

USER FEES & SUBSIDIES APPROVAL FOR ACTION PLAN

This attachment consists of three sections, 2A, B and C related to the approval of user fees and subsidies as part of Action Plan 2015-2018.

2A. Overview of the User Fees and Subsidies Policy and Process

1. Summary

This attachment provides an overview of the User Fees and Subsidies policy and process, and is the basis for the business unit recovery rates proposed in Attachments 2B.

2. The Need for a User Fees and Subsidies Policy

The setting of user fees is a key public policy decision that touches on issues of equity, accessibility, accountability and financial sustainability. At the heart of any policy on user fees and subsidies are questions of how and by whom public services should be funded, and how user fees and subsidies can be used to promote public policy goals. Increasing user fees purely for the purpose of increasing overall revenue is contrary to the User Fees and Subsidies Policy.

User fees and subsidies are policy tools that can:

- Help governments communicate to the public the cost of providing certain services. This, in turn, helps citizens and other consumers make more informed decisions about services they use. In this way, user fees provide a method for allocating scarce public resources.
- Help governments achieve policy goals and strategies by encouraging or discouraging the use of certain services. In cases where a government wishes to promote use of a service (public transit is a frequently-cited example), a government may encourage use by making the service affordable through higher general subsidy levels and lower fees. Alternatively, a municipality may wish to discourage or limit use of services (for example, temporary road closures) by charging higher fees, with little or no subsidy.
- Provide funding for certain public services where demand is significant and funding for growth is constrained. User fees, applied with the previous points in mind, may provide the additional resources required to respond to increased demand.

In late 2005, Council made it a priority (CP3.11) to review and update the existing User Fee policy. This direction was taken in recognition that the previous policy, while sound in theory, was not being applied consistently. As well, while the previous policy recognized the importance of societal benefits as the basis for determining subsidy levels, the issue of specifically *how* to assess societal benefits had never been completely addressed. Finally, changes in The City's planning and budgeting process, in some policy priorities, and in services offered, meant that the old policy required updating. This work resulted in a revised User Fees and Subsidies Policy (CFO010) being approved by Council on 2008 April 28 (FCS2008-13).

3. The Revised User Fees and Subsidies Policy (CFO010)

There are six guiding principles that frame the policy. These principles provide a consistent approach for business units to determine user fees and align the process, rationale and information needed to support the recommended user fees. The six guiding principles are:

1. **Benefits principle** – individuals who receive benefits should pay for the level of value or benefit received.
2. **Cost recovery principle** – the full cost of providing a good or service should be the starting point in calculating the appropriate user fee. *The cost recovery principle does not imply that all costs incurred need to be recovered through user fees; rather, it suggests that even if the full costs are not recovered through user fees, understanding the full costs should be the starting point in setting the*

appropriate user fee. Thereafter, explicit decisions can be made, including decisions regarding the level of subsidization of the good.

3. **Public assets principle** – public assets have a value and The City must value and protect these assets.
4. **Allocation of resources principle** – Given there are limited public resources available, user fees have value as a mechanism for allocating scarce resources.
5. **General tax-support subsidies principle** – when consumption of a good or service benefits society as a whole, all citizens should pay for the benefit.
6. **Tax-supported subsidies principle** – where individuals do not have resources at an acceptable level to utilize a service, The City should provide a subsidy to provide the individual the choice to consume the service or product should they desire to do so.

There are four categories of services into which all goods or services are to be classified: non-tax supported; partially tax supported; licences, permits and approvals, and fully tax-supported.

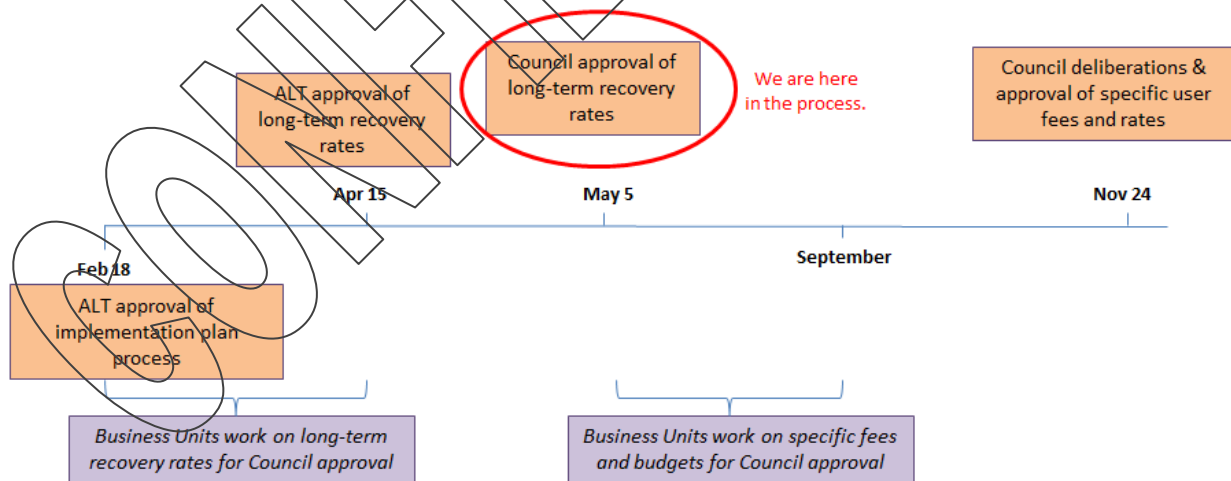
The policy also outlines a general pricing methodology for considering the prices of all types of goods and services as well as specific considerations for the four categories.

4. Integration of User Fee Approvals with Action Plan

On 2008 April 28 (FCS2008-13), Council directed Administration to fully integrate the process of bringing forward user fees for Council approval into the business planning and budgeting cycles. The approval process for user fees involves two steps:

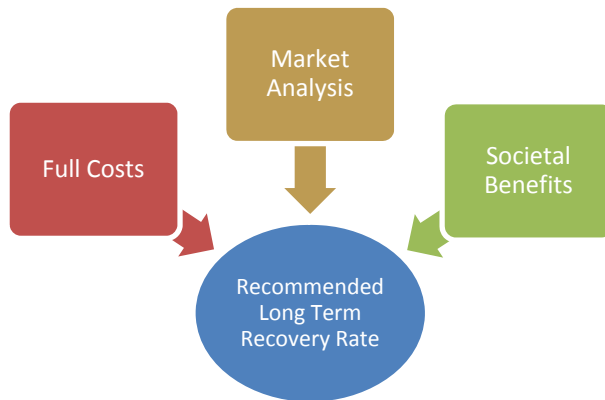
Step 1: Council approval of target recovery rates (shown in Column 4 of Attachment 2B). “Recovery rates” are the proportion of the business unit’s full costs that are expected to be recovered through user fees. The current report represents this step in the process.

Step 2: Council approval of specific rates and fees. This step will be implemented in November 2014, along with the deliberations of the proposed 2015-2018 Action Plan.



5. Considerations when Determining User Fee Recovery Rates & Fees

Step 1: In line with the User Fees and Subsidies Policy, business units consider the following three streams of analysis when determining the long term recovery rate for their user fees:



Full Costs

The full costs associated with providing the good or service includes the business unit direct and indirect operating costs, capital costs, as well as overhead costs. The allocation of overhead is for information only, as part of the full cost equation. No actual accounting entry is made. There are two types of overhead costs considered: department and corporate overhead costs.

The department overhead cost includes a portion of the net operating budget of the department's General Manager plus any department-wide expenditures distributed across the department's business units.

The corporate overhead cost is the portion of the net operating budget plus any capital costs of the corporate enabling services and corporate administration business units.

Consistent with the User Fees policy, business units are required to identify these full costs when determining recovery rates. These amounts are greater than the gross operating expenditures as shown in the budget documents because indirect and overhead costs are considered in this process.

Market Analysis

Business units consider the market demand for their good or service, and understand the upper limit of revenues that can be achieved through user fees. This also allows them to understand their **maximum potential recovery rate**, ensuring that recommendations on their recovery rates are realistic and achievable (shown in Column 6a of Attachment 2B).

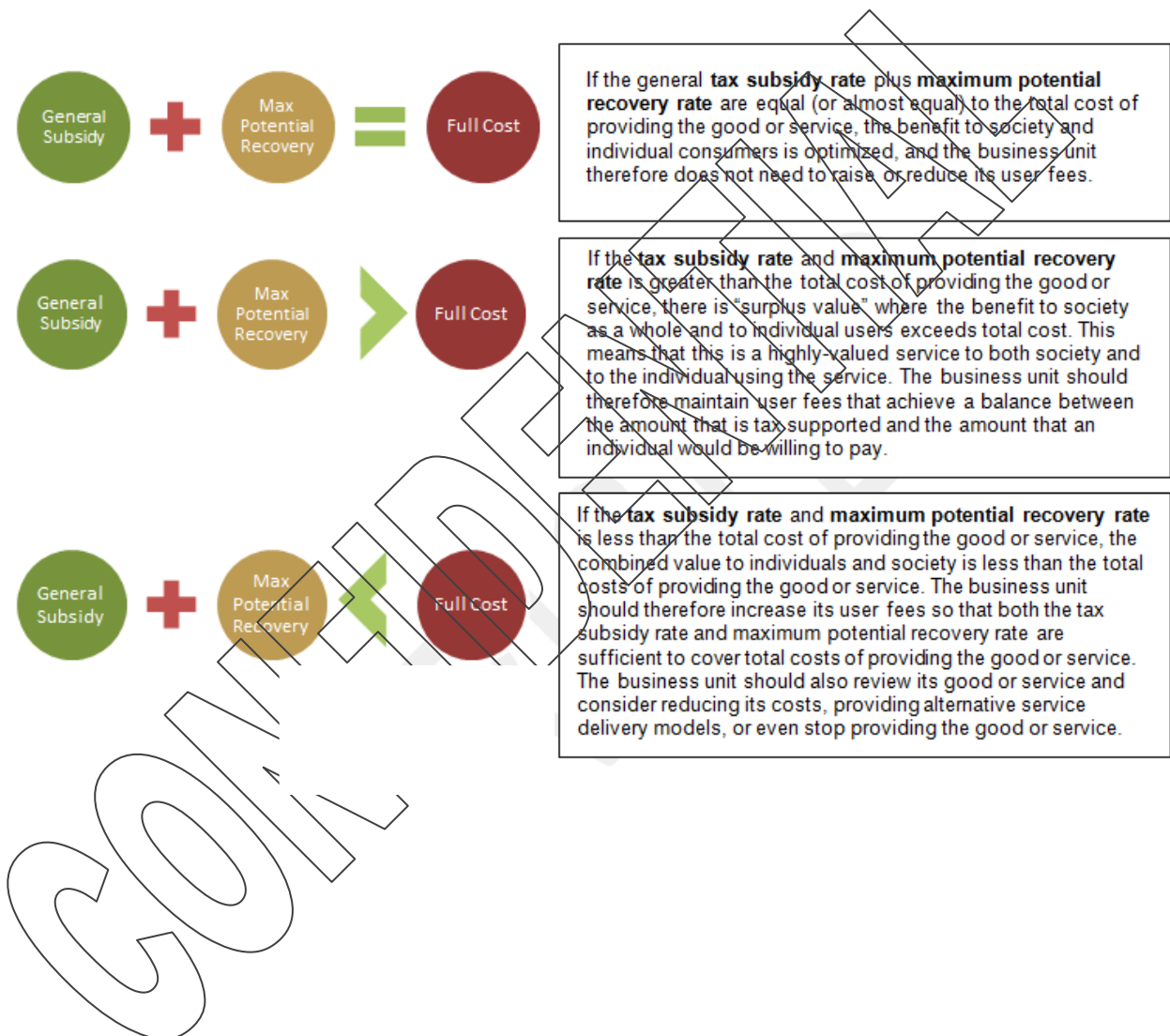
Societal Benefits Assessment

This assessment provides an indicated range of the **general tax subsidy rate** that is justifiable and appropriate based on the nature and extent to which the public (society as a whole) benefits from the consumption of the good or service. The assessment of societal benefits considers twelve policy goals in the area of environmental, social, economic and smart growth goals (shown in Column 6b of Attachment 2B). The twelve policy goals are:

- Reduce community greenhouse emissions, air pollutants, and energy consumption (environmental).
- Protect water resources (environmental).
- Ensure land stewardship & protection (environmental).
- Reduce waste to landfill (environmental).
- Provide accessibility/availability (social).
- Enable affordability (social).
- Promote accommodation/acceptability (social).
- Improve adequacy to meet need, suitability and safety (social).
- Create a city where citizens want to live, work and invest (economic).
- Create a city that promotes a healthy, vibrant economy by attracting and

- retaining businesses and helping them grow (economic).
- Encourage sustainable communities (smart growth).
- Reduce barriers to participation (smart growth).

Step 2: The results of the above analysis are used to arrive at a recommended recovery rate for the long term.



2B. Summary of Proposed Business Unit User Fee Recovery Rates & Deferrals

The following summarizes the proposed business unit long term recovery rates and deferral requests in three tables with the items shaded in blue for Council's approval:

- Table 1. Business units with proposed long-term recovery rates that have changed from what was previously-approved during the 2012-2014 Business Plans and Budgets. Council approval of the proposed long term recovery rates is sought (Column 4).
- Table 2. Business units that have requested to defer the setting of their recovery rates and fees this year for the reasons provided below. Council approval of the deferrals is sought.
- Table 3. Business units with proposed recovery rates that remain the same as what was previously approved during the 2012-2014 Business Plans and Budgets. This is provided for Council information only (Column 4).

For Tables 1 and 3, the following information is included:

- Column 1 **Department/Business Unit** - the department and corresponding business unit user fee assessment.
- Column 2 **Current Recovery Rate for 2014** - the proportion of the business unit's full costs that are expected to be recovered through user fees for 2014. The full costs for 2014 is also shown in brackets and includes both direct and indirect operating costs of the user fee related goods, business unit and corporate overheads, as well as capital costs.
- Column 3 **Previously-Approved Long Term Recovery Rate** - the previously-approved long term recovery rate for the next 10 years during the 2012-2014 Business Plans and Budgets.
- Column 4 **Proposed Long-Term Recovery Rate for Council Approval** (Column 4 of Table 1, shaded blue) - the long term target business units are proposing based on an analysis of full costs for providing the good or service, and the societal benefits and maximum potential recovery rate assessments. The proposed recovery rate, while shown as an absolute percentage, may fall within a $\pm 5\%$ range.
- Column 5 **Comparing the previously-approved (Column 3) vs. proposed (Column 4) long term recovery rates** - this column shows if the proposed long term recovery rate has increased or decreased from what was approved in the last cycle.
- Column 6 **(6a) Assessment (Maximum Potential Recovery Rate)** - indicates the recovery rate that consumers are likely willing to pay as determined through market potential revenue analysis (in some cases a high willingness to pay indicates a high degree of individual benefit from a service, which may warrant a higher recovery rate than the societal benefit assessment would otherwise suggest).
- (6b) Assessment (Societal Benefits)** - the assessment or determination of the degree to which a business unit program or service should be funded by society (i.e. through taxes).

Note: The recovery rates only reflect revenues and costs of user fee related goods and services as determined by business units. The costs of other goods and services provided by the business unit, which are considered fully tax-supported, are excluded.

TABLE 1. Proposed recovery rate changes from what was approved during 2012-2014 Business Plans and Budgets (Column 4 for Council Approval):

- Two business units, Parks and Recreation (Golf courses) have proposed recovery rates less than what was previously-approved:
 - With the majority of its service being open park spaces that are free and available to citizens all year round and a small portion of spaces available for rent, Parks is proposing a long term recovery rate of 36% which is close to its current recovery rate. With the high societal benefit of its services, Parks expects to continue with current rate increases at the level of inflation. The ongoing zero-based review with Parks includes an investigation of playfield rates. Once the review is completed, a strategic plan for the use and development of playfields, which may include changes in associated user fees and recovery rates, will be brought to Council for approval.
 - Recreation's Golf Course operations is proposing a long term recovery rate less than that previously-approved in response to ongoing fee review and development of its services. The proposed recovery rate is consistent with the maximum potential recovery rate of 80% and reflects the balance between staying competitive within the market and offering affordable access to citizens.
- The recovery rates of the remaining business units presented below are for Council approval because they were not brought forward in the last cycle for various reasons, including ongoing pricing strategy reviews and other planning initiatives at that time. In some cases, such as with Animal & Bylaw Services and Fire, the proposed recovery rate cannot be compared against what was previously-approved because the categorization of fees has changed.

(1) Department & Business Unit	PREVIOUSLY-APPROVED		FOR APPROVAL	SUPPORTING INFORMATION FOR PROPOSED RECOVERY RATE		
	(2) Current Recovery Rate (%) for 2014 (Full Cost)	(3) Previously- Approved Long Term Recovery Rate (%) (C2011-77)	(4) Proposed Long Term Recovery Rate (%)	(5) Comparing (3) & (4) Long Term Recovery Rates (LTRR)	(6) Assessments	
					(6a) Max Potential Recovery Rate (MPRR)	(6b) Societal Benefits Assessment (SBAT)
CSPS Animal & Bylaw Services (excluding Compliance Services)	70% (\$7.5M)	NA (Previously ABS' recovery rate was 90% prior to re- organization)	75%	NA	75%	50% (Moderate)
CSPS Animal & Bylaw Services (Compliance Services only)	100% (\$10.5M)	NA (Previously- approved ABS' recovery rate was 90% prior to re- organization)	100%	NA	100%	50% (Moderate)
CSPS Parks (excluding cemeteries) – fees for renting parks	36% (\$3.1M)	39%	36%	Proposed long term recovery rate is less than previously- approved rate.	39%	75% (High)

(1) Department & Business Unit	PREVIOUSLY-APPROVED		FOR APPROVAL	SUPPORTING INFORMATION FOR PROPOSED RECOVERY RATE		
	(2) Current Recovery Rate (%) for 2014 (Full Cost)	(3) Previously- Approved Long Term Recovery Rate (%) (C2011-77)	(4) Proposed Long Term Recovery Rate (%)	(5) Comparing (3) & (4) Long Term Recovery Rates (LTRR)	(6) Assessments	
					(6a) Max Potential Recovery Rate (MPRR)	(6b) Societal Benefits Assessment (SBAT)
CSPS Recreation (Golf Course operations)	83% (\$12.1M)	86%	80%	Proposed long term recovery rate is less than previously- approved rate.	80%	100% (Significant)
CSPS Fire (Business Licensing)	83% (\$2.2M)	NA (Previously- approved Fire recovery rate was 91% with business licensing and permits & inspections being in the same category type).	100%	NA	88%	25% (Limited)
CSPS Fire (Permits & Inspections)	17% (\$8.7M)	NA (Previously- approved Fire recovery rate was 91% with business licensing and permits & inspections being in the same category type).	100%	NA	20%	25% (Limited)

(1) Department & Business Unit	PREVIOUSLY-APPROVED		FOR APPROVAL	SUPPORTING INFORMATION FOR PROPOSED RECOVERY RATE		
	(2) Current Recovery Rate (%) for 2014 (Full Cost)	(3) Previously- Approved Long Term Recovery Rate (%) (C2011-77)	(4) Proposed Long Term Recovery Rate (%)	(5) Comparing (3) & (4) Long Term Recovery Rates (LTRR)	(6) Assessments	
					(6a) Max Potential Recovery Rate (MPRR)	(6b) Societal Benefits Assessment (SBAT)
Corporate Services Infrastructure & Information Services	161% (\$1.3M)	NA (Previously excluded in BPBC3 due to ongoing pricing strategy for data licensing and the pilot of Open Data/Public Data Catalogue projects.	150%	NA	559%	100% (Significant)
PDA Assessment	109% (\$46.0M)	NA (Previously excluded in BPBC3 due to minimal annual revenues from user fees, i.e. less than 1% of operating budget).	100%	NA	109%	25% (Limited)

The detailed Business Unit User Fee Recovery Rate (BUUFRR) forms for the above business units are included in Section 2C.

TABLE 2. Under Development - Business Units requesting a deferral of the setting of recovery rates pending outcomes of ongoing initiatives.

The following five business units have requested deferring the setting of a long term recovery rate pending the results of ongoing pricing strategy review, organizational restructuring and the repeal of a bylaw:

PDA Development & Building Approvals	PDA expects to finalize the reorganization of DBA and LUPP into three (3) new role specific divisions which include Local Area Planning & Implementation, City Wide Policy & Integration and Inspections& Permit Services by 2014 June. The realigned organizational structure necessitates the need to adjust the existing product cost models. Since the implementation of the reorganization is still underway, the risk of incorrect cost allocation is high and this work should be deferred until after the reorganization is complete.
PDA Land Use Planning & Policy	A review of LUPP/DBA user fees is underway and an update on that work will be presented to PUD in June 2014.
Transportation Roads	Roads is undertaking a comprehensive review of the Street Bylaw in 2014, as it pertains to authorizations and fee structures for both traditional uses of the roadways, such as construction and maintenance, and non-traditional and emerging uses. The Exclusive Use of Street Spaces project that is underway for 2014 will deliver an overall strategic approach to non-traditional street usage, including commercial, recreational and community use. Examples include car sharing services, mobile vendors, sidewalk cafes, food service trucks, special events, and pop-up parks. Public stakeholder engagement regarding street use will continue throughout 2014. The business unit anticipates that outcomes from this business review will be completed by the end of Q1 2015, and will likely result in changes to current fee structures and their governance. The timing of any recommended changes would align with the start of the primary construction season in Q2 2015.
Corporate Administration Finance & Supply, Planning, Development & Assessment Assessment	Finance & Supply and Assessment are planning to repeal Bylaw 13M2007 in November during the Action Plan deliberations. User fees related to Assessment and Taxation products and services are governed under this bylaw. Some of these fees are delivered through City Online. The long term recovery rate and detailed fees for these products and services will be brought forward for Council approval at that time.

TABLE 3. No recovery rate changes from 2012-2014 Business Plans and Budgets (For Council Information).

The following two business units have proposed long term recovery rates that have not changed from what was previously-approved based on their assessment of societal benefits and market analysis:

(1) Department & Business Unit	PREVIOUSLY-APPROVED		FOR INFORMA- TION	SUPPORTING INFORMATION FOR PROPOSED RECOVERY RATE		
	(2) Current Recovery Rate (%) for 2014 (Full Cost)	(3) Previously- Approved Long Term Recovery Rate (%) (C2011-77)	(4) Proposed Long Term Recovery Rate (%)	(5) Comparing (3) & (4) Long Term Recovery Rates (LTRR)	(6) Assessments	
					(6a) Max Potential Recovery Rate (MPRR)	(6b) Societal Benefits Assessment (SBAT)
Transportation Transit	36% (\$484.9M)	30%	30%	No change in proposed long term recovery rate.	34%	100% (Significant)
CSPS Recreation (excluding golf courses)	39% (\$51.1M)	40%	40%	No change in proposed long term recovery rate.	40%	100% (Significant)

The detailed Business Unit User Fee Recovery Rate (BUUFRR) forms for the above business units are included in Section 2C.

2C. Business Unit User Fee Recovery Rates (BUUFRR) Forms

BUSINESS UNIT INFORMATION			
Business Unit:	Animal & Bylaw Services (excluding Compliance Services)	Date:	4/16/2014

SECTION 1: Major Categories of User Fees

Animal Services - Animal Licensing, Adoption, and Impound fees.
Bylaw Services- Impound Lot fees

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)

Business unit	
Direct costs	5,348
Indirect costs	695
	Business unit costs subtotal
	6,043
Department overhead costs*	49
Corporate overhead costs*	604
Capital costs*	1,154
	Overhead costs subtotal
	1,807
	TOTAL COSTS
	7,850

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services

Overall Societal Benefit Assessment: **MODERATE** Indicated Range of General Subsidy (TSR) 26% - 50%

Overall Summary of Assessment:

Animal & Bylaw Services (ABS) Societal Benefit Assessment is Moderate. Key highlights are: Service is accessible and affordable to all Calgarians, facilitates the building of strong communities, cultural vitality, help create caring, safe and inclusive communities.

Policy Goal Summary:

Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment
Reduce community greenhouse emissions, air pollutants, and energy consumption	None/NA	Provide accessibility/availability	Significant	Create a city where citizens want to live, work and invest	Limited
Protect water resources	None/NA	Enable affordability	High	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	None/NA
Ensure land stewardship & protection	None/NA	Promote accommodation/acceptability	None/NA	Encourage sustainable communities	Limited
Reduce waste to landfill	None/NA	Improve adequacy to meet need, suitability and safety	High	Reduce barriers to participation	Moderate

Assessment Levels: None/NA, Limited, Moderate, High, Significant

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)

Maximum potential revenue (MPR) 5,858

MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs 75%

Market Assumptions & Revenue Methodology:

Animal licensing and animal impound fee are directed by the Responsible Pet Ownership Bylaw. Failure to comply could result in the issuance of a summons. The MPR is projected based on the analysis of actual revenue and volume and the assumption that the economic factors affecting revenue within the forecast period are expected to remain relatively stable. To recover 100% of full costs requires an annual 11% rate increase, which could negatively impact the number of licenses and compliance rate.

SECTION 5: Comparative Analysis

$$\begin{array}{ccc} \text{TSR} & + & \text{MPRR} & & & & \text{TC} \\ 50\% & & 75\% & > & & & 100\% \end{array}$$

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **greater than** total costs of the user fee related goods and services.

Therefore, this implies that individual users are willing to pay for the goods and services AND there is also a moderate benefit to society as a whole. (Surplus value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	<u>5,002</u>
Current gross expenditure budget (net of recoveries)	<u>5,505</u>
Current gross expenditure budget (including overhead factor)	<u>7,151</u>
Current business unit user fee recovery rate	<u>70%</u>

SECTION 7: Business Plan & Budget Implications

ABS' current user fee recovery rate (70%) is less than the recommended MPRR (75%). ABS will target recovering 75% of full costs by 2018. The majority of rates have not been adjusted since 2006. This rate change will increase revenue so that 100% of Animal Services operation costs (excluding all overheads) will be recovered by 2018.

SECTION 8: Strategies

Index fees annually to the the Municipal Price Index from 2015 to 2018.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

75%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
71%	72%	73%	75%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION

Business Unit:	Animal & Bylaw Services (Compliance Services Only)	Date:	4/16/2014
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SECTION 1: Major Categories of User Fees

Compliance Services only - Business licensing fees, livery transport rates

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)

Business unit	
Direct costs	8,080
Indirect costs	1,368
	Business unit costs subtotal
	9,448
Department overhead costs*	79
Corporate overhead costs*	978
Capital costs*	0
	Overhead costs subtotal
	1,057
	TOTAL COSTS
	10,505

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services

Overall Societal Benefit Assessment: **MODERATE** Indicated Range of General Subsidy (TSR) **26% - 50%**

Overall Summary of Assessment:

Compliance Services (CS) is mandated by Council to be self-supported. Although CS does not receive any direct tax support, the assessment tool acknowledges that it plays an important role in ensuring public safety, consumer protection, legislative compliance and regulated taxi industry. The benefits the Division provides are not only to individuals but to society as a whole.

Policy Goal Summary:

Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment
Reduce community greenhouse emissions, air pollutants, and energy consumption	None/NA	Provide accessibility/availability	Moderate	Create a city where citizens want to live, work and invest	Limited
Protect water resources	None/NA	Enable affordability	Limited	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	High
Ensure land stewardship & protection	Limited	Promote accommodation/acceptability	None/NA	Encourage sustainable communities	High
Reduce waste to landfill	None/NA	Improve adequacy to meet need, suitability and safety	Moderate	Reduce barriers to participation	Moderate

Assessment Levels: Moderate

SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)

Maximum potential revenue (MPR) 10,480

MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs 100%

Market Assumptions & Revenue Methodology:

CS is directed by City Council to be a full cost recovery division, which requires all costs be recovered through fees. CS fees have been adjusted annually since 2005 in order to offset operating cost increases and maintain the cost recovery model. The 2012-2014 fee changes incorporated the annual cost increase factor supported by the Municipal Pricing Index plus population growth. Therefore, a cost-based pricing methodology is used to ensure the full cost recovery.

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 5: Comparative Analysis

$$\begin{array}{ccc}
 \text{TSR} & + & \text{MPRR} & & & & \text{TC} \\
 50\% & & 100\% & & & > & 100\%
 \end{array}$$

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **greater than** total costs of the user fee related goods and services.

Therefore, this implies that individual users are willing to pay for the goods and services AND there is also a moderate benefit to society as a whole. (Surplus value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	<u>9,311</u>
Current gross expenditure budget (net of recoveries)	<u>8,357</u>
Current gross expenditure budget (including overhead factor)	<u>9,292</u>
Current business unit user fee recovery rate	<u>100%</u>

SECTION 7: Business Plan & Budget Implications

Compliance Services (CS) is mandated by City Council to be a 100% self-sustaining division. As CS does not have access to any corporate funding, the revenue generated by user fees must fund all operating costs and ongoing capital needs. User fees are developed in order to achieve this self-supported mandate.

SECTION 8: Strategies

CS proposes moving towards the recommended target recovery rate of 100%, which would provide for overall recoveries from user fees to cover full costs including overhead.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

100%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
100%	100%	100%	100%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION			
Business Unit:	Parks	Date:	3/14/2014

SECTION 1: Major Categories of User Fees
Park rental fees (Picnic Sites, Class D Playfield, Pathway Segments, and Event sites).

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)	
Business unit	
Direct costs	2,100
Indirect costs	191
Business unit costs subtotal	2,291
Department overhead costs*	
	20
Corporate overhead costs*	
	238
Capital costs*	
	545
Overhead costs subtotal	803
TOTAL COSTS	3,094

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services	
Overall Societal Benefit Assessment: HIGH	Indicated Range of General Subsidy (TSR) 51% - 75%

Overall Summary of Assessment:

Calgary Parks Societal Benefit Assessment is High. Parks rental facilities include playfields, picnic sites and event parks; key highlights include parks role as festival and event venue , as a community gathering space, as a destination for passive recreation and active leisure uses, as accessible spaces for all citizens and as provider of regional, community and neighborhood open space.

Policy Goal Summary:

Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment
Reduce community greenhouse emissions, air pollutants, and energy consumption	Limited	Provide accessibility/availability	Significant	Create a city where citizens want to live, work and invest	Significant
Protect water resources	Limited	Enable affordability	Significant	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	Significant
Ensure land stewardship & protection	Limited	Promote accommodation/acceptability	High	Encourage sustainable communities	Significant
Reduce waste to landfill	Limited	Improve adequacy to meet need, suitability and safety	High	Reduce barriers to participation	High
Assessment Levels: None/NA, Limited, Moderate, High, Significant					

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)

Maximum potential revenue (MPR) 1,200

MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs 39%

Market Assumptions & Revenue Methodology:

Calgary Parks is the provider of public lands for public recreation, relaxation and social/cultural activities. Customer based pricing is used to ensure affordable access to these spaces for all citizens. Municipal comparison demonstrates Calgary's commitment to providing a wide variety of sport and recreational spaces at nominal rates.

SECTION 5: Comparative Analysis

$$\begin{array}{ccc} \text{TSR} & + & \text{MPRR} & > & \text{TC} \\ 75\% & & 39\% & & 100\% \end{array}$$

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **greater than** total costs of the user fee related goods and services.

Therefore, this implies that individual users are willing to pay for the goods and services AND there is also a significant benefit to society as a whole. (Surplus value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	1,013
Current gross expenditure budget (net of recoveries)	2,075
Current gross expenditure budget (including overhead factor)	2,802
Current business unit user fee recovery rate	36%

SECTION 7: Business Plan & Budget Implications

On a full cost basis, Parks' current recovery rate is 35% and is projected to grow incrementally and minimally based on the High Societal Benefit of providing park spaces for rental. Rates could be increased to achieve the [Maximum Potential Recovery Rate] of 39%. However, Parks is currently within the range indicated by the SBAT. The possible exception to this is for playfields. Parks, in conjunction with Recreation, is planning to undertake a strategic plan for the use and future development of playfields, which will also consider user fees and recovery rates. Proposed changes, if any, will be brought to Council for approval with the review is done. For all other rates, Parks will continue with current rate increases kept at the level of inflation.

It is important to note that the majority of park spaces are open, free and available to citizens on a year round basis and only a small portion of these spaces are rented to provide exclusive/guaranteed access to the groups who book the spaces (sports teams, community groups, festival and special event organizers) to offer their

SECTION 8: Strategies

Parks proposes maintaining the recovery rate at 36% for both the long and short-term periods; fee increases will match the rate of inflation.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

36%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
36%	36%	36%	36%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION

Business Unit:	Golf Courses	Date:	4/16/2014
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SECTION 1: Major Categories of User Fees

Recreation Golf Course Operations (GCO) user fees include: Admissions (Green Fees, Punchcards, Golf Passes, Rentals and Driving Ranges) which comprise 90% of all revenues. The remaining 10% of revenues include concessions, inventory for resale and programs.

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)

Business unit		
Direct costs		7,508
Indirect costs		2,594
	Business unit costs subtotal	10,102
Department overhead costs*		15
Corporate overhead costs*		1,400
Capital costs*		574
	Overhead costs subtotal	1,989
	TOTAL COSTS	12,091

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services

Overall Societal Benefit Assessment: **SIGNIFICANT** Indicated Range of General Subsidy (TSR) 76% - 100%

Overall Summary of Assessment:

Societal benefits delivered by Golf Course Operations are significant and in alignment with the Recreation Business Unit assessment. The tool acknowledges the social, economic, environmental and smart growth benefits the Division provides to individuals and society as a whole.

Policy Goal Summary:

Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment
Reduce community greenhouse emissions, air pollutants, and energy consumption	High	Provide accessibility/availability	Significant	Create a city where citizens want to live, work and invest	Significant
Protect water resources	High	Enable affordability	Significant	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	Limited
Ensure land stewardship & protection	Moderate	Promote accommodation/acceptability	Significant	Encourage sustainable communities	High
Reduce waste to landfill	Moderate	Improve adequacy to meet need, suitability and safety	Significant	Reduce barriers to participation	Significant
Assessment Levels: None/NA, Limited, Moderate, High, Significant					

SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)

Maximum potential revenue (MPR) 9,641

MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs 80%

Market Assumptions & Revenue Methodology:

With 8 golf courses and 3 driving ranges, GCO provides affordable golf opportunities for all skill levels and serves special targeted groups (eg. Seniors, youth, schools, fee assistance). City courses do not necessarily provide the same level of service, amenities or course conditions as external operators. MPRR is highly contingent on weather, economic factors and dynamic pricing strategies utilized by other service provider within the local golf market.

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 5: Comparative Analysis

TSR

100%

+

MPRR

80%

>

TC

100%

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **greater than** total costs of the user fee related goods and services.

Therefore, this implies that individual users are willing to pay for the goods and services AND there is also a significant benefit to society as a whole. (Surplus value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	<u>8,872</u>
Current gross expenditure budget (net of recoveries)	<u>8,969</u>
Current gross expenditure budget (including overhead factor)	<u>10,735</u>
Current business unit user fee recovery rate	<u>83%</u>

SECTION 7: Business Plan & Budget Implications

Golf Course Operations continues to rely upon revenues to support the business. Consultant and internal assessment of local competitive public golf course rates indicates green fee rates currently charged by The City are appropriate and competitive for the services offered (including senior and junior green fee rates). The City's previous pass program offered the highest level of discounting of all other comparable cities and is not sustainable in the long term. As a result fee development work has focused on discount levels associated with passes and other discount programs. Given the pricing practices employed by external operators, significant increases to green fees can't be sustained without negatively impacting attendance levels and customer satisfaction. Revenue optimization will be the result of managing the pricing and discount programs in order to achieve the highest rate per round while also maintaining market competitiveness, supporting the business need and ensuring affordable access to citizens. Achieving budget targets and user fee recovery rates will be subject to weather while also being contingent upon market assumptions, economic factors and actual inflationary increases (ie. utilities, vehicles & equipment, etc).

SECTION 8: Strategies

As the major provider of basic golf services in Calgary's competitive golf market, it is essential for GCO to operate closer in alignment with industry business standards and practices in order to retain market share. It will be critical for GCO to have flexibility to effectively manage its pricing program by enabling the division to respond to market pricing changes, shifts in demand and consumer trends as needed. Revised fees will enable sustainable business practices which optimize revenue through a structure that offers fair market value while balancing service levels and social benefits against the cost of service provision. Managing discounts through a demand based pricing program forms the basis of the structure and also ensures accessible and affordable golf services within the context of the competitive golf market for all ages and skill levels. Customer feedback and outcomes of research activities were considered as part of the fee development process. On-going evaluation of the effectiveness of the fee structure will be undertaken. The outcomes of the new fee structure and subsequent recovery rates will be reviewed with changes brought forward as part of annual adjustment processes.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

80%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
80%	80%	80%	80%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION			
Business Unit:	Fire	Date:	4/4/2014

SECTION 1: Major Categories of User Fees
Fire Safety & Prevention Inspections for Business Licensing (new and renewal) as per Alberta Safety Code.

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)	
Business unit	
Direct costs	1,684
Indirect costs	144
Business unit costs subtotal	1,828
Department overhead costs*	25
Corporate overhead costs*	307
Capital costs*	0
Overhead costs subtotal	332
TOTAL COSTS	2,160

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services																																			
Overall Societal Benefit Assessment: LIMITED		Indicated Range of General Subsidy (TSR) 0% - 25%																																	
<p><i>Overall Summary of Assessment:</i></p> <p>The assessment indicated a limited societal benefit given that this is a specific service that can only be conducted by the Fire Department. Provincially certified Safety Code Officers provide fire and safety code education and enforcement based on the Alberta Safety Codes Act (AB Fire Code) which are supported by municipal bylaws. Businesses are inspected to ensure fire/life safety measures are in place & update fire prevention education and enforcement programs and policies.</p> <p><i>Policy Goal Summary:</i></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="background-color: #ccc;">Environmental</th> <th style="background-color: #ccc;">Assessment</th> <th style="background-color: #ccc;">Social</th> <th style="background-color: #ccc;">Assessment</th> <th style="background-color: #ccc;">Economic/Smart Growth</th> <th style="background-color: #ccc;">Assessment</th> </tr> </thead> <tbody> <tr> <td style="text-align: left; padding: 5px;">Reduce community greenhouse emissions, air pollutants, and energy consumption</td> <td style="padding: 5px;">None/NA</td> <td style="text-align: left; padding: 5px;">Provide accessibility/availability</td> <td style="padding: 5px;">Limited</td> <td style="text-align: left; padding: 5px;">Create a city where citizens want to live, work and invest</td> <td style="padding: 5px;">None/NA</td> </tr> <tr> <td style="text-align: left; padding: 5px;">Protect water resources</td> <td style="padding: 5px;">Limited</td> <td style="text-align: left; padding: 5px;">Enable affordability</td> <td style="padding: 5px;">Limited</td> <td style="text-align: left; padding: 5px;">Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.</td> <td style="padding: 5px;">None/NA</td> </tr> <tr> <td style="text-align: left; padding: 5px;">Ensure land stewardship & protection</td> <td style="padding: 5px;">None/NA</td> <td style="text-align: left; padding: 5px;">Promote accommodation/acceptability</td> <td style="padding: 5px;">None/NA</td> <td style="text-align: left; padding: 5px;">Encourage sustainable communities</td> <td style="padding: 5px;">Limited</td> </tr> <tr> <td style="text-align: left; padding: 5px;">Reduce waste to landfill</td> <td style="padding: 5px;">None/NA</td> <td style="text-align: left; padding: 5px;">Improve adequacy to meet need, suitability and safety</td> <td style="padding: 5px;">Moderate</td> <td style="text-align: left; padding: 5px;">Reduce barriers to participation</td> <td style="padding: 5px;">None/NA</td> </tr> </tbody> </table> <div style="text-align: right; margin-top: 5px; font-size: small;"> Assessment Levels: None/NA, Limited, Moderate, High, Significant </div>						Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment	Reduce community greenhouse emissions, air pollutants, and energy consumption	None/NA	Provide accessibility/availability	Limited	Create a city where citizens want to live, work and invest	None/NA	Protect water resources	Limited	Enable affordability	Limited	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	None/NA	Ensure land stewardship & protection	None/NA	Promote accommodation/acceptability	None/NA	Encourage sustainable communities	Limited	Reduce waste to landfill	None/NA	Improve adequacy to meet need, suitability and safety	Moderate	Reduce barriers to participation	None/NA
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Reduce waste to landfill	None/NA	Improve adequacy to meet need, suitability and safety	Moderate	Reduce barriers to participation	None/NA																														

SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)	
Maximum potential revenue (MPR)	1,899
MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs	88%
<p><i>Market Assumptions & Revenue Methodology:</i></p> <p>The goal of Fire for inspections is to collect the full cost for inspection services provided by Safety Codes Officers (SCOs). Currently, 76% of full cost are being recovered for this service. To recover 100% of full costs of inspections, Fire will maintain the greater of \$6 or 6% GM approved approach for 2015-2018 and full cost recovery will be achieved in 2022.</p>	

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 5: Comparative Analysis

25%

+

88%

>

TC

100%

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **greater than** total costs of the user fee related goods and services.

Therefore, this implies that individual users are willing to pay for the goods and services AND there is also a limited benefit to society as a whole. (Surplus value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

1.445

1,474

1.742

83%

SECTION 7: Business Plan & Budget Implications

In order to go to a full-cost recovery on Business License inspection fees would require a 20% increase in rates in 2015 over 2014 and apply the greater of \$6 or 6% for 2016 - 2018. Based on experience, it is believed that this would be too large of an increase for the business sector. Therefore the recommendation is to proceed with the greater of \$6 or 6% approach to achieve full cost recovery in the year 2022.

Additional revenue generated will be used to increase availability of inspection services.

SECTION 8: Strategies

The Calgary Fire Department is conforming to the GM-approved approach of increasing fees in each of the next 4 years (2015-2018) which involves increases per fee that are the greater of \$6 or 6% to enable cost recovery over the next several years. Fees related to inspections, occupancy, and file/fire incident report & photograph searches will be moved to a User Fee Schedule from Bylaw 40M2003, and will coincide with the modernization and consolidation of fire service bylaws.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

100%

2015

2016

2017

2018

79%

82%

83%

83%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION			
Business Unit:	Fire	Date:	4/4/2014

SECTION 1: Major Categories of User Fees
Fire Safety & Prevention Fees for events requiring a permit and inspection services.

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)	
Business unit	
Direct costs	7,906
Indirect costs	249
Business unit costs subtotal	8,155
Department overhead costs*	44
Corporate overhead costs*	531
Capital costs*	0
Overhead costs subtotal	575
TOTAL COSTS	8,730

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services																																			
Overall Societal Benefit Assessment: LIMITED		Indicated Range of General Subsidy (TSR) 0% - 25%																																	
<p><i>Overall Summary of Assessment:</i></p> <p>Under the Safety Codes Act, Safety Codes Officers issue permits for specific activities or events, and are required to review and ensure compliance with associated fire safety plans for such things as fireworks, pyrotechnics and commercial burning. In accordance with Alberta Fire Code & Safety Codes Act, SCOs are designated to issue permits pursuant to Section 44 of the Act. Fire Department SCOs can only provide compliance with the fire safety plan via inspection services.</p> <p><i>Policy Goal Summary:</i></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Environmental</th> <th style="width: 15%;">Assessment</th> <th style="width: 25%;">Social</th> <th style="width: 15%;">Assessment</th> <th style="width: 20%;">Economic/Smart Growth</th> <th style="width: 10%;">Assessment</th> </tr> </thead> <tbody> <tr> <td style="text-align: left; padding: 2px;">Reduce community greenhouse emissions, air pollutants, and energy consumption</td> <td style="padding: 2px;">None/NA</td> <td style="text-align: left; padding: 2px;">Provide accessibility/availability</td> <td style="padding: 2px;">Limited</td> <td style="text-align: left; padding: 2px;">Create a city where citizens want to live, work and invest</td> <td style="padding: 2px;">None/NA</td> </tr> <tr> <td style="text-align: left; padding: 2px;">Protect water resources</td> <td style="padding: 2px;">Limited</td> <td style="text-align: left; padding: 2px;">Enable affordability</td> <td style="padding: 2px;">Limited</td> <td style="text-align: left; padding: 2px;">Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.</td> <td style="padding: 2px;">None/NA</td> </tr> <tr> <td style="text-align: left; padding: 2px;">Ensure land stewardship & protection</td> <td style="padding: 2px;">None/NA</td> <td style="text-align: left; padding: 2px;">Promote accommodation/acceptability</td> <td style="padding: 2px;">None/NA</td> <td style="text-align: left; padding: 2px;">Encourage sustainable communities</td> <td style="padding: 2px;">Limited</td> </tr> <tr> <td style="text-align: left; padding: 2px;">Reduce waste to landfill</td> <td style="padding: 2px;">None/NA</td> <td style="text-align: left; padding: 2px;">Improve adequacy to meet need, suitability and safety</td> <td style="padding: 2px;">Moderate</td> <td style="text-align: left; padding: 2px;">Reduce barriers to participation</td> <td style="padding: 2px;">None/NA</td> </tr> </tbody> </table> <div style="text-align: right; margin-top: 5px; font-size: x-small;"> Assessment Levels: None/NA, Limited, Moderate, High, Significant </div>						Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment	Reduce community greenhouse emissions, air pollutants, and energy consumption	None/NA	Provide accessibility/availability	Limited	Create a city where citizens want to live, work and invest	None/NA	Protect water resources	Limited	Enable affordability	Limited	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	None/NA	Ensure land stewardship & protection	None/NA	Promote accommodation/acceptability	None/NA	Encourage sustainable communities	Limited	Reduce waste to landfill	None/NA	Improve adequacy to meet need, suitability and safety	Moderate	Reduce barriers to participation	None/NA
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SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)	
Maximum potential revenue (MPR)	1,775
MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs	20%
<p><i>Market Assumptions & Revenue Methodology:</i></p> <p>The goal is to recover 100% full cost of the services provided of which 17% is currently recovered. Fire would require a 40% annual increase to fees related to events requiring permits for the next 3 budget cycles (2015 thru 2026). This will bring the recovery rate to 20% in 2018 and reach a 100% recovery rate by 2025.</p>	

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 5: Comparative Analysis

$$\begin{array}{ccc} \text{TSR} & + & \text{MPRR} & & & & \text{TC} \\ 25\% & & 20\% & & & < & 100\% \end{array}$$

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **less than** total costs of the user fee related goods and services.

Therefore, this implies that the existing level of service is not sustainable relative to the benefits principle. (Less valued)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	462
Current gross expenditure budget (net of recoveries)	<u>2,552</u>
Current gross expenditure budget (including overhead factor)	<u>2,732</u>
Current business unit user fee recovery rate	<u>17%</u>

SECTION 7: Business Plan & Budget Implications

In order to go to a 100% recovery for pyrotechnic, fireworks and commercial burning permits and associated inspection fees, CFD requires a 40% increase in rates. This recommendation of 40% in each of years 2015 through 2018 and over the following 2 budget cycles, would achieve 100% cost recovery in 2025, and would enhance fire prevention, protection of the public, environment and property.

The cost of providing permits and inspection fee services is high compared to the fee charged for the request. To address the high costs of providing this service Fire requires an increase to inspection and permit fees and additional revenue generated will be used to increase availability of inspection services.

SECTION 8: Strategies

The Calgary Fire Department would increase the rates by 40% each year. Additional revenue generated would facilitate an increase to resources required to make this service available. The rates would be required over the following two budget cycles to reach the 100% full recovery by 2025.

Fees related to permitting for pyrotechnics/fireworks as well as commercial burning and the associated inspections will be moved to a User Fee Schedule from Bylaw 40M2003, and will coincide with the modernization and consolidation of fire service bylaws.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

100%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
14%	16%	18%	20%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION

Business Unit:	Infrastructure & Information Services	Date:	4/1/2014
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SECTION 1: Major Categories of User Fees

All City data is considered an asset with market value. Access to City data is made available to external parties through a formal licensing program. Distribution includes agreements that set out the terms and conditions under which City data can be used.

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)

Business unit		
Direct costs		474
Indirect costs		225
	Business unit costs subtotal	699
Department overhead costs*		70
Corporate overhead costs*		0
Capital costs*		553
	Overhead costs subtotal	623
	TOTAL COSTS	1,322

**For information only; there is no transfer of funds for these costs.*

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services

Overall Societal Benefit Assessment: **SIGNIFICANT** Indicated Range of General Subsidy (TSR) 76% - 100%

Overall Summary of Assessment:

Licensed data is used as the foundation for major infrastructure projects, both City and commercially funded. Licensed data distributed without charge to users through the open data catalogue is used for research, education and commercial based projects. Data is also used by research institutions for a variety of projects covering topics including environmental, economic and social needs as well as safety, transportation, water quality, and quality of life.

Policy Goal Summary:

Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment
Reduce community greenhouse emissions, air pollutants, and energy consumption	High	Provide accessibility/availability	Moderate	Create a city where citizens want to live, work and invest	High
Protect water resources	Moderate	Enable affordability	High	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	Significant
Ensure land stewardship & protection	Significant	Promote accommodation/acceptability	Moderate	Encourage sustainable communities	Significant
Reduce waste to landfill	None/NA	Improve adequacy to meet need, suitability and safety	High	Reduce barriers to participation	Significant

Assessment Levels: None/NA, Limited, Moderate, High, Significant

SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)

Maximum potential revenue (MPR) 7,386

MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs 559%

Market Assumptions & Revenue Methodology:

Some data is provided by no cost access and some data is licensed for a fee to businesses for commercial purposes. The City also enters into data exchange licenses with various businesses and institutions.

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 5: Comparative Analysis

TSR

100%

+ MPRR

559%

>

TC

100%

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **greater than** total costs of the user fee related goods and services.

Therefore, this implies that individual users are willing to pay for the goods and services AND there is also a significant benefit to society as a whole. (Surplus value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	<u>2,132</u>
Current gross expenditure budget (net of recoveries)	<u>699</u>
Current gross expenditure budget (including overhead factor)	<u>1,322</u>
Current business unit user fee recovery rate	<u>161%</u>

SECTION 7: Business Plan & Budget Implications

IIS distributes data on behalf of and in support of our mandate to internal Business Units in accordance with the External Data Access and Management and Intellectual Property Management policies. These policies support internal business units requirements, drive business unit planning and contain provisions for exceptions and waivers contingent on financial need and societal benefit.

SECTION 8: Strategies

Data licensing with or without a fee will always be a part of the way that the City shares information in the form of data. Appropriate licensing protects The City from risk and enables the provision of social, economic and environmental benefits that sharing data can create. It is expected that the City's Open Data Strategy will continue to mature and will likely continue to impact the recovery rate. Capital and operating costs associated with the data distribution systems increased over the last three year cycle and are unlikely decrease. As both open access expectations and the ability to take advantage of societal benefits increase, overall cost for managing data distribution is unlikely to go down. Recovery of data distribution fees, largely from commercial users, will be maintained to support low/no cost access and increased benefits.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

150%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
175%	165%	160%	150%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION			
Business Unit:	Assessment	Date:	3/26/2014

SECTION 1: Major Categories of User Fees
Fees charged for access to assessment information via paper. The fees charged are similar to fees we charged under current bylaw 13M2007.

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)	
Business unit	
Direct costs	32
Indirect costs	11
Business unit costs subtotal	43
Department overhead costs*	2
Corporate overhead costs*	2
Capital costs*	0
Overhead costs subtotal	3
TOTAL COSTS	46

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services																																			
Overall Societal Benefit Assessment: LIMITED		Indicated Range of General Subsidy (TSR) 0% - 25%																																	
<p><i>Overall Summary of Assessment:</i></p> <p>The release of assessment information is a matter of legislative compliance but also promotes the legitimacy of the tax system and therefore there is limited societal benefit to the release of the information. For this reason, the Assessment business unit has gone to great lengths to ensure most assessment information is retrievable online for no fee. The suggested user fees in this document are for paper requests, which require more processing.</p> <p><i>Policy Goal Summary:</i></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Environmental</th> <th style="width: 15%;">Assessment</th> <th style="width: 25%;">Social</th> <th style="width: 15%;">Assessment</th> <th style="width: 25%;">Economic/Smart Growth</th> <th style="width: 10%;">Assessment</th> </tr> </thead> <tbody> <tr> <td>Reduce community greenhouse emissions, air pollutants, and energy consumption</td> <td>None/NA</td> <td>Provide accessibility/availability</td> <td>Limited</td> <td>Create a city where citizens want to live, work and invest</td> <td>Limited</td> </tr> <tr> <td>Protect water resources</td> <td>None/NA</td> <td>Enable affordability</td> <td>None/NA</td> <td>Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.</td> <td>Moderate</td> </tr> <tr> <td>Ensure land stewardship & protection</td> <td>None/NA</td> <td>Promote accommodation/acceptability</td> <td>None/NA</td> <td>Encourage sustainable communities</td> <td>None/NA</td> </tr> <tr> <td>Reduce waste to landfill</td> <td>None/NA</td> <td>Improve adequacy to meet need, suitability and safety</td> <td>None/NA</td> <td>Reduce barriers to participation</td> <td>Limited</td> </tr> </tbody> </table> <p style="text-align: right; font-size: small; margin-top: 5px;">Assessment Levels: None/NA, Limited, Moderate, High, Significant</p>						Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment	Reduce community greenhouse emissions, air pollutants, and energy consumption	None/NA	Provide accessibility/availability	Limited	Create a city where citizens want to live, work and invest	Limited	Protect water resources	None/NA	Enable affordability	None/NA	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	Moderate	Ensure land stewardship & protection	None/NA	Promote accommodation/acceptability	None/NA	Encourage sustainable communities	None/NA	Reduce waste to landfill	None/NA	Improve adequacy to meet need, suitability and safety	None/NA	Reduce barriers to participation	Limited
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SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)	
Maximum potential revenue (MPR)	50
MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs	109%
<p><i>Market Assumptions & Revenue Methodology:</i></p> <p>Market assumptions were based on current demand and the proposed fees. It is expected that demand for user fee related products will drop off as more requests are submitted through our online request process.</p>	

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 5: Comparative Analysis

TSR

25%

+ MPRR

109%

>

TC

100%

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **greater than** total costs of the user fee related goods and services.

Therefore, this implies that individual users are willing to pay for the goods and services AND there is also a limited benefit to society as a whole. (Surplus value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	<u>50</u>
Current gross expenditure budget (net of recoveries)	<u>43</u>
Current gross expenditure budget (including overhead factor)	<u>46</u>
Current business unit user fee recovery rate	<u>109%</u>

SECTION 7: Business Plan & Budget Implications

The fees associated with access to assessment information make up a very small proportion of Assessment's annual budget and therefore the business plan and budget implications of the current vs. projected user fees are negligible.

SECTION 8: Strategies

These user fees comply with the User Fees and Subsidies Policy (CFO010). The user fees are higher than the old user fees due to an effort to move to cost recovery of processing the paper versions of information requests, especially in respect of the fees charged for Additional Assessment Information. This is why Assessment has set the long-term recovery rate target at 100%. The lack of fees for online Assessment Information Requests reflect the insignificant costs associated with the online request process, though the costs of preparing Additional Assessment Information will continue to be recovered. Efforts will be made to transition customers to the online request portal over time which will have the effect of gradually decreasing the cost to create them and correspondingly the revenue generated from them. The difference in costs between paper and online versions of information requests will help to incentivize this transition and staff will be asked to encourage customers to use the online versions as much as possible. Assessment is not asking for any subsidization for these services as the societal benefit is in the low end of the 0-25% range and the consumer is currently willing to pay for them.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

100%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
109%	100%	100%	100%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION

Business Unit:	Transit	Date:	4/3/2014
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SECTION 1: Major Categories of User Fees

Mainly fare revenues comprised of Adult and Youth monthly passes, day passes, ticket books, and cash fares, Low-Income Transit Pass, annual seniors' Pass, U-Pass, and parking revenues. Access Calgary expenditures/revenues are not included

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)

Business unit	
Direct costs	426,905
Indirect costs	6,793
	Business unit costs subtotal
	433,698
Department overhead costs*	914
Corporate overhead costs*	41,721
Capital costs*	123,757
	Overhead costs subtotal
	166,392
	TOTAL COSTS
	600,090

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services

Overall Societal Benefit Assessment: **SIGNIFICANT** Indicated Range of General Subsidy (TSR) 76% - 100%

Overall Summary of Assessment:

Calgary Transit is a vital part of The City's suite of transportation and mobility options which include walking, cycling, driving and public transit. Transit service plays an important role in the community providing affordable, safe and accessible mobility to all residents, while promoting the efficient use of land and energy resources.

Policy Goal Summary:

Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment
Reduce community greenhouse emissions, air pollutants, and energy consumption	Significant	Provide accessibility/availability	Significant	Create a city where citizens want to live, work and invest	Moderate
Protect water resources	Moderate	Enable affordability	High	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	Moderate
Ensure land stewardship & protection	Limited	Promote accommodation/acceptability	Significant	Encourage sustainable communities	Significant
Reduce waste to landfill	Significant	Improve adequacy to meet need, suitability and safety	Significant	Reduce barriers to participation	Significant
Assessment Levels: None/NA, Limited, Moderate, High, Significant					

SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)

Maximum potential revenue (MPR) 204,184

MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs 34%

Market Assumptions & Revenue Methodology:

Assumed a 4% annual increase (includes price increases and growth) on customer based pricing. Recent surveys have shown a slight decrease in support for fare increases to fund existing service. Calgary Transit will be undertaking a detailed fare strategy in preparation for the 2015-2018 budget which could impact our maximum potential revenue.

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 5: Comparative Analysis

$$\begin{array}{ccc} \text{TSR} & + & \text{MPRR} & & & & \text{TC} \\ 100\% & & 34\% & & & > & 100\% \end{array}$$

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is

greater than total costs of the user fee related goods and services.

Therefore, this implies that individual users are willing to pay for the goods and services AND there is also a significant benefit to society as a whole. (Surplus value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	174,537
Current gross expenditure budget (net of recoveries)	350,428
Current gross expenditure budget (including overhead factor)	484,873
Current business unit user fee recovery rate	36%

SECTION 7: Business Plan & Budget Implications

The societal benefits of transit service support this range of tax support. Over the next few years the implementation of capital infrastructure will have an impact on our operations - includes the implementation of 4 car train service, expansion of rapid transit corridors, maintain an ageing infrastructure, and new technologies (electronic fares, advanced passenger information systems). The Calgary Transportation Plan has identified transit service as an integral component of the transportation system. Primary transit (high frequency over board hours) networks and increased service hours are vital components of the Calgary Transportation Plan and Calgary Transit's long range RouteAhead strategy. These recommendations will increase our costs and constrain our ability to reach our Long Term Recovery Rate if the required tax support is not available.

SECTION 8: Strategies

Calgary Transit is committed to undertake a detailed fare strategy analysis to determine the appropriate fares for our services. Recent surveys have shown that the willingness of our transit users to pay additional fares for additional or improved service has decreased slightly. We have a significant amount of infrastructure and new technologies coming on stream in the next few years. The impact on our operating budget needs to be determined in preparation of the 2015-2018 budget. If required, Calgary Transit may be able to refine the LTRR calculation when the Fare Strategy report is completed (June 2014) and when Council identifies an indicative tax rate for 2015-2018.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

30%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
36%	35%	35%	34%

Business Unit User Fee Recovery Rates (BUUFRR) Form

BUSINESS UNIT INFORMATION

Business Unit: Recreation **Date:** 3/24/2014

SECTION 1: Major Categories of User Fees

Recreation programs fees, single and multiple admissions to recreation facilities, term passes to recreation facilities, rental rates for facilities and equipment and concession fees. Golf Course operations are not included amongst these user fees.

SECTION 2: Business Unit Full Costs for User Fee-related Goods & Services (\$000's)

Business unit		
Direct costs		36,286
Indirect costs		5,417
	Business unit costs subtotal	41,703
Department overhead costs*		68
Corporate overhead costs*		5,631
Capital costs*		3,730
	Overhead costs subtotal	9,429
	TOTAL COSTS	51,132

*For information only; there is no transfer of funds for these costs.

SECTION 3: Business Unit Assessment of Societal Benefits for User Fee-related Goods & Services

Overall Societal Benefit Assessment: **SIGNIFICANT** **Indicated Range of General Subsidy (TSR)** 76% - 100%

Overall Summary of Assessment:

Recreation delivers societal benefits that are significant in 6 of the 12 policy goal categories supported by Council, with high or moderate benefits in 5 of the 6 remaining categories. Using this tool, a general subsidy of 76 to 100% is warranted. Social, economic, environmental and smart growth examples support the mission and mandate, and align with a significant revenue stream demonstrating strong customer support and demand

Policy Goal Summary:

Environmental	Assessment	Social	Assessment	Economic/Smart Growth	Assessment
Reduce community greenhouse emissions, air pollutants, and energy consumption	High	Provide accessibility/availability	Significant	Create a city where citizens want to live, work and invest	Significant
Protect water resources	High	Enable affordability	Significant	Create a city that promotes a healthy, vibrant economy by attracting and retaining businesses and helping them grow.	Limited
Ensure land stewardship & protection	Moderate	Promote accommodation/acceptability	Significant	Encourage sustainable communities	High
Reduce waste to landfill	Moderate	Improve adequacy to meet need, suitability and safety	Significant	Reduce barriers to participation	Significant
Assessment Levels: None/NA, Limited, Moderate, High, Significant					

SECTION 4: Business Unit Market & Revenue Analysis for User Fee-related Goods & Services (\$000's)

Maximum potential revenue (MPR) 20,518

MAXIMUM POTENTIAL RECOVERY RATE (MPRR) as a % of total costs **40%**

Market Assumptions & Revenue Methodology:

Recreation delivers a wide range of publicly accessible and affordable services and products within a dynamic leisure delivery system that provides many choices for customers. Services and fees are positioned to generate public value, in an environment where affordable recreation is seen as a fundamental responsibility of the City of Calgary. Service delivery focuses on introductory and entry level opportunities to children, youth and families and revenue targets reflect this focus.

Business Unit User Fee Recovery Rates (BUUFRR) Form

SECTION 5: Comparative Analysis

$$\begin{array}{ccccc} \text{TSR} & & + & \text{MPRR} & & \approx & & \text{TC} \\ 100\% & & & 40\% & & & & 100\% \end{array}$$

Combining sections 3 and 4, the general subsidy range plus the maximum potential recovery rate is **approximately equal to** total costs of the user fee related goods and services.

Therefore, this implies that the value to society and what individual consumers are willing to pay is optimized. (Balanced value)

SECTION 6: Comparison to Current (Projected) Budget for User Fee-related Goods & Services (\$000's)

Current (projected) revenue from user fees	<u>17,338</u>
Current gross expenditure budget (net of recoveries)	<u>36,102</u>
Current gross expenditure budget (including overhead factor)	<u>44,265</u>
Current business unit user fee recovery rate	<u>39%</u>

SECTION 7: Business Plan & Budget Implications

Recreation has a 10 year Master Plan (2010-2020) that recognizes direct delivery of services as a key element within a comprehensive recreation service delivery continuum. While population growth and new facility development will continue, for the most part in new communities on the periphery of the city, the infrastructure that Recreation manages will continue to deliver services in older, established communities that are aging. Consequently, services and revenue growth will not likely match the opportunities that exist elsewhere for new operators. Those facilities owned, managed and operated by The City will continue to act as cornerstones in the development of a broad recreation service continuum that involves collaborations and sector development. From a budget perspective, Recreation intends to maintain a recovery rate that balances the requirement to generate revenue that offsets operating expenditures, while maintaining the vast range of individual and societal benefits that accrue as a result. It will continue to seek administrative efficiencies that can assist in reducing costs while maintaining customer service standards that are supported by the findings of the Recreation Amenities Gap Analysis (2010), in which 8 in 10 respondents indicated it was "very important" that the City of Calgary be involved in the provision of recreation and leisure services.

SECTION 8: Strategies

With significant societal benefits, Recreation delivers value for its services and products. As such, while the importance of user fees is recognized, there is no need for Recreation to alter its current recovery strategies that positions it in the middle to lower range of pricing for recreation providers (depending on the service). Recreation is proposing no change to its recovery rates. It will continue to strike a balance between the mandate to deliver targeted affordable and accessible recreation services and the requirement to be fiscally responsible by 1. Continuing to deliver high quality customer services and products that are relevant and focus on community needs, 2. Planning and managing service delivery on a regional basis that includes emphasis on collaborations and sector development, 3. Ensuring affordability by maintaining its market positioning amongst other recreation providers in Calgary, and 4. Managing a Low-Income Strategy that includes a Fee Assistance program that provides access to programs and admissions for those Calgarians with low incomes.

ADMINISTRATION RECOMMENDATIONS

Administration recommends the following long-term and four-year business unit user fee recovery rates:

Long-term Recovery Rate Target:

40%

Proposed Four-Year Recovery Rates:

2015	2016	2017	2018
38%	39%	39%	40%