



EC2022 - 0687

User Fees and Subsidies Policy Review

Attachment 2 - Approach



Why is now the right time for the review?



- ✓ The current policy hasn't been reviewed since 2008.
- ✓ A lot has changed in the last decade, including societal values, technology and case law.
- ✓ It is an opportunity to assess the balance between fees and taxes for funding services.
- ✓ The Policy is dated and there is an opportunity to improve the efficiency and community outcomes.
- ✓ The review has been directed through the Financial Task Force (Recommendation 4c).



User Fees Defined

User fees are payments, made by the user of a good or service, that recover in whole or in part the cost of providing that specific good or service (for example, the cost of recreation passes, development permit costs or utility charges).

- There must be a **legal basis** to charge the fee.
- Fees must be able to **exclude use**.
 - There must be an ability to restrict consumption of the good or service (such as refusing entry) or to have fines in the case of non-payment (such as parking fine).
- Fees for services and goods must offer a **level of individual benefit that can be priced**.
- Fee revenue should be sufficient to **contribute to cost recovery** and therefore should exceed any additional costs resulting from implementing a fee system.



Council Policy Guides All User Fees

User Fees & Subsidies Policy

Applies to all services

Services develop long-term funding strategy for the service

Services develop 4-year funding plan for the service

Fee schedules and rates are developed for Service Plans and Budgets and are adjusted through the 4-year period.

Examples of fees:

- Swimming Lessons
- Transit Passes

- Water rates

- Building Permits
- Pet License

- Leasing Commercial Space



Why are User Fees and a User Fee policy important?



Revenue Source

- User Fees are an important revenue source for The City and provide a significant portion of the operating budget (approximately 30 per cent, including utilities).



Service Efficiency

- User fees can help drive efficient service delivery by providing services to customers at the desired service level and by creating a clear line of sight between the cost and service offering. This also enables The City to better understand how much value citizens place on any given service.



Quality of Life

- User fees can be used to advance quality of life results (societal benefits) by encouraging behaviours that benefit all citizens and ensuring all Calgarians can access services.



Standard Practice

- Having a policy provides a standardized way to balance how user fees and property tax fund various goods and services. It also provides a consistent costing method and assessment of the societal benefits.



Goals of Policy Review



- **To review and update** the current User Fee and Subsidies Policy (and implementation tools) to follow best practice and advance Quality of Life results (individual and societal benefits).



- To continuously improve our system for establishing and adjusting fees so that it is fair, equitable and transparent.



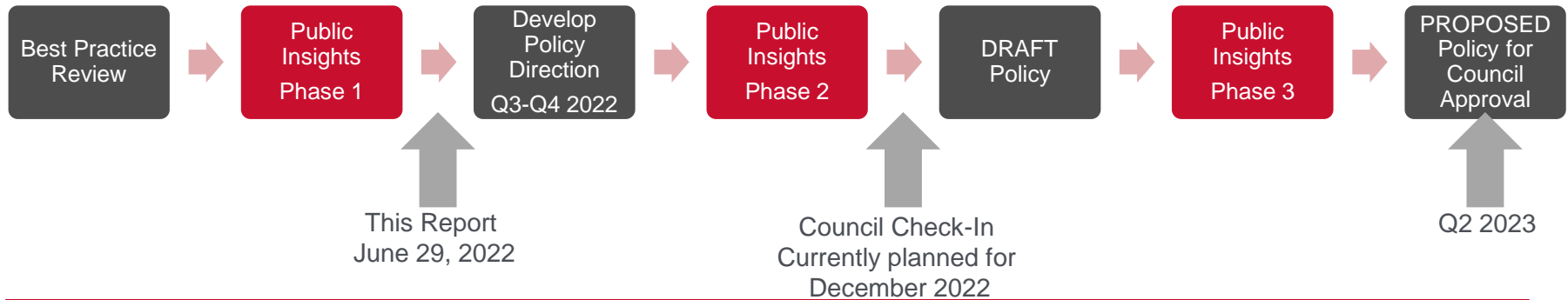
- To improve clarity and create understanding of how and when fees are applied and understanding the level of tax support The City values on each good or service.



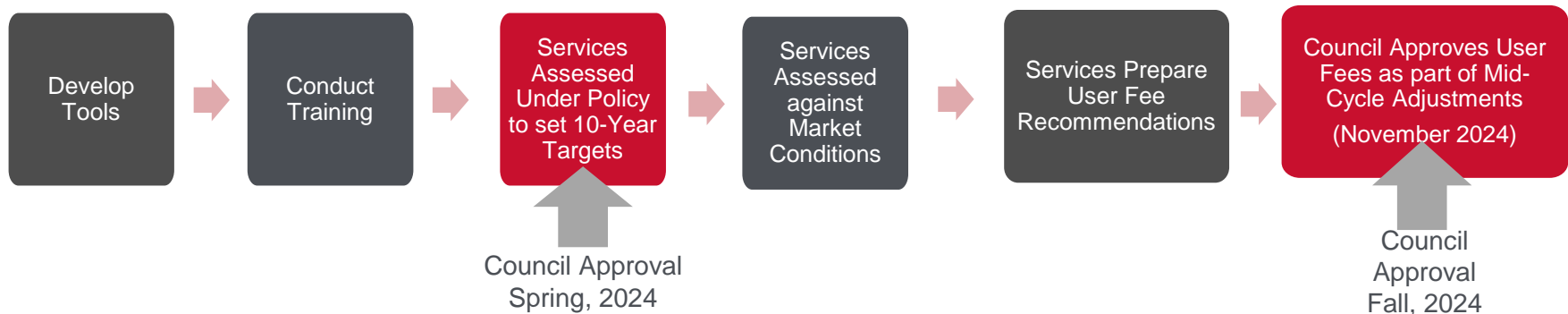
- To develop an implementation and sustainment plan to support the new Policy.



Step 1: Approve Policy (2021-Q2 2023)



Step 2: Training and Implementation (2023-2024)



Step 3: Monitoring and Continuous Improvement (2025 and Beyond)