



Regional Board Report

Request for Decision

To: Regional Board
From: Director of Development & Engineering Services
Date: September 26, 2024
Subject: Licensing and Regulation of Business Bylaw Updates.

Voting Entitlement: *All Directors - Unweighted Corporate Vote - Simple Majority (LGA s.208)*
Bylaw adoption requires 2/3 majority (LGA s.228)

Purpose: To consider repealing the Regional District of Central Okanagan's Business Licensing and Regulation Bylaw and replacing it with a new bylaw and updated fee schedule to reflect the current provisions of the business licensing service.

Executive Summary:

In 1996 the Regional District of Central Okanagan's Business Licensing and Regulation Bylaw No. 689 was adopted to define licensing processes, fees, and operational considerations for certain businesses. The business license function provides an important service to our residents, as it ensures that businesses comply with local bylaws and regulations such as building codes, health and safety standards, and zoning regulations. For example, some business license categories require a fire safety plan, a critical consideration to ensure that all occupants have heightened safety provisions in the event of a fire.

The new proposed bylaw addresses two key objectives; to ensure that the RDCO is recovering the costs associated with the service, and to remove outdated bylaw content that is not applicable in the RDCO's Electoral Areas. These updates are necessary to ensure that the business license program continues to serve our region's needs, and that it responds to new provincial legislation that is impacting local governments.

In the proposed bylaw, application intake fees have been introduced to reflect the administrative cost of processing new applications, and licensing categories for short term occupancy accommodation and cannabis production facilities have been added. In addition, administrative amendments are being put forward for the Bylaw Notice Enforcement Bylaw and the Ticket Information Utilization Bylaw to ensure that the new regulatory clauses are accurately referenced.

Recommendations:

THAT the Regional Board gives first, second and third reading to Business Licensing and Regulation Bylaw No. 1555;

AND THAT the Regional Board adopts Business Licensing and Regulation Bylaw No. 1555.

AND THAT the Regional Board gives first, second and third reading to Bylaw No.1556, Amendment No.1 to Bylaw Notice Enforcement Bylaw No.1538, 2023;

AND THAT the Regional Board adopts Bylaw No.1556, Amendment No.1 to Bylaw Notice Enforcement Bylaw No.1538, 2023.

AND THAT the Regional Board gives first, second and third reading to Bylaw No.1557, Amendment No.1 to Ticket Information Utilization Bylaw No.1537, 2023;

AND FURTHER THAT the Regional Board adopts Bylaw No.1557, Amendment No.1 to Ticket Information Utilization Bylaw No.1537, 2023.

Respectfully submitted by: Shaun O’Dea, Senior Planner

Report Approved by: Danielle Noble Brandt, Director of Development and Engineering Services

Approved for Agenda: Sally Ginter, Chief Administrative Officer

Strategic Plan Alignment:

- Emergency preparedness
- Health and wellness
- Regional transportation
- Truth and reconciliation
- Environment and climate – Regional priority only
- Growth and development – Electoral Area priority only

Background:

The last comprehensive analysis of business licensing fees and charges in the RDCO’s Electoral Areas was completed in 2004. Since then, the Region has seen significant demographic growth, and changes in the economic landscape, operational costs, and related regulations that have altered the profile of business licensing in our community.

In May 2024, the new *Short-Term Rental Accommodations Act* was introduced, requiring hosts to display a local business license number and conform with local land use bylaws. This change has led to a significant increase in applications, and as of August 13, 2024, the number of business licenses has increased 72% from average annual licenses issued between 2020 and 2023 (Figure 1).

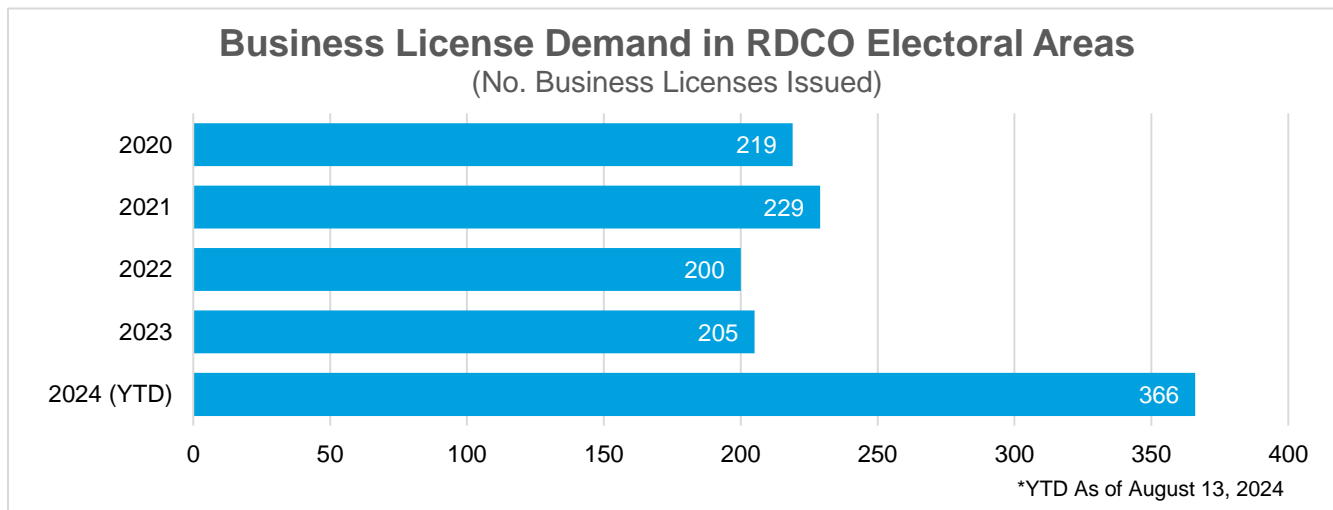


Figure 1

As such, the costs related to processing applications, conducting inspections, and enforcing compliance have increased substantially. Further, inflation and rising administrative costs have diminished the financial sustainability of the existing fee structure. The business license function is self-funded and therefore totally dependent on revenue to support its function and service level.

To address these challenges and ensure the Regional District can continue to provide effective oversight and support for local businesses, a comprehensive review of the current fee schedule was necessary to promote fairness in cost distribution and ensure cost recovery goals are met.

Analysis:

Staff utilized information from internal application tracking software, RDCO Annual Reports, and Bylaws from member municipalities to conduct an analysis of business licensing within the RDCO and establish a regional fee comparison (Figure 2).

Comparison of Business Licensing Fees across the Central Okanagan

	Kelowna	West Kelowna	Vernon	Lake Country	Peachland	Average	RDCO Current	RDCO Proposed
Application Intake Fees								
Standard Business	\$ 50		\$ 50	\$ 30		\$ 43	\$ -	\$ 50
Short-Term Occupancy Accommodation	\$ 50	\$ 250	\$ 100	\$ 100		\$ 125	\$ -	\$ 100
Cannabis Production Facility	\$ 50		\$5,000	\$ 30	\$ 500-5000	\$1,958	\$ -	\$1,000
Annual Business License Fees								
Standard Business	\$ 160	\$ 60	\$ 90	\$ 125	\$ 112	\$ 109	\$ 85	\$ 110
Short-Term Occupancy Accommodation	\$ 250	\$ 500	\$ 90	\$ 350	\$ 112	\$ 260	\$ 85	\$ 260
Bed & Breakfast Accommodation	\$ 160	\$ 135	\$ 90	\$ 350	\$ 112	\$ 169	\$ 85	\$ 260
Cannabis Production Facility	\$ 510	\$ 360	\$2,000	\$ 600	\$ 112-500	\$ 755	\$ 85	\$ 500

Figure 2

Proposal:

Staff propose repealing the existing Business Licensing and Regulation Bylaw and replacing it with a new bylaw. Key differences between the existing bylaw and the proposed bylaw, include:

- The removal of businesses activity types (definitions and regulations) that are not permitted on any properties within the RDCO electoral areas (i.e. pawn shops, social escort services and body-rub parlours).
- Introducing one-time administrative fees and charges to be paid in addition to annual business license fees to reflect staff time across multiple departments processing new applications, and to ensure cost recovery goals are met.
- Amending the license fee policy to allow a 50% refund for application fees in cases where the license application is withdrawn prior to the issuance of the license, or if issuance of the license is refused.
- Introducing two new categories of business licenses for short-term occupancy accommodations and cannabis production facilities to reflect the additional staff resources for processing complex applications.
- Updating the current fees and charges for business licenses to be more consistent with the Regional District's member municipalities and ensure cost recovery goals are met.
- Introducing a graduated increase for annual business license fees.

The proposed fee schedule is based on the regional fee comparison (Figure 2) and the following guiding principles:

- Fees should be primarily based on cost recovery principles, to account for the staff time processing applications and conducting inspections.
- Staff time varies for different types of license applications and fees should be adjusted to reflect this. Small-scale business license applications which require less administration should be priced accordingly to reduce costs to small business owners.
- Fees should not be substantially more or less than the Regional District's member municipalities.
- An annual increase should be built into the bylaw to ensure fees keep pace with inflation costs.

Finally, to ensure that enforcement action can be taken against business activities that do not conform with licensing regulations, administrative amendments are proposed for the RDCO's Bylaw Notice Enforcement Bylaw and Ticket Information Utilization Bylaw.

Considerations:

Financial:	The draft bylaws impose fees and fines which are intended to partially recover the costs associated with providing business licensing services in the RDCO's electoral areas.
External:	The proposed fee increase, and subsequent annual increase shall be communicated to the public and all business owners through an informational bulletin available on the Regional District of Central Okanagan website prior to the annual license renewal each fall. License applications received after the adoption of the new fee schedule shall be subject to the new fees.
Legal/Statutory Authority:	<i>Local Government Act</i> section 326 – Regulation of business <i>Local Government Act</i> section 378 – Options for cost recovery <i>Local Government Act</i> section 379 – Costs of services <i>Local Government Act</i> section 397 – Imposition of fees and charges <i>Community Charter</i> section 265 – Penalties in relation to ticket offences.

Attachments:

1. Business Licensing and Regulation Bylaw No. 1555
2. Bylaw No.1556, Amendment No.1 to Bylaw Notice Enforcement Bylaw No.1538, 2023
3. Bylaw No.1557, Amendment No.1 to Ticket Information Utilization Bylaw No.1537, 2023
4. Presentation Slides