

COMMITTEE REPORT TO COUNCIL

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DATE: November 18, 2019

TO: MAYOR AND COUNCIL

NAME AND TITLE: Standing Committee on Finance and Audit

SUBJECT: 2020-2023 Fees and Charges

ATTACHMENT(S):

Staff Reports to Standing Committee on Finance and Audit from:

- 1) General Manager, Engineering and Public Works, dated August 12, 2019, titled "Proposed Amendments to Cemetery Bylaw and Corresponding Fees & Charges"
- 2) Director of Finance, dated July 30, 2019, titled "2020-2023 Solid Waste User Fees"
- 3) General Manager, Engineering and Public Works, dated August 28, 2019, titled "Amendment to the City of Prince George Comprehensive Fees and Charges Bylaw No. 7557, 2004 Schedule A-7, A-14, and A-18"
- 4) Director of Finance, dated August 14, 2019, titled "2020-2023 Sewer and Water User Fees"
- 5) General Manager, Engineering and Public Works, dated August 26, 2019, titled "Amendment to the City of Prince George Comprehensive Fees and Charges Bylaw No. 7557, 2004 Schedule A-9, A-13, and A-16"
- 6) Associate Director of Community Services, dated August 28, 2019, titled "2020-2023 Community Arenas/CN Centre and PG Playhouse Theatre"
- 7) Associate Director of Community Services, dated August 26, 2019, titled "2020-2023 Proposed Fees and Charges for the Prince George Conference and Civic Centre and Canada Games Plaza"
- 8) Associate Director of Community Services, dated August 21, 2019, titled "2020-2023 Aquatics Fees and Charges"
- 9) General Manager, Engineering and Public Works, dated August 8, 2019, titled "Amendment to the City of Prince George Comprehensive Fees and Charges Bylaw No. 7557, 2004 Schedule B-6"
- 10) Director of Finance, dated August 8, 2019, titled "2020-2023 Off-Street Parking Levy and User Fees"
- 11) General Manager of Administrative Services, dated August 29, 2019, titled "Proposed Amendments to Fees and Charges for Records Administration – Schedule C-3 of City of Prince George Comprehensive Fees and Charges Bylaw No. 7557, 2004"
- 12) City Manager, dated August 29, 2019, titled "2020-2023 Proposed Fees and Charges for the Fire Protection and Emergency Response"
- 13) Associate Director of Community Services, dated August 19, 2019, titled "2020-2023 RCMP Support Services Fees and Charges"
- 14) Staff Report to Council from the Director of Finance, dated November 8, 2019, titled "2020-2023 Sewer and Water Fees"

RECOMMENDATIONS:

That Council GRANT FIRST THREE READINGS TO “City of Prince George Comprehensive Fees and Charges Bylaw No. 7557, 2004, Amendment Bylaw No. 9080, 2019.”

PURPOSE:

The purpose of this report is to seek Council’s approval to increase fees and charges for 2020 to 2023 as endorsed by the Standing Committee on Finance and Audit regarding reports presented by Administration to the Committee on August 19th, September 9th and November 18th, 2019.

STRATEGIC PRIORITIES:

Fees and charges rate structures support Council’s priorities of Sustainable Fiscal Management, Sustainable Infrastructure and Organizational Excellence.

FINANCIAL CONSIDERATIONS:

Schedule A

The services in Schedule A are full cost recovery services. Administration has proposed fee structures to achieve that goal.

Schedule A-3 – Cemetery

A 3% increase each year for the next four years is required to achieve the full recovery of costs associated with this service. Also, additional interment options have been added to accommodate the growing trend for that end of life choice.

Schedule A-6 – Solid Waste

A 2% increase per year for the next four years is needed to meet the operational, capital and asset renewal expenses of the utility. Primary inflationary drivers for the fund include the tipping fees paid to the Regional District, labour and the purchase of the vehicles.

Schedule A-7 – Highways

This section includes items such as Extraordinary Vehicle Permit Fees, Right-of-Way Occupancy Permit Fees and Road Cut Fees. A 3% per year rate increase over the next four years is recommended to help alleviate inflationary impacts specifically related to the installation or extension of access culverts. These fees have not been adjusted since 2014.

Schedule A-9 – Sanitary Sewer

A new Sewer Capacity Charge is being proposed for implementation to metered customers. The goal is to create a two cost component structure that is similar to the one used in the Water Utility. The capacity charge will be based on the size of the pipe servicing the property and represents the recovery of the capital costs associated with providing the infrastructure to the property. The existing Sewer per gallon charge (which represents the charge tied to usage) will be reduced and set to equal 90% of the Water per gallon charge.

In addition to the new cost component structure, all Sewer flat and metered rates are proposed to increase at 5% per year for the next four years. Cost drivers include labour increases and a high inflation rate associated with the capital reinvestment needs of the facility.

Schedule A-13 – Storm Sewer

Key adjustments to this schedule include the fee for storm sewer connections to the City system and clarifications on the requirements for Deep Connections and Off Season Construction. Fees escalate at 3% per year for four years.

Schedule A-14 – Subdivision Control

Section 5, “Street Signs” of this schedule has been updated to reflect the current material supply fees and labour/equipment charges to install signs and supports for a subdivision or development. Fees escalate at 3% per year for four years.

Schedule A-16 – Water Regulation and Rates

In reviewing the Water Utility's two cost component structure, it has been determined that the City has been over-collecting on the capacity charge and under-collecting on the per gallon charge. As a result, a reduction in the capacity charge has been recommended along with an increase in the per gallon charge to bring the capital/operating expense recovery of the utility into balance.

In addition to the adjustment, all Sewer flat and metered rates are proposed to increase at 3% per year for the next four years. Cost drivers include labour increases and the inflation rate associated with the capital reinvestment needs of the facility

Schedule A-18 – Snow Dumping

These fees are charged through the purchase of tickets by private haulers utilizing City owned snow disposal sites. Updates reflect the costs for an attendant to manage haulers entering the site. Fees escalate at 3% per year for four years.

Schedule B

The services in Schedule B are all subsidized by taxation to recognize that although specific organizations and individuals gain benefits from these services, the community as a whole is also provided significant public benefit. User fees are designed to reduce the amount of subsidization as much as possible while still ensuring accessibility to all users and operational efficiency.

Schedule B-1 – CN Centre & Schedule B-2 – Community Arenas

These two schedules will be combined into one schedule as the charges for arena ice usage were identical. A 3% increase has been proposed to recover costs through rental fees at a consistent and predictable rate that arena users have been annually anticipating. Some outdated items were also removed, such as faxing fees and Spring Roller Hockey rentals (activity is no longer occurring), and rental charges to meeting spaces were increased to be consistent with the Prince George Conference and Civic Centre.

Schedule B-3 – Prince George Conference and Civic Centre

3% increases per year over the next four years are proposed to continue to position the facility competitively within the local, regional, provincial and national markets. Main cost drivers include increases to district energy heating costs, rising security needs, and a high construction inflation rate that is affecting the costs of meeting the reinvestment needs of the facility.

Schedule B-4 – Aquatics

Cost-driving factors to the facilities include heating costs, rising labour costs associated with evolving safety legislation requiring a stricter Lifeguard to Swimmer ratio, annual costs related to switching from chlorine gas to a safer liquid chlorine and rising capital construction costs for reinvestment. 3% increases each year over the next four years are proposed to maintain the current cost recovery rates for the Aquatics Division.

Schedule B-6 – Parks and Recreation

A 3% per year rate increase over the next four years is recommended to represent a stable increase that supports an operational cost recovery model that is balanced with the subsidized use of park and recreational facilities for the greater public good. Other key changes are defined in the related attached report.

An error was discovered in this section after approval by the Finance and Audit Committee. The 2020 Adult Hourly Sport Field rental rate should have been included at \$18.00/hour, but was incorrectly entered at \$27.00/hour. Research of peer communities identifies that the corrected rate is on par with the average rental rate for this class.

Schedule B-7 – Prince George Playhouse Theatre

A 3% increase has been proposed to recover costs through rental fees at a consistent and predictable rate that theatre users have been annually anticipating.

Schedule C

The services in Schedule C have the same goal as Schedule A. The City attempts to recover the full cost associated with these services.

Schedule C-2 – Parking and Traffic

The Off-Street Parking Service is to be self funded through a combination of the Off-Street Parking Levy and the Off-Street Parking user fees. These rates are developed to fund operating and maintenance costs, debt payments, new and renewal of capital infrastructure needs as well as maintain a contingency fund. The primary inflationary challenges with providing the service is the cost of labour as well as inflation for capital construction costs. The fees proposed are increases of 2% per year for four years.

Schedule C-3 – Records Administration

These fees are charged for the production of “routine” records to members of the public. The fees under this schedule have not received increases since 2004 so Administration conducted a review to bring fees in line with other municipalities and to better reflect the City’s cost of providing the service. New fees added to the schedule include the provision of electronic versions of records, a consolidated fee structure

for property file records and fees for certain record requests submitted to the Human Resources department.

Schedule C-4 – Fire Protection and Emergency Response

Administration proposed a 3% increase in fees for service and vehicle charges in each of the next four years. The purpose of the recommended increase is to keep pace with annual increasing overhead and operating costs such as labour, Emergency Vehicle Technician Certification and Training, and technological advancements in fire apparatus.

Schedule C-5 – RCMP Support Services

This schedule is for costs related to support staff providing services to the public as required, ie. Criminal records checks, police information checks, analyst reports, false alarm fees, etc. These fees have not increased since 2015 and Administration proposed 3% increases each year for the next four years to recover the increasing costs associated with providing this service.

Total Financial Impact

A large portion of the fees and charges in this report fund the self-sustaining utilities for those services (Sewer, Water, Solid Waste, Off-Street Parking). The remaining fees provide annual revenue sources that offset the general expenses of the City. The impact of those remaining fees are estimated to increase general revenue by approximate \$145,000 and offset the 2020 tax increase by 0.13%.

SUMMARY AND CONCLUSION:

The Standing Committee on Finance and Audit has endorsed the recommendations in Administration's attached reports and requests that Council approve the increases to the fees and charges for 2020 through 2023.

RESPECTFULLY SUBMITTED:



Councillor Garth Frizzell, Chair
Standing Committee on Finance and Audit

MEETING DATE: December 2, 2019