

City of Mississauga

Corporate Policy & Procedure



Draft Only – May 19, 2022

Policy Title: Fees and Charges Framework

Policy Number: [Policy No.]

Section: **Finance and Accounting**

Effective Date: **[Effective Date]**

Approved by:

Click here to enter text.

Subsection: **Fees and Other Revenue**

Last Review Date: **[Last Review]**

Owner Division/Contact:

**Finance Division, Corporate Services
Department**

Policy Statement

Fees and charges are an important revenue source for achieving the City's objective of long-term financial sustainability by reducing the dependency on the tax base for funding of City services that benefit targeted user(s).

Purpose

The purpose of this policy is to provide a framework to ensure a consistent and transparent approach for instituting and maintaining User Fees across the City.

Scope

This policy applies to all City programs and services levying User Fees, excluding the Stormwater Program. For more information refer to Corporate Policy and Procedure - [Stormwater Funding Program](#).

This policy is supported by the Fees and Charges Guidelines document, which provides detailed direction to staff when instituting or updating fees and charges.

The specific User Fee to be charged is established in the applicable by-law.

Legislative Authority

The *Municipal Act, 2001*, as amended, authorizes the City to impose fees and charges.

Definitions

For the purposes of this policy:

“Capital Costs” means the costs of acquisition of an asset of a permanent nature, or costs to improve an existing asset in order to extend its useful life or add new capabilities.

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“City” means The Corporation of the City of Mississauga;

“City Manager” means the Chief Administrative Officer and head of the City Manager’s Department or the staff designated in writing as such to act in the absence of the City Manager.

“Council” means the Mayor and Members of Council for The Corporation of the City of Mississauga.

“Department” means the major operation groups within the City, namely the City Manager’s Office, Community Services, Corporate Services, Planning & Building and Transportation & Works.

“Department Head” means the employee heading any Department or the staff designated in writing to act in the absence of a Department Head.

“Direct Costs” means costs directly attributable to a specific program or service (e.g., equipment or program supplies and instructors’ salaries).

“Director” means the employee heading any City Division or the staff designated in writing as such to act in the absence of a Director.

“Division” means a division within a Department.

“Environmental Costs” means those costs attributable to environmental greenhouse gas emissions, air pollutants, energy consumption, protection of water resources and the generation of waste that must go to landfill.

“Indirect Costs” means costs that are not directly attributable to one particular service activity (e.g. facility operations and maintenance).

“Operating Budget” means the annual Council approved plan for expenditures, revenues, staffing levels and service levels for operations of the City from January 1st to December 31st of a given year.

“Person” includes an individual, sole proprietorship, partnership, corporation, Municipal Corporation, unincorporated association or organization, trust, and a natural person in their capacity as a trustee, executor, administrator or other legal representative.

“Pricing Methodology” means the process used to determine a User Fee.

“Service Area” means a unit of one or more municipal services that are grouped together administratively for the purposes of preparing business plans and budgets.

“Social Costs” means costs attributable to improving the accessibility, availability, affordability and safety of the City’s programs and services

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“Treasurer” means the Director of Finance or the staff designated in writing as such to act in the absence of the Treasurer.

“User Fee” means a fee or charge to Persons in exchange for a good or service provided by the City.

Administration

This policy is administered by the Finance Division, Corporate Services Department. Revisions to the Guidelines that support this policy are approved by the Treasurer.

Roles and Responsibilities

Department Heads

Department Heads are responsible for:

- Ensuring compliance with this policy
- Approval of the appropriate User Fee targets
- Approval of the annual User Fees Corporate report and appendices to Council, and
- Ensuring waivers, exemptions and subsidies are managed effectively and approved by Council, as needed, or are in accordance with the applicable Fees and Charges By-law

Directors

Directors are responsible for:

- Ensuring all managers/supervisors are aware of and comply with this policy
- Approval of the User Fees schedules for the Division, and
- Ensuring waiver, exemption and subsidy programs are managed and approved by Council, as needed or are in accordance with the applicable Fees and Charges By-law

Legal Services

Legal Services is responsible for:

- Reviewing Corporate Reports to ensure compliance with Act(s), and
- Preparing the applicable User Fees and Charges By-law for Council approval

Principles

The Affordability Principle underlies the Fees and Charges policy. The Affordability Principle considers the impact of fee adjustments on taxpayers and/or service users as part of the annual development of the Operating Budget.

Considerations

The following are the City’s considerations for the management of its User Fees:

1. When to Charge User Fees

A User Fee can be charged by the City when a service, product, or the use of City facilities or resources enables the user(s) to obtain a direct, immediate or substantial benefit or

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service provided by the City that is distinct from or greater than that enjoyed by the general public.

2. New User Fees

Any new User Fees should be supported by a Pricing Methodology. The User Fee methodology for the production of goods or the delivery of services in addition to the process referenced in Guidelines could consider the following:

- i. all Direct and Indirect Costs
- ii. estimates of Environmental Costs and Social Costs
- iii. corporate overhead costs
- iv. HST impacts and non-recoverable portion of HST for Direct and Indirect Costs (other than labour) impacts
- v. Capital Costs
- vi. customer needs and affordability
- vii. costs as legislated by the Province
- viii. benchmarking
- ix. Council approved subsidy or exemptions

3. Subsidies

The justification for the level of cost recovery associated with User Fee services should be clearly defined. Council approval is required for any subsidy funding.

4. Waivers and Exemptions

For any waivers and exemptions of User Fees, the financial impact, criteria for eligibility, justification and approval requirements or delegation of authority should be clearly defined. Council approval is required for any waivers and exemption programs.

5. Restrictions

Under Section 393 of the *Municipal Act, 2001*, the City is prohibited from charging a poll tax (i.e. a tax levied on every adult, without reference to income or resources) or similar fee or charge, including a fee or charge which is imposed on an individual by reason only of that Person's presence or residence in the City.

Under Section 394 of the *Municipal Act 2001*, the City is prohibited from imposing User Fees that are based on, or are computed by reference to:

- a. the income of a Person, however it is earned or received, except that a City may exempt, in whole or in part, any class of persons from all or part of a fee or charge on the basis of inability to pay
- b. the use, purchase or consumption by a person of property other than property belonging to or under the control of the City
- c. the use, consumption or purchase by a person of a service other than a service provided or performed by or on behalf of or paid for by the City

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- d. the benefit received by a person from a service other than a service provided or performed by or on behalf of or paid for by the City, or
- e. the generation, exploitation, extraction, harvesting, processing, renewal or transportation of natural resources

Annual Submission of User Fees:

Fees and Charges Corporate Reports and By-laws are submitted annually for Council approval. Finance distributes Fees and Charges Guidelines and templates to all Departments at the beginning of the budgeting process. Service Areas are responsible for submitting User Fee schedules and Corporate Reports identifying any addition of new User Fees, any update to existing fees and any elimination of fees not in use.

New User Fees

For the addition of new User Fees, Service Areas should refer to the Pricing Methodology and the Guidelines. Service Areas are responsible for estimating projected revenue from the new User Fee (if applicable) and communicating this to Finance. Finance is responsible for ensuring projected revenues are included in the Operating Budget.

Updating Existing User Fees

Service Areas are required to review existing User Fees annually to assess whether they should be maintained at the current level, increased or decreased to reflect changing needs and/or resources. In addition to the Pricing Methodology referenced, review should consider the following:

- Inflationary increases
- Other cost increases and targets
- Service level changes and delivery methods
- Benchmarking analysis of neighbouring municipalities for market comparators
- Best practices
- Public consultation and feedback

Service Areas are responsible for identifying the adjustment of revenue from the revised fees (if applicable) and communicating this to Finance. Finance is responsible for ensuring revised revenue is reflected in the Operating Budget.

Elimination of User Fees

All City User Fees to be discontinued because of changes in service levels and/or relevance per market needs should therefore be removed from the User Fees and Charges Schedules in the applicable User Fees and Charges By-law.

Service Areas are responsible for identifying the adjustment of revenue from the discontinued fees (if applicable) and communicating this to Finance. Finance is responsible for ensuring projected revenue is adjusted in the Operating Budget.

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Approvals

User Fees for all City programs and services will be approved by Council by-law before implementation or elimination of any User Fee. The City shall make a schedule of all User Fees available to the public.

Any amendments to Council-approved fees and addition of new fees outside the annual fees and charges process requires Council approval through in-year Corporate Reports, unless delegated within the Council approved User Fees and Charges By-law.

The existing Council approved User Fees and Charges By-law will be in effect until repealed and replaced with an updated, new Council approved User Fees and Charges By-law.

Revision History

Reference	Description
Enter previous review - e.g. GC-1234-2015	Click here to enter text.