

Long-Term Tax Support Rates for User Fee Related Services

I. Introduction

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. While user fees contribute a significant portion to The City's revenue, the determination of what portion of service costs should be recovered through user fees is not primarily a financial decision. Rather, it is a broader public policy decision that should reflect a balance between the mix of individual and societal benefits that arise from the consumption of a service. Once the mix of individual and societal benefits has been determined, The City can then proceed to employ user fees & tax support to:

- encourage or discourage use of certain City services, and
- ensure that the costs of a service are distributed fairly, based on who benefits from consumption of the service.

In this attachment, Administration is seeking approval for "long-term tax support rates". A "long-term tax support rate" is the proportion of the full costs of a service (or service output) that is funded from municipal tax revenues. Council is being asked to approve a target funding ratio from taxation revenue and user fees for the services the City provides. Given that the long-term tax support rate is a target, it means that services may not achieve the proposed targets within this four-year cycle.

It is possible to divide external facing City services into categories based funding type. This report features those services that used a mixed funding approach for their user-fee related service outputs (i.e., the box outlined in red in Figure 1). Environmental management is included because it was previously exempted from the process and never received Council approval for its long-term tax support rate of 0%.

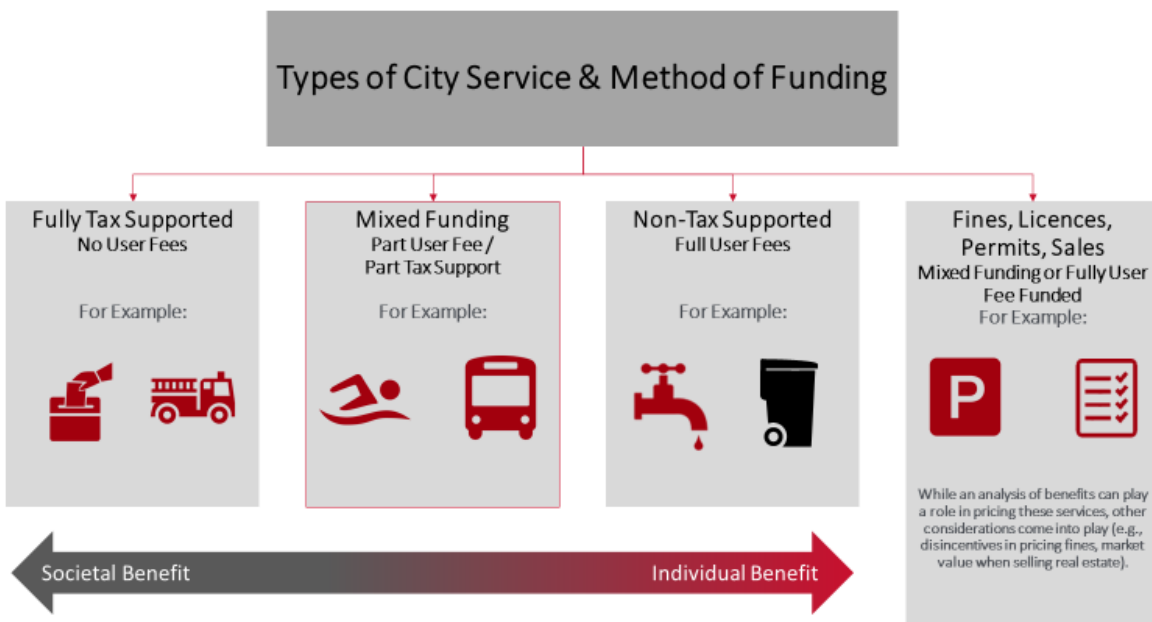


Figure 1 City services and funding methods.

The following non-tax supported services were not required to report through this process as

their funding models are already approved via various avenues. It should be noted that the funding sources for the following services include user fees, permits, fines and the sales of goods and services (including real estate).

- Water Treatment & Supply
- Wastewater Collection & Treatment
- Stormwater Management
- Land Development & Sales
- Real Estate
- Business Licensing
- Parking
- Development Approvals
- Blue Cart
- Green Cart
- Black Cart
- Taxi, Limousine & Vehicles for Hire
- City Cemeteries

II. Background

Previous Council Direction

In late 2005, Council made it a priority to review and update the existing User Fee policy. This decision 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. The Council policy was revised in 2008 to include 11 social policy goals and further amended in 2012 to include a 12th social policy goal. The 12 policy goals are based on the *Triple Bottom Line Policy Framework*, last updated in October 2011.

The policy has been unchanged since 2012 and the process used this cycle is similar to previous cycles with the exception that the information is now being presented by service rather than business unit / department, and some of the decision-making materials and language have been updated in an effort to enhance clarity.

User Fees & Subsidies Policy

The *User Fees and Subsidies Policy* guides how user fees are developed at The City. There are six guiding principles that frame the policy. These principles provide a consistent approach for services 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 for individuals 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.

It is important to note that the 6th principle, the principle associated with individual subsidies, is not directly addressed in this document, nor through the process of setting of long-term tax support rates. The Fair Entry program addresses the issue of individual subsidies and is conducted separately from the broader, general tax-support discussed in this document.

As outlined in The City's *User Fees & Subsidies Policy*, achieving the right mix of funding involves assessing the benefits that accrue to both individual users and to the city as whole. The higher the benefit for individual users, the more The City may want to maximize user fee revenue; however, the support of a service from taxation can also be used to achieve public policy goals and serve to benefit the city over the longer term by providing enhanced overall value to citizens and encouraging citizens to use services that create a broader public benefit. Therefore, the question of whether to maximize user fees must always be set in context of the larger question of delivering value.

It is also important to note that increasing fees does not necessarily mean increasing revenue. User fees revenues, unless the user fees are mandated, are bound by consumer demand for services. Increasing fees can result in decreasing consumer demand and thus decreasing revenues or decreasing the consumption of a service with societal benefits that The City has an interest in promoting. Service owners were requested to consider these questions in the development of their long-term tax support rates.

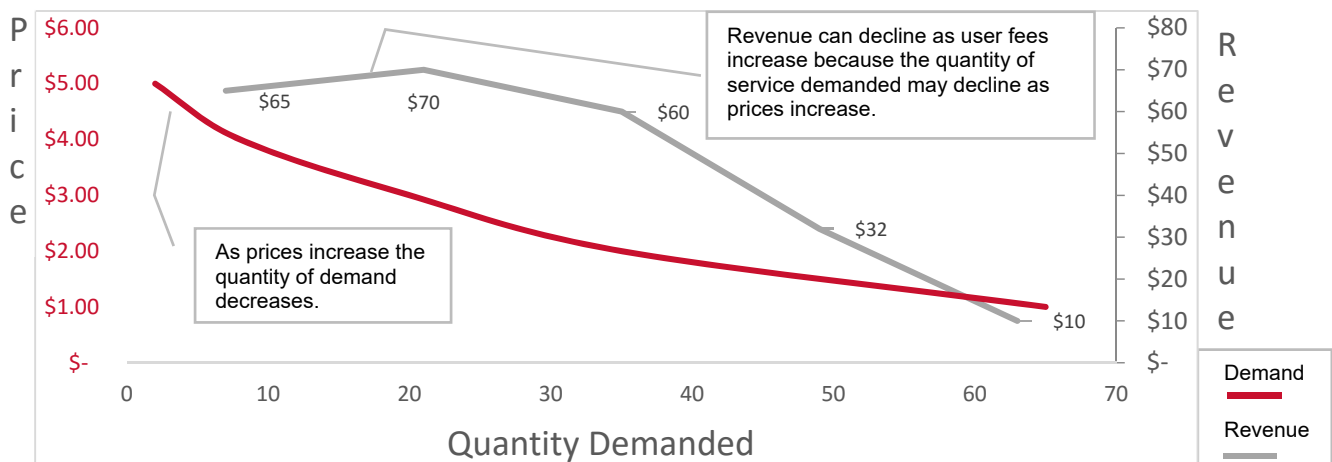


Figure 2 The demand curve and resulting revenues using mock data. The red line shows the quantity of demand at certain price points. The grey line shows the expected revenues at various price points given the quantity demanded.

Integration with the Service Planning and Budgeting Cycle

There are two parts to the user fee setting process: (1) the setting of long-term tax support rates, which occurs early in the planning and budgeting process; and (2) the setting of actual fees via the approval of user fee schedules, which occurs along with the approval of the main budget document in November. This objective of this report is to complete step (1) so that

services with mixed funding models may prepare their fee schedules for November.

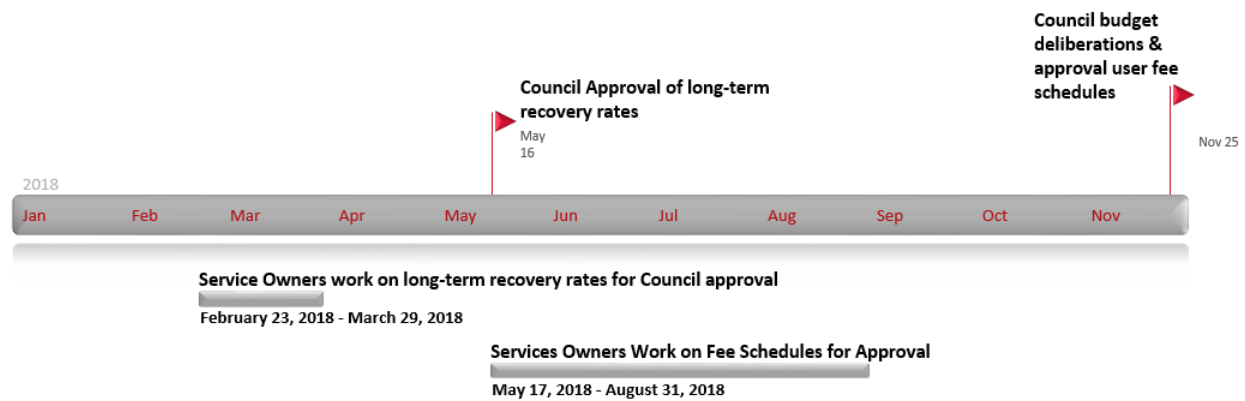


Figure 3 User Fee Timeline

The Process for Recommending Long-Long Term Tax Support Rates

Service owners with mixed funding models were asked to prepare an analysis of their service to bring to Council. This analysis consisted of four parts, shown in Figure 4 below: (i) an analysis of the full costs of the service; (ii) a societal benefits assessment to estimate the societal benefits of the service; (iii) an analysis of the individual benefits of a service by determining the willingness to pay for the service; (iv) a comparative analysis where these factors were considered and a recommendation developed.

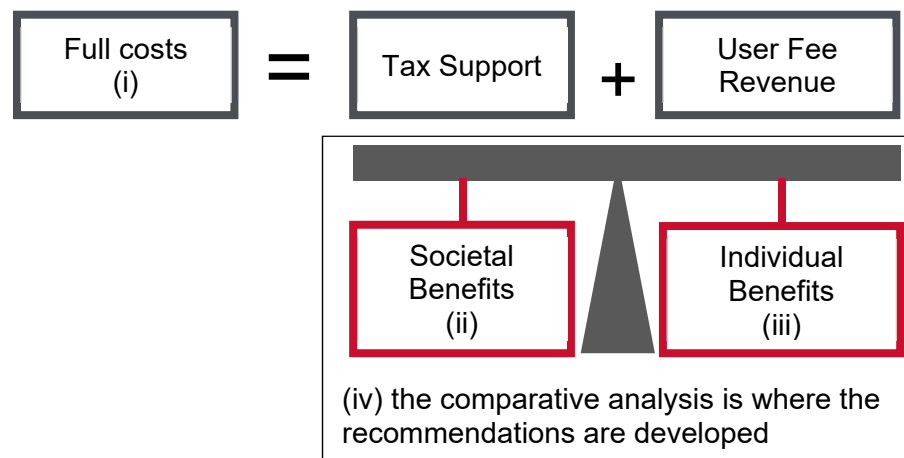


Figure 4 The steps to arrive at a recommended long-term tax support rate.

The results of these analyses are presented in the *Long-Term Tax Support Rate Forms* in Appendix 1. Each of the steps of the analysis are detailed below.

Full Costs (Step (i) in Figure 4)

The full costs of the service were determined using the formula in Figure 5. It is important to know that the costs presented in the *Long-Term Tax Support Rate Forms* are not necessarily

the costs associated with the entire line of service. Streets, for example, has only a subset of service outputs that it provides for fee. The costs set out in the *Streets Long-Term Tax Support Rate Form* relate only to the service outputs for which a fee is charged (i.e., street use, hoarding and excavation). Public Transit, on the other hand, is aligned to a single service output (transit trip) and so the cost figures in the analysis reflect the cost of the service. Annual capital costs are costs incurred for capital over the lifespan of an asset, these costs include depreciation and interest. These costs do not include capital expenditures on capital projects that are included in capital budget.

Full Cost of Service Output(s)	=	Direct Service Costs	+	Indirect Service Costs	+	Department Overhead	+	Corporate Overhead	+	Annual Capital Costs
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Figure 5 The Full Cost Equation

Societal Benefits (Step (ii) in Figure 4)

An assessment of the societal benefits of a service is conducted using a questionnaire, which is based on some of the guiding questions in the *Triple Bottom Line Policy Framework*. This assessment provides a suggested level of tax support based on the nature and extent to which the public (i.e., society as a whole) benefits from the consumption of a good or service. The analysis is based on the 12 policy goals of the *User Fee and Subsidies Policy (CFO010)* as listed in Table 1.

Table 1 Policy Goals for Assessing Societal Benefits

Policy Goals for Assessing Societal Benefits (Approved in PFC2012-16)	Goal Category
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

An estimate of the contribution to each policy goal is presented in the societal benefits section of the *Long-Term Tax Support Rate Form* along with rate of tax support suggested by the analysis, which is also expressed as a percentage of full cost.

Individual Benefits (Step (iii) in Figure 4)

Service owners were asked to estimate the maximum amount of user fees possible from their service. This was done to understand the consumer's willingness to pay and thus approximate the benefit of the service to individual users of the service. In the *Long-Term Tax Support Rate Form* the results of the analysis are expressed as a percentage of full cost.

Comparative Analysis (Step (iv) in Figure 4)

The purpose of the comparative analysis is to synthesize the information generated through the previous steps and to make a recommendation for the long-term tax support rate. This recommendation also takes into consideration the current tax support rate, the impact of fee changes on their service and the impacts on the service itself.

III. Summary of Recommendations

In most cases, Administration is recommending that fees cover a higher proportion of the cost of service over the next cycle. The effect, however, will likely be small as those services that require the most tax support in absolute terms (Recreation Opportunities and Public Transit) are keeping relatively close to their current tax support rates. The recommended long-term tax rates are summarized below in Table 2 (on the next page); more detailed information for each service is located in Appendix 1.

Operating Cost vs. Full Cost

Council often sees recovery rates or tax support rates that do not include capital and overhead costs (e.g., the farebox recovery rate used by the Public Transit service). The *User Fees and Subsidies Policy* uses full-cost as the basis of analysis. To ease confusion and offer a line of sight to the rates Council may be more accustomed to reviewing tax support rates based on operating cost have been presented below.

Services Deferring Long-Term Recovery Rate Approval

The Appeals & Tribunals service has requested deferring the setting of a long-term tax support rate pending the results of a strategic review and will submit a long-term tax support rate as part of the 2019 service plans and budgets adjustments process

Table 2 Long-Term Tax Support Rates for approval are contained within the boxes outlined in blue, the rest of the table is presented for information.

Service	Current Tax Support Rate (Operating Cost)	Current Tax Support Rate (Full Cost)	Long-Term Tax Support Rate For Approval	Direction of Tax Support	Examples of Preliminary Fee Change Estimates	
					Fee Name	Average Annual Growth Range
Public Transit	55%	68%	69%	↑	Transit Fares	3%
					Reserved Parking	3%
Recreation Opportunities	48%	62%	60%	↓	Adult Single Admission – Leisure Centre	1 – 2.5%
					Non-Adult Ice Rental	1 – 2.5%
					Adult Weekday Green Fee – Maple Ridge	0 – 2%
					Senior 12 game pass – All Courses	0 – 2%
Streets (Street Use, Hoarding and Excavation)	4%	25%	5%	↓	Street Use Permit (Daily)	9%
					Excavation or Hoarding (Construction) Permit	2.15%
					Pavement Degradation Fee	2.15%
Pet Ownership & Licensing	21%	40%	34%	↓	Dog or Cat Licence (unaltered)	2.5%
Arts & Culture (Programs)	74%	76%	78%	↑	Arts Centre Ceramic Membership	0 – 2%
					Arts Centre Studios with operating hours	0 – 2%
Fire Inspection & Enforcement	51%	56%	55%	↓	Blasting Permit	2 – 3%
					Business License Fire Inspection	2 – 3%
					Occupant Load Measurement	2 – 3%
Parks & Open Spaces (Park Bookings)	67%	75%	75%	↕	Parks Bookings	2.5%
Data Analytics & Information Access	0%	4%	5%	↑	Data Licensing	2%
Environmental Management (Environmental Agreement Application)	0%	0%	0%	↕	Application for Environmental Agreements	0%



Appendix 1: Long-Term Tax Support Rate Forms

Explanatory Note: The first two pages of this Appendix are an explanation of the Long-Term Tax Support Rate Form. The actual forms begin thereafter.

Tax Support Rate for Service

Current Tax Support Rate

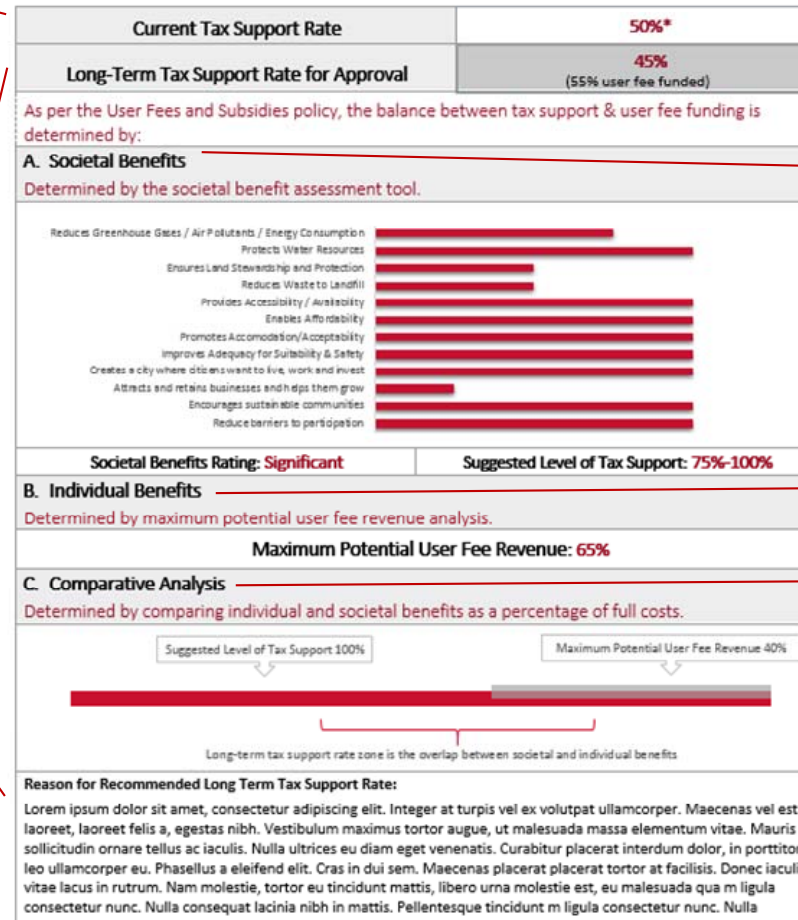
The current tax support rate is the current portion of the service/service outputs that is funded from taxes. It is based on 2018 projections and equals the amount of tax support / full cost.

Long Term Tax Support Rate

The long term tax support rate is the targeted portion of the service / service output that is supported by taxes. This is the recommendation by the Service Owner based on the comparative analysis in section C.

Reasons for Recommendation

Gives an opportunity to service owners to communicate the reason that they are recommending the chosen tax support rate for approval.



*All percentages are based on a percentage of full cost unless otherwise noted.

A. Societal Benefits

Societal benefits are determined through a questionnaire that has been used in the past two cycles. The questionnaire is used to score the amount of benefit for each of the 12 policy goals in the User Fees & Subsidies Policy. The end result is a suggested level of tax support expressed as a range of the full cost of a service output.

B. Individual Benefits

We answer the question of "how much do individuals value the service" by examining what user fee would yield the maximum revenue. We then compare this revenue amount to the full cost of the service / service outputs.

C. Comparative Analysis

In this section, societal benefits and individual benefits are balanced to determine the appropriate range of long-term tax support. The graphic demonstrates the range of possibility with respect to options for setting the long-term tax support rate. Each bar represents the appropriate percentage of full costs and the area of overlap is the range of long-term tax rate support.

Service Implications

An opportunity to discuss the broader implications of the recommended long-term tax support rates. Higher rates? Less service? More of the same?

Short-Term Tax Support Rates

These rates are meant to show the rate of progress towards the long term tax support rate.

Short- Term Operating Cost Tax Support Rate

Operating costs in this case only take into account the direct and indirect costs at the business unit level. Therefore, this rate gives an idea of how much of the operational expenses associated with a given service output are supported by taxes.

Short-Term Full Cost Tax Support Rate

Full costs are the entire scope of costs associated with providing a service / service output. They include everything indented under Cost Projections and summed in the "Full Cost" row

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

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Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
Operating Cost Tax Support Rate	50%	49%	48%	47%	46%
Full Cost Tax Support Rate	65%	64%	63%	62%	61%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Adult Fare	3-5%
Adult Pass	3-5%
Child Monthly Pass	2-3%
Senior's Annual Pass	5-8%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	75,000
Indirect Operating Costs	7,500
Operating Cost	82,500
Department Overhead Costs	1,500
Corporate Overhead Costs	12,000
Annual Capital Costs	25,000
FULL COST	121,000

*All percentages are based on a percentage of full cost unless otherwise noted.

Fee Effects

This section gives an impression of the direction fees are heading based on the recommended long-term tax support rate and the associated short-term tax support rates. The rates are the annual average growth rate, meaning that, if you see 3%, you could expect fees to increase an average of 3% each year of the One Calgary cycle.

Cost Projections

This section, included for reference, show the projected costs associated with the subject service / service output. The full cost information is the basis for the percentages on the first page. Capital costs include only depreciation on current assets and interest costs associated with those assets.

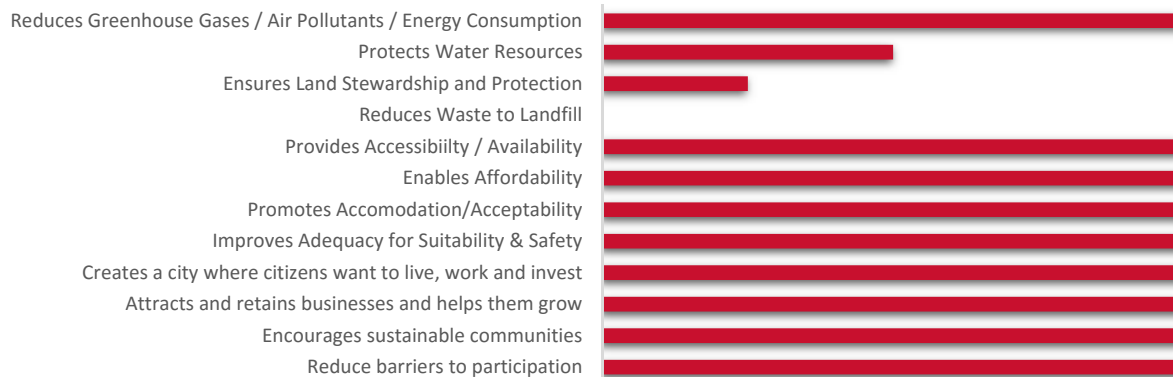
Tax Support Rate for Public Transit

Current Tax Support Rate	68%
Long-Term Tax Support Rate for Approval	69%* (31% user fee funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **Significant**

Suggested Level of Tax Support: **76% - 100 %**

B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **32%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.



Reason for Recommended Long-Term Tax Support Rate:

Overall, the recommended long-term tax support rate of 68.5% is lower than the indicated range of tax support rate range of 76%-100% from Societal Benefits Assessment. Current tax rate is very close to the recommended tax rate, considering moderate increases in user fees over the next business cycle. Careful balance has been taken into account for fare increases over the next 4-year cycle to allow for increase in ridership while maintaining the current tax support rates. The long-term tax support rate does not include assumptions for introduction of Green Line service in 2026. Long term tax support rate after including Green Line operating and capital costs will be approximately 73%.

*All percentages are based on a percentage of full cost unless otherwise noted.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

The recommended long-term tax support rate accommodates minimal increase in service and maximum user fee scenario. Any impacts to user fee will impact the tax support rates and balance of both is required to provide uninterrupted service.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	55%	55%	55%	56%	55%
<i>Full Cost Tax Support Rate</i>	68%	68%	68%	68%	68%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Transit Fares	3%
Reserved Parking	3%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$433,000
Indirect Operating Costs	\$5,600
Operating Cost	\$439,000
Department Overhead Costs	\$1,000
Corporate Overhead Costs	\$48,000
Capital Costs	\$140,000
FULL COST	\$629,000

*All percentages are based on a percentage of full cost unless otherwise noted.

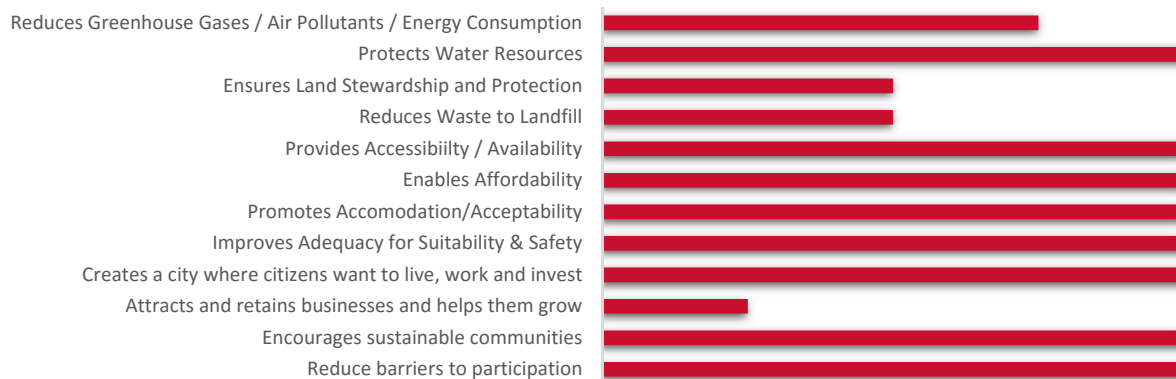
Tax Support Rate for Recreation Opportunities

Current Tax Support Rate	62%
Long-Term Tax Support Rate for Approval	60%* (40% user fee funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **Significant**

Suggested Level of Tax Support: **76% - 100%**

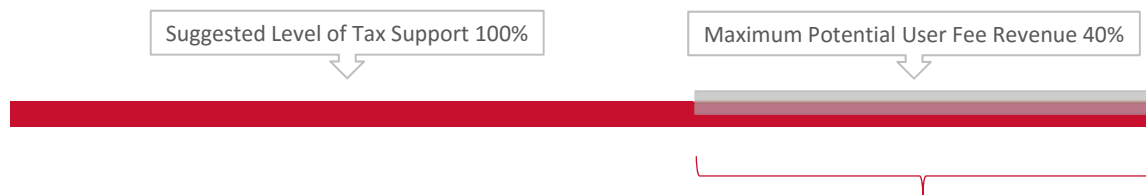
B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **40%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.



The overlap between societal and individual benefits is the zone of long-term tax support.

Reason for Recommended Long-Term Tax Support Rate:

Recreation has a significant rate of societal benefits for all products and services. The balance of community benefits and individual benefits is used when determining fee structures that are in line with market and the User Fee Subsidy Policy. Recreation intends to maintain a recovery rate that balances the requirement to generate revenue and that offsets operating expenditures.

*All percentages are based on a percentage of full cost unless otherwise noted.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

Recreation will implement efficiencies aligning with strategies and direction, focused on delivering value for Calgarians.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	48%	48%	48%	48%	47%
<i>Full Cost Tax Support Rate</i>	62%	62%	61%	61%	60%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Adult Single Admission – Leisure Centre	1 - 2.5%
Non-Adult Ice Rental	1 - 2.5%
Adult Weekday Green Fee – Maple Ridge	0 - 2%
Senior 12 game pass – All Courses	0 - 2%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$71,000
Indirect Operating Costs	\$14,000
Operating Cost	\$85,000
Department Overhead Costs	\$500
Corporate Overhead Costs	\$11,000
Capital Costs	\$18,000
FULL COST	\$114,500

*All percentages are based on a percentage of full cost unless otherwise noted.

Tax Support Rate for Streets

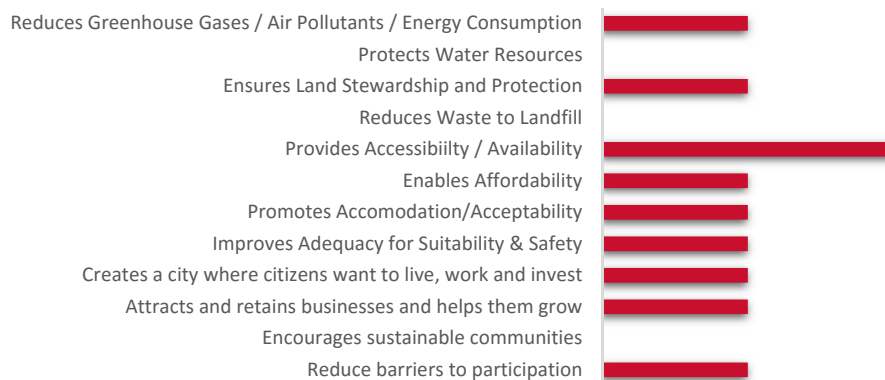
This form relates only to fees charged for street use, hoarding and excavation and not to the entire service.

Current Tax Support Rate	25%
Long-Term Tax Support Rate for Approval	5%* (95% user fee funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **Limited**

Suggested Level of Tax Support: **0% - 25 %**

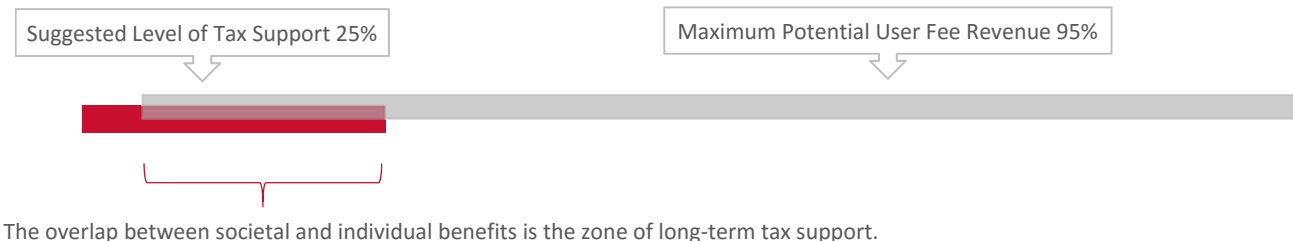
B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **95%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.



Reason for Recommended Long-Term Tax Support Rate:

Minor tax support for costs associated with community events (festivals, block parties, fun runs), parking signage for persons with disabilities, and community-led petitions for establishment of residential parking zones, speed humps and alley barriers. Majority of service is for individual benefit, and therefore full cost-recovery is the goal.

*All percentages are based on a percentage of full cost unless otherwise noted.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

Undergoing fee review project, plans to implement for 2019-2022. Change the way the value of the street is calculated. Recommendations ready for 2018 September. Revenue calculations used in this form are based on conservative growth of status quo (historical) only, except for Street Use Permit. Fee Review will likely propose larger growth ranges, for certain scenarios.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	4%	0%	0%	0%	0%
<i>Full Cost Tax Support Rate</i>	25%	18%	18%	17%	17%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Street Use Permit (Daily)	9%
Hoarding (Construction) Permit	2.15%
Excavation Permit	2.15%
Pavement Degradation Fee	2.15%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$18,000
Indirect Operating Costs	\$1,500
Operating Cost	\$19,500
Department Overhead Costs	\$500
Corporate Overhead Costs	\$2,000
Annual Capital Costs	\$3,000
FULL COST	\$25,000

*All percentages are based on a percentage of full cost unless otherwise noted.

Tax Support Rate for Pet Ownership & Licensing

Current Tax Support Rate	40%
Long-Term Tax Support Rate for Approval	34%* (66% user fee funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **Moderate**

Suggested Level of Tax Support: **26% - 50 %**

B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **66%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.



The overlap between societal and individual benefits is the zone of long-term tax support.

Reason for Recommended Long-Term Tax Support Rate:

Overall, the recommended long-term tax support rate is in line with the indicated range of tax support (26% -50%) as a result of Societal Benefits Assessment. Pet ownership and licensing provides all citizens education on responsible pet ownership to encourage positive interactions between animals and the public.

*All percentages are based on a percentage of full cost unless otherwise noted.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

All Calgarians benefit either directly or indirectly from this service. Pet ownership and licensing protects residents and visitors. In order to maintain the service levels Calgarians expect, long-term tax support is required to operate the animal services centre.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	21%	22%	21%	19%	18%
<i>Full Cost Tax Support Rate</i>	40%	41%	39%	36%	34%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Dog licence (altered) & unaltered under 6 months	2.5%
Dog licence (unaltered)	2.5%
Cat licence (altered) & unaltered under 6 months	2.5%
Cat licence (unaltered)	2.5%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$5,500
Indirect Operating Costs	1,000
Operating Cost	\$6,500
Department Overhead Costs	\$50
Corporate Overhead Costs	\$1,000
Annual Capital Costs	\$1,000
FULL COST	\$8,550

*All percentages are based on a percentage of full cost unless otherwise noted.

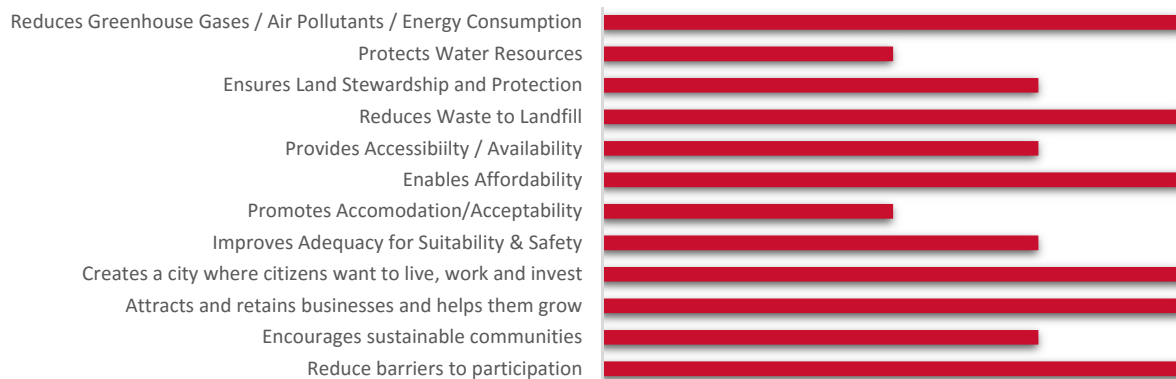
Tax Support Rate for Arts & Culture

Current Tax Support Rate	76%
Long-Term Tax Support Rate for Approval	78%* (22% user fee funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **Significant**

Suggested Level of Tax Support: **76% - 100%**

B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **24%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.



Reason for Recommended Long-Term Tax Support Rate:

Arts and Culture has a significant rate of societal benefits for all products and services. A very small portion is associated with fees. The balance of community benefits and individual benefits is used when determining fee structures that are in line with market and the User Fee Subsidy Policy. Arts and Culture recommends a recovery rate that is line with operating expenditures with a small offset by revenue generation.

*All percentages are based on a percentage of full cost unless otherwise noted.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

Arts and Culture service is directly related to the long-term tax support rate.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	74%	74%	75%	76%	76%
<i>Full Cost Tax Support Rate</i>	76%	76%	77%	77%	78%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Arts Centre Ceramic Membership (12 hours per month)	0 - 2%
Art Centre Studios within operating hours (1 hour)	0 - 2%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$4,039
Indirect Operating Costs	\$2,837
Operating Cost	\$7,081
Department Overhead Costs	\$37
Corporate Overhead Costs	\$806
Annual Capital Costs	\$56
FULL COST	\$7,980

*All percentages are based on a percentage of full cost unless otherwise noted.

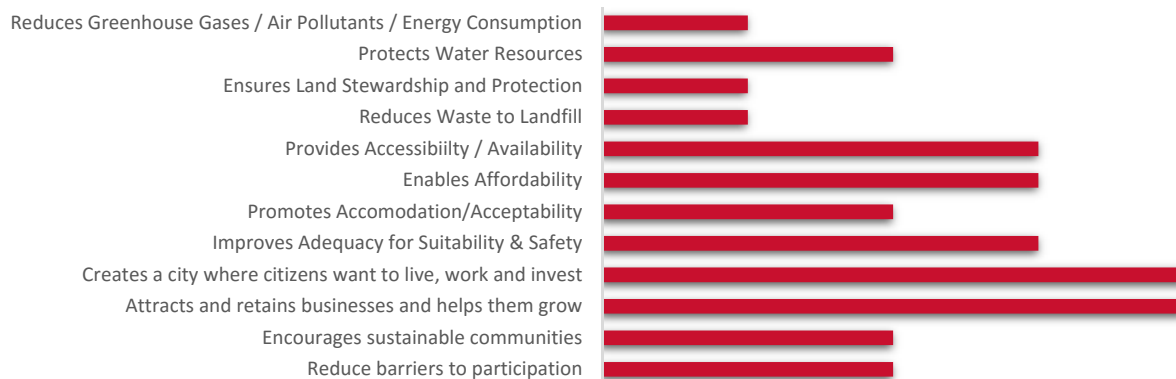
Tax Support Rate for Fire Inspection and Enforcement

Current Tax Support Rate	56%
Long-Term Tax Support Rate for Approval	55%* (45% user fee funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **High**

Suggested Level of Tax Support: **51% - 75 %**

B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **45%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.



Reason for Recommended Long-Term Tax Support Rate:

The user fee societal benefits rank high as they primarily relate to public safety. The long-term rate 55% sits on the lower end of the tax support range for high societal benefits.

*All percentages are based on a percentage of full cost unless otherwise noted.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

In the long-term, the provision of tax support on the services will increase expected compliance with Alberta Fire Codes governing special events, development, building, use and occupancy; enabling Calgary's vision for communities that are safe, vibrant and sustainable.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	51%	51%	51%	51%	51%
<i>Full Cost Tax Support Rate</i>	56%	55%	55%	55%	55%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Blasting Permit	2%-3% Annually
Business License Fire Inspection	2%-3% Annually
Fireworks Permit	2%-3% Annually
Occupant Load Measurement	2%-3% Annually

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$4,500
Indirect Operating Costs	\$1,000
Operating Cost	\$5,500
Department Overhead Costs	\$30
Corporate Overhead Costs	\$500
Annual Capital Costs	\$20
FULL COST	\$6,050

*All percentages are based on a percentage of full cost unless otherwise noted.

Tax Support Rate for Parks & Open Spaces

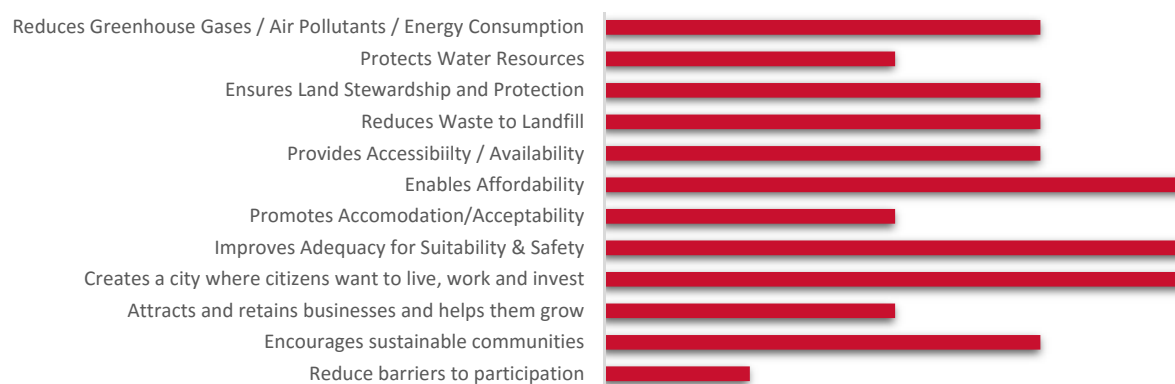
This form relates only to bookings for parks and not to the entire Park & Open Spaces service.

Current Tax Support Rate	75%
Long Term Tax Support Rate for Approval	75%* (25% user fee funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **Significant**

Suggested Level of Tax Support: **76%-100%**

B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **25%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.



Reason for Recommended Long Term Tax Support Rate:

The services deliver strategic societal benefits for citizens and communities including: environmental education, active living, child and youth development, physical and mental wellness, access to nature, accessibility, sport and event tourism and vibrant communities (social inclusion, engagement and volunteerism).

*All percentages are based on a percentage of full cost unless otherwise noted.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

In 2019-22, a planned increase in the number of higher-quality sport fields (through upgrades) will yield higher revenue. These revenues along with internal efficiencies and inflationary adjustments will help offset growth costs.

The 2014 Parks ZBR recommended increasing the hourly user charge for playfields to recover at least 50% of playfield maintenance costs. An analysis completed as part of The City's Sport Field Strategic Plan (2017) shows that most fees for adult bookings were within a best practice range. Only youth playfield booking fees are below the 50th percentile. However, increases to youth bookings would not generate the revenue anticipated. As well, given the recent economic slowdown and the potential of sharp fee increases discouraging youth participation in sport, Calgary Parks proposes to keep playfield user fees at current levels. User fee increases will align with annual inflation.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	67%	67%	67%	67%	67%
<i>Full Cost Tax Support Rate</i>	75%	75%	75%	75%	75%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Parks Bookings	2.5%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$3,500
Indirect Operating Costs	\$500
Operating Cost	\$4,000
Department Overhead Costs	\$25
Corporate Overhead Costs	\$400
Annual Capital Costs	\$900
FULL COST	\$5,325

*All percentages are based on a percentage of full cost unless otherwise noted.

Tax Support Rate for Data Analytics & Information Access

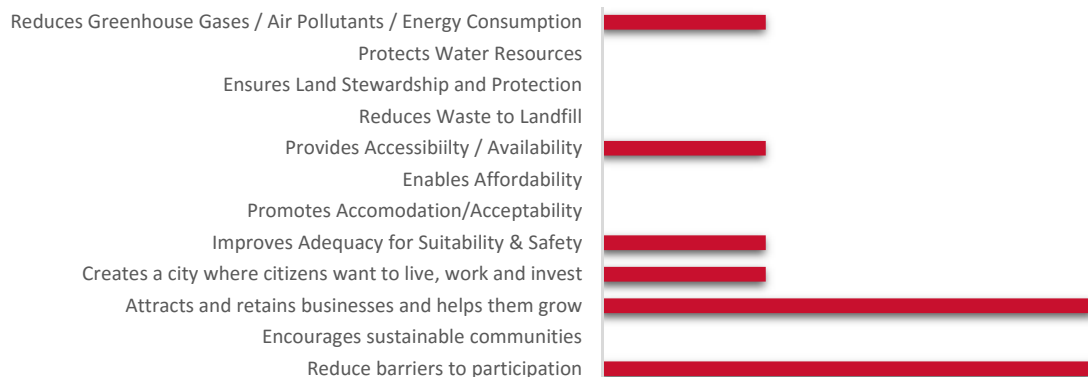
Related specifically the management of external data access, including both data licensing for which fees are charged and open data, for which fees are not charged. All fees are directed to general revenue.

Current Tax Support Rate	4%
Long Term Tax Support Rate for Approval	5%* (95% User Funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **Limited**

Suggested Level of Tax Support: **25%**

B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **96%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.

Suggested Level of Tax Support 25%

Maximum Potential User Fee Revenue 95%



Long-term tax support rate zone is the overlap between societal and individual benefits

*All percentages are based on a percentage of full cost unless otherwise noted.

Reason for Recommended Long Term Tax Support Rate:

While it is difficult to predict the impact that the Open Data will have over the long term on The City, we do assume that there will be increasing pressure to release more and more data for free. The costs for managing data distribution are unlikely to go down, as increased expectations around the data will likely offset any time captured from no longer having to manage the revenue stream.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

No significant implications as the long-term tax support rate will remain relatively unchanged.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	0%	0%	0%	0%	0%
<i>Full Cost Tax Support Rate</i>	4%	5%	5%	5%	5%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
Data Licensing	2%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$750
Indirect Operating Costs	\$0
Operating Cost	\$750
Department Overhead Costs	\$30
Corporate Overhead Costs	\$75
Annual Capital Costs	\$0
FULL COST	\$855

*All percentages are based on a percentage of full cost unless otherwise noted.

Tax Support Rate for Environmental Management

This form relates only to applications for Environmental Agreements under the *Environmental Agreements Bylaw* and not the entire Environmental Management service.

Current Tax Support Rate	0%
Long Term Tax Support Rate for Approval	0%* (100% user fee funded)

As per the User Fees and Subsidies policy, the balance between tax support & user fee funding is determined by:

A. Societal Benefits

Determined by the societal benefit assessment tool.



Societal Benefits Rating: **Limited**

Suggested Level of Tax Support: **0% - 25 %**

B. Individual Benefits

Determined by maximum potential user fee revenue analysis.

Maximum Potential User Fee Revenue: **115%**

C. Comparative Analysis

Determined by comparing individual and societal benefits as a percentage of full costs.

Suggested Level of Tax Support 25%

Maximum Potential User Fee Revenue >100%



The overlap is the range for long-term tax support rates.

Reason for Recommended Long Term Tax Support Rate:

Licenses of Occupation, as part of the Environmental Agreements Bylaw (11M2010), provide 3rd Parties with a method to investigate and remediate instances where their soil or groundwater contamination has migrated onto and impacted City-owned properties. A License provides the 3rd Party access to City lands for the purposes of investigation and installation of environmental remedial works, and is a legal agreement that sets out the terms and conditions related to

*All percentages are based on a percentage of full cost unless otherwise noted.

that access, which includes them providing The City with all of the data collected on City lands. This is a unique service which is offered only through Environmental & Safety Management and would be difficult to eliminate or outsource. Since the end goal of the program is the identification, remediation and management of risk on City property (and adjacent properties), we strongly support 3rd Parties who wish to investigate our property, and consequently have kept application fees low enough to encourage this activity, but also set them at a level to discourage vexatious applications.

Service Implications

Description of the service implications of the Long-Term Tax Support Rate.

With no adjustment to the application fee, there is no anticipated change to the provision of service.

Fee Implications

Preliminary projection of how the long-term tax support rate will affect fees. Actual fees will be presented to Council in the fall and approved in November.

Short-Term Tax Support Rates for Information

	2018 Budgeted	2019 Preliminary	2020 Preliminary	2021 Preliminary	2022 Preliminary
<i>Operating Cost Tax Support Rate</i>	0%	0%	0%	0%	0%
<i>Full Cost Tax Support Rate</i>	0%	0%	0%	0%	0%

Fee Effect of Short-Term Tax Support Rates (for information)

User Fee Name	Preliminary 2019 – 2022 Average Annual Growth Range for Fees
License of Occupation	0%

Cost Projections

2020 Projected Full Cost (\$000s) for Information

Direct Operating Costs	\$11
Indirect Operating Costs	\$0
Operating Cost	\$11
Department Overhead Costs	\$1
Corporate Overhead Costs	\$0
Annual Capital Costs	\$0
FULL COST	\$12

*All percentages are based on a percentage of full cost unless otherwise noted.