

ORDINANCE #2021– O –8

**ORDINANCE ADOPTING BUSINESS FEE STUDY, AUTHORIZING ADDING
DISPROPORTIONATE FEES AND ENHANCED FEES TO THE FEE SCHEDULE AND
AMENDING TITLE 3 CHAPTER 1 OF THE ALTA TOWN CODE**

WHEREAS, the Town of Alta retained Zions Bank Public Finance to conduct a municipal service study (“Study”) to, among other things, analyze the costs necessary to reasonably regulate business activities, including the cost of disproportionate or enhanced level of municipal services required by business classes as required by Utah Code Ann. § 10-1- 203; and

WHEREAS, on July 14, 2021 the results of the Study in draft form were discussed with the Council at its regularly scheduled meeting, and subsequently shared with them; and

WHEREAS, on August 11 and September 8, 2021 the results of the Study in draft form were discussed with the Council at its regularly scheduled meeting and work sessions; and

WHEREAS, on September 29, 2021, the Study in final form was presented to the Council; and

WHEREAS, the Study is adopted by the Town of Alta and is attached hereto as Exhibit A; and

WHEREAS, Utah Code 10-1-203 (5) (c) allows the governing body to impose a license fee on a business that causes disproportionate costs for municipal services or enhanced services where the Town Council adopts an ordinance and conducts a study showing that the costs that constitute disproportionate costs, enhanced services and the amounts that are reasonably related to the costs of the municipal services provided by the municipality;

WHEREAS, the Study also calculates the maximum business license fees allowable in the Town of Alta under current State law; and

WHEREAS, the Study identified several businesses that had significant disproportionate costs in the Town of Alta for providing police services to those businesses and for providing enhanced services for providing police services for those businesses; and

WHEREAS, after careful consideration and based upon the Study, the Council has determined that it is necessary to amend Title 3, Chapter 1, of the Town Code, and

WHEREAS, the Council may choose a lower business license fee, and factors that the Council may want to consider as it establishes new business license fees include, but are not limited to, the recognition of other revenues generated by some business types (such as sales tax, real property tax, personal property tax, etc.) and in-kind services; and

WHEREAS, notwithstanding the significant disproportionate costs of the Town of Alta providing police services to lodges greater than 20 rooms and ski lifts, the Town recognizes the

convenience, comfort, health, and economic benefit that these businesses provide to the citizens and visitors of the Town of Alta, and therefore elects not to adopt the maximum business license fees allowable under current State law and as identified in Exhibit "A" Business License Study; and

WHEREAS, after careful consideration, the Council has determined that it is in the best interest of the health, safety, and welfare of the residents of the Town of Alta to adopt the Study, amend the Code and update the fee schedule.

NOW THEREFORE BE IT ORDAINED, BY THE ALTA TOWN COUNCIL THAT the purpose of imposing fees on businesses is to equitably recover the Town of Alta's costs to regulate businesses, any disproportionate cost for regulating businesses, any enhanced services and disproportionate costs on municipal services provided by the Town of Alta.

FURTHER BE IT ORDAINED, that the Town of Alta Business License Fee Study, prepared by Zions Public Finance, Inc. which is contained in Exhibit "A" is adopted by ordinance consistent with the requirements of Utah Code 10-1-203 (5) (c), which requires Town of Alta to define the costs that constitute disproportionate costs and enhanced fees and the amounts that are reasonably related to the costs of the municipal services provided by the municipality.

FURTHER BE IT ORDAINED, BY THE TOWN OF ALTA TOWN COUNCIL THAT Title 3, Chapter 1 is amended as redlined in Exhibit B.

Effective date. This ordinance shall be effective upon publication.

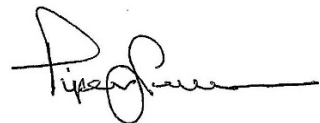
PASSED AND APPROVED by the Town of Alta Town Council, Utah, this 29th day of September in the year 2021.

TOWN OF ALTA



Harris Sondak, Mayor

ATTEST:



Piper Lever, Town Clerk

Ordinance/summary published on Utah Public Notice Website on October 6, 2021.
Effective date of Ordinance: October 6, 2021.

Exhibit A: Business License Fee Study dated September 2021
Exhibit B: Amendments to Title 3, Chapter 1



Business License Fee Study



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Executive Summary

Zions Public Finance, Inc. ("ZPFI") was retained by the Town of Alta ("Alta" or the "Town") to complete an analysis of business licensing costs to 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 Town.

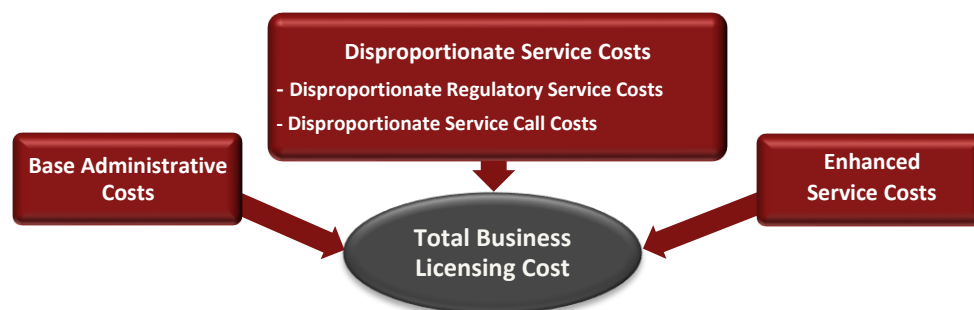
This study calculates the maximum business license fees allowable in Alta under current State law. The Town Council may choose a fee lower than the maximum fee. If less than the maximum allowable fees are charged, the difference between the fee and the cost to the Town must be covered through other revenue sources.

Factors the Town may want to consider as it establishes new business license fees include:

- Percentage change to current fees;
- Dollar amount of change in fees;
- Correlation between proposed fees and the actual cost of services contained in this study;
- Recognition of other revenues generated by some business types (such as sales tax, real property tax, personal property tax, municipal energy tax, transient room tax, etc.); and
- The comparative/competitive fees in neighboring cities and towns

Business Licensing Costs

This study considers base administrative, disproportionate service costs, and enhanced services costs. When base costs, disproportionate costs, and enhanced service costs are added together, they represent the maximum amount the Town may charge for business licenses.



Base Administrative Costs

Base administrative costs include the common costs incurred by all types of businesses to register, oversee, maintain records, and regulate licensed businesses within the Town such as application, registration, issuance, etc. The base administrative costs are shown in Table 1.

TABLE 1: BASE ADMINISTRATIVE BASE COST OF SERVICE

Business Licenses	Base Cost of Service
New Business Licenses	\$65.31

Based on legislation passed in 2017, license fees for home occupation businesses may only be charged when the “combined offsite impact of the home-based business and the primary residential use materially exceeds the offsite impact of the primary residential use alone.”¹ This means that most home occupation businesses cannot be charged a license fee. However, the Town may require a business license (without a fee) for home occupation businesses and can charge a fee to home occupations that request a license when they otherwise would not be required to obtain one.²

Disproportionate Service Costs

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

Disproportionate Regulatory Service Costs

Regulatory service costs occur when a business incurs additional regulatory costs (beyond the base costs) for inspections or other regulatory services. While Alta does have a law-enforcement shift exclusively for alcohol enforcement, the cost of this shift is completely covered by funds received from State programs.

Therefore, Alta does not have any disproportionate regulatory service costs that will be accounted for in this study.

Disproportionate Service Call Costs

Disproportionate service call costs include the cost of services for police calls above the base level of service multiplied by the cost per call. The base level of service is defined as the average annual³ level of service provided to single-family, owner-occupied residences. Disproportionate service call costs are in addition to the base administrative cost for each business class.

The base level of services is calculated by taking calls for service for owner-occupied residences for the past two years, averaging them, and dividing by the total number of residential units during that time period.

TABLE 2: BASE LEVEL OF SERVICE CALL COSTS

	Police
Residential Calls for Service – 2-year annual average	5
Residential Units	82
Base Calls per Residential Unit	0.0609
<i>Source: Town of Alta, Salt Lake County Assessor's Database</i>	

Police costs per call were determined by taking the budget amount for police services and dividing that number by the total number of police calls for service within the Town (traffic calls included). The Town Marshal has confirmed that only about 2.08% of costs included in the budget are directly related to service calls.

¹ Utah Code §10-1-203(7)

² SB-158, effective May 8, 2018

³ Police call data was averaged over a two-year period, April 2019- March 2021.

TABLE 3: POLICE COST PER CALL FOR SERVICE

	Amount
2021-2022 Police Budget	\$1,004,050
Estimated Percentage of Time Spent on Responding to Police Calls	2.08%
Annual Police Calls (all calls, including traffic calls)	175.5
Cost per Police Call	\$119.00

Table 4 summarizes the disproportionate police service call costs for businesses in Alta. The average residential calls per unit (0.0609) is subtracted from the average number of police calls per business type in order to calculate the disproportionate police calls per business type. The number of disproportionate calls, by business type, is then multiplied by the cost per call (\$119.00) to arrive at the disproportionate cost per business type.

TABLE 4: DISPROPORTIONATE POLICE CALLS FOR SERVICE

Business Category	Police Calls per Business	Disproportionate Police Calls	Disproportionate Cost per Business
Cat. 1: Hotels >20 rooms	8.9000	8.8390	\$1,051.83
Cat. 2: Hotels 10-20 rooms*	0.0000	0.0000	\$0
Cat. 3: Lodging <10 rooms	0.0515	0.0000	\$0
Cat. 4: Prop. Management, Transportation, Business & Personal Services	0.0000	0.0000	\$0
Cat. 5: Retail & General Services	0.2857	0.2247	\$26.74
Cat. 6: Restaurant/Cafeteria/Bar	0.3750	0.3140	\$37.37
Cat. 7: Day Care Business	0.0000	0.0000	\$0
Cat. 8: Ski Lift Company	23.3000	23.2390	\$2,765.41
Cat. 9: Temporary	0.0000	0.0000	\$0
Cat. 10: Non-Profit	0.0000	0.0000	\$0

*The Town of Alta has not had Cat. 2: Hotels 10-20 rooms applications in the past several years.

Enhanced Service Costs

Alta provides enhanced service to the Alta Ski Area and Lodges with 20 or more rooms. The Police Department patrols the parking lots for these areas for approximately one hour each day during peak ski season as well as during peak summer activities to assist with parking problems and the general security of parked cars which may be left unattended for hours at a time. The time it takes to patrol the Alta Ski Area parking areas accounts for 50% of the patrol while the five lodges account for the other 50% - or roughly 10% per individual lodge. Based on patrol area size and the time it takes to patrol the areas, the Alta Ski Area has a larger enhanced service area than the individual lodges and therefore has a higher share of the cost.

TABLE 5: ENHANCED SERVICE COST BY CATEGORY

Business Category	Total Cost per Business (One-Time Fee)*
Cat. 1: Hotels >20 rooms	\$1,291.51
Cat. 8: Ski Lift Company	\$6,457.53
*The one-time fee is paid annually but is labeled as a “one-time” fee because it only applies to the first business license issued to entities with more than one business license in the same category.	

Although it is possible for businesses to file for more than one license under one licensee name, it is anticipated that the Town will charge this enhanced service area fee as a one-time fee when the first annual application is received from a business. This will ensure that businesses with enhanced services will not be charged more or less than their fair share based on the number of business licenses for which they apply.

Total Licensing Costs

The total annual cost for a business license in Alta includes the base administrative, disproportionate service call costs, and enhanced service costs. The Town allows licensees to apply for multiple business licenses under the same business but will only be assessed an enhanced service charge for the first application, if applicable. All following applications under the same licensee name and category will only be charged for the base administrative and the disproportionate service fee. The total business license cost identified in this business license fee study is the *maximum amount* the Town may charge for a business license.

Table 6 shows the maximum business license fee a business could be charged for its first application.

TABLE 6: MAXIMUM BUSINESS LICENSE FEE CALCULATION – FIRST APPLICATION

Business Category	Base Administrative Fee	Disproportionate Service Fee	Enhanced Service Fee*	First Application - Maximum Fee
Cat. 1: Hotels >20 rooms	\$65.31	\$1,051.83	\$1,291.51	\$2,408.65
Cat. 2: Hotels 10-20 rooms	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 3: Lodging <10 rooms	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 5: Retail & General Services	\$65.31	\$26.74	\$0.00	\$92.06
Cat. 6: Restaurant/Cafeteria/Bar	\$65.31	\$37.37	\$0.00	\$102.68
Cat. 7: Day Care Business	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 8: Ski Lift Company	\$65.31	\$2,765.41	\$6,457.53	\$9,288.25
Cat. 9: Temporary	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 10: Non-Profit	\$65.31	\$0.00	\$0.00	\$65.31
*Businesses will only be charged this fee for their first application. All additional business licenses will only be charged the base and disproportionate service costs.				

Table 7 shows the maximum business license fee a business could be charged for each additional application it applies for after the first application it submits each year.

TABLE 7: MAXIMUM BUSINESS LICENSE FEE CALCULATION – ADDITIONAL APPLICATION FEE

Business Category	Base Administrative Fee	Disproportionate Service Fee	Additional Business License -Maximum Fee*
Cat. 1: Hotels >20 rooms	\$65.31	\$1,051.83	\$1,117.14
Cat. 2: Hotels 10-20 rooms	\$65.31	\$0.00	\$65.31
Cat. 3: Lodging <10 rooms	\$65.31	\$0.00	\$65.31
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$65.31	\$0.00	\$65.31
Cat. 5: Retail & General Services	\$65.31	\$26.74	\$92.06
Cat. 6: Restaurant/Cafeteria/Bar	\$65.31	\$37.37	\$102.68
Cat. 7: Day Care Business	\$65.31	\$0.00	\$65.31
Cat. 8: Ski Lift Company	\$65.31	\$2,765.41	\$2,830.72
Cat. 9: Temporary	\$65.31	\$0.00	\$65.31
Cat. 10: Non-Profit	\$65.31	\$0.00	\$65.31
*This alternate fee will be assessed to business licenses when the licensee has already applied for a previous license under the same licensee name.			

Background

Zions Public Finance, Inc. (“ZPFI”) was retained by the Town of Alta to complete an analysis of business licensing costs to 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.”⁴ 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.”⁵ In other words, business licensing fees charged may not exceed the amount necessary to reasonably regulate business activity, including the costs of disproportionate and enhanced levels of municipal services required by some business classes, geographic locations, etc.

Based on legislation passed in 2017, license fees for home occupation businesses may only be charged when the “combined offsite impact of the home-based business and the primary residential use materially exceeds the offsite impact of the primary residential use alone.”⁶ This generally means that most home occupation businesses cannot be charged a license fee. The Legislature further amended the Code in 2018 to allow municipalities to charge a business license fee to home occupations that request a license when they otherwise would not be required to obtain one.⁷

While this study calculates the maximum business license fees allowable under current State law, the Town Council may choose a lesser fee. If less than the maximum allowable fees are charged, the difference between the fee and the cost to the Town is made up through other revenue sources.

⁴ Utah Code Annotated §10-1-203(2)

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

⁶ Utah Code §10-1-203(7)

⁷ Utah Code §10-1-203(8)(a)

Business Licensing Costs

Alta currently requires all commercial businesses to obtain a business license. This study considers the three categories of business licensing which, when added together, equal the maximum amount the Town may charge for business licenses. Specifically, these three categories include Base Administrative Costs, Disproportionate Costs (regulatory costs and services call costs); and Enhanced Service Costs. Each of these categories is explained in greater detail below.

Base Administrative Costs

Base administrative costs 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; and (v) preparation of business reports and required verifications.

In order to estimate the base administrative costs of a business license, ZPFI's source of information has been the Town. Costs have been evaluated based on time spent by employees, wages and benefits for these employees, indirect costs, and department overhead such as supplies, computers, etc. Indirect costs include legislative, municipal building, non-departmental costs, and administrative.

The *base administrative costs* associated with licensing a business is determined by analyzing both employee costs and the time spent by each employee on business licensing procedures. Considering 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 Town for issuing a business license.

Employee Costs for Business Licensing

Direct business licensing costs include labor (wages & benefits) and department overhead costs (supplies, computers, etc.) for all personnel involved in issuing and overseeing business licenses.

The following Alta employee positions are directly involved in business licensing:

- Deputy Town Clerk
- Town Clerk
- Assistant Town Administrator
- Town Administrator

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

TABLE 8: DIRECT COST PER MINUTE CALCULATION

Per Minute Cost	Calculation
Employee Labor Cost per Minute	$(Salary + benefits) / \text{employee total annual minutes worked}$
Department Overhead Cost per Minute (e.g., supplies, computers, etc.)	$\text{Department operations costs} / \text{total annual minutes worked}$
Direct Business License Cost per Minute	$\text{Employee labor cost per minute} + \text{department operations cost per minute}$

Table 9 shows the direct labor cost per minute for all employees involved in business licensing. All figures used in calculating direct costs were provided by the Town.

TABLE 9: DIRECT LABOR COST PER MINUTE

Employees by Department	Direct Cost per Hour	Direct Cost per Minute
Deputy Town Clerk	\$35.44	\$0.59
Town Clerk	\$49.45	\$0.82
Assistant Town Administrator	\$34.52	\$0.58
Town Administrator	\$59.17	\$0.99

Indirect Costs

The following indirect costs were provided by Alta as the fair share of costs to be allocated to the business licensing process due to support from the departments listed below. These departments were selected because they provide support to the entire Town. Other departments within the Town may have had overhead within their respective departments, but that overhead was not considered because it did not relate to business licensing. The Administrative Department has been reduced from the entire budget amount since many of the budget lines include costs that directly relate to business licensing and have been captured in the direct costs listed in this section (i.e., salaries, benefits, supplies, etc.). A breakdown of this budget reduction can be found in Appendix C.

TABLE 10: TOTAL INDIRECT COSTS

Legislative	\$20,300
Municipal Building	\$74,750
Non-Departmental	\$30,519
Administrative	\$84,500
TOTAL	\$210,069

Source: Town of Alta 2021-2022 Budget

Total indirect costs for the Town were divided among each full-time equivalent (FTE) employee to calculate an indirect cost per minute. As shown in the following table, indirect cost per minute per FTE is \$0.10.

TABLE 11: TOTAL INDIRECT COSTS PER MINUTE

Indirect Costs to be Allocated	\$210,069
FTEs	16.27
Indirect Cost per FTE	\$12,911.43
Total Annual Hours Worked per FTE	2,080
Indirect Cost per Hour	\$6.21
Indirect Cost Per Minute	\$0.10

Employee Training Costs

There are also indirect costs within each department associated with business licensing. These indirect costs include a portion of staff time spent in staff meetings and trainings. The meeting and training costs

are divided across all businesses based on the amount of time each employee spends on that business. A breakdown of this cost per minute for town employees who participate in trainings directly associated with business licensing is given below.

TABLE 12: ADDITIONAL COST PER MINUTE – MEETING AND TRAINING COSTS

Meetings and Trainings – Cost per Minute	
Deputy Town Clerk	\$0.01
Town Clerk	\$0.01
Assistant Town Administrator	\$0.01
Town Administrator	\$0.01

Summary of Direct and Indirect Costs per Minute

TABLE 13: SUMMARY OF TOTAL COSTS PER MINUTE

Total Costs per Minute	Deputy Town Clerk	Town Clerk	Asst. Town Administrator	Town Administrator
Direct Cost	\$0.59	\$0.82	\$0.58	\$0.99
Indirect Cost	\$0.10	\$0.10	\$0.10	\$0.10
Training Cost	\$0.01	\$0.01	\$0.01	\$0.01
Total	\$0.70	\$0.94	\$0.68	\$1.10

Employee Time for Business Licensing

Each employee has a different role when reviewing business license applications. The following table summarizes each person's involvement per minute.

TABLE 14: EMPLOYEE TIME PER LICENSE IN MINUTES

	Deputy Town Clerk	Town Clerk	Asst. Town Administrator	Town Administrator	TOTAL
Business Licenses Application	53	14	3	3	73
Cost Per Business License Application	\$37.10	\$3.30	\$2.05	\$13.10	\$55.55

Supply and Study Costs

The Town has identified pertinent supplies to be included in the Town's direct costs. The cost to conduct this business license fee study can also be included in the business licensing costs. The supply and study costs are then divided by the annual number of business licenses processed to arrive at an additional cost per license of \$9.76.

TABLE 15: SUPPLY AND STUDY COST PER LICENSE

Total Annual Supply Cost	\$20
Total Annual Study Cost	\$1,200
Total Number of Business Licenses	125
Cost per License	\$9.76

Base Administrative Costs

The following table outlines the total time and base administrative cost associated with each business license.

TABLE 16: BASE ADMINISTRATIVE COSTS

	Total Time	Maximum Fee
Business Licenses Application	73	\$55.55
Supply and Study Cost per License		\$9.76
Total Base Administrative Cost		\$65.31

Disproportionate Costs

Disproportionate service costs include the additional costs which some businesses incur because of: 1) additional regulatory services provided, such as inspections; and 2) responses to service calls compared to the base level of service. There are, therefore, two types of disproportionate service costs: 1) disproportionate regulatory service costs; and 2) disproportionate service call costs.

Disproportionate regulatory service 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, assisted living, and other special care facilities.

Disproportionate service call costs include the cost of services for police calls above the base level of service provided by these departments. In order to identify disproportionate service levels, ZPFI has interviewed Town officials and service providers and has obtained data regarding Alta Central /Dispatch calls for service from the Town. Businesses create demand for additional police services by conducting business within the Town boundary. Police calls for service in this study are allocated to the business associated with the address where the police record the incident. While calls may not always be attributable to actual paying customers of the business, the business creates a need for additional services by bringing additional people, whether customers or not, to their business location and into the Town.

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)(I), the legislative body of the municipality shall adopt an ordinance defining for purposes of the [fee] tax under Subsection (5)(a)(i)(C)(I) the costs that constitute disproportionate costs and the amounts that are reasonably related to the costs of the municipal services provided by the municipality.”

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

Alta will only consider disproportionate police services in this study. Therefore, disproportionate services rendered may include police calls for service and business-related paperwork, administrative oversight, special regulations, inspections, calls for service, and other services performed for specific types of businesses. To calculate disproportionate costs, the *base level* of service for police must first be established. There are two types of disproportionate costs appropriate to this study – disproportionate regulatory costs and disproportionate police call costs.

Disproportionate Regulatory Costs

Regulatory service costs occur when a business incurs additional regulatory costs (beyond the base costs) for inspections or other regulatory services. While Alta does have a law-enforcement shift exclusively for alcohol enforcement, the cost of this shift is completely covered by funds received from State programs.

Alta does not have any disproportionate regulatory costs which will be accounted for in this study.

Disproportionate Service Call Costs

Disproportionate service call costs include the cost of services for police calls above the base level of service provided by police. The *base level* of service is the average level of Alta Central/ Dispatch service calls to owner-occupied residences. Calls for police services were obtained from the Town of Alta for the 2-year period from April 2019 to March 2021. The call data was then analyzed to calculate the number of calls to owner-occupied residential units. The number of calls to owner-occupied single-family residential units was averaged over the 2-year period.⁸ The average annual number of calls to owner-occupied single-family residential units was then divided by the total number of owner-occupied single-family residential units to determine the *base level* of service calls for police. This per unit base level of service is referred to as the *base level service call ratio*. The disproportionate service call costs are calculated by multiplying the average level of police calls for each commercial business and residential rental type above the base level service call ratios by the cost per call for police services.

The annual *base level service call ratio* for police calls was determined to be an average of 0.0609 calls per owner-occupied single-family residence per year.

TABLE 17: RESIDENTIAL CALL DATA – BASE LEVEL OF SERVICE CALL RATIO FOR POLICE

	Police
Residential Calls for Service – 2-year annual average	5
Residential Units	82
Base Calls per Residential Unit	0.0609

The average annual police service call ratio per business in each business class was calculated by dividing the average annual number of calls in each business class by the total number of businesses in the business class. Service call ratios for commercial businesses that are higher than the *base level* of service call ratio are considered disproportionate. To calculate the disproportionate service call ratio, the base level of service ratio was subtracted from the average calls per commercial business class.

⁸ A 2-year average minimizes the effect of a call volume spike that could occur over a one-year period.

Police costs per call were determined by taking the budget amount for police services and dividing that number by the total number of police calls for service within the Town (traffic calls included). The Town Marshal has confirmed that only about 2.08% of costs included in the budget amount are directly related to service calls.

TABLE 18: POLICE COST PER CALL FOR SERVICE

	Amount
2021-2022 Police Budget	\$1,004,050
Estimated Percentage of Time Spent on Responding to Police Calls	2.08%
Annual Police Calls (all calls, including traffic calls)	175.5
Cost per Police Call	\$119.00

Table 19 summarizes the disproportionate police service call costs by business class in Alta. The average residential calls per unit (0.0609) is subtracted from the average number of police calls per business type in order to calculate the disproportionate police calls per business type. The number of disproportionate calls, by business type, is then multiplied by the cost per call (\$119.00) to arrive at the disproportionate cost per business type.

TABLE 19: DISPROPORTIONATE POLICE CALLS FOR SERVICE

Business Category	Police Calls per Business	Disproportionate Police Calls	Disproportionate Cost per Business
Cat. 1: Hotels >20 rooms	8.9000	8.8390	\$1,051.83
Cat. 2: Hotels 10-20 rooms*	0.0000	0.0000	\$0
Cat. 3: Lodging <10 rooms	0.0515	0.0000	\$0
Cat. 4: Prop. Management, Transportation, Business & Personal Services	0.0000	0.0000	\$0
Cat. 5: Retail & General Services	0.2857	0.2247	\$26.74
Cat. 6: Restaurant/Cafeteria/Bar	0.3750	0.3140	\$37.37
Cat. 7: Day Care Business	0.0000	0.0000	\$0
Cat. 8: Ski Lift Company	23.3000	23.2390	\$2,765.41
Cat. 9: Temporary	0.0000	0.0000	\$0
Cat. 10: Non-Profit	0.0000	0.0000	\$0

*The Town of Alta has not had Cat. 2: Hotels 10-20 rooms applications in the past several years.

The table above shows the maximum disproportionate fee per service class that the Town could impose based on the disproportionate cost associated with each business class. The Town may choose not to impose the maximum fee for disproportionate police calls shown in Table 19.

Enhanced Service Costs

Enhanced service levels reflect a higher level of service provided by the Town for a specific portion of the business community, whether it is a business class, business location, etc. Municipalities are allowed under Utah Code to collect a fee reasonably related to the cost of the following municipal services:

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

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

Alta provides enhanced service to the Alta Ski Area and Lodges with 20 or more rooms. The Police Department patrols the parking lots for these areas for approximately one hour each day during peak ski season as well as during peak summer activities to assist with parking problems and the general security of parked cars which may be left unattended for hours at a time. The time it takes to patrol the Alta Ski Area parking areas accounts for 50% of the patrol while the five lodges account for the other 50% - or roughly 10% per individual lodge. Based on patrol area size and the time it takes to patrol the areas, the Alta Ski Area has a larger enhanced service area than the individual lodges and therefore has a higher share of the cost. The annual cost of parking patrol for the Alta Ski Area is approximately \$6,457.53 and \$1,291.51 for the lodges with 20 or more rooms.⁹

TABLE 20: ENHANCED SERVICE COSTS

Business Category	Total Cost per Business (One-Time Fee)*
Cat. 1: Hotels >20 rooms	\$1,291.51
Cat. 8: Ski Lift Company	\$6,457.53
*The one-time fee is paid annually but is labeled as a "one-time" fee because it only applies to the first business license issued to entities with more than one business license in the same category.	

Although it is possible for businesses to file for more than one license under one licensee name, it is anticipated that the Town will charge this enhanced service area fee as a one-time fee when the first annual application is received from a business. This will ensure that businesses with enhanced services

⁹ Parking patrol averages 30 hours per month for 8 months. Total hours spend on parking patrol = 30 hrs. × 8 months = 240 hrs. Cost per hour = \$53.81. Average cost per hour of \$53.81 = \$33.89 (salary/benefits) + \$19.92 department overhead costs (vehicle, fuel, education, training, etc.). Total cost spent on parking patrol = 240 hrs. × \$53.81/hr. = \$12,915. Costs were divided by parking lot size with Cat. 8: Ski Lift Company accounting for 50% of parking and Cat. 1: Hotels >20 rooms accounting for the other 50%, resulting in a cost of \$6,871 for each category. Cost was then divided by the number of businesses in each category. (Cat. 1 = 5 businesses; Cat. 8 = 1 business)

will not be charged more or less than their fair share based on the number of business licenses for which they apply.

Total Licensing Costs

The total annual cost for a business license in Alta includes the base administrative, disproportionate service call costs, and enhanced service costs. The Town allows licensees to apply for multiple business licenses under the same business but will only assess an enhanced service charge for the first application, if applicable. All following applications under the same licensee name will only be charged for the base administrative and the disproportionate service fee. The total business license cost identified in this business license fee study is the *maximum amount* the Town may charge for a business license.

Table 21 shows the maximum business license fee a business could be charged for its first application.

TABLE 21: MAXIMUM BUSINESS LICENSE FEE CALCULATION – FIRST APPLICATION

Business Category	Base Administrative Fee	Disproportionate Service Fee	Enhanced Service Fee*	First Application - Maximum Fee
Cat. 1: Hotels >20 rooms	\$65.31	\$1,051.83	\$1,291.51	\$2,408.65
Cat. 2: Hotels 10-20 rooms	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 3: Lodging <10 rooms	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 5: Retail & General Services	\$65.31	\$26.74	\$0.00	\$92.06
Cat. 6: Restaurant/Cafeteria/Bar	\$65.31	\$37.37	\$0.00	\$102.68
Cat. 7: Day Care Business	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 8: Ski Lift Company	\$65.31	\$2,765.41	\$6,457.53	\$9,288.25
Cat. 9: Temporary	\$65.31	\$0.00	\$0.00	\$65.31
Cat. 10: Non-Profit	\$65.31	\$0.00	\$0.00	\$65.31
*Businesses will only be charged this fee for their first application. All additional business licenses will only be charged the base and disproportionate service costs.				

Table 22 shows the maximum business license fee a business could be charged for each additional application it applies for after the first application it submits each year.

TABLE 22: MAXIMUM BUSINESS LICENSE FEE CALCULATION – ADDITIONAL APPLICATION FEE

Business Category	Base Administrative Fee	Disproportionate Service Fee	Additional Business License -Maximum Fee*
Cat. 1: Hotels >20 rooms	\$65.31	\$1,051.83	\$1,117.14
Cat. 2: Hotels 10-20 rooms	\$65.31	\$0.00	\$65.31
Cat. 3: Lodging <10 rooms	\$65.31	\$0.00	\$65.31
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$65.31	\$0.00	\$65.31
Cat. 5: Retail & General Services	\$65.31	\$26.74	\$92.06

Business Category	Base Administrative Fee	Disproportionate Service Fee	Additional Business License -Maximum Fee*
Cat. 6: Restaurant/Cafeteria/Bar	\$65.31	\$37.37	\$102.68
Cat. 7: Day Care Business	\$65.31	\$0.00	\$65.31
Cat. 8: Ski Lift Company	\$65.31	\$2,765.41	\$2,830.72
Cat. 9: Temporary	\$65.31	\$0.00	\$65.31
Cat. 10: Non-Profit	\$65.31	\$0.00	\$65.31
*This alternate fee will be assessed to business licenses when the licensee has already applied for a previous license under the same licensee name.			

Appendix A – Maximum Fee Compared to Current Fees

BUSINESS LICENSE FEE – FIRST APPLICATION FEE

Business Class	Alta (Maximum)	Current Fee	Difference
Cat. 1: Hotels >20 rooms	\$2,408.65	\$224.75	(\$2,183.90)
Cat. 2: Hotels 10-20 rooms	\$65.31	\$224.75	\$159.44
Cat. 3: Lodging <10 rooms	\$65.31	\$154.00	\$88.69
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$65.31	\$128.00	\$62.69
Cat. 5: Retail & General Services	\$92.06	\$154.00	\$61.94
Cat. 6: Restaurant/Cafeteria/Bar	\$102.68	\$184.75	\$82.07
Cat. 7: Day Care Business	\$65.31	\$169.75	\$104.44
Cat. 8: Ski Lift Company	\$9,288.25	\$295.00	(\$8,993.25)
Cat. 9: Temporary	\$65.31	\$35.00	(\$30.31)
Cat. 10: Non-Profit	\$65.31	\$0.00	(\$65.31)

BUSINESS LICENSE FEE – ADDITIONAL APPLICATION FEE

Business Class	Alta (Maximum)	Current Fee	Difference
Cat. 1: Hotels >20 rooms	\$1,117.14	\$224.75	(\$892.39)
Cat. 2: Hotels 10-20 rooms	\$65.31	\$224.75	\$159.44
Cat. 3: Lodging <10 rooms	\$65.31	\$154.00	\$88.69
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$65.31	\$128.00	\$62.69
Cat. 5: Retail & General Services	\$92.06	\$154.00	\$61.94
Cat. 6: Restaurant/Cafeteria/Bar	\$102.68	\$184.75	\$82.07
Cat. 7: Day Care Business	\$65.31	\$169.75	\$104.44
Cat. 8: Ski Lift Company	\$2,830.72	\$295.00	(\$2,535.72)
Cat. 9: Temporary	\$65.31	\$35.00	(\$30.31)
Cat. 10: Non-Profit	\$65.31	\$0.00	(\$65.31)

Appendix B – Business License Fee Comparisons

BUSINESS LICENSE FEE COMPARISONS – PART 1

Business Class	Alta (Maximum)	Springdale	Huntsville	Heber	Cottonwood Heights*	Sandy
Cat. 1: Hotels >20 rooms	\$2,408.65	\$100.00	\$75.00	\$115.00+ \$9.00/room	\$170.00	\$691.00
Cat. 2: Hotels 10-20 rooms	\$65.31	\$100.00	\$75.00	\$115.00+ \$9.00/room	\$170.00	\$691.00
Cat. 3: Lodging <10 rooms	\$65.31	\$100.00	\$75.00	\$115.00+ \$9.00/room	\$170.00	\$140.00
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$65.31	\$100.00	\$75.00	\$115.00	\$170.00	\$140.00
Cat. 5: Retail & General Services	\$92.06	\$100.00	\$75.00	\$115.00	\$170.00	\$140.00
Cat. 6: Restaurant/Cafeteria/Bar	\$102.68	\$400.00	\$100.00	\$390.00	\$630.00	\$140.00
Cat. 7: Day Care Business	\$65.31	\$100.00	\$75.00	\$115.00	\$785.00	\$140.00
Cat. 8: Ski Lift Company	\$9,288.25					
Cat. 9: Temporary	\$65.31	\$100.00	\$75.00	\$95+ \$10.00/day	\$80.00	\$403.00
Cat. 10: Non-Profit	\$65.31	\$100.00	\$75.00	\$75.00	\$170.00	\$140.00

*Assumes the fee for a new business license in Cottonwood Heights. Renewal Business Licenses are \$50 cheaper in all cases except for Temporary licenses which are always \$80.

BUSINESS LICENSE FEE COMPARISONS – PART 2

Business Class	Alta (Maximum)	Park City	Brian Head*	Ogden	Eden
Cat. 1: Hotels >20 rooms	\$2,408.65	\$149 + \$19.25 per room	Cabin: \$429.00 + \$32.00 per add'l unit Condo: \$272.00 + \$32.00 per add'l unit**	\$188.00	\$75 + \$5.00 per rental over ten rooms
Cat. 2: Hotels 10-20 rooms	\$65.31	\$149 + \$19.25 per room		\$188.00	\$75 + \$5.00 per rental over ten rooms
Cat. 3: Lodging <10 rooms	\$65.31	\$149 + \$19.25 per room		\$83.00	\$75.00
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$65.31	\$149 + \$0.21 per Sq. Ft.	\$108.00	\$328.00	\$75.00
Cat. 5: Retail & General Services	\$92.06	\$149 + \$0.23 per Sq. Ft.	\$108.00	\$83.00	\$75.00
Cat. 6: Restaurant/Cafeteria/Bar	\$102.68	\$149 + \$0.23 per Sq. Ft.	\$108.00	\$308.00	\$100.00
Cat. 7: Day Care Business	\$65.31	\$149 + \$0.23 per Sq. Ft.	\$108.00	\$91.00	\$75.00
Cat. 8: Ski Lift Company	\$9,288.25	\$149 + \$0.26 per skier day			
Cat. 9: Temporary	\$65.31	\$149	\$108.00	\$188.00	\$75.00

Business Class	Alta (Maximum)	Park City	Brian Head*	Ogden	Eden
Cat. 10: Non-Profit	\$65.31	\$149	\$108.00	\$83.00	\$75.00
<p>*Assumes the fee for a new business license in Brian Head. Renewal Business Licenses are \$56 cheaper in all cases</p> <p>**Brian Head has elected to charge a disproportionate fee to all nightly rentals for public safety coverage. Brian Head Town documents explaining the fee indicates the \$248 disproportionate fee for cabins and the \$91 disproportionate fee for condos that was adopted was only 50% of the fee that could have been imposed by the Brian Head Town. The base fee for a new nightly rental is \$151 and an additional \$30 per unit for a fire inspection fee. Each additional unit is charged a \$32 base fee.</p>					

Appendix C – Administrative Budget Indirect Reductions

ADMINISTRATIVE BUDGET REDUCTIONS FOR INDIRECT COSTS

Account Number	Account Title	2021-2022 Future Year Budget	Indirect Cost
10-43-110	SALARIES AND WAGES	\$253,783	\$0
10-43-111	PERFORMANCE BONUS	\$9,000	\$0
10-43-130	EMPLOYEE BENEFITS	\$2,000	\$0
10-43-131	EMPLOYER TAXES	\$20,900	\$0
10-43-132	INSUR BENEFITS	\$71,600	\$0
10-43-133	URS CONTRIBUTIONS	\$46,504	\$0
10-43-140	TERMINATION BENEFITS	\$0	\$0
10-43-210	BOOKS, SUBSCRIPT & MEMBERSHIP	\$3,400	\$3,400
10-43-220	PUBLIC NOTICES	\$2,000	\$2,000
10-43-230	TRAVEL	\$1,600	\$1,600
10-43-240	OFFICE SUPPLIES AND EXPENSE	\$5,000	\$0
10-43-245	IT SUPPLIES & MAINT	\$12,000	\$12,000
10-43-250	EQUIPMENT/SUPPLIES & MNTNCE	\$2,200	\$2,200
10-43-255	VEHICLE SUPPLIES & MAINTENANCE	\$0	\$0
10-43-260	BLDGS/GROUNDS-SUPPLIES/MNTNC	\$0	\$0
10-43-265	VEHICLE LEASE PAYMENTS	\$0	\$0
10-43-270	UTILITIES	\$0	\$0
10-43-280	TELEPHONE	\$5,800	\$5,800
10-43-310	PROFESSIONAL/TECHNICAL/SERVIC	\$5,000	\$5,000
10-43-315	PROF CONSULTANT SERVICES	\$10,000	\$0
10-43-320	PROF/TECH/SERVICES/ACCOUNTING	\$10,000	\$10,000
10-43-325	PROF SERVICES - LEGAL	\$35,000	\$35,000
10-43-330	EDUCATION & TRAINING	\$500	\$500
10-43-350	ELECTIONS	\$2,500	\$0
10-43-440	BANK CHARGES	\$1,500	\$1,500
10-43-500	INSURANCE DEDUCTIBLE EXPENSE	\$0	\$0
10-43-510	INSURANCE AND SURETY BONDS	\$5,500	\$0
10-43-515	WORKERS COMPENSATION INS	\$1,400	\$0
10-43-610	MISCELLANEOUS SUPPLIES	\$2,000	\$2,000
10-43-620	MISCELLANEOUS SERVICES	\$3,500	\$3,500
10-43-740	CAPITAL OUTLAY - EQUIPMENT	\$0	\$0
	TOTAL	\$512,687	\$84,500

Source: Town of Alta 2021-2022 Budget

Exhibit B

Title 3

Chapter 1

3-1-3: EXEMPTIONS:

~~—A. No license fee shall be imposed under this title on any person engaged in business for solely religious, charitable, eleemosynary or other types of strictly nonprofit purpose which is tax exempt in such activities under the laws of the United States and the state, nor shall any license fee be imposed on any person engaged in a business specifically exempted from municipal taxation and fees by the laws of the United States or the state. (1980 Code § 9-124; amd. 2010 Code)~~

~~—B. The license assessor and collector may, with approval of the governing body, enter into reciprocal agreements with the proper officials of other taxing units, as may be deemed equitable and proper in effecting the exemption provided for in subsection A of this section. (1980 Code § 9-124)~~

The following businesses are not required to have a business license:

~~A. a business that is operated only occasionally; and by an individual who is under 18 years of age; or~~

~~B. a home-based business, unless the combined offsite impact of the home-based business and the primary residential use materially exceeds the offsite impact of the primary residential use alone.~~

~~C. Notwithstanding B, a business license fee is required for a license to a home-based business owner but who requests a license from the Town.~~

3-1-4: LICENSE FEE; LICENSE ASSESSOR AND COLLECTOR:

~~A. The annual license fee, the enhanced service cost fee and the disproportionate cost fee shall be referred to in aggregate as the license fee.~~

~~1. It is determined by the town council that a disproportionate level of municipal services are provided to certain businesses within the city in comparison with the level of services provided to other businesses and to residences within the city, based on additional municipal services provided to such businesses and on disproportionate use of police services.~~

~~2. It is determined by the town council that an enhanced services are given to certain businesses. However, the associated fee for the enhanced service will only be assessed on the first business license issued to entities with more than one business license in the same category.~~

~~A. B. The town clerk, or designee, is designated and appointed as ex officio assessor of license fees and disproportionate cost fees for the town. On receipt of any application for a license, the town clerk shall assess the amount due thereon and shall collect all license fees and disproportionate cost fees based upon the rate established by resolution. He The town clerk shall enforce all provisions of this title, and shall cause to be filed complaints against all persons violating any of the provisions of this title. (1980 Code § 9-113; amd. 2010 Code)~~

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