



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Parking and By-law Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	May 12, 2014
SUBJECT/REPORT NO:	Enforcement of Businesses Operating Without a Licence (PED13037(b)) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Marty Hazell (905) 546-2424 Ext. 4588
SUBMITTED BY:	Neil Everson Acting General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the Acting General Manager of Planning and Economic Development be authorized and directed to increase the complement of Licensing and Permits Officers by 1.0 FTE, offset by reducing the complement of Parking Control Officers by 1.0 FTE, and that the net increase (estimated at \$21,000) be funded from the Parking and By-law Services Division Operating Budget;
- (b) That approval be given to a one-time Capital expenditure (estimated at \$25,000) for the purchase of one vehicle funded from the Parking Reserve Account #108021.

EXECUTIVE SUMMARY

On March 26, 2014, the Audit, Finance and Administration Committee dealt with Audit Report AUD14008 where it was reported that there are potentially 684 unlicensed businesses in the public garage, personal aesthetic service, eating establishment/food shop and cigarette/tobacco license categories based on information contained in other Department's databases.

Staff were directed, among other things to *"... modify the current work plan to ensure that unlicensed businesses be inspected in the immediate future to ensure that there are no health and safety issues at these establishments."*

Accordingly, this Report recommends increasing the complement of Licensing and Permit Officers by 1.0 FTE, and that the new Officer work solely on the list of 684

potentially unlicensed businesses and proactively identifying other potentially unlicensed businesses.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The increased annual operating costs associated with the recommendation are in the order of \$21,000 (\$10,000 in salary/wages and \$11,000 in vehicle operating expenses). As well, there would be a one-time Capital expenditure (estimated at \$25,000) for the purchase of a vehicle funded from the Parking Reserve #108021.

Staffing: The complement of Licensing and Permit Officers will be increased by 1.0 FTE, offset by a 1.0 FTE reduction to the complement of Parking Control Officer positions. There is at least one current vacancy in Parking Control so there will not be any negative staff impacts.

Legal: N/A

HISTORICAL BACKGROUND

City Council, on March 26, 2014, approved Item 18 of Report 14-002 of the Audit, Finance and Administration Committee which reads as follows:

“18. Performance Audit Report 2013-14 - Unlicensed Businesses (Value for Money Audit) (AUD14008) (City Wide) (Item 8.5)

(a) That the Management Action Plans, as detailed in the attached Appendix “A” to Report AUD14008, be received;

(b) That the Acting General Manager of Planning and Economic Development be directed to instruct the appropriate staff to investigate and detail the costs of staff resources and technology improvements required to implement recommendations 1 and 2 of Appendix “A” of Report AUD14008 and report back with a work plan, to the Audit, Finance and Administration Committee, no later than the July 9, 2014; and,

(c) That, notwithstanding sub-section (b) above, staff be directed to modify the current work plan to ensure that unlicensed businesses be inspected in the immediate future to ensure that there are no health and safety issues at these establishments.”

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendation is in accordance with the Complement Control Policy.

RELEVANT CONSULTATION

Finance staff was consulted in the preparation of this Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

A 2007 Operational Review of the former Standards and Licensing Section revealed significant deficiencies in the City's By-Law Enforcement Program. The release of the Operational Review coincided with a complete management changeover beginning in January 2007, followed by a Departmental restructuring initiative which re-aligned Divisional responsibilities for efficiencies and effectiveness

License inspections and enforcement are now appropriately prioritized in the City's By-law Enforcement Program. Proactive efforts and performance management of enforcement staff has resulted in a significant increase in license activity since 2006 as indicated by the following key performance indicators:

	2006	2013	% increase
Licences issued	under 7,000	8,500	21%
Charges (operating without a licence)	11	143	1,300%
License revenues	\$2.1 million	\$2.8 million	33%

As reported to the Planning Committee on April 16, 2013 (PED13037(a)), significant resources are required to enforce licensed businesses which are not in compliance with Licensing By-Law requirements and in following up on businesses (almost 30% of license holders) which do not renew their licences on time. In an effort to reduce resources required for late renewals, Council approved increasing the late fee for renewing a business licence from \$60 to \$250.

While there is still room for improvement, there has been a marked reduction in the number of late renewals. However, far too much time is still being expended on renewals and maintaining compliance with By-law requirements for licensed businesses. These activities limit the time available for identifying unlicensed business operations.

At the March 26, 2014 meeting, the Audit, Finance and Administration Committee dealt with Report AUD14008 (Performance Audit Report 2013-14 - Unlicensed Businesses (Value for Money Audit)). It was reported that based on information contained in other Department's databases, there are potentially 684 unlicensed businesses in the public garage, personal aesthetic service, eating establishment/food shop and cigarette/tobacco license categories.

In accordance with the Committee and Council direction to “... *modify the current work plan to ensure that unlicensed businesses be inspected ...*”, the complement of Licensing and Permit Officers will be increased by 1.0 FTE, offset by a 1.0 FTE reduction to the complement of Parking Control Officer positions.

The new Licensing and Permit Officer will be assigned to work solely on the list of 684 potentially unlicensed businesses and proactively identifying other potentially unlicensed businesses. Staff will report to Committee on the findings as deemed necessary and appropriate.

In accordance with the Council direction “...*to investigate and detail the costs of staff resources and technology improvements required to implement recommendations 1 and 2 of Appendix "A" of Report AUD14008 and report back with a work plan, to the Audit, Finance and Administration Committee, no later than the July 9, 2014...*”, the task of scoping out the technology requirements has been referred to the “AMANDA Review and Analysis” Project which will undertake a comprehensive review of the AMANDA system, and provide an objective and critical assessment of the application as a practical and viable solution for the Planning and Economic Development Department.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1 – A Prosperous & Healthy Community

APPENDICES AND SCHEDULES ATTACHED

N/A

MH/dt