

47 August 9, 2011 Council Economic Development Retreat

48
49 Brian Jones, Council Attorney, stated that the Council Members currently attending
50 today's meeting could vote on the School Board Joint Meeting Minutes even though the three
51 Council Members who attended the meeting are not present at today's meeting yet. Mr. Jones
52 said what the Council is voting on is; should this be the formal record of the meeting.
53

54 3.40.50

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56 COUNCIL VICE CHAIR JOHNSON MOVED TO IMPLEMENT THE POLICY THAT
57 THE COUNCIL MEMBERS ARE VOTING ON THE APPROVAL OF THE FORMAL
58 RECORD OF THE MEETING AND THAT THIS POLICY BE IMPLEMENTED IN THE
59 COUNCIL HANDBOOK. SECONDED BY COUNCIL MEMBER BECK. MOTION
60 PASSED 5:0. COUNCIL MEMBER DAYTON EXCUSED. COUNCIL MEMBER
61 TURLEY ABSENT.
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63 COUNCIL VICE CHAIR JOHNSON MOVED TO APPROVE THE MINUTES FOR MAY
64 11, 2011 SPECIAL MEETING, MAY 11, 2011 COUNCIL/PROVO SCHOOL BOARD
65 JOINT MEETING, MAY 19, 2011 SPECIAL MEETING, JUNE 7, 2011 WORK MEETING,
66 AND AUGUST 9, 2011 COUNCIL ECONOMIC DEVELOPMENT RETREAT.
67 SECONDED BY COUNCIL MEMBER BECK. MOTION PASSED 5.0. COUNCIL
68 MEMBER DAYTON EXCUSED. COUNCIL MEMBER TURLEY ABSENT.
69

70 DISCUSSION:

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72 **A. A discussion regarding options for fiber-optic bond repayment (11-198)**
73

74 Wayne Parker, CAO, presented. Mr. Parker stated that one of the options for the
75 fiber-optic is looking for a revenue stream to pay off the debt services for the fiber network.
76 Brian Jones, Council Attorney, discussed the different legal mechanisms to bring in revenue.
77 Mr. Jones state that what is being proposed today is a utility rate increase. The Council serves
78 as the Public Service Commission for Provo's utilities and has the authority to set rates and
79 make transfers from one fund to another. Mayor Curtis suggested the Administration feels
80 there is an urgency to get underway due to shortages each month and as law allows, taking
81 into consideration transparency.
82

83 John Borget, Director of Administrative Services, distributed the five options the
84 Finance Department came up with for developing a revenue stream. (Attachment 1).
85

86 Council Members and Administration discussed the various options. Mayor Curtis
87 asked that this item be on the Council agenda in two weeks.
88

89 24.25.00

90
91 Mr. Jones said a budget amendment to appropriate the money and transfer would need
92 to be made. This would need to be to the newspapers in a couple of days if it is to be heard on

93 the 20th. Mr. Jones reviewed the timeline with the Council for a utility rate increase. A
94 discussion ensued amongst the Council Members concerning the options, outreach, the theory
95 behind the rate increase and different scenarios.

96
97 A discuss ensued amongst Council Members and Administration concerning rate
98 making, public input, and consumers already being charged more for an energy efficiency
99 program put in place.

100
101 Mr. Jones instructed the Council that this proposal is independent of whether we run a
102 utility or anyone else runs it. This charge contemplates paying off the debt and does not have
103 anything to do with running the utility. Regardless of which option the Council picks, if down
104 the road we are actually maintaining a utility, we could look at marketing strategies and rates
105 we could charge for providing the utility. Kevin Garlick, Energy Director, said there are
106 31,000 residential meters, 4,000 commercial and 1 industrial meter. BYU could take a real hit
107 depending on the option considered or could end up lower than the residential.

108
109 40:50

110 Council Members continued to discuss their ideas and questions, a possible survey,
111 holding an informational meeting, and the various options.

112
113 Mayor Curtis asked the Council to put this in perspective. Mayor Curtis reminded the
114 Council that no one likes this issue but the City will survive. The biggest problem is Provo
115 cannot give the residents something for this. Because the offers received for the utility were
116 so low, the options don't change whether the utility is kept or sold. One reality is that the
117 bond cannot be paid off early. The City will be dealing with this for fifteen years.

118
119 Mr. Jones addressed the issue of how this will show up on the bill. It will be reflected
120 on the bill as a utility rate increase and could be shown separately. Mayor Curtis advised the
121 Council that this increase needed to be mixed in the Utility bill as a separate line in order to
122 avoid the 10% transfer.

123
124 Council Members Johnson, Hall Everett and Cabanilla agreed that Option #5 was their
125 first choice and least egregious with specific dollars allocated to the three categories. Kevin
126 Garlick suggested breaking down Option #5 into several sub categories. Residential could
127 stay as one and then there could be variances in the Commercial owners.

128
129 Ms. Hall Everett and Mr. Beck advocated that a presentation be done to educate the
130 public on the various options during Council Meeting. A network link on the Council page
131 could also educate the public.

132
133 COUNCIL MEMBER HALL EVERETT MOVED TO HAVE THE PUBLIC MEETING
134 DURING COUNCIL MEETING ON SEPTEMBER 20th TO DISCUSS THE OPTIONS AS
135 PRESENTED TODAY ALONG WITH A PUBLIC HEARING TO DISCUSS THE
136 OPTIONS. SECONDED BY COUNCIL MEMBER CABANILLA. MOTION PASSED 5:0.
137 COUNCIL MEMBER DAYTON EXCUSED. COUNCIL MEMBER TURLEY ABSENT.

138

139 Ms. Hall Everett advocated a list of resident's emails be kept in the Council Office for
140 Neighborhoods. Helen Anderson, Community Relations, suggested that the Council Office
141 could have access to Administration's email list also.

142
143 1:29:00

144
145 **B. A discussion regarding amendments to Title 11 – Solid Waste Management,**
146 **relevant to regulating the collection, storage, processing, transport, transfer and**
147 **disposal of solid waste, recyclable materials and yard waste (11-166)**
148

149 Scott Pepler, Public Works Deputy Director, presented. Mr. Pepler presented a slide
150 presentation on Solid Waste Management reflecting the current policies (Attachment 2). The
151 proposed changes would require a City ordinance amendment by Council Members because
152 the current ordinance does not adequately address regulating current practices and operational
153 requirements for refuse waste, household recycling and yard waste operations. It is
154 recommended that Title 11 be amended to provide regulations and guidelines to meet the
155 operational requirements for efficient refuse waste, recycling and yard waste services within
156 Provo City.

157
158 Wayne Parker, CAO, explained to the Council Members the new proposal and the
159 various options available to customers. Mr. Parker also explained the black can charge
160 philosophy to the Council Members along with franchise fees. A discussion ensued
161 concerning the impact costs upon the City, the increase of costs to residents in apartment
162 complexes and the reasons why it is better to have the City do the work rather than an outside
163 company. Mr. Parker reminded Council Members that there must be a limit to the amount of
164 haulers who go down a street each day even though you can charge a franchise fee to each
165 one. Mr. Parker said the proposal states that if a resident uses a single can they must use the
166 City service, however, if a resident uses more than one can, they can use another company.

167
168 Mayor John Curtis said the City is in the garbage business and as such, there are
169 tremendous fixed costs.

170
171 Mr. Pepler would like to see apartment complexes be required to have recycling cans.
172 Most apartment complexes do not want to have extra dumpsters because they don't want to
173 lose parking spaces. Mr. Pepler reported 15,000 people have added a blue container. Mr .
174 Pepler said he does not see having a rate increase next year if this number holds.

175
176 COUNCIL MEMBER JOHNSON MOVED THE NEW ORDINANCE TO THE NEXT
177 COUNCIL MEETING. SECONDED BY COUNCIL MEMBER HALL EVERETT.
178 MOTION PASSED 3:1. COUNCIL MEMBER BECK OPPOSED. COUNCIL MEMBER
179 CABANILLA ABSTAINED. COUNCIL MEMBER DAYTON EXCUSED. COUNCIL
180 MEMBER TURLEY ABSENT.

181
182 2:06:10

183 **C. A discussion regarding the process for establishing a parking district (11-182)**
184

185 Matthew Taylor, Executive Director, presented. Mr. Taylor reported a noticing error
186 on tonight's agenda and that the item on the parking district will not be heard until a later
187 date. Mr. Taylor discussed the process and timeline for establishing a parking program. The
188 process could take three months and the maximum time would be ten months. The original
189 intent for the process was to limit the time it would take to establish a parking permit
190 program. If the parking program includes permits, this process needs to be followed. If a
191 Parking program does not require permits then the Mayor could generate all sorts of programs
192 independent of the Council.

193
194 Council Members discussed the timing on the parking district and if it was important
195 to proceed so that it will be completed before January avoiding the new Council Members
196 having to start all over again with the process.

197
198 On the agenda tonight is the concept resolutions for the north and south parking
199 districts. What would happen tonight is the Council would formalize the discussion. The
200 question today is does Council want to change the process or keep the one that exists. Council
201 Members did not want to change the process.

202
203 2:21:10

204
205 **D. A discussion regarding disproportionate business license fees (11-190)**

206
207 Dan Follett, Finance Division Assistant Director, presented. Mr. Follett discussed the
208 disproportionate business license fees spreadsheet with the Council Members Attachment 3).
209 Mr. Follett stated that the City had a very narrow business license fee and because of a
210 situation that came up by a business owner, Lewis Young was hired and completed a study for
211 the City and took the Council through their studies a few weeks ago. Mr. Follett said the
212 smallest of businesses paid \$150 where a large business paid \$450. By law all business are
213 broken down by business class. Fee structure is based on business class. The spreadsheet
214 shows all the business classes which are Commercial, Home Occupation, Non Profits and
215 Other Types of Activities. The next column shows the base fees charged which is the City
216 cost for a new application and renewal. These fees pay for time of personnel, IS support, fire
217 inspections, postage, office supplies, etc. Regulatory Costs are additional expenses incurred
218 over and above the base fee. Disproportionate Services are average costs from police and fire.
219 The renewal base fee plus total disproportionate cost per business is the renewal fee plus the
220 disproportionate fees. The various percentages are on the disproportionate cost. From the
221 totals, the hospital disproportionate and Deseret Industries non profit retail disproportionate
222 fees because they do not have a service address for particular calls. The importance of the
223 17% is it would keep the city fee neutral but would change the amount of the distribution of
224 the \$550,000 based on business classes and their need for services. Another reason for
225 charging the base fee on the different business classes is if you charge a percentage of the
226 base fee, is the fee could become so small and hard to administer. Every business class must
227 be treated the same but the Council can determine what percentage to charge on the
228 disproportionate.

229

230 Mr. Follett distributed a Business License Fees Best Practices presented by Lewis
231 Young (Attachment 4). The memo suggests considering what businesses the City wants to
232 encourage or discourage. Another thing is looking at what kinds of businesses bring sales tax
233 revenues, jobs, etc. Included in the analysis provided by Lewis Young in their book, there are
234 comparisons with other cities.

235
236 2:36:13

237
238 A discussion ensued amongst the Council Members and Administration concerning
239 the presentation. Mr. Parker led the conversation describing different scenarios. Council Chair
240 Healey and the Council concurred to take time to look over the business classes and make
241 some suggestions on fees.

242
243 Ms. Hall Everett joined the meeting by phone

244
245 **Rental Dwelling Licensing Costs and Fees**

246
247 Dan Follett, Finance Division Assistant Director, presented. Mr. Follett distributed a
248 spreadsheet on Residential Rental Licensing (Attachment 5).

249
250 Mr. Follett asked Council Members to decide what level of fees to charge and does
251 Provo implement a good landlord program. Mr. Follett instructed the Council that a good
252 landlord program would lower the City services and save apartment owners money. The goal
253 of a good landlord program is to cut down on City services. The program trains owners how
254 to screen perspective renters, teaches them how to deal with issues in a complex, and how
255 soon to get the police involved.

256
257 Council Chair Healey would like the Council to come up with a policy and then turn
258 the policy over to the Administration. Mr. Healey would like Council Members to start
259 working on this immediately and have a policy within a few weeks. Mr. Follett said he would
260 highlight the ones that are significantly over \$475 in response to Council Vice Chair
261 Johnson's request.

262
263 1:20:31

264
265 **E. A discussion regarding an amendment to section 6.14.140 relative to prohibited**
266 **sales of beer on Sunday (11-180)**

267
268 Council Chair Healey presented. There have been complaints that businesses in Provo
269 are not allowed to sell beer on Sundays and the business owners lose money because people
270 go to the next city to buy their beer. The question arises, should an amendment be made to
271 Section 6.14.140, Provo City Code, to allow businesses to sell beer. Mr. Healey stated he was
272 not worried about losing revenue, but there are citizens in Provo who are interested in
273 purchasing what they want at the local stores.

274

275 Wayne Parker, CAO, stated the no beer sales on Sunday was the result of no beer sales
276 ever in Provo and Sunday was the concession to those who did not want it at all. Brian Jones,
277 Council Attorney, suggested the City ordinance be cleaned up because of the difference
278 between the City ordinance and the State ordinance on the permissible time to sell. Mr.
279 Healey would like to bring this issue forward for cleaning up the ordinance and having an
280 opportunity for public comment.

281

282 COUNCIL MEMBER HALL EVERETT MOVED THIS ITEM FORWARD TO THE NEXT
283 STUDY SESSION. SECONDED BY COUNCIL VICE CHAIR JOHNSON. MOTION
284 PASSED 5:0. COUNCIL MEMBER DAYTON EXCUSED. COUNCIL MEMBER
285 TURLEY ABSENT.

286

287 1:04:54

288

289 **F. A discussion regarding a bike rack grant program (11-181)**

290 Zac Whitmore, Bike Committee, presented. Mr. Whitmore reviewed the results of a
291 survey conducted by the Bike Committee. Matching grants were also discussed along with
292 working with Kathryn Allen, Downtown Business Alliance, to get more bikes downtown.
293 3.06.58

294

295 **G. A discussion regarding State and Federal legislative agendas (11-183)**

296

297 Matthew Taylor, Council Executive Director, presented. This is a follow up from the
298 conversation this morning with the State Legislators looking for a concrete legislative agenda.
299 Corey Norman, Deputy Mayor, stated many of the things discussed this morning were on
300 ethics. Also, is not it right for the Mayor to investigate himself.

301

302 Other Items Discussed:

303

1. Fireworks and allowing them to be sold only in certain locations for safety reasons.

304

2. RDA related subjects were discussed with Curt Bramble.

305

3. The landscape of Washington, DC has changed and there are four areas to go after, such as grants.

306

4. UDOT is working off Continued Resolution, the senate is talking about \$650 billion and the house is talking about \$350 billion.

307

5. Exploring the possibility of Tiger 3 grants.

308

6. Homeland security grants including public safety and environmental projects.

309

7. THUD grants for South State Street.

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8. Duncan Aviation, the City is obligated for an apron

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Senator Nelson in Nebraska where Duncan is from said he would help.

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315

316 Council Member Hall Everett inquired about funding for the airport. Council Chair
317 Healey said this will happen when we are qualified for funds. Steve Gleason, Airport
318 Manager, is keeping track of these issues and there is quite a bit of federal funding that can
319 help with this terminal. It is on the agenda for the future but there is no timeline known at this
320 time.

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Mr. Taylor asked Council if there were items members wish to pursue from the State and/or send feedback to staff.

3.22.18

H. Administrative Briefing

Mayor Curtis presented:

1. 9/11 Commemoration, Sunday at 5:00 at Seventh Day Adventist Church
2. ULCT Conference – Mayor Curtis will be going if anyone wants a ride.
3. Special Event for Wednesday morning at ULCT
4. Bike thefts – an unusual number of them. The Police Department would like to put a push on licensing and asked for putting a moratorium on the \$1.00 fee.
5. Frontier Airlines is having a three day sale on tickets for \$49.00

I. Council Business

1. Council office space adjustments

Matthew Taylor, Council Executive Director discussed the Council office space and the need to make changes for current staffing, possible growth and returning Council Members. With the new year coming and new Council Members, the office arrangements need to be addressed. Council should consider a productive working atmosphere, staff morale, quality of work space, and not separating staff because it can cause less effectiveness.

Many suggestions were discussed. The conclusion by Council Members was to have one office for the Council Chair and three offices for Council Members to double up and one office kept free for Council Members to use for private conversations. Council leadership will work out the detail with Mr. Taylor.

2. Handbook updates (11-162)

Matthew Taylor, Council Executive Director discussed the Council handbook which has had many updates and new procedures added. Mr. Taylor sees the current handbook as background information and Council policy. Mr. Taylor sought Council opinion on his redrafting the handbook and separating background information from policy issues.

Council Chair Healey requested that as things change the Council handbook should be changed.

COUNCIL MEMBER CABANILLA MOVED TO ADJOURN THE MEETING.
SECONDED BY COUNCIL MEMBER BECK. MOTION PASSED 5:0. COUNCIL
MEMBER DAYTON EXCUSED. COUNCIL MEMBER TURLEY ABSENT.

Options for charging Provo City Electric Utility rate payers for Telecom Debt Service

Option #1 – Flat charge of \$7.65 per meter

Option #2 – Flat % of electric utility bill

Option #3 Flat charge per grouping (see example below)

Electric Utility bill	Groupings
\$0-14 - 5%	\$ 3
\$15-50 - 46.1%	\$ 6
\$51-100 - 32.4%	\$ 7
\$101-150 - 9.8%	\$ 11
\$151-200 - 3.6%	\$ 15
\$200+ - 2.9%	\$ 30

Option #4 - % of revenue with a ceiling and a floor (see example below)

6% of electric utility bill

Minimum bill per meter \$3

Maximum bill per meter \$1,000

Option #5 – Flat charge per category of customer (see example below)

	Option A	Option B
Residential	\$6.00	\$6.50
Commercial	\$20.50	\$16.50
Industrial	\$1,000	\$1,000

Recommendation:

Option #1 and #5 are the simplest to understand and implement. Our recommendation is option #5. Another option that could be added to option #5 would be to break residential into three tiers and charge a different fee for each tier such as \$3, \$6 and \$10. However, this would require a significant amount of additional work for the utility billing,

Update Title 11. Solid Waste Management

- 1. Definition Additions/Changes Since Title 11 Adoption**
- 2. Rewritten For Current Policies And Procedures**
- 3. Franchise Fee Audit**
- 4. Residential Curbside Service**

Definitions Updated

1. Curbside service

2. Hazardous Waste

3. Solid Waste

4. Recyclable Material

5. Refuse Waste

6. Yard Waste

7. Residential Collection

RECYCLING PROGRAMS

- PROCEDURES FOR NEW OPT OUT PROGRAM
- YARD WASTE DESCRIBE AS A VOLUNTEER PROGRAM

Franchise Fee Audit

- **Commercial Waste Haulers Pay 6% Franchise Fee**
- **Changes authorize Review and Audit of Commercial Waste Hauler Records.**
- **With 45 Day Notice, Waste Hauler Must Produce Hauling Revenue Records**

Residential Curbside Service

1.Current Policy Limits Provo City Services to Dwellings With Two Units Or Less.

2.Only Lehi, of Seven Utah County Larger Cities, Does Not Have One Provider Servicing Residential Curbside Garbage.

**SANITATION
EXPENSES**

	TOTAL	BLACK CAN	GREEN CAN	BLUE CAN	OTHER	GF PUBLIC SERVICES
Containers	30,300	21,000	4,800	4,500		
Personnel	1,139,700	728,000	135,500	23,800	103,400	149,000
Tipping	742,500	707,600			34,900	
Opns Expense	58,500	41,500	7,400	1,200		8,400
Fuel	143,200	102,000	24,500		16,600	
Repairs	188,000	118,000	40,700		29,300	
Veh Replace	240,300	179,700	30,300		30,300	
Utility Bill	104,900	72,700	16,600	15,600		
ALLIED Fees	173,800	(INCLUDES REBATE)		173,800		
Chargeback	139,300	118,800	17,400	3,100		
2012 CIP	300,000	219,800	35,600	44,600		
GF Transfer	369,000	315,000	28,800	25,200		
	3,599,200	2,603,100	336,800	287,300	214,500	157,400

NOTE 1: THIS SUMMARY IS BASED ON CONTAINERS NUMBERS ON JULY 1

NOTE 2: TOTAL TRANSFER TO GENERAL FUND IS \$587,300 (INCLUDES \$369,000 GF TRANSFER, \$157,400 GF PUBLIC SERVICES AND \$60,900 ADMIN SERVICE OVERHEAD)

OTHERS

- SPRING/FALL CLEAN-UP
- LEAF BAG PICK-UP
- CHRISTMAS TREE PICK-UP
- DUMPSTER SERVICES FOR SPECIAL HAULS
- CLEAN ILLEGAL DUMPING
- DOWNTOWN SNOW REMOVAL
- HILL SNOW REMOVAL ON SANITATION DAYS
- FREEDOM FESTIVAL EVENTS
 - GRAND PARADE
 - FOX FIELD
 - KIWANIS PARK
- SUMMER ROOF-TOP CONCERTS
- CITY SPONSORED EVENTS
 - TOUR OF UTAH
 - UTAH VALLEY MARATHON
- OTHER EVENTS

JULY CONTAINER MONTHLY COSTS

CONTAINER MONTHLY COSTS				
NOTE: THIS SUMMARY IS BASED ON CONTAINERS NUMBERS ON JULY 1				
		BLACK	GREEN	BLUE
		21000	4800	4500
	TOTAL MONTHLY COSTS	\$ 10.41	\$ 7.51	\$ 5.18
	GENERAL FUND MONTHLY COSTS	\$ 1.93	\$ 0.50	\$ 0.47
	MONTHLY COST W/O GF TRANSFERS	\$ 8.48	\$ 7.01	\$ 4.71

PROVO CITY \$12.50/\$14.50 VERSUS CONTRACTOR AT \$8.75 IN TRI-PLEX AND ABOVE

- PROVO CITY'S CURRENT ACTUAL COSTS TO PROVIDE A BLACK CONTAINER PRICE IS LESS THAN THE CONTRACTORS PRICE.
- A PROVO RESIDENT IN A SINGLE RESIDENCE OR DUPLEX PAYING FOR BLACK CONTAINER GARBAGE SERVICE CURRENTLY IS ALSO PAYING:
 1. TO COVER COST SHORTFALLS IN THE YARD WASTE AND HOUSEHOLD RECYCLING PROGRAMS.
 2. FEES TO TRANSFER INTO THE GENERAL FUND.
 3. FOR SPRING/FALL CLEAN-UPS, CHRISTMAS TREE AND LEAF BAG PICKUPS, REMOVING ILLEGAL DUMP SITES, DOWNTOWN SNOW REMOVAL, AND NUMEROUS SPECIAL EVENTS.
 4. AN ADDITIONAL \$2.00 IF THEY DO NOT RECYCLE.
- A PROVO RESIDENT IN A TRIPLEX AND ABOVE PAYS NONE OF THESE ADDITIONAL FEES OR SUBSIDIES AND HAS NO INCENTIVE TO RECYCLE.

RECOMMEND

- CITY COUNCIL PASS THE PROPOSED ORDINANCE UPDATE TO TITLE 11, SOLID WASTE MANAGEMENT.

OPT OUT UPDATE

- LESS THAN 3,000 HAVE OPTED OUT AT THIS TIME.
- MAILER WILL BE SENT OUT WITH ONE MORE CHANCE TO OPT OUT.
- IF WE TRIPLE THE HOUSEHOLD RECYCLING PROGRAM, WE EXPECT ANNUAL LANDFILL SAVING OF 3,000 TONS WHICH IS NEARLY \$100,000.

		BLACK	GREEN	BLUE
		20000	5000	12000
	TOTAL MONTHLY COSTS	\$ 10.20	\$ 7.34	\$ 4.33
	GENERAL FUND MONTHLY COSTS	\$ 1.97	\$ 0.64	\$ 0.49
	MONTHLY COST W/O GF TRANSFERS	\$ 8.23	\$ 6.70	\$ 3.84

Business Class	Base Fee		Disproportionate Regulatory Cost Per Business	Disproportionate Service Call Cost Per Business	Renewal Base Fee plus Total Disproportionate Cost Per Business					Number of Businesses in Class	Total Business License Fees Renewal Base Fee plus % of Disproportionate Costs					Current License Fees
	New App.	Renewal			100%	75%	50%	25%	17%		100%	75%	50%	25%	17%	
Accommodation - less than 50 rooms	\$218	\$159	\$413	\$604/Room	\$572+\$604/Room	\$469+\$453/Room	\$366+\$302/Room	\$262+\$151/Room	\$229+\$103/Room	9 Bus./235 Rooms	\$147,088	\$110,674	\$74,260	\$37,845	\$26,266	\$150-\$475
Accommodation - 50+ rooms	218	159	413	0	572	469	366	262	229	11 Bus./1,185 rooms	6,292	5,156	4,021	2,885	2,519	\$150-\$475
Air Transportation	218	159	0	62	221	206	190	175	170	4	884	822	760	698	678	\$150-\$475
Automotive	218	159	51	266	476	397	318	238	213	198	94,248	78,557	62,865	47,174	42,152	\$150-\$475
Big Box	218	159	963	13,053	14,175	10,671	7,167	3,663	2,542	3	42,525	32,013	21,501	10,989	7,625	\$150-\$475
Business & Professional Services	218	159	0	134	293	260	226	193	182	739	216,527	191,771	167,014	142,258	134,335	\$150-\$475
Child Care Services	218	159	138	504	801	641	480	320	268	6	4,806	3,843	2,880	1,917	1,609	\$150-\$475
Colleges (excludes BYU)	218	159	0	3,550	3,709	2,822	1,934	1,047	763	1	3,709	2,822	1,934	1,047	763	\$150-\$475
Contracted Services	218	159	0	10	169	167	164	162	161	110	18,590	18,315	18,040	17,765	17,677	\$150-\$475
Convenience Stores (w/gas) Prepay	218	159	69	2,540	2,768	2,116	1,464	811	603	25	69,200	52,894	36,588	20,281	15,063	\$150-\$475
Convenience Stores/ No Gas	218	159	69	2,024	2,252	1,729	1,206	682	515	1	2,252	1,729	1,206	682	515	\$150-\$475
Drinking Places (w/Alcohol)	218	159	138	2,792	3,089	2,357	1,624	892	657	3	9,267	7,070	4,872	2,675	1,971	\$150-\$475
Entertainment/Amusement/Recreation	218	159	138	528	825	659	492	326	272	30	24,750	19,755	14,760	9,765	8,167	\$150-\$475
Ground Transportation	218	159	0	390	549	452	354	257	225	12	6,588	5,418	4,248	3,078	2,704	\$150-\$475
Hospital	218	159	275	47,937	48,371	36,318	24,265	12,212	8,355	1	48,371	36,318	24,265	12,212	8,355	\$150-\$475
Large Retail	218	159	69	5,456	5,684	4,303	2,922	1,540	1,098	6	34,104	25,817	17,529	9,242	6,590	\$150-\$475
Large Grocery	218	159	69	15,327	15,555	11,706	7,857	4,008	2,776	5	77,775	58,530	39,285	20,040	13,882	\$150-\$475
Manufacturing	218	159	361	123	643	522	401	280	241	67	43,081	34,974	26,867	18,760	16,166	\$150-\$475
Mortgage Brokers/Banks	218	159	0	758	917	728	538	349	288	25	22,925	18,188	13,450	8,713	7,197	\$150-\$475
Movie Theatres	218	159	413	2,402	2,974	2,270	1,567	863	638	3	8,922	6,811	4,700	2,588	1,913	\$150-\$475
Parking Services	218	159	0	10,489	10,648	8,026	5,404	2,781	1,942	1	10,648	8,026	5,404	2,781	1,942	\$150-\$475
Pawn Brokers/Pawn Shops	218	159	69	1,548	1,776	1,372	968	563	434	9	15,984	12,346	8,708	5,069	3,905	\$300
Personal Services	218	159	0	133	292	259	226	192	182	179	52,268	46,316	40,365	34,413	32,508	\$150-\$475
Pharmacy	218	159	69	1,337	1,565	1,214	862	511	398	6	9,390	7,281	5,172	3,063	2,388	\$150-\$475
Private Clubs	218	159	138	3,185	3,482	2,651	1,821	990	724	1	3,482	2,651	1,821	990	724	\$150-\$475
Residential Care/per bed	218	159	275	\$89/bed	\$434+\$89/bed	\$366+\$67/bed	\$297+\$45/bed	\$228+\$22/bed	\$206+\$15/bed	17 Bus./893beds	86,855	66,040	45,234	23,522	16,897	\$150-\$475
Restaurants	218	159	\$172/\$447	683	\$1,014/\$1,289	\$800/\$1007	\$587/\$724	\$373/\$442	\$304/\$351	177	179,478	141,600	103,899	66,021	53,808	\$150-\$475
Retail/Wholesale/Rental	218	159	69	268	496	412	328	243	216	323	160,208	132,995	105,783	78,570	69,862	\$150-\$475
RV parks	218	159	0	650	809	647	484	322	270	2	1,618	1,293	968	643	539	\$150-\$475
Small Grocery/Market	218	159	69	240	468	391	314	236	212	5	2,340	1,954	1,568	1,181	1,058	\$150-\$475
Specialty Food Services	218	159	69	294	522	431	341	250	221	10	5,220	4,313	3,405	2,498	2,207	\$150-\$475
Warehousing/Storage (individual units)	218	159	0	0.88/unit	\$159+\$0.88/unit	\$159+0.66/unit	\$159+0.44/unit	\$159+0.22/unit	\$159+0.15/unit	9 Bus./2,388 Units	3,532	3,007	2,482	1,956	1,789	\$150-\$475
Warehousing/Storage (single warehouse)	218	159	0	0	159	159	159	159	159	4	636	636	636	636	636	\$150-\$475
Water Parks	218	159	413	21,568	22,140	16,645	11,150	5,654	3,896	1	22,140	16,645	11,150	5,654	3,896	\$150-\$475
Home Occupation	37	17	0	0	17	17	17	17	17	1451	24,667	24,667	24,667	24,667	24,667	\$25
Home Occupation - Day Care	37	17	138	0	155	121	86	52	40	36	5,580	4,338	3,096	1,854	1,457	\$100
Credit Unions	218	159	0	674	833	665	496	328	274	13	10,829	8,639	6,448	4,258	3,557	\$0
Non-Profit (Non-retail)	218	159	0	352	511	423	335	247	219	54	27,594	22,842	18,090	13,338	11,817	\$0
Non-Profit (Retail)	218	159	69	30,897	31,125	23,384	15,642	7,901	5,423	1	31,125	23,384	15,642	7,901	5,423	\$0
Cell/Radio Tower	21	21	0	0	21	21	21	21	21	34	714	714	714	714	714	
Redbox/NCR	21	21	0	0	21	21	21	21	21	15	315	315	315	315	315	
Billboards	21	21	0	0	21	21	21	21	21	2	42	42	42	42	42	
Newsstands	21	21	0	0	21	21	21	21	21	10	210	210	210	210	210	
Salon Chair	28	28	0	0	28	28	28	28	28	7	196	196	196	196	196	\$150
Fireworks Stands	134	134	0	0	134	134	134	134	134	10	1,340	1,340	1,340	1,340	1,340	\$75
Christmas Tree Stands	209	209	0	0	209	209	209	209	209	4	836	836	836	836	836	\$75
Extra Living Space	44	44	0	0	44	44	44	44	44	11	484	484	484	484	484	\$50
Keeping Chickens	20	20	0	0	20	20	20	20	20	44	880	880	880	880	880	\$15
Solicitors	66	66	0	0	66	66	66	66	66	72	4,752	4,752	4,752	4,752	4,752	\$35
Temporary Retail	218	218	0	0	218	218	218	218	218	3	654	654	654	654	654	\$25
Rendering Facility	644	644	0	0	644	644	644	644	644	0	0	0	0	0	0	\$5,300
Towing and Parking Enforcement (Per Truck)	38	38	0	0	38	38	38	38	38	41	1,558	1,558	1,558	1,558	1,558	\$150+\$50/Tow Truck

Total Business License Fees	\$1,547,479	\$1,252,426	\$957,558	\$661,607	\$567,205
Less: Hospital Disproportionate Fees	(48,212)	(36,159)	(24,106)	(12,053)	(8,196)
Less : Non-Profit Retail Disproportionate Fees	(30,966)	(23,225)	(15,483)	(7,742)	(5,264)
Net Total Business License Fees	\$1,468,301	\$1,193,042	\$917,969	\$641,812	\$553,745
Current Business License Fees Billed	550,000	550,000	550,000	550,000	550,000
Increase	\$918,301	\$643,042	\$367,969	\$91,812	\$3,745



BUSINESS LICENSE FEES: BEST PRACTICES RELATED TO IMPLEMENTATION

The city has the difficult task of determining business license fees for various business groupings that are within the city. While the “BUSINESS LICENSE AND RESIDENTIAL RENTAL LICENSE FEE STUDY,” completed by Lewis Young Robertson & Burningham, Inc., calculates the maximum fee that legally can be assessed to each type of business, most cities do not charge the maximum amounts. Rather when determining business license fees the city should take into account the following:

REVENUE SUFFICIENCY

Utah municipalities are dependent upon three primary revenue sources, which include property tax, sales tax, and franchise tax. When determining business license fees the city should be sure and charge a fee sufficient to cover the costs of operating the business license department and providing the services needed to license, monitor and regulate businesses. The fee needed to maintain revenue sufficiency is known as the **base fee**. Typically cities charge a base fee plus a disproportionate fee. The disproportionate fee can be adjusted up to the maximum amount specified in the “BUSINESS LICENSE AND RESIDENTIAL RENTAL LICENSE FEE STUDY.” In most cases the base fee is sufficient to cover the costs of licensing, monitoring and some regulation. The base fee should not be set at a level that is insufficient to cover these “base” level costs.

ECONOMIC DEVELOPMENT

When determining an appropriate level for assessing disproportionate fees for various business groupings, the city should review its economic development goals and financial forecasting of its general fund. Establishing extremely high disproportionate fees may discourage certain types of business from locating within the City, thus hindering economic development, job creation, and enhanced general fund revenues.

COST BENEFIT COMPARISON

In determining which groupings the city would like to promote by lowering the disproportionate business license fee, it should ask the following questions:

- ☐ Does the benefit of encouraging business development in the chosen categories outweigh the loss of additional disproportionate business license fee revenue?
- ☐ Will discouraging business development in certain categories lead to a loss of sales tax revenue? Is the city willing to suffer that loss or compensate from other revenue sources?

Ultimately, it is a good practice to use other positive contributions of business categories in order to make a determination in lowering or removing disproportionate fees. Such positive contributions include: job creation, sales tax contribution and higher than average assessed values.

EQUITY BETWEEN BUSINESS GROUPINGS

While disproportionate fees may vary between business groupings, all fees *within* a business grouping must be equitable and constant. The city might also want to consider setting similar fees between similar business groupings in order to maintain equity between business groupings. When measuring equity across business groupings make sure demand for services and contribution through revenues, etc. are taken into account.



OTHER CONSIDERATIONS

The city should evaluate if they want to provide a discount to business groupings with extremely high recommended disproportionate fees. Most likely the reason for the high level of disproportionate level of fees is due to the significant level of demand placed on municipal services. The city should evaluate the costs and benefits of each business grouping to determine the fiscal implication of the adopted fee schedule.

COMPARABLES

When evaluating proposed business license fee changes, the city should consider the fees charged by surrounding and comparable cities. This helps identify potential economic impacts (i.e. business relocation to lower fee areas) and may help identify deficiencies within the City's business license process relative to its neighbors (e.g. may illustrate the City has disproportionately high fees due to burdensome licensing process).

**Provo City Residential Rental Licensing
Base Administrative Costs**

Single Family, Duplexes, 3+ Apartments

Total Rental Licenses	3,192
X Base Administrative Cost per License	\$74
Total Base Administrative Costs	<u>\$236,208</u>

Mobile Homes

Mobile Home Licenses	4
X Base Administrative Cost per License	\$159
Total Base Administrative Costs	<u>\$636</u>

Total Base Administrative Costs \$236,844

Disproportionate Costs

Residential Rental Type	Disproportionate Service Call Cost Per Unit	Number of Units in Class	Total Disproportionate Costs @ 100%
Single Family	\$36	1,711	\$61,596
Duplex	\$25	2,168	54,200
3+ Apartments	\$37	8,758	324,046
Mobile Homes	\$40	448	17,920
Total Disproportionate Costs			<u>\$457,762</u>
Total Base Administrative Costs			<u>236,844</u>
Total Residential Rental Costs			<u>\$694,606</u>
Current Licensing Fees			<u>125,000</u>
Increase			<u><u>\$569,606</u></u>

Good Landlord Option

(Assumes 100% Participation)

Residential Rental Type	Good Landlord Service Call Cost Per Unit	Number of Units in Class	Total Disproportionate Costs @ 100%
Single Family	\$7	1,711	\$11,977
Duplex	\$7	2,168	15,176
3+ Apartments	\$7	8,758	61,306
Mobile Homes	\$7	448	3,136
Total Disproportionate Costs			<u>\$91,595</u>
Total Base Administrative Costs			<u>236,844</u>
Total Residential Rental Costs			<u>\$328,439</u>
Current Licensing Fees			<u>125,000</u>
Increase			<u><u>\$203,439</u></u>

Provo currently charges \$20 for a single family unit and \$60 for a multi-family unit

Taylorsville charges multi family \$90 base fee + \$70/unit or GLL \$15/unit

Taylorsville charges single family \$20 base fee + \$70/unit or GLL \$0/unit