

Municipality of South Huron – User Fee Review



Source: Municipality of South Huron

Today We Will Discuss...

- Study purpose
- Approach and methodology
- Service costs and revenues
- Benchmarking
- Conclusions and next steps

Study Purpose

Identify Full Cost of
Providing Services

Establish Appropriate
Cost Recovery Targets

Recommend New Fee
Rates And Structures
To Achieve Cost
Recovery Targets

Services Covered

Type of Service	By-Law Schedule
Building & Planning	Schedule A (89-2021 and 34-2015)
Corporate Services & Financial Services	Schedule B (34-2015)
Environmental Services – Water & Wastewater Rate & Utility Services ¹	Schedule C (34-2015)
Community Services	Schedule D (34-2015)
Facility Services	Schedule E (34-2015)
Fire & Emergency Services	Schedule F (34-2015)
Transportation Services	Schedule G (34-2015)

1. Landfill and waste management fees, as well as development charges, are outside scope of work.

Legislative Framework

Legislation	Key Provisions
Planning Act	<ul style="list-style-type: none">▪ Municipality can establish fees for processing of applications for planning matters▪ No public process required, but fees can be appealed to OLT▪ Council can waive or reduce fees on case-by-case basis▪ Bill 109 requires refunds for certain applications if decision timeframes not met▪ Fees limited to full cost of service “by application type”
Building Code Act	<ul style="list-style-type: none">▪ Municipality can impose fees for “the anticipated reasonable costs to administer and enforce the Building Code during building construction”▪ Public meeting required▪ No right of appeal to OLT
Municipal Act	<ul style="list-style-type: none">▪ Municipality can establish fees for: services or activities provided by it or done on its behalf; costs payable by it for services or activities; use of property▪ Fees can pay for: service administration and enforcement costs; capital assets (including for a deferred benefit); mandatory or discretionary services▪ No right of appeal to OLT

Fee Calculation Approaches

1. Activity Based Costing

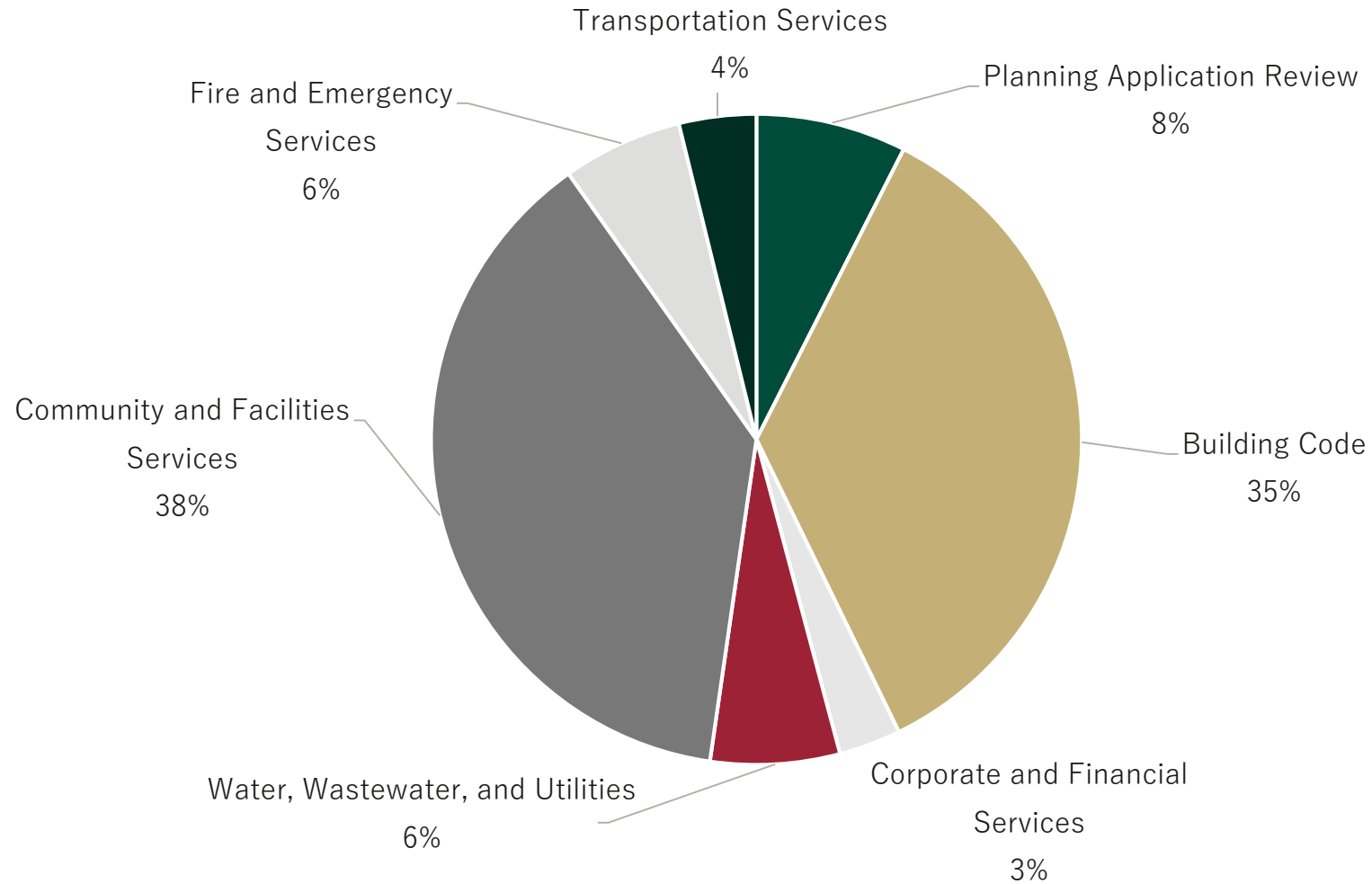
- Direct Costs – staff interviews, budget documents, historical user data
 - Salaries and benefits
 - Office space
 - Other operating costs
 - Capital replacement (vehicles, buildings)
- Indirect (Overhead) Costs (IT, HR, Finance, Council, CAO)
- Reserve funds

2. Benchmarking

3. “Flow Through” Costs

4. Recreation Subsidies

User Fee Revenue Breakdown For Services Covered



Total Fee Revenue (2022) = \$1.23 million

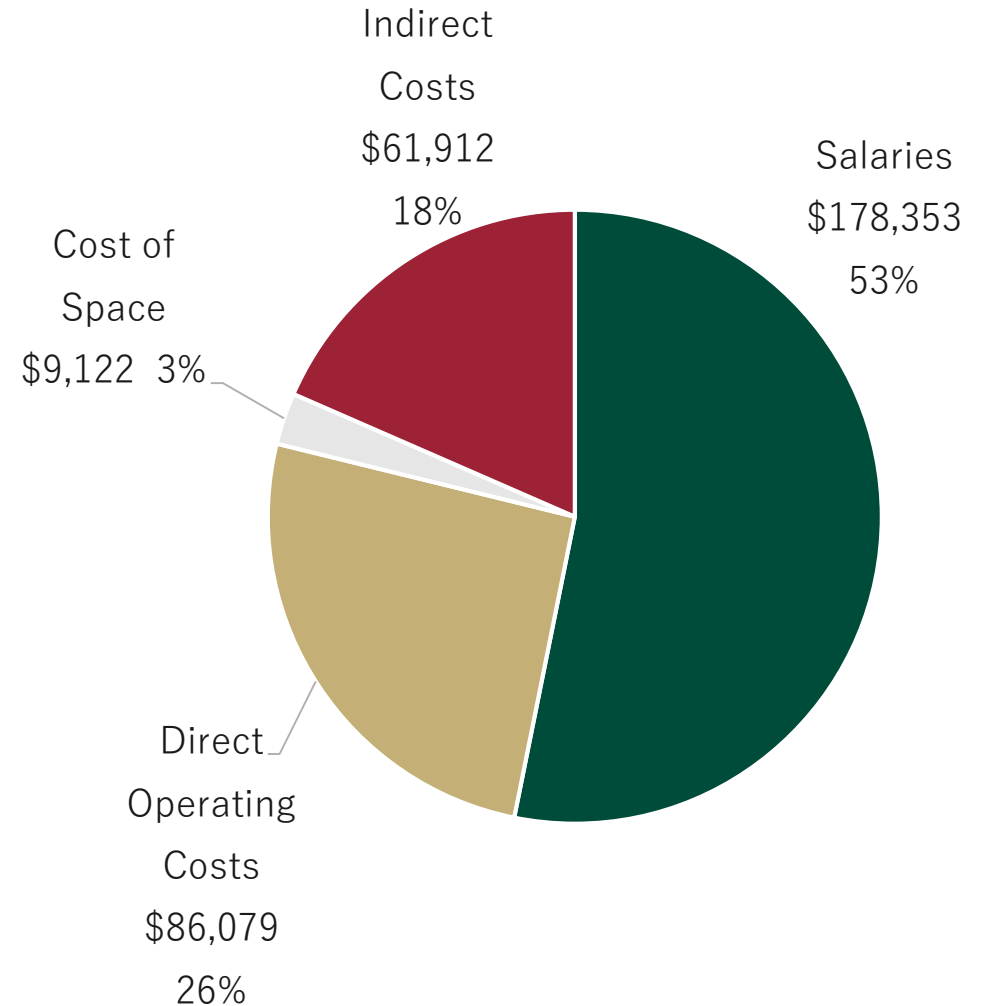
Planning Application Review

- Cost of service: \$335,500 (2024\$)
- 3 year historical average revenue: \$121,600
- Overall fee increase of 64% is justified
- However, fee increases have been calculated to ensure full cost recovery for each application type
- Benchmarking reveals current
 - Site plan fees are low
 - MV and ZBA are within benchmark range
 - Consents, subdivisions, and OPAs are high

Recommendations

New fees for zoning compliance letters (\$100), site plan and subdivision re-inspections (\$100), one foot reserve lift fee (\$800), non-standard development agreements (\$600)

New site plan fees for different land uses



Building Code

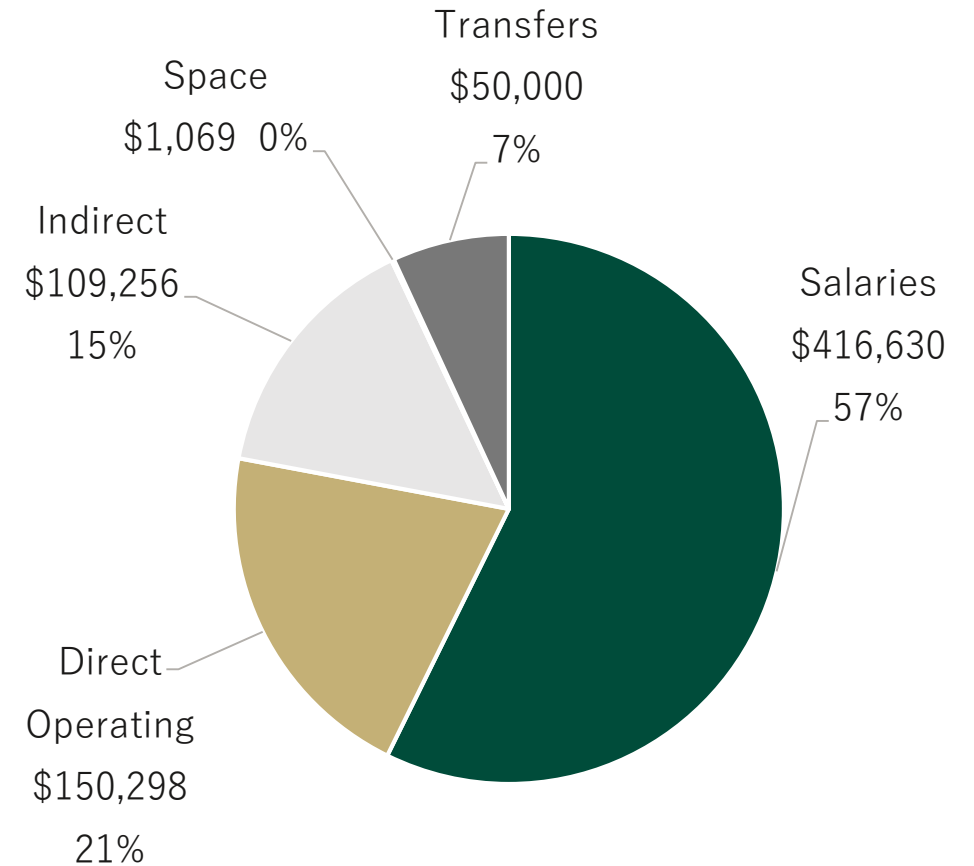
- Cost of service: \$727,300 (2024\$)
- 5-year historical average revenue: \$379,800
- Overall fee increase of 51% is justified
- Reserve fund target: 1.76 times operating costs
- Benchmarking reveals that current fees are
 - generally within the mid-range of benchmarks
 - fees for farm building new construction are low

Recommendations

10 new flat fees as well as more comprehensive fee structure for new construction

Implement full cost recovery

Discontinue construction value based fees and redundant flat fees



Corporate and Financial Services

- Average revenue over past four years is \$42,400
- Benchmarking reveals that Municipality's fees are generally in-line with benchmark range

Recommendations

Introduce more licensing (liquor, liquor extension, outdoor patios), higher licensing (special events), and new property tax administration (account set up, arrears notice, payment transfer/error corrections, transfers of unpaid account) fees

Annual indexing of fees

Discontinue some fees (title searches, potentially vicious/vicious dogs, memorabilia reproduction) and update fee language in by-law

Water, Wastewater, and Utilities

- Average revenue over last four years is \$76,000
- Benchmarking not possible due to unique utility fee structure

Recommendations

Update staff hourly rates

Replace fixed fees for vehicle rentals with hourly rental rates prescribed by Ontario Provincial Standard Specification 127

Introduce markup of 25% on all materials costs

Increase temporary/seasonal water shutoff and meter checks for pipes up to 25mm (1") to match benchmark average

Index frontage fees for new water service, where applicable, based on the Statistics Canada non-residential construction price index

Discontinue several fees due to redundancy

Community and Facilities Services

- Average revenue 2018-2021: \$490,200
 - 65% for ice rentals
 - 20% parks and outdoor sports
 - 8% pools
 - 6% hall rentals
- Benchmarking
 - 60% are in low end of benchmark range
 - 25% are mid-range
 - 15% are in high end of benchmark range

Recommendations

Set fees to recover 30% of operating costs (4-year historical cost is 23%)

Fee increases: 22% ice rentals; based on staff recommendations for select services/programs; 10% for other

Establish a more formal tracking system for usage and participation

New fees for hourly rates (staff time), karate, advertising, memorial plaques, Elliot Park camping

Annual indexing

Fire and Emergency Services

- Average revenue over last four years is \$59,700
- Current fees fall within the middle or low end of the benchmark range

Recommendations

Generally keep current fee structure and rates

Increase fees for fire inspection reports (\$75), complaint inspections (\$75), and copies of fire incident reports (\$75)

Transportation Services

- Average revenue over last four years is \$47,000
- Current fees are within or lower than benchmark range

Recommendations

Ensure full cost of staff labour is recovered (including direct and indirect costs)

Replace fixed fees for vehicle and equipment rentals with hourly rental rates prescribed by Ontario Provincial Standard Specification 127

Recalculate a full cost recovery fee rate for tile drain loan inspections (\$360)

Introduce a full cost recovery parking permit fee (\$36)

Discontinue fees for 911 property blade and curb cuts for driveways

Additional Recommendations

- Undertake a comprehensive review of fees every 5 years
- Ensure fees increase at the same rate as operating costs – index fees annually
- Monitor municipal benchmarks
- Introduce a 10% surcharge on all Transportation Services and Community and Facilities fees for non-residents of South Huron
- Continue to make information on fees accessible to the public via the municipal website

Next Steps

March 20 – Public consultation on all fees other than Building Code

April 2 – Statutory public meeting for Building Code Act fees

April 29 – consideration and passage of new fee schedules