



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning & Policy Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	January 9, 2015
<b>SUBJECT/REPORT NO:</b>	2015 Tax Supported User Fees (FCS15005) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
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<b>SUBMITTED BY:</b>	Mike Zegarac General Manager Finance & Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the 2015 User Fees contained in Appendix "A" to Report FCS15005 "2015 Tax Supported User Fees" be approved and implemented;
- (b) That the City Solicitor & Corporate Counsel be authorized and directed to prepare all necessary by-laws, for Council approval, for the purposes of establishing the user fees contained within this report;

**EXECUTIVE SUMMARY**

In contrast to prior years, the 2015 User Fees are being considered during the budget deliberations in January. Typically the user fees are approved in advance of the main budget deliberations as this allows for a more predictable revenue flow for programs and better communications to program users (customers). However, due to the municipal election the user fee report was postponed. Once council has approved the report departments will expedite implementation of the new fees, however, some fees will take longer to implement than others. Similar to other years certain programs fees (e.g., Recreation program fees, User Group Ice Rates, Macassa day program fee), are effective sometime later in 2015.

Appendix “A” to report FCS15005 identifies virtually all of the City’s tax supported user fees (including proposed new fees) with the following exceptions:

- ◆ Transit fares: deferred for potential consideration as part of the 2015 budget deliberations;
- ◆ Building Permit Fees: going forward with a separate report to the Planning Committee meeting in February, 2015;
- ◆ Planning and Growth Management fees: already have approval through By-law 12-282 “Tariff of Fees” to increase annually by inflation;

At the end of the budget process, all approved fees, whether through this report or separate reports, will be consolidated into one 2015 user fee by-law. Fees approved through this report will be effective shortly after Council approval, expected January 21<sup>st</sup>, 2015, once fees can be implemented.

In July, 2014, report FCS14049/CM14008 “2015 Budget Process & Schedule” advised that a rate of 2.0% would be used as the guideline for user fee increases. As identified in Appendix “A” to report FCS15005, most user fees are generally increasing by the guideline of 2.0%. There are, however, some exceptions:

- ◆ Certain user fees are being recommended to remain unchanged, either due to a pending review or market/cost analysis indicating that the current fee is appropriate and an increase is not warranted.
- ◆ Conversely, some requested fee increases may exceed the guideline if costs to provide the service are increasing in excess of the guideline, or the above guideline increase is required to ensure full cost recovery.
- ◆ In some circumstances, particularly now with the elimination of the penny, it is desirable to round the total fee (including tax) to provide for added customer convenience and more efficient cash handling procedures. In these circumstances, depending on the rounding, increases to some user fees may be slightly higher or lower than the Council approved guideline.

User Fee increases which deviate from this guideline have a corresponding explanation under “Basis for Fee Increase” in Appendix “A” to report FCS15005. This report also identifies any new fees which are being proposed, as well as fees which are being deleted, as they are no longer required for 2015. Details on these new/deleted fees are included in the “Analysis/Rationale for Recommendation” section of this report.

### ***Alternatives for Consideration –Not Applicable***

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Approval of the user fees is an integral part of the annual budget process. Revenue estimates for the 2015 budget are based on the fees contained within this report. As identified in report FCS14049/CM14008 “2015 Budget Process and

Schedule”, this represents approximately \$2.3 million in additional revenues when compared to 2014.

Staffing: N/A

Legal: N/A

## **HISTORICAL BACKGROUND**

Each year, the City sets its user fees at the start of the budget process. For the most part, these user fees have been effective January 1, however due to the 2014 election year the 2015 User Fees will be implemented after Council approval of this report. The annual user fee by-law is then passed by Council at the completion of the budget process.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

The user fees contained in Appendix “A” to report FCS15005 were submitted by the program departments.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

As identified, Appendix “A” to report FCS15005 provides a listing of virtually all of the City’s tax supported user fees. The following is an explanation by department:

**Planning & Economic Development** (pages 1 - 27 of Appendix “A” to report FCS15005):

For the most part, user fees within this department are increasing by the Council approved guideline, with some deviation as a result of ensuring that the total proposed fee is rounded. The exceptions include:

- Fees set at “100% cost recovery” may deviate from guideline, depending on costs to provide the service.
- In Urban Renewal, although the initial application fees for the incentive programs are proposed to increase by the Council approved guideline (rounded to the nearest \$5), the “per unit” fees are proposed to remain unchanged so as to not act as a disincentive.
- The Hamilton Heritage Conservations Grant Program Application fee was an in-year approval in 2014 and is proposed to remain unchanged for 2015.
- The Municipal Information/Clearance is being removed as it is no longer charged and has been replaced by the “Municipal consent for new liquor licence applications and extensions” under Licenses.

- Lottery License Fees (with the exception of the application fee) are proposed to remain unchanged, either because they are set by the Province or the current fee is at the maximum allowable as per Provincial guidelines.
- Parking fees which are either set by the Province or have been set as per registered agreements are proposed to remain unchanged.
- Tourism-Oriented Directional Signs (TODS) and signs under the LOGO sign program are proposed to remain unchanged, as these fees are provincially mandated.
- Culture fees (pages 22 - 27)
  - Culture fees are proposed to remain unchanged for 2015 due to the significant 'catch up' increase that occurred in 2014. Most fees are currently being charged at the upper limit of the market. The division will revisit going forward and increase in accordance with market rates and municipal comparisons.
- New fees proposed include:
  - Administration fee for the ERASE LEED Program of \$715 is being introduced in order to be consistent with other financial incentive programs.
  - Vacant Building Quarterly Inspection fee is being introduced in an effort to encourage owners to register their properties. Currently it is cheaper to pay for inspections than to register.
  - In Commercial Film Rates, a new fee to differentiate between the existing exterior rate and the new interior rates for filming on location has been established.

**Public Health Services** (pages 28 - 29 of Appendix "A" to report FCS15005):

User fees are being proposed to increase by the guideline, with some deviation due to rounding to the nearest dollar (for easier cash handling).

**Community & Emergency Services** (pages 30 - 62 of Appendix "A" to report FCS15005):

For the most part, user fees within this department are increasing by the guideline, with some deviation as a result of ensuring that the total proposed fee is rounded. The exceptions include:

- Recreation fees (pages 36 - 62)
  - Registered Program fees (non-aquatic) – staff continue to streamline/consolidate fees. A number of formatting adjustments have been made in which many fees have been renamed to provide simplicity and transparency for customers and staff. Program fees no longer in use have been removed. In an effort to gradually move towards fully harmonized registered program fees, an "all facilities" fee has been determined for most of these programs – fees higher than the equivalent

“all facilities” fee are proposed to remain unchanged, while fees lower are proposed to increase by 3.0%. The proposed 2015 program fees will be effective February/March 2015.

- User Group Ice Rates (page 62) are excluded from the 2.0% guideline. For the most part, these fees are increasing 3.0% to reflect market rates and potential to re-sell ice. Exceptions to this are the non-subsidized fees for the Mohawk 4-pad which are proposed to increase by 2.0% to cover operating costs. Also, the Summer Ice Non Subsidized fee is proposed to increase 3.0% which is equivalent to the 3 year average increase, because charging the true operating cost of City owned arenas has become too expensive for the market. The cost model will be re-evaluated next year to get back to charging the true costs. The proposed 2015 user fees for the user group ice rates will be effective August 1, 2015.
- Helping Hands Program fees are proposed to remain unchanged, due to the potential negative impact on the client group, which are low income seniors and disabled individuals. Note that these fees were increased for the first time since 2004 last year. This increase in 2013 was above the Council approved guideline. Also of note the general fees were separated into individual fees to more accurately reflect each service provided.
- Wentworth Lodge’s Meals-on-Wheels fee is proposed to increase by less than 1.0% to align with Macassa Lodge’s Meal-on-Wheels fee.
- The Fire Department’s fees for Motor Vehicle Response are remaining unchanged as they are set by the Ministry of Transportation.
- New fees proposed include:
  - Several new fees added in Recreation due to the addition of new courses being offered at specific facilities. New “all facilities” registered program fees have been added to consolidate the same fee being charged at several facilities.
  - Four new fees were established to provide a discount rate for Adult/Senior Recreation Fee Assistance Program (RFAP) Clients on Yearly Passes.

**Public Works** (pages 63 - 79 of Appendix “A” to report FCS15005):

Similar to other departments, most of the Public Works’ user fees are increasing by the Council approved guideline, with some deviation as a result of ensuring that the total proposed fee is rounded. The exceptions include:

- Fees set at “100% cost recovery” may deviate from guideline, depending on costs to provide the service.
- The Road Occupancy Permit fee is proposed to remain unchanged. This fee is relatively new and, as such, the current fee is sufficient.
- Fees for commemorative trees are proposed to remain unchanged, as the current fees achieve full cost recovery.
- Mum Show Admissions are proposed to remain unchanged. The total fee (inclusive of HST) is rounded to the nearest quarter for easier cash handling.

- Cemetery license fees and fees for Care & Maintenance are remaining unchanged, as they are prescribed by the Province under the Cemeteries Act.
- Similar to 2014, the Tipping Fee per 100 kilograms and the Minimum Vehicle Fee are proposed to remain unchanged in adherence to the Solid Waste Management Master Plan.
- Deposit fees at the transfer stations are also proposed to remain unchanged, as no increase is required to these refundable deposits.
- Golf fees are excluded from the guideline increase. No change is proposed in the fees for 2015 due to market conditions/trends and to stay within the market value throughout the golf industry.
- The Publication Box Permit Initial and Annual fees are proposed to remain unchanged based upon initial roll out as these were established in 2014.
- User fees for Tim Hortons Field were established in 2014 through staff report PW14091 and are proposed to remain unchanged in 2015 as the stadium has yet to open.
- Similar to prior years, the fees for Urban Charters are being proposed to increase by 5.0% in an effort to bring these fees more in line with actual costs.
- HSR photo id charges are proposed to increase by over the 2.0% guideline as these fees have remained unchanged for more than 10 years and the cost of administration has increased.
- New fees proposed include:
  - New Mum Shows Admission fee to provide a discounted family rate (two adults and two children).
  - New Niche Sales – Tier 4 Monument Columbarium for the Woodland Cemetery fee to provide new monument columbarium.
  - Temporary Cemetery Access Permit Application fee has been established to provide access to private property through a City cemetery.
- Transit fares are deferred for potential consideration as part of the 2015 budget deliberations.
- With respect to the Child (Cemetery) fees – in prior years these fees were increased based on a 3-year cycle, however going forward these fees will increase annually similar to the other cemetery fees.

**Corporate Services** (pages 80 - 83 of Appendix “A” to report FCS15005):

User fees are proposed to increase by the guideline (with some deviation due to rounding), with the following exceptions:

- The Hamilton Farmer's Market stall fees for Standard Frontage, Premium Frontage and the Outdoor Market Program are remaining unchanged to ensure the proposed fees maintain competitive commercial rates within downtown proximity of the Market.
- The Market Cart Program fees are increasing greater than the 2.0% guideline increase as they now include insurance costs.

**City Managers Office** (page 84 - 86 of Appendix “A” to report FCS15005):

City Managers’ user fees are increasing by the approved guideline, with some deviation as a result of ensuring that the total proposed fee is rounded.

## **ALTERNATIVES FOR CONSIDERATION**

Council may direct staff to change any of the user fees.

## **ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

### **Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

### **Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to FCS15005 – 2015 Proposed User Fees and Charges