

NO: R214

COUNCIL DATE: November 2, 2015

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **October 29, 2015**
FROM: **City Solicitor** FILE: **3900-01**
SUBJECT: **Metro West Inter-Municipal Business License Program**

RECOMMENDATION

The Legal Services Division recommends that Council:

1. Receive this report as information;
2. Authorize the City Clerk to bring forward for the required readings, amendments as documented in Appendix "II" to this report, related to the Metro West Inter-Municipal Business License By-law, 2013, No. 18018 (the "IMBL By-law") which, if adopted, will approve the continuance of the Metro West Inter-Municipal Business Licence Program on a permanent basis; and
3. Authorize the City Clerk to bring forward for the required readings, amendments as documented in Appendix "III" to this report, related to the Metro West Inter-Municipal Business License Agreement By-law, 2015, No. _____ (the "IMBL Agreement By-law") which, if adopted, will approve the continuance of the Metro West Inter-Municipal Business Licence Program on a permanent basis.

INTENT

The purpose of this report is to provide information about the Metro West Inter-Municipal Business License Pilot Project and to seek approval of amendments to the IMBL By-law, which if adopted, will make the existing Metro West 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 October 1, 2013, six municipalities implemented a 27 month pilot program for an Inter-Municipal Business Licence IMBL. The participating municipalities included the City of Burnaby, Corporation of Delta, City of New Westminster, City of Richmond, City of Surrey and City of Vancouver. 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.

DISCUSSION

During the pilot program, the IMBL Committee worked closely with the Province’s Small Businesses Branch to ensure the successful development of an Inter-Municipal Business Licence Program. After careful review of the pilot program, the committee’s recommendation is to continue with the IMBL program on a permanent basis.

Since the initial inception, the Metro West IMBL program has received positive feedback from the business community and continues to show steady growth. From the period of December 31, 2014 to June 30, 2015, the data provided by the Ministry reported an overall increase of 8% in the number of IMBLs sold by the six community participants in the program.

In addition to the recommendation that the Metro West IMBL now be established as a permanent program, the pilot period also provided an opportunity for staff from the participating municipalities and the Ministry to track the effectiveness of other areas of the program. Careful consideration was given to the development of a more sustainable revenue sharing formula, the frequency of the revenue sharing process and expanding the types of business that could be included in the IMBL scheme.

The revenue generated from the current pilot program is distributed among the participating municipalities using a revenue sharing formula (table below) that was derived from sales figures of non-resident contractor business license by each participating municipality at the start of the pilot program.

Participating Municipality	% of shared revenue	2014 IMBL's Sold	2014 Revenue Share
Burnaby	14.37	310	\$81,082.75
Delta	9.67	249	\$54,563.00
New Westminster	9.34	81	\$52,701.00
Richmond	18.86	359	\$106,417.50
Surrey	23.46	884	\$132,373.00
Vancouver	24.30	374	\$137,112.75
Total	100%	2257	\$564,250.00

While the original formula initially appeared to be adequate for the purpose of the pilot program, the percentage allocated to each participant was calculated using only on a single year of sales, 2012. It has been reported that in a similar IMBL program which also used this process for calculating program revenue distribution, the process was found to be skewed due to one participating municipality experiencing a building boom during the sample year. In addition to these concerns, the current method also does not allow for

ease of entry for any additional municipalities that may choose to join the program in the future.

As documented in Appendix "I", a new method of revenue sharing proposes that the municipality that sells the IMBL retains 90% of the revenues and redistributes the remaining 10% evenly amongst the other participants. The improved proposed revenue sharing formula offers more flexibility and lends itself to support future growth of the program while maintaining the goal of revenue neutrality. Analysis by the Ministry using IMBL sales figures to date indicates that this new formula will have minimal effect on the overall revenue provided to each of the participating municipalities. At this time, the Committee is not recommending any change to the \$250 fee of the IMBL.

The original agreement required that the revenue collected from IMBL sales be distributed amongst the participants in six month intervals. Having the benefit of experience staff have found that the given the time and resources necessary to complete this task, distribution on an annual basis is preferred to the biannual practice currently in use.

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 over two years of successful operation, the IMBL pilot program has been collaboratively developed with five neighbouring cities. It is recommended that Council authorize the City to enter into a permanent agreement with the municipalities of Burnaby, Delta, New Westminster, Richmond, and Vancouver to participate in an IMBL program as detailed in this report. Additional improvements regarding the revenue sharing formula and the distribution frequency are also recommended.

As noted previously, in order to participate in the IMBL pilot program, Council adopted two bylaws. The first was the *Metro West Inter-Municipal Business Licence Agreement, 2013, No. 18019 Bylaw 2013*, and the second was the *Metro West Inter-Municipal Business Licence Bylaw, 2013, No. 18018*. The first bylaw authorized Surrey's participation in the pilot IMBL program with an expiry date of December 15, 2015. The second bylaw defined the regulations for the IMBL program, including business eligibility, the licence fee, a mechanism for participating municipalities to withdraw from the program and additional regulatory requirements.

CONCLUSION

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

- Authorize the City Clerk to bring forward for the required readings, amendments as documented in Appendix "II" to this report, related to the *Metro West Inter-Municipal Business License By-law, 2013, No. 18018* (the "IMBL By-law") which, if adopted, will approve the continuance of the Metro West Inter-Municipal Business Licence Program on a permanent basis; and

- Authorize the City Clerk to bring forward for the required readings, amendments as documented in Appendix "III" to this report, related to the Metro West Inter-Municipal Business License Agreement By-law, 2015, No. _____ (the "IMBL Agreement By-law") which, if adopted, will approve the continuance of the Metro West Inter-Municipal Business Licence Program on a permanent basis.

Craig MacFarlane
City Solicitor

JR/mm

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cc: Manager, Bylaw Enforcement & Licensing Services

Appendix "I" – New Revenue Sharing Formula Analysis

Appendix "II" – Proposed Amendments to Metro West Inter-Municipal Business License By-law,
2013, No. 18018

Appendix "III" – Proposed new Metro West Inter-Municipal Business License Agreement By-law,
2015, No. _____

APPENDIX "I"

CITY OF SURREY
BY-LAW NO. _____

Baseline Revenues Post-Pilot IMBL			
Metro-West Region			
Issuing Municipality	IMBL Business Count	Suggested Fee	Total Revenue
Burnaby	310	\$250	\$77,500
Delta	249	\$250	\$62,250
New Westminster	81	\$250	\$20,250
Richmond	359	\$250	\$89,750
Surrey	884	\$250	\$221,000
Vancouver	374	\$250	\$93,500
Grand Total for Region	2257		\$564,250

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	MW 2014 Total Business Licence Revenue	% Variance of Total BL Revenue from Revenue Sharing
Burnaby	\$69,750	\$7,750	\$1,550	\$9,735	\$77,500	\$79,485	\$1,985	2.56%	13.74%	\$2,602,814	0.08%
Delta	\$56,025	\$6,225	\$1,245	\$10,040	\$62,250	\$66,065	\$3,815	6.13%	11.03%	\$1,195,766	0.32%
New Westminster	\$18,225	\$2,025	\$405	\$10,880	\$20,250	\$29,105	\$8,855	43.73%	3.59%	\$1,243,551	0.71%
Richmond	\$80,775	\$8,975	\$1,795	\$9,490	\$89,750	\$90,265	\$515	0.57%	15.91%	\$3,600,000	0.01%
Surrey	\$198,900	\$22,100	\$4,420	\$6,865	\$221,000	\$205,765	-\$15,235	-6.89%	39.17%	\$5,961,860	-0.26%
Vancouver	\$84,150	\$9,350	\$1,870	\$9,415	\$93,500	\$93,565	\$65	0.07%	16.57%	\$14,650,008	0.00%

APPENDIX "II"

CITY OF SURREY

BY-LAW NO. _____

A by-law to amend the provisions of "Metro West Inter-Municipal Business Licence Bylaw, 2013, No. 18018" as amended.

.....

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

1. "Metro West Inter-Municipal Business Licence Bylaw, 2013, No. 18018," as amended is hereby further amended as follows:

(a) Section 2 is deleted in its entirety and marked as "REPEALED"

(b) deleting the definition of "Inter-Municipal Business" and substituting the following:

"Inter-Municipal Business" means a trades contractor or other professional related to the construction industry or a contractor who performs maintenance, repair and/or inspections of land and buildings outside of its *Principal Municipality*;

(c) deleting section 11 and substituting the following:

"11. Despite section 12, the *Inter-Municipal Business License* fee will not be prorated." and

(d) deleting section 12 and substituting the following:

"12. The length of the term of an *Inter-Municipal Business License* is twelve (12) months, except that at the option of a *Participating Municipality*, the length of term of the initial Inter-municipal Business License issued to an *Inter-Municipal Business* in that municipality may be less than twelve (12) months in order to harmonize the expiry date of the *Inter-Municipal Business License* with the expiry date of the *Municipal Business License*."

2. This By-law shall be cited for all purposes as "Metro West Inter-Municipal Business Licence Bylaw, 2013, No. 18018, 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

APPENDIX "III"

CITY OF SURREY

BY-LAW NO. _____

A Bylaw to enter into an agreement among the City of Burnaby, the Corporation of Delta, the City of New Westminister, the City of Richmond, the City of Surrey, and the City of Vancouver (the "Participating Municipalities") regarding an Inter-Municipal Business License Scheme

.....

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

The City is authorized to enter into an Agreement with the City of Burnaby, the Corporation of Delta, the City of New Westminister, the City of Richmond, the City of Surrey, and the City of Vancouver, in substantially the form and substance of the Agreement attached to this Bylaw as Schedule "A".

The Mayor and the City Clerk are authorized on behalf of the Council to sign the Agreement.

Schedule "A" forms a part of this Bylaw.

This Bylaw may be cited for all purposes as "Metro West Inter-Municipal Business License Agreement Bylaw, 2015, No. _____."

This Bylaw comes into force and takes effect on the ____ day of _____, 2015.

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

Schedule A

Inter-Municipal Business License Agreement

WHEREAS the City of Burnaby, the Corporation of Delta, the City of New Westminster, the City of Richmond, the City of Surrey, and the City of Vancouver (hereinafter the "*Participating Municipalities*") wish to permit certain categories of Businesses to operate across their jurisdictional boundaries while minimizing the need to obtain a separate municipal business license in each jurisdiction;

NOW THEREFORE the City of Burnaby, the Corporation of Delta, the City of New Westminster, the City of Richmond, the City of Surrey, and the City of Vancouver agree as follows:

1. The *Participating Municipalities* agree to establish an inter-municipal business license scheme among the *Participating Municipalities*, pursuant to section 14 of the *Community Charter* and section 192.1 of the *Vancouver Charter*.
2. The *Participating Municipalities* will request their respective municipal Councils to each ratify this Agreement and enact a bylaw to implement a permanent inter-municipal business license scheme effective January 1, 2016.

3. In this Agreement:

"*Business*" has the meaning in the *Community Charter*;

"*Community Charter*" means the Community Charter, S.B.C. 2003, c. 26;

"*Inter-municipal Business*" means a trades contractor or other professional related to the construction industry or a contractor who performs maintenance, repair and/or inspections of land and buildings outside of its *Principal Municipality*;

"*Inter-municipal Business License*" means a business license which authorizes an *Inter-municipal Business* to be carried on within the jurisdictional boundaries of any or all of the *Participating Municipalities*;

"*Inter-municipal Business License Bylaw*" means the bylaw adopted by the Council of each *Participating Municipality* to implement the inter-municipal business license scheme contemplated by this Agreement;

"*Municipal Business License*" means a license or permit, other than an *Inter-municipal Business License*, issued by a *Participating Municipality* that authorizes a *Business* to be carried on within the jurisdictional boundaries of that *Participating Municipality*;

"*Participating Municipality*" means any one of the "*Participating Municipalities*";

"*Person*" has the meaning in the *Interpretation Act*, S.B.C. 1996, c. 238;

"*Premises*" means one or more fixed or permanent locations where the *Person* ordinarily carries on *Business*;

"*Principal Municipality*" means the *Participating Municipality* where a *Business* is located or has *Premises*; and

“*Vancouver Charter*” means the *Vancouver Charter*, S.B.C. 1953 c. 55.

4. Subject to the provisions of the *Inter-municipal Business License Bylaw*, the *Participating Municipalities* will permit a *Person* who has obtained an *Inter-municipal Business License* to carry on *Business* within any *Participating Municipality* for the term authorized by the *Inter-municipal Business License* without obtaining a *Municipal Business License* in the other *Participating Municipalities*.
5. A *Principal Municipality* may issue an *Inter-municipal Business License* to an applicant if the applicant is an *Inter-municipal Business* and meets the requirements of the *Inter-municipal Business License Bylaw*, in addition to the requirements of the *Principal Municipality’s* bylaw that applies to a *Municipal Business License*.
6. Notwithstanding that a *Person* may hold an *Inter-municipal Business License* that would make it unnecessary to obtain a *Municipal Business License* in other *Participating Municipalities*, the *Person* must still comply with all other regulations of any municipal business license bylaw or regulation in addition to any other bylaws that may apply within any jurisdiction in which the *Person* carries on *Business*.
7. An *Inter-municipal Business License* must be issued by the *Participating Municipality* in which the applicant maintains *Premises*.
8. The *Participating Municipalities* will require that the holder of an *Inter-municipal Business License* also obtain a *Municipal Business License* for *Premises* that are maintained by the license holder within the jurisdiction of the *Participating Municipality*.
9. The *Inter-municipal Business License* fee is \$250 and is payable to the *Principal Municipality*.
10. The *Inter-municipal Business License* fee is separate from and in addition to any *Municipal Business License* fee that may be required by a *Participating Municipality*.
11. Despite section 15, the *Inter-municipal Business License* fee will not be pro-rated.
12. The *Participating Municipalities* will distribute revenue generated from *Inter-municipal Business License* fees amongst all *Participating Municipalities* based on the *Principal Municipality* retaining 90% of the *Inter-Municipal Business License* fee and the remaining 10% distributed to the remaining *Participating Municipalities*.
13. The *Participating Municipalities* will review the inter-municipal business license scheme and the revenue sharing formula established by this Agreement from time to time and may alter the formula in section 12 by written agreement of all *Participating Municipalities*.
14. The revenue generated from *Inter-municipal Business License* fees collected from January 1 to December 31 inclusive that is to be distributed to other *Participating Municipalities*, in accordance with section 12, will be distributed by February 28 of the year following the year in which fees were collected.
15. The length of term of an *Inter-municipal Business License* is twelve (12) months, except that at the option of a *Participating Municipality*, the length of term of the initial *Inter-*

municipal Business License issued to an *Inter-municipal Business* in that municipality may be less than twelve (12) months in order to harmonize the expiry date of the *Inter-municipal Business License* with the expiry date of the *Municipal Business License*.

16. An *Inter-municipal Business License* will be valid within the jurisdictional boundaries of all of the *Participating Municipalities* until its term expires, unless the *Inter-municipal Business License* is suspended or cancelled or a *Participating Municipality* withdraws from the inter-municipal business license scheme among the *Participating Municipalities* in accordance with the *Inter-municipal Business License Bylaw*.
17. Each *Participating Municipality* will share a database of *Inter-municipal Business Licenses*, which will be available for the use of all *Participating Municipalities*.
18. Each *Participating Municipality* which issues an *Inter-municipal Business License* will promptly update the shared database after the issuance of that license.
19. A *Participating Municipality* may exercise the authority of the *Principal Municipality* and suspend an *Inter-municipal Business License* in relation to conduct by the holder within the *Participating Municipality* which would give rise to the power to suspend a business license under the *Community Charter* or *Vancouver Charter* or under the business license bylaw of the *Participating Municipality*. The suspension will be in effect throughout all of the *Participating Municipalities* and it will be unlawful for the holder to carry on the *Business* authorized by the *Inter-municipal Business License* in any *Participating Municipality* for the period of the suspension.
20. A *Participating Municipality* may exercise the authority of the *Principal Municipality* and cancel an *Inter-municipal Business License* in relation to conduct by the holder within the *Participating Municipality* which would give rise to the power to cancel a business license under the *Community Charter* or *Vancouver Charter* or the business license bylaw of the *Participating Municipality*. The cancellation will be in effect throughout all of the *Participating Municipalities*.
21. The cancellation of an *Inter-municipal Business License* under section 22 will not affect the authority of a *Participating Municipality* to issue a business license, other than an *Inter-municipal Business License*, to the holder of the cancelled *Inter-municipal Business License*.
22. Nothing in this Agreement affects the authority of a *Participating Municipality* to suspend or cancel any business license issued by that municipality or to enact regulations in respect of any category of *Business* under section 15 of the *Community Charter* or sections 272, 273, 279A, 279A.1, 279B, and 279C of the *Vancouver Charter*.
23. A *Participating Municipality* may, by notice in writing to each of the other *Participating Municipalities*, withdraw from the inter-municipal business license scheme among the *Participating Municipalities*, and the notice must:
 - (a) set out the date on which the withdrawing municipality will no longer recognize the validity within its boundaries of *Inter-municipal Business Licenses*, which date must be at least six months from the date of the notice; and

- (b) include a certified copy of the municipal Council resolution or bylaw authorizing the municipality's withdrawal from the *Inter-municipal Business License* scheme.
- 24. Prior to the effective date of a withdrawal under section 23 of this Agreement, the remaining *Participating Municipalities* will review and enter into an agreement to amend the revenue distribution formula set-out in section 12 of this Agreement.
- 25. Nothing contained or implied in this Agreement shall fetter in any way the discretion of the Council of the *Participating Municipalities*. Further, nothing contained or implied in this Agreement shall prejudice or affect the *Participating Municipalities'* rights, powers, duties or obligation in the exercise of its functions pursuant to the *Community Charter, Vancouver Charter*, or the *Local Government Act*, as amended or replaced from time to time, or act to fetter or otherwise affect the *Participating Municipalities'* discretion, and the rights, powers, duties and obligations under all public and private statutes, bylaws, orders and regulations, which may be, if each *Participating Municipality* so elects, as fully and effectively exercised as if this Agreement had not been executed and delivered by the *Participating Municipalities*.
- 26. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original. Such counterparts together shall constitute one and the same instrument, notwithstanding that all *Participating Municipalities* are not signatories to the original or the same counterpart.

SIGNED AND DELIVERED on behalf of the *Participating Municipalities*, the Councils of each of which has, by bylaw, ratified this Agreement and authorized their signatories to sign on behalf of the respective Councils, on the dates indicated below.

CITY OF BURNABY

City Clerk _____
 Date _____

CORPORATION OF DELTA

Mayor _____
 Clerk _____
 Date _____

CITY OF NEW WESTMINSTER

Mayor _____
 Clerk _____
 Date _____

CITY OF RICHMOND

Chief _____
Administrative
Officer _____
General Manager,
Corporate and
Financial Services
Date _____

CITY OF SURREY

Mayor _____
Clerk _____
Date _____

CITY OF VANCOUVER

Director of Legal
Services _____
Date _____