

# Staff Report



Financial Services Department

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**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** December 12, 2022

**SUBMITTED BY:** Ryan Hagey, Director of Financial Planning  
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**PREPARED BY:** Debbie Andrade, Manager of Budgets  
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**WARD(S) INVOLVED:** All

**DATE OF REPORT:** October 20, 2022

**REPORT NO.:** FIN-2022-482

**SUBJECT:** 2023 User Fees

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## RECOMMENDATION:

**THAT the proposed fees and charges contained in the 2023 User Fee Schedule attached to Financial Services Department report FIN-2022-482 be approved; and,**

**THAT Legal Services staff be directed to prepare the necessary by-laws to amend The City of Kitchener Municipal Code Chapters for fees and charges pertaining to licensing, planning applications, building permits and Committee of Adjustment applications.**

## REPORT HIGHLIGHTS:

- The purpose of this report is to approve the proposed fees and charges contained in the 2023 User Fee Schedule
- For 2023, departments were provided with a guideline to increase fees and charges by 4%, which is below the rate of inflation
- This report supports the delivery of core services.

## BACKGROUND:

A comprehensive review of fees and charges forms part of the annual budget process. Council normally approves a new fee schedule each fall to provide time to secure Provincial approvals and by-law amendments before fees are increased effective the beginning of the following year.

Fees and charges are used by municipalities as an alternative to fully funding various programs and services through property taxes. Fees and charges are often used for programs and services where customers have a choice whether to use them and, for this reason, the use of fees and charges tends to be favoured over property taxes alone.

## REPORT:

A comprehensive schedule of proposed fees and charges is attached to this report.

When setting individual rates, departments consider a range of factors including cost recovery, legislation, rates of other municipalities and market conditions. For 2023, departments were provided with a guideline to increase fees and charges by 4%. This is higher than a typical inflationary increase, but is considerably lower than actual inflation which has averaged around 7% in Ontario. Fee increases help offset the escalating costs of materials, supplies, utilities and labour used to deliver the different programs and services covered by the user fee schedule.

The 2023 user fees will make up approximately 10% of all tax supported revenues which is consistent with the previous year. Failure to adjust user fees would shift program costs to the property tax base and necessitate property tax increases above the rate of inflation.

In general, fees are increasing by the guideline amount, or something close to it. Some fee increases differ from the guideline in order to come to a rounded amount (e.g. nearest \$0.25, \$1, or \$5). The table below breaks down the change in fees into different categories. This breakdown shows the majority of fees (971) are increasing by an amount close to the guideline, while the next largest category is fees being held flat (168).

### Summary of Change in User Fees Compared to Prior Year

Fee change	# of Fees	% of Fees
Fee decrease (i.e. less than 0%)	14	1%
No change (i.e. 0%)	168	12%
Between 0% - 2.99%	36	3%
Between 3% - 4.0%	971	71%
Greater than 4.0%	133	10%
New fee	42	3%

The remainder of the report highlights fee changes that differ from the inflationary guideline.

### Highlighted Fee Changes

#### Engineering (Fees 92 – 230 on the detailed fee schedule)

##### **Project Manager & Engineering Construction Inspector Administration Fee for off-site servicing works on regional roads (Fee 229 & 230)**

These are new fees that apply when development involves the installation of off-site services on a regional road. Regional staff require the inclusion of Kitchener staff to ensure consistent communication and coordination of construction activities.

#### Planning (Fees 231 – 367 on the detailed fee schedule)

Planning has a large number of fee changes as a result of a Planning-Related Application Fee Review project conducted in 2022. This comprehensive review looked at all Planning-related

fees to ensure they were recovering costs from the work being done and not making this a burden on existing tax payers. The review included internal stakeholders from across the corporation (e.g. Engineering, Building, Transportation & Parks) as well as external stakeholders. External stakeholders feedback was received from the Kitchener Development Liaison Committee (KDLC) which includes developers, consultants, and lawyers who are actively involved with building new homes within the city. All fee adjustments have been reviewed by KDLC who support the changes which will ensure there are adequate staff resources to process development applications in a timely fashion and increase the available housing stock within the city.

### **Parking (Fees 368 – 398 on the detailed fee schedule)**

Parking fees have largely remained flat due to the impacts of the pandemic.

#### **Theatre Rate (Fee 380 & 381)**

Theatre rates are adjusted every 3 or 4 years. The new rates are effective September 1, 2023.

#### **Electric Charging Station Rate After Fully Charged per hour (Fee 397)**

Subtle rate change to relocate charged vehicles allowing other EV owners use of the charger.

#### **Electric Charging Station Rate per hour - On Street (Fee 398)**

Rate is being set higher than in the parking garages because users are not paying for parking at on street charging locations.

### **Building (Fees 399 – 498 on detailed fee schedule)**

The Building Enterprise is proposing no change to the 2023 permit fees. Favourable results over the last few years have allowed the Building Stabilization reserve fund to reach its target level. Building fees were decreased by 10% in 2021.

### **Fire (Fees 500 – 575 on the detailed fee schedule)**

#### **Fire Alarm Monitoring Residential Fees (Fee 542)**

Given the financial instability resulting from COVID-19, all residential alarm monitoring fees will receive a lower fee increase in 2023 to prevent a loss of customers.

#### **Response to Provincial Highways/Truck (Fee 555 - 557)**

These hourly rates are set by the province and have been updated to match their legislated fee.

#### **Dispatch systems administration and analysis (Fee 563)**

This fee has been adjusted to align with actual wage recovery.

### **Neighbourhood Programs & Services (Fees 603 - 836 on the detailed scheduled)**

#### **Room Rental (fee 629, 637, 638, 649, 684, 711)**

Centres have done a review to ensure all available rental space is being utilized. Rooms have been measured for pricing and new rooms have been added so the public has more rental options.

**Doon Pioneer Park Room 2 and Room 3 (fee 661, 662)**

The fees for these two rooms have been adjusted to be in line with other rooms in other city facilities to ensure the fees are consistent

**Kitchener Memorial Auditorium Complex (KMAC) (Fees 837 – 875 on the detailed scheduled)**

**Meeting Room rental – group 3 and group 1 (fees 842 - 843)**

Following the same approach as other city facilities, the meeting rooms were measured, and fees were set based on size. All rooms had previously been set at the same rate.

**Affiliated Sports fees (fee 846, 847, 853, 854)**

These fees are only increasing by 3% to stay within range of the affiliated rate for neighbouring municipalities.

**Sport Development (Fees 876 - 910 on the detailed fee scheduled)**

**Affiliated Rates (Fees 880, 887, 889, 892, 893, 897, 899, 901, 903)**

These fees are only increasing by 2% to keep in line with other municipalities and our ice rental discounts.

**Cricket Fees (Fee 881-884)**

No increased proposed for these fees due to condition of the fields.

**Aquatic Programs (Fee 911 – 1024 on the detailed fee schedule)**

**Summer Swim Pass (Fee 933-935)**

This new summer only fee is for use of outdoor pools from opening until pool closure.

**Lifesaving Courses and Leadership (Fees 944–947 & 950-957)**

These fees have been adjusted to reflect the length of the program set by the Lifesaving Society.

**Standard First Aid/CPR-C recertification (fee 965)**

The length of time for this recertification program has been reduced by the Lifesaving Society, so the User Fee has been reduced to reflect the reduction in hours.

**Golf Fees (Fee 1025 – 1069 on the detailed fee schedule)**

**Classic 9 Doon (Fees 1033-1034)**

A one-time discount will be applied to the Doon Valley Classic 9 memberships due to the ongoing construction that will impact the start of the 2023 season.

**Pitch N Putt 9 Hole (Fees 1049-1050)**

The pitch N Putt fees for children and seniors are set at no increase for 2023 to encourage play by offering an affordable introduction to Golf.

**Power Cart Rentals (fees 1057-1063)**

These fees are being held flat to remain comparable to neighbouring courses.

**Cemeteries (Fee 1098 – 1302 on the detailed fee schedule)**

A number of fees within Cemeteries services are being adjusted by an amount other than the 4% guideline. The reasons are provided within the detailed schedule and broadly fall into two categories:

- Fees being held flat as they are legislated – e.g. Provincial License Fee (Fee 1100)
- Fees increasing greater than the guideline of 4% to be more in line with market prices or to provide cost recovery – e.g. Adult, extra deep (Fee 1102)

There are also two fees set by others as noted below and in the detailed schedule

**Regional Services - Adult flush marker (Fee 1259)**

This is a set price by the Region of Waterloo based on their funding.

**Foundation cost (pre poured in Stoney Ridge and Cremorial Gardens for Crem Up-no annual increase) (Fee 1166)**

**Foundation Charge (pre poured for estate columbaria) (Fee 1179)**

Increased memorial care and maintenance fee mandated by Bereavement Authority.

**Gas Utility (Fees 1304 – 1402 on the detailed schedule)**

**Gas Meter Set - residential (Fees 1305-1306)**

The increase to these fees is due to increased gas meter costs. The increased meter cost will be phased in over a 5-year period.

**Gas Meter Set – Commercial/Industrial (Fee 1307)**

The fee increase is based on the minimum time required to build a large meter set. The cost of the meter will be phased in over 5 years, starting next year.

**5 PSI Meter Set (Fee 1310)**

The increase to this fee is based on increased equipment (instruments, regulators and rotary meters) costs. The fee will be increased gradually over a five-year period, to approximate the full cost of replacement.

**Cage of 5 PSI Meter Set (Fee 1312)**

This fee increase is based on current contractor pricing.

**Impact Post (100mm and 150mm) for Meter Set Protection (Fees 1315-1314)**

This fee increase is based on current contractor pricing and the cost of the bollard.

**Residential OPCO Regulator (Over Pressure Cut Off) (Fee 1320)**

This fee has been reduced to approximate actual pricing.

**Inches and 5 Pounds Delivery Pressure- Light and Large Gas Usage Reduced Clearance Regulator (Fees 1327-1330)**

These new fees cover the cost of special low-clearance regulators when regulator clearance requirements are not met.

**Provide Pulse Output (Fee 1331)**

This new fee is a cost recovery of time and materials for a Measurement and Controls Technician to provide the output information at the customer's request. The pulse output allows large use customers to get a better understanding of their gas usage.

**Large Meter Set Rebuild/Relocation Fee (Fee 1332)**

This is a new fee required to cover the cost of rebuilding or moving a meter set.

**Initial Third-Party Sub-Metering Admin Fee (Fee 1333)**

New fee for customers who have a large KU gas meter, but also have privately installed sub-meters that flow from the KU meter. The fee covers administrative issues related to creating site specific response requirements.

**Installation of Supervisory Valve on Meter Set (Fee 1334)**

New fee to align with other gas utilities. KU will begin installing the emergency generator valve at all gas meter sets that require one. In the past, the valve has been supplied and installed by the builder; however, this has resulted in significant support from KU. To increase efficiency, KU will install these valves going forward.

**Rental Gas Water Heater Rates – Yearly (Fees 1335-1377)**

The increase in water heater rental rates is due to increased costs in new tanks (approx. 30% increase), contractor installation and supply costs (increase of 30-50%). Anti-scald valve rental fee has increased due to increased costs of valves (approx. 17% increase). A market analysis was conducted and Kitchener Utilities continues to be \$100 to \$125 per year lower compared to competitors.

**Water Utility (Fees 1403 – 1433 on the detailed schedule)**

**New Water Meter Fee – 5/8" to 2" (Fees 1420-1423)**

This fee increase is due to the increased cost of new water meters.

**Sanitary and Stormwater Utility (Fees 1434-1464 on the detailed schedule)**

**Consolidated Linear Infrastructure Environmental Compliance Approvals (CLI-ECA) (Fees 1453-1464)**

The introduction of the new CLI ECA fees for 2023 are required to cover the mandatory transition of regulatory responsibility for environmental approvals from the Ministry of the Environment, Conservation and Parks (MECP) to the City of Kitchener related to sewage collection and stormwater management. Typical submissions to the Ministry took approximately 8-12 months to receive approvals, while the new City process is targeting turnaround times of 4-8 weeks. The fee structure helps offset the staff needs to implement this new application and review process, complete the administrative requirements of the program (monitoring, reporting, etc.) and improve review and

approval timelines for applicants. The fees were presented to the Kitchener Development Liaison Committee (KDLC) in October 2022 and received unanimous support for the improvement to the ECA process. The reductions in approval timelines will remove more red tape to get housing and other infrastructure projects related to sanitary and stormwater constructed.

### **Legislated Services Fees (Fees 1504 – 1527)**

Several fees within Legislated services are being adjusted by an amount other than the 4% guideline. The reasons are provided within the detailed schedule and include:

- Recommendation of the Development Fee Review - e.g. Committee of Adjustment – Consent (Fee 1512)
- Rounding to the nearest dollar - e.g. Certificate of Official (Fee 1513)
- Legislated fee – e.g. Information Access Request (Fee 1518-1521)
- Updated for cost recovery – e.g. Marriage License (Fee 1523)
- Adjusting/holding flat to align with neighbouring municipalities – e.g. Death Registration (Fee 1525)

### **Revenue Fee (Fees 1653 – 1672 on the detailed schedule)**

A number of fees are being held flat as Kitchener's fee is already higher than neighbouring municipalities.

#### **Utility Certificate (Fee 1655)**

This fee has a higher increase as this fee is adjusted to align with the Tax Certificate fee.

### **STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

### **FINANCIAL IMPLICATIONS:**

User fees make up approximately 10% of the revenues used to fund the tax supported operating budget. The proposed 2023 tax supported budget includes increases to fees and charges by 4% in most instances, which is well below the current rate of inflation.

### **COMMUNITY ENGAGEMENT:**

INFORM - This report has been listed on the City's website. In addition, the finalized listing will be posted on the City's website after adoption by Council.

CONSULT - The Planning, Engineering and Building fees were reviewed with development industry stakeholders at a Kitchener Development Liaison Committee (KDLC) meeting with no objections.

### **PREVIOUS REPORTS/AUTHORITIES:**

There are no previous reports/authorities related to this matter.

**APPROVED BY:** Jonathan Lautenbach, Chief Financial Officer (CFO), Financial Services

### **ATTACHMENTS:**

Attachment A – 2023 User Fee Schedule

