



**REPORT TO MAYOR AND CITY COUNCIL**

AGENDA ITEM

TO: THE HONORABLE MAYOR  
AND CITY COUNCIL

DATE: June 17, 2008

SUBJECT: Adopt Resolution Approving Business License Renewal Fee  
Increases

**Report in Brief**

A recent review of the City's revenue sources and associated fees revealed that business license renewal fees needed to be updated. The update is needed in order for the City's fees to be comparable with the market and cover all operating costs.

Staff recommends that the City Council adopt Resolution No \_\_\_\_ approving increases to business license renewal fees collected by the City's Community Development Department to process renewals of business licenses as required by the City's municipal code.

**Background**

On May 13, 2008 City Council received staff's recommendation of the Fiscal Year 2008/2009 proposed operating budget. At that time, consideration was given to increasing business license fees to make them more comparable to the market.

The City's Municipal Code Section 13-1-15 states that "(a) License fees and/or taxes shall be established from time to time by resolution of the city council". The City's current fee schedule establishes two fee categories: New Business License fees and Business License Renewal fees.

A major update to business license fees has not occurred in over 15 years. The last Comprehensive Fee Update (2004) only increased the new business license fee and did not make any changes business license renewal fees. Since then, the City has fallen below market in comparison to other cities; meanwhile, the City's cost of registration and processing has been steadily increasing over the years.

### **Discussion**

**Overview.** The City's Business License program provides a business license registration system for all businesses conducting operations in the City of Woodland. Per City Code Section 13-1-14, "No person shall transact and carry on a business in the city without first procuring a license therefor". A Business License shall be required for new use(s) in existing vacant buildings, re-occupancy of the same uses(s) in the same office(s), a home occupancy, a new out-of-town business without a location in this City and a change of business location within this City. The City may renew an existing license upon a payment of the applicable amounts without requiring the filing of new application or requesting additional information.

The Community Development Department (CDD) currently processes an average of 60 new business licenses per month and renews approximately 3,500 licenses annually. Business licenses expire throughout the year and are renewed at their anniversary date. For new business licenses, the current work effort involves clerical staff processing all new business licenses and routing business applications for comment to: Police, Building, Fire, Planning, Public Works, Yolo County Environmental Health and Air Quality Management District. When all comments have been received and approval has been received from all division and other jurisdictions, business license certificates are then sent to applicants. Business license renewals entail receipt and posting of payments throughout the month. CDD currently processes an average of 220 business licenses per month, with the exception of the months of December and January which range from 500 to 1000 business licenses.

The City's current fee system assesses a fee based on the cost of licensing, processing, and other related services provided such as code enforcement review and/or inspection. The last major comprehensive fees update that affected business licenses were approved by City Council on July 15, 2004. At that time, only the new business license fee was increased from \$225 to \$307 dollars (an increase of \$82.00) while all other business license fees remained unchanged.

**Renewal Fee Increase.** The proposed increase in business license fees will *not increase* new business license fees but rather proposes to change current renewal fees and increase them to amounts comparable with the market to cover associated operating costs.

The City currently imposes a business license renewal fee based on a variable fee structure. Dependant on the type business renewing a license, applicable fees are either flat or tiered. The current fee schedule charges a flat rate for Home Based businesses, Out of Town business, and Bingo. The fee schedule also charges businesses a tiered fee based on gross receipts, the number of employees, or based on the number of rental units.

For instance, the renewal fee for a retail business making a \$100,000 or less would increase from \$26.00 to \$52.00; on the other hand, the renewal fee for a retail business making \$100,001 to \$500,000 would increase from \$64.00 to \$128.00. The same tiered system would apply to manufacturing and non-retail (based on the number of employees) and to businesses that manage rentals (based on the number of rental units). The business license proposed fee schedule has been attached.

***Increased Level of Service.*** While not directly associated with the proposed increase to the Business License Renewal Fees, the City will be implementing a new service for the business community. The service is the Fire Prevention Inspection program. The Fire Prevention Inspection program would have Fire Engine Companies visit all non-fire permitted businesses to assure that basic life and safety codes are being met. Routine Fire inspections would involve the review of common fire and electrical hazards, the maintenance of exits, fire alarms, fire sprinklers along with the completion of pre-fire tactical plans used during emergencies. These visits will also help firefighters become familiar with the businesses, knowledge that will be critical in the event that of an emergency response to suppress a structure fire.

Fire inspections for non-fire permitted occupancies are only performed during the issuance of a new business licenses and at the final building permit. These businesses, however, are not visited thereafter (once application is approved by Fire) to assure that they are in compliance with current fire safety codes and that no unauthorized building modifications have been made that can jeopardize public safety or increase the risk for structural fires. The new service is intended to facilitate continuous compliance with current fire safety codes.

### **Fiscal Impact**

The proposed increases to business license renewal fees will generate approximately an additional \$203,000 in General Fund revenue. Total revenue projected for business licenses in FY09, assuming the increase takes effect on July 1, 2008, would be \$389,713.00.

### **Public Contact**

Posting of the City Council agenda. Ten days prior to the Council meeting a public notice was printed in the newspaper. A copy of the Business License Renewal Fee schedule is available for public inspection in the Community Development Department and the City Clerk's Office.

### **Alternative Courses of Action**

1. Adopt Resolution No. \_\_\_\_\_ approving fee increases to business license renewal fees collected by the City's Community Development Department to process renewals of business licenses as required by the City's municipal code.
2. Cease further consideration of proposed business license renewal fee increases and retain fees at current levels.

**Recommendation for Action**

Staff recommends that the City Council approve Alternative No. 1.

Prepared by: Evis Morales  
Management Analyst

Reviewed by: Barry Munowitch, AICP  
Assistant City Manager

---

Mark G. Deven  
City Manager

Attachments:

Exhibit A- Proposed Business License Renewal Fee Schedule  
Resolution for Business License Fee Increase 2008

**EXHIBIT A**

**BUSINESS LICENSE  
RENEWAL FEES**

	<b><u>Existing Fees</u></b>	<b><u>Proposed Fees</u></b>
<b>Home Business (Flat Rate) .....</b>	<b>\$26.00</b>	<b>\$52.00</b>
<b>Out of Town (Flat Rate) .....</b>	<b>\$26.00</b>	<b>\$52.00</b>
<b>Retail</b>		
<b>(Based on Gross Receipts)</b>		
<b>\$100,000 or less .....</b>	<b>\$26.00</b>	<b>\$52.00</b>
<b>\$100,001 to \$500,000 .....</b>	<b>\$64.00</b>	<b>\$128.00</b>
<b>\$500,001 to \$4,000,000 .....</b>	<b>\$127.00</b>	<b>\$254.00</b>
<b>\$4,000,001 or more .....</b>	<b>\$381.00</b>	<b>\$762.00</b>
<b>Manufacturing and Non-Retail</b>		
<b>(Based on number of employees)</b>		
<b>3 or less .....</b>	<b>\$26.00</b>	<b>\$52.00</b>
<b>4 to 20 .....</b>	<b>\$64.00</b>	<b>\$128.00</b>
<b>21 to 99 .....</b>	<b>\$127.00</b>	<b>\$254.00</b>
<b>100 or more .....</b>	<b>\$381.00</b>	<b>\$762.00</b>
<b>Rentals</b>		
<b>(Based on number of attached units)</b>		
<b>2 to 4 .....</b>	<b>\$00.00</b>	<b>\$00.00</b>
<b>5 to 19 .....</b>	<b>\$64.00</b>	<b>\$128.00</b>
<b>20 to 49 .....</b>	<b>\$127.00</b>	<b>\$254.00</b>
<b>50 or more .....</b>	<b>\$381.00</b>	<b>\$762.00</b>
<b>Bingo (Flat Rate) .....</b>	<b>\$64.00</b>	<b>\$128.00</b>

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODLAND  
ADOPTING THE  
COMMUNITY DEVELOPMENT DEPARTMENT  
BUSINESS LICENSE RENEWAL FEE INCREASE**

**WHEREAS**, the Woodland Municipal Code Section 13-1-15 grants to the City Council of the City of Woodland the authority to establish License Fees and/or Taxes in connection with certain public services that are provided to registered businesses,

**WHEREAS**, the City Council of the City of Woodland has determined that the business license renewal fees need to be increased,

**WHEREAS**, the City Council of the City of Woodland, last approved a new business license fee change on July 15, 2004, but left business license renewal fees unchanged

**WHEREAS**, since July 2004 the City of Woodland's business license renewal fees have fallen below market in comparison to other cities; meanwhile, the City of Woodland's cost of registration and processing has been steadily increasing over the years,

**WHEREAS**, the City Council of the City of Woodland, wishes to increase business license renewal fees to make them more comparable to the market, to pay the costs incurred with the administration of the Business License Program.

**NOW, THEREFORE, BE IT RESOLVED**

**SECTION 1.** That the schedule of business license renewal fees for the City of Woodland is hereby established to be as shown in Exhibit "A".

**SECTION 2.** That the fee schedule will be incorporated into the current City of Woodland Comprehensive Fee Schedule and replace the existing Business License Renewal Fees.

**SECTION 3.** That the provisions of this resolution shall become effective on July 1, 2008.

**PASSED AND ADOPTED** this 17<sup>th</sup> day of June, 2008, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

\_\_\_\_\_  
David Flory, Mayor

**ATTEST:**

\_\_\_\_\_  
Sue Vannucci, Director of Administrative Services

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Ann M. Siprelle, City Attorney