This is expected to result in additional revenue that will offset approximately 1.53% increase in property taxes.
- Where notable changes other than MPI are being proposed, a brief summary is provided in this report with a full list of changes included as Appendix B.

REPORT

Background

The Town currently maintains two user fee bylaws. Building permit fees are identified separately from other Town fees through Building User Fee By-law No. 081-2022 in order to facilitate meeting requirements specific to the Building Code Act. This report is addressing all other Town user fees which are currently identified in User Fee By-law No. 082-2022.

User fees, excluding building permit fees, are governed by multiple statutes. For municipal services where no specific statutory authority is provided, such as community services, licensing, etc., municipalities have the ability to impose fees and charges under Part XII

Background

(s. 391) of the Municipal Act. The Town's statutory authority for imposing planning application fees is provided under Section 69 of the Planning Act.

User fees and service charges are an important source of revenue for the Town, representing \$28.1 million of revenue in the 2023 budget. User fees are an effective method of ensuring that the users of a service assist in cost recovery, thereby mitigating a portion of the pressure on property tax rates. The Town is proactive in its approach to cost recovery through user fees by annually reviewing all rates and adjusting for inflation, changing legislation and market conditions where possible.

Periodically, a comprehensive full costing of services and review of fees is also performed, including an activity based costing exercise and benchmarking. The most recent Comprehensive User Fee Study was completed in 2022 in association with Watson and Associates Economist Ltd. where all Town rates and fees, excluding Recreation, Facility and Transit fees, were reviewed and updated fees were approved by Council through CORS-058-22. Internal reviews of Recreation and Facility fees were completed in both 2017 (CORS-046-17) and 2018 (CORS-046-18). A capital project has been approved to undertake a comprehensive review and update of user fees for Recreation and Facility fees which is expected to take place during this term of Council. Transit fees are being reviewed in 2023 as part of the ongoing Transit Service Review and Master Plan Update project which will provide long term recommendations on fee structures for Transit service.

Since 2008, the Town has used a customized Municipal Price Index (MPI), to better account for how inflation pressures can impact spending. The MPI is an inflationary index based specifically on the mix of goods and services purchased by the Town calculated as a weighted average of price increases for each component in the Town's budget and has been developed in accordance with Government Finance Officers Association (GFOA) best practices. The 2024 MPI for expenditures has been calculated at 5.11% (see Appendix A).

Discussion

A primary principle followed by the Town in setting user fees is that those who benefit from a service should contribute to the cost of that service. In many cases the Town's user fees are set to recover the full cost of providing the applicable services. However, when setting fees, consideration is given to whether the service provides a community-wide versus individual benefit, the capacity of the user to pay, competitive market conditions, demand for services and limits set by Town policy objectives or other legislative requirements on pricing. Recreation fees in particular are based on a set of influencing factors intended to support the strategic goals of the Town and are set in order to provide a range of low cost (affordable) programs and services as well as those that will recover a range of full costs associated with their offering. The Town also offers a recreation fee assistance program to provide additional access to recreation through financial assistance to those in need.

Discussion

Proposed Changes to User Fees

Staff recommend applying an inflationary increase to user fees at the MPI rate, projected at 5.11% for 2024, to many fees. The annual application of MPI to the user fees ensures that cost recovery ratios are maintained. Every three to five years a comprehensive review of user fees is undertaken which includes a detailed costing review and market comparison. Through this process fees are re-aligned as necessary to reflect changes in costing or market conditions.

The following sections identify notable proposed changes to the user fee by-law that differ from an MPI-based increase. A comprehensive list of all proposed changes to the by-law including commentary for fees that have not been adjusted for inflation is summarized in Appendix B. In some cases, various fees were rounded to the nearest nickel, quarter, dollar, etc. to facilitate cash handling.

Recreation Programs

Reductions in certain Aquatic Leadership Program fees ranging from 24% to 46% are being proposed, which would be applicable to Town of Milton residents only. The programs impacted include certifications for Bronze Medallion, Bronze Cross, Lifesaving/Swim Instructor and National Lifeguard. The rationale for these reductions is part of an Aquatic Staffing Initiative to encourage more interest from residents to become Lifeguards and Swim Instructors. It currently costs an individual over \$1,300 to be certified as a Lifeguard/Swim Instructor and the reduced fees will bring the cost under \$1,000 making employment in aquatics more attainable to members of the community particularly youth and lower income families. The reduction in revenue from leadership programs is expected to be offset by an increase in staff resources allowing for additional Learn to Swim spaces to be offered each session.

Various fees are recommended to remain fixed due primarily to market factors. They include, Seniors' Activity Centre Memberships, and Personal Training Private Sessions, Older Adult drop in single visit passes and miscellaneous fees such as Replacement Cards at the walking track, late pick up and wristband replacements.

Facilities and Parks

Staff recommend a new fee be added, effective September 2023, to recover costs related to time spent by the Head Technician at the FirstOntario Art Centre Milton in support of events.

Certain fees such as box office and piano use charges have been increased above MPI to achieve a greater level of cost recovery. Various other changes have been made that include minor wording adjustments to provide greater clarity.

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Advertising

To encourage activity, staff recommend publication advertising fees remain at the current level. These include Community Services Guide Advertising, Milton Seniors' Activity Centre Activity Guide, and FirstOntario Arts Centre Milton Season Program.

Licensing Services/Enforcement

As reported through Council Report CORS-033-23, new and adjusted fees have been incorporated into the User Fee By-law related to Taxi/Limo Broker and Transportation Network Companies effective August 1, 2023.

A new fee has been included to recover the cost of responding to requests for wildlife service on private property, as further discussed through Council Report CORS-040-23.

MEV Innovation Centre

Fees related to the MEV Innovation Centre involve a combination of those that are adjusted with MPI as well as those that are recommended to remain at existing levels in order to maintain the fees at a competitive rate relative to comparable Innovation centres.

Corporate Services

Various fees related to Corporate Services involve a combination of those that are adjusted with MPI as well as those that are recommended to remain at existing levels and only be updated at the time of a comprehensive review and costing exercise. Various other changes have been made that include minor wording adjustments to provide greater clarity.

Engineering

Both the Encroachment Agreement Processing fee and Encroachment Agreement Rental fee have been increased beyond MPI to reflect the second year of a three year phase-in strategy identified through CORS-058-22 to bring the fees closer to full cost recovery.

A new fee for Locate Services is proposed to recover costs related to locating underground infrastructure such as stormwater and streetlights in unassumed subdivisions.

Planning

Reflecting legislative changes within Bill 23: More Homes Built Faster Act, the Site Plan Agreement Fee and the Site Plan Approval-Residential Base Fee related to "Character

Discussion

Areas” will be discontinued as residential developments with 10 or fewer dwelling units are exempt from site plan control.

The Minor Variance Type 2 fee has been increased above the rate of MPI to reflect the second year of a three year phase-in strategy identified through CORS-058-22 to bring the fee closer to full cost recovery.

Development

A reduction to the Per Unit Processing fee from \$553 to \$486 is recommended based on the most current forecasting of expected building unit applications relative to the cost of the non-planning staff time in administering those applications and projections of the Per Unit Processing Reserve Fund balance over the next ten years.

Transit

Transit fares are collected to help mitigate the costs of operating and maintaining reliable transit services, balancing the proportion of municipal subsidy and passenger contribution. Staff have also conducted an environmental scan of GTHA system fares to compare and contrast pricing, concessions and associated fare programs. Fare adjustment recommendations herein incorporate aspects of practicality, affordability, fairness and financial sustainability.

COVID-19 Recovery

The COVID-19 pandemic contributed to lower travel demand on Milton Transit services. However, it also provided an opportunity for the Town to spearhead fare initiatives that support long-term service recovery, sustainability, resiliency and customer loyalty. Council approved the following Fare Policy changes (ES-008-20):

- Introducing a two-hour Transfer Policy (permitting stopovers and return trips)
- Introducing a no-fare Child concession (12 years and under ride free)

The Town also implemented a mobile/e-ticketing fare payment alternative via Token Transit in September 2020, to broaden the availability of fare media to customers. To date, the Token Transit adoption rate has been vast, with more than 81% of all fare sales completed through the platform in Q1 of 2023. These changes have provided foundational support to rebuild ridership and align services. Milton Transit has also implemented a number of recent service improvements, including:

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- Launch and growth of OnDemand services (2021-22)
- Launch of 21 Steeles route (in partnership with Halton Hills), providing service to Mississauga and connections with MiWay, Brampton Transit (2022)
- Formalization on specialized transit connections with Halton Hills Activan, Peel TransHelp (2022)

Transit fares were held static over the last two (2) years to support ridership recovery from pandemic impacts. Over that time, ridership on all Milton Transit services has recovered to 81% of pre-pandemic levels (COMS-003-23), and has surpassed 95% in Q2 of 2023. As such, there is an opportunity to re-evaluate fare pricing to align with recent service improvements and help offset inflationary components of service delivery, such as increases in labour, vehicle maintenance and fuel costs.

2024 Fare Adjustment

Milton Transit fares and concession pricing have been reviewed to assess the competitive market balance between available services, affordability, municipal subsidy and ridership recovery. As a result, staff are recommending a 7% average price increase across all cash and concession fares, effective January 1, 2024. The fare increase will apply to conventional, specialized (Milton access+) and OnDemand services as per fare parity compliance with the Integrated Accessibility Standards Regulation (IASR 191-11), AODA. Milton Transit charter rates will also be increasing by 7% to \$155.00 per hour, per bus.

Even with proposed increases, Milton Transit remains one of the most affordable transit systems in the GTHA. Continued concession discounts on tickets and passes provide further affordable options for frequent travelers, while increasing opportunities to instill loyalty for those who travel less frequently. The Subsidized Passes for Low Income Transit (SPLIT) program, subsidized by Halton Region, continues to be an integral channel to provide affordable fares to registered clients at or below the Low Income Cut Off (LICO). Through this program all Adult, Youth and Senior concessions are discounted at 50% the regular price. Staff continue to promote this means-based approach as it fulfills a need to mitigate the financial barriers associated with the cost of accessing transit services.

Semester Pass:

To support the launch of post-secondary programming for Conestoga students in 2024, staff are recommending the introduction of a four (4) month Semester Pass. The purpose of a Semester Pass is to provide full-time students with an affordable and convenient transit solution that meets their needs throughout an entire academic term. By providing a



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cost-effective alternative to individual tickets or monthly passes, the Semester Pass aims to make transit more accessible and equitable for students from diverse socioeconomic backgrounds. This initiative also aims to enhance mobility and connectivity within the campus community, enabling students to attend classes, engage in extracurricular activities and explore the Town.

The Semester Pass will be available through the Token Transit platform as a mobile fare payment solution. The Semester Pass will also be a precursor to the long term development of a U-Pass program with both Conestoga and Laurier post-secondary institutions. The 2024 price of a Semester Pass is \$273.00, which is 75% of the cost of four (4) Adult monthly passes.

Next Steps

The scope of work for the Milton Transit Service Review and Master Plan Update includes a review of current fare policy, structure, concessions and products (COMS-002-23). The study will provide long term recommendations and projections for future fare adjustments, and subsequent impacts on ridership and passenger revenue.

Town Wide

Town wide fees are generally recommended to remain at existing levels and only be updated at the time of a comprehensive review and costing exercise.

Financial Impact

The revised fees will be incorporated into the 2024 budget. Increases in fees will assist in mitigating pressure on the property tax rate and are expected to generate revenues in an amount that will offset an approximate 1.53% increase in property taxes for 2024.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Jennifer Kloet, CPA, CA

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Attachments

Appendix A - Municipal Price Index

Appendix B - Summary of Proposed Changes (excluding MPI) to User Fee By-law 058-2023

Appendix C - Draft User Fee By-law 058-2023

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.