



STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Strategic Priorities and Policy Standing Committee

Report to: Mayor, Deputy Mayor, and Councillors
From: Brian Geerts; Director, Community Services
Standing Committee Date: January 18, 2024
Report Number: COMM-2024-002
Council Meeting Date: January 31, 2024
Subject: **Community Services User Fee Update**

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1. Recommendation:

THAT Council receive this report for information purposes; and

FURTHER THAT Council approve the user fee schedule presented in Attachment 1; and

FURTHER THAT Council authorize and direct Staff to present at a Regular Council meeting a by-law to amend the Town Fees and Charges By-law to adjust the user fee schedule as shown in Attachment 1.

2. Executive Summary:

Municipalities in Ontario are enabled by provincial legislation to collect revenue through taxes, user fees, and limited other mechanisms.

The Town of Cobourg utilizes user fees to meet the revenue requirements of many services that citizens desire.

Some user fees were updated in 2023 such as the campground and marina. Other user fees have yet to be updated since 2019 or longer. Regular

maintenance of user fees keeps revenue streams and costs for users consistent and maintains appropriate cash flows.

3. Background

The Municipal Act (Section 391) authorizes municipalities to impose fees or charges for services or activities provided, or for the use of municipal property. User fees are typically used by municipalities to fund programs or services that provide limited or no direct benefit to the community as a whole. Strategies for pricing services as marginal cost, average cost, or revenue maximization vary based on the type of use and community desire.

Municipal Act – Fees and Charges Part XII

<https://www.ontario.ca/laws/statute/01m25#BK515>

4. Discussion:

Municipal user fees are typically set through a combination of legal, financial, and administrative processes. The specific methods and considerations can vary between municipalities, but here are some common factors and approaches:

1. Cost Recovery:

- **Direct Costs:** Municipalities often consider the direct costs associated with providing a particular service. This includes personnel salaries, equipment, maintenance, and other operational expenses directly related to the service.
- **Indirect Costs:** In addition to direct costs, municipalities may factor in indirect costs such as administrative overhead, facility costs, and other shared expenses.

2. Regulatory Requirements:

- In certain cases, regulatory or legal requirements may dictate how user fees are set. The municipality may be required to cover certain costs associated with providing specific services.

3. Market Comparisons:

- Municipalities may also look at what other similar jurisdictions charge for comparable services. This can help ensure that fees are competitive and reasonable within the broader context.

4. Public Input:

- Public opinion and input can play a role in setting user fees. Municipalities may hold hearings or solicit feedback from residents and businesses to gauge the community's willingness to pay for certain services.

5. Economic Conditions:

- Economic factors, such as inflation and changes in the overall economic health of the community, may influence the decision-making process. Municipalities may adjust fees to account for changes in the cost of living.

6. Service Level Standards:

- The level of service provided can impact the fees charged. Higher service levels may require more resources and, consequently, higher fees.
7. **Budgetary Considerations:**
 - Municipalities often set user fees as part of the overall budgetary process. The need to generate revenue to cover budget shortfalls or to fund specific projects can influence fee decisions.
 8. **Equity and Affordability:**
 - Consideration is given to the equitable distribution of fees and the ability of residents to afford the services. Some municipalities may offer fee waivers or reduced rates for individuals or groups with lower incomes.
 9. **Long-Term Planning:**
 - Municipalities may engage in long-term planning to anticipate future needs and costs. This can influence how fees are set to ensure sustainability and adaptability over time.

It's important to note that the specific process can vary widely between municipalities, and the factors mentioned above may be weighted differently depending on local circumstances and priorities. Public transparency and communication about how fees are determined are crucial to maintain trust and accountability in the community.

Professional economists are often engaged periodically to review fees and provide professional economic advice on municipal fee strategies. A recent report from Watson & Associates for Halton Hills, Ontario, provides an excellent resource for those interested in a detailed examination of the process: [Report \(haltonhills.ca\)](http://haltonhills.ca)

Traditionally, the Town of Cobourg has followed a model of user fees based on the spectrum of individual to community benefit of each service as outlined in the following diagram from Watson & Associates:



Figure 3-1
Pyramid Methodology

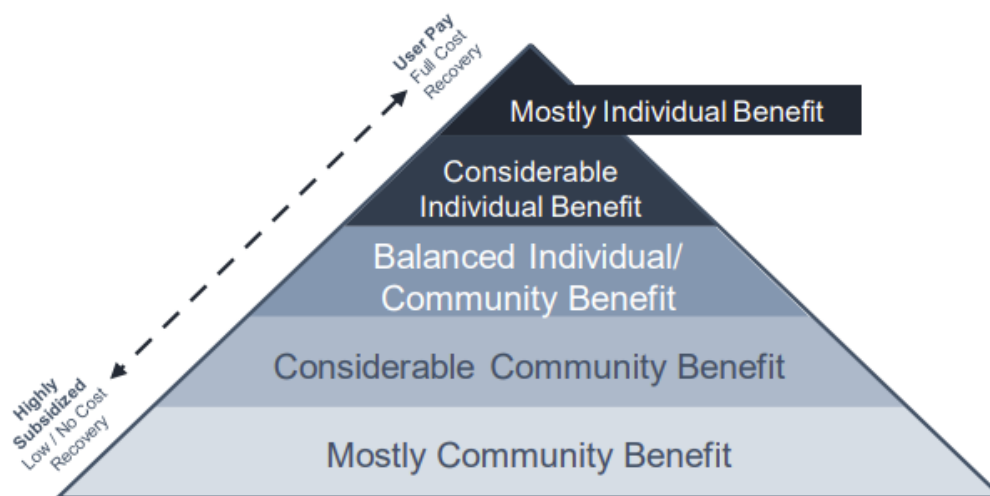


Figure 1: A cost recovery diagram showing the spectrum of individual and community benefit in service delivery Credit: [Report \(haltonhills.ca\)](https://www.haltonhills.ca) Page 3-3

In the 2024 Town of Cobourg Draft Budget, this spectrum of revenue source diversity can be observed in recreational services. For example, the marina and campground services primarily benefit the specific users of those facilities and are self-funding through user fees. In contrast, public parks are free to use by the entire community and are funded as such.

5. Financial Impact and Budget

User fees are a critical component of the Town's revenue strategy through the budget process. User fees attached to this report have been factored into the revenue forecasts in the 2024 Draft Operating Budget.

Many recreational user fees have not been updated since 2019 as there were significant years of uncertainty and change in recreational programming. Now that recreational activities have stabilized, it is appropriate to resume the annual process of updating user fees to current market conditions.

For those individual citizens who find recreational fees to be a barrier to entry, the Town and local agencies offer reduced fees or grants to ensure equitable access to all.

The user fee schedule attached contemplates the time-based impact of user fee changes. As many recreational activities are planned by 3rd party organizers, organizations need sufficient lead time to adapt their own financial plans and help their customers adjust to increased costs. Implementation dates are included with each fee so that increases occur at the optimal time for each type of activity.

6. Relationship to Council’s Strategic Plan Priorities 2023 to 2027 and beyond:

Thriving Community

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Service Excellence

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Sustainability

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7. Public Engagement:

Public Engagement for User Fees is conducted through the Town Budget process, Committee and Council meeting publication procedures.

8. Attachments:

Attachment 1 - Schedule of 2024 Fees for Community Services Draft

Attachment 2 - Schedule of 2024 Fees for Community Services Updated

Report Approval Details

Document Title:	2024 Community Services User Fee Update.docx
Attachments:	- CS User Fees 2024 for Council Draft.pdf
Final Approval Date:	Jan 12, 2024

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - Jan 12, 2024 - 11:53 AM