

For Information Only

Business Licence By-Law Review Process

Presented To:	City Council
Presented:	Tuesday, Oct 17, 2017
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Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to “*review of the Business Licensing System in 2017. The review will include the creation of a working group, broad community consultation and strategies to create business friendly licensing program*” as identified in the Strategic Plan under Growth and Economic Development: Priority C (e).

Report Summary

This report informs Council and the Community on a strategic action item to review the current business license process and legislation to support Council’s priority to “provide a welcoming environment that is conducive to investment and reduction of red tape by removing barriers and attracting new businesses.” The Business Licence review is intended to foster a welcoming environment while balancing the minimization of “red tape” with the need to support the quality of life and place and protection of consumers.

Financial Implications

This report has no financial implications at this time.

Signed By

Report Prepared By

Brendan Adair
Manager of Security and By-Law
Digitally Signed Oct 4, 17

Financial Implications

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Oct 4, 17

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
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Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
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Business License By-Law Review Process

Background

The *Municipal Act S.O. 2001, c. 25* permits municipalities the authority to license businesses. Specifically, Sec. 10 (1) states “a single-tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public” and Sec. 10 (2) states “a single-tier municipality may pass by-laws respecting....Business Licensing”.

Business licensing systems are designed to balance protection of consumers and of the quality of neighbourhood life and place, with the creation of business owner accountability for the proper identification, inspection and regulation of the business so as to ensure that the City's municipal land use regulations, building and fire codes, health regulations, and all other relevant community safety requirements are adhered to. The current City of Greater Sudbury Business Licensing 2004-350 and Registration 2004-355 By-laws were enacted in 2004 based on the needs of the day. Since that time, the community and its needs for business licensing have changed considerably, particularly as it relates to how businesses are operated and how the sharing economy has changed the nature of some service based businesses.

Under the current Licensing By-Law, the City processes between 1,300 and 1,400 applications and renewals annually. Inspections are required whenever there is a new application, change of ownership or as otherwise required in the By-Law. An example of how business licensing currently works is illustrated in the process undertaken to license a new Convenience Store. Upon receipt of the application, Fire Services, Building Services, Sudbury and District Health Unit (SDHU) would attend on site to complete inspections and Zoning would be reviewed to ensure that the location fits the character of the neighbourhood, as legally defined in planning documents. Factors such as parking, noise, access and egress to both the building and property, availability of accessible washrooms and appropriate fire separation from neighbouring buildings are just some of the factors reviewed in this process.

It has been noted by both the business community and CGS staff that the current licensing regime needs to be streamlined and the current the fee structure simplified while ensuring applications and renewals adequately recover costs associated with inspections and licensing. Key performance indicators provided from participation in the Municipal Benchmarking Network Canada (MBNC) show that operating costs of providing this service by the City of Greater Sudbury are far less than Municipal comparators. For 2016, the City of Greater Sudbury average operating cost per Business License issued was \$47 per license. With one Municipality reporting a cost of \$67 per license issued, the City of Greater Sudbury is far below an operating cost per license that ranges between \$122 and \$387. With a total of 3,001 business licenses issued in 2016, the City of Greater Sudbury issued approximately 1,858.2 business licenses per each 100,000 residents, which was third highest within a total of twelve (12) municipal comparators.

The City of Greater Sudbury is unique among similar sized municipalities in that in addition to a licensing regime, we require registration from businesses who are not required to

have a business license and this two tier system is ineffective. Consumer protection, safety and quality of life and place may not be well served when service based businesses such as hotels, restaurants and bed and breakfasts; hair salons, tattoo parlours and estheticians or swimming pools and water slides are not inspected and regulated as completely as they might be.

Sharing Economy and Municipal Business Licensing

Advancements in technology and use of the internet have contributed to a diverse economic landscape where in many cases, a number of business transactions may no longer take place within a traditional store front. As part of this review of business licensing, staff will consider advancements in technology and the development of the sharing economy and how it relates to business in the municipality. The Ontario Chamber of Commerce has acknowledged the need for regulations and has asked that cities *“ensure that any new laws and regulations be modern, forward looking, easy to comply with and allow for future innovation”*. Consideration of new models, including a model that contemplates the sharing economy and that reflects regulatory environments to accommodate the sharing economy is important. There is a need for consistency between traditional licensing regimes and those associated with the sharing economy, which can be defined as *“an activity facilitated by digital platforms where people rent their skills (such as, driving or computer skills) and make their resources (such as properties or cars) available for money—has the potential to play an increasingly important role in the Canadian economy.”*

For example, a recent search on AirBnB found thirty-five (35) properties listed in the Greater Sudbury area, with another nine (9) available through VRBO (Vacation Rentals by Owner) and a variety of short-term and vacation rental opportunities on Kijji. Short term rentals like those offered through AirBnB are not currently regulated through business licensing at the City of Greater Sudbury and it is something that many other municipalities are actively regulating or actively considering regulating. As part of the review, staff will consider the negative impact that short term home rentals may have on a neighborhood such as noise and parking.

Marijuana Legalization Municipal Business Licensing

Under the proposed the Cannabis Act, the Government of Canada is looking to legalize the production, distribution, sale and possession of cannabis across Canada. If it is approved by Parliament, the bill could become law before July 2018.

The City of Greater Sudbury Zoning By-law 2010-100Z, defines a medical marijuana production facility and scripts regulatory requirements for the same. Staff will consider the regulatory framework and the ramifications for municipalities with respect to zoning, production, distribution, and enforcement and whether there is a need to introduce business licensing requirements as a means to support the guiding principles of the Business License By-law.

The project charter for the Business License Review is attached for the information of Council and the Community. The project charter sets out detailed goals, process and timelines for the project.

References

Stats Can <http://www.statcan.gc.ca/daily-quotidien/170228/dq170228b-eng.htm>

<https://www.amo.on.ca/AMO-PDFs/Events/16CONF/Proceedings/ConcurrentsC/SharingEconomyMMavroyannis20160816.aspx>

<https://www.canada.ca/en/services/policing/justice/legalization-regulation-marijuana.html>

www.airbnb.ca

<http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/labr85e-eng.htm>

https://www.greatersudbury.ca/sudburyen/assets/File/Website_Labour%20Force%20by%20Industry%20Division.pdf

Project Charter: **Business License Review- 2017**

Background

As described in the 2015-2018 Corporate Strategic Plan- Greater Together Implementation Plan, under the Growth and Economic Development Pillar, Priority C *“Provide a welcoming environment that is conducive to investment and reduction of red tape by removing barriers and attracting new business”*, Item C(e) is *“to introduce a review of the Business Licensing System in 2017. The review will include the creation of a working group, broad community consultation and strategies to create a business friendly licensing environment.”*

The *Municipal Act S.O. 2001, c. 25* permits municipalities the authority to license businesses. Sec. 10 (2) states *“A single-tier municipality may pass by-laws respecting....Business Licensing”* and Part IV of the Act sets out the powers in more detail and includes certain limitations and conditions for business licensing.

Advancements in technology, use of the internet and the introduction of the sharing economy have contributed to a diverse economic landscape and in many cases, a number of business transactions may no longer take place within a traditional store front. These advancements need to be reflected in the Business Licence By-law.

Scope

The basic guiding principles of business licensing by a municipality are to ensure the health and well-being of residents, support quality of life and to protect consumers and business operators. The By-law ensures that businesses follow regulations, building, fire, and other community safety requirements and are zoned appropriately.

Business licenses protect business owners who are compliant with legislation and regulation and ensure a level playing field for business operators in the community. The primary purpose of business licensing within a municipality is to encourage and support legitimate business within the community whereby business owners/operators fully understand the purpose for and requirements of their business licence and are held accountable through regulatory inspections upon application and over time.

To align legislation with guiding principles, staff will compare the current City of Greater Sudbury Business License and Registration By-laws with best practices and similar municipal comparators. In addition to reviewing what is currently covered, staff will develop preliminary options for Council that will provide for a By-law that is easily understood by business owners and likewise enforceable by the municipality. It has been noted by both the business community and CGS staff that the current licensing regime is overly complicated and the current fee structure is cumbersome and needs to be simplified. This review will further support the establishment of a fee structure that aligns with the level of service, and more appropriately supports cost recovery for service, including regulatory inspections.

Lead by the Manager of Security and By-law Services and internal working team, this initiative will include formal internal and external stakeholder meetings to discuss the current business license and registration program and how it impacts each respective area. With feedback from stakeholder sessions, staff will work to establish clear and

concise recommendations for Council to modernize the business licence program. Staff will actively consider opportunities to collaborate with regulatory agencies involved in business licensing and consider online/automated applications and renewals.

In November, the stakeholder consultation portion of this initiative will include two formal Open Houses, one aimed at feedback from current or future business licence holders and the second one for the public, who may have a specific interest in bringing forward their ideas or concerns. Staff will publish an online survey to seek the input of residents regarding what businesses should be licenced and how the City licenses them, while asking specifically for input and concerns to be brought forward.

Through this comprehensive review of Business Licensing in the City of Greater Sudbury, supported by the engagement and feedback of residents and stakeholders, staff will bring forward clear and concise recommendations that will modernize and make the business license program more efficient and customer focused. This will be achieved while focusing on guiding principles of; health and safety of residents, consumer protection and nuisance control in neighborhoods.

The project will include research on best practices in business licensing programs, both in Ontario and across Canada and will consider research on business licensing models, particularly as it relates to the sharing economy and changes in the regulatory environment.

Goals

- 1) Make best recommendation for changes to Business License By-law that balances the need for the protection of health and well-being of residents, quality of life in neighborhoods and the protection of consumers and business operators in the completion of business.
- 2) Actively engage the community in a conversation about business licensing and how to achieve a balance between the protection of public safety and consumer rights with business opportunities.
- 3) Review comparable Business Licensing Municipal programs and fee structures.
- 4) Review existing technological supports to support a business licensing program that is modern, efficient and accessible.

Key Stakeholders

Client	City of Greater Sudbury Mayor and Council
Stakeholders	City of Greater Sudbury Business Community, City of Greater Sudbury Staff, Greater Sudbury Chamber of Commerce, GSDC, SDHU, GSPS, Business Associations
Sponsors	Kevin Fowke, General Manager, Corporate Services
Project Lead	Brendan Adair, Manager Security and By-Law Services

Project team members	Eleethea Savage- Business Development Officer Glen Ferguson- Senior Planner Jason Radley- Building Inspector Melissa Laalo- Coordinator of Bylaw and Animal Control Inclusion of one or more stakeholder representatives
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Project Milestones

Information Report to Council- October 17, 2017

Internal Stakeholder Meeting- Week of October 30-November 03, 2017

One-on-One Meetings with Stakeholders- Fall, 2017

Public Open House Meeting- Businesses and the Public Sessions- November 16, 2017

Online Survey- November 16-24, 2017

Report to Council- Proposed Theme(s) and Principles of New Business Licence By-law-
 March 27, 2018

Signatures

Kevin Fowke, Project Sponsor	Brendan Adair, Project Lead