

BUSINESS LICENSE BYLAW AND PROCESS IMPROVEMENT OPTIONS

Issue

Administration has completed a holistic review of the Business License Bylaw to reduce barriers for doing business in Okotoks and ensure alignment of the purpose of the bylaw with service levels.

Motion Proposed by Administration

That Administration be directed to proceed with Option 3 to reflect the value of business licensing to Okotoks, review the current business license fee structure for inclusion in the 2025 Fees, Rates, and Charges Bylaw and bring the corresponding Business License Bylaw amendments to Council before November 19, 2024 to enable a January 2025 implementation.

Report, Analysis and Financial Implications

Background and context

The Town has received feedback from the business community that it is difficult to do business in Okotoks, particularly in relation to the requirements and processing times for business licensing. This has led to Administration undertaking an integrated review of the Town's Business License Bylaw (Bylaw) and the business licensing process. This review is focusing on the purpose and value of business licensing to Okotoks, opportunities to decouple business licensing practices, and the current fee structure for business licensing.

Business licensing is a traditional service, not a statutory requirement

Business licensing is a "traditional" service provided by municipalities for the purpose of promoting a safe business operations environment, and to provide a means for businesses to exhibit responsible business operations to the public. Business licenses also serve as an important source of data collection for the municipality. The town gathers essential information such as the type of business, its location, ownership details, and emergency contacts. This data is used to maintain business directories, supporting local economic development initiatives, and informing public safety measures. Additionally, the collected data helps the municipality to analyze economic trends, allocate and prioritize resources efficiently, and develop targeted programs that support business growth and community well-being. The service also provides revenues as a funding source for targeted economic development programs and initiatives for Okotoks' business community.

Okotoks adopted a Business License Bylaw 21-23 to "*register businesses operating within and partially within the Town of Okotoks and establish a system for license fees, fines, and penalties.*" To meet this purpose, the Bylaw requires that persons operating a business in Okotoks have a valid business license and that the respective fees have been paid. Other provisions require businesses owners to demonstrate that:

- provincial and federal licensing requirements have been met;

- applicants and business owners comply with the provisions of or regulations under any other Town bylaw, including holding of a valid development permit (Clause 3.4 and 3.5);
- the applicant and/or owner has completed all aspects of the final occupancy permit and/or inspection requirements under the building codes (Clause 3.6);
- the applicant must have completed all aspects of fire inspection to the satisfaction of the CAO (Clause 3.7)

Overall, the purpose and value of business licensing to Okotoks can be summarized as follows:

- Register businesses with the Town and establish a system for license fees, fines, and penalties
- Support a safe business operations environment by assisting with regulatory and Safety Code compliance
- Generate statistics to intentionally facilitate economic development and business growth
- Allow creation of a business directory including opting into receiving information or business support
- Funding source for economic development initiatives and projects
- Business display responsible business operations to the public (such as when obtaining insurance)
- Supports a thriving local economy

Municipal Comparisons

Being a traditional but non-statutory, and therefore discretionary, service, municipal business licensing practices vary greatly across local and regional municipalities. There are some jurisdictions in Alberta, including Lethbridge County or Wheatland County, who do not undertake business licensing at all.

Municipal comparisons included process and bylaw reviews of regional municipalities including Cochrane and High River, as well as the Cities of Calgary, Airdrie and Lethbridge.

These comparisons found:

- Purpose and value is broadly to regulate business to ensure safe and compliant business operation;
- Bylaw requirements and process vary, with some requiring compliance prior to a business license being issued, while others only state that bylaws and the Building Code must be complied with.
- Okotoks licensing fees exceed fees of regionally and provincially comparable communities; in fact Okotoks is among the most expensive business license providers in the Province for both resident businesses and home occupations. Furthermore, Okotoks has an uncommon tiered fee structure based on the number of employees, which lifts fees to \$510 for resident businesses (> 50 employees). Elsewhere, flat fees for resident businesses are set, regionally all less than \$200 with a regional average of \$166.50.

Business Licensing Process in Okotoks

The business licensing process in Okotoks implements all requirements of the Bylaw, and only issues a business license after achieving full compliance, however by doing so it is fulfilling a “gatekeeper role”, focusing on compliance over and above the stated Bylaw purpose and Council’s strategic priority to support a strong local economy. The integration of building and licensing components into this bylaw creates duplication and is not essential for the purposes of business licensing. Overall business licensing generates about \$0.472M/492M of revenue which is used to fund the activities of the economic development department. Any changes in revenue will have potential budget impacts that will need to be further explored.

Consideration of 3 Options for Business Licensing in Okotoks

For consideration, three potential options are discussed for the future of business licensing in Okotoks. They are as follows:

1. Retain Business License Bylaw intent with minor bylaw and process improvements
2. Remove requirements for business licensing and repeal the Business License Bylaw
3. Amend the Business License Bylaw to reflect the value of business licensing to Okotoks, streamline processes accordingly, and simplify the associated fee structure.

Option 3 is the recommended option as it best addresses the original purpose and value of business licensing to Okotoks, improves the customer experience through streamlined and business-friendly processes, ensures the continued, intentional delivery of economic development services, and preserves the information source required to help deliver those services.

Option 1 – Retain Business License Bylaw Intent with Minor Process Improvements

The design and intent of Okotoks’ Business License Bylaw and the business licensing process has evolved over time and reflects similarities in the approach with several other municipalities. Option 1, therefore, considers amendments to the Business License Bylaw to conform with municipal authority and legislation through the removal of proof of provincial approval or the repeal of the Fair Trading Act. Pre-application information should be improved to increase awareness and business licensing applicants’ access to information.

Option 1 does not effectively streamline the business licensing process as it retains the high amount of complexity present in the current process. By continuing to focus on compliance over the stated purpose of the Bylaw, to support economic development and business growth, the Town would continue to fulfil the role of a gatekeeper and the overall customer experience would undergo little improvement.

In Option 1, the average timelines studied to issue a business license would not significantly decrease as most time would continue to be spent during the Applications Stage (Stage 2), where development or building permits are required. Furthermore, this would not significantly reduce administrative coordination requirements, leaving perceived responsibility or accountability to progress Business License applications with the Town.

Option 2 – Remove Requirements for Business Licensing and Repeal the Business License Bylaw

Option 2 reflects that there is no statutory requirement for a municipality to provide business licensing services.

While the repeal of the Bylaw would create a business-friendly image, responsibility and accountability would fall solely to business owners and their agents to ensure that any required development or building permits are obtained to legally and responsibly carry out business in Okotoks. Eliminating the licensing function altogether may have the unintended impact of compounding confusion of where a business is permitted to locate (land use bylaw requirements) and what local regulatory processes (development and building) must be addressed. This approach would also remove the value of the license as a tool for customers to exhibit responsible business operations to the public and other business entities and would remove the source of data that enables the Town to support the local business community with retention and expansion initiatives and programs. Option 2 would remove revenues currently collected from business licensing activities, which are used to fund economic development initiatives and programs and raises the potential for increased compliance or enforcement actions.

Option 3 – Amend the Business License Bylaw to reflect the value of business licensing to Okotoks, streamline processes accordingly, and simplify the associated fee structure.

Option 3 would provide a balanced approach to business licensing that recognizes the advantages and disadvantages of Options 1 and 2.

In this approach, business licensing would be decoupled from permit requirements under the Land Use Bylaw and the Building Code and occupancy certificates. Requirements for provincial and federal approvals and compliance would also be decoupled, resulting in a license that functions essentially as a business registration.

Process amendments and tools are currently being tested to provide and improve more “self serve” features such as advanced notifications of other permit requirements to business license applicants, their internal circulation to monitor new businesses, business relocations, changes of use and their respective outstanding permitting requirements. As a result, business licensing in Okotoks would operate independently as an annual registration, transferring the responsibility to obtain compliance with all bylaws and codes to business owners, as opposed to licensing acting as a compliance gatekeeper; the Bylaw would focus on its intended purpose and value.

Option 3 is considered to better support Council’s strategic priority to a strong local economy, enabling statistics, intentional service delivery and a business directory. As a result of reduced application coordination requirements, this option would be supported by a restructured and reduced fee schedule for business licensing. A high level of financial modelling has been developed, which supports fee reductions and the introduction of a flat fee for Okotoks resident businesses to better align with the provincial averages. Amendments to the fee

structure and fee level would be proposed as part of the upcoming Fees, Rates, and Charges Bylaw review.

Option 3 would furthermore be supported by improved pre-application information and resources, including enhanced in-person customer support as well as digital supports and tools such as a GIS-linked regulatory guide for on-line users.

Option 3 is the recommended option as it responds to the issues as identified in support of strategic objectives to create business-friendly licensing and processes while ensuring the continued delivery of business support services.

Strategic Plan Goals

<input checked="" type="checkbox"/>	Responsibly Managed Growth	<input type="checkbox"/>	Demonstrated Environmental Leadership
<input checked="" type="checkbox"/>	Strong Local Economy	<input type="checkbox"/>	Enhanced Culture & Community Health
<input checked="" type="checkbox"/>	Organizational Excellence		

Equity/Diversity/Inclusivity Impacts and Strategy

n/a

Environmental Impacts

n/a

Governing Policies/Bylaws/Legislation or Agreements

Considerations regarding governing policies, bylaws or legislation have been included within the body of the report.

Community Engagement Strategy

The review of the business licensing in Okotoks is part of a comprehensive business support review taking place across the Community Growth and Identity Division and is based on outcomes of the Business Satisfaction Survey in 2023, as well as direct feedback from businesses, corporations, staff and consultants and takes into consideration the outcomes as presented in the Draft Economic Development Strategy, which will be presented to Council later in 2024. In addition, this review has considered the feedback received from business license applicants.

Alternatives for Consideration

Alternatives for consideration are presented in the body of the report.

CAO Comments

Business licensing is an activity municipalities can choose to do. Many municipalities are in the business of business licensing as it allows for them to collect data and information on the businesses in the community and how they can best be served. Over the years, the business license bylaw has contained required additional responsibilities that are not the function of business licensing. If Council feels that the benefits of business licensing are important, then the function should continue and it should go back to its original intent and purpose. Fees would then be adjusted to be the median of comparator communities. If Council feels that the data is optional and not essential then it could choose not to be in the business of business licensing. With the economic development strategy expected at the Council table this fall, it requires knowledge of the businesses and the services they need to be successful. This data allows for the Town to perform more effectively its economic development role therefore Administration is recommending option 3 which is a business license bylaw but narrowed to that function only.

Attachment(s)

1. Draft Red Lined Business License Bylaw

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