

# Report to Council



**Date:** October 23, 2023  
**To:** Council  
**From:** City Manager  
**Subject:** Business Licence Bylaw No. 7878 - Revision  
**Department:** Development Services

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## **Recommendation:**

THAT Council receives for information, the report from the Business Licence Supervisor dated October 23, 2023, recommending that Council rescind Business Licence and Regulation Bylaw No. 7878 and give reading consideration to replacement Bylaw No. 12585;

AND THAT Business Licence and Regulation Bylaw No. BL 12585 be forwarded for reading consideration;

AND THAT Amendment No. 36 Bylaw no. 12586 to Bylaw Notice Enforcement Bylaw No. 10475 be forwarded for reading consideration;

AND FURTHER THAT Council directs staff to give notice by placing an advertisement in City In-Action to allow written comments from the public to be submitted to the Business Licence Supervisor no later than 4pm on November 3, 2023.

## **Purpose:**

To replace the current Business Licence and Regulation Bylaw No. 7878 with Business Licence and Regulation Bylaw No. 12585

## **Background:**

The City adopted a new Official Community Plan in January 2022. As a result, numerous bylaws and policies have been updated since to follow the directions outlined in the Official Community Plan such as the new Zoning Bylaw (Sept 2022), Development Applications and Heritage Procedures Bylaw 12310 (June 2022), Public Notification & Consultation for Development Applications Policy 367 (June 2022), updates to Subdivision Development & Servicing bylaw (August 2023), and others. In the natural progression of necessary bylaw updates the Business Licence and Regulation Bylaw now requires updates in order to modernize it and to follow the sequencing and alignment of various bylaws and policies to the Official Community Plan. Furthermore, to ensure all related bylaws are updated, the

Bylaw Notice Enforcement Bylaw will be amended to align with the new Business Licence Bylaw. The most noteworthy amendment is to include a new penalty for marketing a business without a valid business licence.

This report has provides an in-depth analysis and recommendations to replacement the Business Licence and Regulation Bylaw. The current Business Licence and Regulation Bylaw has been in effect since 1996 with only minor amendments and is in need of substantial alignment updates and modernization. The proposed new bylaw is designed to align seamlessly with the City of Kelowna's strategic vision and addresses several key areas such as: the use of contemporary language, enhanced clarity, streamlined fee structures, and improved overall user experience.

### **Discussion:**

The major amendments and updates to the Business License and Regulation Bylaw has been organized into four main categories.

#### *Category 1: Modern Language, Clarity, and Enhanced User-Friendly Experience*

A primary objective in the new bylaw is to enhance accessibility and understanding of the bylaw. Substantial efforts have been completed in modernizing the language throughout the document with the goal that the bylaw is easily understood by a broad audience: including businesses, city officials, and the public.

Noteworthy changes were made to Part 7 – Authority, which outlines the procedures for refusals, cancellations, suspensions, and Council reconsiderations. The existing bylaw lacks any provision for a reconsideration process, an omission that is rectified in the proposed bylaw, aligning it more closely with principles of transparency and accountability.

The most noteworthy change is that the updated land use categories and definitions within the new Zoning Bylaw have been incorporated into the new Business Licensing and Regulation Bylaw in order to provide a synergistic and easier to understand bylaw. This will facilitate a more straightforward experience for individuals and businesses applying for licences.

#### *Category 2: Licence Type Codes and Data Collection*

The new bylaw is proposing to transform how licence types are categorized and how data is collected. The existing bylaw's classification system is out of date, and has struggled to keep relevant with the evolving business landscape. For example, the old bylaw featured categories such as circuses and shoeshine stands and it did not have any categories for contemporary business models including those in the sharing economy, fitness and recreation, creative arts, and animal-related occupations. The current bylaw has 138 different licence type codes.

The new bylaw has addressed these limitations by streamlining and consolidating the licence type codes. The licence type codes have been condensed from 138 to 33. This will significantly enhance the efficiency of the application intake process. This reduction in type codes will allow for greater data collection and tailored questioning for each business type during the application process.

For example, the Services category has been consolidated from over 40 type codes into a single Services type code category. Then during the application process, there will be specific questions aligning the business type with the Zoning Bylaw creating a cohesive and logically structured approach.

Category 3: Streamlined Fees

One of the other substantial improvements with the proposed bylaw update is the restructuring of fee schedules. The existing bylaw featured a fee system that incorporated calculations based on square footage or the number of employees, a system ill-suited to contemporary business practices. Through comprehensive research and consultation, the staff recommendation is to move beyond that outdated practice towards a more equitable and transparent cost recovery model.

Using this approach, the new bylaw is suggesting a base standard licence fee of \$160.00. This figure represents an increase of \$32.49 from the current \$127.51. There were several methodologies considered for the fee revision, including a standard Consumer Price Index (CPI) adjustment and a comparative assessment of base fees from similar-sized municipalities within the region and across BC to support a reasonable fee. The current base fee is 27 years old. If we use a standard CPI adjustment over those 27 years then this would have resulted in a base licence fee of \$227.31. However, the recommended approach is to use a cost recovery approach and a comparative analysis with other municipalities. The cost recovery approach is more attuned to the contemporary regulatory landscape and is recommending a \$160.00 base fee.

In many cases, the existing licence categories were further divided into multiple type codes based on fee calculations. For instance, banks, childcare centers, retail, manufacturing, and wholesale locations were charged according to retail square meter and other type codes were based on the number of employees. Under the new bylaw, these complex fee structures have been streamlined, often resulting in a reduction of licence fees for these categories.

An assessment of base fees from similar sized municipalities throughout the region is shown in the table below:

<b>Table 1: Summary of Base fees for Okanagan Municipalities and other BC Municipalities</b>		
<b>No.</b>	<b>Okanagan Municipalities</b>	<b>Annual Licence Base Fee (\$)</b>
1.	West Kelowna	Tier 1: \$60 Tier 2: \$135 Tier 3: \$360
2.	Penticton	\$195
3.	Lake Country	\$110.25
4.	Vernon	\$115
5.	Peachland	\$112
6.	Summerland	\$125
<b>No.</b>	<b>Other BC Municipalities</b>	<b>Annual Licence Base Fee (\$)</b>
7.	Nanaimo	\$165
8.	Abbotsford	\$130
9.	Coquitlam	L1: \$92 L2: \$173 L3: \$227
10.	Victoria	\$140

11.	Saanich	Small: \$100 Large: \$200
12.	Chilliwack	\$100
13.	Langley	\$217.50

#### Category 4: Revised Administrative Fees

The new bylaw is proposing several updates to various administrative fees, namely the Application Fee and the Licence Change/Transfer Fee. These revisions are aimed at: improving the City's processing efficiency, coordinating the City's fees to be comparable with services other municipalities, and aligning fees more closely with actual cost.

The application fee is currently set at \$25 for all new business licence applications within the City. The new bylaw is proposing an updated flat-rate fee of \$50. This fee will encompass the comprehensive review and processing of initial business licence applications. Staff believe this adjustment is necessary to adequately cover the administrative costs associated with these services.

The current Licence Change/Transfer Fee is set at \$30. The new bylaw is proposing to increase this fee to \$50 to better correspond with the actual staff time required to process changes to licences. This new fee structure is justified by a cost recovery model, ensuring that fees are reasonable, fair, and aligned with the services provided.

#### **Notice and Consultation:**

Before adopting any business licence bylaw there is a legislative requirement to provide an opportunity for persons who consider they are affected by the bylaw to make representations to council. To fulfill this requirement, staff will notify the Chamber of Commerce, the Business Improvement Areas, and will publish advertisements in City In-Action section of the Daily Courier on October 25<sup>th</sup> and November 1<sup>st</sup>, allowing written comments from the public to be submitted to the Business Licence Supervisor no later than 4:00 PM on November 3<sup>rd</sup>, 2023.

#### **Conclusion:**

Business Licence and Regulation Bylaw No. 12585 represents a crucial step toward modernizing and enhancing the existing regulatory framework. The proposed changes are the culmination of consultations with professional consultants and various internal and external stakeholders. The benefits and impact of a new modern Business Licence and Regulation Bylaw will:

1. Enhance Clarity: The modernized language and clearer processes will reduce confusion, promoting compliance and understanding for businesses and City staff alike.
2. Streamline Fees: The new fee structure simplifies calculations, making it easier for businesses to understand their obligations and for City staff to administer, promoting efficient resource allocation.
3. Improve User Experience: The user-friendly approach simplifies the application process, reducing the burden on businesses and promoting compliance.
4. Align with Best Practices: Comparisons with fees in similar-sized municipalities demonstrate that the proposed fees are competitive, fostering a favorable business environment.

It is recommended that Council supports the replacement of Business Licence and Regulation Bylaw No. 7878 with Business Licence and Regulation Bylaw No. 12585. This will facilitate the modernization and effectiveness of the City's business licensing and regulation processes, ensuring that they are in harmony with the contemporary business landscape. Additionally, staff will closely monitor the impact of the new bylaw and will ensure more frequent updates to the bylaw to ensure its success and keeping modern with the ever-changing business environment.

**Internal Circulation:**

Development Planning  
Development Services  
Bylaw Services  
Kelowna Fire Dept  
Office of the City Clerk

**Considerations applicable to this report:**

***Legal/Statutory Authority:***

Community Charter Sections 15, 16, 59 and 60.

***Legal/Statutory Procedural Requirements:***

***External Agency/Public Comments:***

***Existing Policy:***

***Financial/Budgetary Considerations:***

***External Agency/Public Comments:***

***Communications Comments:***

Comments from the public to be submitted to the Business Licence Manager no later than 4pm on October 13, 2023.

**Considerations not applicable to this report:**

Submitted by:

G. March, Business Licensing Supervisor

**Approved for inclusion:**



Ryan Smith, Divisional Director of Planning and Development