

NO: R213

COUNCIL DATE: November 2, 2015

---

## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 29, 2015**

FROM: **City Solicitor**

FILE: **3900-01**

SUBJECT: **Fraser Valley Inter-Municipal Business License Program**

---

## RECOMMENDATION

The Legal Services Division recommends that Council:

1. Receive this report as information; and
2. Authorize the City Clerk to bring forward for the required readings, amendments as documented in Appendix "II" to this report, related to the Fraser Valley Inter-Municipal Business License By-law, 2012, No. 17809 (the "IMBL By-law") which, if adopted, will approve the continuance of the Fraser Valley Inter-Municipal Business Licence Program on a permanent basis.

## INTENT

The purpose of this report is to provide information about the Fraser Valley Inter-Municipal Business License Pilot Project and to seek approval of amendments to the IMBL By-law, which if adopted, will make the existing Fraser Valley Inter-Municipal Business License Pilot Project a permanent program.

## BACKGROUND

Prior to the implementation of the Inter-Municipal Business Licence Pilot Program, non-resident (mobile) trade contractor businesses were required to obtain a business licence from their home municipality in which they were based, as well as purchase a non-resident business licence from each municipality in which they operated in.

On January 1, 2013, nine Fraser Valley municipalities implemented a one year Inter-Municipal Business Licence (IMBL) Pilot Project. The participating municipalities included the City of Surrey, Township of Langley, City of Langley, City of Abbotsford, City of Maple Ridge, City of Pitt Meadows, District of Mission, City of Chilliwack and the District of Hope. Under the Inter-Municipal Business Licence Program, the participating municipalities agreed to allow non-resident (mobile) trade contractor businesses from within the participating municipalities to operate in their municipality on the basis of one Inter-Municipal Business Licence purchased from their home municipality. The cost of the IMBL is \$250 annually, and each mobile trade business is still required to purchase a resident business licence from their home municipality.

The revenue generated from sales of Inter-Municipal Business Licences is shared among the participating municipalities.

The initial one year timeline for the current pilot project did not allow sufficient time for the IMBL Committee to give consideration to key factors that were necessary to ensure the success of the program beyond a pilot stage therefore the pilot program was extended until December 31, 2015.

During the two year pilot extension, the IMBL Committee worked closely with the Province's Small Businesses Branch to ensure the successful development of an Inter-Municipal Business Licence Program taking into consideration the addition of other municipalities to the program, developing a more sustainable revenue sharing formula, and expanding the eligible business types.

With the continuation of the program on a permanent basis, both the Corporation of Delta and the District of Kent have confirmed their interest in joining the Fraser Valley IMBL program bringing the total number of participating municipalities to eleven. The committee has also agreed on a new method of revenue sharing which proposes that each participating municipality retains 90% of the IMBL revenues and redistributes the remainder evenly. The new formula is a more sustainable system that will allow for the inclusion of additional municipalities who may wish to join the program in future.

Furthermore, the committee has reviewed the definition of the current eligible business types and are proposing that the existing definition be modified to include other mobile businesses who may not be directly related to the construction industry however provide similar types of services.

After further review, the Fraser Valley IMBL Committee's recommendation is to continue with the Fraser Valley IMBL Program on a permanent basis. All participating municipalities are bringing forward proposed amendments to their current Inter-Municipal Business Licence Bylaw for their Councils consideration. The proposed bylaw amendments include changes to remove the provisions identifying the program as a pilot, adding the Corporation of Delta & the District of Kent to the list of participants, revising the revenue sharing method to a more sustainable formula, and expanding the definition of "Mobile Business" to expand the scope of businesses that will be eligible to purchase an IMBL.

## **DISCUSSION**

Upon further review of the types of businesses that may be eligible to purchase an IMBL, it was determined that expanding the types of businesses beyond the construction industry was not viable. Local Government bylaws are implemented taking into consideration the specific needs of each respective community which often differ from one municipality to another. Broadening the list of eligible business types outside of the construction industry poses concerns that the bylaws of each participating municipality may be compromised. The Committee did however recognize that the current definition of a "Mobile Business" could be amended to allow for additional types of mobile businesses by adding provisions that allow for mobile businesses that perform maintenance and or repair of land & buildings other than from their "Premises", which are similar in nature to businesses in construction but do not fall under the definition of construction (for example, janitorial services). The proposed new definition expands the list of

eligible mobile businesses to those who may not be directly related to the construction industry however are similar in the types of services provided

During the two year pilot extension, the IMBL Committee has worked closely with the Province’s Small Businesses Branch to ensure the successful development of an Inter-Municipal Business Licence Program taking into consideration the addition of other municipalities to the program, developing a more sustainable revenue sharing formula, and expanding the eligible business types.

Upon further review of the types of businesses that may be eligible to purchase an IMBL, it was determined that expanding the types of businesses beyond the construction industry was not viable. Local Government bylaws are implemented taking into consideration the specific needs of each respective community which often differ from one municipality to another. Broadening the list of eligible business types outside of the construction industry poses concerns that the bylaws of each participating municipality may be compromised. The Committee did however recognize that the current definition of a "Mobile Business" could be amended to allow for additional types of mobile businesses by adding provisions that allow for mobile businesses that perform maintenance and or repair of land & buildings other than from their "Premises". The proposed new definition expands the list of eligible mobile businesses to those who may not be directly related to the construction industry however are similar in the types of services provided.

**The current revenue sharing formula being used for the pilot is shown in the following table:**

<b>Participating Municipality</b>	<b>% share of revenue generated from Inter-municipal Business Licence fees</b>	<b>2014 IMBL's Sold</b>	<b>2014 Revenue Share</b>
City of Abbotsford	11.53%	404	\$48,137.75
City of Chilliwack	6.21%	197	\$25,926.75
District of Hope	0.87%	2	\$3,632.25
City of Langley	11.75%	59	\$49,056.25
Township of Langley	12.82%	334	\$53,523.50
District of Maple Ridge	11.82%	127	\$49,348.50
District of Mission	10.07%	84	\$42,042.25
City of Pitt Meadows	1.95%	24	\$8,141.25
City of Surrey	32.98%	439	\$137,691.50
<b>Total</b>	<b>100%</b>	<b>1670</b>	<b>\$417,500.00</b>

**New Proposed Revenue Sharing Formula:**

The new revenue sharing formula that is being proposed suggests that the participating municipalities retain 90% of IMBL revenues and redistribute the remainder evenly. This method allows for the growth of the program and provides greater support to smaller communities with more limited revenues than that of a non-revenue sharing formula (Appendix "I").

## CONCLUSION

Based on the above discussion, it is recommended that Council:

- Receive this report as information; and
- Authorize the City Clerk to bring forward for the required readings, amendments as documented in Appendix "II" to this report, related to the Fraser Valley Inter-Municipal Business License By-law, 2012, No. 17809 (the "IML By-law"), which, if adopted, will make the existing Fraser Valley Inter-Municipal Business License Pilot Project a permanent program.

Craig MacFarlane  
City Solicitor

JR/mm

c:\users\m24\documents\fraser valley imbl council report - continuance of program (2).docx  
MM 10/29/15 4:14 PM

cc: Manager, Bylaw Enforcement & Licensing Services

Appendix "I" – New Revenue Sharing Formula Analysis

Appendix "II" – Proposed Amendments to Fraser Valley Inter-Municipal Business License By-law,  
2012, No. 17809

# APPENDIX "I"

CITY OF SURREY  
BY-LAW NO. \_\_\_\_\_

<b>Baseline Revenues Post-Pilot IMBL</b>			
<b>Fraser Valley Region</b>			
<b>Issuing Municipality</b>	<b>IMBL Business Count</b>	<b>Suggested Fee</b>	<b>Total Revenue</b>
Abbotsford	404	\$250	\$101,000
Chilliwack	197	\$250	\$49,250
Hope	2	\$250	\$500
City of Langley	59	\$250	\$14,750
Township of Langley	334	\$250	\$83,500
Maple Ridge	127	\$250	\$31,750
Mission	84	\$250	\$21,000
Pitt Meadows	24	\$250	\$6,000
Delta	101	\$250	\$25,250
Surrey	439	\$250	\$109,750
Kent	16	\$250	\$4,000

Municipalities Retain 90% and Redistribute Remainder Evenly											
Issuing Municipality	IMBL Revenue Retained (90%)	Total Revenue to be Redistributed Among All Municipalities (total \$)	Individual Portion to be Distributed to Each Municipality	Total \$ Received from Other Municipalities	Total Before Revenue Sharing	Total After Revenue Sharing	Variance from Baseline	% of Gain/Loss	Proportion of IMBL Revenue	FV 2014 Total Business Licence Revenue	% Variance of Total BL Revenue from Revenue Sharing
Abbotsford	\$90,900	\$10,100	\$1,010	\$3,457.50	\$101,000	\$94,357.50	-\$6,642.50	-6.58%	22.61%	\$955,138.03	-0.70%
Chilliwack	\$44,325	\$4,925	\$492.50	\$3,975	\$49,250	\$48,300	-\$950	-1.93%	11.02%	\$542,000	-0.18%
Hope	\$450	\$50	\$5	\$4,462.50	\$500	\$4,912.50	\$4,412.50	882.50%	0.11%	\$47,508.38	9.29%
City of Langley	\$13,275	\$1,475	\$147.50	\$4,320	\$14,750	\$17,595	\$2,845	19.29%	3.30%	\$465,617	0.61%
Township of Langley	\$75,150	\$8,350	\$835	\$3,632.50	\$83,500	\$78,782.50	-\$4,717.50	-5.65%	18.69%	\$916,239	-0.51%
Maple Ridge	\$28,575	\$3,175	\$317.50	\$4,150	\$31,750	\$32,725	\$975	3.07%	7.11%	\$657,925	0.15%
Mission	\$18,900	\$2,100	\$210	\$4,257.50	\$21,000	\$23,157.50	\$2,157.50	10.27%	4.70%	\$262,955.88	0.82%
Pitt Meadows	\$5,400	\$600	\$60	\$4,407.50	\$6,000	\$9,807.50	\$3,807.50	63.46%	1.34%	\$156,370.20	2.43%
Delta	\$22,725	\$2,525	\$252.50	\$4,215	\$25,250	\$26,940	\$1,690	6.69%	5.65%	\$1,195,766	0.14%
Surrey	\$98,775	\$10,975	\$1,097.50	\$3,117.50	\$109,750	\$101,892.50	-\$7,857.50	-7.16%	24.57%	\$5,961,860.29	-0.13%
Kent	\$3,600	\$400	\$40	\$4,427.50	\$4,000.00	\$8,027.50	\$4,027.50	100.69%	0.90%	\$52,624.57	7.65%

APPENDIX "II"

CITY OF SURREY  
BY-LAW NO. \_\_\_\_\_

A by-law to amend the provisions of "Fraser Valley Inter-Municipal Business Licence By-law, 2012, No. 17809" as amended.

.....

The Council of the City of Surrey, in open meeting assembled, ENACT AS FOLLOWS:

1. "Fraser Valley Inter-Municipal Business Licence By-law, 2012, No. 17809," as amended is hereby further amended as follows:

(a) Section 2 is deleted in its entirety

(b) Section 4 definition "Mobile Business" is amended by deleting the words "that provides a service or product other than from their Premises" and replacing them with "or a contractor who performs maintenance and/or repair of land & buildings from other than their Premises."

(c) Section 4 "Participating Municipality" is amended by adding the words "Corporation of Delta" before the words "District of Hope" and adding the words "District of Kent" before the words "City of Langley" and replacing the words "District of Maple Ridge" with the words "City of Maple Ridge"

(d) Section 14 is deleted in its entirety and replaced with new Section 14 as follows:

14. The revenue generated from Inter-Municipal Business License fees collected by the Participating Municipalities will be distributed by each Participating Municipality to the other Participating Municipalities as follows:
  - a) The revenue generated from Inter-Municipal Business License fees collected from January 1 to December 31 inclusive will be distributed by February 28 of the year following the year in which the fees were collected.

(e) Schedule A is amended by deleting it in its entirety and replaced with Schedule "A" as follows:

Schedule "A"

The revenue generated from Inter-Municipal Business License fees is shared on the following formula:

The Principal Municipality is to retain 90% of the fee collected and the remaining 10% is to be distributed to the remainder of the Participating Municipalities.

2. This By-law shall be cited for all purposes as "Fraser Valley Inter-Municipal Business Licence By-law, 2012, No. 17809, Amendment By-law, 2015, No. \_\_\_\_\_".

PASSED THREE READINGS by the City Council on the \_\_\_\_ day of \_\_\_\_\_, 2015.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_MAYOR

\_\_\_\_\_CLERK