Minutes - Executive Policy Committee - December 10, 2008

Minute No. 55
Report - Standing Policy Committee on Finance - December 10, 2008

Item No. 1 Fees and Charges Policy
File GL-5.8.1

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Finance and submits the following to Council:

1. That a By-law (draft in Appendix A of the report dated December 5, 2008 from the Deputy Chief Administrative Officer/Chief Financial Officer) be enacted which will:

   A. Permit the Chief Financial Officer to increase annually all fees charged by the City by up to the rate of inflation defined to be the consumer price index for Winnipeg;

   B. Where a fee has not been increased by a year or more as outlined under Recommendation 1. A., permit the Chief Financial Officer to increase the fee by an amount equal or less than the cumulative rate of inflation, compounded annually, where the total increase is $.05 or less since the last increase, to a maximum of four years;

   C. Permit the Chief Financial Officer to round fees up or down for ease of payment;

   D. Permit the Chief Financial Officer to establish, rescind and determine the amount of fees of an administrative nature based on the principle of cost recovery;

   E. Create a Fees and Charges Schedule which contains fees and charges imposed by the City;

   F. Assign responsibility to the Chief Financial Officer to ensure the continuing accuracy of the Fees and Charges Schedule;

   G. Provide that the fees and charges of the Fees and Charges Schedule will be presumed to be accurate and legally authorized, and will supersede fees set out in a By-law, resolution or other City document.

Report - Standing Policy Committee on Finance - December 10, 2008

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Minutes - Executive Policy Committee - December 10, 2008

Report - Standing Policy Committee on Finance - December 10, 2008

DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Carried

Moved by Deputy Mayor Swandel,

That the recommendation of the Standing Policy Committee on Finance be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On December 10, 2008, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service, as amended, namely:

- Amend Recommendation 1. B. by adding the words “where the total increase is $.05 or less” after the words “compounded annually”,

and submitted the matter to the Executive Policy Committee and Council.

RE: Fees and Charges Policy

FOR SUBMISSION TO: **Standing Policy Committee on Finance**

ORIGINAL REPORT SIGNED BY: **Deputy CAO/CFO**

REPORT DATE: **December 5, 2008**

RECOMMENDATION:

1. **That a By-law (draft in Appendix A) be enacted which will:**
   a. **Permit the Chief Financial Officer to increase annually all fees charged by the City by up to the rate of inflation defined to be the consumer price index for Winnipeg;**
   b. **Where a fee has not been increased by a year or more as outlined under recommendation 1a, permit the Chief Financial Officer to increase the fee by an amount equal or less than the cumulative rate of inflation, compounded annually, since the last increase, to a maximum of four years;**
   c. **Permit the Chief Financial Officer to round fees up or down for ease of payment;**
   d. **Permit the Chief Financial Officer to establish, rescind and determine the amount of fees of an administrative nature based on the principle of cost recovery;**
   e. **Create a Fees and Charges Schedule which contains fees and charges imposed by the City;**
   f. **Assign responsibility to the Chief Financial Officer to ensure the continuing accuracy of the Fees and Charges Schedule;**
   g. **Provide that the fees and charges of the Fees and Charges Schedule will be presumed to be accurate and legally authorized, and will supersede fees set out in a By-law, resolution or other City document.**
2. **That the proper officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.**

Report Summary

Key Issues:

- The proposed By-law would delegate authority to the CFO to increase fees and charges by up to the rate of inflation for all City fees and charges, thus ensuring city-wide consistency.

- The proposed By-law would also delegate authority to the CFO to create, set the amount or rescind fees and charges that are administrative in nature based on the principle of cost recovery.

- The proposed By-law also provides for an official Fees and Charges Schedule, thereby formalizing the internal fees and charges manual that has been widely used for some time. The Fees and Charges Schedule will supersede by-laws, resolutions and other City documents. This will ensure a clear location for the public as well as city employees to find the correct amount for a fee or charge. The Schedule would be posted on the City's internet site.

Implications of the Recommendation(s):

General Implications

( ) None

(X) For the organization overall and/or for other departments

(X) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s): This Report proposes delegating to the CFO authority to increase fees by the rate of inflation and to establish, rescind and determine the amount of fees of an administrative nature The CFO would also be responsible for maintaining an accurate Fees and Charges Schedule that would serve as the official City record for fees and charges.

Policy Implications

( ) No

(X) Yes

Comment(s): This Report proposes delegating to the CFO authority to increase fees by the rate of inflation and to establish, rescind and

determine the amount of fees of an administrative nature. The CFO would also be responsible for maintaining an accurate Fees and Charges Schedule that would serve as the official City record for fees and charges.

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

( ) Within approved current and/or capital budget

(X) Current and/or capital budget adjustment required

Comment(s): The recommendations in this Report would result in additional inflationary revenue increases.

Report

REASON FOR THE REPORT:

In order to streamline the process for inflationary increases to fee and charges, the Public Service has prepared this report.

Council approval is required to delegate to the Chief Financial Officer (CFO)* the authority to increase fees and charges by up to the rate of inflation and for the CFO to create, set the amount or rescind fees and charges that are of administrative in nature, as proposed in this report and proposed by-law.

HISTORY:

In the past, departments have individually submitted reports to Council for increases to fees and charges. This has resulted in numerous reports being submitted annually usually in the fall and early winter.

On January 22, 1992 Council directed the Public Service to review fees regularly, at least once every 3 years, and that, as a general rule, fees should be increased by the rate of inflation.

Over the past two years, three departments have received delegated authority to increase fees and charges by the rate of inflation:

- January 24, 2007 – Public Works Fees for 2007 and Beyond
- October 24, 2007 – Community Services Fees and Charges Policy
- March 26, 2008 – Planning, Development and Building Fees By-law No. 63/2008

Currently, most other departments require Council approval for any increase to their fees and charges.

The authority for setting the fee and charge amount is typically based on a Council adopted by-law or motion. The fees and charges amount is usually found in an appendix to a City by-law but is sometimes imbedded in the text of the by-law.

DISCUSSION:

* Because the position of Chief Financial Officer is created by *The City of Winnipeg Charter*, accordingly, both this report and the proposed By-law refer to this position. Organizationally, the Chief Financial Officer's position has recently been changed to that of Deputy CAO/CFO.

Inflationary increases, rounding and setting of new administrative fees

It is generally accepted that service costs increase annually primarily because of inflation. There is a certain expectation that fees and charges will increase by the rate of inflation in order to assist in paying for these increases in costs.

At least three departments currently have delegated authority to increase fees and charges by the rate of inflation (Community Services, Public Works, and Planning, Property and Development). Most other departments do not have this delegated authority.

The goal of this proposed by-law is to provide the Public Service with a consistent city-wide policy to put into practice inflationary increases to fees and charges. The proposed by-law would not apply to taxes and fines.

This proposed By-law provides the CFO with the authority to increase fees and charges by up to the rate of inflation. In addition, by permitting cumulative, compounded inflationary increases, the proposed By-law provides for a fee increase every few years and still captures the inflation over that period of time. This is particularly useful for setting small fees which may only increase every two or three years.

For ease of payment, the CFO is authorized to round fees up or down to the nearest nickel, dime, quarter, dollar or ten dollars. Relatively small fees would be rounded to the nearest nickel and only large fees would be rounded to the nearest ten dollars.

Additionally, the proposed By-law provides the CFO with the authority to establish, rescind and determine the amount of fees and charges that are of administrative in nature. The CFO would be able to establish fees that are in addition to the main services being provided by the City. Typically, these administrative fees are in response to an additional service requested by a resident/customer from a convenience perspective. Examples include: service fees for copies of certificates, photocopying; locker fee; Tax Installment Payment Plan (TIPP) monthly fee; and Non-Sufficient Funds (NSF) cheque fee.

New fees and charges established by the Chief Financial Officer during the year will be included and noted in the year end annual fees and charges report to Council.

For clarity, this new policy does not interfere with the existing authority of departmental directors to waive fees.

Fees and Charges Schedule

The City has for many years maintained an internal Fees and Charges Schedule. In order to provide the public with simple access to the fees and charges, it is

recommended to formalize and make public a Fees and Charges Schedule that would be the definitive statement of fees and charges imposed by the City. The CFO would be given responsibility to maintain this Schedule and keep it current, issuing new versions as required. A fee appearing in the most current version of the Schedule certified by the CFO would supersede any fee set out elsewhere unless the fee in the Schedule is shown to be wrong.

The CFO would be authorized to determine which fees should be contained in the Fees and Charges Schedule but the goal is to include all fees and charges for the City of Winnipeg excluding some Leisure Guide fees and advertising type fees arising from business transactions. More specifically, the following would be excluded: those fees and charges defined in the Council approved Community Services Department Fees and Charges Policy (i.e., recreation and leisure programs) and the Council approved Community Services Department Delegation of Authority to Solicit Advertising and Set Advertising Fees Policies (i.e., rink boards and wallboards, pool advertising, etc). These fees and charges are public, numerous, and subject to changing market conditions throughout the year

In order to ensure widespread access to the Fees and Charges Schedule it would be posted on the City's internet site and kept current.

To ensure transparency, the CFO would submit annually for information a copy of the Fees and Charges Schedule to Council. It is anticipated that the first Schedule will be completed and submitted to Council as information in the first quarter of 2009.

Financial Impact Statement

Date: December 5, 2008

Project Name: Fees and Charges Increases

First Year of Program **2009**

	2009	2010	2011	2012	2013
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues (for Part 2 of report)					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The City should experience a positive increase in revenue annually from inflationary fee adjustments. However, the financial impact of these adjustments is difficult to determine at this time.

original signed by

Deputy CAO/CFO

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

- Legal Services
- Several Departmental Controllers (consultation only)

External Consultation With:
None

THIS REPORT SUBMITTED BY:

Department: Corporate Finance
Division Office of the CFO
Prepared by: Georges Chartier
File No.

Appendix A

THE CITY OF WINNIPEG

BY-LAW NO.

A By-law of THE CITY OF WINNIPEG to provide for inflationary increases in fees and the creation of a Fees and Charges Schedule.

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

Short title
1. This By-law may be cited as the Fees and Charges By-law.

Definitions
2. In this By-law

"Chief Financial Officer" means the Chief Financial Officer or acting Chief Financial Officer of the City of Winnipeg appointed pursuant to *The City of Winnipeg Charter*;

"fees" means fees established by or pursuant to by-laws or resolutions of Council or committees of Council but does not include

(a) fines;

(b) penalties; or

(c) taxes or licences in lieu of taxes;

"Fees and Charges Schedule" means the most recent version of the Fees and Charges Schedule established pursuant to section 6 and certified by the Chief Financial Officer;

"rate of inflation" means the consumer price index for the City of Winnipeg reported by Statistics Canada or forecasted by the Conference Board of Canada;

Inflationary increase to fees authorized
3(1) Notwithstanding any By-law provision to the contrary, the Chief Financial Officer is hereby authorized to increase annually all fees imposed by the City of Winnipeg by an amount equal to or less than the rate of inflation.

3(2) Where a fee has not been increased by a year or more, the CFO may increase the fee by an amount equal to or less than the cumulative rate of inflation, compounded annually, since

(a) the year in which the fee was last increased; or

(b) four years prior to the current year;

whichever is most recent.

Rounding authorized
4 The Chief Financial Officer may round fees up or down to the nearest nickel, dime, quarter, dollar or ten dollars as he or she considers appropriate for ease of payment.

CFO authorized to establish and set administrative fees
5 Notwithstanding any existing By-law or resolution to the contrary, the Chief Financial Officer may establish, rescind and determine the amount of fees of an administrative nature.

Fees and Charges Schedule established
6(1) A Fees and Charges Schedule is hereby established which shall set out some or all of the fees and charges imposed by the City of Winnipeg.

6(2) The Chief Financial Officer shall ensure the continuing accuracy of the fees and charges set out in the Fees and Charges Schedule and may issue new versions of the Fees and Charges Schedule from time to time in order to do so.

6(3) The Chief Financial Officer must certify the accuracy of the fees set out in every version of the Fees and Charges Schedule by affixing his or her signature to that version.

6(4) When the Chief Financial Officer issues a new version of the Fees and Charges Schedule, all previous versions are of no legal effect.

Fees and Charges Schedule presumed to be accurate
7(1) Unless it can be shown to be in error or imposed without authority, the amount of a fee set out in the most recent version of the Fees and Charges Schedule certified by the Chief Financial Officer supersedes the amount of that fee set out in any other By-law, resolution of Council or a Council committee, or any other document issued by the City or an employee of the City.

7(2) For greater certainty, in the absence of evidence to the contrary, where the amount of a fee set out in the most recent certified version of the Fees and Charges Schedule is inconsistent with the amount of a fee set out in a by-law, a resolution or another document issued by the City or an employee of the City, the amount of the fee set out in the Fees and Charges Schedule shall be presumed to be accurate and lawfully imposed.

DONE AND PASSED, this day of , 2008.

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Mayor

_____
City Clerk

Approved as to content:

_____
Deputy Chief Administrative Officer/ Chief Financial Officer

Approved as to form:

_____
For City Solicitor/Manager of Legal Services