

WORK MEETING

**AGENDA
AND
STAFF MEMO**

DISCUSSION/ ACTION ITEMS

HEBER CITY CORPORATION
75 North Main Street
Heber City, Utah
City Council Meeting
August 7, 2014

Work Meeting
6:00 p.m.

DISCUSSION ITEMS

Item A – Discuss Policy for Maintenance/Replacement of Irrigation Ditch Culverts (10 minutes)

Item B - Discuss Business License Study (30 minutes)

Item C – Discuss Proposed Audit of the Utility Billing System by Water Company of America (10 minutes)

Item D – Discuss the Implementation of Resolution 2014-13, a Resolution Authorizing the Heber City Manager to Review all Heber Light and Power Financial, Budgetary and Personnel Policies (10 minutes)

OTHER ITEMS AS NECESSARY

Ordinance 2006-05 allows Heber City Council Members to participate in meetings via telecommunications media.

In accordance with the Americans with Disabilities Act, those needing special accommodations during this meeting or who are non-English speaking should contact Michelle Kellogg at the Heber City Offices (435) 654-0757 at least eight hours prior to the meeting.

Posted on July 31, 2014, in the Heber City Municipal Building located at 75 North Main, Wasatch County Building, Wasatch County Community Development Building, Wasatch County Library, on the Heber City Website at www.ci.heber.ut.us, and on the Utah Public Notice Website at <http://pnn.utah.gov>. Notice provided to the Wasatch Wave on July 31, 2014.

Memo

To: Mayor and City Council
From: Mark K. Anderson
Date: 07/31/2014
Re: City Council Agenda Items

WORK MEETING

Item A – Discuss Policy for Maintenance/Replacement of Irrigation Ditch Culverts: In Section 13.16.090 of the City Code (enclosed), the City has adopted a policy regarding Bridges and Flumes which describes the responsibility of property owners if they wish to cross a water ditch or canal. In summary, the property owner is required to bear the expense to put a culvert/bridge in the ditch/canal if it is the appropriate size and approved by the City Engineer. City Ordinance does not define responsibility for maintenance and repair of the culvert/bridge once it is installed by the property owner.

Over the years, I have seen property owners replace and repair culverts, the City remove failed culverts and leave ditches open and the City remove and replace failed culverts. I suspect many homes are occupied by people that have no idea that the culvert in front of their house was installed by a previous owner and that they may have to bear the cost of replacement if the culvert fails. Wasatch Irrigation policy requires the landowner to maintain the culvert even if they do not have irrigation and users are required to maintain the ditch so they adequately carry the flows. As a result, I am looking for direction/support from the Council to adopt a policy that defines who is responsible to maintain culverts/bridges that are put in by residents.

Item B - Discuss Business License Study: Last May, the Council reviewed the results of the business license study conducted by Zion's Bank Public Finance. At the meeting, it was suggested that the Council review the document and the proposed fees so this issue could be discussed at a later date. The goal of this meeting is identify what changes to the proposed fee structure needs to be made to be in a position to adopt new rates prior to November 2014, when the business license renewal process begins.

The Business License study details the costs the City incurs to issue a business license and the disproportionate costs of police services that were demanded by some types of businesses. I am including (for your review) a copy of the Executive Summary, the Business

License Report and an updated sample spreadsheet of fees that the City might charge that from what was reviewed by the Council in May.

Big Box, Convenience Stores, Extended Stay Hotels, etc., demand the most police services, but some also provide great economic benefit for the community.

Item C– Discuss Proposed Audit of the Utility Billing System by Water Company of America: Mindy Kohler and I have met with Steve Hooper, General Manager of Water Company of America (WCA), and Ron Phillips, local representative of the company to discuss the auditing of our utility billing system. Enclosed is information about the company, commonly asked questions about the process and a list of some of the clients that WCA has served. Ron Phillips will attend the meeting to answer questions the Council might have about the process.

I have visited with Jim Lewis, Salt Lake City Public Utilities accountant (whom I know personally) about his experience with the company and he speaks highly of the company and how they were to work with. He noted most of their found revenue related to sewer billings for restaurants and users with large water meters. In speaking with Mr. Hooper, most findings do relate to commercial customers. Mr. Hooper has provided a draft contract (enclosed) if we were to use his company's services.

From my perspective, we have nothing to lose by having our billing processes audited as the WCA's revenue comes from billing problems that they identify. It appears that Springville and Pleasant Grove are going to engage WCA to do an audit of their billing systems as well. Staff is wanting to know if the Council has any questions/concerns with the City entering into a contract to audit the accuracy of our utility billing.

Item D – Discuss the Implementation of Resolution 2014-13, a Resolution Authorizing the Heber City Manager to Review all Heber Light and Power Financial, Budgetary and Personnel Policies: Councilman Franco has requested that this item be placed on the agenda for discussion. I would note that Joe Dunbeck contacted me on July 18th and indicated that the audit report and many of the documents the Council would want me to review are available online. A copy of the resolution that was adopted by the Council is included in the packet.

TAB A

13.16.090 Bridges And Flumes -- Required

It is the duty of any person desiring to drive across any public water ditch or canal at any place other than at a public crossing, before so doing, to place over the ditch or canal a substantial bridge or to place in the canal a substantially covered flume sufficiently high and of sufficient capacity so as not to interfere with or prevent the free and unobstructed flow of water in said ditch or canal, and said bridge or flume shall be constructed and placed under the direction of the City Engineer. No irrigation ditch shall be obstructed by a culvert less than 12 inches in diameter and if the irrigation ditch services a storm drainage, the size of the culvert must be at least 18 inches in diameter.

Adopted by Ord. Prior Code §11-9 on 1/1/1900

Amended by Ord. 90-05 on 1/1/1990

Amended by Ord. 2006-03 on 4/20/2006

TAB B



Business License Fee Study

Heber City Corporation

ZIONS BANK  PUBLIC FINANCE

December 2013

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EXECUTIVE SUMMARY

Zions Bank Public Finance ("ZBPF") was retained by Heber City ("Heber" or the "City") to complete an analysis of commercial and home occupation business licensing costs that meet the requirements of Utah law as established by Utah Code Annotated §10-1-203. Utah law allows municipalities to license businesses for the purpose of regulation and revenue, but places a maximum on the business license fees charged equal to the cost of services provided by the City.

This study calculates the business licensing costs and therefore the maximum business license fees allowable under current State law in Heber. However, it does not recommend specific business license fees to be charged. The City Council may choose a fee lower than the maximum fee if there is justification for doing so (i.e., the maximum fees would place an undue burden on certain business types, etc.). If less than the maximum allowable fees are charged, the difference between the fee and the cost to the City would need to be covered through the General Fund.

Factors the City may want to consider as they establish new business license fees include business classes the City would like to encourage, business classes that benefit the public good, business classes which generate higher revenue for the City compared to other business classes, existing fees, overall economic development policy, etc.

BUSINESS LICENSING COSTS

Heber City currently requires commercial and home occupation businesses to obtain a business license. This study considers the following three categories of business licensing costs:



BASE ADMINISTRATIVE COSTS

Base administrative costs include the costs common to all types of businesses to register, oversee, maintain records and regulate licensed businesses within the City such as application, registration, issuance, etc.

DISPROPORTIONATE SERVICE COSTS

There are two types of disproportionate service costs – disproportionate regulatory costs and disproportionate service call costs.

Disproportionate Regulatory Costs - Disproportionate regulatory costs include the cost of services for business-related paperwork, administrative oversight, special regulations and inspections that are in addition to the services common to all businesses included in the base administrative cost. For example, additional regulatory services are required by some classes of businesses such as day-cares, restaurants and tobacco retailers.

Disproportionate regulatory costs for commercial and home occupation businesses in Heber City include:

1. Cost of additional business licensing time spent on new applications for restaurants, pawn shops, home occupation day cares and salons.
2. Cost of police services for additional time spent regulating tobacco retailers and businesses with an alcohol license.
3. Police costs associated with patrolling the farmer's markets and responding to solicitor calls/complaints.

Disproportionate Service Call Costs - Disproportionate service call costs for Heber City include the cost of services for 911 police calls above the base level of service provided by the Police Department.¹ The *base level of service* is the average level of 911 service calls to owner-occupied single family residences.² Disproportionate service call costs are in addition to the base administrative and disproportionate regulatory costs for each business class.

ENHANCED SERVICE COSTS

Enhanced service levels reflect a higher level of service for a specific portion of the business community (whether it is a business class, business location, etc.). Examples of enhanced service levels include more landscaping, hanging baskets, more or higher quality signage, increased police patrols (a visible police presence), more frequent snow removal, etc. Generally, these types of services are increased in a particular geographic section of town, such as downtown, or the town center of a resort community but they may also be specific to a particular type of business activity, the number of employees in a company, etc.

Heber City currently provides enhanced services such as planters in the summer and pavers to the downtown area. However, the City has chosen not to include the cost of enhanced services in the business license study at this time.

TOTAL LICENSING COSTS

The total annual cost for a business license in Heber City includes the base administrative, disproportionate regulatory and disproportionate service call costs. The total business license cost is the *maximum amount* the City may charge for a business license.

Total New Application Business Licensing Costs - Total business licensing costs are higher for a new application license compared to a renewal license because the base administrative costs are higher. However, rather than have a separate new application fee for each type of license, and to recoup the additional costs associated with processing new applications, the City may want to consider a "processing fee" in addition to the renewal fee. The maximum allowable processing fee is \$50 for new commercial business licenses and \$30 for new home occupation licenses. The City currently has a processing fee of \$30 for new business licenses.

Total new application business licensing costs are higher for restaurants and pawn shops which have disproportionate regulatory costs for new applications of \$34 and

¹ This study does not include any traffic-related calls. Additionally, only calls where police were dispatched to the site are included in the study.

² Includes owner-occupied condos and PUD's.

\$45 respectively. Therefore, the City may add these additional costs to the processing fee for restaurants and pawn shops.

Total Renewal Business Licensing Costs - Table E.1 shows the total business licensing costs for renewal license by business class.

In addition to the costs shown in table E.1, businesses with an alcohol license have an additional disproportionate regulatory cost of \$50 per business and \$101 per business for tobacco retailers.

TABLE E.1: BUSINESS LICENSING COSTS

| Total Business Licensing Costs Renewal Licenses | | | |
|--|--------------------------------|----------------------------------|------------------|
| Business Class | Base Administrative Cost | Disproportionate Service Call | Total |
| Assisted Living/Care Centers | \$67 | \$8/bed | \$67 + \$8/bed |
| Automotive Service & Repair | \$67 | \$79 | \$146 |
| Banks | \$67 | \$275 | \$342 |
| Big Box | \$67 | \$8,681 | \$8,748 |
| Convenience Stores with Gas (Open 24 hrs) | \$67 | \$2,752 | \$2,819 |
| Convenience Store with Gas (Not open 24 hrs) | \$67 | \$1,380 | \$1,447 |
| Department Store | \$67 | \$1,870 | \$1,937 |
| Entertainment | \$67 | \$400 | \$467 |
| General Services (Business & Professional, Personal, Construction and Contracted Services) | \$67 | \$0 | \$67 |
| Home Occupation | \$62 | \$0 | \$62 |
| Large Grocery with Gas | \$67 | \$8,681 | \$8,748 |
| Large Grocery without Gas | \$67 | \$3,781 | \$3,848 |
| Hotel/Motel | \$67 | \$9/room | \$67 + \$9/room |
| Hotel/Motel – Extended Stay | \$67 | \$52/room | \$67 + \$52/room |
| Manufacturing | \$67 | \$0 | \$67 |
| Mobile Home Park (< 25 units) | \$67 | \$116/pad | \$67 + \$116/pad |
| Mobile Home Park (25+ units) | \$67 | \$0 | \$67 |
| Non-Depository Credit Intermediation | \$67 | \$167 | \$234 |
| Restaurants | \$67 | \$277 | \$344 |
| Social Club | \$67 | \$375 | \$442 |
| Specialty Foods | \$67 | \$39 | \$106 |
| Sales/Rental/Wholesale | \$67 | \$83 | \$150 |
| Storage Units | \$67 | \$0 | \$67 |
| Tobacco Store | \$67 | \$1,429 | \$1,496 |
| Transportation | \$67 | \$0 | \$67 |

Table E.2 shows the total licensing costs for “Other” license types in Heber City such as seasonal, temporary, solicitor, etc. Based on the police 911 call data provided, it was not feasible to conclusively match police calls for service to these types of licenses and therefore, no disproportionate service call costs are included in the licensing costs for “Other” license types. The City may want to consider combining license types with the same cost such as “Seasonal” and “Temporary” licenses.

TABLE E.2: TOTAL LICENSING COSTS - "OTHER" LICENSES

| Total Business Licensing Costs "Other" License Types | | | |
|---|--------------------------|----------------------------------|---------|
| Business Class | Base Administrative Cost | Disproportionate Regulatory Cost | Total |
| Seasonal License | \$95 | \$0 | \$95 |
| Temporary License | \$95 | \$0 | \$95 |
| Fireworks | \$107 | \$0 | \$107 |
| Solicitor | \$105 | \$53 | \$158 |
| Motorized Street Vendor | \$120 | \$0 | \$120 |
| Farmer's Market (does not include utility costs) | \$84 | \$45 | \$129 |
| Special Events and Promotions (500+ people) | \$2,265 | \$0 | \$2,265 |
| Special Events and Promotions (<500 people) | \$294 | \$0 | \$294 |
| Film Events - Large (Trailers and 5+ cars) | \$303 | \$0 | \$303 |
| Film Events - Small (No Trailers and < 5 cars) | \$158 | \$0 | \$158 |

CHANGES REQUIRED IN CURRENT BUSINESS LICENSE FEE SCHEDULE

An analysis of the cost of services for each type of business in Heber found that the cost of business licensing for some types of licenses is lower compared to the current fee. Therefore, based on Utah Code Annotated §10-1-203, the fee for these types of licenses must be lowered to be equal to or less than the cost. Table E.3 shows the required changes to the current fee schedule.

TABLE E.3: REQUIRED CHANGED TO CURRENT FEE SCHEDULE

| Required Changes to Current Fee Schedule | | | |
|--|-----------------|--------------|-----------------------|
| Fee Type | Current Fee | Current Cost | Maximum Allowable Fee |
| Business & Professional Services | \$80 | \$67 | \$67 |
| Personal Services | \$80 | \$67 | \$67 |
| Mobile Home Parks (25+ pads) | \$80 | \$67 | \$67 |
| Storage Units | \$80 | \$67 | \$67 |
| Fireworks | \$255 | \$107 | \$107 |
| Motorized Street Vendor | \$175 | \$120 | \$120 |
| Film Events - Large | Per Vehicle Fee | \$303 | \$303 |
| Film Events - Small | Per Vehicle Fee | \$158 | \$158 |

INTRODUCTION

Zions Bank Public Finance ("ZBPF") was retained by Heber City ("Heber" or the "City") to complete an analysis of commercial and home occupation business licensing costs that meet the requirements of Utah law as established by Utah Code Annotated §10-1-203. The law states that "...the legislative body of a municipality may license for the purpose of regulation and revenue any business within the limits of the municipality and may regulate that business by ordinance."³ Additionally, the law states that "the amount of a fee shall be reasonably related to the costs of the municipal services provided by the municipality."⁴ In other words, business licensing fees charged may not exceed the City's cost to regulate business activity, including the costs of disproportionate and enhanced levels of municipal services required by some business classes, geographic locations, number of business employees, etc.

While this study calculates the maximum business license fees allowable under current State law, it does not recommend specific business license fees to be charged. The City Council may choose a lesser fee if there is justification for doing so (i.e., the maximum fees would place an undue burden on certain business types, etc.). If less than the maximum allowable fees are charged, the difference between the fee and the cost to the City would need to be made up through the General Fund.

Factors the City may want to consider as they establish new business license fees include business classes the City would like to encourage, business classes that benefit the public good, business classes which generate higher revenue for the City compared to other business classes, existing fees, overall economic development policy, etc.

Utah legislation allows cities wide latitude in defining the business classes and groupings which are most appropriate for each locality. Based on discussions with Heber City, type of business activity has been chosen as the most accurate means of calculating the true costs associated with various businesses. Therefore, businesses in this analysis are grouped into business classes based on type of business activity. Furthermore, Utah law states that "all license fees and taxes shall be uniform in respect to the class upon which they are imposed." This means that all businesses in the same business "class" must be charged the same fee. Appendix A contains a list of all business "classes" established in Heber City.

There are approximately 418 licensed commercial businesses, 231 licensed home occupation businesses and 360 "other" type of licenses such as seasonal licenses, special event licenses, solicitors, vendors, etc. in Heber City.⁵

UTAH CODE
§10-1-203(6)

³ Utah Code Annotated §10-1-203(2)

⁴ Utah Code Annotated §10-1-203(5)(c)(ii)

⁵ Source: Heber City Business License Department, 2013

BUSINESS LICENSING COSTS

Heber City currently requires commercial and home occupation businesses to obtain a business license. This study considers the following three categories of business licensing costs:



BASE ADMINISTRATIVE COSTS

Base administrative costs include the following standard labor costs common to all types of businesses:

- Business license application and registration process;
- Issuance of license;
- Collection of fees;
- Maintenance of records; and
- Preparation of business reports and required verifications.

In order to estimate the base administrative costs of a business license, our primary source of information has been Heber City. Costs have been evaluated based on time spent by employees, wages and benefits for these employees, and department overhead. The cost of administering a business license also accounts for the department's fair share of indirect administrative costs that benefit the business license department.

The base administrative costs associated with licensing a business are determined by analyzing both *employee costs* and the *time* spent by each employee on business licensing procedures. Taking into account these two factors, a cost for each step in obtaining a business license can be determined. Added together, these costs equal the *base administrative costs* to the City for issuing a new application and renewal business license.

EMPLOYEE COSTS FOR BUSINESS LICENSING

Employee costs consist of direct and indirect costs. Direct business licensing costs include labor (wages & benefits) and department overhead costs for all personnel involved in issuing and overseeing business licenses. Indirect costs include services provided to all departments such as legislative, administrative and general government building services.

The Planning, Building and Police Departments provide the majority of business licensing services. Additional departments involved with *Special Event & Promotions* licenses include the Public Works, Parks and Engineering Departments.

DIRECT COSTS

A direct cost per minute was calculated for each employee involved in the business licensing process using the following method:

TABLE 1: DIRECT COST PER MINUTE CALCULATION

| Employee Direct Cost Per Minute | |
|---|--|
| Per Minute Cost | Calculation |
| Employee Labor Cost per Minute | $(\text{Salary} + \text{benefits}) / \text{employee total annual minutes worked}$ |
| Department Overhead Cost per Minute | $\text{Department overhead} / \text{total annual minutes worked}$ |
| Direct Business License Cost per Minute | $\text{Employee labor cost per minute} + \text{department overhead cost per minute}$ |

Table 2 shows the direct cost per minute for all employees involved in business licensing.⁶

TABLE 2: DIRECT COST PER MINUTE

| Employee Direct Cost Per Minute | |
|---|------------------------|
| Employees By Department | Direct Cost per Minute |
| Business Licensing | \$0.60 |
| Planning & Zoning (Planning Review) | \$1.00 |
| Planning & Zoning (Building Review) | \$1.04 |
| Code Enforcement | \$0.41 |
| Police (Review Application, Meetings, etc.) | \$0.97 |
| Average Police (Compliance, Patrol) | \$0.72 |
| Public Works | \$1.07 |
| Parks | \$0.82 |
| Engineering | \$1.16 |

Source: Heber City

INDIRECT COSTS

In addition to the direct costs associated with business licensing, each department must pay for its fair share of the City's indirect costs. Indirect costs include services provided from departments such as legislative, administrative and general government buildings. Total indirect costs of \$748,720 for Heber City are shown in table 3 below.

TABLE 3: TOTAL INDIRECT COSTS

| Indirect Costs | |
|------------------------------|------------------|
| Department | Cost |
| Legislative | \$265,820 |
| Administrative | 401,800 |
| General Government Buildings | \$81,100 |
| Total Indirect Costs | \$748,720 |

Source: Heber City Budget FY 2014

Indirect costs are divided into fixed and variable costs. Fixed costs represent administrative services provided to each department regardless of size. Variable costs represent administrative services provided to each department in proportion to the number of employees in the department. Based on the ratio of fixed to variable costs, approximately 21 percent of indirect costs are fixed costs,⁷ and the remaining

⁶ All figures used in calculating direct costs were provided by Heber City.

⁷ Public notices, professional services, insurance, building maintenance, etc.

approximately 79 percent of administrative services are assigned as variable costs.⁸ Variable costs are allocated based on the number of FTE's in each department.

Table 4 shows the variable and fixed costs allocated to each of the City's seven departments.

TABLE 4: ALLOCATION OF INDIRECT COSTS BY DEPARTMENT

| Fixed and Variable Indirect Costs | | | |
|-----------------------------------|------------------|------------------|---------------------|
| Department | Fixed Cost | Variable Cost | Total Indirect Cost |
| Judicial | \$22,071 | \$36,561 | \$58,632 |
| Animal Service | \$22,071 | \$44,839 | \$66,910 |
| Police | \$22,071 | \$270,414 | \$292,485 |
| Public Works | \$22,071 | \$83,056 | \$105,127 |
| Building and Planning | \$22,071 | \$63,464 | \$85,535 |
| Cemetery/Parks | \$22,071 | \$86,229 | \$108,300 |
| Airport | \$22,071 | \$9,660 | \$31,732 |
| Total Indirect Costs | \$154,497 | \$594,223 | \$748,720 |

Total indirect costs allocated to each department are then divided by the total minutes worked in each department to arrive at an indirect cost per minute per employee. Table 5 shows the indirect cost per minute for the departments involved in business licensing.

TABLE 5: ALLOCATION OF INDIRECT COSTS PER MINUTE BY DEPARTMENT

| Indirect Cost Per Minute | | | |
|------------------------------------|-------------|----------------------|-----------------|
| Department | Total Costs | Total Minutes Worked | Cost per Minute |
| Police | \$292,485 | 2,446,080 | \$0.12 |
| Public Works | \$105,127 | 751,296 | \$0.14 |
| Building and Planning ⁹ | \$85,535 | 574,080 | \$0.15 |
| Cemetery/Parks | \$108,300 | 780,000 | \$0.14 |

Source: Heber City

The following table shows the total cost per minute for all employees involved in the business licensing process. The cost per minute for employees involved in business licensing ranges between \$0.75 and \$1.30.

TABLE 6: TOTAL EMPLOYEE COST PER MINUTE

| Total Employee Cost Per Minute | | | |
|---|------------------------|--------------------------|------------|
| Department | Per Minute Direct cost | Per Minute Indirect Cost | Total Cost |
| Business Licensing | \$0.60 | \$0.15 | \$0.75 |
| Planning | \$1.00 | \$0.15 | \$1.15 |
| Building | \$1.04 | \$0.15 | \$1.19 |
| Code Enforcement | \$0.41 | \$0.15 | \$0.56 |
| Police (Review Application, Meetings, etc.) | \$0.97 | \$0.12 | \$1.09 |
| Average Police (Compliance, Patrol) | \$0.72 | \$0.12 | \$0.84 |
| Public Works | \$1.07 | \$0.14 | \$1.21 |
| Parks | \$0.82 | \$0.14 | \$0.96 |
| Engineering | \$1.16 | \$0.14 | \$1.30 |

⁸ Legal, Human Resources, etc.

⁹ Business licensing is included in the Building and Planning department.

TOTAL EMPLOYEE COSTS

BUSINESS LICENSE
DEPARTMENT

EMPLOYEE TIME FOR BUSINESS LICENSING

Business licensing takes applications, answers questions, reviews applications, copies documents, obtains required signatures, prepares and mails business licenses, and distributes appropriate forms to assisting departments/personnel. New application licenses generally require more time compared to renewal licenses. New applications involve additional paperwork, computer entry and generally more questions compared to renewal licenses. The annual average time required by business licensing to perform the previously identified tasks, in addition to customer service, reports, meetings, training, etc. is approximately 110 minutes per license for a new commercial and home occupation license. Renewal licenses for commercial and home occupation businesses average approximately 80 minutes per license.¹⁰

OTHER
EMPLOYEES

Additional employees/departments involved in business licensing are shown in table 7.

TABLE 7: INVOLVEMENT FROM OTHER EMPLOYEES/DEPARTMENTS IN BUSINESS LICENSING

| Involvement from Employees/Departments in Business Licensing | |
|--|--|
| Employee/ Department | Involvement in Business Licensing |
| Planning | Checks to see that the business is in the proper zone and is following applicable ordinance requirements. |
| Building | Reviews select new commercial business applications and conducts an on-site inspection for some commercial business applications. |
| Police | Attends meetings for special events and film events. Patrol Farmer's Markets. Respond to solicitor complaints. Check vehicles for Motorized Street Vendor licenses. Compliance visits to tobacco retailers and businesses with alcohol licenses. |
| Public Works | Review Special Events and Promotions licenses. May meet with event organizers. |
| Code Enforcement | Checks for unlicensed businesses. Enforces City Code with regard to licensing businesses. |
| Parks | Review Special Events and Promotions licenses. May meet with event organizers. |
| Engineering | Review Special Events and Promotions licenses. May meet with event organizers. |

NEW APPLICATION
COMMERCIAL
BUSINESSES

NEW APPLICATION BASE ADMINISTRATIVE COSTS

The total cost to the City for a new commercial license is approximately \$119. This cost includes the services performed by business licensing as well as application reviews, supplies, building review, and code enforcement.

TABLE 8: NEW APPLICATION -- COMMERCIAL BASE ADMINISTRATIVE COST

| New Application License Base Administrative Cost Commercial Businesses | | | |
|---|---------------------------|-----------------|-----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Code Enforcement | | | 5.50 |
| Planning Review | | | 11.50 |
| Building Review | | | 17.85 |
| Supplies | | | 1.12 |
| Base Administrative Cost – New Commercial | | | \$118.47 |

NEW APPLICATIONS
HOME OCCUPATION

Table 9 shows the base administrative cost of \$95 for new home occupation business licenses. The time required by the business licensing administrator for a new home occupation license is similar to a commercial business. However, the total cost for a new home occupation license is lower compared to a commercial license because

¹⁰ Time allocation per license was calculated taking into account total business licensing hours worked, total number of business licenses and the varying amounts of time required for different types of licenses.

code enforcement costs associated with a home occupation license is minimal and therefore not included in the licensing cost.

TABLE 9: NEW APPLICATION - HOME OCCUPATION BASE ADMINISTRATIVE COST

| New Application License Base Administrative Cost Home Occupation Business | | | |
|--|---------------------------|-----------------|----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Planning & Zoning | 10 | \$1.15 | \$11.50 |
| Supplies | | | 1.12 |
| Base Administrative Cost - New Home Occupation | | | \$95.12 |

A seasonal license includes licenses for businesses that operate six months or less such as snow shacks, corn stands, etc. The City's cost to issue a seasonal license is approximately \$95.

TABLE 10: SEASONAL

| Seasonal License Base Administrative Cost | | | |
|--|---------------------------|-----------------|----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Planning (Review Application) | 10 | 1.15 | 11.50 |
| Supplies | | | 1.12 |
| Base Administrative Cost - Seasonal | | | \$95.12 |

A temporary license includes licenses for businesses that operate for less than ten days in a calendar year such as street vendors at a special event. The City's cost to issue a temporary license is approximately \$95.

Based on the similar costs for seasonal and temporary, the City may want to consider combining Seasonal and Temporary licenses into one license type.

TABLE 11: TEMPORARY

| Temporary License Base Administrative Cost | | | |
|---|---------------------------|-----------------|----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Planning (Review Application) | 10 | 1.19 | 11.50 |
| Supplies | | | 1.12 |
| Base Administrative Cost - Temporary | | | \$95.12 |

The base administrative cost for a fireworks license is approximately \$107.

TABLE 12: FIREWORKS

| Fireworks License Base Administrative Cost | | | |
|---|---------------------------|-----------------|-----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Building Review | 20 | 1.19 | 23.80 |
| Supplies | | | 1.12 |
| Base Administrative Cost - Fireworks | | | \$107.42 |

OTHER LICENSES

The base administrative cost for a motorized street vendor is approximately \$120. Motorized street vendors include businesses such as ice cream trucks.

TABLE 13: MOTORIZED STREET VENDOR

| Motorized Street Vendor Base Administrative Cost | | | |
|---|---------------------------|-----------------|-----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Planning (Review Application) | 10 | 1.15 | 11.50 |
| Police (Vehicle Inspection) | 30 | \$0.84 | \$25.22 |
| Supplies | | | 1.12 |
| Base Administrative Cost – Motorized Street Vendor | | | \$120.34 |

The base administrative cost for a Farmer's Market license is approximately \$84.

TABLE 14: FARMER'S MARKET

| Farmer's Market Base Administrative Cost | | | |
|---|---------------------------|-----------------|----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Supplies | | | 1.12 |
| Base Administrative Cost – Farmer's Market | | | \$83.62 |

The base administrative cost for a solicitor license is approximately \$105.

TABLE 15: SOLICITOR

| Solicitor Base Administrative Cost | | | |
|---|---------------------------|-----------------|-----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 120 | \$0.75 | \$90.00 |
| Work Card and Supplies | | | \$15.00 |
| Base Administrative Cost – Solicitor | | | \$105.00 |

The business license administrator spends significantly more time issuing *Special Events and Promotions* licenses compared to other types of business licenses. Special events require coordination over a period of time with event organizers and with other City Departments as well as coordination meetings. City personnel from the Public Works, Parks, Engineering and Planning Departments review licenses for special events and may also be involved in meetings and coordination with event organizers. The police review the license and meet with event organizers to coordinate traffic and other police related issues. There is a separate hourly charge through the Police Department for police services at the event.

The licensing cost to the City for large special events and promotions with more than 500 people is approximately \$2,265 and \$294 for smaller events that attract less than 500 people.

TABLE 16: LARGE SPECIAL EVENTS (500+ PEOPLE)

| Large Special Events and Promotions 500+ People Base Administrative Cost | | | |
|--|---------------------------|-----------------|-------------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 1,500 | \$0.75 | \$1,125.00 |
| Public Works | 20 | \$1.21 | \$24.20 |
| Parks | 20 | \$0.96 | \$19.20 |
| Engineering | 20 | \$1.30 | \$26.00 |
| Planning | 20 | \$1.15 | \$23.00 |
| Police | 960 | \$1.09 | \$1,046.40 |
| Supplies | | | 1.12 |
| Base Administrative Cost – Large Special Events and Promotions | | | \$2,264.92 |

TABLE 17: SPECIAL EVENTS (< 500 PEOPLE)

| Special Events and Promotions < 500 People Base Administrative Cost | | | |
|---|---------------------------|-----------------|-----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 300 | \$0.75 | \$225.00 |
| Public Works | 10 | \$1.21 | \$12.10 |
| Parks | 10 | \$0.96 | \$9.60 |
| Engineering | 10 | \$1.30 | \$13.00 |
| Planning | 10 | \$1.15 | \$11.50 |
| Police | 20 | \$1.09 | \$21.80 |
| Supplies | | | 1.12 |
| Base Administrative Cost – Special Events and Promotions | | | \$294.12 |

Due to its beautiful scenic location, Heber City can be the perfect backdrop for films. Currently, the fee for a business license for a *Film Shoot* license is based on the number of vehicles. However, while the cost to the city is generally higher for large film shoots compared to smaller film shoots, the cost does not incrementally increase with each vehicle. Therefore, the cost for film events has been divided into two categories – (1) large film shoots and (2) small film shoots. Large film shoots have trailers and more than five cars at the shoot. Small film shoots have no trailers and five or less cars at the shoot.

Costs for each category were calculated based on the average time the business license administrator, planning director and police spend on tasks/issues related to issuing a *Film Shoot* license. The City’s costs for a Large Film Shoot business licenses is approximately \$300 and approximately \$160 for a Small Film Shoot.

TABLE 18: LARGE SPECIAL EVENTS (500+ PEOPLE)

| Large Film Shoot Trailers and 5+ cars Base Administrative Cost | | | |
|--|---------------------------|-----------------|-----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 300 | \$0.75 | \$225.00 |
| Planning | 10 | \$1.15 | \$11.50 |
| Police | 60 | \$1.09 | \$65.40 |
| Supplies | | | 1.12 |
| Base Administrative Cost – Large Film Shoot | | | \$303.02 |

TABLE 19: FILM EVENT

| Small Film Shoot No Trailers and 5 or Less Cars Base Administrative Cost | | | |
|--|---------------------------|-----------------|-----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 150 | \$0.75 | \$112.50 |
| Planning | 10 | \$1.15 | \$11.50 |
| Police | 30 | \$1.09 | \$32.70 |
| Supplies | | | 1.12 |
| Base Administrative Cost – Small Film Shoot | | | \$157.82 |

RENEWAL LICENSE BASE ADMINISTRATIVE COSTS

The total base administrative cost of approximately \$67 for a renewal commercial business license includes business licensing administrative costs, code enforcement, and supplies. Code enforcement spends on average approximately five and one-half hours per month on business license ordinance enforcement issues for commercial businesses. The cost of this code enforcement is divided among the commercial business licenses for an average annual cost of approximately \$5.50 per license.¹¹

TABLE 20: COMMERCIAL RENEWAL LICENSE BASE ADMINISTRATIVE COSTS

| Renewal License Base Administrative Cost Commercial Business | | | |
|---|---------------------------|-----------------|----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 80 | \$0.75 | \$60.00 |
| Code Enforcement | | | 5.50 |
| Supplies | | | 1.88 |
| Base Administrative Cost – Commercial Renewal | | | \$67.38 |

Home occupation renewal licenses take approximately the same amount of time as commercial business license. However, time spent on code enforcement for home occupation businesses is minimal and therefore, the cost of a home occupation renewal is slightly lower compared to a commercial renewal.

TABLE 21 HOME OCCUPATION RENEWAL LICENSE BASE ADMINISTRATIVE COSTS

| Renewal License Base Administrative Cost Home Occupation Business | | | |
|--|---------------------------|-----------------|----------------|
| License Type | Time Allocation (Minutes) | Cost per Minute | Estimated Cost |
| Business Licensing | 80 | \$0.75 | \$60.00 |
| Supplies | | | 1.88 |
| Base Administrative Cost – Home Occupation Renewal | | | \$61.88 |

DISPROPORTIONATE SERVICE COSTS

According to Utah Code Annotated §10-1-203(5)(c)(i), "Before the governing body of a municipality imposes a license fee on a business that causes disproportionate costs of municipal services under Subsection (5)(a)(i)(C)(l), the legislative body of the municipality shall adopt an ordinance defining for purposes of the [fee] tax under Subsection (5)(a)(i)(C)(l) the costs that constitute disproportionate costs and the amounts that are reasonably related to the costs of the municipal services provided by the municipality."

¹¹ 5.7 hours per week x \$33.60 cost per hour = \$2,298 annual cost; 418 licenses

COMMERCIAL
RENEWAL

HOME OCCUPATION
RENEWAL

UTAH CODE
§10-1-203(5)

Cities are allowed under Utah Code to collect disproportionate business licensing fees for the following municipal services:

- Police
- Fire/EMS
- Storm Water Runoff
- Traffic Control
- Parking
- Transportation
- Beautification
- Snow Removal

Heber City has chosen to only consider disproportionate police municipal services in this study.¹² Therefore, disproportionate services rendered may include police calls for service and business-related paperwork, administrative oversight, special regulations and other services performed for specific types of businesses. In order to calculate *disproportionate* costs, cities must first establish what constitutes the *base level* of service for each of the varying services they provide.

There are two types of disproportionate service costs appropriate to this analysis:

- Disproportionate regulatory costs
- Disproportionate service call costs

Disproportionate regulatory costs include the cost of services for business-related paperwork, administrative oversight, special regulations and inspections that are in addition to the services common to all businesses included in the base administrative cost. For example, additional regulatory services are required by some classes of businesses such as day-cares, restaurants and large retail.

Disproportionate service call costs for Heber City include the cost of services for police 911 calls above the base level of service provided by the Police Department.¹³ ZBPF has interviewed City officials and service providers and has obtained data regarding 911 calls for service from the Heber City Police Department.

DISPROPORTIONATE REGULATORY COSTS

In Heber City, disproportionate regulatory services are provided by the business license administrator and the police department. Due to regulatory requirements, the business license administrator spends additional time issuing new restaurant, pawn shop, home occupation day care and home occupation salon licenses.

The police spend approximately eight hours per quarter on compliance checks for tobacco retailers and approximately 15 hours annually on compliance checks for businesses with an alcohol license. The police also spend approximately 40 hours annually responding to solicitor complaint calls and provide patrol at the Farmer's Markets during the summer.

Table 22 shows the disproportionate regulatory costs for Heber City.¹⁴

¹² Fire services for Heber City are provided by the Wasatch county Fire District.

¹³ This study does not include any traffic-related calls. Additionally, only calls where police were dispatched to the site are included in the study.

¹⁴ Detailed calculations for disproportionate regulatory costs are shown in Appendix B.

TABLE 22: DISPROPORTIONATE REGULATORY COSTS

| Disproportionate Regulatory Costs | | | |
|-----------------------------------|--------------------|-----------------|---------|
| Application Type | Service | New Application | Renewal |
| Restaurant | Business Licensing | \$34 | NA |
| Pawn Shop | Business Licensing | \$45 | NA |
| Home Occupation Day Care | Business Licensing | \$38 | NA |
| Home Occupation Salon | Business Licensing | \$38 | NA |
| Tobacco Retailer | Police | \$101 | \$101 |
| Businesses with Alcohol License | Police | \$50 | \$50 |
| Solicitor License | Police | \$53 | NA |
| Farmer's Market | Police | \$45 | NA |

DISPROPORTIONATE SERVICE CALL COSTS

Disproportionate service call costs for Heber City include the cost of services for police 911 calls above the base level of service provided by the Police Department.¹⁵ The base level of service is the average level of 911 service calls to owner-occupied single family residences.¹⁶ Police calls were obtained from the police department for the time period of October 2011 through October 2013. The call data was then mapped and analyzed to calculate the number of calls to owner-occupied single-family residential units. The number of calls to owner-occupied single-family residential units was then averaged over the two-year period.¹⁷ The average annual number of calls to owner-occupied single-family residential units was divided by the total number of owner-occupied single-family residential units to determine the base level of service. This per unit base level of service is referred to as the base level service call ratio.

The annual base level of service for police calls was determined to be an average of 0.423 calls per owner-occupied single-family residence per year. In other words, on average, every single-family owner-occupied residence calls the police a little less than once every two years.

TABLE 23: BASE LEVEL OF POLICE SERVICE

| Base Level of Service Police | |
|---|--------------|
| Average Annual Owner-Occupied Single Family Residential Calls | 1,043.5 |
| Total Number of Units ¹⁸ | 2,467 |
| Base Level of Service Ratio | 0.423 |

The annual average police service call ratio per business in a given business class was calculated by dividing the two-year average annual number of calls in each business class by the total number of businesses in the business class. To calculate the disproportionate service call ratio, the base level of service ratio (shown in table 23) was subtracted from the average calls per commercial business class.

Service call ratios for commercial businesses that are higher than the base level of service call ratio are considered disproportionate.

¹⁵ This study does not include any traffic-related calls. Additionally, only calls where police were dispatched to the site are included in the study.

¹⁶ Includes owner-occupied condos and PUD's.

¹⁷ A two-year average minimizes the effect of a call volume spike that could occur over a one-year period.

¹⁸ Based on the Heber City parcel data received from Salt Lake County.

BASE LEVEL OF
SERVICE CALLS

ANNUAL AVERAGE
SERVICE CALL RATIO

STATISTICAL
OUTLIERS

Within a business class, there may be a few businesses with a much higher number of service calls compared to the majority of business establishments in that particular business class. These businesses excessively skew the average service call per business and are referred to as statistical outliers. When determining the business license fee for a given business class, it is recommended the City consider setting the disproportionate fee to be on par with the disproportionate costs without the statistical outliers.

DISPROPORTIONATE
SERVICE CALL RATIOS

Table 24 shows the police disproportionate service call ratios for commercial businesses with and without the statistical outliers. Of the 25 commercial business categories, four categories have outliers.

TABLE 24: DISPROPORTIONATE POLICE CALL DATA -COMMERCIAL BUSINESSES

| Police Disproportionate Call Ratios | | |
|--|---------------|------------------|
| Business Class | With Outliers | Without Outliers |
| Assisted Living/Care Centers | NA | 0.085/bed |
| Automotive Service & Repair | NA | 0.806 |
| Banks | NA | 2.802 |
| Big Box | NA | 88.577 |
| Convenience Stores with Gas (Open 24 hrs) | 35.827 | 28.077 |
| Convenience Store with Gas (Not open 24 hrs) | NA | 14.077 |
| Department Store | NA | 19.077 |
| Entertainment | NA | 4.077 |
| General Services (Business & Professional, Personal, Construction and Contracted Services) | NA | 0.000 |
| Home Occupation | NA | 0.000 |
| Large Grocery with Gas | NA | 88.577 |
| Large Grocery without Gas | NA | 38.577 |
| Hotel/Motel | NA | 0.091/room |
| Hotel/Motel - Extended Stay | 0.601/room | 0.535/room |
| Manufacturing | NA | 0.000 |
| Mobile Home Park (< 25 units) | NA | 1.188/pad |
| Mobile Home Park (25+ units) | NA | 0.000 |
| Non-Depository Credit Intermediation | 3.827 | 1.702 |
| Restaurants | 3.271 | 2.827 |
| Social Club | NA | 3.827 |
| Specialty Foods | NA | 0.395 |
| Sales/Rental/Wholesale | NA | 0.849 |
| Storage Units | NA | 0.000 |
| Tobacco Store | NA | 14.577 |
| Transportation | NA | 0.000 |

COST PER CALL

The next step in determining the disproportionate costs (if any) of commercial businesses is to multiply the disproportionate service call ratio by the cost per call. The cost per call for police services was determined by dividing total variable costs (estimated costs above the fixed costs that are required assuming there were no calls for service) by the total number of service calls. The cost per call for police is approximately \$98.¹⁹

¹⁹ Police total budget - \$2,051,950. Variable costs = \$998,604/10,146 annual average calls

TABLE 25: COST PER CALL - POLICE

| Police Cost per Call | |
|----------------------|--------|
| | Police |
| Cost per Call | \$98 |

The disproportionate service call costs are calculated by multiplying the disproportionate police service call ratio for each commercial business category by the cost per call.

COMMERCIAL BUSINESS
DISPROPORTIONATE
SERVICE CALL COSTS

Table 26 summarizes the disproportionate costs per business for each commercial business class identified for Heber City. The disproportionate cost is calculated by multiplying the disproportionate call ratio without outliers, as shown in table 24, by the cost per call. ZBPF recommends the maximum disproportionate fee considered by a City be equal to the disproportionate cost without outliers for each commercial business category. The maximum disproportionate fees allowed by law are the disproportionate fees with outliers.

TABLE 26: DISPROPORTIONATE POLICE, FIRE AND EMS COSTS - COMMERCIAL BUSINESSES

| Disproportionate Service Call Costs | | | |
|--|---------------------------------|---------------|-----------|
| Business Class | Police Call Ratio ²⁰ | Cost per Call | Total |
| Assisted Living/Care Centers | 0.085/bed | \$98 | \$8/bed |
| Automotive Service & Repair | 0.806 | \$98 | \$79 |
| Banks | 2.802 | \$98 | \$275 |
| Big Box | 88.577 | \$98 | \$8,681 |
| Convenience Stores with Gas (Open 24 hrs) | 28.077 | \$98 | \$2,752 |
| Convenience Store with Gas (Not open 24 hrs) | 14.077 | \$98 | \$1,380 |
| Department Store | 19.077 | \$98 | \$1,870 |
| Entertainment | 4.077 | \$98 | \$400 |
| General Services (Business & Professional, Personal, Construction and Contracted Services) | 0.000 | \$98 | \$0 |
| Home Occupation | 0.000 | \$98 | \$0 |
| Large Grocery with Gas | 88.577 | \$98 | \$8,681 |
| Large Grocery without Gas | 38.577 | \$98 | \$3,781 |
| Hotel/Motel | 0.091/room | \$98 | \$9/room |
| Hotel/Motel - Extended Stay | 0.535/room | \$98 | \$52/room |
| Manufacturing | 0.000 | \$98 | \$0 |
| Mobile Home Park (< 25 units) | 1.188/pad | \$98 | \$116/pad |
| Mobile Home Park (25+ units) | 0.000 | \$98 | \$0 |
| Non-Depository Credit Intermediation | 1.702 | \$98 | \$167 |
| Restaurants | 2.827 | \$98 | \$277 |
| Social Club | 3.827 | \$98 | \$375 |
| Specialty Foods | 0.395 | \$98 | \$39 |
| Sales/Rental/Wholesale | 0.849 | \$98 | \$83 |
| Storage Units | 0.000 | \$98 | \$0 |
| Tobacco Store | 14.577 | \$98 | \$1,429 |
| Transportation | 0.000 | \$98 | \$0 |

²⁰ Without Outliers

ENHANCED SERVICE COSTS

Enhanced service levels reflect a higher level of service for a specific portion of the business community (whether it is a business class, business location, etc.). Examples of enhanced service levels include more landscaping, hanging baskets, more or higher quality signage, increased police patrols (a visible police presence), more frequent snow removal, etc. Generally, these types of services are increased in a particular geographic section of town, such as downtown, or the town center of a resort community but they may also be specific to a particular type of business activity, the number of employees in a company, etc.

Heber City currently provides enhanced services such as planters in the summer and pavers to the downtown area. However, the City has chosen not to include the cost of enhanced services in the business license study at this time.

TOTAL BUSINESS LICENSING COSTS

Total business license costs include the base administrative costs, disproportionate regulatory costs and disproportionate service call costs. The total business license cost is the *maximum amount* the City may charge for a business license. The City may choose not to enact the maximum allowable fee. If less than the maximum allowable fees are charged, the difference between the fee and the cost to the City would need to be covered through the General Fund. Fees for all businesses within a given "class" must be constant.

Total New Application Business Licensing Costs - Total business licensing costs are higher for a new application license compared to a renewal license because the base administrative costs are higher. However, rather than have a separate new application fee for each type of license, the City may want to consider a "processing fee" in addition to the renewal fee applicable to all business licenses. The maximum allowable processing fee for commercial businesses is \$50 for new commercial business licenses and \$30 for new home occupation licenses. The City currently has a processing fee of \$30 for new business licenses.

Total new application business licensing costs are also higher for restaurants and pawn shops which have disproportionate regulatory costs for new applications of \$34 and \$45 respectively.

Total Renewal Business Licensing Costs - Table 27 shows the total renewal business licensing costs for commercial and home occupation businesses as well as the total licensing costs for other types of licenses issued by the City such as temporary, seasonal, etc.

TABLE 27: TOTAL BUSINESS LICENSING COSTS

| Business Category | Total Licensing Costs Renewal Licenses | | | Total |
|------------------------------|---|-----------------------------------|-------------------------------------|----------------|
| | Base Administrative Cost | Disproportionate Regulatory Costs | Disproportionate Service Call Costs | |
| Assisted Living/Care Centers | \$67 | \$0 | \$28/bed | \$67 + \$8/bed |
| Automotive Service & Repair | \$67 | \$0 | \$79 | \$146 |
| Banks | \$67 | \$0 | \$275 | \$342 |
| Big Box | \$67 | \$0 | \$8,681 | \$8,748 |

| Total Licensing Costs Renewal Licenses | | | | |
|--|--------------------------|-----------------------------------|-------------------------------------|------------------|
| Business Category | Base Administrative Cost | Disproportionate Regulatory Costs | Disproportionate Service Call Costs | Total |
| Convenience Stores with Gas (Open 24 hrs) | \$67 | \$0 | \$2,752 | \$2,819 |
| Convenience Stores with Gas & Tobacco (Open 24 hrs) | \$67 | \$101 | \$2,752 | \$2,920 |
| Convenience Stores with Gas & Alcohol (Open 24 hrs) | \$67 | \$50 | \$2,752 | \$2,869 |
| Convenience Stores with Gas, Tobacco & Alcohol (Open 24 hrs) | \$67 | \$151 | \$2,752 | \$2,970 |
| Convenience Store with Gas (Not open 24 hrs) | \$67 | \$0 | \$1,380 | \$1,447 |
| Convenience Store with Gas & Alcohol (Not open 24 hrs) | \$67 | \$50 | \$1,380 | |
| Convenience Store with Gas & Tobacco (Not open 24 hrs) | \$67 | \$101 | \$1,380 | \$1,548 |
| Convenience Store with Gas, Tobacco & Alcohol (Not open 24 hrs) | \$67 | \$151 | \$1,380 | \$1,598 |
| Department Store | \$67 | \$0 | \$1,870 | \$1,937 |
| Entertainment | \$67 | \$0 | \$400 | \$467 |
| Farmer's Market (excluding utility costs) | \$84 | \$45 | \$0 | \$129 |
| Fireworks | \$96 | \$0 | \$0 | \$96 |
| Film Shoots – Large (Trailers and 5+ cars) | \$303 | \$0 | \$0 | \$303 |
| Film Shoots – Small (No Trailers and < 5 cars) | \$198 | \$0 | \$0 | \$198 |
| General Services (Business & Professional, Personal, Construction and Contracted Services) | \$67 | \$0 | \$0 | \$67 |
| Home Occupation | \$67 | \$0 | \$0 | \$62 |
| Large Grocery with Gas | \$67 | \$0 | \$8,681 | \$8,748 |
| Large Grocery with Gas & Tobacco | \$67 | \$101 | \$8,681 | \$8,849 |
| Large Grocery with Gas & Alcohol | \$67 | \$50 | \$8,681 | \$8,798 |
| Large Grocery with Gas, Alcohol & Tobacco | \$67 | \$151 | \$8,681 | \$8,899 |
| Large Grocery without Gas | \$67 | \$0 | \$3,781 | \$3,848 |
| Large Grocery without Gas & Tobacco | \$67 | \$101 | \$3,781 | \$3,949 |
| Large Grocery without Gas & Alcohol | \$67 | \$50 | \$3,781 | \$3,898 |
| Large Grocery without Gas, Tobacco & Alcohol | \$67 | \$151 | \$3,781 | \$3,999 |
| Hotel/Motel | \$67 | | \$9/room | \$67 + \$9/room |
| Hotel/Motel – Extended Stay | \$67 | | \$52/room | \$67 + \$52/room |
| Manufacturing | \$67 | | \$0 | \$67 |
| Mobile Home Park (< 25 units) | \$67 | | \$116/pad | \$67 + \$116/pad |
| Mobile Home Park (25+ units) | \$67 | | \$0 | \$67 |
| Motorized Street Vendor | \$120 | \$0 | \$0 | \$120 |

| Total Licensing Costs Renewal Licenses | | | | |
|--|--------------------------|-----------------------------------|-------------------------------------|---------|
| Business Category | Base Administrative Cost | Disproportionate Regulatory Costs | Disproportionate Service Call Costs | Total |
| Non-Depository Credit Intermediation | \$67 | | \$167 | \$234 |
| Restaurants | \$67 | | \$277 | \$344 |
| Restaurants with Alcohol | \$67 | \$50 | \$277 | \$394 |
| Seasonal | \$95 | \$0 | \$0 | \$95 |
| Social Club | \$67 | | \$375 | \$442 |
| Special Events & Promotions (500+ people) | \$2,265 | \$0 | \$0 | \$2,265 |
| Special Events & Promotions (< 500 people) | \$294 | \$0 | \$0 | \$294 |
| Specialty Foods | \$67 | | \$39 | \$106 |
| Specialty Foods with Alcohol | \$67 | \$50 | \$39 | \$223 |
| Sales/Rental/Wholesale | \$67 | | \$83 | \$150 |
| Storage Units | \$67 | | \$0 | \$67 |
| Temporary | \$95 | \$0 | \$0 | \$95 |
| Tobacco Store | \$67 | \$101 | \$1,429 | \$1,597 |
| Transportation | \$67 | | \$0 | \$67 |

CHANGES REQUIRED IN CURRENT BUSINESS LICENSE FEE SCHEDULE

An analysis of the cost of services for each type of business in Heber found that the cost of business licensing for some types of licenses is lower compared to the current fee. Therefore, based on Utah Code Annotated §10-1-203, the fee for these types of licenses must be lowered to be equal to or less than the cost.

TABLE 28: CHANGES TO CURRENT FEE SCHEDULE

| Required Changes to Current Fee Schedule | | | |
|--|-----------------|--------------|-----------------------|
| Fee Type | Current Fee | Current Cost | Maximum Allowable Fee |
| Business & Professional Services | \$80 | \$67 | \$67 |
| Personal Services | \$80 | \$67 | \$67 |
| Mobile Home Parks (25+ pads) | \$80 | \$67 | \$67 |
| Storage Units | \$80 | \$67 | \$67 |
| Fireworks | \$255 | \$107 | \$107 |
| Motorized Street Vendor | \$175 | \$120 | \$120 |
| Film Events - Large | Per Vehicle Fee | \$303 | \$303 |
| Film Events - Small | Per Vehicle Fee | \$158 | \$158 |

APPENDIX A

| BUSINESS CLASS | BUSINESSES INCLUDED |
|--|--|
| Assisted Living | Assisted Living Nursing Home Continuing Care Retirement |
| Automotive Service & Repair | Automotive Repair and Maintenance Automotive Service Automotive Washing and Polishing |
| Banks | Banks Credit Unions |
| Big Box | Warehouse Clubs and Supercenter |
| Convenience Store – Open 24 Hours | Convenience Stores with Gas Open 24 Hours |
| Convenience Stores – Not Open 24 Hours | Convenience Stores with Gas Not Open 24 Hours |
| Department Stores | Department Stores Discount Department Stores |
| Entertainment | Movie Theaters Bowling Centers |
| General Services | Accountant/Bookkeeping Administration of Air & Water Resources & Instructional Services Architectural Services Barber Shop Beauty Salon Business Associations Business Management Carpet and Upholstery Cleaning CPA Child Day Care Services Coin Operated Laundry Commercial Photography Computer Tech/Sales Construction Contractors Consulting/Management Counseling/Psychology Dance Studio Dry Cleaning & Laundry Engineering Financial/Credit Fitness Centers Fine Arts Schools Funeral Home |

| BUSINESS CLASS | BUSINESSES INCLUDED |
|--|--|
| | Graphic Design Home Health Care/Hospice Insurance Interior Design Janitorial Services Landscape Services Legal Services Marketing Medical Offices Photography Property Management Mortgage Services Nail Salon Newspaper Publishers Pet Care Schools/Education Security Software Development Solid Waste Collection/Management Specialty Trade Contractors Radio Real Estate Rental/Leasing Research/Development Title Company Writing/Publishing |
| Large Grocery with Gasoline | Large Grocery with Gasoline |
| Large Grocery without Gasoline | Large Grocery without Gasoline |
| Hotel/Motel | Hotel Motel |
| Hotel/Motel – Extended Stay | Rent rooms daily and monthly |
| Manufacturing | Food Manufacturing Motor Vehicle Parts Manufacturing Fruit & Vegetable Canning Post-Harvest Crop Activities Furniture Manufacturing Confectionery Manufacturing Cabinet Manufacturing Fabricated Metal Products Manufacturing All other Miscellaneous Manufacturing |
| Mobile Home/RV Parks - < 25 pads | Mobile Home or RV Parks with < 25 pads |
| Mobile Home/RV Parks – 25+ pads | Mobile Home or RV Parks 25 or more pads |
| Restaurants | Deli Services Restaurants |

| BUSINESS CLASS | BUSINESSES INCLUDED |
|------------------------|---|
| | Fast Food Restaurant Restaurant Restaurant – Full Service Restaurant – Limited Service |
| Social Club | Private Club Social Club |
| Specialty Foods | Snack and Non-Alcoholic Beverage Bars Specialty Food Stores Commercial Bakeries Small Supermarkets & Other Grocery (except convenience) Stores |
| Sales/Rental/Wholesale | Automobile Dealerships Building Materials Dealers Clothing Electronics Florist Guns & Ammunition Hardware Household Appliance Stores Miscellaneous Sales Nursery, Garden Center and Farm Supply Stores Pet Supply Retail Shoe Stores Sporting Goods Telecommunications Resellers Tire Dealerships |
| Storage Units | Storage Units |
| Smoke Shop | Smoke Shops |
| Transportation | Parking Lots & Garages Passenger Car Rental Taxi Service Towing Services |

APPENDIX B

| Disproportionate Regulatory Costs | | | |
|--|--------------------------------|-----------------|-----------------|
| Fee Type | Additional Annual Time/Minutes | Cost per Minute | Additional Cost |
| Restaurants – New Application (business licensing) | 45 | \$0.75 | \$33.75 |
| Pawn Shops – New Application (business licensing) | 60 | \$0.75 | \$45.00 |
| Home Occupation Day Care and Salon – New Application (business licensing) | \$80 | \$0.75 | \$67 |
| Tobacco Retailers (police – 1 officer @ 30 minutes per business per quarter) | 120 | \$0.84 | \$100.80 |
| Businesses with Alcohol License (police – 2 officers @ 30 min. per business) | 60 | \$0.84 | \$50.40 |



BUSINESS LICENSE FEE STUDY



HEBER CITY



Cell Nguyen Sparks - Chamber Parcel



DECEMBER, 2013

ZIONS BANK



PUBLIC FINANCE

Zions Bank Public Finance ■ One South Main Street . 18th Floor ■ Salt Lake City, Utah 84101

Utah Code - Business License Fees

Utah Code Annotated 10-1-203

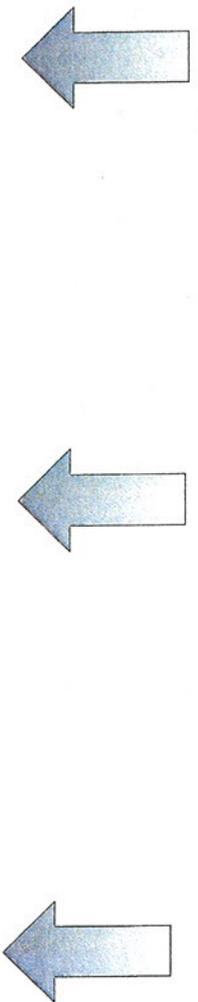
“[T]he amount of a fee shall be reasonably related to the costs of the municipal services provided by the municipality.”

Business licensing fees charged may not exceed the amount necessary to reasonably regulate business activity, including the costs of disproportionate or enhanced levels of municipal services required by some business classes, geographic locations, etc.

This study calculates Heber City's business licensing costs and therefore determines the maximum business license fees allowable under current State law.

Business Licensing Costs

Total Business Licensing Costs



**Base
Administrative
Costs**

**Disproportionate
Service Costs**

**Enhanced
Service Costs**

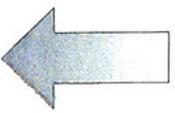
ZIONS BANK



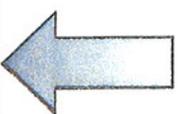
PUBLIC FINANCE

Base Administrative Costs

Costs common to all types of businesses incurred to register, oversee, maintain records and regulate licensed businesses within the City.



1. Direct Costs
Salary
Benefits
Department Overhead



2. Indirect Costs
Executive & Legislative
Treasurer & Legal
Administrative
Building & Non-Departmental

Base Administrative Costs

Direct Costs

Direct costs include labor costs (salary & benefits) and department overhead costs

| <u>Direct Costs</u> | |
|---------------------|------------------------|
| Service | Direct Cost per Minute |
| Business Licensing | \$0.60 |
| Planning (Review) | \$1.00 |
| Planning (Review) | \$1.04 |
| Code Enforcement | \$0.41 |
| Police | \$0.97 |
| Average Police | \$0.72 |
| Public Works | \$1.07 |
| Parks | \$0.82 |
| Engineering | \$1.16 |

Base Administrative Costs

Indirect Costs

Indirect costs include services provided to all departments including general building and non-departmental expenditures

| <i>Indirect Costs</i> | |
|------------------------------|-----------------------------|
| <i>DEPARTMENT</i> | <i>TOTAL INDIRECT COSTS</i> |
| Legislative | \$265,820 |
| Administrative | \$401,800 |
| General Government Buildings | \$81,100 |
| Total Indirect Costs | \$748,720 |

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PUBLIC FINANCE

Base Administrative Costs

Fixed Costs - Services provided to each department regardless of size.

Approximately 21 percent fixed costs - \$154,500

Variable Costs - Services provided to each department based on department size.

Approximately 79 percent variable costs - \$594,220

| Fixed and Variable Indirect Costs | |
|-----------------------------------|----------------------|
| DESCRIPTION | TOTAL INDIRECT COSTS |
| Fixed Indirect Costs | \$154,500 |
| Variable Indirect Costs | \$594,220 |
| Total Indirect Costs | \$748,720 |

Base Administrative Costs

Fixed and Variable Costs

| <i>Indirect Cost Per Minute</i> | | | | |
|---|------------------|------------------|-----------------------------|---------------------------------|
| <i>INDIRECT COSTS ALLOCATED BY DEPARTMENT</i> | <i>FIXED</i> | <i>VARIABLE</i> | <i>TOTAL INDIRECT COSTS</i> | <i>INDIRECT COST PER MINUTE</i> |
| Judicial | \$22,071 | \$36,561 | \$58,632 | \$0.18 |
| Animal Service | 22,071 | \$44,839 | \$66,910 | \$0.16 |
| Police | \$22,071 | \$270,414 | \$292,485 | \$0.12 |
| Public Works (Roads & Storm Drain) | \$22,071 | \$83,056 | \$105,127 | \$0.14 |
| Building & Planning | \$22,071 | \$63,464 | \$85,535 | \$0.15 |
| Cemetery & Parks | \$22,071 | \$86,229 | \$108,300 | \$0.14 |
| Airport | \$22,071 | \$9,657 | \$31,728 | \$0.36 |
| Total | \$154,500 | \$594,220 | \$748,720 | |

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PUBLIC FINANCE

Base Administrative Costs

Total Indirect Cost Per Minute (Applicable to Business Licensing)

| EMPLOYEE COST BY DEPARTMENT | DIRECT COST PER MINUTE | INDIRECT COST PER MINUTE | TOTAL COST PER MINUTE |
|-------------------------------|------------------------|--------------------------|-----------------------|
| Business Licensing | \$0.60 | \$0.15 | \$0.75 |
| Planning (Review) | \$1.00 | \$0.15 | \$1.15 |
| Planning (Review) | \$1.04 | \$0.15 | \$1.19 |
| Code Enforcement | \$0.41 | \$0.15 | \$0.56 |
| Police (Special Events) | \$0.97 | \$0.12 | \$1.09 |
| Average Police | \$0.72 | \$0.12 | \$0.84 |
| Public Works (Special Events) | \$1.07 | \$0.14 | \$1.21 |
| Parks | \$0.82 | \$0.14 | \$0.96 |
| Engineering | \$1.16 | \$0.14 | \$1.30 |

Base Administrative Costs

Commercial New Application

| Service | Time Minutes | Cost Per Minute | Total Cost |
|-------------------------------|-----------------|-----------------|-----------------|
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Compliance | | | \$5.53 |
| Supplies | | | \$1.12 |
| Planning (Review Application) | 10 | \$1.15 | \$11.50 |
| Total Cost* | | | \$100.65 |

* Does not include Fire Marshall cost of \$60 for new commercial business applications

Home Occupation New Application

| Service | Time Minutes | Cost Per Minute | Total Cost |
|-------------------------------|-----------------|-----------------|----------------|
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Supplies | | | \$1.12 |
| Planning (Review Application) | 10 | \$1.15 | \$11.50 |
| Total Cost* | | | \$95.12 |

* Does not include Fire Marshall cost of \$60 for home occupation day cares and salons

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PUBLIC FINANCE

Base Administrative Costs

Commercial Renewal

| Service | Time Minutes | Cost Per Minute | Total Cost |
|--------------------|-----------------|-----------------|----------------|
| Business Licensing | 80 | \$0.75 | \$60.00 |
| Compliance | | | \$5.53 |
| Supplies | | | \$1.88 |
| Total Cost | | | \$67.41 |

Home Occupation Renewal

| Service | Time Minutes | Cost Per Minute | Total Cost |
|--------------------|-----------------|-----------------|----------------|
| Business Licensing | 80 | \$0.75 | \$60.00 |
| Supplies | | | \$1.88 |
| Total Cost | | | \$61.88 |

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PUBLIC FINANCE

Base Administrative Costs

| Seasonal | | | |
|-------------------------------|--------------|-----------------|----------------|
| Service | Time Minutes | Cost Per Minute | Total Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Planning (Review Application) | 10 | \$1.15 | \$11.50 |
| Supplies | | | \$1.12 |
| Total Cost | | | \$95.12 |

| Temporary | | | |
|-------------------------------|--------------|-----------------|----------------|
| Service | Time Minutes | Cost Per Minute | Total Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Planning (Review Application) | 10 | \$1.15 | \$11.50 |
| Supplies | | | \$1.12 |
| Total Cost | | | \$95.12 |

Base Administrative Costs

| Fireworks | | | |
|-------------------------------|-----------------|-----------------|----------------|
| Service | Time Minutes | Cost Per Minute | Total Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Planning (Review Application) | 10 | \$1.19 | \$11.90 |
| Supplies | | | \$1.12 |
| Total Cost* | | | \$95.52 |

* Does not include Fire Marshall cost of \$60 for fireworks inspections

| Solicitor | | | |
|-------------------------------------|-----------------|-----------------|-----------------|
| Service | Time Minutes | Cost Per Minute | Total Cost |
| Business Licensing | 120 | \$0.75 | \$90.00 |
| Police (Respond to complains/calls) | 10 | \$1.15 | \$53.10 |
| Supplies | | | \$35.00 |
| Total Cost | | | \$178.10 |

Base Administrative Costs

| Farmers Markets | | | |
|-------------------------------------|--------------|-----------------|-----------------|
| Service | Time Minutes | Cost Per Minute | Total Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Police (Respond to complains/calls) | | | \$284.86 |
| Supplies | | | \$1.12 |
| Total Cost | | | \$368.48 |

| Motorized Street Vendor | | | |
|-------------------------------|--------------|-----------------|-----------------|
| Service | Time Minutes | Cost Per Minute | Total Cost |
| Business Licensing | 110 | \$0.75 | \$82.50 |
| Planning (Review Application) | 10 | \$1.15 | \$11.50 |
| Police (Check on cars) | 30 | \$0.84 | \$25.22 |
| Supplies | | | \$1.12 |
| Total Cost | | | \$120.34 |

Base Administrative Costs

| Special Events and Promotions (500+ people) | | | |
|--|-----------------|-----------------|-------------------|
| Service | Time Minutes | Cost Per Minute | Total Cost |
| Business Licensing | 1,500 | \$0.75 | \$1,125 |
| Supplies | | | \$1.12 |
| Public Works | 20 | \$1.21 | \$24.10 |
| Parks | 20 | \$0.96 | \$19.20 |
| Engineering | 20 | \$1.30 | \$26.00 |
| Planning | 20 | \$1.15 | \$23.00 |
| Police (Review Meetings) | 960 | \$1.09 | \$1,046 |
| Total Cost | | | \$2,264.92 |

Base Administrative Costs

| Special Events and Promotions (< 500 people) | | | |
|---|-----------------|-----------------|-----------------|
| Service | Time Minutes | Cost Per Minute | Total Cost |
| Business Licensing | 300 | \$0.75 | \$225.00 |
| Supplies | | | \$11.12 |
| Public Works | 10 | \$1.21 | \$12.10 |
| Parks | 10 | \$0.96 | \$9.60 |
| Engineering | 10 | \$1.30 | \$13.00 |
| Planning | 10 | \$1.15 | \$11.50 |
| Police (Review Meetings) | 20 | \$1.09 | \$21.80 |
| Total Cost | | | \$294.12 |

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PUBLIC FINANCE

Base Administrative Costs

Large Film Events (Trailers and 5+ cars)

| Service | Time Minutes | Cost Per Minute | Total Cost |
|-------------------------------|-----------------|-----------------|-----------------|
| Business Licensing | 300 | \$0.75 | \$225.00 |
| Planning (Review Application) | 10 | \$1.15 | \$11.50 |
| Police | .60 | \$1.09 | \$65.40 |
| Supplies | | | \$1.12 |
| Total Cost | | | \$303.02 |

Small Film Events (No trailers and 5 or less cars)

| Service | Time Minutes | Cost Per Minute | Total Cost |
|-------------------------------|-----------------|-----------------|-----------------|
| Business Licensing | 150 | \$0.75 | \$112.50 |
| Planning (Review Application) | 10 | 1.15 | \$11.50 |
| Police | 30 | 1.09 | \$32.70 |
| Supplies | | | \$1.12 |
| Total Cost | | | \$157.82 |

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PUBLIC FINANCE

Base Administrative Costs

Summary of Base Administrative Costs

| License Type | City Cost | Current Fee |
|---|-----------|--------------------------|
| Commercial New Application | \$101 | NA |
| Home Occupation New Application | \$95 | NA |
| Commercial Renewal | \$67 | NA |
| Home Occupation Renewal | \$62 | NA |
| Seasonal | \$95 | \$55 |
| Temporary | \$95 | \$45 + \$10 Per day |
| Fireworks | \$96 | \$255 |
| Solicitor | \$158 | \$30 per \$25 day period |
| Motorized Street Vendor | \$120 | \$175 |
| Farmer's Market | \$368 | \$125/\$100 |
| Special Events and Promotions - 500+ people | \$2,265 | \$100 |
| Special Events and Promotions - <500 people | \$294 | \$100 |
| Film Events - Large | \$303 | Per vehicle |
| Film Events - Small | \$158 | Per vehicle |

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PUBLIC FINANCE

Disproportionate Services Cost

1. Disproportionate Regulatory Costs

Cost of services for business-related paperwork, administrative oversight, special regulations and inspections that are in addition to the services common to all businesses.

2. Disproportionate Service Call Costs

Cost of services for police, fire and EMS 911 calls above the base level of service. The base level of service is the average level of service provided to single family owner-occupied residences.

Disproportionate Regulatory Costs

| <i>Disproportionate Regulatory Costs</i> | | |
|--|----------------------|--------------|
| Business Class | New Application Cost | Renewal Cost |
| Restaurants (Business Licensing) | \$34 | NA |
| Pawn Shops (Business Licensing) | \$45 | NA |
| Tobacco Retailers (Police) | \$101 | \$101 |
| Business with Alcohol (Police) | \$50 | \$50 |

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PUBLIC FINANCE

Disproportionate Services Cost

Municipal Services

*Police

*Fire/EMS

Storm Water Runoff

Traffic Control

Parking

Transportation

Beautification

Snow Removal

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PUBLIC FINANCE

Disproportionate Service Call Costs

| Base Call Ratios | |
|---------------------------------|----------------|
| Housing Type | Average Police |
| Non-Rental Homes, Condos, PUD's | 1,043.50 |
| Total Number of Units | 2,467 |
| Base Call Ratios | 0.423 |

| Cost Per Call | |
|------------------------------|------|
| Average Police Cost per Call | |
| | \$98 |

Disproportionate Service Call Costs

Commercial Business Disproportionate Service Call Costs

| Business Category | Disproportionate Call Ratio | Without Outliers | Cost per Call | Disproportionate Service Call Cost |
|--|-----------------------------|------------------|---------------|------------------------------------|
| Affordable Housing | 0.213 | 1.10/0.012 | \$98 | \$21/bed |
| Automotive | 0.649 | | \$98 | \$63 |
| Assisted Living/Care Centers | 0.085 | 0.015/0.110 | \$98 | \$8/bed |
| Banks | 2.80 | | \$98 | \$275 |
| Big Box | 88.58 | | \$98 | \$8,681 |
| Business & Professional Services | 0.000 | | \$98 | \$0 |
| Construction & Contracted Services | 0.000 | | \$98 | \$0 |
| Convenience Store with Gas | 21.327 | 16.88 | \$98 | \$2,090/\$1,654 |
| Convenience Store with Gas - 24 hrs. | 35.827 | | \$98 | \$3,511 |
| Convenience Store with Gas - not 24 hrs. | 14.077 | | \$98 | \$1,380 |
| Entertainment | 4.077 | | \$98 | \$400 |
| Grocery | 63.58 | 38.58 | \$98 | \$3,781 |
| Hotel/Motel | 0.426 | 0.038 | \$98 | \$42/room \$4/room |

Disproportionate Service Call Costs

Commercial Business Disproportionate Service Call Costs

| Business Category | Disproportionate Call Ratio | Without Outliers | Cost per Call | Disproportionate Service Call Cost |
|--------------------------|-----------------------------|------------------|---------------|------------------------------------|
| Hotel/Motel - 50+ rooms | 0.000 | | \$98 | \$0 |
| Hotel/Motel - < 50 rooms | 1.499 | 0.580 | \$98 | \$57/room |
| Manufacturing | 0.000 | | \$98 | \$0 |
| Mobile Home Park | 0.000 | | \$98 | \$0 |
| Personal Services | 0.077 | | \$98 | \$8.00 |
| Restaurants | 2.827 | | \$98 | \$277 |
| Social Clubs | 3.077 | | \$98 | \$302 |
| Specialty Foods | 0.395 | | \$98 | \$39 |
| Sales/Rental/Wholesale | 1.042 | 0.671 | \$98 | \$102/\$65 |
| Storage Units | 0.000 | | \$98 | \$0 |
| Tobacco Store | 14.577 | | \$98 | \$1,429 |
| Transportation | 0.000 | | \$98 | \$0 |

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PUBLIC FINANCE

Enhanced Services Cost

Higher service levels compared to basic services provided by the City for services such as:

- Landscaping
- Snow removal
- Additional patrol
- Signage

Based on information provided by the City of Heber, the City has chosen not to include the cost of enhanced services in the business license costs.

Total Costs

Commercial & Home Occupation Businesses

| Business Category | Base Cost | Disproportionate Regulatory Cost | Disproportionate Service Call Cost | Total Cost | Current Fee |
|--|-----------|----------------------------------|------------------------------------|-----------------|-------------------------|
| Affordable Housing | \$67 | | \$21/bed | \$67 + \$21/bed | |
| Automotive | \$67 | | \$63 | \$130 | \$80 |
| Assisted Living/Care Centers | \$67 | | \$8/bed | \$67 + \$8/bed | \$0 |
| Banks | \$67 | | \$275 | \$342 | \$80 \$60 |
| Big Box | \$67 | | \$8,681 | \$8,748 | \$110 |
| Business & Professional Services | \$67 | | \$0 | \$67 | \$80 |
| Construction & Contracted Services | \$67 | | \$0 | \$67 | \$60 |
| Convenience Store with Gas | \$67 | | \$1,654 | \$1,721 | \$110 |
| Convenience Store with Gas - 24 hrs. | \$67 | | \$3,511 | \$3,578 | \$110 |
| Convenience Store with Gas - not 24 hrs. | \$67 | | \$1,380 | \$1,447 | \$110 |
| Entertainment | \$67 | | \$400 | \$467 | \$80 |
| Grocery | \$67 | | \$3,781 | \$3,848 | \$110 |
| Home Occupation | \$62 | | \$0 | \$62 | \$30 |
| Hotel/Motel | \$67 | | \$4/room | \$67 + \$4/room | \$80 |

Combine

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PUBLIC FINANCE

Total Costs

Commercial & Home Occupation Businesses

| Business Category | Base Cost | Disproportionate Regulatory Cost | Disproportionate Service Call Cost | Total Cost | Current Fee |
|--------------------------|-----------|----------------------------------|------------------------------------|------------------|-------------|
| Hotel/Motel - 50+ rooms | \$67 | | \$0 | \$67 | \$80 |
| Hotel/Motel - < 50 rooms | \$67 | | \$57/room | \$67 + \$57/room | \$80 |
| Manufacturing | \$67 | | \$0 | \$67 | \$110 |
| Mobile Home Park | \$67 | | \$0 | \$67 | \$90 |
| Personal Services | \$67 | | \$0 | \$67 | \$80 |
| Restaurants | \$67 | | \$277 | \$344 | \$175 |
| Social Club | \$67 | | \$302 | \$369 | \$175 |
| Specialty Foods | \$67 | | \$39 | \$106 | \$110 |
| Sales/Rental/Wholesale | \$67 | | \$66 | \$133 | \$110/\$40 |
| Storage Units | \$67 | | \$0 | \$67 | \$80 |
| Tobacco Store | \$67 | \$101 | \$1,429 | \$1,496 | \$110 |
| Transportation | \$67 | | \$0 | \$67 | \$90 |

Combine

Total # of Businesses 1,025
 Total Business Licensing Cost \$ 146,490
 Total Revenue (less on %) \$ 146,490
 Revenue as Percent of Cost 100%

Base Administrative Cost % 100%
 Disproportionate Regulatory Cost % 100%
 Disproportionate Service Call % - Big Box & Grocery 100%
 Disproportionate Service Call % - Hotel 100%
 Disproportionate Service Call % - Convenience Stores 100%
 Disproportionate Service Call % (All Other Businesses) 100%
 Large Special Events % 100%

| Description | # Businesses | # of Units | Total Cost | Applying Percentages | | Total Revenue | Proposed | | Current Fee Structure | % of Total Cost |
|--|--------------|------------|-------------------|----------------------|------------------------|-------------------|-----------------------|------------------|-----------------------|-----------------|
| | | | | Cost Per Business | Unit Cost Per Business | | Unit Fee Per Business | Proposed Fee | | |
| Automotive Service and Repair | 34 | 2 | \$ 4,964 | \$ 146 | \$ 8.00 | \$ 4,964 | \$ 125 | \$ 4,250 | \$80-\$110 | 86% |
| Assisted Living/Care Centers | 2 | 62 | \$ 630 | \$ 315 | \$ 8.00 | \$ 630 | \$ 65 | \$ 378 | \$ 80 | 60% |
| Banks | 10 | 1 | \$ 3,420 | \$ 342 | \$ 8.00 | \$ 3,420 | \$ 250 | \$ 2,500 | \$ 60 | 73% |
| Big Box | 1 | 1 | \$ 8,748 | \$ 8,748 | \$ 8.00 | \$ 8,748 | \$ 2,000 | \$ 2,000 | \$ 275 | 23% |
| Convenience Store with Gas - Open 24 hours | 2 | 2 | \$ 5,638 | \$ 2,819 | \$ 2,819 | \$ 5,638 | \$ 750 | \$ 1,500 | \$ 275 | 27% |
| Convenience Store with Gas - Not open 24 hours | 4 | 4 | \$ 5,788 | \$ 1,447 | \$ 1,937 | \$ 5,788 | \$ 400 | \$ 1,600 | \$ 275 | 28% |
| Department Store | 1 | 1 | \$ 1,970 | \$ 1,937 | \$ 1,937 | \$ 1,970 | \$ 500 | \$ 500 | \$ 110 | 26% |
| Entertainment | 3 | 3 | \$ 1,401 | \$ 467 | \$ 467 | \$ 1,401 | \$ 110 | \$ 330 | \$ 110 | 24% |
| Farmer's Market Vendors (excluding utility costs) | 107 | 1 | \$ 8,988 | \$ 84 | \$ 84 | \$ 8,988 | \$ 80 | \$ 8,560 | \$ 125 | 95% |
| Film Events - Large | 5 | 5 | \$ 990 | \$ 198 | \$ 198 | \$ 990 | \$ 135 | \$ 675 | \$ 110 | 66% |
| Film Events - Small | 13 | 13 | \$ 1,248 | \$ 96 | \$ 96 | \$ 1,248 | \$ 95 | \$ 1,235 | \$ 255 | 99% |
| Fireworks | 5 | 5 | \$ 990 | \$ 198 | \$ 198 | \$ 990 | \$ 135 | \$ 675 | \$ 110 | 66% |
| General Services - (Business & Professional, Personal, Construction & Contracted Services) | 260 | 260 | \$ 17,420 | \$ 67 | \$ 67 | \$ 17,420 | \$ 65 | \$ 16,900 | \$ 80 | 97% |
| Home Occupation | 298 | 1 | \$ 18,476 | \$ 62 | \$ 62 | \$ 18,476 | \$ 50 | \$ 14,900 | \$30-\$50 | 81% |
| Large Grocery with Gas | 1 | 1 | \$ 8,748 | \$ 8,748 | \$ 8.00 | \$ 8,748 | \$ 2,000 | \$ 2,000 | \$ 275 | 23% |
| Large Grocery without Gas | 1 | 1 | \$ 3,848 | \$ 3,848 | \$ 9.00 | \$ 3,848 | \$ 1,000 | \$ 1,000 | \$ 275 | 26% |
| Hotel/Motel | 2 | 89 | \$ 935 | \$ 67 | \$ 9.00 | \$ 935 | \$ 65 | \$ 931 | \$ 80 | 100% |
| Extended Stay Hotel/Motel | 3 | 60 | \$ 3,321 | \$ 67 | \$ 52.00 | \$ 3,321 | \$ 65 | \$ 3,315 | \$ 80 | 100% |
| Manufacturing | 27 | 27 | \$ 1,809 | \$ 67 | \$ 67 | \$ 1,809 | \$ 65 | \$ 1,755 | \$ 110 | 97% |
| Mobile Home Park (25 units) | 1 | 9 | \$ 1,111 | \$ 67 | \$ 116.00 | \$ 1,111 | \$ 65 | \$ 515 | \$ 80 | 46% |
| Mobile Home Park (25+ units) | 1 | 68 | \$ 67 | \$ 67 | \$ - | \$ 67 | \$ 65 | \$ 65 | \$ 80 | 97% |
| MortORIZED Street Vendors | 3 | 3 | \$ 702 | \$ 234 | \$ 234 | \$ 702 | \$ 225 | \$ 675 | \$ 363 | 96% |
| Non-Depository Credit Intermediation | 32 | 32 | \$ 11,008 | \$ 344 | \$ 344 | \$ 11,008 | \$ 340 | \$ 10,880 | \$ 435 | 99% |
| Restaurants | 25 | 25 | \$ 2,375 | \$ 95 | \$ 95 | \$ 2,375 | \$ 85 | \$ 2,125 | \$ 55 | 89% |
| Seasonal | 2 | 2 | \$ 884 | \$ 442 | \$ 442 | \$ 884 | \$ 300 | \$ 600 | \$ 435 | 68% |
| Social Club | 2 | 2 | \$ 4,530 | \$ 2,265 | \$ 2,265 | \$ 4,530 | \$ 325 | \$ 650 | \$100+\$25 | 14% |
| Special Events - Large | 8 | 8 | \$ 2,352 | \$ 294 | \$ 294 | \$ 2,352 | \$ 35 | \$ 280 | \$100+\$25 | 12% |
| Special Events - Small | 14 | 14 | \$ 1,484 | \$ 106 | \$ 106 | \$ 1,484 | \$ 100 | \$ 1,400 | \$ 175 | 94% |
| Specialty Foods | 91 | 91 | \$ 13,650 | \$ 150 | \$ 150 | \$ 13,650 | \$ 110 | \$ 10,010 | \$ 110 | 73% |
| Saler/Rental/Wholesale | 41 | 41 | \$ 6,478 | \$ 158 | \$ 158 | \$ 6,478 | \$ 85 | \$ 3,485 | \$ 30 | 54% |
| Storage Units | 5 | 5 | \$ 335 | \$ 67 | \$ 67 | \$ 335 | \$ 65 | \$ 325 | \$ 80 | 97% |
| Tobacco Store | 1 | 1 | \$ 1,597 | \$ 1,597 | \$ 1,597 | \$ 1,597 | \$ 1,000 | \$ 1,000 | \$ 110 | 63% |
| Transportation | 25 | 25 | \$ 1,675 | \$ 67 | \$ 67 | \$ 1,675 | \$ 65 | \$ 1,625 | \$ 90 | 97% |
| Sub - Total | 1,025 | | \$ 146,490 | | | \$ 146,490 | | \$ 97,964 | | 67% |

TAB C



ISI Water Company is the originator of a unique performance-based service designed to identify and correct unbilled utility service for governmental agencies and thereby capture increased revenue. Headquartered in Houston, Texas, ISI Water Company has established a reputation for meeting the diverse and changing needs of city and county government with a wide range of services. This diversity of service continues to expand and currently includes four primary services, water, wastewater, stormwater and solid waste.

ISI Water Company is marketed nationally under the name Water Company of America ("WCA"). This name has been used since 1989, and because of national name recognition and existing contracts, the company continues to market the service as Water Company of America.

WCA examines a utility's rate structure, customer account database, distribution system, operations, and practices for the metering of consumption, billings, collections, and revenue reporting functions. The objective of this examination is to identify causes of, and remedies for inaccuracies and deficiencies in customer billing, rate application, water meter reading, metering devices and collection functions.

It is important to remember that all of the water that is produced by a water utility does not reach its intended destination, referred to as *real loss*; and some of the water that does arrive at its destination is never metered or billed, referred to as *apparent loss*. WCA targets the apparent loss. It is of vital importance that appropriate fees are collected for all services rendered to insure the operational health of the utility. Each year millions of dollars are lost by utilities because of unbilled and/or misbilled services. WCA specializes in locating, assessing, and correcting billing discrepancies for municipal utilities.

WCA has the equipment, manpower, and expertise, including sophisticated non-intrusive flow-metering technology, to inspect municipal systems of all sizes for revenue losses and can help increase revenues without increasing budget, manpower requirements, overtime, or rates. WCA has a history of successful collaboration with municipalities and is confident that it can stop the billing leaks that are silently draining away revenues.

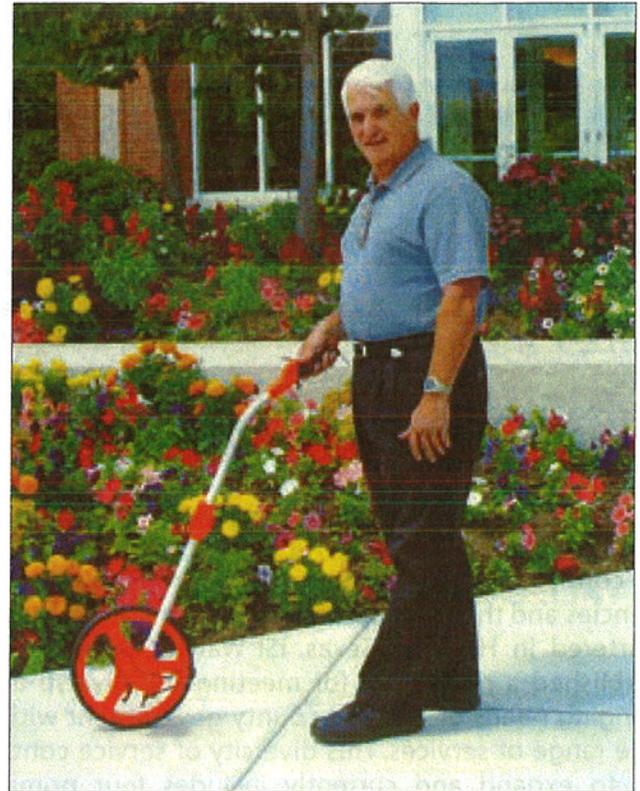
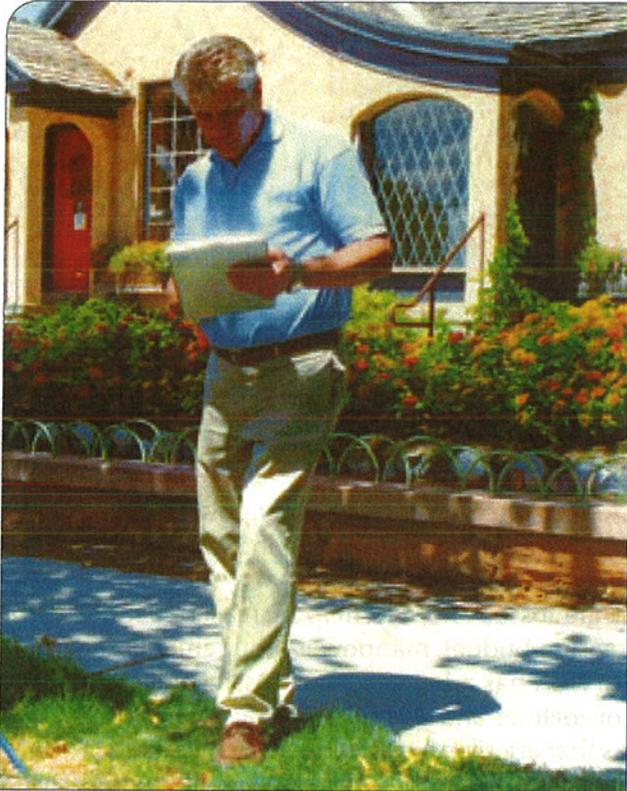
WCA's program is conceptually straightforward and has proven to be effective based on national contract

experience. Each month, the utility delivers various services to its end users or customers. Retail meters record consumption and determine sewer and water billings. The difference between actual services received and the amount billed, or accounted for, represents unbilled or misbilled service. The WCA program targets this variance and produces increased revenue for discretionary use by the utility. In other words, this

"Each year millions of dollars are lost by utilities because of unbilled and/or misbilled services."

is found or new money that will have a positive impact on the utility's budget. WCA locates this unbilled service to the end users through a proprietary analysis technique and subsequent physical investigation. Once discrepancies are located, changes are made to the utility's billing system and/or physical metering system to produce the new revenues.

WCA provides a turnkey service that includes technical expertise, proprietary computer software, trained multidisciplinary field crews, state of the art flow-meter technology and even replacement meters if necessary. WCA can discover and help recover the revenue billings that are rightfully the utility's, and it can do the whole job as an independent contractor without disrupting normal service or daily operations and with a negligible requirement of utility staff time.

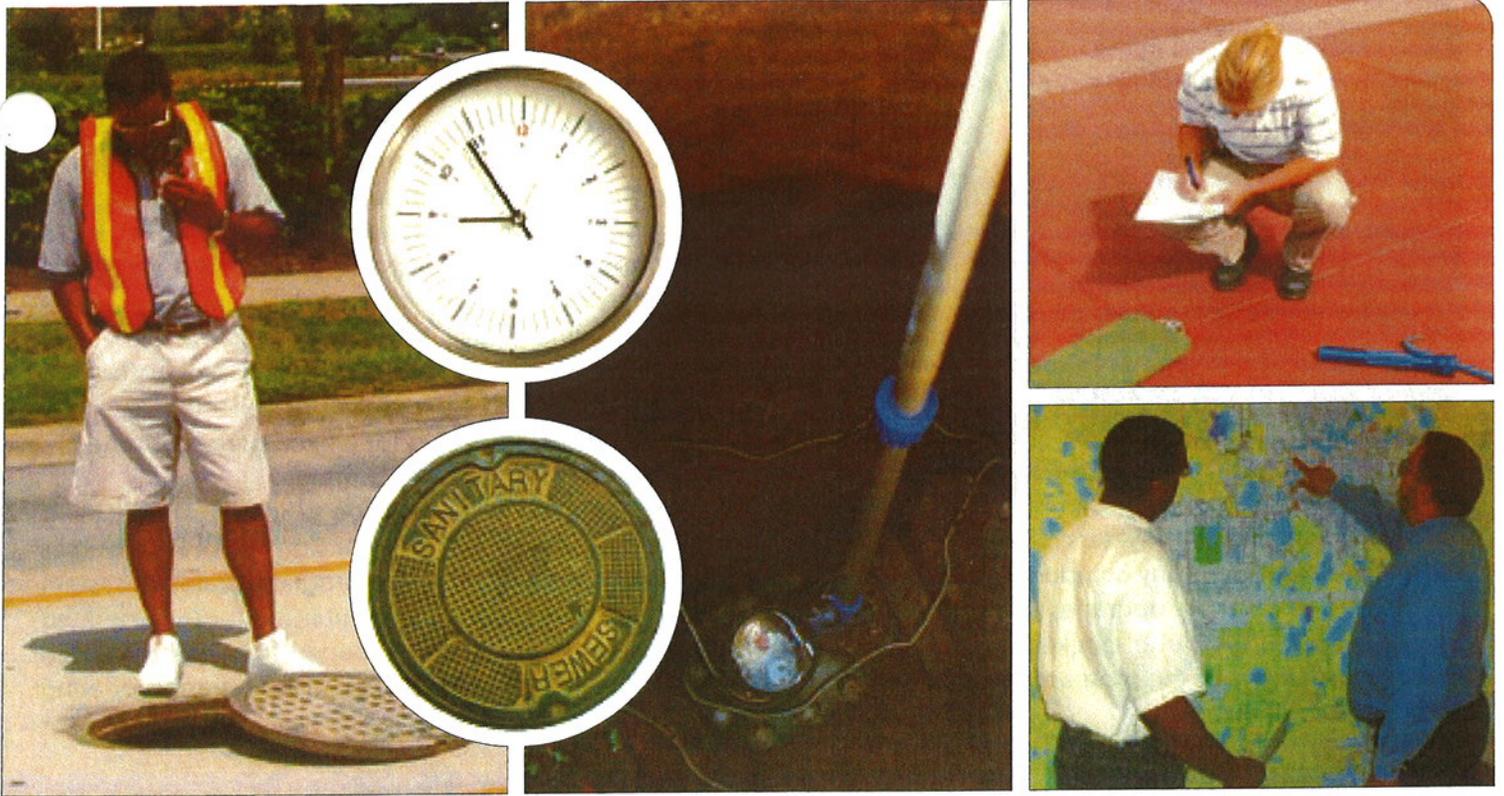


How WCA's System Works

1

WCA uses a proprietary technique to analyze users and meter types with property descriptions. WCA makes comparisons of like users. Various sort routines and comparisons are utilized to identify potential problems with consumers such as:

- ◆ Lost Meters
- ◆ Account Coding Errors
- ◆ By-passed or Malfunctioning Meters
- ◆ Unknown Sewer and/or Water Connections
- ◆ Rate Discrepancies

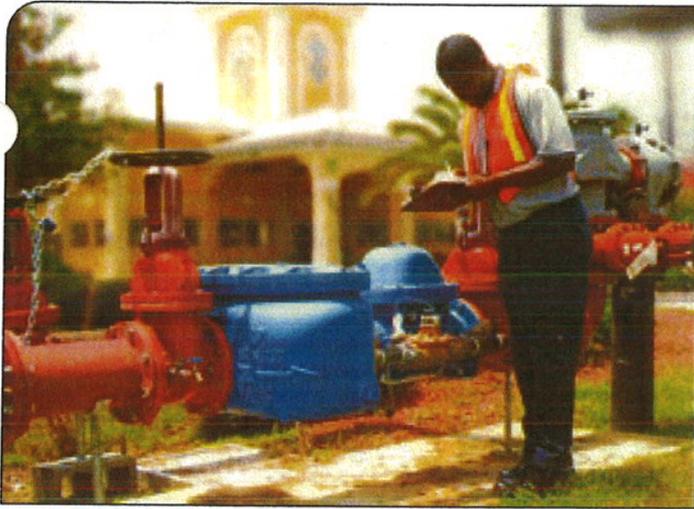


2

Once WCA determines that an account's consumption and/or billing data is not consistent with certain norms, that account is selected for additional research. After a careful study of a specific account, if it still appears that the billing and/or consumption data do not meet certain criteria, WCA then performs a targeted field inspection of the associated property.

3

After completion of the field inspection, if additional sources of revenue have been discovered, formal documentation is submitted to the utility for billing changes and/or physical corrections.



The aforementioned procedures are standard for WCA and have been developed through years of experience locating unaccounted-for service and lost revenues for other utilities.

WCA's revenue enhancement program is offered as a risk free program to the utility. WCA will bear all of the cost of program implementation. Because this is a performance-based contract, the client is never required to reimburse WCA for any of its working capital expenditures, including staff, proprietary software, or the resources required for field research. The only form of payment is a share of the increased collected revenues generated by this program for a fixed period of time. No other forms of payment are required.

The condition and operation of meters, the CIS, and the wastewater and stormwater collection system is a concern of every manager and director. Considerable resources are needed to improve any component of the system. Through our revenue enhancement program, drainage system improvements, software upgrades and meter replacement programs can be accomplished; utilizing funds generated by the program. The out-of-pocket expenditures for these physical changes can be recouped from the increased revenue generated by the program. Therefore, the utility can expedite the necessary changes without appropriating precious budget resources.

In summary, the program proposed herein will have immediate and long-term benefits to the utility in at least the following ways:

- ▶ Generates additional revenue from existing levels of services.
- ◆ Continuing increased revenue to the utility after program completion.
- ◆ Provides compensation to WCA based solely on performance.
- ◆ Provides an awareness of the necessity to practice conservation of a precious resource.
- ◆ Provides an effective way through conservation to reduce wastewater treatment loads.
- ◆ Provides a proven program that, by its existence, motivates internal personnel toward greater efficiency.
- ◆ Provides, at the end of WCA's contractual term, a method, the experience, and technique for the utility to continue the program internally.



▼ **Who is Water Company of America (WCA)?**

Headquartered in Houston, Texas, ISI Water Company has served public agencies since 1989 by providing a unique program for revenue recovery through the meticulous evaluation of an entity's utility billing system to find lost revenue. The company continues to be known as Water Company of America (a registered name) because of national name recognition and existing contracts.

▼ **What services does WCA offer?**

WCA's sole focus is to provide a program for the recovery of lost revenues for public utilities around the country. WCA does not provide other utility engineering or management services. With an established track record, WCA stands ready to provide this specialized service to your utility.

▼ **How does the program work?**

Through the use of a Proprietary Software program developed by WCA along with the deployment of experienced WCA field crews for on-site investigation, we provide a full service evaluation of your billing records to determine if there are water, wastewater, stormwater (or other) accounts that are not being billed accurately. This is a performance based contract, meaning that WCA's sole compensation for its efforts in finding this lost revenue is to receive a share (typically 60%) of the increased revenue resulting from the correct billing of these deficient accounts (this must be actual new revenue received by the utility) for a 36 month period. The utility retains the balance of the new found revenue. After the revenue sharing period is complete, the utility keeps 100% of the new revenue, and the utility has no further financial obligation to WCA. Through this approach, the utility does not have to take on the risk of paying WCA large fees if it turns out that few billing deficiencies are found as a result of the program. In other words, WCA takes the risk for its costs through this contingency-based form of compensation. This all is accomplished with minimal time required on the part of your billing staff.

▼ **Why the performance fee-based method of payment?**

History has shown us that this approach is the fairest and most readily accepted method for compensation to WCA for services provided. Your utility does not pay WCA unless we produce increased revenue for you; our fee structure compared to the approach of your paying us whether or not we find any deficient accounts does seem to be in your best interests. Clearly, it "incentivizes" WCA to do a most thorough analysis of your billing records to maximize revenue recovery. And remember, at the end of the day, the utility keeps a share of the recovered revenue for the 3 year period and 100% after that.

▼ **How is WCA paid if no problem accounts are found?**

WCA will not be paid; that is the risk WCA takes. Remember, WCA only receives compensation when revenue is actually recovered by the utility.

▼ **What if a lot of problem accounts are found, isn't WCA going to reap a windfall?**

It is safe to assume that the more accounts found by WCA, the more revenue will be generated. But one must also understand that the number of accounts found is directly proportional to the amount of effort and thus cost invested in the project by WCA. Therefore windfalls do not occur; rather you benefit from an equitable performance fee structure. Also, remember, this increased revenue will result from charges to customers that previously were not paying for service received. Had WCA not found a specific deficient account and recommended corrective action, that misbilled account might have gone on for some time; resulting in an inequitable situation among all of your customers.

▼ **What if one big account is found that results in WCA getting a high payment, is this fair?**

It is true that the larger accounts do bring in more revenue to both WCA and the utility, but for every large discovery, it is necessary to investigate a whole lot of accounts, both large and small, that turn up nothing. In our years of experience, we have learned to anticipate the rare large discovery; and depend upon it to offset the multitude of "dry holes." Therefore it is very fair.

▼ **In a nutshell, describe how the program works.**

- a. WCA uses a proprietary software and technique to analyze account data. Developed through experience; proven queries, sort routines and comparisons of like customers identify potential problems such as:
 - Unbilled or Misused Fire Service
 - Account Coding Errors
 - By-passed or Malfunctioning Meters
 - Unknown Sewer and/or Water Connections
 - Rate Discrepancies
 - Stormwater Misbilling due to Errors in Impervious Area
- b. Once WCA determines that an account's consumption and/or billing data is not consistent with certain norms, that account is selected for additional research. After careful review of a given property, if it still appears that the billing and/or consumption do not meet certain criteria, WCA then physically researches that given property.
- c. After completion of the field inspection, if additional sources of revenue have been discovered, formal documentation on this "Find" is submitted to the utility for billing changes and/or physical corrections.

▼ **Define a "Find."**

A "Find", in WCA parlance, is an account that requires corrective action on the part of the utility for appropriate billing to occur. This account has been through a full field investigation and has been shown to be defective in some manner. Each "Find" will require sign off by the authorized representative of the utility before it moves forward.

▼ **What information does WCA need from us? How much effort and/or ongoing commitment will be required from our Information Systems Department to support this program?**

In essence, all WCA needs is a monthly download of "raw unjoined data" from your utility billing system. WCA performs the data analysis. Therefore a very small commitment is required from the IS Department.

▼ **There is a concern about an outside party (WCA) having direct access to our utility billing system - security issues being of paramount importance. How do you address this?**

WCA does not need nor will it ever request anything more than "read only" access.

▼ **We have limited staff in our billing section who are fully involved in their "day to day" activities. I am concerned as to what additional workload might be brought upon them as a result of WCA's program. We don't have time to complete our current assignments, much less tend to yet another contractor. How much staff time would be required by WCA for this program?**

Very little staff time would be required on your part. WCA provides all manpower and equipment to carry out the program. WCA would need 1 – 2 hours per week on the part of your authorized representative to review progress to date; to approve whatever "Finds" that WCA might have discovered; to coordinate the implementation of corrective action and to review monthly calculations of new revenue.

▼ **When does WCA get paid for its work?**

On a monthly basis, generally. Perhaps on smaller jobs the requisitions might be less frequent, but that will be agreed to up front.

▼ **What about "backbills?" Does WCA share in these recovered funds?**

Yes. WCA would share in any revenue recovered through backbill during the 36 months.

- ▼ **Our utility, as a matter of policy, does not do “backbills.” Is this a problem with WCA?**

This is not a problem, we follow your policy. If your utility does not backbill, then we accept that. We might encourage backbills in certain cases involving theft of service, but we will work within the rules that you have in place.
- ▼ **What controls will our utility have over how the program is conducted – more specifically what authority will we have on approving the “Finds” submitted by WCA and also the calculation of the monthly payment to WCA?**

Each “Find” must be approved by your Project Manager. WCA is eligible to share in new revenue only on accounts that have received written approval signature. Further, once the Finds are approved, the utility representative will have full approval authority over the calculation of any new revenue. In this way, the utility basically has total control over how the program will progress from a financial standpoint.
- ▼ **Who calculates the “Increased Revenue?” Describe how the different forms of “Finds” would be handled in this regard.**

WCA prepares the detailed line item report that quantifies Increased Revenue. There are many types of “Finds.” Each is evaluated to measure the benefit to you as a result of our work. Clearly if the service was completely unbilled in past, all new revenue from this account will be used in the calculation. If the billing deficiency resulted from a bad meter, the increase is defined as the difference between a historical average and actual collected amount(s). In any case, your Project Manager approves the calculation; therefore you are protected.
- ▼ **There is a concern that WCA will try to claim “new revenue” on problem accounts that have just come on line. Many of these problems would have been found by our own billing staff, and we feel that WCA should not reap the benefit from these newer accounts. How does WCA address this concern?**

The agreement language is clear, new problems and known problems are hands off for a period of time that is determined by you. Our mission has always been to find the old, chronic conditions, not the situations you correct in the normal course of your business. That is our specialty.
- ▼ **What if a customer has a significant change in consumption during the 36 month payment period?**

In some rare cases, a material change in consumption will occur, either up or down. When it declines, or the customer closes the account, then there is no increase for that period and WCA receives no payment. Likewise a consumption increase results in more increase revenue.
- ▼ **We have billing staff whose job it is to find and correct account problems. Why do we need Water Company of America?**

We look upon our efforts as a supplement to your staff, not as a replacement for it. We know from our broad experience that your billing staff knows their system better than we do as we enter into a project, and it is important for us to proceed in partnership with your billing people to make a successful project. Because our total and clear focus (and experience as well) is to find lost revenue, we can bring our specialized talents to your utility for what will be a long term benefit.

▼ **There is a concern that your company may find too much and bring discredit on our billing section that they haven't been doing their job. How do you address this concern?**

This is a tough one to answer, but we certainly recognize that this question may be on the minds of some folks. We never enter into a project with an underlying motive of making people look bad or to embarrass anyone. Our sole job is to find lost revenue for the utility which should be in everyone's best interest. For the program to reach its highest level of success, WCA must work in harmony with your billing staff, and we will do everything we can to make certain that this harmony extends throughout the program. We certainly understand, as we hope utility management would as well, that the billing staff probably is staff-limited and no doubt has difficulty in marshalling the forces to do the type of field investigation that WCA can provide. We like to think of ourselves as an extension of the billing department and that we're all working toward the same goal – that of maximizing the revenue coming into the utility.

▼ **Upfront, can you estimate the benefit that this program would bring to our utility?**

This is extremely difficult to project. Historically with our past clients, there have been certain indicators that tell us what projects might yield higher "Finds" than others, but we've also found that these indicators do not always give us the true picture. Until we have downloaded the billing data and begun the process of evaluation of this data, we generally will not know the magnitude of revenue increase that will result from the program.

▼ **Typically, how long does it take for WCA to complete the program?**

Obviously, it would depend on the size of the utility; the number of accounts; and the number of "Finds" encountered. Usually, the data evaluation and field work for any given utility can be completed within a year.

▼ **Who fixes the problems that WCA finds?**

In our experience, the utility reserves the right to implement the corrections. As stated earlier, WCA is prepared to assist the utility in whatever ways that we can during the implementation phase.

▼ **Who has WCA worked for in the past and present? Are there references at these entities we could contact?**

A full listing of clients is available, along with performance and date. These people have agreed to provide reference for Water Company of America, so feel free to give them a call.

▼ **Are there other companies that use the same sort of approach to revenue enhancement as does Water Company of America?**

There is one other company which provides a similar service. It is an off-shoot of WCA.



**WATER COMPANY OF AMERICA
CLIENT LISTING**

| Contract Period | Governmental Entity | Utility Service | | | Total Number of Accounts | Approved Work Orders | Contract Increased Revenue | Annual Increased Revenue | Client Contact | Title | Telephone |
|-----------------|------------------------------|-----------------|----|----|--------------------------|----------------------|----------------------------|--------------------------|--|--------------|-----------|
| | | W | WW | SW | | | | | | | |
| 2014-Current | Pace Water System, FL | x | x | | 14,000 | | work recently commenced | Damon Boutwell | General Manager | 850-994-5129 | |
| 2014-Current | Biloxi, MS | x | x | | 18,000 | 1 | \$ 286,364 \$ 95,455 | Diane | GM III, Client Services Management | | |
| 2014-Current | St Bernard Parish, LA | x | x | | 7,000 | | work recently commenced | Hillary Nunez | Director | 504-442-0752 | |
| 2013-Current | Hillsborough County, FL | x | x | | 135,000 | | work recently commenced | Gary Hunter | GM III, Client Services Management | 813-612-7725 | |
| 2013-Current | Dunedin, FL | x | x | x | 12,000 | | work recently commenced | Paul Stanek | Water Division Director | 727-244-2236 | |
| 2013-Current | Pinellas County, FL | x | x | | 110,000 | 114 | 953,804 317,935 | LeeAnn Smedley | Customer Service Manager | 727-464-4486 | |
| 2012-Current | Pinecrest, FL | | | x | 6,000 | 31 | 187,678 62,559 | Maria Alberro Menendez | Assistant Village Manager | 305-234-2121 | |
| 2012-Current | Melbourne, FL | x | x | x | 52,000 | 5 | 58,428 19,476 | Harold Nance | Assistant Director | 321 674-5765 | |
| 2011-Current | Gulfport, MS | x | x | | 26,000 | 594 | 4,318,182 1,439,394 | Cherre Davis | Utility Billing Project Manager | 228-868-5720 | |
| 2010-Current | Denver Water, CO | x | | | 226,000 | 353 | 1,750,000 583,333 | Michelle Garfield | Manager of Customer Care | 303-628-6621 | |
| 2010-Current | Cocoa Beach, FL | | x | x | 4,300 | 30 | 91,848 30,616 | Charles Holland | Finance Director | 321-868-3248 | |
| 2010-Current | Brevard County, FL | x | x | x | 85,000 | 55 | 279,905 93,302 | Jim Helmer | Support Services Manager | 321-633-2092 | |
| 2010-Current | St Petersburg, FL | x | x | x | 90,000 | 102 | 848,858 424,429 | Tammy Jerome | Billing and Collections Director | 727-893-7892 | |
| 2010-Current | Boynton Beach, FL | x | x | x | 35,000 | 820 | 2,065,000 688,333 | Anthony Penn | Customer Service Manager | 561-742-6301 | |
| 2010-Current | North Ogden, UT | x | x | | 11,000 | 138 | 104,490 34,830 | Annette Spendlove | City Recorder | 801-737-9830 | |
| 2010-2013 | SLC SSD1, UT | | x | | 28,000 | 113 | 166,667 55,556 | Kerry Eppich | General Manager | 801-262-2904 | |
| 2009-2010 | North Miami Beach, FL | x | x | x | 32,000 | 0 | 0 0 | Ben Supranski | Manager, Utility Customer Services | 305-947-7581 | |
| 2009-Current | Lake Wales, FL | x | x | x | 7,000 | 10 | 15,905 5,302 | Dorothy Pendergrass | Director of Finance | 863-678-4182 | |
| 2008-Current | Palmetto Bay, FL | | | x | 5,000 | 34 | 182,918 60,973 | Corrice Patterson | Director of Public Works | 305-259-1234 | |
| 2008-2013 | Zephyrhills, FL | x | x | x | 10,000 | 36 | 15,231 5,077 | | authorized representative (Dave Henderson) retired | | |
| 2007-Current | Cooper City, FL | x | x | | 8,000 | 64 | 74,708 24,903 | Mike Bailey | Director | 954-434-5519 | |
| 2007-Current | Jackson, MS | x | x | | 85,000 | 1,156 | 5,250,000 1,750,000 | Linda Lindsey | Water/Sewer Utilities Manager | 601-960-0922 | |
| 2007-2012 | Granger Hunter ID, UT | x | x | | 25,000 | 344 | 1,594,060 531,353 | Clint Jensen | CEO/General Manager | 801-955-2208 | |
| 2007-2010 | Kearns, UT | x | x | | 5,000 | 30 | 77,600 25,867 | Pam Gill | District Manager | 801-968-1011 | |
| 2007-2012 | Bartow, FL | x | x | x | 6,000 | 128 | 368,238 122,746 | Karen Hielscher | Manager, Utility Customer Services | 863-534-0188 | |
| 2006-2013 | Sanford, FL | x | x | x | 17,330 | 179 | 1,569,488 523,163 | Bill Marcous | Manager, Utility Support Services | 407-688-5105 | |
| 2006-2011 | Orlando, FL | | x | | 80,000 | 373 | 1,899,010 633,003 | Maria Lachney | Asset/Billing Manager | 407-246-2661 | |
| 2005-2013 | Salt Lake City, UT | x | x | x | 110,000 | 663 | 3,077,154 1,025,718 | Jim Lewis | Finance Administrator | 801-483-6773 | |
| 2005-2008 | Toho Water Authority, FL | x | x | | 45,000 | 363 | 482,655 160,885 | Rodney Henderson | Business Services Manager | 407-518-2538 | |
| 2005-2009 | Lakeland, FL | x | x | x | 50,000 | 4 | 55,185 18,395 | Gary Ross | Deputy Director of Utilities | 863-834-6193 | |
| 2004-2008 | Polk County, FL | x | x | | 43,000 | 33 | 155,000 51,667 | Charles Richards | Customer Service Manager | 863-298-4135 | |
| 2004-2006 | Beaumont, TX | x | x | | 41,000 | 78 | 432,000 144,000 | Hani Tome | Utilities Director | 409-785-3004 | |
| 2004-2010 | Homestead, FL | x | x | x | 9,500 | 597 | 1,856,252 618,751 | Julio Brea | Director | 305-224-4770 | |
| 2003-2009 | Hallandale Beach, FL | x | x | x | 7,500 | 267 | 514,302 171,434 | Robert Fraidenburg | Comptroller - Commercial Division | 954-457-1363 | |
| 2002-2008 | Deerfield Beach, FL | x | x | | 12,500 | 77 | 212,420 70,807 | Sally Siegel | Finance Director | 954-480-4200 | |
| 2002-2011 | Winter Park, FL | x | x | x | 28,000 | 145 | 837,970 279,323 | Deisia Margraf | Utility Services Manager | 407-599-3371 | |
| 2001-2006 | Covington, LA | x | x | | 3,500 | 314 | 589,000 196,333 | Beverly Garipey | Director of Administration | 985-892-1811 | |
| 2001-2005 | Orlando Utilities Commission | x | | | 95,000 | 52 | 194,000 64,667 | Leslie Temmen | Dir of IT Governance & Quality Mgmt. | 407-423-9100 | |
| 2001-2012 | Hollywood, FL | x | x | x | 45,000 | 2,126 | 4,268,093 1,422,698 | Jerry Shapiro | Utility Contract Auditor | 954-921-3245 | |
| 2000-2004 | Slidell, LA | x | x | | 4,500 | 185 | 329,000 109,667 | Michael Noto | Director Public Operations | 985-646-4291 | |
| 2000-2007 | Orange County, FL | x | x | | 90,000 | 2,350 | 9,811,315 3,270,438 | Tim Armstrong | Customer Service Division Mgr | 407-254-9745 | |
| 2000-2008 | Ft. Lauderdale, FL | x | x | x | 65,000 | 220 | 1,275,607 425,202 | Mike Bailey | Now Director, Cooper City Utilities | 954-434-5519 | |
| 1999-2005 | Coral Gables, FL | | x | x | 14,000 | 340 | 1,798,014 599,338 | Don Nelson | Finance Director | 305-460-5275 | |
| 1999-2004 | Hammond, LA | x | x | | 9,000 | 101 | 172,130 57,377 | Garry Knight | Water/Sewer Superintendent | 985-542-3525 | |
| 1999-2002 | Miami Springs, FL | x | x | | 3,500 | 25 | 296,665 98,888 | William Alonso | Finance Director | 305-805-5014 | |
| 1998-2001 | Florida City, FL | x | x | | 1,600 | 20 | 155,625 51,875 | Mark Ben-Asher | Finance Director | 305-242-8109 | |
| 1997-2000 | Homestead, FL | x | x | | 9,500 | 120 | 745,000 248,333 | Julio Brea | Director | 305-224-4770 | |
| 1997-2000 | North Miami, FL | x | x | | 20,000 | 23 | 96,020 32,007 | Carlos Perez | Finance Director | 305-893-6511 | |
| 1996-2003 | New Orleans #2 | x | x | | 172,000 | 500 | 2,270,000 756,667 | Marcia St Martin | Director | 504-585-2221 | |
| 1996-1997 | Escambia County, FL | x | x | | 75,000 | 90 | 244,000 81,333 | Ernest Dawson | Operations Director | 850-969-3370 | |
| 1995-2005 | Miami Dade County, FL | x | x | | 374,000 | 635 | 6,414,000 2,138,000 | | Auth. Rep. Retired | | |
| 1991-1996 | New Orleans, LA | x | x | | 172,000 | 3,200 | 4,100,000 1,366,667 | Marcia St Martin | Director | 504-585-2221 | |
| 1989-1992 | Houston (Comm. Accts. Only) | x | x | | 35,000 | 960 | 8,500,000 2,833,333 | | Auth. Rep. Retired | | |

**CONTRACT
FOR
SERVICES**

THE STATE OF: UTAH

COUNTY OF: WASATCH

KNOW ALL MEN BY THESE PRESENTS:

THIS CONTRACT FOR SERVICES ("Contract") is made on the date of countersignature, hereinafter specified, by and between the Heber City ("City"), and ISI Water Company, a Texas corporation, with its principal office in Houston, Harris County, Texas (referred to herein as Water Company of America "WCA"). The initial addresses of the parties are as follows:

WCA
ISI Water Company
5215 Fidelity St
Houston, Texas 77029

City
Heber City
75 North Main Street
Heber City, UT 84032

WITNESSETH:

WHEREAS, the City desires to secure the performance of services of the highest quality by trained, skilled personnel; and

WHEREAS, WCA desires to provide such services in exchange for the fees hereinafter specified; and

WHEREAS, WCA has submitted documents describing the proposed service;

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, it is agreed as follows:

ARTICLE I

Definitions

As used in this Contract, the following terms shall have meanings as set out below:

"Account" is defined as a particular Water, Wastewater, Stormwater and/or Solid Waste Service of the City. This definition includes all unauthorized taps discovered by WCA that previously had not been given an Account number by the City.

"Base Revenue" Is defined as the average of the monthly Account billings during the period of time when the Account experienced the problem and which immediately precedes the completion of the Work, for up to a twelve month period. By way of example, and not limitation, if WCA discovers a meter which has been broken for a six-month period, resulting in consumption of zero usage during such six-month period, the Base Revenue is zero, and shall not include in the Base Revenue average the preceding six-month period during which time the meter operated properly.

"WCA Share" is defined as the fee to be paid by the City to WCA for performance of duties under this Contract, computed in accordance with Section 5.02 hereof.

"City" is defined in the preamble of this Contract and includes its successors and assigns.

"WCA" is defined in the preamble of this Contract and includes its successors and assigns.

"Customer Information System" (or "CIS") is defined as the system used by the City to bill and to account for customer activities.

"Contract Administrator" is defined as that person designated by the Director by notice to WCA, to administer this Contract on behalf of the City. This individual shall have a working knowledge of City protocol and operating procedures of the City, and shall have the authority and responsibility of administering all day-to-day aspects of this contract on behalf of the City.

"Director" is defined as the City's designated Utility manager who has ultimate authority and responsibility over this Contract.

"Documenting the Find" is defined as the notation by WCA on the Research report to the City or the approval of a submitted Formal Work Order.

"Find" is defined as the discovery by WCA of an Account condition, as the result of the Work, which causes a specific Water, Wastewater, Stormwater or Solid Waste Service to be improperly or inaccurately billed.

"Force Majeure" as used herein, shall include but not be limited to, acts of God, acts of the public enemy, war, blockades, insurrection, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, tornadoes, hurricanes, arrests, and restraints of government and people, explosions, breakage or damage to machinery or equipment and any

other abilities of either party, whether similar to those enumerated or otherwise, and not within the reasonable control of the party claiming such inability.

"Increased Revenue" is defined as the amount of monthly income received by the City on an Account, over and above the Base Revenue, including any rate increases, subsequent to corrective action being taken on that Account, including both income derived from ongoing usage, as well as retroactive billing.

"Notice to Proceed" is defined as the written notification by the City to WCA to initiate Work. This notification shall be issued upon the successful conversion of Account data from the CIS by WCA. The date of the Notice to Proceed shall mark the initiation of the Contract Term.

"Research Report" is defined as the reports delivered to the City by WCA pursuant to Section 2.01 (C) (1) hereof.

"Water, Wastewater, Stormwater and/or Solid Waste Service" is defined as the physical location of a City consumer, both known and unknown to the City, which utilizes services provided by the City.

"Work" is defined as all of WCA's efforts towards determining needed changes and recommending the corrective actions necessary in order for the specific Water, Wastewater, Stormwater or Solid Waste Service to be properly and accurately billed.

"Work Order" shall be defined to mean that certain standard document that defines relevant information about a City Account that WCA has evaluated and determined to be defective.

ARTICLE II

Scope of Service

2.01 - Basic Service

WCA shall provide the investigation, Work Orders, and field services necessary to maximize the billable revenue for the City's utility Service.

- A) Investigation and Field Work
- B) Upon receiving the Account information described in Section 3.01 (A) hereof WCA shall:
 - 1) Investigate each Account and determine if there is a loss of revenue to the City associated with that Account.
 - 2) Submit Work Orders with recommendation for changes in billing procedures and/or changes in physical service. This information will be provided for each Account.
- C) Reports
 - 1) WCA shall provide to the City on a periodic basis a complete list of all Accounts researched on which WCA has identified potential increased revenues to the City. This Research Report shall be submitted for the purpose of "Documenting the Find" and WCA shall be entitled to its portion of the Increased Revenues on said Accounts (the WCA Share), if the Work Order(s) included therein are subsequently approved by the Contract Administrator.
 - 2) On each Account for which WCA has Documented the Find and the City has collected Increased Revenue, WCA shall provide a detailed report that quantifies Increased

Revenue prepared from the information received from the City in the monthly account data download. This report typically contains at least the following information:

- a) Work Order number
 - b) Account Number
 - c) Cycle counter (indicates progression through the revenue sharing period)
 - d) Amount of customer billing (from the download)
 - e) Base Revenue
 - f) Calculation of Increased Revenue
 - g) Calculation of WCA Share
- 3) WCA may provide the Contract Administrator a status report on a frequency agreed to by the parties. This report is to be inclusive of all Accounts that are deemed by WCA to justify action and on which a Work Order has been generated in the prior month.
- D) WCA warrants that all work shall be performed in a good and workmanlike manner meeting the standards of quality prevailing in the City ordinances for services of like kind. WCA further warrants that trained and skilled persons who have been previously approved by the City shall perform all Work.

2.02 - Services in General

WCA shall coordinate all of its activities herein described with the City, the Director, WCA Administrator, or their designated representative(s).

2.03 – Finds Exempted

In certain rare cases, WCA may discover a Find on an account of which the City has prior knowledge and is attempting to remedy. Such a Find being remedied by the City is exempted from WCA Work. These cases fall into two categories and require that WCA shall: 1) for a period of 60 calendar days from the date of the inception of a new Account problem that originates during the term of this agreement, refrain from submitting a Work Order related to that Find, and 2) for a period of 60 calendar days beginning at the Notice to Proceed date, refrain from submitting a Work Order for any specific account problem known to the City and made known to WCA, that the City is in the process of remedying.

It is agreed by the parties hereto that the purpose of this Section 2.03 is to define and agree to the period of time for the City to remedy new problems that it discovers, and/or to remedy known situations. This will minimize duplication of effort, thus keeping project resources focused on providing maximum benefit to the City.

ARTICLE III

City Duties, Data Records, Work Products, Etc.

3.01 - Certain Duties of the City:

- A) In addition to its other duties under this Contract, the City shall, to the extent permitted by law for each Account, promptly provide access to all the data and records in the possession of the City and provide copies of any documents in the possession or control of the City or available to the City which are requested by WCA and are reasonably necessary for WCA to perform its duties under this Contract. CSIS data shall be in two forms. First, a monthly download (transmitted via FTP or written to CD) of select fields of Account data generated by an automatic script or macro. Second, a VPN link to the

CSIS for the viewing and extracting of "real time" information. At no time will WCA be able to input a change or modification to an Account by way of this link.

- B) Upon execution of this Contract by all parties, the City will coordinate a post-award meeting with WCA and all designated management personnel representing the City under this Contract in order to fully explain all the aspects of this Contract.
- C) The City shall review all Work Orders submitted by WCA under Section 2.01 (B) hereof and within ten (10) working days of the date of submittal, the City shall advise WCA of the disposition of the Work Order request (approved or denied).
- D) The City shall timely implement the recommended corrective action identified in the Work Order once approved and notify WCA of this action once complete and the date of completion. Changes to account data such as billing code changes shall be accomplished within thirty calendar days. Should this not occur within the time frame specified, the City shall issue to WCA written notification of a fifteen day extension. Work Orders that involve changes to physical service shall be expedited with all reasonable haste. Both parties recognize and agree that the purpose and intent of the project cannot be realized until approved changes have been implemented and accounts are fairly and accurately billed. If account changes are not completed by the City within the time frames described, the City shall approve and pay an estimate of the WCA Share (ref 5.02 C).
- E) The Contract Administrator shall assist WCA in its dealings with any City department.
- F) The City shall acknowledge that WCA has Documented the Find pursuant to Section 2.01 (C) (1), by promptly entering the appropriate information related to the Account within the "CIS" System, or by whatever other method the City chooses. Once documented, the City shall not deny approval of a Work Order due to any action taken by the City during the approval process.
- G) Matters not specifically covered by this Contract will have procedures established by mutual agreement of WCA and the Contract Administrator.
- H) At all times, the spirit of this Contract will be upheld by both the City and WCA. WCA is performing a service to the City by increasing revenue to the City. The City has given WCA authorization to perform the defined duties of this Contract and will not hinder, restrict, delay or compete with WCA's performance of these duties.

ARTICLE IV

Indemnification and Insurance

4.01 - Indemnification

WCA hereby agrees at all times to defend, indemnify and hold the City harmless from and against any and all liability, losses or costs arising from claims for damages, or suits for loss or damage, including without limitation out-of-pocket costs and reasonable attorneys fees, which arise as a result of WCAs negligence or failure to properly perform this Contract, whether such claims are asserted before or after the termination of this Contract.

4.02 - Insurance

Throughout the term of this Contract, WCA shall carry and maintain the following insurance coverage with a company or companies reasonably satisfactory to the Director, and policies of insurance that meet the requirements of the State. The City shall be named as an additional insured on all such policies for this Contract, and the policy shall provide that the Director will be given at least ten (10) days notice in case of cancellation. Such insurance coverage shall have the minimum limits of liability in not less than the following amounts:

- A) Comprehensive General Liability Insurance including Contractual Liability:
 - Bodily Injury & Property Damage
 - \$ 1,000,000 per occurrence
 - \$ 2,000,000 aggregate
- B) Worker's Compensation with Employees Liability including Broad Form All States Endorsement: \$ 1,000,000

ARTICLE V

Payment

5.01 - Limitation of Funds

Any and all fees due to WCA under this Contract shall be payable solely from the funds collected pursuant to this Agreement. WCA acknowledges and agrees that the City's liability for any and all payments hereunder shall be limited by this provision. No other funds are available nor will they be appropriated for the purpose of this Contract.

5.02 - Payment for Services

- A) If any Work performed by WCA to an Account results in Increased Revenues to the City, WCA shall be entitled to a WCA Share for such Work equal to 60% of all Increased Revenues (as defined in Article I of this Contract) for a term of 36 months thereafter, referred to in 6.01 TERM as Phase Two. The 36 month term may be suspended in the event that the account problem persists which eliminates Increased Revenue and restarted following remedy.
- B) Documentation substantiating and calculating Increased Revenue shall be reviewed and approved by the City within thirty calendar days of submission and thereafter processed for payment within the time frame stipulated by Statute. Interest on all amounts remaining unapproved and/or unpaid beyond the time frame stipulated by Statute shall accrue at a rate of 10% per annum until paid.
- C) If all of the data necessary to compute the WCA Share is not available in time to make such payment when due, or if the condition described in 3.01 D) occurs, the City shall approve a good faith estimate of such Increased Revenue and compute the WCA Share accordingly. Adjustments to such WCA Share shall be made on succeeding monthly payments after actual Increased Revenues are determined.

5.03 - Arbitration

The City and WCA shall promptly notify each other of any controversy which shall arise with respect to the computation of any payments or fees due to WCA hereunder. Each party shall act in good faith and shall make its best reasonable effort to resolve the dispute within thirty (30) days after receipt of any invoice disputing such payments or fees. In the event the parties are not able to resolve the dispute within such thirty (30) day period, the controversy shall be considered and resolved by majority vote of an arbitration panel ("Panel") consisting of three (3) persons selected and designated as follows:

1. The City shall within ten (10) days thereafter designate an independent certified public accountant which may be the independent auditors regularly retained by the City;
 2. WCA shall within ten (10) days thereafter designate an independent certified public accountant which may be a certified public accountant regularly retained by WCA;
- and

3. The two (2) certified public accountants and/or independent auditors thus designated shall agree upon and promptly designate a third certified public accountant and/or independent auditor which shall not have then or previously had any significant relationship with the City or WCA.

The parties agree that the arbitration procedure provided above shall be the sole remedy for dispute of the payments or fees due WCA hereunder and shall be binding on the parties thereto; provided, however, in the event the City's certified public accountant and WCA's certified public accountant cannot agree upon a third accountant, or the Panel does not resolve the controversy within a reasonable period, not to exceed one hundred twenty (120) days from the date the independent certified public accountants are retained by the parties, either party may pursue any other remedy provided by law. Each party shall bear the expenses of its designated accountant, and the expense of the third accountant shall be borne equally by the parties.

ARTICLE VI

Term and Termination

6.01 - Term

The Contract term is initiated by the City upon the issuance of the Notice to Proceed. The term of the Contract is divided in two phases. Phase one is the operations period when WCA is performing the Work and shall continue for a primary term equal to twelve (12) months. At the end of the primary term of phase one, the phase one term may be renewed for successive periods of twelve (12) months, upon written agreement of both parties. Phase two is the period of time, on a Work Order by Work Order basis, during which the WCA Share is determined (reference 5.02 A). Therefore the Contract Term is the total time from the date of the Notice to Proceed, through phase one, including any renewal periods, and including phase two which is the 36 month revenue sharing period for each Find approved by the City.

6.02 - Termination

Either party may terminate phase one (the operations period) of this Contract by giving a thirty day written notice to the other party of the intent to terminate. The City agrees that for three (3) years after termination of this Agreement, however brought about, the City shall, during normal business hours, provide WCA with access to and the determination of fees and payments owed to WCA hereunder.

6.03 - Earned Fees

The duties and obligations of the City to pay WCA under the terms of Article V shall continue in full force and effect as outlined therein and shall survive the completion of phase one (the operations period) of this Contract.

ARTICLE VII

Miscellaneous Provisions

7.01 - Independent Contractor

The relationship between WCA and the City shall be that of an independent contractor.

7.02 - Business Structure and Assignments

Other than by operation of law, WCA shall not delegate or assign any portion of this Contract without the written consent of the Director, which shall not be unreasonably withheld. WCA however may assign any portion of its WCA Share under this Contract. Before an assignment of this sort can become effective, WCA shall furnish reasonable proof of the assignment by providing a notice to the Director containing the following information: a) the name, address and telephone number of WCA with clear reference to this Contract; b) the name, address and telephone number of assignee; and c) the identity of the fees to be assigned. If reasonable proof as described above is not provided to the Director, the City may continue to pay the assignor.

7.03 - Subcontractors

WCA may subcontract any part of its performance under this Contract with the approval of the Director or Contract Administrator. Any subcontractor shall be treated under the Contract as if they were employees of WCA, except in regard to fees.

7.04 - Parties in Interest

This Contract shall not bestow any rights upon any third party, but rather, shall bind and benefit the City and WCA only.

7.05 - Non-waiver

Failure of either party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on or to enforce by any appropriate remedy strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

7.06 - Applicable Laws

This Contract is subject to all laws of the State of domicile of the City, the City Charter and Ordinances of the City, the laws of the federal government of the United States of America and all rules and regulations of any regulatory body having jurisdiction.

7.07 - Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered when actually received or, if earlier, on the third day following deposit in a United States Postal Services post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the other party at the address prescribed in the preamble hereof or at such other address as the receiving party may have therefore prescribed by notice to the sending party.

7.08 - Equal Employment Opportunity

WCA will comply with all laws, ordinances and policies set by the City in reference to Equal Employment Opportunities.

7.09 - Force Majeure

In the event either party is rendered unable, wholly or in part, by Force Majeure to perform under this Contract, it is agreed that, upon such party's giving notice specifying such Force Majeure in writing or by telefax to the other party as soon as possible after the occurrence of the Force Majeure, the obligations of the party giving such notice, to the extent it is affected by Force Majeure and to the extent that due diligence is being used to cure the Force Majeure and resume performance at the earliest practicable time, shall be suspended during the continuance

of the Force Majeure, but for no longer extended by the period of time during which either party was unable to perform its obligations hereunder as a result of the occurrence of a Force Majeure.

7.10 - Approvals; Authority

An approval by the Director, or by any other instrumentality of the City, of any part of WCA's performance shall not be construed to waive compliance with this Contract or to establish a standard of performance other than required by this Contract or by law. No party is authorized to vary the terms of this Contract.

7.11 - Remedies Cumulative

The rights and remedies contained in this Contract shall not be exclusive but shall be cumulative of all other rights and remedies, now or hereafter existing, whether by statute, at law, or in equity; provided however, that none of the parties shall terminate this Contract except in accordance with the provision hereof.

7.12 - Representations

- A) WCA represents that it and its employees, agents and subcontractors are fully competent and qualified to perform all the service required to be performed under this Contract. WCA represents that it has experience in performing all of the services to be performed hereunder and these services shall be of the highest professional quality.
- B) The City represents that it is a duly authorized and empowered to enter into this Agreement and to carry out its obligations hereunder. By proper action of its members, the City has duly authorized the execution, delivery and performance by this Agreement.

7.13 - Captions

The captions at the beginning of the Articles of this Contract are guides and labels to assist in location and reading such Articles and, thereto, will be given no effect in construing this Agreement and shall not be restrictive of or be used to interpret the subject matter of any article, section or part of this Contract.

7.14 - Personnel of WCA

WCA shall replace any personnel assigned to provide services under this Contract which are deemed unsuitable by the Director or Contract Administrator.

7.15 - Entire Agreement

This Contract contains all the agreements of the parties relating to the subject matter hereof and is the full and final expression of the agreement between the parties.

7.16 - Amendment

This Contract may be modified or amended by written agreement signed by the parties hereto.

7.17 - Exclusive Contract

WCA shall have the sole and exclusive franchise, license and privilege to provide the services described in this Contract within the bounds of the Contract service area.

Witnesseth:

WCA

ISI WATER COMPANY

By: _____

Title: _____

Date: _____

CITY

HEBER CITY

By: _____

Title: _____

Date: _____

TAB D

RESOLUTION NO. 2014-13

A RESOLUTION AUTHORIZING THE HEBER CITY MANAGER TO REVIEW ALL HEBER LIGHT AND POWER COMPANY FINANCIAL, BUDGETARY AND PERSONNEL POLICIES.

BE IT RESOLVED by the City Council of Heber City, Utah, that, as a matter of policy, under the express direction and request of the City Council, the Heber City Manager is authorized to review all Heber Light and Power Company (HL&P) Financial, Budgetary and Personnel Policies, as reasonably often as deemed necessary and prudent by the City Council.

Whereas, Heber City owns 75% of the Heber Light and Power Company; and

Whereas, the Heber City Council desires to ensure and protect the assets and financial viability of this Company including the quarterly HL&P dividends paid into the City budget to benefit Heber City residents; and

Whereas, given the accusations of fraud by a former HL&P executive officer; and

Whereas, with the passing of House Bill #17 by the Utah State Legislature, Utah Law mandates and directs interlocal entities such as HL&P "to comply with law that is applicable to each public agency that is a member;" and "an interlocal entity is subject to each state law that governs each public agency that is a member of the entity;" and

Whereas, the Heber City Council wishes to ensure a smooth transition and enforcement of House Bill #17,

NOW THEREFORE, BE IT RESOLVED, that commencing August 1, 2014 and for the following 24 months, Heber City Council gives full authority and consent to the Heber City Manager to review all HL&P financial, budgetary and personnel policies as to provide suggestions for cost savings, internal financial controls, compliance with House Bill #17 and equity between City Employees and HL&P employees to HL&P Management, its Board of Directors and the City Council. The Heber City Manager also has the authority to work and collaborate with those entities associated with HL&P to the extent those entities allow, for the fulfillment of this resolution."

This Resolution shall take effect and be in force from and after its adoption and publication.

ADOPTED and PASSED by the City Council of Heber City, Utah this 17th day of July, 2014, by the following vote:

AYE

NAY

Council Member Robert L. Patterson

 X

Council Member Jeffery Bradshaw

 X

Council Member Erik Rowland

 X

Council Member Heidi Franco

 X

Council Member Kelleen L. Potter

 X

APPROVED:

Mayor Alan W. McDonald

ATTEST:

RECORDER