



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

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	November 30, 2022
SUBJECT/REPORT NO:	2023 Tax Supported User Fees (FCS22084) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Cyrus Patel (905) 546-2424 Ext. 7698
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the 2023 User Fees contained in Appendix "A" to Report FCS22084, "2023 Tax Supported User Fees", be approved and implemented;
- (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 FCS22084.

EXECUTIVE SUMMARY

Similar to prior years, the 2023 Tax Supported User Fees are being considered in advance of the Tax Supported Operating 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, 2023. Some fees may become effective later during 2023 based on established program policies, procedures and practices.

Revenue estimates for the 2023 budget are based, in part, on the fees contained within Report FCS22084. This represents approximately \$6.0 M in additional revenues when compared to 2022. This additional revenue provides relief to the property tax levy.

Appendix “A” to Report FCS22084 identifies most of the City’s tax supported user fees (including proposed new fees), along with brief comments, where relevant, with the following exceptions:

- Building Permit Fees: going forward with a separate report to the Planning Committee meeting in December 2022
- 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

At the end of the budget process, all approved fees, whether through Report FCS22084 or separate reports, will be consolidated into one 2023 user fee by-law.

Throughout the 2023 budget process, staff was directed to ensure that, wherever possible, user fees reflect the cost of providing the service. As in past years, program areas have tried to work towards full cost recovery, while taking into consideration affordability and equity challenges through targeted subsidy programs.

Most user fees are generally increased by the rate of inflation guideline or, where feasible, moving to full cost recovery. There are, however, some exceptions which include:

- Provincially mandated fees – e.g. Tourism-Oriented Directional Signs, Lottery Licence Fees;
- Certain user fees recommended to remain unchanged due to a pending review or market / cost analysis indicating that the current fee is appropriate or where an increase is not warranted;
- Circumstances where it is desirable to round the total fee (including tax) to provide for added customer convenience and more efficient cash handling procedures;
- For services that are experiencing significant inflation and the program areas are concerned about affordability and market competitiveness, a phase-in approach may be adopted to spread the increase over several years.

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 2023 budget are based on the fees contained within Report FCS22084. This represents approximately \$6.0 M in additional revenues when compared to 2022. This additional revenue provides relief to the property tax levy. Without this additional revenue there would be an additional a 0.6% pressure on the 2023 tax levy.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

Each year, the City sets its user fees at the start of the tax operating budget process. For the most part, these user fees have been effective January 1. Some fees, however, (e.g. Transit, Recreation rental fees) are effective later in 2023. 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 FCS22084 and other reports are approved.

RELEVANT CONSULTATION

The user fees contained in Appendix “A” to Report FCS22084 were submitted by the program departments responsible for administering the fee.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Appendix “A” to Report FCS22084 provides a listing of the majority of the City’s tax supported user fees. Due to the timing of Report FCS22084, some user fees go forward with a separate report to their respective committees. User fees within each department are increasing at or around the estimated rate of inflation with some deviation as a result of rounding with some exceptions. Inflation projections in 2023 by the Bank of Canada continue to change. As of October 2022, the Bank of Canada projects inflation of 4.1% for 2023.

The User Fees collected by the City are booked under the “Fees and General” Revenue Category in the City’s financial system. Table 1 provides a brief summary of the Fees and General Revenue category for the 2023 Preliminary Budget and the 2022 Restated Budget, in comparison to the Gross Expenditures for respective periods, to provide a comprehensive perspective.

The Table shows that:

- As a percentage of gross expenditures, in 2023, the ratio of Fees and General Revenue as a percent of Gross Expenditures is expected to decrease to 14.1% in 2023 from 14.3% in 2022 based on the proposed fee increases;
- The total Fees and General Revenue in the City’s 2023 Preliminary Budget would increase by \$ 6.0 M, or a 3.4% average, compared to the 2022 revenues;

- The City average increase of 3.4% for Fees and General revenue is under the projected rate of inflation of 4.1% for 2023.

Table 1

FEES & GENERAL Revenue Comparison with Gross Expenditures									
Column #	Restated 2022			Preliminary 2023			Amounts in \$'000		
	1	2	3	4	5	6	7	8	9
Dept	2022 GROSS EXP	2022 FEES & GENERAL	User Fee Ratio	2023 GROSS EXP	2023 FEES & GENERAL	User Fee Ratio	Change in User Fee Ratio	Change in FEES & GENERAL	% Chng Fees & General
Planning & EcDev	82,183.9	(49,497.8)	60.2%	86,568.80	(52,069.86)	60.1%	-0.1%	▲ 2,572.1	🟢 5.2%
Healthy & Safe Comm	525,250.7	(38,563.8)	7.3%	599,648.35	(38,732.83)	6.5%	-0.9%	▲ 169.0	🟢 0.4%
Public Works	379,004.8	(80,467.0)	21.2%	396,794.07	(83,301.85)	21.0%	-0.2%	▲ 2,834.9	🟢 3.5%
Corporate Services	17,856.5	(4,123.8)	23.1%	18,457.53	(4,426.28)	24.0%	0.9%	▲ 302.5	🟢 7.3%
City Manager	1,000.0	(757.0)	75.7%	1,105.36	(847.69)	76.7%	1.0%	▲ 90.7	🟢 12.0%
OTHER	193,812.1	(486.4)	0.3%	173,052.85	(490.44)	0.3%	0.0%	▲ 4.1	🟢 0.8%
Grand Total	1,199,108.0	(173,895.7)	14.5%	1,275,627.0	(179,868.9)	14.1%	-0.4%	▲ 5,973.3	🟢 3.4%

Comments by Department

Planning and Economic Development
(Pages 1 to 30 of Appendix “A” to Report FCS22084)

User Fees are based on the following underlying principles. Examples are listed below:

A. Fees Provincially Mandated:

- Tourism Fees: Tourism Oriented Directional Signs (TODS) and signs under the LOGO sign
- Lottery License Fees

B. Market Based:

- Animal Services
- Boarding fee and quarantine fee for dangerous or potentially dangerous dogs
- Parking penalties and associated administrative fees
- Residential on-street parking permits
- Urban Renewal fees

C. Cost Recovery:

- Animal Services - microchip fee for low income clinics

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

D. New Fees Proposed:

- Site Plan Security Reduction Fee for each additional inspection
- Grading Security Deposit for Additions, large accessory building or detached Secondary Dwelling Units
- Exemption fee for applications pertaining to Single Family Dwellings and properties operated by not-for-profit organizations
- On-Street Parking Permit – Access to Onsite Parking and Secondary Permits

Healthy and Safe Communities

(Pages 31 to 60 of Appendix “A” to Report FCS22084)

Most of the fees for the Healthy and Safe Communities Department are based on last year fees plus 3.7%

Most of the fees for Recreational programs are subject to Market considerations.

New recreational fees pertain to Disc and Simulated Golf which are new services offered by the City.

Public Works

(Pages 61 to 81 of Appendix “A” to Report FCS22084)

Many of the services provided by Public Works Department are charged based on full cost recovery. These include:

- Waste removal
- Shrub removal
- Environmental Assessments Reports and Master Plans
- Field Review
- Encroachments Application Fee
- Temporary Road Closure Fee

New User Fees for services include:

- Corporate Profile Report and Deed and Abstract Reports
- Surcharge for Cremated Remains Internment with Urn Vault
- Bronze Plaque - Woodland Tranquillity Gardens and Hamilton Cemetery Columbarium
- Internment Right - for Private Columbarium Unit

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Corporate Services
(Pages 82 to 87 of Appendix “A” to Report FCS22084)

Many of the services provided by Corporate Services Department are charged based on full cost recovery. These include:

- Records Search
- Registration of Delinquent Accounts
- Tax Extension Agreements
- Tax Letters
- Issue Tax Certificate
- Marriage Licence Fees

City Manager’s Office
(Page 88 of Appendix “A” to Report FCS22084)

City Manager’s Office User Fees are limited to charges for duplication of employee files.

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 FCS22084 – 2023 Proposed User Fees and Charges

CP/dt