



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

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| TO: | Mayor and Members General Issues Committee |
| COMMITTEE DATE: | December 12, 2018 |
| SUBJECT/REPORT NO: | 2019 Tax Supported User Fees (FCS18094) (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Kayla Petrovsky (905) 546-2424 Ext. 1335 |
| SUBMITTED BY: | Cindy Mercanti Director, Customer Service and POA Acting Director, Financial Planning and Policy Corporate Services Department |
| SIGNATURE: | |

RECOMMENDATION

- (a) That the 2019 User Fees contained in Appendix “A” to Report FCS18094 “2019 Tax Supported User Fees” be approved and implemented;
- (b) That the City Solicitor and 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 Report FCS18094.

EXECUTIVE SUMMARY

Similar to prior years, the 2019 Tax Supported User Fees are being considered in advance of the main budget deliberations. This allows for a more predictable revenue flow for programs and better communications to program users (customers). For the most part, the enclosed proposed user fees will be effective January 1, 2019. Some fees, however, (e.g., Transit, Recreation program fees, User Group Ice Rates, Macassa day program fee), are effective sometime later in 2019.

Appendix “A” to Report FCS18094 identifies most of the City’s tax supported user fees (including proposed new fees) with the following exceptions:

- Building Permit Fees: going forward with a separate report to the Planning Committee meeting in February 2019;
- Planning and Growth Management Fees: already have approval through By-law 12-282 “Tariff of Fees” to increase annually by inflation;
- Hamilton Farmers’ Market Fees: to be approved by the Board in Q4 2018.

At the end of the budget process, all approved fees, whether through Report FCS18094 or separate reports, will be consolidated into one 2019 user fee by-law.

In July 2018, the Senior Leadership Team (SLT) provided an internal guideline for user fee increases of 2.0%. As identified in Appendix “A” to Report FCS18094, most user fees are generally increasing by the 2.0% internal guideline, there are however, some exceptions which include:

- Provincially mandated fees.
- Certain user fees are being recommended to remain unchanged, 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 to ensure full cost recovery.
- In some circumstances, 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 FCS18094. This Report also identifies any new fees which are being proposed. Details on these new fees are included in the “Analysis / Rationale for Recommendation” section of Report FCS18094.

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 2019 budget are based on the fees contained within Report FCS18094. This represents approximately \$2.2 million in additional revenues when compared to 2018 (including transit, ice and golf).

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. Some fees, however, (e.g., Transit, Recreation program fees, User Group Ice Rates, Macassa day program fee) are effective later in 2019. 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 FCS18094 were submitted by the program departments.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

As identified, Appendix “A” to Report FCS18094 provides a listing of the majority of the City’s tax supported user fees. Due to timing of this Report, some user fees go forward with a separate report to their respective committees. User fees within each department are increasing by SLT’s approved guideline, with some deviation as a result of rounding and the below exceptions.

Planning and Economic Development

(Pages 1 - 27 of Appendix “A” to Report FCS18094)

Provincially Mandated

- Certain Parking Fees are either set by the Province or have been set as per registered agreements are proposed to remain unchanged (page 19).
- Tourism Fees (page 20)
 - Oriented Directional Signs (TODS) and signs under the LOGO sign program are proposed to remain unchanged, as these fees are provincially mandated.
- 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 (page 11).

Market Based

- Animal Services (page 5):
 - Impound fees for a first-time cat offence has been increased by 19% as the fee has not been increased in the last three years. This amounts to a \$4 increase.
 - The licensed dog subsequent offence fee (senior rate) was omitted from the user fee list last year. It is proposed that the fee be increased by 4% (or \$4) to adjust for the increase that did not take place last year.
 - Certain dog and cat surrender fees are proposed to remain unchanged. This encourages owners or residents to bring in animals and not abandon or dispose of them themselves.
 - Microchip implant fees are proposed to reduce by 10.7% or \$2.65 before tax. Animal Services partners with Public Health to hold Rabies Vaccine and Microchip Clinics annually. The proposed decrease for microchips is from \$27.65 to \$25.00 is to align the price with the rabies vaccine, for simplicity to the customer.

- Dog License (page 9):
 - Dog License – Standard rates for spay / neuter under six months of age are proposed to remain unchanged from 2018 in order to encourage compliance. The rates above six months are set to also remain unchanged in an attempt to encourage compliance.
 - Dog License – Senior rates for spay / neuter under six months of age are proposed to increase above the guideline (6.7% or \$1.00) as they have not been increased in the last three years.
 - Replacement Tag Fee has not increased according to guideline. It is proposed the fee remain at \$5 including HST. This would encourage more people to purchase replacements when animal tags are lost. Currently, many residents complain about the replacement cost. Thus, if the fee is not increased, animal owners would be more inclined to comply with obtaining replacement tags, allowing animals to be returned to homes as opposed to bringing them to shelters.

- Parking and School Crossing – Hamilton Municipal Parking System (page 19)
 - Processing Fee is set to increase by 117% (or \$162.00) over 2018 based on a benchmark review of other municipalities.

- Tourism Fees (page 20)
 - Hamilton Film Office Administration Fees have been raised above the guideline (3.3%) to match comparable municipalities.
 - Visitor's Service Centre – Special Events Fee set at fair market value.

- Culture Fees (pages 21 - 26)
 - Several Culture Fees are proposed to be raised above or below the guideline after the completion of a 2018 market analysis to match surrounding region market rates.
 - The Access Permit Application is set to increase by 16.2% over 2018 as a result of a phase in cost recovery strategy over four years. 2018 was the first year of this strategy.
- Licensing and By-Law Services – Administrative Penalty System (page 27) Fees to be analyzed and adjusted after full implementation of the program.

Policy Related

- In Urban Renewal (page 3), 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 recommended to remain unchanged so as to not act as a disincentive.

New Fees Proposed

- Animal Services (page 5) Fees added for repeat offender for cat. Cats at large cause neighbour disputes. The Fee is set to encourage cat owners to obey by-laws.
- A premium hourly rate for weekend and holiday Site Supervision in Culture. (page 26).
- New Licensing Fees:
 - Limousines (driver) Fee added - classification previously existed but was not included in the User Fee and Charges report (page 14).
 - Amusement – Water Fee added to meet industry needs (page 16).

Healthy and Safe Communities

(Pages 28 - 43 of Appendix “A” to Report FCS18094)

Provincially Mandated

- The Fire Department’s Fees for Motor Vehicle Response are set by the Ministry of Transportation (page 29).

Market Based

- Recreation Fees (pages 33 - 42)
 - User Group Ice Rates (page 33) are increasing, for the most part, by 3.0% to reflect market rates and potential to re-sell ice. Also, the Summer Ice Non-Subsidized fee is proposed to increase by 3.0% which is equivalent to the three-year average increase. The costing formula is completed by Recreation on an annual basis and then reviewed with the affiliated user groups. The proposed 2019 user fees for the user group ice rates will be effective September 1, 2019.
 - Certain recreation fees are recommended to increase over the guideline to align to market.

- Certain recreation fees are recommended to maintain 2018 rates to more closely align to standardized discounts.

New Fees Proposed

- Hamilton Fire Department
 - Response for Natural Gas Leaks - Failure to obtain Utility Service Locate (property owner) (page 29).
- Numerous new fees were added and others were phased out in Recreation due to changes in services and programs (page 33 - 42).

Public Works

(Pages 45 to 65 of Appendix “A” to Report FCS18094)

Market Based

- The Street Lighting Subdivision Review Fee is proposed to remain unchanged as the fee is relatively new (page 46).
- The Road Occupancy Permit Fee (14 days) and Temporary Road Closure Fee are proposed to remain unchanged (page 45). As these fees are new, a recent review was performed and it was determined that the current fees are still sufficient.
- Some sporting events and corporate gathering fees at Tim Hortons Field (page 55) are proposed to remain unchanged to remain competitive in the market with similar facilities / stadiums.
- Certain Golf Fees at both the Chedoke and Kings Forest courses (page 60 - 64) are proposed to remain unchanged due to market conditions / trends and to stay within the market value throughout the golf industry.

Policy Related

- Cemetery lot pricing is to be incorporated into a new pricing strategy to simplify pricing and remain competitive. Certain fees are set to increase over the guideline to reflect costs and municipal comparator rates (page 49 - 52).
- Similar to 2018, 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 (page 53).
- Deposit Fees at the transfer stations are proposed to remain unchanged, as no increase is required to these refundable deposits (page 53).
- The Publication Box Permit Initial and Annual Fees are proposed to increase over 10% from 2018 (page 54). Based on municipal scan of peers; average increase since 2013 was 14%; hence recommending a 10% increase. Annual fee is still well below most other municipalities.

Cost Recovery

- Transit Fees (page 65)
 - Numerous fees have deviated from the 2% guideline as a result of Report PW14015(a) with an effective date of September 1, 2019.

- HSR photo ID, HSR Replacement Photo IDs, Document Requests on CD's and Columbia International College Transit Passes are proposed to remain unchanged as the current fees are sufficient to cover costs.
- All other rates were approved previously (Report PW14015(a)).

New Fees Proposed

- Environmental Services:
 - A week pass and a tour group pass were added to the Mum show admission fee rates (page 47).
 - Gage Park Tropical Greenhouse Rental Fees (page 48) have been added to the proposed 2019 fee list (full day, half day and evening rental).
 - Several new fees added with regard to Cemeteries (lot sale, niche sale and columbarium niche) (page 49 - 52).

Corporate Services

(Pages 66 - 70 of Appendix "A" to Report FCS18094)

- No exceptions or new fees noted, aside from rounding.

City Manager's Office

(Page 71 of Appendix "A" to Report FCS18094)

- No exceptions or new fees noted, aside from rounding.

ALTERNATIVES FOR CONSIDERATION

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

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – 2019 Proposed User Fees and Charges

KP/LC/dt