

29 October 2024

Erda City  
John Brems  
[john@bremslaw.com](mailto:john@bremslaw.com)

**RE: Proposal for Municipal Business License Fee Study for Erda City**

Dear John:

Zions Public Finance (ZPFI) enthusiastically submits this proposal to complete a Business License Fee Study for Erda City. Our consultants have worked on numerous business license fee and disproportionate rental fee studies, in compliance with Utah Code Annotated §10-1-203. A sample of our clients for these fees includes the following: Cottonwood Heights, Marriott-Slaterville, Lehi, Holladay, South Jordan, South Ogden, Alta, Provo, Roy, Midvale, Millcreek, Taylorsville, North Salt Lake, Heber, South Salt Lake, Ogden, Harrisville, St. George, Orem, West Jordan, and Perry.

**PROPOSED SCOPE OF WORK**

Our report will comply with Utah Code for business license fees in every respect. Based on our phone call, the following tasks are suggested but we are always happy to make any revisions you would like.

- Analyze the basic cost of issuing a business license including the direct costs associated with providing the service (i.e., labor, supplies) as well as indirect costs such as administrative time, HR, IT, legal, etc.
- Analyze disproportionate costs for various classes of businesses. Disproportionate costs will be based on calls for service above the base level of service. Disproportionate costs can also be included if the City provides additional services to different types of businesses (i.e., pawn shops, beer licenses, etc.)
- Coordinate with staff for internal review before presenting to the City Council
- Draft written report
- Present to City Council

**INFORMATION REQUIRED FROM THE CITY**

The City will need to provide the following information for us to complete a business license fee study:

- List of businesses in Erda, categorized by type of business, business address
- Police calls for service by address
- Contact person who handles the business licensing for the City
  - We will work directly with the contact person to identify all positions involved, either directly or indirectly, with the business license fee process

- We will work with the contact person to fill in the time spent and supplies used in the business license process as part of a spreadsheet that Zions will prepare for this purpose
- Police contract with method for calculating contract amount

## PROPOSED FEE

The cost of preparing the business license fee study can be included in the fee analysis. We propose billing at our hourly rates which are as follows, with a not-to-exceed fee of \$6,500.

|                   |                |
|-------------------|----------------|
| Vice President    | \$250 per hour |
| Financial Analyst | \$150 per hour |

Please feel free to reach out if we can provide you with any further information.

Best Regards,

A handwritten signature in black ink that reads "Susie Becker".

Susie Becker  
Vice President, Zions Public Finance, Inc.  
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Susan.becker@zionsbancorp.com

## APPENDIX A - UNDERSTANDING OF PROJECT APPROACH

Our approach is crafted to ensure compliance with all legal requirements of Utah Code Annotated §10-1-203. Key steps are outlined as follows:

### 1. GENERAL BUSINESSES – *ANALYZE AND ASSESS THE CITY’S COST OF REGULATING BUSINESSES*

Base Administrative Costs include the costs common to all types of businesses incurred to register, oversee, maintain records, and regulate licensed businesses within the City. Base administrative costs generally include the following standard labor costs: i) business license application and registration process; ii) issuance of license; iii) collection of fees; iv) maintenance of records; v) preparation of business reports and required verifications; and vi) regulatory inspections.

Base administrative costs will be calculated by taking into account direct costs (salaries, department overhead, supplies) and indirect costs (administrative, overhead, etc.) and the amount of time required to perform each task.

### 2. REGULATORY EFFORTS – *ANALYZE AND ASSESS THE CITY’S COST OF ANY SPECIAL REGULATORY EFFORTS*

ZPFI will work with the City to identify any types of businesses (i.e., daycares, businesses with a beer license, pawn shops, storage of hazardous waste, group homes, etc.) that require extra inspections by the City. The cost of these inspections can be included in business license fees.

- i. Identify increased services/inspections for special classes of businesses which may include daycare facilities, pawn shops, beer licenses, etc.; and
- ii. Evaluate disproportionate regulatory costs based on labor, materials, equipment used, time spent per inspection, etc.

### 3. DISPROPORTIONATE FEES – *ANALYZE AND ASSESS THE EXCESS RATES OF USAGE OF CITY SERVICES BY SELECTED CLASSES OF BUSINESSES*

A GIS analysis will be conducted by our in-house GIS staff to geo-code 911 police and fire calls for service by location of origination of call, excluding traffic and unrelated calls. This database will be tied to the business license database in order to evaluate disproportionate calls for service by business type including rental units.

Working with the City budget, the consultants will calculate the average cost per call. The cost per call is then multiplied by the number of disproportionate calls per business grouping. Note that all businesses in a business class or grouping must be charged the same fee. The disproportionate call ratio is calculated by subtracting the base ratio of calls from the disproportionate ratio for each grouping. Finally, the base ratio is calculated by measuring the average number of calls per residential unit. In summary:

- i. Analyze call data to determine the number of calls above the baseline (disproportionate number of calls);
- ii. Group businesses based on several factors including: a) businesses that have a logical relation to each other; b) similar call ratios; and c) input from City staff; and
- iii. Disproportionate costs for each business grouping will be calculated based on service call costs and the number of calls in excess of the baseline. Statistical outliers will be identified and removed from the analysis.

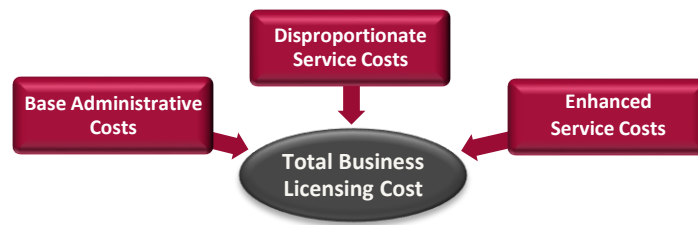
**Residential Rental Units.** The consultants at ZPFI have extensive experience working with municipalities to identify municipal costs associated with residential rentals and evaluating and implementing a Good Landlord (GLL) Program if desired. Steps involved in a residential rental analysis include:

- i. Work with City staff to compile an accurate list of rental units;
- ii. Integrate information from interviews with City staff and data analysis to evaluate all costs associated with administering residential rental business licenses; and
- iii. Geo-code all 911 service calls to residential rentals that can be legitimately included in the analysis. Analyze call data and evaluate 911 service call costs above the baseline based on number of units.

#### **4. ENHANCED SERVICES – ANALYZE AND ASSESS THE EXCESS RATES OF USAGE OF CITY SERVICES, IF ANY, PROVIDED TO SPECIFIC GEOGRAPHIC AREAS AND THE BUSINESSES BENEFITTING IN THOSE AREAS**

Enhanced fees are charged to specific business types or businesses in geographic areas that receive a higher level (enhanced) services. For example, roads may be plowed more often in a certain area of a City, or there may be a business district with increased police patrols, or beautification efforts and upkeep. These costs can be recaptured in business license fees although most cities do not include enhanced fees.

A summary of the major components of fees is as follows:



#### **5. PROVIDE COMPARABLE FEE SCHEDULES**

ZPFI routinely provides comparable fee schedules as part of our business license fee engagements. Categories will differ fairly significantly between communities, but we try to match fee categories as closely as possible.

#### **6. REVIEW CITY ORDINANCE AND PROCESSES**

As part of this study, ZPFI will review business license processes and make any suggestions for increased efficiencies. We will also review the City's fee ordinance and assist with drafting updates resulting from this study.