

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATION COMMITTEE
FROM:	G. KOTSIFAS, P. ENG. DIRECTOR OF BUILDING CONTROLS AND CHIEF BUILDING OFFICIAL
SUBJECT:	BUSINESS LICENSING BY-LAW – FEE SCHEDULE INCREASE SEPTEMBER 14, 2011

RECOMMENDATION

That on the recommendation of the Director of Building Controls and Chief Building Official, the following actions **BE TAKEN**:

- (a) The attached by-law amendment **BE INTRODUCED** at the Council meeting on September 19, 2011; it being noted that the effect of the by-law amendment will increase business license fees by \$15 per business category; and
- (b) Civic Administration **BE DIRECTED** to report back on potential business license categories for inclusion in the Business Licensing By-law for the purposes of nuisance control, health and safety, quality of life issues and consumer protection.

BACKGROUND

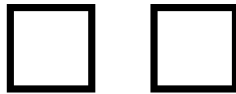
Previously, sections 150(9) and (10) of the *Municipal Act* contained regulations stating that the total amount of fees to be charged for licensing a class of business shall not exceed the costs directly related to the administration and enforcement of the by-law or portion of the by-law of the municipality licensing that class of business. The *Municipal Act* also noted that the types of allowable costs are those costs directly related to the administration and enforcement of the by-law and may include costs related to:

- a) The preparation of the by-law;
- b) Inspections related to the by-law;
- c) The enforcement of the by-law against a person operating a business without a licence;
- d) Prosecution and court proceedings;

Sections 150(9) and (10) were repealed on January 1, 2007. As such, the requirement that the licence fees shall not exceed the costs directly related to the administration and enforcement of the by-law has been eliminated. While the restrictions have been eliminated from the *Municipal Act*, licensing fees must continue to satisfy common law principles; in particular there must be a nexus between the fee and the costs of administration and enforcement, the fee must be reasonable and the fee cannot be confiscatory or prohibitive.

The Association of Municipal Managers, Clerks and Treasurers of Ontario prepared a manual to assist municipalities in determining business license fees. The licence fee cost calculation includes the following steps:

- a) Preparation of the By-law (research issues, consultations with the business group, legal review, preparation of the report, report review and approval, preparing the agenda, attendance at meetings);
- b) Administration (initial application inquiry, receive an application, process payment/issue a receipt, review the application, circulate to inspection agencies, complete inspections, file inspection report, determine licence approval, issue licence);
- c) Inspections (zoning review and approval, health inspection and complete report, building inspection and complete report, police inspection and complete report, property standards inspection and complete report, vehicle inspection and complete report, other inspections;)



d) Enforcement (receive complaint, visit site/complainant/respondent, research issues, monitor activity/surveillance, review options for action, issue warning/PON, legal review, document case history);

e) Prosecution and court proceedings (issue penalty, submit fine, prepare court file, review with prosecutor, prepare subpoenas/summons, appear in court, review judgement, update file)

The most recent full review of the business licensing costs and revenues was undertaken in 2007. In the fall of 2010, the administration of the business licensing service was transferred from the Clerks Department to the Building Division. There are 38 categories of business licenses. The fees range from \$80 (Hairstyling Shop renewal) to \$5,100 (Adult Live Entertainment Parlour). On an annual basis, approximately 3,000 businesses are licensed. Based on the current fee structure, it is projected that 2012 business license revenue will be \$470,000.

The operating costs of delivering this service is \$560,000. This includes administration costs, enforcement costs, zoning review, property standards inspections, vehicle costs and indirect costs including legal, prosecutions and joint enforcement costs (London Police, Health Unit, Fire Prevention).

In order to align costs of delivering the enforcement and administration services related to business licensing, it is recommended that current license fees be increased by \$15 per business category. This represents half of the \$90,000 shortfall in revenue. Full cost recovery would result in a \$30 increase in fees per business category. Rather than allotting the full amount to the cost of existing licences, administration will report back on increasing the types of categories of businesses that could be licensed based on the goals of nuisance control, health and safety, quality of life issues and consumer protection. In the 2011 budget, administration reported that the following business categories could be considered for inclusion in the business licensing by-law including but not limited to: tow truck drivers, adult entertainers, body rub attendants, aestheticians, adult video stores, contractors and tobacco stores. It is anticipated that additional license categories could be accommodated with minimal costs to the City utilizing existing administration and enforcement resources.

PREPARED BY:	
O. KATOLYK, MLEO (C) MANAGER OF LICENSING AND MUNICIPAL LAW ENFORCEMENT	
PREPARED AND RECOMMENDED BY:	REVIEWED & CONCURRED BY:
G. KOTSIFAS, P.ENG. DIRECTOR OF BUILDING CONTROLS AND CHIEF BUILDING OFFICIAL	PAT McNALLY, P.ENG. GENERAL MANAGER OF ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER

APPENDIX "A"

Bill No.
2011

By-law No. L-6-10017

A by-law to amend By-Law No. L-6 entitled "A by-law to provide for the licensing and regulation of various businesses" by increasing all fee categories by \$15.

WHEREAS the Council of The Corporation of the City of London wishes to amend By-law L-6 entitled "A by-law to provide for the licensing and regulation of various businesses" by increasing all fee categories by \$15.

AND WHEREAS section 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

NOW THEREFORE the Council of The Corporation of the City of London enacts as follows:

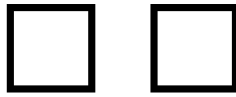
1. Schedule "A" to By-law L-6 City of London Business Licence Fees is hereby amended by increasing all fee categories by \$15.
2. This by-law comes into force on the day it is passed.

PASSED in Open Council on September 19, 2011.

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading –
Second Reading –
Third Reading –



SCHEDULE "A" TO BY-LAW L-6
CITY OF LONDON BUSINESS LICENCE FEES

Class	Licence Category	Licence Fee	
		Initial	Renewal
A	Adult Entertainment Body-rub Parlour	\$2,615.00	\$2,615.00
A	Adult Live Entertainment Parlour	\$5,115.00	\$5,115.00
B	Secondhand Dealer	\$465.00	\$190.00
B	Secondhand Shop	\$465.00	\$190.00
B	Secondhand Shop – Salvage Yard	\$465.00	\$190.00
C	Parking Facilities	\$245.00	\$110.00
C	Public Garage	\$245.00	\$110.00
D	Refreshment Vehicle (Category 1)	\$465.00	\$465.00
D	Refreshment Vehicle (Category 2)	\$230.00	\$230.00
D	Refreshment Vehicle (Category 3)	\$465.00	\$465.00
D	Refreshment Vehicle (Category 4)	\$230.00	\$230.00
D	Refreshment Vehicle (Category 5)	\$245.00	\$245.00
D	Refreshment Vehicle (Category 6)	\$465.00	\$465.00
E	Pedlar Category 1 (Day Sales)	\$515.00	\$515.00
E	Pedlar Category 2 (Seasonal Sales)	\$1,015.00	\$1,015.00
E	Pedlar Category 3 (Door-to-Door Sales)	\$135.00	\$135.00
E	Pedlar Category 4 (Door-to-Door Sales Person)	\$135.00	\$135.00
E	Pedlar Category 5 (Antique/Collectible Show) * per Trader, Collector	\$145.00 * plus \$15.00	\$145.00 * plus \$15.00
E	Pedlar Category 6 (Craft Show) * per Crafter	\$145.00 * plus \$15.00	\$145.00 * plus \$15.00
E	Pedlar Category 7 (Trade Show) * per Trader	\$145.00 * plus \$15.00	\$145.00 * plus \$15.00
E	Pedlar Category 8 (Flea Market) * per Vendor	\$145.00 * plus \$15.00	\$145.00 * plus \$15.00
E	Pedlar Category 9 (General)	\$135.00	\$135.00
F	Auctioneer	\$135.00	\$95.00
G	Drain Contractor	\$95.00	\$95.00
G	Drain Layer	\$95.00	\$95.00
G	Plumbing Contractor	\$95.00	\$95.00
H	Body Modification	\$215.00	\$95.00
H	Bowling Alleys	\$215.00	\$95.00
H	Eating Establishment (Category 1 – over 50 seats)	\$410.00	\$245.00
H	Eating Establishment (Category 2 – 20 – 49 seats)	\$315.00	\$135.00
H	Eating Establishment (Category 3 – 1 – 19 seats)	\$295.00	\$120.00
H	Food Shop	\$410.00	\$120.00
H	Hairstyling Shop	\$215.00	\$95.00
H	Place of Amusement	\$215.00	\$120.00
H	Public Hall	\$215.00	\$95.00
I	Motor Vehicle Storer	\$1,815.00	\$1,815.00
I	Towing Company	\$1,815.00	\$1,815.00
J	Lodging House	\$490.00	\$490.00

Add: Permit Category
 Street Sale (outside of Downtown BIA) \$285.00
 Street Sale (within boundaries of Downtown BIA) \$340.00