
Title: User Fees and Charges Policy

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Number: P-COM-65-C

Effective date: February 22, 2022

Owner: Finance

Last amended: March 4, 2025

Purpose

- 1 The effective use of user fees allows the City to increase or enhance services while limiting property tax increases. It is an efficient means to allocate government dollars and allow citizens to make a choice about how to spend their personal income. By applying user fees, the cost-of-services delivery will be fairly distributed between both the public and the individual user who receive direct benefit from the service. This policy establishes how user fees, charges and subsidies are set for the City of Airdrie services and ensure predictable future City revenue from this source.

Definitions

- 2 Words in this policy have the same meaning as in the Municipal Government Act, unless defined as follows:
 - (1) “Administration” means any individual who reports to the City Manager or their delegate;
 - (2) “City of Airdrie” or “City” means the municipal corporation of the City of Airdrie or the areas contained within the City’s municipal borders, as the context requires;
 - (3) “City Manager” means the City’s chief administrative officer or their delegate with the applicable legislation;
 - (4) “Council” means the duly elected Council for the City of Airdrie and includes all Councillors and the Mayor;
 - (5) “Direct Cost” means financial costs that are incurred exclusively to provide or maintain a specific good or service. If the City did not provide the specific good or service, these costs would not exist;
 - (6) “Full Cost” means all direct, indirect, and overhead costs to any part of the City’s provisions of the services;
 - (7) “Indirect Costs” means financial costs incurred for support activities required to provide or maintain multiple goods or services but cannot be assigned to a specific good or service. Indirect costs represent the impact that providing a specific good or service has on the overall capacity of a business unit;
 - (8) “Market comparisons” means looking at other groups offering the same or similar services. Where services are not exact, Administration will consider adjustments for differences to ensure a fair rate is determined;

- (9) “Market competitiveness” means there are other producers of the service and the City will consider how its fees and charges compare to providers of the same or similar services and ensure the rate determined remains competitive with such providers;
- (10) “Non-Resident” means a person not living in the City of Airdrie;
- (11) “Operating Cost” means all direct and indirect costs excluding capital costs and transfer to/from reserves;
- (12) “Overhead Cost” means financial costs for the executive, administrative and support functions used by all goods and services;
- (13) “Resident” means a person who is legally living in the City of Airdrie;
- (14) “Societal Benefit Matrix” means a model that helps differentiate between the degree of benefit to the community as a whole and the benefit to the individual, regarding City services. Secondary questions to align with policy goals are used to further guide the final determination of subsidy levels for the categories of services;
- (15) “Subsidy” means the portion of costs that is recovered through taxes or other revenue sources rather than by the sale of goods or services; and
- (16) “User Fees” means fees charged to citizens for their use of City services. The user fee represents the full or partial cost of the services depending on the perceived societal to the overall community.

Scope

- 3 This policy applies to all Administration and Council.
- 4 This policy applies to all City user fees and charges with the exception of utility user pay rates.

Authority and Responsibility to Implement:

- 5 User Fees and charges are calculated annually and will be brought forward to Council during budget development for approval. This ensures User Fees and charges revenue can be built into ‘Budget for Council Deliberation’ accurately.
- 6 A full review of fees will be completed by Administration in year one of the Budget cycle. In years two through four, a CPI factor will be applied to User Fees and Charges that are not dependent on cost recovery. Market comparisons will be considered to ensure fees remain in line with market comparators.
- 7 The City Manager is responsible for the implementation and review of this policy.

Policy

- 8 The City uses the following guiding principles when determining user fees; principles will be weighted depending on the service and alignment to the best interest of meeting community outcomes:
- (1) User Fees and Charges and Sustainability Principle
 - (a) User Fees and charges revenue will represent a fair distribution of services costs.
 - (2) General Tax-Supported Subsidies Principle
 - (a) The City plays a critical role in establishing essential safety and social needs of a community, including City services;
 - (b) When the services provided benefit the whole community, Airdrie residents share in the full cost of the service delivery through the payment of property taxes; and
 - (c) When the services provided only benefits the user, the City charges a user fee, so the cost of a service is shared by those who use the service.
 - (3) Benefit principles
 - (a) Residents pay for a City service according to the level or value of the individual benefit they receive; and
 - (b) The greater the benefit to the whole community, the greater the tax support allocated to the service.
 - (4) Cost Recovery Principle
 - (a) The full cost of delivering the service will be considered when available and appropriate. The level of subsidization through the tax base would be noted in this case; and
 - (b) This principle does not suggest that the user fees and charges will recover full cost. Once a fee is finalized, the calculation to determine the user fee may see costs only partially recovered.
 - (5) Allocation of Resources Principle
 - (a) Limited resources and facilities are available to the community and public demand cannot be fully met. User fees and charges help manage this demand by considering price differentials between times of peak demand and under-utilization.
 - (6) Management of Public Assets Principle
 - (a) Council recognizes that public assets have a value, and this value is to be considered when determining user fees and subsidies. The City has a stewardship obligation over these assets and with that comes an obligation

to residents for proper asset management including maintenance, repairs, and life cycling.

- (7) Ability to Pay and Tax-Supported Subsidies for Individual Principles
 - (a) Where evidence exists to demonstrate ability to pay, users (regardless of demographic) will pay appropriate fees aligned to individual benefit; and
 - (b) Where access to services may be cost prohibitive, the City will provide a subsidy to users with a certain income level so that they may benefit from a service. The Airdrie Fair Access program (AFA) will address this.
- (8) Market Comparisons and Competitiveness Principle
 - (a) The City will consider market comparisons to support adequate levels of costs recovery and maintain City's competitive advantage. User fees will be at the median value.
- (9) Consistency and Transparency Principle
 - (a) The City applies a consistent approach to setting users fees and stakeholders will receive reasonable notice of increases.

User fees and Charges Grouping

- 9 City of Airdrie user fees and charges are grouped as per the following based on their methodology:
 - (1) Group A: Indoor/Outdoor Recreation Fees and Facility Rental Fees
 - (a) Residents have the ability to rent and use a variety of indoor and outdoor amenities throughout the City. These amenities include, but are not limited to, sport fields, Recreation Centre usage, ice rinks, and so on. In addition, the City has many facilities that can be rented for various uses. Revenues raised through user fees in this area will cover the operating costs;
 - (b) User groups will be engaged and informed of fee changes;
 - (c) Market comparisons will include facilities within a 30-minute drive from the City of Airdrie;
 - (i) Market comparisons include a mix of different operating models, private and public fields, facilities, etc. Other municipalities can be highly subsidized and differ from municipality to municipality. For the City to maintain its competitive advantage it is important to compare businesses offering the same or similar services. The 30-minute radius is set as this is the typical distance a user is willing to go to receive such services; and

- (d) Within Group A, market competitiveness is the best method to maintain equity between the individual and the tax base.
- (2) Group B: Licenses, Permits and Approval Fees
 - (a) These types of fees are associated with the City granting permission and allowing property owners to use their property in a specific manner. While public benefits exists from a system of permits and licensing, the City expects such regulatory fees to cover the cost of this public oversight from individuals or businesses generating the cost;
 - (b) Where applicable, the development community will be informed of fee changes;
 - (c) Market comparisons will include benchmark (mid-sized) cities and other municipal competitors; and
 - (d) Where available, the City will consider the cost recovery principle in conjunction with market comparisons for these services.
- 10 Group C: Other Fees
 - (1) Services within this Group include, but are not limited to, transit fees, Fire administration fees, RCMP administration fees, taxation administration fees (not including property taxes), infrastructure fees (roads, engineering, waste and recycling, water and sewage utility, and utility administration (not including utility rates) and other administrative type fees. Methodology will be aligned to best reach overall community goals.

On-Going Monitoring

- 11 The City will continue to monitor and periodically review this policy and related procedures as determined by the City Manager.

Relevant legislation

B-41/2023 – User Fees and Charges Bylaw

Appendices

N/A

History

February 22, 2022/2022-C-078

Council amendments:

Administration reviews:

Date rescinded: N/A

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