



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: July 15, 2024

Report No: ES-020-24

Subject: 2024 User Fee By-law Update

Recommendation: THAT the changes to user fees, as outlined through this staff report be received;

THAT the Town fund 50% of the Subsidized Passes for the Low Income Transit (SPLIT) program beginning in 2025;

THAT the proposed User Fee By-law 062-2024 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 \$29.4 million of the 2024 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 4.01%, beginning in the year 2025. This is expected to result in additional revenue that will offset approximately 1.16% 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.



Background

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 (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 \$29.4 million of revenue in the 2024 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), with further evaluation through the 2023 and 2024 Budget process. 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 were reviewed in 2024 as part of the Transit 5-Year Service Plan and Master Plan Update project which provides 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 the Town's 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. The MPI methodology has been developed in accordance with Government Finance Officers Association (GFOA) best practices. The 2025 MPI for expenditures has been calculated at 4.01% (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 estimated full cost of providing the applicable services. However, when setting fees, consideration is given to whether the service provides a community-wide versus

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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 from low cost (affordable) programs and services to those that will recover the 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.

Proposed Changes to User Fees

Staff recommend applying an inflationary increase to user fees at the MPI rate, projected at 4.01% for 2025, to many fees. The annual application of MPI to the user fees ensures that cost recovery ratios are maintained. Approximately every 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

A new \$900 annual fee is proposed to offer a personal training pass to provide trainers with opportunities to conduct sessions with their clients at Town of Milton facilities. This initiative is intended to increase Town revenue while streamlining administrative processes for Town staff. The fee is reflective of the value of this new program and intended to facilitate the growth and sustainability of local small businesses, such as private personal trainers, and enhance their capacity to serve the community.

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 the introduction of various new fees to provide additional opportunities for facility rentals, provide for a greater recovery of costs and take advantage of underutilized facility space. These include a licensed social fee for the Mattamy Theater, a summer bulk

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ice rental fee, a box office ticket set up charge, a new fee to recover the cost of FOACM staff and security guards required for events as well as a new special event application fee.

Various other changes have been made that include minor wording adjustments to provide greater clarity and certain fees are recommended to remain fixed due to market factors.

Advertising

The maximum rate on various sponsorship fees have been reduced to more closely align with market rates and rates included in existing agreements. This downward shift in sponsorship rates is reflective of a trend of larger companies moving away from municipal sponsorship and smaller scale companies being unable to afford historical pricing.

Various other changes have been made that include minor wording adjustments to provide greater clarity, a realignment of effective dates of Arts Centre fees to align with business and contract processing and elimination of fees where options for advertising are no longer offered. Certain fees are recommended to remain fixed due to market factors.

MEV Innovation Centre

In 2023 the Town of Milton entered into a multi-year lease agreement with Wilfrid Laurier University for the main floor of 555 Industrial Drive. This lease has allowed the post-secondary institution to commit to offering academic programming within the community from 2024 onwards. Laurier commencing their lease required the Town to look at alternate innovation support service options given there was a need to cease offering the municipally offered innovation support services (MEVIC). As a result, the user fees tied to the offering of MEVIC programs and services are no longer possible, with the revenues replaced by the negotiated lease with Wilfrid Laurier University. The schedule associated with the MEVIC fees has been removed from the Bylaw.

Engineering

The filming permit fee is recommended to increase from \$396 to \$798 effective July 15, 2024 in order to provide a greater recovery of staff costs and in consideration of a benchmarking review against other municipalities.

A new fee has been introduced, set at 50% of the Municipal Consent Permit Application Fee. This fee allow applicants to apply for an extension if they are unable to commence work before their permit expires and avoids the need to undergo the entire Municipal Consent permit process again. The reduced fee reflects the reduction in staff time required to revisit the original application.

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

Planning

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

Development

The Town requires that developers establish geodetic benchmarks as part of subdivision or site plan agreements before final acceptance. Existing agreements require that a security deposit will be held by the Town to ensure compliance with this requirement or, if not met, to cover the costs of completing the necessary benchmarks. The User Fee Bylaw has been updated to include reference to this security deposit.

Transit

Transit fares and associated fare policies play a key role in maintaining and enhancing service effectiveness, sustainability and quality. Transit fares are collected to:

- Manage costs of operations, fuel and maintenance;
- Balance the proportion of municipal subsidy and passenger contribution; and
- Enhance service quality and value propositions

Fare adjustments are considered annually as part of the User Fee Bylaw update and are guided by the following Fare Policy objectives:

- Offer a simple fare structure that is fair, equitable, easy to understand/use, convenient to access
- Align fare product pricing to service quality and improvements to maintain customer loyalty and attract new riders
- Set rates to reduce direct operating cost of services and review fare pricing annually to maintain financial sustainability and customer affordability
- Integrate fares to encourage seamless travel across the GTHA
- Adopt fare collection technology to enhance customer convenience, payment options and minimize fare revenue processing and handling costs.

Discussion

Staff have conducted an environmental scan of GTHA system fares to compare pricing, concession discounts and associated fare programs. Additionally, short-term fare policy and fare structure policy recommendations from the Council-endorsed Milton Transit Five-Year Service Plan and Master Plan Update (CORS-021-24) have been reflected in this User-Fee By-law update, including:

- Holding cash fares over the short-term to reduce barriers for new residents to try out Milton Transit without the commitment of purchasing fare media (tickets and passes;
- Adding a single-use, e-fare product
- Consider introducing a larger passenger fare discount through the Halton Region Subsidized Passes for Low Income Transit (SPLIT) Program, to support riders with the highest social equity need

Given the above policy objectives and proposed Five-Year Service Plan considerations, staff are recommending a 4.25% average price increase across all concession fare categories (excluding cash fares), effective January 1, 2025. The fare increase is in line with the projected 2025 Municipal Price Index (MPI) and will apply to conventional, specialized and OnDemand services as per fare parity compliance with the Integrated Accessibility Standards Regulation (IASR 191-11), AODA. A single-use, e-fare product (via a mobile fare payment app) has also been recommended to provide an additional fare option for new passengers. This new product is priced lower than the cash fare, but higher than the ten-ticket per unit price for each fare concession category (Adult, Youth and Senior).

Subsidized Passes for Low Income Transit (SPLIT) Program

The Halton Region SPLIT Program is a means-based, affordability initiative that offers eligible low-income residents with a subsidy for part of their local travel expenses. Administered and funded by Halton Region, the program provides a 50% subsidy on transit tickets and passes for eligible participants who reside in Halton. The resident pays the remaining 50% cost of the product price. Program eligibility is based on the following criteria:

- Youth/students, adult or seniors living with a low income in Halton
- Individuals receiving assistance from Ontario Works or the Ontario Disability Support program
- Government and privately sponsored refugees

In alignment with fare policy recommendations from the Five-Year Service Plan, as well as proposed increases to transit fees for 2025, it is recommended that the Town match the Halton Region contribution and fund the remaining 50% of the SPLIT program. This action



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would remove all fee requirements for SPLIT-eligible residents when purchasing Milton Transit tickets and passes.

With approximately 236 residents currently registered for the SPLIT program in Milton, the additional Town contribution would result in a cost (lost revenue) of approximately \$48,000 for 2025. The increase in transit fares outlined within this report are expected capture the reduction of fare revenue as a result of introducing this program, promoting social equity and reducing the financial burden of accessing transit services.

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 2025 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 1.16% increase in property taxes for 2025.

The funding of the SPLIT program will result in a cost to the Town of approximately \$48,000 in 2025, which will be funded from the increased in transit fares recommended through this report.

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 062-2024

Appendix C - Draft User Fee By-law 062-2024

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.