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## USER FEES & CHARGES

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Date Issued: September 10, 2019

Mandated by: Council

Current Revision: April 11, 2023 – R55-23

Cross Reference:

- Operating and Capital Budgets Policy FIN-024-C
- Public Engagement Policy GOV-006-C
- Asset Management Policy GOV-025-C
- Service Level Policy GOV-020-C
- User Fees and Charges Administrative Procedures FIN-009-A
- Tangible Capital Assets Policy FIN-018-A

Next Review: January 1, 2028

Responsibility: City Manager

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### 1. PURPOSE

The City establishes and collects User Fees and Charges in exchange for goods and services offered to the community. User Fees and Charges help distribute the cost of delivering municipal services among users and the general public, thereby reducing the City's reliance on property taxes as a primary funding source. The City recognizes that User Fees and Charges are an important source of revenue critical to achieving the City's objective of long-term financial sustainability and that User Fees and Charges should be priced to help ensure optimal service delivery and an efficient allocation of resources and sustainable revenue structures.

### 2. POLICY

This Policy establishes a consistent and transparent approach to considering and establishing User Fees and Charges for relevant goods and services offered by the City. It provides an analytical framework and process to examine the applicability, including reasonableness, of User Fees and Charges for specific services and functions. Further, if User Fees and Charges are to be used for a particular service, the process for establishing and reviewing User Fees and Charges should be transparent and reasonable, and the necessary financial data and associated cost and demand information is available to make informed decisions regarding User Fees and Charges.

### 3. DEFINITIONS

3.1 *Amenity-Based Pricing* – means the practice of setting prices on the amenities contained within each facility rather than setting a uniform price for all facilities.

3.2 *Capital Cost* – means amount of monetary and time considerations given up to acquire, construct, develop or better a Tangible Capital Asset. Capital Costs are amortized over the expected useful life of the asset.

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- 3.3 *City* – means the municipal corporation of the City of Fort Saskatchewan.
- 3.4 *City Manager* – means the Chief Administrative Officer of the City, or their designate.
- 3.5 *Comparator* – means a municipality with one or more characteristics in common with the City such as size, population, demographics, economy, etc., that is used for drawing comparisons.
- 3.6 *Convenience Pricing* – means the practice of setting prices that takes into account the convenience of the customer's payment for a particular good or service, such as rounding to the nearest dollar.
- 3.7 *Cost Recovery Ratio* – means the ratio of revenues to costs applicable to the provision of a good or service. Cost Recovery Ratios indicate the extent to which a program is funded by User Fees and Charges and is influenced by pricing, program capacity, utilization rates and cost management practices.
- 3.8 *Council* – means the Mayor and Councillors of the City, both together and individually, who have been elected pursuant to the *Local Authorities Election Act*.
- 3.9 *Customer Class* – means the categorization of customers based on an identifiable characteristic common to all customers in the class. Some examples include youth, adult, family, senior, student, and non-profit.
- 3.10 *Demand Analysis* – means a quantitative analysis of the market demand for a good or service that relates the impact of price changes to changes in total revenues and costs.
- 3.11 *Direct Costs* – means costs that can be assigned to individual programs in the production of specific goods and services. PBB Program Costing Data will be utilized for Direct Costs with program costing generally calculated up to department level costs.
- 3.12 *GST* – means the Goods and Services Tax as applicable in Canada.
- 3.13 *Indirect Costs* – means overhead costs that are required to operate the City but generally not assigned to individual community programs in the production of specific goods and services through PBB Program Costing Data (e.g., governance overhead operating costs such as Corporate Service's department programs).
- 3.14 *Inflation Rate* – means the annualized percentage change in the general price level of goods and services as measured by a general price index, such as the consumer price index (CPI) prepared by Statistics Canada, or the municipal price index (MPI) prepared by the City of Edmonton.
- 3.15 *Lifecycle* – means the whole life of a Tangible Capital Asset beginning with the need for a Tangible Capital Asset and ending with the disposal of the Tangible Capital Asset.

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- 3.16 *Peak-Load Pricing* – means the practice of setting a price higher during periods of high demand and lower during periods of low demand to regulate the demand for a good or service within a manageable level of what can be supplied.
- 3.17 *Pricing Methodology* – means the general process and criteria used in determining the price of a good or service.
- 3.18 *Priority Based Budgeting (PBB) Program Costing Data* – means program-based costing data (personnel/non-personnel costs and revenues) calculated through PBB methodologies for community and governance programs and generally including costs and revenue allocations for that specific program calculated up to departmental level.
- 3.19 *Relevant Service* – means a service that helps address the City's priorities and advances the essential wants and needs for the community expressed in the City's policies, strategic documents, and levels of service documentation.
- 3.20 *Societal or Community Benefit* – means an external benefit to society at large that is derived from an individual's consumption of a good or service, which may include economic, environmental, or social benefits.
- 3.21 *Subsidization* – means the amount to which a program or service is paid for by property taxes and is an intentional decision to support a program for a recognized degree of Societal or Community Benefits received or other rationale.
- 3.22 *Tangible Capital Asset* – means non-financial assets or assets that derive their value from their physical traits, as well as computer software that meets recognition criteria set out in Tangible Capital Assets Policy FIN-018-A.
- 3.23 *User Fees and Charges* – means a payment or charge in exchange for a good or service provided by the City.
- 3.24 *Utility Rate Model* – means the model used to establish utilities User Fees and Charges for water, wastewater, and solid waste utilities.

#### **4. GUIDING PRINCIPLES**

The following principles and guidelines shall be considered when determining the applicability and scope of setting User Fees and Charges, and for the examination and determination of User Fees and Charges for the full range of goods and services the City offers.

##### **4.1 Benefits Received Principle – Individual and Societal or Community**

Those who receive benefits from a particular good or service provided by the City should contribute to the cost of providing that good or service according to the level, or value of the benefit received. Furthermore, those who do not receive benefits from a particular good or service should not contribute to the cost of supplying that good or service.

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Societal or Community Benefit may be applied to some program areas where a good or service can be viewed as providing indirect benefit to all or most citizens from which they cannot escape and through this perspective a rationale is created to utilize tax support for some municipal programs that benefit the community, even if not everybody uses the service directly. These benefits can be external economic, environmental, or social benefits.

Societal or Community Benefit of program areas vary but may include: enhanced social connection and social cohesion, positive influence on civic behaviour, contribute to community identity, pride and spirit, influence on mutual caring, and volunteerism, help build welcoming compassionate communities capable of attracting and retaining people, vehicle for promoting family and community cohesion, foster well-being of environment, contribute to economic benefits, competitiveness and job creation, contribute to adaptability and resilience, foster tourism, foster active healthy socially connected population, improve public health, and make communities more attractive to live, work play, or visit, exposure to recreation and culture events and activities and foster increased contact between generations and sub-groups.

#### 4.2 Costing Data Principle

The understanding of the full cost of providing a good or service including Direct Costs, Indirect Costs, and Capital Costs, when applicable, should be determined before establishing and reviewing User Fees and Charges. This principle does not imply that all incurred costs need to be recovered through User Fees and Charges. An understanding of the full costs of service delivery is one factor that helps inform decisions such as determining the level of Subsidization for a particular program, good or service.

PBB Program Costing Data will be utilized as base level data source to show direct program costs and program revenue within budget documents. Additions to costing data and analysis, when relevant, could include Capital Costs for programs, Indirect Costs, fixed and variable costs, and unit costing data.

#### 4.3 Capital Assets: Full Lifecycle Costing Principle

The City's existing infrastructure and other Tangible Capital Assets require ongoing maintenance, renewal, and replacement to continue to support the delivery of municipal services. Therefore, the full Lifecycle costs should be considered when determining User Fees and Charges to ensure that adequate funds are available to meet the City's future asset repair, maintenance, and replacement needs.

#### 4.4 General Tax Supported Principle

The cost of providing goods and services that benefit citizens as a whole, should be recovered through property taxes. These types of goods and services include roads, parks, public safety, fire, and disaster recovery.

#### 4.5 Customer Class and Targeted Subsidy for Individuals Principle

The City may choose to implement pricing strategies for goods and services provided to specific individuals and/or groups for purposes of achieving a desired result. Customer Class pricing

strategies are most often directed at individuals or groups sharing common attributes such as certain age categories (e.g., seniors and youth), non-profit, etc.

The City may choose to provide further subsidized access to individuals within the Access For Everyone program for recreation, culture and transit or other approved programs based on qualifying criteria of current Statistics Canada Low Income Cut-Off.

#### 4.6 Service Efficiency / Allocation of Resources/Economic Concepts Principle

The City operates in an environment of limited resources and an ever-increasing public demand for municipal goods and services; therefore, User Fees and Charges should be priced to ensure optimal service delivery; the primary economic rationale for User Fees and Charges is to ensure an efficient use of resources.

When setting fees and when considering the business case for existing or new program offerings or capital investment, the City may consider the marginal cost of service delivery, price elasticity, and the sensitivity of the program's cost recovery to changes in costs and utilization rates. When determining whether or not to use these or other analytical tools, the City will weigh the cost of obtaining the needed information against the expected benefit provided.

### **5. FUNDING CATEGORIES**

For the purposes of establishing User Fees and Charges, each good or service shall be classified into one of four alternate funding categories as follows:

#### 5.1 Non-Tax Supported (100% User Fee)

City-provided goods and services that are fully funded by revenues from User Fees and Charges with no property tax support. These are goods and services where the full individual benefits received principle applies and include such services as water and wastewater distribution, and solid waste collection which are set using the Utility Rate Model

#### 5.2 Fully Tax Supported (0% User Fee)

City-provided goods and services for which the benefit from consumption cannot be easily ascribed to an individual, or a User Fee and Charge is not practical or desirable, should be fully funded from property taxes. A fully tax-supported good or service is one for which the full costs are recovered through property taxes, therefore no User Fees and Charges are charged. Services under this category include police, fire, roads, and parks.

#### 5.3 Partially Tax Supported (Subsidized User Fee)

Some City-provided goods and services are funded by a combination of revenues from User Fees and Charges and property taxes. Costs that are not fully covered by User Fees and Charges are subsidized through property taxes. A good or service potentially falls within this category, if the benefit from consumption is realized by an individual as well as community or society as a whole and a User Fee and Charge can be charged. Clear rationale shall be included for the subsidy provided through

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determination of beneficiaries of City services and activities to assess the appropriate funding model. Services under this category include public transit, culture and recreation.

- a) A general guideline for subsidized user fees across the benefits continuum of individuals and Societal or Community Benefits is:
  - i) Primarily the community (high community benefit) and partially the individual user-25% individual user fee and 75% tax support subsidy;
  - ii) Community and individual user equally (moderate community benefit)-50% individual user and 50% tax support subsidy;
  - iii) Primarily the individual user and partially the community (low community benefit) -75% individual user fee and 25% tax support subsidy.
- b) Targets will be set for relevant programs, grouped programs and/or facilities along with planned timeframes to reach desired tax subsidy levels as well as rationales for the subsidies provided within User Fees and Charges Administrative Procedures FIN-009-A and/or PBB Program Reports.

#### 5.4 Licenses, Permits, Approvals and Penalties

Licenses, permits, and approvals are used by the City to regulate the use of private property in a specified manner. These types of services are typically fully funded from application fees and charges and users can be fined for non-compliance. Some examples include building permits, development permits, business licenses, and pet licenses. Penalties are used to ensure compliance with required payment due dates. Some examples include property tax payments and utility fee penalties.

## 6. KEY FACTORS

The key factors to consider when establishing new User Fees and Charges, and for reviewing existing User Fees and Charges are as follows:

### 6.1 Assessment for Relevance

The City shall review its role and assess the relevance in delivering specific services it offers including; when a Relevant Service should start, stop, or be adjusted to reflect changing needs and availability of resources.

### 6.2 Pricing Methodology

- a) Each User Fee and Charge shall be supported by a Pricing Methodology, which forms the basis for calculating and setting the User Fee and Charge for each good or service. The Pricing Methodology shall consider an estimate of the full cost of producing the good or delivering the service, which includes the following:
  - i) all Direct and Indirect Costs which can be reasonably attributed; and
  - ii) all Capital Costs including debt repayment, amortization, depreciation, and Lifecycle maintenance, renewal and replacement costs.

- b) The pricing and types of User Fees and Charges established shall conform to the *Municipal Government Act*, and any other relevant legislation.

### 6.3 Cost Recovery

- a) The understanding of the full cost of providing good or service including Direct Costs, Indirect Costs and Capital Costs should be considered as the basis for determining an appropriate Subsidization and Cost Recovery Ratio for each type of good or service produced. PBB Program Costing Data shall be utilized as baseline data source to show direct program costs and program revenue.
- b) City departments shall review the performance of their User Fees and Charges relative to their Subsidization and Cost Recovery Ratios and associated targets at least annually, and shall use that information as one factor to help establish the prices of User Fees and Charges in the future.

### 6.4 Pricing Strategy

- a) Consideration shall be given, when applicable, to differential pricing strategies, which include the following:
- i) Peak-Load Pricing;
  - ii) Amenity-Based Pricing;
  - iii) pricing based on Customer Class (age of individual participants, non-profit organization/for-profit;
  - iv) pricing based on location;
  - v) type of activity use-public special event, regular activity, tournament, commercial use, private event; and
  - vi) mode of venue use-drop in/spontaneous use, program, or rental.
- b) Other considerations for the development of a pricing strategy include:
- i) a Demand Analysis for the good or service;
  - ii) an estimation of the value of the good or service to individuals;
  - iii) an estimation of the Societal or Community Benefit associated with the consumption of the good or service;
  - iv) an analysis of the existing market and market price, if applicable;
  - v) an analysis of the potential use of Convenience Pricing for the good or service;
  - vi) identification of whether GST is included or excluded in the published price. GST should normally be excluded from the published price unless there is a supported business reason for including GST; and
  - vii) standard business practices.

### 6.5 Comparators and Existing Market

Consideration shall be given to User Fees and Charges established and collected as well as overall cost of service, by Comparators, and/or other entities operating in the existing market, for the provision of similar goods and services in order to assess the applicability, scope, and reasonableness of existing User Fees and Charges, and for proposing new User Fees and Charges. Departments shall establish Comparators for their programs and document within User Fees and Charges Administrative Procedures FIN-009-A.

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## 6.6 Inflation Rates

Consideration shall be given to Inflation Rates when estimating the full cost of producing a particular good or service, and for annually reviewing and setting the prices of User Fees and Charges. The City considers both annual Inflation Rates and long-run average Inflation Rates in order to mitigate the effect of short-term fluctuations in inflation.

## 6.7 Public Engagement

Public engagement promotes openness and transparency by allowing the City to clearly communicate the expectations, goals, and outcomes to the public, and ensures that stakeholders have been granted reasonable opportunity to express their concerns, needs, and priorities.

- a) Wherever practical, the City shall endeavour to engage the public and provide them the opportunity to be part of the discussion for the introduction, implementation and timing strategies of new User Fees and Charges, or proposed changes to existing User Fees and Charges as well as work with community organizations on changes, adjustments for practicality, and timing for their participant fees. Effective dates within annual User Fees and Charges Bylaws for individual User Fees and Charges will vary and will consider both City financial impacts and implementation timelines, as well as individual/group impacts and seasonal schedules.
- b) The City shall make a schedule of all User Fees and Charges available to the public. New User Fees and Charges shall generally be introduced as part of the annual budget process. When introducing a new User Fee and Charge outside the annual budget process, a staff report shall be prepared and submitted to Council.
- c) The City shall make available within operating budget documents the Subsidization level of program areas through PBB Program Costing Data as part of the annual budget process.

## **7. AUTHORITY / RESPONSIBILITY TO IMPLEMENT**

- 7.1 The City Manager is responsible for administrative compliance and monitoring of this Policy. The City Manager is also granted authority for establishing User Fees and Charges annually for the following categories of municipal services: general photocopying, printing, filing and administrative fees; damage deposits; temporary fees; cancellation fees; City insurance fees, mapping/plan fees; equipment rental fees; staff labour fees; advertising charges; charges legislated by provincial or federal government; individual culture and recreation program fees; community garden fees; and home support and counselling fees.
- 7.2 The City Manager may delegate responsibility to the Chief Financial Officer to establish and administer compliance with this Policy, and for compliance with City bylaws, the *Municipal Government Act*, and other applicable legislation.



## USER FEES & CHARGES

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Date Issued:	October 30, 2019	Cross Reference:
Current Revision:	October 2023	<ul style="list-style-type: none"><li>• User Fees &amp; Charges Policy FIN-009-C</li></ul>
Next Review:	October 2028	<ul style="list-style-type: none"><li>• Operating and Capital Budgets Policy FIN-024-C</li></ul>
Responsibility:	Chief Financial Officer	<ul style="list-style-type: none"><li>• Public Engagement Policy GOV-006-C</li><li>• Service Level Policy GOV-020-C</li><li>• Tangible Capital Assets Policy FIN-018-A</li></ul>

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### 1. PURPOSE

- 1.1 The City establishes and collects User Fees and Charges in exchange for goods and services offered to the community. User Fees and Charges help distribute the cost of delivering municipal services among users and the general public, thereby reducing the City's reliance on property taxes as a primary funding source.
- 1.2 The City recognizes that User Fees and Charges are an important source of revenue critical to achieving the City's objective of long-term financial sustainability and that User Fees and Charges should be priced to help ensure optimal service delivery and an efficient allocation of resources and sustainable revenue structures.

### 2. PROCEDURE

- 2.1 These Procedures establish a formalized approach to considering and establishing User Fees and Charges for relevant goods and services offered by the City. They provide an analytical framework and process to examine the applicability, including reasonableness, of User Fees and Charges for specific services and functions.
- 2.1 Once User Fees and Charges are to be used for a particular service, they help ensure the process for establishing, reviewing, and updating User Fees and Charges is transparent and reasonable, and the necessary financial data and associated cost and demand information is available to make informed decisions regarding User Fees and Charges.

**3. DEPARTMENT PROCEDURES**

City departments with user fees and charges have corresponding and unique departmental procedures to establish, review, and adjust user fees in alignment with the User Fees and Charges Policy FIN-009-C.\*

Department specific Fees & Charges are attached to this procedure as follows:

- 3.1 Cemetery (Public Works)**
- 3.2 Economic Development**
- 3.3 Family and Community Support Services**
- 3.4 Fleet, Facilities and Engineering**
- 3.5 Fire Services**
- 3.6 Legislative Services**
- 3.7 Planning and Development Services**
- 3.8 Protective Services**
- 3.9 Public Works**
- 3.10 Transit (Public Works)**
- 3.11 Utilities**
- 3.12 Culture**
- 3.13 Recreation**

\* The Culture and Recreation Department will update their departmental User Fees and Charges Procedures document in 2024.

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# **USER FEES & CHARGES PROCEDURE**

## **Cemetery (Public Works)**

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Date Issued: October 30, 2019

Cross Reference:

Current Revision: October 2023

- User Fees & Charges Policy FIN-009-C
- Alberta Cemeteries Act
- Cemetery Bylaw C10-17
- Cemetery Master Plan 2017

Next Review: October 2028

Responsibility: Director, Public Works

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### **1. PURPOSE**

- 1.1** Since 2000, Parks Services has managed the operations and maintenance of the Fort Saskatchewan Public Cemetery. Services cater to the public as well as specific groups under the Field of Honor program for the Royal Canadian Mounted Police (RCMP), the Royal Canadian Legion Branch #27 of Fort Saskatchewan (Legion), and the Province of Alberta's low income or unclaimed bodies programs.
- 1.2** Parks Services establishes and collects User Fees and Charges that include plot purchases, full interment/disinterment, columbarium niches, monument foundations permits and transfers of deed.
- 1.3** Revenue collected for plots, columbarium niches and monument foundation is 100% contributed to the Perpetual Care Reserve, for future maintenance and capital costs as required to sustain and develop the cemetery.
- 1.4** The Field of Honor contains cemetery plots and niches for the exclusive use by for RCMP and Legion members and spouses, under specific agreements. There are no charges for purchasing a plot or niche. In exchange the RCMP and Legion contribute annually to the Perpetual Care Reserve for the maintenance of the Field of Honor.
- 1.5** Parks work for interment or disinterment fees are charged at full cost.
- 1.6** Compassion pricing for the purchase of infant plot is provided in our fees and charges. Special consideration is given to burial for low-income or unclaimed bodies, sponsored in part by programs under the Province of Alberta.
- 1.7** In general, work performed to administrate, service and maintain the cemetery, inclusive of direct and indirect costs is classified as Non-Tax Supported (100% User Fee).
- 1.8** Infant plot pricing, Field of Honor and Provincial burial programs are Partially Tax Supported.

### **2. GUIDING PRINCIPLES**

For the purpose of determining the applicability and scope of setting user fees and charges, and for the examination and determination of user fees and charges, the following principles apply:

- 2.1 Benefits received / Individual Benefit Principle** - Those benefiting from a particular service should contribute to the cost of goods or services according to the level, or value of the benefit received.
- 2.2 Benefits received-societal or community benefit** - There is a societal or community benefit to offering Cemetery services, including providing full-life cycle services and dignity to the deceased. These contribute to community identity, pride, family and community cohesion, influence on mutual caring, as well as public health.
- 2.3 Costing Data Principle** - The full cost of providing goods and services. Includes direct, indirect, and equipment allocation costs, when applicable.
- 2.4 Community Supported Principle** - The cost of providing goods and services that benefit citizens, as a collective.
- 2.5 Market Competitiveness Principle** - Includes consideration to utilization rate and market analysis.

### **3. FUNDING CATEGORY**

#### **3.1 Non-Tax supported (100% User Fee)**

- 3.1.1** Applicable for Administrative and Parks Services to process and deliver the sale of goods and services (e.g., coordinate the sale of plot, maintain cemetery grounds, open and close burial sites).
- 3.1.2** Target: 100% direct and indirect costs, fully funded from user fees and charges by 2028.

#### **3.2 Partially Tax Supported (Subsidized User Fee)**

- 3.2.1** Applicable to Field of Honor plot and niches, Infant plot, and plot and services for Provincial burial programs (low-income or unclaimed bodies).
- 3.2.2** Target: 50% user and 50% tax support by 2028.

#### **3.3 License, Permits, Approvals and Penalties**

- 3.3.1** Applicable to Transfer of Deed and Monument Compliance Permit.
- 3.3.2** Target: 100% direct and indirect costs, fully funded from user fees and charges with the full individual benefits received principle applying by 2028.

### **4. KEY FACTORS**

The key factors to consider when establishing new Cemetery user fees and charges and for reviewing existing Cemetery user fees and charges are as follows:

#### **4.1 Assessment for Relevance**

- 4.1.1** Public Works operations, including cemetery services, are fundamental to the municipality in providing common goods and services to the community.

#### **4.2 Pricing Methodology**

- 4.2.1** Pricing considers an estimate of full cost of program area which includes the following: direct costs, indirect costs, capital costs and contribution to Perpetual Care Reserve for maintenance and capital costs as required to sustain and develop the cemetery.
- 4.2.2** Pricing considers market analysis against other municipal comparators.
- 4.2.3** Pricing considers inventory of goods.
- 4.2.4** Pricing considers job costing and equipment allocation analysis.
- 4.2.5** Pricing considers inflation on a yearly basis.

**4.3 Cost Recovery**

- 4.3.1 For the Cemetery program area direct, indirect, capital, and perpetual care costing, data shall be considered for analysis and fees and charges revenue targets.
- 4.3.2 In general, work performed to administrate, service and maintain the cemetery, inclusive of direct and indirect costs, is classified as non-tax supported (100% User Fee).
- 4.3.3 Infant lot pricing, Field of Honor and Alberta's low income and unclaimed bodies programs are partially tax supported (50% user and 50% tax support).
- 4.3.4 Cemetery fees and targets are reviewed annually relative to their performance and cost recovery targets.

**4.4 Pricing Strategy**

Consideration shall be given to different pricing strategies which may include:

- 4.4.1 Pricing based on amenities
- 4.4.2 Location
- 4.4.3 Customer class, GST exclusion
- 4.4.4 Convenience pricing, where fees may be rounded for ease
- 4.4.5 Demand analysis for service (sale trends)
- 4.4.6 Analysis of prior years data for quantity and revenue

**4.5 Comparators and Existing Market**

Ideally comparators with similar pricing strategies should be selected for consistency and fair comparisons.

- 4.5.1 City of Leduc
- 4.5.2 City of St. Albert
- 4.5.3 City of Spruce Grove
- 4.5.4 City of Camrose

**4.6 Inflation Rates**

Consideration is given to inflation rates when estimating full cost for program area and for annually reviewing and setting of user fees. The City considers both annual inflation rates and long-run average inflation rates to mitigate the effect of short-term fluctuations in inflation.

**4.7 Public Engagement Reference**

- 4.7.1 Cemetery fees will be made available to the public. New fees or changes in fees will be introduced as part of the annual budget process.
- 4.7.2 All changes to fees and charges come into force and are effective as per the City's User Fees, Rates, and Charges Bylaw.

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# **USER FEES & CHARGES PROCEDURE**

## **Economic Development**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C  
Current Revision: October 2023      Responsibility: Director, Economic Development  
Next Review: October 2028

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### **1. PURPOSE**

- 1.1** Economic Development collects and manages information and data about the local business community through the issuing of Resident and Seasonal Resident Business Licences. This information assists the department in providing services and support to business owners in the city. Programs influenced by this data include business incentives and grants, entrepreneurship and start-up support, customer and market development, business growth and expansion support, and advocacy.
- 1.2** The department also issues Non-Resident and Seasonal Non-Resident Licenses to businesses that benefit from operating in the city but do not have a permanent physical location within the municipal boundaries, and thus do not contribute to the municipal tax base.
- 1.3** Economic Development establishes and collects Business License Fees for the following:
  - 1.3.1** Resident Business Licence
  - 1.3.2** Non-Resident Business Licence
  - 1.3.3** Seasonal Resident Business Licence
  - 1.3.4** Seasonal Non-Resident Business Licence
- 1.4** Financial Reserves Policy - FIN-021-C details that 10% of the annual business license fees collected is allocated to the Economic Development Reserve, and with the purpose to provide funding for strategic investments that support economic growth in the City by enhancing commercial and industrial areas of the City, and expanding markets through residential, commercial, and industrial development.

### **2. GUIDING PRINCIPLES**

For purposes of establishing and reviewing Business License Fees the following principles apply:

- 2.1** Benefits Received Principle
- 2.1** Costing Data Principle
- 2.1** Service Efficiency/Allocation of Resources/Economic Concepts Principle
- 2.1** Customer Class Principle

### **3. FUNDING CATEGORY**

The programs and services offered through Economic Development are classified as Licenses, Permits, Approvals, and Penalties. These types of services are typically fully funded from license fees and users can be fined for non-compliance.

### **4. KEY FACTORS**

The key factors to consider when establishing new Business Licence Fees, and for reviewing existing fees are as follows:

#### **4.1 Assessment of Relevance**

Economic Development collects and manages information and data about the local business community through the issuing of business licenses. This information assists the department in providing services and support to business owners in the city.

#### **4.2 Pricing Methodology**

- 4.2.1** Review funds provided annually through Business Incentives.
- 4.2.2** Shall consider an estimate of full cost of program area including direct and indirect costs.
- 4.2.3** Review staff wages and administrative costs associated with the delivery of business support services.
- 4.2.4** Review regional comparators.

#### **4.3 Cost Recovery**

Business License program area (direct and indirect costs) is fully funded from license fees as well as contributing annually to Economic Development Reserve.

#### **4.4 Pricing Strategy**

- 4.4.1** Rates are determined based on the location of a business as well as the duration of the licence.
- 4.4.2** Resident businesses (those with a physical location in the city) pay a lower rate than those businesses that benefit from operating in the city but do not maintain a permanent physical location within municipal boundaries.
- 4.4.3** Short-term licences, such as Seasonal Licences, are a lower rate than full one-year business licence for both Residential and Non-Residential businesses.

#### **4.5 Comparators and Existing Market**

**4.5.1** The primary comparators reviewed include:

- a) Edmonton
- b) Spruce Grove
- c) City of Leduc
- d) Camrose
- e) St. Albert
- f) Beaumont

**4.5.2** Additional comparators, especially in the Edmonton Metro Region, will be reviewed biannually.

#### **4.6 Inflation Rates**

- 4.6.1** The City considers both annual inflation rates and long-run average inflation rates in order to mitigate the effect of short-term fluctuations in inflation for annually reviewing and setting license fees.
- 4.6.2** The Economic Development will consult with the City's budget team to determine the applicable inflation rate.

#### **4.7 Public Engagement**

- 4.7.1** Discussions with the business community are held regularly to ensure they receive value for their licence and to receive feedback on the licence fees/process.
- 4.7.2** A schedule of fees is made available to public and new fees or changes in fees are introduced as part of annual budget process. Fees are also available on Economic Development website.

#### **4.8 Heartland Incentive Program**

- 4.8.1** The purpose of the Heartland Incentive program is to help improve project economics and overall regional competitiveness, bringing large-scale industrial investments and jobs to Fort Saskatchewan.
- 4.8.2** Per Heartland Incentive Bylaw C28-20, Applicants must submit a non-refundable application fee in accordance with the City's Fees and Charges Bylaw, if an application fee is therein set.

#### **4.9 Other Factors**

- 4.9.1** The primary focus of the Business License is to gather information and data on the business community. The validity of the data is dependent on a high rate of compliance from local businesses. Compliance rates are impacted primarily by the cost of the license, as such, rates should be established that encourage voluntary compliance.
- 4.9.2** Fees will be rounded to whole numbers for ease of use.
- 4.9.3** User fees and charges are reviewed every year. All changes to fees and charges come into force and effect as per the City's User Fees, Rates and Charges Bylaw.



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# **USER FEES & CHARGES PROCEDURE**

## **Family & Community Support Services (FCSS)**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C

Current Revision: October 2023      Responsibility: Director, FCSS

Next Review: October 2028

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### **1. PURPOSE**

- 1.1** Family and Community Support Services (FCSS) offers services such as counselling, home support, education, outreach, and community development to positively shape the lives of individuals and families in the community. FCSS encourages engagement and connectedness and nurtures the City's vulnerable populations – seniors, the chronically ill, at-risk youth, and others in need. Through collaboration with social agencies, FCSS plays an active role in the community providing access to proactive services that build resiliency and lead to a strong, healthy, and socially sustainable City.
- 1.2** FCSS establishes and collects User Fees and Charges for the following services:
- a) counselling
  - b) home support
  - c) community garden

### **2. GUIDING PRINCIPLES**

For purposes of establishing and reviewing FCSS User Fees and Charges, the following principles apply:

- 2.1** Benefits Received Principle
- 2.2** Targeted Subsidy Principle
- 2.3** Service Efficiency/Allocation of Resources Principle

### **3. FUNDING CATEGORY**

The programs and services offered through FCSS are classified as partially tax supported (reduced user fee), as the costs of service delivery are recovered through a combination of User Fees and Charges, property taxes, and provincial government funding. Fees are based primarily on customer income levels.

### **4. KEY FACTORS**

The key factors to consider when establishing new FCSS User Fees and Charges, and for reviewing existing FCSS User Fees and Charges are as follows:

#### **4.1 Pricing Methodology**

- 4.1.1** Review Home Support staff wages and other costs associated, such as mileage and telephone.
- 4.1.2** Review regional comparators based on income levels.

- 4.1.3 Review counsellor's contracts to determine if an increase in service costs should be expected.
- 4.1.4 Allocation of administrative costs based on time spent on tasks.

#### **4.2 Cost Recovery**

FCSS uses the targeted subsidy principle as FCSS programs and services are based on supporting low-income individuals/families and responding to community needs. The average cost recovery ratio for FCSS is 50%.

#### **4.3 Pricing Strategy**

- 4.3.1. Rates are determined based on customer income levels. Each customer/family pays a rate based on their household income.
- 4.3.2. The demand for Home Support services is expected to increase as the baby-boomer population ages. When there is an increase in demand, the subsidy required to provide service will increase. Since our customers are price-sensitive, it is important to determine a balance between cost and pricing.
- 4.3.3. Rates for services covered by insurance. (Employer benefits, Veterans Affairs, Workers Compensation Board) are not subsidized.
- 4.3.4. Community Gardens allow residents to enjoy the benefits of growing produce and connecting to their community. Rates are in place to cover the administrative costs associated with the program.

#### **4.4 Comparators and Existing Market**

- 4.4.1 City of Leduc
- 4.4.2 Town of Devon
- 4.4.3 City of Stony Plain
- 4.4.4 City of Spruce Grove
- 4.4.5 Strathcona County

#### **4.5 Inflation Rates**

- 4.5.1 Changes in CPI impact the consumer demand for FCSS programs and services. Higher costs limit the amounts that low-income individuals and families can afford to pay and/or the frequency with which they access FCSS programs and services.
- 4.5.2 An inflationary rate is applied to community gardens fees.

#### **4.6 Stakeholder Input**

- 4.6.1 Discussions with Home Support customers by staff to discuss the impact of possible price changes.
- 4.6.2 A schedule of all FCSS user fees will be made available to the public and new fees or changes in fees will be introduced as part of the budget process.

#### **4.7 Other Factors**

- 4.7.1 FCSS Users Fees and Charges are reviewed every 3 years. Due to the type of customers, we do not want to increase the price too often as their income is very static. Adjustments may be made annually in unique circumstances.
- 4.7.2 All changes to FCSS user fees and charges are effective January 1<sup>st</sup>.

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# **USER FEES & CHARGES PROCEDURE**

## **Fleet, Facilities & Engineering**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C  
Current Revision: October 2023      Responsibility: Director, Fleet, Facilities & Engineering  
Next Review: October 2028

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### **1. PURPOSE**

**1.1** Fleet, Facilities and Engineering oversees the engineering and construction of critical new infrastructure, such as roads, utilities, trails, and civic amenities, and provides the ongoing maintenance and management of the City's facilities and fleet. Fleet, Facilities and Engineering is responsible for maintaining fleet and equipment that ensure the delivery of valued City services.

**1.2** Fleet, Facilities and Engineering establishes and collects Fees and Charges for the following services:

- a) Residential Lot Grading Program
- b) Excavation Permit
- c) Development Agreement Engineering Review

### **2. GUIDING PRINCIPLES**

**2.1** For purposes of establishing and reviewing Fleet, Facilities and Engineering, the following principles apply:

#### **2.1.1 Benefit Received Principle-Individual and Societal/Community**

- a) Lot Grading: Protects homeowners and ensures properties are graded according to the approved design.
- b) Excavation Permit: Protects homeowners, ensuring that service connections are graded and connected properly so that future problems can be avoided.

#### **2.1.2 Cost Recovery Principle**

- a) Development Agreement Review: Recovers costs to provide the service from those who require or benefit from the service.

### **3. FUNDING CATEGORY**

The programs and services primarily offered by Fleet, Facilities and Engineering are classified as Licenses, Permits and Approvals (full user fee), as the costs of service delivery are recovered through User Fees and Charges.

#### **4. KEY FACTORS**

The key factors to consider when establishing new Fleet, Facilities and Engineering fees and charges, and for reviewing existing fees and charges are as follows:

##### **4.1 Pricing Methodology**

- 4.1.1 Review the direct and indirect cost of providing services
- 4.1.2 Allocation of administrative costs based on time spent
- 4.1.3 Review regional comparators

##### **4.2 Cost Recovery**

- 4.2.1 Fleet, Facilities and Engineering cost recovery ratio is set at 100% cost recovery for the average cost of providing the service.
- 4.2.2 Break Even point for Development Agreement Engineering Fee – 3.5 ha, most developments encompass 3-5 hectares.

##### **4.3 Pricing Strategy**

- 4.3.1 Demand analysis for the service and market comparators
- 4.3.2 An estimation of the value of the good or service to individuals
- 4.3.3 An estimation of the societal or community benefit associated with the service (shallow utility excavation permits and Development Agreement Engineering Review)
- 4.3.4 Protect homeowners, neighbours and City as a whole from substandard work

##### **4.4 Comparators and Existing Market**

- 4.4.1 City of Edmonton
- 4.4.2 City of Calgary
- 4.4.3 City of Leduc
- 4.4.4 City of Lethbridge
- 4.4.5 City of Spruce Grove
- 4.4.6 Strathcona County
- 4.4.7 City of St. Albert
- 4.4.8 City of Red Deer

##### **4.5 Inflation Rates**

Fees & Charges will be adjusted for inflation annually. Cost recovery is wage-based; cost increases reflect wage changes.

##### **4.6 Stakeholder Input**

New and substantially changed fees will be discussed with developers, with all fees made public annually through the budget deliberation process.

##### **4.7 Other Factors**

- 4.7.1 Fees and charges are reviewed annually.
- 4.7.2 All changes to fees & charges are effective January 1st.
- 4.7.3 Re-inspection fees are set to discourage use and recover costs at 200% - No budgeted revenue.
- 4.7.4 Deposits are set to perform minor repairs and encourage contractors to follow standards and rules.

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# **USER FEES & CHARGES PROCEDURE**

## **Fire Services**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C  
Current Revision: September 2023      Responsibility: Fire Chief  
Next Review: September 2028

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### **1. PURPOSE**

Fire Services is dedicated to the safety of citizens and businesses in Fort Saskatchewan and provides a variety of emergency and non-emergency services. Fire Services establishes and collects user fees and charges for the following services:

- 1.1 Incident/Emergency Response
- 1.2 Contracted Services used to remedy or resolve an emergency incident
- 1.3 Permits
- 1.4 Inspections/ Occupancies

### **2. GUIDING PRINCIPLES**

For purposes of determining the applicability and scope of setting User Fees and Charges, and for the examination and determination of User Fees and Charges the following principles apply:

- 2.1 Benefits Received – Individual benefit and/or Societal/Community benefit based on service.
- 2.2 Costing Date -PBB program costing will be utilized as base level data source for direct program costs. Additions to costing data and analysis will include indirect costs and capital costs as applicable.
- 2.3 Capital Assets: Full Lifecycle Costing
- 2.4 General Tax Supported
- 2.5 Customer Class and Targeted Subsidy -based on resident/non-resident status, incident response level and insurance applicability.
- 2.6 Economic Concepts principle-utilized when applicable and benefit is provided.

### **3. FUNDING CATEGORY**

- 3.1 Fire Services provides programs which are fully tax supported where no user fee or charge is in place including general fire suppression and medical first response. Fire Services contracted services fees are in place and may be applied where the department responds to a fire, rescue, dangerous goods, or other incident on any property based on resident/non-resident status, incident response level and insurance applicability.

**3.2** Fire Services also provides services with intent of primary operating model to be non-tax supported (100% user fee) including permits, inspections and associated penalties for non-compliance. The primary operating model for inspections reflects Fire Safety Code Officer however at times a staffed fire truck is utilized for inspections as component of discretionary tasks within scheduled fire/emergency response shifts.

#### **4. KEY FACTORS**

The key factors to consider when establishing new User Fees and Charges and for reviewing, and adjusting Fire Services user fees and charges are as follows:

##### **4.1 Assessment for Relevance**

Fire Services reviews its role and assess the relevance in delivering our specific services, maintains mutual/auto aid partnerships, follows legislation, and utilizes PBB program scoring details against individual community or governance results as a tool to continues involvement.

##### **4.2 Pricing Methodology**

Shall consider an estimate of full cost of program or individual service areas within programs when applicable which includes direct costs, indirect costs, and capital costs. Comparators are reviewed annually.

##### **4.3 Cost Recovery**

For the Fire Services program areas direct, indirect and capital costing data shall be considered for analysis of fees and charges targets to reach those services with 100% user fee funding for service areas. These include occupancy inspections, fire investigation contracted services, general contracted services, lock box purchases, and hazardous materials clean up.

Fees and targets are reviewed annually relative to their performance and cost recovery targets.

##### **4.4 Pricing Strategy**

**4.4.1** Consideration shall be given to additional pricing strategies which may include pricing based on location, pricing based on customer class, demand analysis for service, and standard business practices for sector.

**4.4.2** Government of Alberta (GOA) fees are established by GOA for emergency response on a provincial highway.

##### **4.5 Comparators and Existing Markets**

When comparing municipal fire services user fees and charges and cost of service (when applicable), the following municipalities within the Edmonton region should be used:

- 4.5.1** City of Edmonton,
- 4.5.2** City of Leduc,
- 4.5.3** City of Spruce Grove,
- 4.5.4** City of St. Albert,
- 4.5.5** Town of Morinville
- 4.5.6** Strathcona County

**4.6 Inflation Rates**

Consideration is given to inflation rates when estimating the full cost for program area and for annually reviewing and setting user fees. The City considers both annual inflation rates and long-run average inflation rates in order to mitigate the effect of short-term fluctuations in inflation.

**4.7 Public Engagement**

- 4.7.1** A schedule of all Fire Services user fees will be made available to the public and new fees or changes in fees will be introduced as part of the annual budget process. Program costing is made available along with direct cost recovery data as part of the annual budget process.
- 4.7.2** Effective dates for Fire Services fees are generally January 1st.
- 4.7.3** Stakeholder input increases transparency by allowing the City to clearly communicate the expectations, goals, and outcomes to the public, and ensures that stakeholders have been granted reasonable opportunity to express their concerns, needs, and priorities.

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# **USER FEES & CHARGES PROCEDURE**

## **Legislative Services**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C  
Current Revision: October 2023      Responsibility: Director, Legislative Services  
Next Review: October 2028

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### **1. PURPOSE**

- 1.1** The core function of Legislative Services is to facilitate open and transparent government that fosters trust and confidence in municipal decision-making processes and allow for meaningful participation with an engaged public. Only certain Legislative Services programs have associated fees, primarily determined by provincial legislation or comparators.
- 1.2** Legislative Services establishes and collects Fees and Charges for the following services:
- a) Subdivision & Development Appeal Board (SDAB) appeals (fees determined by City/department)
  - b) Assessment Review Board (ARB) appeals (fees provincially regulated)
  - c) FOIP access to information requests (fees provincially regulated)

### **2. GUIDING PRINCIPLES**

- 2.1** For purposes of establishing and reviewing Legislative Services fees and charges, the following principles apply:
- a) Benefits Received Principle
  - b) Costing Data Principle
  - c) Customer Class for individuals/groups

### **3. FUNDING CATEGORY**

- 3.1** The programs for which Legislative Services collects fees are all established by Provincial legislation, being the Municipal Government Act (MGA) for ARB complaints and SDAB appeals, and the FOIP Act for access to information requests. All Legislative Services fees are classified as Partially Tax Supported (Subsidized User Fees).



#### **4. KEY FACTORS**

**4.1** Primary considerations when establishing Legislative Services fees and charges, or reviewing existing Legislative Services fees and charges, are as follows:

**4.1.1 Assessment for Relevance**

As the programs of Legislative Services are established by provincial legislation, the delivery and availability of the services cannot be reduced or stopped.

**4.1.2 Pricing Methodology**

Fee structures for the ARB and FOIP programs are determined by the provincial government. The Legislative Services department adheres to this direction.

SDAB appeal fees are determined by weighing factors such as:

- a) The total cost associated with the provision of the SDAB program, including direct and indirect costs
- b) The legislated right to appeal granted to applicants and affected parties by the MGA
- c) The benefit received by the individual, along with the community and society at-large from the SDAB program
- d) The SDAB fees of comparators

#### **4.2 Cost Recovery**

**4.2.1** As the fee structures for the ARB and FOIP programs are determined by the provincial government, Legislative Services does not apply a cost recovery ratio for ARB or FOIP fees.

**4.2.2** The SDAB process benefits various stakeholders involved in land development as individual parties, as well as City residents at-large. Because of this level of community benefit, along with the legislated right to appeal granted by the MGA, the SDAB program is substantially subsidized.

#### **4.3 Pricing Strategy**

For those rates that are not determined by provincial regulation (ARB and FOIP), Legislative Services assesses the beneficiary of the program and applies a differential pricing strategy. Those parties which stand to benefit the most from an SDAB appeal should contribute more to the program

#### **4.4 Comparators and Existing Market**

**4.4.1** While Legislative Services does not directly determine SDAB fees on Comparators, they inform regional market expectations and standard practices in the field. Legislative Services seeks to align itself with Comparators while adhering to the City's practices of establishing Fees and Charges. Comparators for SDAB fees are:

- a) City of Leduc
- b) Town of Stony Plain
- c) City of Spruce Grove
- d) Strathcona County
- e) City of St. Albert

#### **4.5 Inflation Rates**

Inflation rates can only be applied to SDAB fees. However, it is important to ensure the process for filing an appeal is not cost-prohibitive, as the fee cannot present a barrier to an appellant from accessing the legislated right to appeal.

#### **4.6 Stakeholder Input**

Any changes in fees would be discussed and made public annually through the budget deliberation process.

#### **4.7 Other Factors**

- 4.7.1** Legislative Services fees and charges are reviewed annually, at a minimum to ensure alignment with legislation.
- 4.7.2** Municipal Comparator fees are reviewed annually or as required when changes are deemed appropriate.
- 4.7.3** All changes to Legislative Services fees and charges are effective January 1st, or as required to be in alignment with legislative changes.

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# **USER FEES & CHARGES PROCEDURE**

## **Planning and Development**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C  
Current Revision: October 2023      Responsibility: Director, Planning and Development  
Next Review: October 2028

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### **1. PURPOSE**

1.1 To guide development in a manner that balances individual rights with the overall public interest, is consistent with the City's strategic vision, and ensuring the wellbeing and safety of our residents. This is achieved through the creation and implementation of statutory and regulatory planning documents and making decisions on a range of planning, development, and building applications.

1.2 Planning and Development establishes and collects fees and charges for the following:

- a) Development Permit Applications
- b) Compliance Certificate Applications
- c) Land Use Bylaw Amendments
- d) Land Use Bylaw Amendments
- e) Letters of concurrence/non-concurrence for telecommunication towers
- f) Statutory Plan and Outline Plan Development and Amendments
- g) Subdivision Applications
- h) Development Agreements
- i) Encroachment Agreements
- j) File Searches
- k) Fines for land use contraventions
- l) Building and Safety Codes
- m) Safety Codes Compliance

### **2. GUIDING PRINCIPLES**

2.1 For the purposes of establishing and reviewing Planning and Development Fees and Charges, the following principles apply:

- 2.1.1 Benefits Received – Individual Principle
- 2.1.2 Benefits Received – Societal Principle
- 2.1.3 Costing Data Principle
- 2.1.4 Cost Recovery Principle
- 2.1.5 Service Efficiency/Allocation of Resources Principle

### **3. FUNDING CATEGORIES**

Programs and services offered through Planning Development are classified as:

- 3.1** Non-Tax Supported (target of 100% user fee) and fully funded by user fees and charges with the individual benefits received principle applying. Programs applicable to this category include building and safety codes fees, encroachment agreements, file searches, and compliance certificates.
- 3.2** Fully Tax Supported and fully funded by property taxes. This includes sidewalk café development permit application or similar that is intended to achieve a strategic initiative, such as the Downtown Action Plan.
- 3.3** Partial Tax Supported (subsidized user fee). Specific programs exist as a method to evaluate individual development rights against the public interest. Therefore, these programs offer a partial benefit to the individual because their development rights are limited so that the public interest is preserved.
  - a) Development Permits (50% community benefit/50% individual benefit).
  - b) Subdivision review, Redistricting and Land Use Bylaw Amendments (75% individual benefit / 25% community benefit).
- 3.4** Licenses, Permits, Approvals and Penalties. Certain development permits that provide a direct benefit to the individual will be fully funded through application fees, such as stripping and grading permit. Other programs include safety code permits and administering the land use bylaw (enforcement).

### **4. KEY FACTORS**

The key factors to consider when establishing new Fees, and for reviewing existing fees are as follows:

#### **4.1 Assessment for Relevance**

- 4.1.1** Most services provided are established by the Municipal Government Act or the Safety Codes Act. Certain developments may be exempt from development permit approval under certain conditions. The Department will continue to monitor trends to establish what developments may be considered deemed approvals.
- 4.1.2** Ongoing review for relevance of the department to provide services for compliance certificate applications. This is a service and not a legislative requirement. If the service cannot achieve cost recovery, it may be considered an irrelevant service.

#### **4.2 Pricing Methodology**

The predominate consideration for determining fees and charges is the cost of providing the service. Each User Fee and Charge shall be supported by a Pricing Methodology, which forms the basis for calculating and setting the User Fee and Charge for each good or service. The Pricing Methodology shall consider an estimate of the full cost of producing the good or delivering the service, which includes all Direct and Indirect Costs which can be reasonably attributed. In addition, the pricing and types of User Fees and Charges shall conform to the Municipal Government Act, the Safety Codes Act, and any other relevant legislation.

Determination of fees and charges will apply where the following can be established by:

- 4.2.1** Benefit of individuals and Societal/Community
  - a) High community benefit – 100% tax support subsidy. This includes initiatives that achieve a City strategic initiative.
  - b) High community benefit and partial individual user benefit – 75% tax support subsidy and 25% individual user fee.

- c) Moderate community benefit and high individual user benefit - 50% tax support subsidy and 50% individual user fee.
- d) Low community benefit and high individual user benefit - 75% tax support subsidy and 25% individual user fee.
- e) Nominal community benefit and high individual user benefit - 100% individual user fee.

- 4.2.2** The direct cost of the service provision in relation to the program including, but not limited to, staff costs, the objective of service, and any ancillary costs (such as advertising, printing, fuel, etc.).
- 4.2.3** The provision of a particular service that, based on its unique nature, results in higher costs than what is typical. This may include, but not limited to, rush service, specialized or site-specific districting, or variance requests.
- 4.2.4** Practical aspects of introducing new fees or significant increases to existing fees.
- 4.2.5** The ability of the user to pay for the service.
- 4.2.6** The extent for which the outcome of the service benefits the individual.
- 4.2.7** The extent for which the outcome of the service upholds the public interest.

### **4.3 Cost Recovery**

Fees and charges are established based on the ratio of cost recovery determined by the proportionate benefit to individual corresponding with the benefit received by the community. This is understood as follows:

- a) 0% cost recovery – mostly community benefit. Service works towards the achievement of strategic objective (such as downtown revitalization).
- b) 25% cost recovery – considerable community benefit.
- c) 50% cost recovery – balanced individual benefit and community interest.
- d) 75% cost recovery – considerable individual benefit.
- e) 100% cost recovery – predominately individual benefit.

Services are reviewed annually to determine the cost recovery ratio.

### **4.4 Pricing Strategy**

- 4.4.1** Consideration is given, when applicable, to differential pricing strategies which include:
  - a) Priority or rush benefit for a particular service.
  - b) Customer type (for example: resident, developer, agent).
  - c) Customization (different than what is typical).
  - d) An estimation of the societal/community benefit associated with the service.
  - e) Achievement, or towards the achievement of, an important planning objective or initiative.
  - f) The ability to create efficiencies to deliver the service.
- 4.4.2** Applicants and the public should pay according to the benefits accrued to them.
- 4.4.3** Convenience Pricing: where a service has an option for a higher level of service, such as a guaranteed service expectation, fees can be set at a higher rate than the standard service. This includes, but is not limited to, expedited/rush service, issuance of letters of concurrence/non-concurrence for telecommunication tower applications, or large-scale stripping and grading applications.

#### **4.5 Comparators and Existing Market**

Consideration may be given to user fees and charges established and collected by Comparators of similar goods and services to assess the applicability, scope, and reasonableness of existing User Fees and Charges. Regard is given to those comparators that review and assess their user fees and charges on a consistent basis. Any combination of the following municipalities' fees and charges may be considered:

- |                       |                         |
|-----------------------|-------------------------|
| a) City of Beaumont   | g) Parkland County      |
| b) Town of Devon      | h) City of Spruce Grove |
| c) City of Edmonton   | i) City of St. Albert   |
| d) City of Leduc      | j) Town of Stony Plain  |
| e) Leduc County       | k) Strathcona County    |
| f) Town of Morinville | l) Sturgeon County      |

#### **4.6 Inflation Rates**

An annual inflationary rate based on the Municipal Price Index is applied to all applicable fees and charges, except where fees and charges are set by statute.

#### **4.7 Public Engagement**

The department provides the public and stakeholders with the opportunity to provide input regarding the introduction of any new fees or significant changes to existing fees and charges.

#### **4.8 Other Factors**

Fees and charges are reviewed annually.

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# **USER FEES & CHARGES PROCEDURE**

## **Protective Services**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C  
Current Revision: October 2023      Responsibility: Director, Protective Services  
Next Review: October 2028

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### **1. PURPOSE**

- 1.1 To protect a range of services to the public including police information checks for individuals who require screening for paid or volunteer positions in the community or as part of an adoption, immigration, foreign travel, or legal name change process. Additionally, the department provides fingerprinting and motor vehicle collision reports and statements to lawyers or insurance companies.
- 1.2 Municipal Enforcement Services administers the Animal Control Bylaw and its licencing and kenneling services. There are fees and charges related to animal licencing and kenneling of animals as part of our service levels to the community.

### **2. GUIDING PRINCIPLES**

For the purpose of determining the applicability and scope of setting user fees and charges, and for the examination and determination of user fees and charges, the following principles apply:

- a) Benefits received: individual and to the community
- b) Costing Data Principle
- c) Capital Assets: full Lifecycle Costing Principle
- d) General Tax Supported Principle
- e) Customer Class and Targeted Subsidy for Individuals Principle
- f) Service Efficiency

### **3. FUNDING CATEGORY**

#### **3.1 Partially Tax Supported (Subsidized User Fee)**

Protective Services fees and charges are partially tax supported (reduced user fees) as they are funded through a combination of user fees and charges, government grants and property taxes.

#### **3.2 Policing Fees and Charges**

- 3.2.1 Criminal Record Checks, fingerprinting and collision statements have 100% of direct costs recovered by the user fee. The indirect costs of the PROS and CPIC databases, fingerprinting machines, administrative supervisor time, RCMP Officer time and the Protective Services

Building and City overhead/governance operating costs are the subsidized portions of these service fees.

- (i) **Benefits:** Criminal Record Checks/Fingerprinting Service Benefit – individual benefit of gaining employment status and being able to volunteer in the community. The societal/community benefit to police background checks is hiring employees with clear police records as well as services for adoptions and immigration matters. Also, our community has volunteers that perform work in the community for events, programs and recreation.

### **3.3 Municipal Enforcement Fees and Charges**

**3.3.1** Municipal Enforcement animal licences and kennel fees direct costs are funded by the user. Fines can be given if pet owners are in non-compliance of the animal control bylaw.

- (i) **Benefits:** Animal Licencing Benefit – individual benefit is gained by having MES Officers house and keep the animal until it can be re-united with its owner. Responsible pet ownership includes having an animal licence to ensure the animals health and well-being. The animal is provided food, shelter and medical care if needed. The community benefit to animal control is positive influence on civic behaviour, public safety in the community by enforcement of the Animal Control Bylaw and the Animal Protection Act, off-leash dog parks and free dog waste bags are provided throughout the City.

## **4. KEY FACTORS**

The key factors to consider when establishing new Protective Services user fees and charges and for reviewing existing user fees and charges are as follows:

### **4.1 Assessment for Relevance**

- 4.1.1** Protective Services conducts ongoing review for the relevance of providing policing services and following legislative requirements for Police Information Checks and Fingerprinting Services is imperative.
- 4.1.2** The services that Municipal Enforcement provide regarding animal control are tied to the Animal Control Bylaw that is reviewed every three years.

### **4.2 Pricing Methodology**

- 4.2.1** Tracking and estimating the direct and indirect costs of providing the service
- 4.2.2** Tracking and estimating related vehicle and facility capital costs
- 4.2.3** Tracking and estimating staff wages and vehicle operating expenses (i.e., mileage and maintenance)
- 4.2.4** Reviewing relevant regional comparators annually
- 4.2.5** Allocating administrative and material costs

### **4.3. Cost Recovery**

- 4.3.1.** Protective Services recovers 100% of the direct costs for the policing service fees with the indirect program costs and capital costs subsidized reflective of community benefit.
- 4.3.2.** Animal Control licencing and service fees target 100% recovery of direct costs. Program indirect costs and capital have a portion that are covered by these fees, reflective of the community benefit.
- 4.3.3.** Where applicable, services that benefit the user more so than the community are charged a user fee to offset the direct, indirect and capital expense of providing that service.



**4.4. Pricing Strategy**

- 4.4.1. Demand analysis for the service and market comparators
- 4.4.2. An estimation of the individual and societal benefit associated with the service
- 4.4.3. Standard business practices including analysis of prior years data for quantity and revenue
- 4.4.4. Animal licencing fees use a customer class pricing strategy to allow for a senior rate and the criminal record check rate allows for residents, non-residents, volunteers and student rates
- 4.4.5. RCMP fees and charges guidelines for provincial/federal services

**4.5. Comparators and Existing Market**

- 4.5.1. The City of Leduc
- 4.5.2. The City of Edmonton
- 4.5.3. Parkland County (Stony Plain & Spruce Grove)
- 4.5.4. Strathcona County
- 4.5.5. The City of St. Albert

**4.6. Inflation Rates**

Consideration is given to inflation rates when estimating full cost for program area and for annually reviewing and setting of user fees. The City considers both annual inflation rates and long-run average inflation rates in order to mitigate the effect of short-term fluctuations in inflation.

**4.7. Public Engagement Reference**

- 4.7.1. A schedule of all Protective Services user fees is made available to the public and new fees or changes in fees are introduced as part of the annual budget process.
- 4.7.2. Protective Services webpages are up to date with fees and charges information.
- 4.7.3. Effective dates for Protective Services fees are January 1st.

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# **USER FEES & CHARGES PROCEDURE**

## **Public Works**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C  
Current Revision: October 2023      Responsibility: Director, Public Works  
Next Review: October 2028

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### **1. PURPOSE**

**1.1** To maintain the City's parks and public places as well as road networks and highways within City boundaries. This includes trails, green spaces, outdoor ice surfaces for general public use and enjoyment, snow removal, street sweeping, bridge and culvert maintenance and traffic control. Public Works also maintains the City's drainage systems in collaboration with Utilities and supports City events and festivals.

**1.2** To establish and collect User Fees and Charges for the following services:

- a) Picnic shelter rentals
- b) Picnic table and park bench rentals
- c) Delivery charges for a picnic table and park bench rentals
- d) Damage deposits are collected for:
  - (i) Picnic tables and benches (refundable upon undamaged return); and
  - (ii) Parks gate keys (refundable upon return of key).
- e) Road permits (e.g., alteration of public land)
- f) High-load traffic signal turning service (i.e., light-turning requests)
- g) Delivery of materials for festivals and events
- h) Impound fees for illegal sign
- i) Supply and delivery of asphalt millings material

### **2. GUIDING PRINCIPLES**

For purposes of establishing, reviewing, and adjusting Public Works User Fees and Charges, the following principles apply:

**2.1** Benefits Received / Individual Benefit Principle - Those benefiting from a particular service should contribute 100% to the cost for the benefit received. Examples of services include high-load traffic signal turning, asphalt milling material supply/delivery, picnic table and park bench rental/deliveries.

**2.2** Costing Data Principle - The full cost of providing goods and services. Includes direct, indirect, and equipment allocation costs, when applicable. PBB program costing will be utilized as base level data source for direct program costs.

- 2.3** Community Supported Principle - The cost of providing goods and services that benefit citizens as a whole. Costs are recovered through property taxes. Examples of services include parks maintenance, road maintenance, supporting festivals and events.
- 2.4** Customer Class and Targeted Subsidy for Individuals Principle - The cost of providing goods and services to groups for achieving desired result. Examples of services includes rentals and deliveries for community events sponsored by local non-profit groups.

### **3. FUNDING CATEGORY**

#### **3.1 Non-Tax Funded (100% User Fee)**

Applicable to services under benefit received – Individual Benefit Principles such as high load traffic light turning, permits, asphalt millings supply and deliveries, damage deposits, impound fees for illegal signs.

#### **3.2 Partial-Tax Funded (Subsidized User Fee)**

In addition to being supported by property taxes, the costs of service delivery are recovered through user fees and other revenue sources (e.g., U-Pass program). Transit service provide a community benefit by fostering social connections, economic benefit, fostering wellbeing of the environment, competitiveness and job creation, improved public health, and making the community more attractive to live, work and play.

#### **3.3 Fully-Tax Funded (0% User Fee)**

Applicable to services under the Customer Class and Targeted Subsidy for Individuals Principle including rentals and deliveries of tables/chairs for special events sponsored by local non-profit groups. Societal or community benefits include enhanced social connection and social cohesion, contribute to community identity, pride and spirit, influence on mutual caring and volunteerism, help build welcoming compassionate communities, vehicle for promoting family and community cohesion, contribute to economic benefits, foster tourism, foster active, healthy socially connected population, make communities more attractive to live, work, play, or visit, exposure to recreation and culture and foster increased contact between generations and subgroups.

### **4. KEY FACTORS**

The key factors to consider when establishing, reviewing, and adjusting Public Works fees and charges are as follows:

#### **4.1 Assessment of Relevance**

Public Works operations are fundamental to the municipality in providing common goods and services to taxpayers.

#### **4.2 Pricing Methodology**

- 4.2.1** Include an allocation for Direct and Indirect Costs and specific equipment allocations as applicable.
- 4.2.2** Payable by each customer for each use of the service.

#### **4.3 Cost Recovery**

- 4.3.1 Where a service-specific fee under the Benefits Received – Individual Benefit Principle, the fee is non-tax funded (100% User Fees).
- 4.3.2 Turner Park Picnic Shelter and Overflow Camping services are subsidized under the Partially-Tax Funded Principle for benefits to the individual and the community.
- 4.3.3 Rental of picnic tables, benches and associated delivery services are at no cost to local non-profit groups.

#### **4.4 Pricing Strategy**

- 4.4.1 For the sale of materials (e.g., millings), market comparisons and demand are also considered. These are generally priced at cost.
- 4.4.2 The allocation of resources principle may be used in cases where using the fee as a deterrent is desirable or where additional costs such as overtime must be considered (e.g., impound fees).
- 4.4.3 Convenient pricing applies to fees for easy payment.
- 4.4.4 Pricing considers job costing and equipment allocation.
- 4.4.5 Standard business practices with sector are also considered when applicable.
- 4.4.6 Products and services provided are GST applicable.

#### **4.5 Comparators and Existing Market**

- 4.5.1 City of Leduc
- 4.5.2 City of Spruce Grove
- 4.5.3 City of St. Albert
- 4.5.4 Strathcona County
- 4.5.5 Commercial suppliers (e.g., asphalt millings)

#### **4.6 Inflation Rates**

- 4.6.1 Inflation related to wages, equipment, materials and contracted services is considered in cost recovery calculations.
- 4.6.2 A general inflation rate should only be applied to those fees and charges where the pricing strategy is influenced by factors other than cost recovery. In some cases, holding a price steady for a few years and applying inflationary adjustments in larger increments is preferable.

#### **4.7 Public Engagement Reference**

- 4.7.1 Other City departments may influence Public Works user fees and charges (e.g., events support, impound fees, etc.).
- 4.7.2 All fees and charges come into force and are effective as per the City's User Fees, Rates, and Charges Bylaw.

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# **USER FEES & CHARGES PROCEDURE**

## **Transit Services (Public Works)**

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Date Issued: September 24, 2019      Cross Reference: User Fees & Charges Policy FIN-009-C  
Current Revision: October 2023      Responsibility: Director, Public Works  
Next Review: October 2028

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### **1. PURPOSE**

- 1.1 To plan and manage the delivery of local and commuter transit services and to construct and manage necessary transit equipment and infrastructure. Ongoing operating costs are funded as a partially tax supported (subsidized user fee) funding category program. Capital costs are primarily funded by municipal property taxes or through provincial and federal grant funding, when available.
- 1.2 The goals of transit are:
  - a) To provide vital mobility services to residents and visitors of Fort Saskatchewan with access to local destinations and connectivity to the Edmonton Region.
  - b) To provide a service that is an attractive alternative to private transportation.
  - c) To grow transit ridership by making transit a convenient and reliable service.
  - d) To support regional objectives, connectivity, and growth.
- 1.3 Transit fees paid by passengers are also referred to as fares. Transit fares are collected through a regional smart fare system, called Arc. The City's transit fare structure is greatly influenced by this system and its regional nature.
- 1.4 Transit establishes and collects User Fees and Charges for the local and commuter transit services:
  - a) cash fares
  - b) tickets
  - c) Pay-As-You-Go (PAYG) flat rate fares
  - d) monthly fares

### **2. GUIDING PRINCIPLES**

For the purpose of determining the applicability and scope of setting User Fees and Charges, and for the examination and determination of User Fees and Charges, the following principles apply:

#### **2.1 Benefits Received Principle – Individual and Societal or Community**

Societal or Community: in general transit services benefit the community by providing transportation options and access to those without a personal vehicle or as an attractive alternative to private transportation.

**2.2 Costing Data Principle**

PBB program costing will be utilized as the base level data source for direct program costs. Additions to costing data and analysis for the transit program will include indirect costs, capital costs, and subsidization costs.

**2.3 Capital Assets: Full Lifecycle Costing Principle**

Maintenance and replacement costs for transit vehicles will be accounted for in budget as a Direct Cost though a transfer to reserve.

**2.4 General Tax Supported Principle**

Transit services can provide benefit to the community by enabling those without a personal vehicle to access an affordable transportation option to connect them with community services, therefore the cost of services should be partially recovered through property taxes.

**2.5 Customer Class and Targeted Subsidy for Individual Principle**

Transit service is available to all residents, regardless of age, income level or physical ability. To remove barriers to accessing the service, subsidized prices will be offered to a prescribed set of passenger categories with defined eligibility criteria under the Everyone Rides program.

**2.6 Service Efficiency / Allocation of Resources / Economic Concepts Principle**

Transit service is a resource available to residents who are more vulnerable to the impacts of inflation. Therefore, passengers' capacity to pay and afford price increases should be considered.

**3. FUNDING CATEGORY**

The programs and services offered through Transit are a combination of partial-tax funded and full-tax funded.

**Partial-Tax Funded (Subsidized User Fee)**

In addition to being supported by property taxes, the costs of service delivery are recovered through user fees and other revenue sources (e.g., U-Pass program). Transit service provides a community benefit by fostering social connections by providing transportation services to groups such as youth, seniors, low-income residents, Robin Hood clients, and vulnerable populations. It provides an economic benefit by connecting passengers with their place of work or shopping. It contributes to public health by connecting passengers with health care providers, such as hospitals and medical clinics. Public transit is inclusive and available to all residents, including those eligible for low-income programs. Transit also supports local special events, such as Canada Day or emergency events (e.g., evacuation), by providing shuttle services.

**4. KEY FACTORS**

The key factors to consider when establishing, reviewing, and adjusting Transit user fees and charges are as follows:

**4.1 Assessment for Relevance**

Transit services connect passengers to their places of work, school, medical appointments and recreation. It also reduces the number of vehicles on the road, reducing congestion. As the benefits are far-reaching and all residents have the option to take advantage of either the local or commuter services, transit services are typically operated by a municipality.

## **4.2 Pricing Methodology**

### **4.2.1 Rates will be different for local and commuter services.**

### **4.2.2 Flat Rate Fares**

- a) Cost per kilometer to provide the service per passenger  
The total of all direct, indirect, capital and reserve contribution costs will be divided by the total number of kilometers travelled and number of passengers carried.
- b) Regional transit agency pricing  
The flat rate fares will be compared to other transit agencies in the region to determine consistency and regional travel costs.
- c) Passenger ability to pay  
In coordination with other departments (e.g., FCSS, Culture and Recreation), affordability considerations will be incorporated into the flat rate fares. No discounts are given for different passenger groups.
- d) Ridership and revenue projections  
The projected annual ridership and resulting revenues will be used to estimate if cost recovery targets can be met and if the flat rate fares need to be adjusted.
- e) Annual inflation  
An annual increase for inflation will be factored in, but fares will be rounded to the nearest \$0.25.
- f) Service improvements

Service improvements resulting in increased costs will be factored into the rates. The City will actively pursue federal and provincial grant funding to limit the impact on fees and charges.

- g) Transit agency benchmarking  
Rates will be compared to municipal transit agencies within the Edmonton region.

### **4.2.3 Monthly Caps**

- a) Monthly trip multipliers  
The flat rate fare will be multiplied by the estimated number of trips taken per month.
- b) Regional transit agency pricing  
The monthly cap rates will be compared to other transit agencies in the region to determine consistency and regional travel costs.
- c) Passenger ability to pay  
In coordination with other departments (e.g., FCSS, Culture and Recreation), affordability considerations will be incorporated into the monthly caps. A discount of 70% will be provided to low-income individuals who qualify for the Everyone Rides program. Over the next five years, youth, student and senior fares will be adjusted to reflect a discount of 25% from the adult pricing.
- d) Ridership and revenue projections  
The projected annual ridership and resulting revenues will be used to estimate if cost recovery targets can be met and if the monthly cap rates should be adjusted.
- e) Annual inflation  
As the monthly cap rates are tied to the flat rate fares, no additional inflation rate will be incorporated. Monthly cap rates will be rounded to the nearest \$0.25.

- f) Service improvements  
Future service improvements resulting in increased costs will be factored into the rates. The City will actively pursue federal and provincial grant funding to limit the impact on fees and charges.
- g) Transit agency benchmarking  
Rates will be compared to municipal transit agencies within the Edmonton region.

**4.2.4 Arc Tickets**

Arc tickets will be set at 125% of the flat rate fares to encourage use of the Arc Purse product. No discounts are given for different passenger groups. The full rates will be gradually reached by 2029.

**4.2.5 Cash Fares**

Cash fares will be set at 140% of the flat rate fares to encourage use of Arc. No discounts are given for different passenger groups. The full rates will be gradually reached by 2029.

**4.2.6 Special Event Fares**

Free local services will be offered for City of Fort Saskatchewan organized events.

**4.3 Cost Recovery**

Transit has an ongoing targeted cost recovery ratio of 20% for overall delivery costs of local and commuter services over the next 5 years. All fees and charges will be reviewed annually to determine performance, feasibility and required future adjustments.

**4.4 Pricing Strategy**

**4.4.1 The following considerations will be considered when setting transit fares:**

- a) All fares will be based on a formula using the flat rate fare as the variable rate.
- b) Price incentives will be given to the use of the Arc Purse product over cash and tickets.
- c) Passenger group discounts to monthly rates:
  - 25% discount will be provided to youth, students, and seniors.
  - 70% discount will be provided to low-income passengers.
- d) Peak-hour pricing:
  - Based on ridership, discounts may be applied to encourage off-peak transit usage.
- e) Based on fare elasticity models, a fare increase can result in a ridership decline and subsequent reductions in sales and revenues. Therefore, projected ridership impacts should be considered with potential fare adjustments.
- f) All fares are rounded to the nearest \$0.25 for convenience to the user.

**4.4.2 Other considerations**

- a) Transit fares are GST exempt.

**4.5 Comparators and Existing Market**

All municipal transit agencies within the Edmonton region, with a particular focus on members of the Arc program.



**4.6 Inflation Rates**

- 4.6.1 Inflation related to wages, equipment, materials and contracted services is considered in setting fares.
- 4.6.2 General inflation rates are used for projecting future rate increases.
- 4.6.3 Rounding for convenience pricing may be considered. In some cases, holding a price steady for a few years and applying actual inflationary adjustments in larger increments is preferable.

**4.7 Public Engagement**

- 4.7.1 Public engagement (e.g., surveys and in-person consultation) are the primary methods used to determine the impact of potential fare changes.
- 4.7.2 As part of the annual planning process, public engagement activities may inform the development of the following year's budget.

**4.8 Other Factors**

All changes to Transit User Fees and Charges are effective February 1st to be in line with the regional Arc program.

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# **USER FEES & CHARGES PROCEDURE**

## **Utility Services**

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Date Issued:	September 24, 2019	Cross Reference:
Current Revision:	October 2023	<ul style="list-style-type: none"><li>• User Fees &amp; Charges Policy FIN-009-C</li><li>• Financial Reserves Policy FIN-021-C</li></ul>
Next Review:	October 2028	Responsibility: Director, Utilities & Sustainability

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### **1. PURPOSE**

- 1.1** Utility Services is responsible for the supply and distribution of potable water, collection of sewage for treatment and collection of solid waste for disposal or recycling. These services enhance the quality of life for residents while striving to protect both our urban and natural environments.
- 1.2** Fixed and variables fees for water, sewer and waste service are established annually through a Utility Rate Model. Rates are charged monthly to account holders such as residents, businesses, and industries. The Utility model factors capital costs, direct and indirect costs, inflation rates, tangible capital assets, user fees and charges.
- 1.3** In addition, Utility Services establishes and collects User Fees and Charges for the following services:
- 1.3.1** Customer account set-up and related account maintenance activities
  - 1.3.2** Penalties
  - 1.3.3** Preventative maintenance for sewer laterals (“sewer root program”)
  - 1.3.4** Bulk water supply
  - 1.3.5** Transfer and Eco Station drop-off
  - 1.3.6** Permits and Inspections (e.g., water/sewer connection permit, development inspection, etc.)

### **2. GUIDING PRINCIPLES**

For purposes of establishing, reviewing, and adjusting Utility Services User Fees and charges, the following principles apply:

- 2.1** Benefits Received
- 2.2** Costing Data
- 2.3** Capital Assets: Full Life Cycle Costing
- 2.4** Customer Class
- 2.5** Economic concepts principle-utilized when applicable and benefit is provided.

### **3. FUNDING CATEGORY**

#### **Non-Tax Supported:**

Utility services and programs are fully funded by utility rates and user fees, independent of tax support. However, the utility rates (fixed and variable water, sewer, and waste charges collected monthly from utility account holders) can be considered in principle as analogous to taxes. Utility programs are funded under the Utility Rates and Fees and Charges.

### **4. KEY FACTORS**

The key factors to consider when establishing, reviewing, and adjusting Utility Services user fees and charges are as follows:

#### **4.1 Assessment for Relevance**

- a) Water, sewer, and waste are fundamental services to the municipality.

#### **4.2 Pricing Methodology**

##### **4.2.1 Fixed Rates**

- a) Capital life-cycle programs:
  - (i) reserve transfers
  - (ii) debenture payments
- b) Payable by each customer monthly, regardless of utility usage

##### **4.2.2 Variable Rates**

- a) Direct costs:
  - (i) wholesale water supply
  - (ii) wholesale sewage treatment
  - (iii) waste collection/processing
  - (iv) labour, equipment, materials
  - (v) contracted services, licenses, subscriptions, and other general expenses
  - (vi) utility to operations transfers
- b) Indirect costs:
  - (i) Governance overhead operating costs.
  - (ii) A portion of capital life-cycle funding.
  - (iii) Payable by each customer monthly, depending on utility consumption (water & sewer) or capacity provided (solid waste).

##### **4.2.3 Program Specific Fees and Permit & Inspection Charges**

- a) Cover the direct cost for administration, labour, equipment, material, and/or contractors to provide the service.
- b) Include an allocation for indirect costs.
- c) Pricing considers job costing and equipment allocation.

#### **4.3 Cost Recovery**

**4.3.1** Fixed monthly charges are increased gradually each year to fund 100% of capital costs.

**4.3.2** Program specific fees and charges for preventative maintenance, waste drop-off, extra garbage capacity, bulk water, permits, and inspections are set for full cost recovery based on the Individual Benefit principle.

- 4.3.3** Variable charges are calculated last and are set to recover direct costs plus all indirect costs less revenue from user fees and other sources (e.g., leases, grants).

#### **4.4 Pricing Strategy**

- 4.4.1** Fees and charges are generally based on cost-recovery.
- 4.4.2** Fixed rates for water are set based on customer class (e.g., water meter size).
- 4.4.3** For curbside solid waste, because 'variable' rates are set based on a fixed capacity and do not change monthly, the 'variable' and 'fixed' components are combined in a single rate.
- 4.4.4** All fixed rates, including fixed capacity charges for solid waste. Fixed rates are applied regardless of consumption or whether an account holder used the service, as utilities services provide health and environmental benefits beyond the individual user.
- 4.4.5** Bulk water rates may be adjusted based on supply and demand and market comparison.
- 4.4.6** Transfer and Eco Station fees may be adjusted based on market comparisons and consideration of other impacts (such as illegal dumping). Disposal of hazardous or recyclable materials is fully subsidized through monthly solid waste rates to encourage appropriate disposal. Materials that fall under provincial grant programs (e.g., paint, oil, tires, electronics) are excluded, as well as materials that generate a separate revenue stream (e.g., metals).
- 4.4.7** Some fees apply convenience pricing, compassion pricing, or a minimum charge.

#### **4.5 Comparators and Existing Market**

- 4.5.1** Leduc
- 4.5.2** Spruce Grove
- 4.5.3** St. Albert
- 4.5.4** Strathcona County

#### **4.6 Inflation Rates**

- 4.6.1** Inflation related to wages, equipment, materials, government services and contracted services is considered in cost recovery calculations.
- 4.6.2** A general inflation rate should only be applied to fees and charges where the pricing strategy is influenced by factors other than cost recovery.
- 4.6.3** Rounding for convenience pricing may be considered. In some cases, holding a price steady for a few years and applying actual inflationary adjustments in larger increments is preferable.

#### **4.7 Public Engagement**

- 4.7.1** Typically, a formal stakeholder engagement process is not used in setting utility rates and fees. However, feedback received from service requests, surveys or other sources may be considered in establishing, reviewing and adjusting rates and fees or the fee structure.
- 4.7.2** Updated fees are posted on the City's website and available in hard copy on request.
- 4.7.3** All changes to Utility Services user fees and charges come into force and are effective as per the City's User Fees, Rates, and Charges Bylaw.

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## USER FEES & CHARGES – CULTURE SERVICES

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Date Issued: October 30, 2019

Current Revision: October 30, 2019

Cross Reference:

- User Fees & Charges Policy FIN-009-C

Responsibility:

- Director, Culture Services
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### 1. PURPOSE

- 1.1 Culture Services is responsible for the operation of the Fort Heritage Precinct (FHP) and the Shell Theatre, the coordination and hosting of special events for the community, permitting community hosted special events, promoting Fort Saskatchewan as a tourist destination, the celebration of local and regional visual art and the coordination of public art in the community.
- 1.2 Culture Services establishes and collects User Fees and Charges for the following services:
  - a) admissions for the (FHP);
  - b) rental rates for meeting spaces at the FHP and City Hall (CN Station, Village, NWMP Fort and Room 9);
  - c) rental rates for event spaces at Legacy Park and FHP (Rotary Amphitheatre, NWMP Fort Grounds, Village Grounds);
  - d) rates for History Centre and Who Was Here Before Us programs, outreach programs, photography and research at the FHP;
  - e) rental rates for the Shell Theatre and Shell Theatre amenities (Dressing Rooms, Lobby, Green Room);
  - f) fees for additional theatre staff (Front of House, Theatre Technicians);
  - g) fees for equipment use (PA System, Pianos, Confidence Monitors);
  - h) ticketing and facility fees;
  - i) royalty fees and commissions; and
  - j) permits (special event late fees).

### 2. GUIDING PRINCIPLES

For purposes of establishing, reviewing and adjusting Culture Services User Fees and Charges, the following principles apply:

- a) Benefits Received;
- b) General Tax-Supported;
- c) Targeted Subsidy; and
- d) Service Efficiency/Allocation of Resources.



**3. FUNDING CATEGORY**

Programs and services offered through Culture Services are classified as non-tax supported and partially tax-supported. Some costs of service delivery are fully recovered, and some costs of service delivery are partially recovered through User Fees and Charges.

**4. KEY FACTORS**

The key factors to consider when establishing, reviewing, and adjusting Culture Services User Fees and Charges are as follows:

**4.1. Cost Recovery**

A number of Culture Services User Fees and Charges are listed at 100% of the cost incurred. These include items such as Event Insurance, Front of House and Theatre Technician time; third party services such as piano tuning, and the rental of additional equipment for a theatre performance.

**4.2. Pricing Strategy**

Culture Services uses three principles in pricing strategy to determine User Fees and Charges – Amenity-Based Pricing, Customer Class, and location-based pricing.

- a) Amenity-Based Pricing  
The Shell Theatre sets different prices for rentals depending on the services included. For example, the Shell Theatre sets a rate that is different for rehearsals than for performances. Fees are higher for a performance as more staff are required to host the rental event.
- b) Customer Class Pricing
  - i. FHP  
Age-The FHP’s admission rates differ by age categories – Adult, Youth/Senior, and Child. Group-At the FHP, a Family rate (2 adults/caregivers and unlimited children under 18 years old) is discounted to encourage family visits to the site.
  - ii. Resident / Non-Profit and Non-Resident / Commercial  
Rental rates have two categories at the FHP. The Resident/Non-Profit rate is specific to those who reside in Fort Saskatchewan and to organizations with their non-profit status. The Non-Resident/Commercial rate is specific to those who live outside of the Fort Saskatchewan community or to a commercial organization.
  - iii. Shell Theatre  
Resident / Non-Profit and Non-Resident / Commercial  
The Shell Theatre rental rates have two categories. The Resident/Non-Profit rate is specific to those who reside in Fort Saskatchewan and to organizations with their non-profit status. The Non-Resident/Commercial rate is specific to those who live outside of the Fort Saskatchewan community or to a commercial organization.



c) Location-Based Pricing

The CN Station is the only building to have a block booking rate. This location is used by a number of non-profit groups on a weekly or monthly basis, and the rental rate is discounted if an organization books 10 times per year or more.

In the pricing strategy for Culture Services, there are 5 additional considerations. These considerations are listed below:

- a) Demand Analysis for the good or service;
- b) Value of the good or service to consumers/clients;
- c) Societal Benefit associated with the consumption of the good or service;
- d) Analysis of the existing market price;
- e) Convenience Pricing for the good or service; and
- f) Standard business practices.

**4.3. Comparators and Existing Markets**

Shell Theatre:

- a) Camrose – Jeanne & Peter Lougheed Performing Arts Centre;
- b) Morinville – Morinville Community Cultural Centre;
- c) Leduc – MacLab Centre for the Performing Arts;
- d) Spruce Grove - Horizon Stage;
- e) St. Albert – Arden Theatre; and
- f) Strathcona County – Festival Place.

Fort Heritage Precinct (FHP) for admissions, school programming, weddings and photography:

- a) Alberta Railway Museum;
- b) Art Gallery of Alberta;
- c) Bennet Centre;
- d) Edmonton Valley Zoo;
- e) Fort Edmonton Park;
- f) John Janzen Nature Centre;
- g) John Walter Museum;
- h) Muttart Conservatory;
- i) St. Albert Heritage Sites;
- j) Stony Plain and Parkland Pioneer Museum;
- k) Royal Alberta Museum;
- l) Rutherford House Provincial Historic Site;
- m) Telus World of Science;
- n) Ukrainian Cultural Heritage Village;
- o) University of Alberta Botanical Gardens; and
- p) Victoria Settlement Provincial Historic Site.

**4.4. Inflation Rates**

- a) Inflation related to wages, equipment, materials, and contracted services are considered in calculations.



- 
- b) In some cases, the Department may hold prices for more than 1 year and apply inflationary adjustments in larger increments.

**4.5. Public Engagement**

- a) Feedback received from clients, schools, surveys or other sources are considered in establishing, reviewing and adjusting rates and fees or the fee structure.

**4.6. Other Factors**

- a) All Culture Services User Fees and Charges are reviewed annually.
- b) Changes to User Fees & Charges are effective January 1<sup>st</sup> or September 1<sup>st</sup>. Many of the Culture Services programs are based on the school season or theatre season which runs September to August.



## **USER FEES & CHARGES – Recreation Department**

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Date Issued: October 30, 2019

Cross Reference:

- User Fees & Charges Policy FIN-009-C

Current Revision: October 30, 2019

Responsibility:

- Director, Recreation Services
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### **1. PURPOSE**

1.1 The Recreation Department oversees facilities that offer a variety of services and rental opportunities for its citizens. In collaboration with both the Culture and Facilities Departments for consistency, User Fees and Charges are determined based on specific criteria as mentioned below.

1.2 The following locations' fees fall under the Recreation Department:

- 1.2.1 Dow Centennial Centre (except the Shell Theatre);
- 1.2.2 Harbour Pool;
- 1.2.3 Sportsplex Arena;
- 1.2.4 Jubilee Recreation Centre;
- 1.2.5 West River's Edge;
- 1.2.6 Royal Canadian Legion; and
- 1.2.7 Fort Saskatchewan Golf and Curling Club

1.3 User Fees and Charges are collected for the following services:

- 1.3.1 Single Admissions & Memberships;
- 1.3.2 Specialized Fitness Services;
- 1.3.3 Childminding;
- 1.3.4 Learn to Swim and Leadership Programs;
- 1.3.5 Children's Summer Camp Programs;
- 1.3.6 Meeting Room rentals;
- 1.3.7 Indoor Soccer Field, Arenas, Taurus Field rentals;
- 1.3.8 Gymnasium rentals; and
- 1.3.9 Flex Hall rentals.
- 1.3.10 Pool Rentals

### **2. GUIDING PRINCIPLES**

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2.1 For purposes of establishing and reviewing Recreation Services' User Fees and Charges, the following principles are applied:

- 2.1.1 Benefit Received Principle
- 2.1.2 Cost Recovery Principle
- 2.1.3 Capital Assets
- 2.1.4 Service Efficiency/Allocation of Resources Principle

### **3. FUNDING CATEGORY**

The programs and services offered through Recreation Services are classified as Partially Tax Supported (Reduced User Fee), as the costs of delivery are recovered through a combination of User Fees, Charges and property taxes.

### **4. KEY FACTORS**

Recreation Services considers a number of key factors when reviewing and/or recommending new User Fees and Charges such as:

#### 4.1 Pricing Methodology

- 4.1.1 Tracking and forecasting both the direct and indirect cost of facility rentals;
- 4.1.2 Reviewing relevant regional comparators; and
- 4.1.3 Reviewing costs for providing swimming lessons, fitness and wellness programs, childminding, and children's summer camps, such as instructor fees, certification fees, and supplies.

#### 4.2 Cost Recovery

- 4.2.1 Services are reviewed annually to determine the cost recovery ratio.

#### 4.3 Pricing Strategies

- 4.3.1 Recognizing demand for the service by its availability/convenience amongst our comparators;
- 4.3.2 Understanding the societal benefits associated with providing the service;
- 4.3.3 Adjusting fees for peak and off-peak booking times;
- 4.3.4 Convenience pricing offers efficiency to both customers and staff; and
- 4.3.5 Accounting for increased costs such as staffing, utilities, contracted services and supplies.

#### 4.4 Comparators and Existing Market

- 4.4.1 Leduc;
- 4.4.2 Beaumont;
- 4.4.3 Strathcona County;
- 4.4.4 Ardrossan;
- 4.4.5 St Albert;
- 4.4.6 Josephburg;



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- 4.4.7 Redwater;
  - 4.4.8 Lamont;
  - 4.4.9 Bruderheim;
  - 4.4.10 Edmonton (North); and
  - 4.4.11 Spruce Grove.

#### 4.5 Inflation Rates

- 4.5.1 Regional comparators are reviewed annually along with expected service demand to determine potential inflationary increases.

#### 4.6 Stakeholder Input

- 4.6.1 Recreation Services meets regularly with local User Groups which provides an opportunity to receive input on User Fees and Charges as least twice per year.

#### 4.7 Other Factors

5. All changes to User Fees and Charges that do not take effect on January 1 of each year will take effect on specific dates, no later than September 1. This is done to accommodate our Sports User Group's playing seasons that align with the school calendar.
6. Users' Fees and Charges are reviewed every year.