



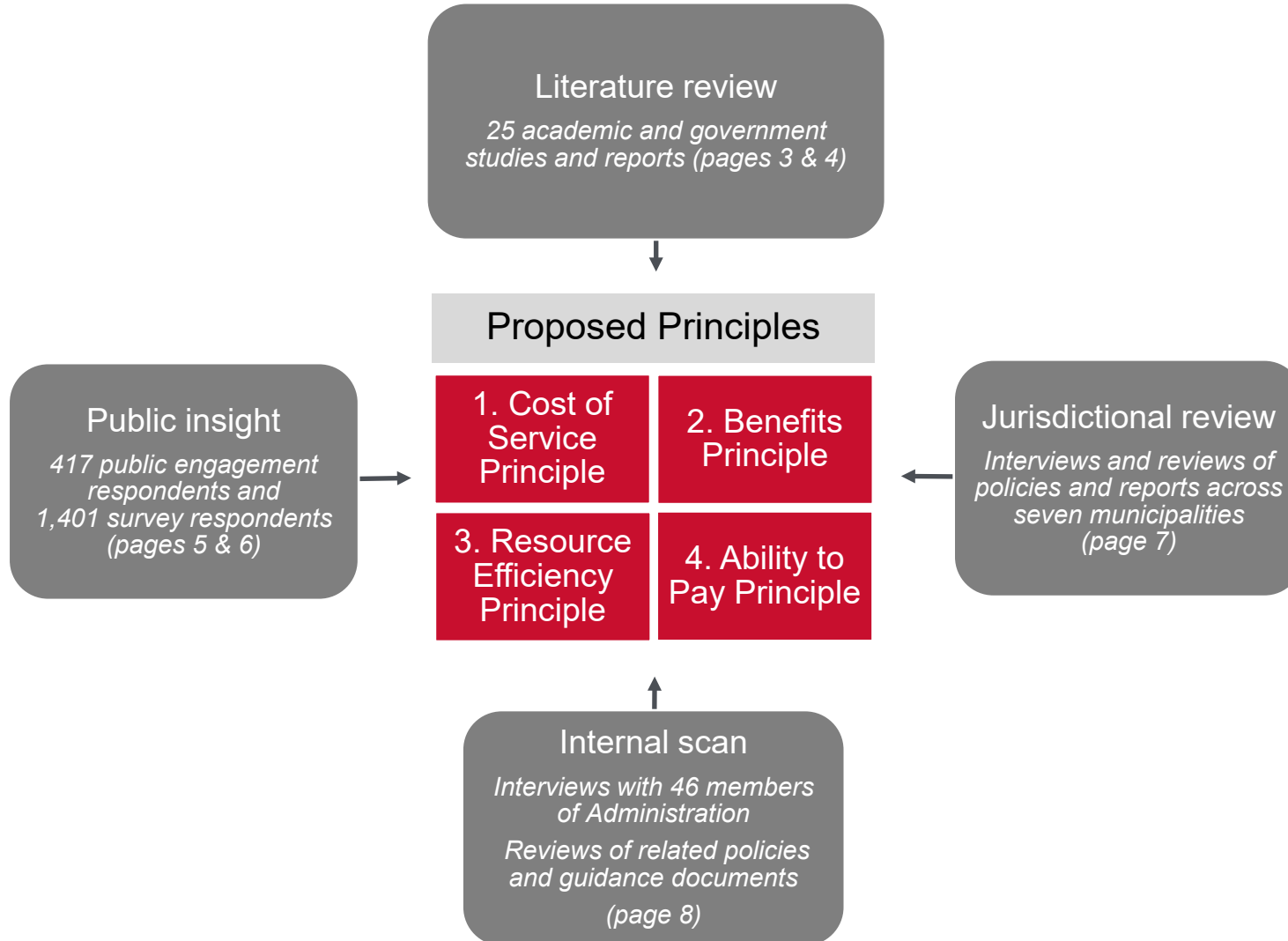
Research Summary

Attachment 4

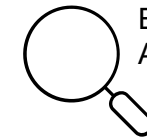


Introduction: research

The purpose of this attachment is to summarize the completed principle-focused research. The attachment includes:



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Public insights (Phase 2)

Phase 1 was finalized in 2022 June and focused on a review of public insights from engagement and research completed since 2015. This information was collected and analyzed to measure the public opinion and understanding of user fees. Phase 2 built on this work by focusing on the four proposed policy principles to collect the public’s feedback, analyze the level of understanding of Calgarians and evaluate the level of consensus. Outreach to the public was done to ensure all Calgarians, including vulnerable groups, were aware of the engagement. Outreach tactics included:

- Engaging with the Social Wellbeing Advisory Committee
- Leveraging Service Plans and Budget pop-ups
- Reaching out to various organizations representing vulnerable groups
- Using various social media platforms
- Providing opportunities for discussion at an information session

	Public Insights	Public engagement (R= 417)	Common themes
	Citizens’ View Survey (R= 1,401) 2022 August 8 - 18	2022 September 1 - 30	
Policy	<ul style="list-style-type: none"> A large majority of survey respondents agreed that a mix of user fee and general tax-supported funding is appropriate for services that benefit both the individual using the service and all citizens. Many respondents agreed that services that benefit everyone in the community should be funded by property tax, while a smaller majority of the respondents agreed that those who directly benefit from a good/service should pay for the service. A large majority of respondents agreed that user fees should be structured to help ensure that people use services responsibly and that City facilities and resources should be provided in such a way that they provide everyone with the greatest benefit, including diverse groups. 	<p>What we heard:</p> <ul style="list-style-type: none"> Definitions of principles were seen as vague, easy to manipulate, and open to interpretation. Respondents wanted more transparency around the process - both within the four principles and the policies they affect. User fees should not be solely viewed as a revenue tool. Services need to be accessible. Services should offer individual subsidies for those who cannot afford to participate in City services. Concerns were raised about consistency and common criteria to define societal benefits. 	<p>Most respondents agreed with the proposed principles. In addition, common recurring themes were as follows:</p> <ul style="list-style-type: none"> Reduced rates during lower demand times are an acceptable tool to attract user groups. User fees should be based on individual and family levels of need.
Practice	<ul style="list-style-type: none"> Respondents had a strong understanding of how services are funded. More than three-fifths (63%) of survey respondents say they have used and paid a fee for a City of Calgary service in the past year. 	<ul style="list-style-type: none"> Participants had mixed perceptions of the relationship between user fees and taxes and shared some confusion over what share of services are covered. Respondents identified that the level of income should not be the only factor considered when establishing criteria for individual subsidies. Some respondents were apprehensive about whether the principles could be implemented. 	<ul style="list-style-type: none"> Respondents raised concerns about the lack of transparency around service costs and revenue generation. They wanted more information and input when setting user fees. Non-residents should have to pay a higher fee for mixed-funded services.

Public insights (Phase 2) quotes

“I’m not a big fan of user fees as it usually hits the most vulnerable who can least afford it. A thorough analysis of the cost benefits, the pros and cons for citizens using the service would be good. One size will not fit all, and perhaps different services require different handling - price structure. More work but better results.”

- Respondent from the Citizen’s View Survey

“I believe the present user fee structure in Calgary is very acceptable. I know most services in Calgary cannot be paid for by the users - transportation, for instance, has to be subsidized - swimming pools are the same - plus many more - all need subsidizing.”

- Respondent from the Citizen’s View Survey

“Fees are a very tricky element to get right. Please do not limit access by creating payment barriers for lower income earners, unemployed, etc.” - Respondent from the public engagement

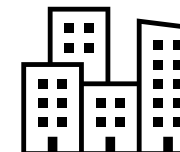
“User fees should be set to encourage use to maximize value of the existing capital expenditures. Yet they should be considered prior to any future capital expenditures to ensure that expenditure provides the value / benefit to the community in the long term, without being a greater burden on the tax roll.

The process for subsidy has to be easy and fast to obtain and should be accounted for in the benefits bottom line (more use / access a good thing).”

- Respondent from the public engagement



Jurisdictional review



The following key insights were identified through a comparison of different user fee approaches by different jurisdictions. The jurisdictional review, comprised of both desktop research and virtual interviews, was designed to capture the current user fee policy environment and best practices in comparable organizations. Jurisdictions included:

- City of Edmonton
- City of Windsor
- Town of Canmore
- City of Toronto
- City of Vancouver
- City of Red Deer
- Alberta Parks
- City of Mississauga

Policy	Practice
Calgary is viewed by other jurisdictions as having a leading practice. Jurisdictions (Mississauga and Red Deer) have been reaching out to The City of Calgary for user fee policy insights.	Some municipalities (Edmonton, Vancouver and Toronto) have defined fee types to dictate how to approach the costing to ensure all legal implications have been considered.
Some comparators, such as Vancouver and Windsor, don't have centralized approaches for user fees, the user fees are managed on a per service basis.	Certain jurisdictions have discussed non-resident pricing but have found it too political and costly to implement.
Most municipalities strive to understand the full cost of providing a good or service. Windsor, instead, focuses on direct costs and sometimes includes a capital contribution.	Cities are starting to explore differential pricing, a method of charging different prices for the same type of good or service, beyond age-based pricing. Vancouver uses differential pricing for business licensing and proprietary fees. The city's higher fares offset the lower fares. Edmonton is exploring the possibility of zone-based pricing for transit.
Most municipalities strive to implement and administer user fees using an equity lens. Reduced rates and rebate programs are commonly offered to subsidize low-income individuals (based on income).	Many cities leave it up to their Council to determine the service funding allocation ratio based on goals and priorities. In contrast, Calgary's policy lists societal goals within the policy that are based on the Triple Bottom Line Policy.
Some cities' focus is to leverage user fees to keep taxes low (Edmonton, Vancouver and Windsor). Whereas others focus on policy objectives and priorities (Red Deer and Toronto).	Jurisdictions agree on the importance of keeping communication on user fees clear and simple as it alleviates confusion. Alberta Parks found visual stories helpful when explaining the reasoning behind fees to the public.

Internal scan findings



- Conducted 18 interviews with a total of 32 managers and user fee experts from Finance and services that have user fees, as well as 14 policy experts.
- Performed thorough review of the current User Fee and Subsidy Policy, 2018 guidance documents, Triple Bottom Line Policy, and the Social Wellbeing Policy.
- When asked about clarity and understanding of the policy, Admin was divided into two groups:
 1. Those who both understood and leveraged the policy to form service funding rationales.
 2. Those who found the policy language confusing and overly complicated.
- The policy is difficult to leverage when administering new fees as it currently focuses on how services are funded, not fee types.
- The policy format is no longer compatible with the Council Policy Program Template.

