

To: Mayor Harris and the City Council
 Fr: Ron Chandler
 Dt: June 26, 2012
 Re: Business License Fee

During our last meeting you asked the staff to prepare the following for your consideration.

- 1) Eliminate the prorating of business licenses. The attached ordinance amends Section 4-1-5A so that business licenses expire one (1) year from the date the certificate of license is issued. All existing business licenses will still expire on December 31st.
- 2) Prepare a draft resolution that creates a flat fee for all business licenses. The attached resolution does not include the fee amounts. If adopted, we will add the amounts based on your discussion and motion. I have also attached the current business license fee schedule for comparison
- 3) Project losses in revenue if you lower the business license and rental license fees to the base fees.

FY 2012 Business License Revenue by Classification/Type			
License Type	Number of Businesses	Base Amount	Disproportionate Amount
Commercial	132	\$8,521.36	\$13,792.44
Home Occupation	226	\$14,080.00	\$0.00
Rental Units	<u>194</u>	<u>\$12,416.00</u>	<u>\$2,574.38</u>
Total	552	\$35,017.36	\$16,366.82

Breakdown of amounts paid by the commercial business licenses

Base of \$64 only	=	57	43.1%
Base + \$21 = \$85	=	24	18.1%
Base + \$59 = \$123	=	13	9.8%
Base + \$79 = \$143	=	8	6.0%
Base + \$166 = \$230	=	10	7.5%
Base + \$335 = \$399	=	1	0.8%
Base + \$396.28 = \$460.28	=	6	4.6%
Base + \$427.72 = \$491.72	=	5	3.8%
Base + \$485.08 = \$549.08	=	1	0.8%
Base + \$490.60 = \$554.60	=	1	0.8%
Base + \$501.72 = \$565.72	=	3	2.3%
Base + \$795.64 = \$859.64	=	1	0.8%
Base + \$1,050.84 = 1,114.84=	=	2	1.6%

Breakdown of the home occupation licenses - All home occupations pay the base fee (\$64.00) only.

Breakdown of rental units – All rental units pay the base fee (\$64.00) plus a regulatory fee (\$13.27).

- 4) Reevaluate the base fee. You asked the staff to review the cost to process business licenses. I asked Bryan to perform this review and the following is his report.

- 5) Comparison with other Cities' Rates. Attached, please find a spread sheet containing the comparison of our business license fees with other communities in Weber, Davis and Box Elder Counties. This information was updated by Bryan during the past month.



North Ogden City

Memorandum

To: Mayor and City Council

From: Bryan Steele, Finance Director *BRS*

Date: 6/27/12

Re: Time & Motion Study for Base Business License Fee

At the last Council meeting it was requested of staff to see if an updated base fee for business licenses could be calculated.

The formula to arrive at the base rate from the study done by Lewis Young Robertson & Burningham was used, using updated figures. Below is an explanation of the formula used:

First the direct and indirect cost for each position that contributes to the business license process was calculated.

- The direct cost consists of Salary, Wages & Overhead per minute worked for each employee involved in the process.
- The indirect cost consists of the allocation of Administration, Finance, Buildings & Grounds, Non-Departmental and Legislative costs to the other departments in the City.

Once the direct and indirect costs per minute were calculated, the time each employee spent on the business license process was determined. That time was multiplied by the costs per minute to arrive at the total costs per license each position/department spends in the Business License process. The individual costs per license are then summed to arrive at the total costs.

So after the time spent on each license was determined the updated totals are as follows:

New License - \$95.66 (currently \$84.23)

Renewals - \$71.65 (currently \$64)

Rentals Units - \$71.65 (currently \$64 base with \$13.27 regulatory fee)