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Policy Owner:	Financial Services
Adopted By:	Council
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Purpose

- 1 This policy establishes a uniform, consistent, and transparent approach in considering and establishing user fees for relevant goods and services offered by Rocky View County (the “County”). The policy sets out guidelines for the process, rationale, and information needed to support the recommended user fees.



Policy Statement

- 2 A proposed user fee must be supported by a pricing methodology as a base for setting the fee. The pricing methodology must start with understanding the full cost necessary to provide said good or service.
- 3 Pricing of user fees should conform to the *Municipal Government Act* and any other relevant legislation.
- 4 Council must authorize all user fees before implementing the user fee. An annual review and approval of all user fees is completed through Council’s approval of the *Master Rates Bylaw*.
- 5 Department managers are accountable for ensuring that user fees for goods or services charged by their programs are properly administered in compliance with the guiding principles set out in this policy.



Policy

6 The following guiding principles govern the establishment of user fees at the County. In instances where it is impossible to adhere to all principles, it is important to consider the principles that best apply.

(1) User Fee Criteria:

The following conditions should exist for a County good or service to charge a user fee:

- (a) there is some individual benefit associated with the good or service;
- (b) the cost of deriving the individual's benefit can be reasonably estimated; and
- (c) the revenues generated through user fees would be greater than the administrative cost of implementing a fee system.

(2) Benefits:

The persons responsible for paying a user fee depend on the recipient of the benefits from the good or service being offered by the County:

- (a) to equitably distribute the cost to administer services, thereby achieving social equity for the community, the County must determine the recipient of the benefits of a good or service the County offers;
- (b) those who receive benefits from the County's goods or services, whether an individual or community at large, should pay the user fee for the good or service, in an amount proportionate to the individual or community benefit derived;
- (c) a good or service could benefit an individual (private), an individual and the community at large (blend), or the community at large (public);
- (d) for a private good or service, the individual pays the full cost of offering the good or service. Privately beneficial goods or services must follow a full cost recovery model in setting the user fee. In the case that a full-cost recovery fee is not feasible (due to social, economic, or environmental reasons) from the inception of a good or service offering, a plan to achieve full cost recovery must be developed;
- (e) for public goods or services, the full cost should be paid for by public funds (property taxes);

- (f) for goods or services for which there is a defensible blend of both public and private benefit, a proportion of the user fee should be covered by the individual, while taxes subsidize the remainder;
 - (g) all County-offered services are to be categorized as the following:
 - (i) Non-tax-supported (100% user fee): goods and services fully funded by revenues from user fees.
 - (ii) Partially tax-supported (subsidized user fee): goods and services funded by a combination of revenues from user fees and property taxes.
 - (iii) Fully tax-supported (0% user fee): goods or services for which the benefit of consumption cannot be easily ascribed to an individual, or a user fee is not particularly desirable. Property taxes should fully fund this.
 - (iv) Licences, permits, approvals, and penalties: fees used by the County to regulate the use of private property in a specific way. These are typically fully funded by application fees or penalties, and non-compliance can be fined.
- (3) Full Costing:
To ensure that Council and all decision-makers understand the complete cost of delivering a service, a full cost analysis must accompany the setting of all user fees. Full cost is defined as:
- (a) all operational direct and indirect costs which can be reasonably attributed;
 - (b) all capital costs, including debt repayment, lifecycle amortization, maintenance, rehabilitation, renewal, and replacement costs; and
 - (c) full cost recovery as an objective depends on the beneficiary of the service. With the “non-tax-supported” service having full cost recovery as an objective, “partially tax-supported” service having the individual’s portion of the full cost recovery as an objective, and “fully tax-supported” service having no cost recovery as an objective.
- (4) Subsidization:
The County may decide to subsidize all or a part of the full cost of offering a service for all users or targeted demography (e.g., due to income disparity or other social factors). When offering a subsidy, the public benefit of the service must outweigh the public cost to subsidize the service. If a service is subsidized, a clear rationale backed up by an independent study justifying the subsidy must be documented and approved by Council before the subsidized user fee is offered to the community.

- (5) Pricing Methodology:
In addition to benefits, full cost, and subsidization, other pricing methodologies to be considered are as follows:
- (a) market analysis: a market analysis must be completed to establish demand and the perceived value of the good or service to the community. This should include existing market prices, if applicable;
 - (b) differential pricing strategies: the County may use user fees to influence consumer behavior to align with a specific social, economic, or environmental strategic direction, such as:
 - (i) peak-load pricing;
 - (ii) amenity-based pricing;
 - (iii) pricing based on customer class (age, income, for-profit vs. non-profit organizations, etc.);
 - (iv) pricing based on location; and
 - (v) pricing based on event type (public, commercial, private, tournament, etc.);
 - (c) non-compete clause: the County may decide to set a user fee at less than full cost to not directly compete with local businesses; and
 - (d) standard business practices: these should be considered when establishing a user fee, regardless of the unique advantages a municipality may have access to.



References

Legal Authorities	<ul style="list-style-type: none"> • <i>Municipal Government Act, RSA 2000, c M-26</i>
Related Plans, Bylaws, Policies, etc.	<ul style="list-style-type: none"> • Rocky View County Bylaw C-8386-2023, <i>Master Rates Bylaw</i> • Rocky View County Policy A-216, <i>Tangible Capital Assets</i>
Related Procedures	<ul style="list-style-type: none"> • Rocky View County Procedure PRO-216, <i>Tangible Capital Assets</i>
Other	<ul style="list-style-type: none"> • N/A



Policy History

Amendment Date(s) – Amendment Description	<ul style="list-style-type: none"> • N/A
Review Date(s) – Review Outcome Description	<ul style="list-style-type: none"> • N/A



Definitions

7 In this policy:

- (1) “amenity-based pricing” means setting prices on the amenities contained within each facility rather than setting a uniform price for all facilities;
- (2) “amortization” means the reduction in the value of an asset due to usage, passage of time, wear and tear, technological outdateding or obsolescence, depletion, or other factors. It is the method of attributing an asset's historical or purchase cost across its useful life, roughly corresponding to normal wear and tear;
- (3) “capital cost” means the cost of buildings, engineering structures, vehicles, machinery, and equipment, as well as the related financial cost, if applicable;
- (4) “Council” means the duly elected Council of Rocky View County;
- (5) “customer class” means categorizing customers based on an identifiable characteristic common to all customers in the class;
- (6) “direct cost” means the cost assigned to individual activities producing specific goods and services;

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- (7) “lifecycle” means the whole life of a tangible capital asset, beginning with its acquisition and ending with its disposal;
 - (8) “peak-load pricing” means 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;
 - (9) “pricing methodology” means the general process and criteria used in determining the price of a good or service;
 - (10) “Rocky View County” or “the County” means Rocky View County as a municipal corporation and the geographical area within its jurisdictional boundaries, as the context requires;
 - (11) “subsidization” means using tax-supported operating revenues to fund a portion or all of the full cost of the County’s service;
 - (12) “tangible capital asset” means non-financial assets having a physical substance that:
 - (a) are held for use in the production or supply of goods and services for rental to others, for administrative purposes, or the development, construction, maintenance, or repair of other tangible capital assets;
 - (b) have useful economic lives extending beyond an accounting period;
 - (c) are to be used on a continuing basis; and
 - (d) are not for sale in the ordinary course of operations; and
 - (13) “user fee” means a payment or charge in exchange for a good or service provided by the County.