



Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 23, 2016
SUBJECT/REPORT NO:	Licensing Division Revenues (PED16070) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Marty Hazell (905) 546-2424 Ext. 4588 Ken Leendertse (905) 546-2424 Ext. 3059
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

Council Direction:

At its meeting of February 12, 2016, an enhancement request for a third License Facilitator at the One-Stop Business Centre was considered by the General Issues Committee. Additional information was requested concerning the workload of the License Facilitators, revenue generated through business licences and what the potential increase in license fees might be to make the requested position cost recovery.

Information:

There are currently three License Facilitators and two Licensing Clerks working out of the One-Stop Business Centre at City Hall. The Facilitators assist new business operators with the requirements for operating a business in Hamilton and navigating through the approval process to ensure they are properly licensed in a timely manner. The License Facilitators also complete zoning verifications and assist in facilitating all inspections to complete the application process.

Two License Facilitators and two Licensing Clerks are currently budgeted for. The third License Facilitator was approved by Council in 2014 as a temporary position funded from the Economic Development Reserve in order to be able to maintain service levels in spite of a steadily increasing workload. When the temporary funding source expired, Council approved funding the position from the operating budget through to the 2016 budget process.

Workload of the License Facilitators:

In 2015, the three License Facilitators at the One-Stop Business Centre processed:

- 913 New License Applications;
- 833 Sign Permits ;
- 286 Liquor Applications and Permit;
- 234 Zoning Verifications ; and,
- 18,600 License and Permit Inquiries (Emails and Phone Calls).

The third Facilitator position assisted in contributing to an improved level of service as the time to license a new business was reduced from 67 days to 26 days. Also, the list of licences waiting to be processed was also significantly reduced. As the processes become more streamlined, the ease of licensing enhances an “*Open for Business*” experience for citizens seeking to start up small businesses in Hamilton.

2015 Revenue Generated Through Business Licences:

The revenue budget for the Licensing Division is \$3.1 million which is comprised of Business Licensing, Liquor Licensing, Sign Permits, Lottery License Applications and By-law charges laid by License Officers. The expense budget is \$3.2 million, which leaves a net levy impact of \$100,000. However, there is a negative budget variance of \$325,000 due to reduced activity in lotteries, unachievable revenues under the Sign By-law and the Council direction to phase-in cost recovery for most business license fees. These are off-set by reduced expenditures.

Revenues attributed specifically to the staff at the One-Stop Business Centre in 2015 were:

New Business Licences	\$356,000
Sign Permits	97,000
Liquor Applications and Permits	27,000
<u>Zoning Verifications</u>	<u>68,000</u>
Total Revenue:	\$547,000

In 2001, Council endorsed a cost-recovery approach to Business Licensing Fees (Report PD01104(a)). As a result of the 2011 costing review, Council, in March, 2012, approved increases to reflect full cost recovery for some license categories while 67 other license categories were only approved for partial cost recovery.

In October 2015, Report (PD01104(j)) Business Licensing Fees Review approved the third year of a five year phase-in of full cost recovery for Business Licensing. This partial approval of fees reflecting full cost recovery has left a variance of \$170,000 annually in Licensing revenues, which Council has agreed to address through the comprehensive Licensing By-Law re-write currently in progress. Staff intend to undertake a detailed analysis of the costs to administer and enforce each license category in order to

determine the actual cost to reflect full cost recovery for each license category. A comparison of other jurisdictions with similar licensing categories will also be completed.

Potential Increase in License Fees to Make the Requested Position Cost Recovery:

The estimated cost of the requested third License Facilitator is \$62,000 in 2016 (\$90,000 annually). Rather than approving the requested enhancement, consideration could be given to approving an increase of 3.94% to the annual fee associated with every license category. Another alternative would be to increase the annual fee associated with every license category by \$10.30, but this would result in a higher percent increase for categories with lower license fees.