



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

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	December 8, 2021
SUBJECT/REPORT NO:	2022 Tax Supported User Fees (FCS21115) (City Wide)
WARD(S) AFFECTED:	City Wide
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SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the 2022 User Fees contained in Appendix “A” to attached to Report FCS21115, “2022 Tax Supported User Fees”, be approved and implemented; and,
- (b) That the City Solicitor be authorized and directed to prepare all necessary by-laws, for Council approval, for the purposes of establishing the user fees contained in Appendix “A” to Report FCS21115.

EXECUTIVE SUMMARY

Similar to prior years, the 2022 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 proposed user fees will be effective January 1, 2022. Some fees, however (e.g. Transit, Recreation rental fees, Macassa day program fee), are effective sometime later in 2022.

Appendix “A” to Report FCS21115 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 December 2021.
- Planning and Growth Management Fees: already have approval through By-law 19-108 “Tariff of Fees” to increase annually by inflation.
- Hamilton Farmers’ Market Fees: to be approved by the Board in Q4 2021.

At the end of the budget process, all approved fees, whether through Report FCS21115 or separate reports, will be consolidated into one 2022 user fee by-law.

At the General Issues Committee (GIC) meeting of October 6, 2021, staff received the following direction:

- a) That staff be directed to increase user fees at the rate of inflation and that any user fee increases below the guideline be forwarded for consideration with appropriate explanation.

Most user fees are generally increasing by the rate of inflation guideline or moving to full cost recovery. 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.
- 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.
- For services that are experiencing significant inflation and the program areas are concerned about affordability and market competitiveness, a phase-in approach may be proposed to spread the increase over several years.

User fee increases that deviate from this guideline have a corresponding explanation under “Basis for Fee Increase” in Appendix “A” to Report FCS21115. Report FCS21115 also identifies any new fees that are being proposed. Details on these new fees are included in the “Analysis / Rationale for Recommendation(s)” section of Report FCS21115. An explanation on the fees moving towards full cost recovery or that are currently being fully recovered is included in the “Analysis / Rationale for Recommendation(s)” section as well.

It is at the discretion of Council to provide a target increase for user fees. The average increase for all user fees in Appendix “A” is 2.9%. This increase is estimated to generate an additional \$7.2 M in gross revenues (5% increase over 2021) which includes both the proposed increases and the year-over-year changes in the number of users.

The impacts of COVID-19 have been excluded from budgeted user fees and are assumed to be offset from funding from senior levels of government.

**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 2022 budget are based on the fees contained within Report FCS21115. This represents approximately \$7.2 M in additional revenues when compared to 2021.

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 rental fees, Macassa day program fee) are effective later in 2022. The annual user fee by-law is then passed by Council at the completion of the budget process.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

As per the *Municipal Act*, a by-law is required once the user fees in Report FCS21115 and other reports are approved. A new policy was implemented in December 2020 (Temporary Waiver and Deferral of User Fees and Charges), which is also in effect.

RELEVANT CONSULTATION

The user fees contained in Appendix “A” to Report FCS21115 were submitted by the program departments.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Appendix “A” to Report FCS21115 provides a listing of the majority of the City’s tax supported user fees. Due to the timing of Report FCS21115, some user fees go forward with a separate report to their respective committees. User fees within each department are increasing by Council’s approved guideline, with some deviation as a result of rounding and the exceptions outlined below.

**Planning and Economic Development
(Pages 1 to 25 of Appendix “A” to Report FCS21115)**

Provincially Mandated

- Certain Parking Fees are either set by the Province or have been set as per registered agreements, including some which are proposed to remain unchanged (page 19).
- Tourism Fees (page 13):
 - Tourism 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 4).
- Personal Transportation Provided (page 11) – as per Fee Review of Personal Transportation Providers (Schedule 24 of the Business Licensing By-law 07-170) fees set to remain unchanged from 2021.

Market Based

- Animal Services (pages 1-3):
 - Boarding fee and quarantine fee for dangerous or potentially dangerous dog is recommended to not increase for 2022 as it is already well above the industry standard.
- Hamilton Municipal Parking System Fees (page 19):
 - Mail issuance fee increased to match MTO search fee as it constitutes the same service / workload.
- Urban Renewal (pages 23-24):
 - Several fees were increased to match the per unit user fees across similar programs of the same value. This includes: 100 units plus application fee, Commercial Corridor Housing Loan and Grant Program – per unit, the LEED Grant Program Administration Fees (Fee Per Unit) and the Barton / Kenilworth Tax Increment Grant Program – Additional Fee – Developer Transfer to New Condo Owner.

Cost Recovery

- Animal Services
 - Microchip fee for low income clinics is set to remain at cost recovery in order for residents to afford service (page 2).

New Fees Proposed

- Licensing and By-law Services (page 11)
 - Special Occasions Permit – Notification Only added as a new fee.
- Hamilton Municipal Parking System Fees (page 19):
 - Weekly residential time limit exemption – Temporary parking permit fee added to differentiate contractors, film companies and events from residential exemption.

Healthy and Safe Communities

(Pages 26 to 43 of Appendix “A” to Report FCS21115)

Market Based

- Recreation Fees (pages 27 to 38):
 - Recreation fees are increasing above the rate of inflation since rates were not increased in 2021 due to COVID-19. The proposed rate is a combined 2021 and 2022 increase in order to bring the fee up to market based levels.

New Fees Proposed

- Recreation:
 - Rental Fees (page 27) – new fees added for several gym rental locations. Fees vary depending on size of gym and location across the City.
 - Parks court fee rental added (page 28)
 - Parks hourly rate added (page 28)
 - Child Online Course (home alone) has been added (page 30)
- Fire – New Rental Housing License Fee added (Page 41)

Note: Review of all Recreation Passes will be brought forward in a separate report to Council at a later date.

Public Works

(Pages 44 to 61 of Appendix “A” to Report FCS21115)

Provincially Mandated

- Environmental – Cemeteries (page 56) Lot Sale - Child: Stillborn - Case up to 24" C&M Portion fee and all Care and Maintenance and license fees are prescribed by Ministry. Cemetery license fees are increasing well above inflation for 2022 as these are now being prescribed by the Ministry.

Market Based

- Several Environmental Services rates (pages 59-60) are being proposed to deviate above an inflationary rate in order to reflect market rates and to be comparable to industry standards.
- Engineering Services – Overload permit fees (page 61) are being proposed to increase above the inflationary guideline in order to reflect market rates and to be comparable to industry standards.
- Some sporting events, film shoots, concerts and corporate gathering fees at Tim Hortons Field (page 50) are proposed to remain unchanged. Fees are market driven and comparable to industry standard.

Policy Related

- The transit fees (page 44) are consistent with Reports PW14015(a) and PW14015(c).
- Removal and Replacement of public trees for a private individual or entity (page 59) remain unchanged with cost plus additional 7% admin fee as per By-law 15-125 and City of Hamilton Tree Preservation and Sustainability Policy.

Cost Recovery

- Environmental – Waste:
 - Minimum Vehicle Fee (page 53) – no change required as the rate was increased by over 17% from 2019 to 2020 to reach cost recovery. Rate increase on hold until 2023.
 - Tipping Fee per 100 kilograms (page 53) – Fee was reduced to be consistent with the Residential Minimum Vehicle Fee. Both fees are now set at \$10.
 - Fee for Commercial Vehicles possessing a signed affidavit transporting Waste for personal use. One trip per month (for the first 100 kg) (page 53) – fee remains unchanged at \$10 to align with minimum vehicle and tipping fee.
 - Waste Site Searches (page 53) – no fee increase required in 2022.
- Environmental – Cemeteries (pages 55-58): several fees are being increased above or slightly below guideline to achieve cost recovery.
- Energy, Fleet, Facilities – Tim Hortons Field (pages 45-51) fee structures for several rentals were changed from a daily maximum to an hourly rate.
 - The increase over the previous year for community room resident, community group and affiliate group rates are all increasing higher than inflation in order to cover administrative costs.

New Fees Proposed

- Environmental Services:
 - Waste Management – P.I.N. Property Search fee is added at 100% cost recovery (page 54).
 - Two new fees added to Cemeteries (page 56 & 58) with regard to lot sale, temporary access permits and monument plaques, vases.
 - Engineering (page 61): Encroachments - Temporary ROW use has been added due to increased oversight and guidance of temporary placement of fixtures within City ROW to compliment MLE enforcement.
 - Energy, Fleet, Facilities – Tim Hortons Field (pages 45-51) new fee structures and fees added:
 - Cleaning costs added per booking for room rentals to recover operational costs.
 - Green Room Hourly Rentals and Change Room Hourly Rentals were added to the fee structure

Corporate Services

(Pages 62 to 67 of Appendix “A” to Report FCS21115)

Cost Recovery

- POA (page 62) Administrative review cost recovery fee – increased at a rate of 2% to align with full cost recovery.

Market Based

- Financial Services and Taxation (page 65) – Full Tax Deferral Program – application fee and annual renewal fee: staff recommending no increase, at this time, due to the financial position of low-income senior/persons with disability (subject to program continuing).

City Manager’s Office

(Page 68 of Appendix “A” to Report FCS21115)

- No exceptions or new fees noted.

ALTERNATIVES FOR CONSIDERATION

N/A

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” to Report FCS21115 – 2022 Proposed User Fees and Charges

KP/CP/dt