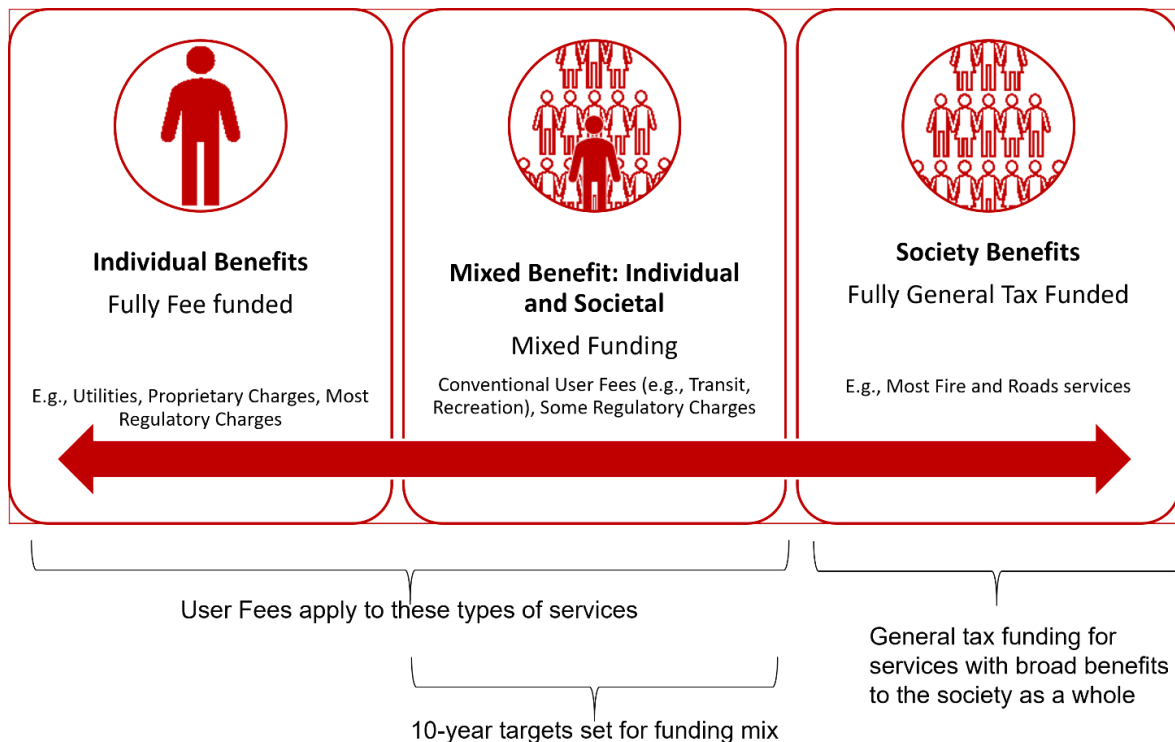


Overview of Current Policy and Process

The User Fees and Subsidies Policy (The Policy) applies to all municipal goods and services that are either partially or fully funded by fees.



Summary of Current Policy

The current User Fees and Subsidies Policy was last reviewed in 2008 and amended in 2012. It has six Guiding Principles, which are the foundational elements of The Policy and apply to all services. The intent of The Policy is to ensure that benefiting parties (individual or society) contribute to the costs of providing the service relative to the amount of benefit received. Determining the societal benefit is central to this premise. The Policy uses the 12 societal goals from the Triple Bottom Line Policy and framework to represent societal benefit. The Policy also recognizes the regressive nature of fees (i.e., that they disproportionately impact lower income groups) and has a principle for Individual Subsidy. That principle points to The City's Fair Calgary Social Policy (CSPS034), which was rescinded and replaced by the Social Well-Being Policy (CP2019-01) in 2019.

The current Policy is long (11 pages) and provides very detailed information. This information includes dividing services into one of four funding mix types: costing methodology; pricing considerations; as well as specific considerations for each funding mix type and the related responsibilities of Council and Administration.

In the current Policy, fees are proportional to the total benefit as outlined in Figure 1. Principles 1 and 5 of the current Policy state:

- Fees should only reflect the proportion of the total benefit that is represented by the individual private benefit.
- If society as a whole benefits, then society as a whole should pay the proportion of the costs of the activity that reflects the societal benefit.

Summary of Current Process for Application of the Policy

During development of four-year service plans and budgets, business units evaluate their services to determine how much they contribute to societal benefit; how much they cost The City to provide; and then conduct a market analysis (including

assessing the willingness of an individual to pay). This information is used to prepare recommendations for 'long-term recovery' rates for Council approval. These are a 10-year target for the proportion of a service that should be funded with general tax support versus individual fees.

Approved targets are used by business units during the service planning and budgeting process to develop four-year fee schedules. The aim is for services to progress towards the long-term target over the four-year period. The fees are then brought forward as part of the service plans and budgets for approval. Fees can be adjusted, if required, through regular and mid-cycle adjustment processes.

NOTE: During the development of the revised Policy, and for the 2023-2026 Service Plans and Budgets, services will continue to be guided by the current Policy and to use previously approved long-term recovery rates (C2018-0586). It is proposed that services will prepare new long-term targets, under the revised Policy, as part of mid-cycle service plan and budget adjustments that will come forward for Council approval in 2024 November.

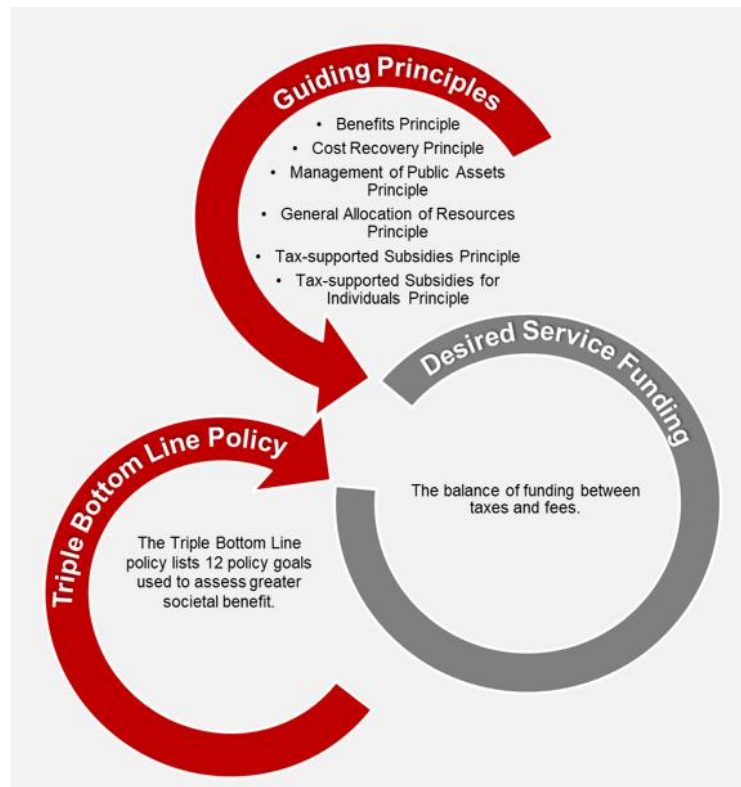


Figure 1: Determining Desired Service Funding