

Appendix 2. Management Response User Fee Audit Report 2022

Recommendation 1:

City Council requests the Chief Administrative Officer to ensure that staff implement a comprehensive user fee framework that requires a consistent approach for establishing user fees across City Programs and Local Boards, and such policy shall:

- a) be designed to improve consistency, transparency, efficiency, and accountability in establishing and managing user fees,
- b) promote recovery of the full cost of services for which user fees are charged, to the extent that there is no conflict with the City’s policy objectives and priorities, and
- c) require ongoing review of user fees to ensure that they are adjusted to reflect changes in the cost of delivering services, changes in service levels, as well as the continued relevance of policy objectives and actual outcomes.

Management Response:	
Comments/Action Plan	Time Frame
The Chief Administrative Officer, will develop a user fee framework, in consultation with Finance and user fee program areas.	June 2023
In addition, each program area will develop a program specific user fee policy, as part of its comprehensive user fee study with the following proposed timeline: <ul style="list-style-type: none"> 1. Recreation – Q4 2024 2. Planning – June 2024 3. Fire & Emergency Services – June 2024 4. Parks – Q4 2024 	Q2 – Q4, 2024
The CAO will determine the feasibility and timeline of rolling out the user fee policy implementation to other City user fee areas such as Building, Finance, and City Clerk’s.	

Recommendation 2:

City Council requests the Chief Administrative Officer to ensure that staff determine the full-service costs for user fee programs as the starting point for setting user fees, and that in doing so, staff consider using Activity Based Costing principles to calculate full service cost.

Management Response:	
Comments/Action Plan	Time Frame
<p><u>Response required from CAO's Office</u> The CAO agrees with the recommendation. User fee program areas will be determining the full costs, in consultation with Finance, as outlined below:</p>	
<p>1. <u>Fire and Emergency Services Division</u> The Fire Management Team (FMT) will focus on establishing the full cost to deliver the service of responding to false alarms, which accounts for approximately 77% of Brampton Fire and Emergency Services user fees using the activity based costing methodology.</p>	Q4 2023
<p>2. <u>Parks and Forestry Division</u> Parks will review its user fees to determine a full cost including benchmarking from other municipalities.</p>	Q4 2023
<p>3. <u>Recreation Division</u> Recreation will review its user fees to determine a full cost including benchmarking from other municipalities.</p>	Q4 2023
<p>4. <u>Development Services Division</u> Planning Building Growth Management will put together a roadmap to examine all user fees within the Department with an initial start on Development Services user fees beginning in Q2 2023. Staff will report back to CAO/Council on other elements of the road map.</p>	Q2 2023 (Development Services Comprehensive Fee Review)

Recommendation 3:

City Council requests the Chief Administrative Officer to ensure that staff document the rationale when user fees are not set based on the full service cost.

Management Response:	
Comments/Action Plan	Time Frame
<p><u>Response required from CAO's Office</u></p> <p>The CAO will direct the program areas to initiate a full-service cost review to determine the rationale behind and the magnitude of subsidies.</p>	
<p><u>Fire and Emergency Services Division</u></p> <p>FMT will document through the budget process the rationale when user fees are not set based on full service cost.</p>	Q4 2023 for the 2024 Budget submission
<p><u>Parks and Forestry Division</u></p> <p>Parks will complete a comprehensive fee review and full cost analysis. When user fees are not set to recover full costs, Parks will supply a document with justifications and rationale.</p>	2023-2024
<p><u>Recreation Division</u></p> <p>Recreation will complete a review of subsidies by fee category.</p>	2023-2024
<p><u>Development Services Division</u></p> <p>Each division that charges user fees will provide justification and rationale when user fees are not based on full-service cost.</p>	Q4-2025 Upon completion of each applicable Divisional User Fee Review as noted above.
	All to be completed by Q4 2025

Recommendation 4:

City Council requests the Chief Administrative Officer to ensure that staff conduct and presents to City Council a comprehensive user fee study once every four years, and such study should:

- a) identify all existing user fees,
- b) determine current basis of the fee price,
- c) determine those fees that should be fully cost-recovered, and the extent to which the full cost is recovered,

- d) determine those fees that should be exempt from full cost recovery,
- e) identify additional opportunities for collecting user fees, and
- f) assess whether user fee services are delivered economically and efficiently.

Management Response:	
Comments/Action Plan	Time Frame
<p><u>Response required from CAO's Office</u> For comprehensive user fee study and its timelines for user fee program areas, please refer to CAO's response for Recommendation #1.</p>	Q2-Q4, 2024
<p><u>Fire and Emergency Services Division</u> The last user fee review was conducted November 29, 2019 by Ernst & Young. Brampton Fire and Emergency Services will conduct a user fee review in 2024.</p>	Q4 2024
<p><u>Parks and Forestry Division</u> Parks will endeavor to complete the analysis for the 2024 user fee cycle, noting that recommendations and changes may need to be phased in over 2024-2026.</p>	Q4 2023
<p><u>Recreation Division</u> Recreation will endeavor to complete the analysis for the 2024 user fee cycle, noting that recommendations and changes may need to be phased in over 2024-2026.</p>	Q4 2024
<p><u>Development Services Division</u> Staff support this recommendation. Scheduled comprehensive fee reviews will ensure PGBM's fee structure is transparent and justifiable to industry, and that operational costs to the tax base are minimized.</p>	Q4-2025 Upon completion of each applicable Divisional User Fee Review as noted above.
	All to be completed by Q4 2025

Recommendation 5:

City Council requests the Chief Administrative Officer to ensure that staff conduct and present to City Council an annual update on user fee, and such updates should include the impact of inflation, other cost increases, adequacy of cost recovery, use of services, and the competitiveness of current rates, and identify additional opportunities to collect new user fees.

Management Response:	
Comments/Action Plan	Time Frame
<p><u>Response required from CAO's Office</u></p> <p>The CAO will ensure that the periodic review timeline is included in the user fee framework.</p> <p>A comprehensive consolidated report from Finance incorporating all program areas will be presented to City Council, at the end of each year, prior to budget cycle, addressing the following user fee areas:</p> <ul style="list-style-type: none"> • the impact of inflation • other cost increases • adequacy of cost recovery • use of services • the competitiveness of current rates • additional opportunities to collect new user fees. <p><u>Fire and Emergency Services Division</u></p> <p>FMT through the budget process will provide an annual update on user fees which would include the impact of inflation, adequacy of cost recovery, competitiveness of current rates and opportunities to collect new user fees.</p> <p><u>Parks and Forestry Division</u></p> <p>In consultation with Finance, Recreation will present this information for the 2024 user fees.</p> <p><u>Recreation Division</u></p> <p>In consultation with Finance, Recreation will present this information for the 2024 user fees.</p> <p><u>Development Services Division</u></p> <p>Staff support this recommendation. The Department could grow its current annual activity reporting to include additional analysis with respect to fees to provide a comprehensive overview on the state of the Department's operations.</p>	<p>Q2 2023</p> <p>Annually as part of the budget cycle (Q4)</p> <p>Q4 2023 for the 2024 Budget submission</p> <p>Q4 2023</p> <p>Q4 2023</p> <p>Q4-2025 Upon completion of each applicable Divisional User Fee Review as noted above.</p> <p>All to be completed by Q4 2025</p>

Recommendation 6:

City Council requests the Chief Administrative Officer to ensure that staff record user fees in specific fee accounts and, where possible, identify the revenue sources and distribute the revenues from the general accounts to specific user fee accounts, to facilitate comprehensive and periodic fee analysis.

Management Response:	
Comments/Action Plan	Time Frame
<p><u>Response required from CAO's Office</u></p> <p>The CAO agrees with the recommendation. Please see Accounting Services' response below:</p> <p><u>Accounting Services</u> Accounting Services agrees with the recommendation.</p> <p>Staff will conduct in depth analysis of the general recoveries General Ledger accounts and set up new accounts for user fees based on volume and \$ value materiality.</p> <p>Based on preliminary analysis we would recommend setting up new accounts for following user fee transactions:</p> <ul style="list-style-type: none"> • Tax Adjustments and Fees (system – TXM) • Roads Operations Permit Fees (system – A2G) • Building and Cemetery Letters of Compliance (system – A2G) • Fire Non-Emergency Charges (system – Corporate AR) <p>These categories alone represent approximately 30% of the overall amount in the main General Recoveries account.</p> <p>These revenues come from various sub-systems and minor configuration changes will be required.</p> <p><u>Fire and Emergency Services Division</u> FMT will work with Corporate Finance to set-up new General Ledger accounts whereby Brampton Fire and Emergency Services can begin to post user fees in specific accounts versus general accounts to facilitate identification and analysis of user fees simpler to do.</p> <p><u>Parks and Forestry Division</u> Parks will work with finance and accounting services to set up new user fee General Ledger accounts based on dollar value and</p>	<p>Q2 2023</p> <p>Q4 2023 for the 2024 Budget submission</p> <p>Q4 2023</p>

<p>materiality of revenues recorded under General Recoveries account.</p> <p><u>Recreation Division</u> Recreation has improved its revenue reporting over the past 3 years but will continue to collaborate with Finance for further improvements.</p> <p><u>Development Services Division</u> Development Services will work with Finance to set up new General Ledger accounts for items that are currently booked under General Recoveries based on \$ value and materiality.</p>	<p>Q4 2023</p> <p>Q2 2023</p>
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Recommendation 7:

City Council requests the Commissioner of the Planning, Building and Growth Management Department to evaluate the feasibility of raising the development services user fees so that the rates charged by the City are comparable with neighboring municipalities to improve the cost recovery ratio and reduce the burden on Brampton property taxpayers.

Management Response:	
Comments/Action Plan	Time Frame
<p><u>Development Services Division</u> The feasibility of raising fees to rates charged by comparable municipalities will need to be examined within the context of a comprehensive fee review. Fee structures and fee calculation methodologies vary significantly between each municipality as do development activity volumes, staffing size and organizational structure.</p> <p>Setting fees for Brampton’s development application review needs to be attuned to the City’s specific development context, city building vision, and direction of Council, in consultation with industry.</p>	<p>To be aligned with Comprehensive Fee Review dates as noted above (Rec #2) For Development Services, work to start in Q2, 2023</p>