



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** September 28, 2015
From: Cecilia Achiam **File:** 12-8275-10/2015-Vol
 Director, Administration and Compliance 01
Re: Inter-Municipal Business Licence Bylaws

Staff Recommendation

1. That Inter-municipal Business Licence Agreement Bylaw No. 9493 be introduced and given first, second and third readings.
2. That Inter-municipal Business Licence Bylaw No. 9040, Amendment Bylaw No. 9492 be introduced and given first, second and third readings.

Cecilia Achiam
 Director, Administration and Compliance
 (604-276-4122)

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Business Licences Law	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

In October 2013, the City of Richmond, in conjunction with the municipalities of Burnaby, New Westminister, Surrey, Delta and Vancouver (Metro West) entered into a trial Inter-municipal Business Licence (IMBL) scheme. The trial end date is December 31, 2015. This program is directed to businesses engaged in the construction industry whereby an eligible business may obtain an IMBL from a participating municipality that allows an establishment to carry on business in all Metro West IMBL municipalities.

The goal of the new IMBL program was to promote a greater business environment and improve economic development by reducing costs and administration for construction related businesses operating in the partnering communities. Improved compliance with business licence requirements and a modest revenue increase were also identified as expected benefits under the new scheme.

As the current IMBL pilot project is near completion, this reports deals with enacting Bylaws to establish the Metro West IMBL scheme on an ongoing basis.

Analysis

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. Under the IMBL Program, the participating municipalities have 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.

Enacting the IMBL scheme was done with two Bylaws with each municipality enacting an IMBL Bylaw to establish and regulate the activity within their jurisdiction and an Agreement Bylaw permitting the participating municipalities to be enjoined into a program.

A new Agreement Bylaw is proposed to facilitate participating municipalities to enjoin into the IMBL scheme on an ongoing basis and an Inter-municipal Business Licence Amendment Bylaw is proposed for changes recommended to the program.

The Provincial Ministry of Small Business and Red-Tape Reduction (the Ministry) has also been an active partner in establishing and supporting the IMBL during the pilot program. The Ministry has been responsible for maintaining a central database of IMBL program information

and providing analysis of the data to participating cities. This shared database also allows for licence compliance checks by staff of the participating cities.

Bylaw Changes

Establish the scheme as an ongoing Program

The proposed bylaw amendments include changes to remove the provisions identifying the program as a pilot.

Eligible Businesses

Staff 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. The definition of eligible business will be amended to:

“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;

Financial Impact

Revenue Distribution

The IMBL program is based on an income neutral model amongst participating municipalities using the forecast of projected sales generated from the program against the sales of existing non-resident licences. Total IMBL sales values are distributed on a percentage basis with Richmond realizing 18.86% of total sales in order to be revenue neutral.

Participating Municipality	% of shared revenue
Burnaby	14.37
Delta	9.67
New Westminster	9.34
Richmond	18.86
Surrey	23.46
Vancouver	24.30
Total	100%

Based on Metro West IMBL sales of 2,257 over the year 2014 had Richmond selling 359. Over the period October 1, 2013 to December 31, 2014, the estimated decrease in Non-Resident (Contractor) Business Licenses was 651 Licenses. The net outcome on this model has Richmond realizing a positive \$21,787.

Moving toward an easier administration model and more revenue neutral, staff propose a 90/10 revenue distribution model with the selling municipality retaining 90% of the licence fee and 10% distributed equally amongst the remaining participant municipalities. This method also

permits additional municipalities to join the scheme or the withdrawal of a participating municipality. Under the same scenario of sales, this distribution approach has Richmond realizing a positive value of \$5,595 as opposed to the \$21,787 under the existing model as demonstrated in Appendix 1.

Staff has noted additional sales of Licenses, both IMBL and resident Business Licenses to Richmond contractors participating in this scheme. The growth in Richmond Licenses, both IMBL and Resident, added to the growth of participating municipalities IMBL sales will be offset with further nonresident licenses lost as the program reaches maturity. Overall, there is no material impact expected on Richmond's Licence revenues by participating in this program.

The original agreement required that the revenue collected from IMBL sales be distributed in six month intervals. 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.

Conclusion

After two years of successful operation of the IMBL pilot program in the six partner municipalities, it is recommended that Council authorize staff to enter into a permanent agreement with the cities of New Westminster, Burnaby, Surrey, Vancouver and the Corporation of Delta to participate in an Inter-Municipal Business Licence program as detailed in this report.

As noted previously, in order to participate in the IMBL pilot program Council adopted two bylaws. The first was the *Inter-Municipal Business Licence Agreement Bylaw 9033* and the second was the *Inter-Municipal Business Licence Bylaw 9040*. The first bylaw authorized Richmond's participation in the pilot IMBL and contained a schedule which set the expiry of the agreement as December 31, 2015. The second bylaw defined the conditions for eligibility, set the fee and contained additional regulatory requirements.

If Council accepts the recommendations contained in this report a new *Inter-Municipal Business Licence Agreement Bylaw No. 9493* and the *Inter-Municipal Business Licence Bylaw 9040 Amendment Bylaw No. 9492* would need to be enacted by December 31, 2015 to reflect these changes.

Amendments to Business Regulations require that proposed changes be published as notification of intention. This notification provides an opportunity for those who consider they are affected by the bylaw to make representation to Council. If Council adopts the staff recommendations, notice will be published in a local newspaper to invite written comments which will be compiled for presentation to Council.



W. Glenn McLaughlin
Special Projects
(604-276-4136)

- Att. 1: Inter-municipal Business Licence Agreement Bylaw 9493
- 2: Inter-municipal Business Licence Bylaw 9040, Amendment Bylaw 9492

Appendix 1

<i>Existing Program Percentage Based</i>		
Total Sales	2,257 x \$250	\$564,250
Richmond %	X 18.86%	\$106,417
Decrease in Non-Resident Licenses	651 x \$130	(\$84,630)
Net		\$21,787
<i>New Program – Retain 90%</i>		
Total Sales	2,257 x \$250	\$564,250
Richmond 90% Sales	359 x \$250 x 90%	\$80,775
Plus 10% of other Metro West Sales	(2,257-359) x \$250 x 10% / 5	\$9,490
Decrease in Non-Resident Licenses	651 x \$130	(\$84,630)
Net		\$5,595



CITY OF RICHMOND

INTER-MUNICIPAL BUSINESS LICENCE AGREEMENT

BYLAW NO. 9493

EFFECTIVE DATE –



Inter-municipal Business Licence Agreement Bylaw No. 9493

A By-law to enter into an agreement among 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 (the "Participating Municipalities") regarding an Inter-municipal Business Licence Scheme

THE COUNCIL OF THE CITY OF RICHMOND, in public meeting, enacts as follows:

- 1. Council hereby authorizes the City to enter into an Agreement with 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, in substantially the form and substance of the Agreement attached to this Bylaw as Schedule A, and also authorizes the Chief Administrative Officer and the General Manager, Corporate and Financial Services to execute the Agreement on behalf of the City, and to deliver it to the Participating Municipalities on such terms and conditions as the Chief Administrative Officer and the General Manager, Finance and Corporate Services deem fit.
2. This Bylaw is cited as "Inter-municipal Business Licence Agreement Bylaw No. 9493".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

Four horizontal lines for signatures corresponding to the reading stages.

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

MAYOR

CORPORATE OFFICER

Schedule A

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

"*Municipal Business Licence*" means a licence or permit, other than an *Inter-municipal Business Licence*, 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 Licence Bylaw*, the *Participating Municipalities* will permit a *Person* who has obtained an *Inter-municipal Business Licence* to carry on *Business* within any *Participating Municipality* for the term authorized by the *Inter-municipal Business Licence* without obtaining a *Municipal Business Licence* in the other *Participating Municipalities*.
5. A *Principal Municipality* may issue an *Inter-municipal Business Licence* to an applicant if the applicant is an *Inter-municipal Business* and meets the requirements of the *Inter-municipal Business Licence Bylaw*, in addition to the requirements of the *Principal Municipality's* bylaw that applies to a *Municipal Business Licence*.
6. Notwithstanding that a *Person* may hold an *Intermunicipal Business Licence* that would make it unnecessary to obtain a *Municipal Business Licence* in other *Participating Municipalities*, the *Person* must still comply with all other regulations of any municipal business licence 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 Licence* 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 Licence* also obtain a *Municipal Business Licence* for *Premises* that are maintained by the licence holder within the jurisdiction of the *Participating Municipality*.
9. The *Inter-municipal Business Licence* fee is \$250 and is payable to the *Principal Municipality*.
10. The *Inter-municipal Business Licence* fee is separate from and in addition to any *Municipal Business Licence* fee that may be required by a *Participating Municipality*.
11. Despite section 15, the *Inter-municipal Business Licence* fee will not be pro-rated.
12. The *Participating Municipalities* will distribute revenue generated from *Inter-municipal Business Licence* fees amongst all *Participating Municipalities* based on the *Principal Municipality* retaining 90% of the *Inter-municipal Business Licence* fee and the remaining 10% distributed equally to the remaining *Participating Municipalities*.
13. The *Participating Municipalities* will review the inter-municipal business licence 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 Licence 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. The *Participating Municipalities* will designate one municipality, which may change from time to time, to calculate and distribute the revenue generated from *Inter-municipal Business Licence fees*.
 15. The length of term of an *Inter-municipal Business Licence* is twelve (12) months, except that, at the option of a *Principal Municipality*, the length of term of the initial *Inter-municipal Business Licence* 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 Licence* with the expiry date of the *Municipal Business Licence*.
 16. An *Inter-municipal Business Licence* will be valid within the jurisdictional boundaries of all of the *Participating Municipalities* until its term expires, unless the *Inter-municipal Business Licence* is suspended or cancelled or a *Participating Municipality* withdraws from the inter-municipal business licence scheme among the *Participating Municipalities* in accordance the *Inter-municipal Business Licence Bylaw*.
 17. Each *Participating Municipality* will share a database of *Inter-municipal Business Licences*, which will be available for the use of all *Participating Municipalities*.
 18. Each *Participating Municipality* which issues an *Inter-municipal Business Licence* will promptly update the shared database after the issuance of that licence.
 19. A *Participating Municipality* may exercise the authority of the *Principal Municipality* and suspend an *Inter-municipal Business Licence* in relation to conduct by the holder within the *Participating Municipality* which would give rise to the power to suspend a business licence under the *Community Charter* or *Vancouver Charter* or under the business licence 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 Licence* 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 Licence* in relation to conduct by the holder within the *Participating Municipality* which would give rise to the power to cancel a business licence under the *Community Charter* or *Vancouver Charter* or the business licence 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 Licence* under section 20 will not affect the authority of a *Participating Municipality* to issue a business licence, other than an *Inter-municipal Business Licence*, to the holder of the cancelled *Inter-municipal Business Licence*.

22. Nothing in this Agreement affects the authority of a *Participating Municipality* to suspend or cancel any business licence 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 licence 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 Licences*, 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 Licence* scheme.
24. Prior to the effective date of a withdrawal under section 23 of this Agreement, the remaining *Participating Municipalities* may 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. Despite any other provision of this Agreement, an *Inter-municipal Business Licence* granted in accordance with the *Inter-municipal Business Licence Bylaw* does not grant the holder of a licence to operate in any jurisdiction other than within the jurisdictional boundaries of the *Participating Municipalities*. Furthermore, a business licence granted under any other inter-municipal business licence scheme is deemed not to exist for the purposes of this Agreement even if a *Participating Municipality* is a participating member of the other inter-municipal licence scheme.
27. This Agreement may be executed in several counter parts, each of which shall be deemed to be an original. Such counterparts together shall constitute one and the same instrument, notwithstanding that all of the *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 signatures to sign on behalf of the respective Councils, on the dates indicated below.

CITY OF BURNABY

Clerk _____

Date _____

CORPORATION OF DELTA

Mayor _____

Clerk _____

Date _____

CITY OF NEW WESTMINSTER

Mayor _____

Clerk _____

Date _____

CITY OF RICHMOND

Chief Administrative Officer _____

General Manager, Finance
and Corporate Services _____

Date _____

CITY OF SURREY

Mayor _____

Clerk _____

Date _____

CITY OF VANCOUVER

Director of Legal Services _____

Date _____



Inter-municipal Business Licence Bylaw No. 9040, Amendment Bylaw No. 9492

The Council of the City of Richmond enacts as follows:

- 1. Inter-municipal Licence Bylaw No. 9040 as amended is further amended by:
a. Repealing section 2 and marking it 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 Licence fee will not be prorated."
d. Deleting Section 12 and substituting the following:
"12. The length of term of an Inter-municipal Business Licence is twelve (12) months, except that at the option of a Participating Municipality, the length of term of the initial Inter-municipal Business Licence 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 Licence with the expiry date of the Municipal Business Licence."
2. This Bylaw shall come into force and take effect on the 1st day of January, 2016.
3. This Bylaw is cited as "Inter-Municipal Business Licence Bylaw No. 9040, Amendment Bylaw No. 9492".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

Four horizontal lines for signatures

CORPORATE OFFICER

CITY OF RICHMOND APPROVED for content by originating dept. APPROVED for legality by Solicitor