



## STAFF REPORT ACTION REQUIRED

### Framework for the Comprehensive Review and Modernization of Chapter 545, Licensing

<b>Date:</b>	May 8, 2015
<b>To:</b>	Licensing and Standards Committee
<b>From:</b>	Executive Director, Municipal Licensing and Standards
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2015\Cluster B\MLS\LS15011

#### SUMMARY

This report presents the framework for a comprehensive review of Chapter 545, Licensing. Chapter 545 is the By-law used by the City to permit, prohibit, and limit businesses for the protection of public health and safety and assurance that businesses operate lawfully. The By-law has evolved over time through Council-approved amendments.

Municipal Licensing and Standards (ML&S) has identified the need to modernize the Licensing By-law to improve the City's ability to ensure public health and safety while also reducing red tape for businesses. The purpose of this review is to improve and modernize the service provided to customers related to licence issuance, enhance by-law enforcement, and identify efficiencies for businesses.

The goals of the comprehensive review of Chapter 545, Licensing, include:

- Streamlining/simplifying processes and reducing red tape;
- Reducing duplication and inconsistency throughout the By-law;
- Removing licensing requirements that are no longer applicable;
- Reviewing and modernizing existing categories and ensuring alignment with the *City of Toronto Act, 2006*, Zoning by-laws, and other relevant laws and policies; and
- Enhancing the By-law's structure to make it easier to understand.

This review aligns well with the Province's recent announcement that it is partnering with the City of Toronto to reduce the unnecessary burden and red tape on businesses through the joint Burden Reduction Working Group.

This review is an integral contribution to ML&S' business transformation process that is currently underway. It is also part of the division's Strategic Directions and Objectives to ensure by-laws, procedures, and tools are appropriate and relevant, ensure divisional processes are efficient, and streamline and improve access and usability of services.

The comprehensive review will be completed in four phases, with a report to Licensing and Standards Committee at the completion of the review.

## **RECOMMENDATIONS**

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**The Executive Director, Municipal Licensing and Standards, recommends that:**

1. Licensing and Standards Committee receive this report for information.

### **Financial Impact**

There are no financial implications beyond what has already been approved in the current year's budget.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting of January 21, 2015, Licensing and Standards Committee directed staff to prepare a report with recommendations on a comprehensive framework review of Chapter 545 of the Municipal Code and to ensure that the City's regulatory regime accurately reflects the current business environment.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.LS1.5>

At its meeting of April 18, 2013, Licensing and Standards Committee directed staff to report back on ways and means of changing the Toronto Licensing Tribunal process, as it pertains to taxis, in order to maximize public safety.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.LS20.1>

At its meeting of March 19, 2013, Licensing and Standards Committee directed staff to review and report back on Toronto Municipal Code, Chapter 545, Licensing, Appendix K, Business Licence Thresholds, and any changes that will improve consumer protection; the health, safety and well-being of taxicab passengers and the general public; and the economic, social and environmental well-being of the City.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.LS19.8>

## **ISSUE BACKGROUND**

The *City of Toronto Act, 2006*, authorizes the City to license businesses, regulate certain categories of businesses, trades, occupations, and other for-profit events, and set licensing

and renewal schedules and fees. The City issues licences to a variety of businesses, including but not limited to taxicab drivers, street food vendors, restaurants, night clubs, adult entertainment clubs, and some trades, such as building renovators.

Through Chapter 545, Licensing, the City can permit, prohibit and limit the activities of certain businesses for the protection of public health and safety and assurance that businesses operate lawfully.

As the City has grown and changed, so too has its business environment. Although there have been efforts over many years to amend Chapter 545 to reflect the City's business licensing needs, the By-law is now cumbersome and contains licence requirements that may no longer serve a municipal purpose. Further, the administrative processes involved in issuing licences and enforcing the By-law are also in need of review and streamlining.

## **COMMENTS**

ML&S is currently undertaking a fundamental transformation in how its business is conducted. This involves updating its business processes and technology to enhance the division's ability to deliver effective, efficient, and professional services.

In late 2014, ML&S began a comprehensive review of Chapter 545, Licensing as part of a broader customer service and business transformation effort. The plan for this review is presented here in four phases that will result in efficiencies for businesses, front-line divisional staff, and Toronto residents, alike. This review is a necessary component of the division's business transformation and I&T strategy efforts. It aligns with the City's Strategic Actions by aiming to improve customer service by enhancing the delivery of information and services. It is also part of ML&S' Strategic Direction and Objectives to ensure that by-laws, procedures, and tools are appropriate and relevant, divisional processes are efficient, and services are streamlined and accessible.

The purpose of this review is threefold: to simplify the language of Chapter 545 and remove obsolete licence classes and requirements; to improve effective enforcement of the By-law; and to identify efficiencies and improvements for businesses.

Through a preliminary review of issues and opportunities to improve the City's licensing requirements, staff have identified a number of goals for a comprehensive review of Chapter 545:

- Streamline/simplify processes and reduce red tape;
- Remove licensing requirements that are no longer applicable;
- Ensure each By-law category and class serves a municipal purpose;
- Review and modernize existing categories and ensure alignment with the *City of Toronto Act, 2006*, Zoning by-laws, and other relevant laws and policies;
- Reduce duplication and inconsistency throughout the By-law; and
- Enhance the By-law's structure to make it easier to understand.

Recommendations will be reported to Licensing and Standards Committee and implemented through amendments to the By-law and changes to operational processes.

## **Licensing By-law Review Framework**

Staff will continue to research issues, opportunities, and impacts of changes to the Licensing By-law. This is an extensive undertaking that is organized into four phases, as outlined below.

### **Phase 1: Framework and Preliminary Amendments**

*Phase 1: Q4 2014 – Q2 2015*

The results of Phase 1 of the review are being reported to Licensing and Standards Committee at its meeting of May 25, 2015 in the report headed, "Amendments to Chapter 545, Licensing – Results of Phase 1 of the Comprehensive Review".

Phase 1 includes: an initial review of Chapter 545 and development of this framework document; and preliminary recommendations, not requiring extensive by-law changes.

Staff have conducted an initial review of Chapter 545, in consultation with Legal Services and relevant City divisions to identify simple ways to meet the review's goals without extensive by-law changes. The following recommendations resulted from Phase 1 of the review:

- a. Update anti-discrimination provisions to align with current provincial standards;
- b. Delete or amend definitions that are redundant or no longer accurate;
- c. Delete licence classes and/or requirements that are redundant, no longer accurate or no longer serve a municipal purpose;
- d. Expand Article X "Food Establishments" in order to consolidate all food related provisions and remove the requirement for collection of corporate business documents;
- e. Remove Appendix A, "Annual Fees for Licences" and instead reference Chapter 441, Fees and Charges;
- f. Add a provision regarding business licensing thresholds stipulating that a breach of Appendix K thresholds by a single licensed location does not impact all licensed locations under the same client;
- g. Allow the Executive Director, ML&S the ability to approve multi-year licence renewals to select licensees;
- h. Allow the Executive Director, ML&S the ability to approve harmonized renewal dates for select licensees; and
- i. Allow the Executive Director, ML&S the ability to apply prorated renewal fees, as they relate to (g) and (h) above.

These proposed changes will remove redundant content and will enhance By-law coherence while streamlining licensing processes.

## **Phase 2: Reorganization and Policy Review**

*Phase 2: Q2 2015 – Q3 2016*

Phase 2 will involve a more detailed policy review to investigate the appropriateness and applicability of each category and class currently captured in Chapter 545, Licensing.

Staff will analyze the appropriateness of existing By-law categories and licensing requirements, gauge effectiveness of licensing and renewal processes, and identify opportunities to improve processes for businesses while continuing to ensure public health and safety, consumer protection and nuisance control.

Working with Legal Services and relevant City staff, ML&S will identify further opportunities for amending the By-law and accompanying procedures to increase efficiency and better meet business licensing needs. Such opportunities include:

- Streamlining processes, particularly for low-risk businesses to encourage business in the City;
- Enhancing online functionality; and
- Reducing duplication where other laws, municipal or otherwise, govern a business or for-profit activity.

Where appropriate, staff will engage the public through surveys and stakeholder and public consultation meetings.

Phase 2 will also include an analysis of the feasibility of restructuring the By-law into sections that appropriately organize licensing categories and maintain flexibility. Reorganization will make the By-law more user-friendly and will better reflect Toronto's changing business landscape.

## **Phase 3: Review of Best Practices and Business Licensing Approaches**

*Phase 3: Q4 2015 – Q4 2016*

On April 18, 2013, Licensing and Standards Committee requested that staff report back with recommendations on how to maximize public safety through changes to the Toronto Licensing Tribunal process as it pertains to taxis. In line with this directive, as a part of Phase 3, ML&S will review Toronto Licensing Tribunal processes and procedures and explore ways to enhance public safety.

Phase 3 will include an analysis of the overall approach to business licensing in the City and research existing and emerging practices across municipalities. Through a jurisdictional scan of best practices in licensing, ML&S will investigate the effectiveness and applicability of different approaches, such as the concept of risk-based licensing which is currently used in other municipalities. Using research from all phases of this review, along with analysis of Toronto licensing issuance and enforcement statistics, staff

will identify issues with the current approach to licensing and recommend changes that will enhance licensing effectiveness and efficiency and address emerging licensing needs.

#### **Phase 4: Review of Licensing Thresholds, Penalties, and By-law Infractions**

*Phase 4: Q2 2016 – Q4 2016*

On March 19, 2013, Licensing and Standards Committee requested that staff review Appendix K, "Business Licence Thresholds," and report back with recommendations on changes that will improve provisions to better protect consumers, ensure public health, and enhance the economic, social and environmental well-being of the City. In Phase 4, ML&S will undertake a review of Appendix K and report back with recommendations to address this directive.

Phase 4 will also include an investigation of the Administrative Monetary Penalties (AMP) approach and consider of its application to the City of Toronto's licensing enforcement efforts. The *City of Toronto Act, 2006*, allows the City to put in force an AMP system whereby minor by-law disputes are dealt with outside of the courtroom, through municipal officers. This approach is used by municipal governments and is considered to be a fair and efficient way to address minor by-law infractions and to conserve limited judicial resources. It is expected that an AMP process will enhance by-law enforcement and compliance while reducing operational costs associated with court proceedings.

#### **Concurrent By-law Reviews**

As part of the comprehensive review of Chapter 545, Licensing, ML&S is concurrently conducting reviews of select articles and classes in the By-law. The purpose of the concurrent reviews will be to modernize article content and licensing practices in respective industries.

These reviews are a large undertaking. ML&S has prioritized the following reviews to take place in the next two years:

- Private parking enforcement agencies and commercial parking lots
- Tow trucks
- Home improvement contractors
- Liquor licensing, restaurants and nightclubs
- Taxis and limos

ML&S will report to Licensing and Standards Committee at the completion of each review with recommendations to improve respective By-law articles and associated processes.

## **Next Steps**

The framework presented here, along with the recommendations in the accompanying report, "Amendments to Chapter 545, Licensing – Results of Phase 1 of the Comprehensive Review," complete Phase 1 of the comprehensive review and modernization of Chapter 545, Licensing.

ML&S will begin work on the remaining three phases by continuing to research issues, opportunities, and impacts of changes to the Licensing By-law. Staff will report back to Licensing and Standards Committee in 2016 with recommendations at the completion of the review. Staff will also report back on results of concurrent reviews impacting Chapter 545, Licensing, as they are completed.

As it currently reads, Chapter 545 is a 300 page document which has been revised on a piecemeal basis over many years. This phased, comprehensive approach is expected to result in an improved By-law that is easier to understand, better organized and that contains licensing requirements that have a clear municipal purpose and which can be efficiently enforced.

Toronto has changed considerably over the last two decades. The evolving business environment reflects the City's growth and diversity. Modernizing Chapter 545 and licensing processes will better reflect the current and emerging business licensing needs.

## **CONTACTS**

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## **SIGNATURE**

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