



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Recreation Division

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	December 4, 2024
SUBJECT/REPORT NO:	User Fee Framework – Project Overview (HSC24049) (City-Wide)
WARD(S) AFFECTED:	City-Wide
PREPARED BY:	Romas Keliacius (905) 546-2424 Ext. 4722
SUBMITTED BY:	Chris Herstek Director, Recreation Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION

- (a) That Council endorse the project approach and timelines of the User Fee Framework project as detailed in Report HSC24049; and,
- (b) That up to \$250 K from the Tax Stabilization Reserve (110046) be allocated to fund the consultant and works required for the User Fee Framework project.

EXECUTIVE SUMMARY

User fees represent a significant revenue source and requires a formal framework to balance the community’s needs with the cost pressures faced by the City. Report FCS24003 recommended that an expert consultant is hired to advise the City in such matters with a primary focus on Recreation and Transit as they are the services that generate the largest share of the City’s user fee revenues. The final framework will be scalable for future implementation across other divisions and will be consistent with the City’s organizational goals and priorities centred around community benefit, accessibility, equity and ability to pay.

This project aims to develop and implement an equitable user fee framework for the City of Hamilton in six phases over the next 18 Months. These phases include:

Phase 1 - Project Initiation

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.

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- Phase 2 - Current State Analysis
- Phase 3 - Framework Development
- Phase 4 - Equity and Accessibility Analysis
- Phase 5 - Reporting and Monitoring
- Phase 6 - Final Recommendations and Implementation

In addition to this Project Overview, there will be several milestones where progress reports will be brought forward to the General Issues Committee. These include:

Milestone	Expected Progress Report Update
Comprehensive Review Report of Current Recreation and Transit User Fees	Q1 – March 2025
Stakeholder Engagement Summary	Q3 – July 2025
Equity and Accessibility Analysis	Q3 – September 2025
New User Fee Framework Proposal, Implementation Plan and Final Recommendations Report at the completion of the project	Q1 – March 2026

Phases one and two of the project are already in progress. Approval of funding in recommendation (b) of Report HSC24049 will allow the project team to engage an expert consultant through a competitive process. It's estimated the full project will be complete by Q2 2026 so the final recommendations can be implemented with the 2027 User Fees and 2027 budget process.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: To successfully complete this two-year project, which includes detailed phases of consultation, analysis, equity reviews, and final recommendations, it is recommended that \$250 K be allocated from the Tax Stabilization Reserve (110046). This funding will cover the costs associated with hiring a specialized external consultant.

The completed project will have impacts on user fee revenues which will be addressed in the final report.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

User fees represent a significant revenue source for the City. Setting the user fees at an optimal level that balances the community's needs with the cost pressures faced by the City is a challenging task that requires a formal framework.

At the January 17, 2024 GIC meeting, Report FCS24003 recommended "That the General Manager, Finance and Corporate Services, be authorized and directed to engage an external consultant to conduct a City-wide review of user fees, with primary focus on Recreation and Transit and to facilitate a process for establishing a user fee framework consistent with the City's organizational goals and priorities centred around community benefit, accessibility, equity and ability to pay."

As directed, this project was initially started by Corporate Finance but because of workload and new priorities related to cyber recovery, Healthy and Safe Communities Department has agreed to take the lead, supported by a cross-departmental project team.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

To engage a consultant, staff will undergo a competitive process in compliance with the City of Hamilton's Procurement Policy By-Law No. 22-255.

RELEVANT CONSULTATION

This Project is a multi-departmental initiative. The work to date has been completed by staff in the following divisions:

- Financial Planning, Administration, and Policy Division, Corporate Services
- Recreation Division, Healthy and Safe Communities
- Transit Division, Public Works
- Procurement Division, Corporate Services

ANALYSIS AND RATIONALE FOR RECOMMENDATION

This project aims to develop and implement an equitable user fee framework for the City of Hamilton, with a special focus on Recreation and Transit services. The goal is to create a framework starting with Recreation and Transit, but to make it scalable so it can be applied to other divisions in the future.

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Following the transition to the Healthy and Safe Communities Department, the new project team will consist of:

- Project Champion: General Manager, Healthy and Safe Communities
- Project Manager: Manager, Strategy and Continuous Improvement, Strategic Initiatives
- Project Team Divisions: Recreation, Transit, and Finance
- Key Stakeholders (Internal): Equity Diversity and Inclusion and Indigenous Relations
- Key Stakeholders (External): Service Users and General Public

The project is currently scoped to be completed in six phases over the span of two years:

Phase 1 (In progress) - Project Initiation (Now – March 2025)

- Project Kick-off – Project team selection and project charter.
- Competitive process to retain consultant including development of Terms of Reference (RFP) and Technical Evaluation Criteria.
- Deliverable – Consultant onboarded.

Phase 2 (In progress) - Current State Analysis (January 2025 - June 2025)

- Review existing fees (current state, fees, policies, etc.).
- Data Collection and Analysis (the costs of services, current subsidies, utilization rates, and revenue generated from existing fees).
- Define criteria for fee application and exemptions.
- Deliverable - Comprehensive review report of current Recreation and Transit User Fees (Report to GIC).

Phase 3 - Framework Development (July 2025 - September 2025)

- Stakeholder consultation – Transit and Recreation have a different customer base so engagement will be customized.
- Develop preliminary fees - Develop preliminary fee structures that reflect the actual costs of services and desired levels of tax subsidization.
- Deliverable - Stakeholder Engagement Summary (Report to GIC).

Phase 4 - Equity and Accessibility Analysis (October 2025 - November 2025)

- Identify barriers - Identify and document any potential barriers that could prevent certain populations from accessing services due to the new fee structures.
- Develop strategies to ensure equitable access. These strategies may include sliding scale fees, subsidies, or other forms of financial assistance.
- Deliverable - Equity and Accessibility Analysis Report. (Report to GIC)

Phase 5 - Reporting and Monitoring (December 2025 - January 2026)

- Developing a reporting structure and monitoring tools – to enable continuous assessment and compliance with new structure and tools to maintain its equity, sustainability, and alignment with the City's goals.
- Deliverable - Monitoring and Reporting Mechanisms.

Phase 6 - Final Recommendations and Implementation (February 2026 - May 2026)

- Draft report - Compile all findings, analyses, and recommendations into a comprehensive draft report.
- Stakeholder feedback - Present the draft report to key stakeholders for review.
- Final report presentation and implementation – Present the final report to the General Issues Committee, including a detailed plan for implementing the new user fee framework.
- Deliverables: New User Fee Framework Proposal, Implementation Plan and Final Recommendations Report (Report to GIC).

ALTERNATIVES FOR CONSIDERATION

N/A

APPENDICES AND SCHEDULES ATTACHED

None