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Executive Summary

Zions Public Finance, Inc. (“ZPFI”) was retained by the City of Orem (“Orem” or the “City”) to complete an analysis of 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.

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.

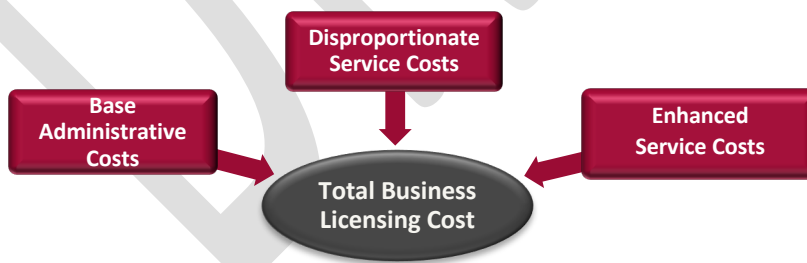
This study calculates the maximum business license fees allowable under current State law in Orem. The City Council may choose a fee lower than the maximum fee if there is justification for doing so (i.e., the maximum fees would place an undue burden on certain business types, etc.). If less than the maximum allowable fees are charged, the difference between the fee and the cost to the City would need to be covered through other revenue sources.

Factors the City 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;
- Recognition of revenues generated by some business types (such as sales tax); and
- The comparative/competitive fees in neighboring cities.

Business Licensing Costs

This study considers the following three categories of business licensing which, when added together, equal the maximum amount the City may charge for business licenses:



Base Administrative Costs

¹ Utah Code §10-1-203(7)

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

TABLE 1: BASE ADMINISTRATIVE COSTS

Summary	Current Fee	Actual Cost
Commercial Business License Fee - New Business (In Person)	\$150.00	\$219.20
Commercial Business License Fee - New Business (Online)	\$150.00	\$205.15
Commercial Business License Fee – New Business/Business Relocation Inspection	\$60.00	\$105.35
Commercial Business License Fee - Renewal	\$100.00	\$81.33
Home Occupation License – New (In Person)*	\$40.00	\$107.57
Home Occupation License – New (Online)*	\$40.00	\$93.52
Home Occupation License – Renewal*	\$30.00	\$56.79

*Home occupation business licenses may only be charged to businesses where the impact “materially exceeds” that of the single-family residence alone.

Home occupation businesses may not be charged license fees 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. However, a city may require a business license (without a fee) for home occupation businesses. If the City chooses not to require a business license but a home occupation requests a business license, then the City may charge the cost of issuing a license to that business.

Disproportionate Service Costs

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

Disproportionate Regulatory Service Costs

Disproportionate regulatory costs for commercial businesses in Orem include the additional police and fire inspection costs for certain types of businesses requiring additional inspection time compared to the inspection times included in the base administrative cost.

Police

Orem’s Police Department charges a disproportionate fee for alcohol license inspections. These inspections take place each year, and sometimes quarterly. In addition, there is a one-time upfront application fee for an alcohol license. The cost for this fee is \$33.03.

The table below shows the annual inspection costs only, and does not include the new application fee. The actual cost was calculated by dividing the annual alcohol enforcement costs to be covered (\$29,671.68)² by the number of licenses (78), plus any direct time from administrative staff to administer the license application.

TABLE 2: DISPROPORTIONATE POLICE REGULATORY COSTS

² The City receives State Beer Tax revenues each year which cover some of the alcohol enforcement costs. In FY15-16, Alcohol Enforcement expenses totaled \$109,232.50. During the same year, the City received \$79,560.82 in State Beer Tax revenues. This leaves \$29,671.68 to be covered by Alcohol License Fees.

Application Fee	Administration	Inspections	Actual Cost
Class A, Off Premise Beer Retailer	\$53.82	\$380.41	\$434.23
Class B, Restaurant On-Premise Beer Retailer	\$53.82	\$380.41	\$434.23
Class C, Other On-Premise Beer Retailer	\$53.82	\$380.41	\$434.23
Class D, Single Event Permit	\$53.82	\$380.41	\$434.23
Class E, Liquor License	\$53.82	\$380.41	\$434.23

Fire

Orem's Fire Department charges disproportionate regulatory inspection fees for the following types of businesses. The costs shown below include the administrative costs of Development Services staff.³ These are annual inspections. Furthermore, businesses that have either an alarm or sprinkler system require an annual inspection of the system. The cost of this inspection is \$80.54.

TABLE 3: DISPROPORTIONATE FIRE INSPECTION COSTS

Summary of Fire Inspections - Annual	Actual Cost
Assembly (permanent dance clubs):	
0-3,000 sq. ft.	\$100.65
3,001 to 6,000 sq. ft.	\$123.73
6,001 to 9,000 sq. ft.	\$146.81
9,001 to 12,000 sq. ft.	\$169.88
12,001 sq. ft. and above	\$192.96
Fireworks Displays Inside Permanent Retail Outlets - Firework stands	\$115.07
Hazardous Materials Dispensing/Use	\$160.55
Hazardous Materials Production/Processing	\$272.39
Hazardous Materials Storage Sites	\$160.55
High Rise Inspections	\$252.86
Home Day Care	\$80.54
Hospitals	\$149.77
Hotels (over 16 units):	
16-32 units	\$80.54
33-48 units	\$103.61
49-64 units	\$126.69
65-80 units	\$149.77
81 units and above	\$172.84
Pre-school/Day Care	\$80.54
Repair Garages/ Fuel Dispensing Stations	\$80.54
Restaurants (fire suppression systems)	\$80.54
State Licensed Health Care Facilities	\$80.54
Alarm or Sprinkler Re-inspection	\$80.54

State Code allows municipalities to require rental dwellings have a business license (§10-8-85.5(2)(a)(ii)(A) and allow inspections of the rental dwelling as condition of obtaining a business license (§10-8-85.5(2)(a)(ii)(B), the Code also prohibits municipalities from charging a fee for the inspection of the rental dwelling (§10-8-85.5(2)(c). Furthermore, the Code indicates that a municipality cannot require an owner of multiple rental dwellings or multiple buildings containing rental dwellings to obtain more than one business license for the operation and maintenance of those rental dwellings (§10-8-85.5(2)(b). Because

³ Development Services staff receives payments and has other administrative involvement with fire inspections.

of these restrictions, inspection costs for apartment complexes have been removed from Table 3. The City may choose to continue inspecting rental dwellings; however, only one business license is required per owner and fees may not be charged for inspections. The City can, however, charge a fee for the disproportionate calls for service for rental dwellings.

Disproportionate Service Call Costs

Disproportionate service call costs include the cost of services for police, fire, and EMS 911 calls above the base level of service. The base level of service is defined as the annual average⁴ level of service provided to single-family⁵ owner-occupied residences. Disproportionate service call costs are in addition to the base administrative and disproportionate regulatory costs for each business class. Table 4 summarizes the disproportionate police, fire, and EMS service call costs for businesses in Orem.⁶

TABLE 4: COMMERCIAL BUSINESS DISPROPORTIONATE SERVICE CALL COSTS

Business Category	Disproportionate Cost		Total
	Police	Fire/EMS	
Assisted Living, Large, per Bed	\$0.00	\$238.04	\$238.04
Assisted Living, Small, per Bed	\$0.00	\$178.29	\$178.29
Group and Treatment Homes	\$279.79	\$799.00	\$1,078.79
Automotive Service	\$192.61	\$0.00	\$192.61
Equipment Supply and Rental	\$174.79	\$0.00	\$174.79
Banking and Consumer Finance	\$596.45	\$33.61	\$630.06
Business, Professional, and Contracted Services	\$25.76	\$10.05	\$35.81
Convenience Stores	\$4,825.39	\$616.63	\$5,442.02
Entertainment	\$717.66	\$355.88	\$1,073.54
Fitness and Recreation	\$62.17	\$0.00	\$62.17
Restaurants with Alcohol	\$646.79	\$304.32	\$951.12
Fast Food and Take-Out Food Products	\$636.07	\$146.37	\$782.44
Grocery and Food Supply	\$352.14	\$127.55	\$479.69
Lodging, Per Room	\$7.07	\$4.09	\$11.17
Industrial - Manufacturing, Distribution, Skilled Labor	\$29.45	\$0.00	\$29.45
Medical	\$82.90	\$385.47	\$468.37
Storage Units	\$496.53	\$0.00	\$496.53
Personal Services	\$133.25	\$5.35	\$138.60
Electronics and Appliances	\$139.57	\$0.14	\$139.71
Retail - 1-10,000 sf	\$177.56	\$13.75	\$191.30
Retail - 10,001- 25,000 sf	\$377.96	\$43.91	\$421.86
Retail - 25,001 - 50,000	\$532.86	\$203.66	\$736.52
Retail - 50,001+	\$6,606.66	\$1,047.58	\$7,654.24
Hospital	\$8,523.78	\$123,683.51	\$132,207.28

⁴ Police, fire and EMS call data was averaged over a two-year period for calendar years 2015 AND 2016.

⁵ Includes single-family detached homes, condos and PUD's.

⁶ 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 skew the average service call per business and are referred to as statistical outliers. Disproportionate service call costs shown in the table above do not include statistical 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 (i.e., 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.

Orem does not currently have any geographic areas or business classes for which the City provides enhanced service levels and has not included any charges for this category.

Total Licensing Costs

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

The disproportionate service costs are the same regardless of whether the license is a renewal or a new application. The base fees for new applications, however, are higher in order to account for the additional costs of paperwork and inspections. For example, the cost of a commercial new application (online) is \$196.22 while the cost for a commercial renewal license is \$64.52. The cost for a home occupation new application (online) is \$92.21, while the cost for a renewal home occupation license is \$54.24. Likewise, in-person applications have a higher cost than online applications. These costs are shown previously in Table 1.

Disproportionate regulatory costs are shown in Tables 2 and 3 above, while disproportionate service call costs are shown in Table 4. Orem has indicated that it does not intend to charge disproportionate fees to rental units.

All of these costs – base costs (new application or renewal), disproportionate regulatory costs, and disproportionate service call costs must be combined for the full business license cost for a given business. The following table lists some examples of the total renewal licensing costs for various business types. For example, the renewal costs for a convenience store with a Class A alcohol license (off-site beer retailer) would include the renewal (\$81.33), regulatory police inspection (\$434.23), and disproportionate calls for service for police (\$4,825.39) and fire (\$616.63), for a total cost of \$5,957.58.

TABLE 5: SAMPLE OF TOTAL RENEWAL COSTS

Examples	Base - Renewal	Regulatory		Calls for Service		Total Cost
		Police	Fire	Police	Fire	
Automotive Shop w/ Repair Garages/Fuel Dispensing Stations	\$81.33	\$0.00	\$80.54	\$192.61	\$0.00	\$354.47
Big Box Store (+50,000 sq. ft.) w/ Fire Sprinkler System	\$81.33	\$0.00	\$80.54	\$6,606.66	\$1,047.58	\$7,816.10

Examples	Base - Renewal	Regulatory		Calls for Service		Total Cost
		Police	Fire	Police	Fire	
Convenience Store w/ Class A (Off-Premise Beer License Retailer)	\$81.33	\$434.23	\$0.00	\$4,825.39	\$616.63	\$5,957.58
Grocery Store w/ Fire Sprinkler System	\$81.33	\$0.00	\$80.54	\$352.14	\$127.55	\$641.55
Home Day Care	\$56.79	\$0.00	\$80.54	\$133.25	\$5.35	\$275.93
Hotel (50 units)	\$81.33	\$0.00	\$126.69	\$353.51	\$204.75	\$766.28
Restaurant On-Premise Beer Retailer	\$81.33	\$434.23	\$80.54	\$646.79	\$304.32	\$1,547.21
Retail (less than 10,000 sq. ft.)	\$81.33	\$0.00	\$0.00	\$177.56	\$13.75	\$272.63

Other Business License Costs

There are other fees charged for business license services, including solicitor badges, reprinting licenses, and late fees. The costs for these services, as listed in the following tables, are based on the staff time required for each service, plus department and City overhead costs.

TABLE 6: OTHER BUSINESS LICENSE COSTS

Other Business License Costs	Current Fee	Actual Cost
Business License List – Complete List	\$25 or free online	\$34.24
Business License List – Monthly New Business List	\$20 or free online	\$34.24
Change of Business Location – Non-renewal	\$20.00	\$52.43
Change of Business Name	\$20.00	\$34.24
Change of Ownership	\$20.00	\$34.24
Reprint of Lost License	\$5.00	\$15.50
Solicitor Badge Fee	\$5.50	\$9.37
Solicitor License	\$60.00	\$55.51
Late Fees		
Home Occupations: 31-60 days delinquent	\$20.00	\$42.76
Home Occupations: 61+ days delinquent	\$30.00	\$42.76
Commercial Businesses: 31-60 days delinquent	\$30.00	\$42.76
Commercial Businesses: 61+ days delinquent	\$30 + 10% per month	\$42.76

Changes Required in Current Business License Fee Schedule

An analysis of the cost of services for each type of business in Orem found that the cost of services provided by the City is not always directly correlated to the number of employees (i.e. businesses with the highest number of employees do not always have the highest cost of municipal services). Therefore, in order to ensure compliance with Utah Code, which states that the fee charged cannot exceed the cost of services provided, this study groups businesses based on type and similar cost of services rather than the number of employees. Thus, it is difficult to make fee comparisons between the new commercial business license fees and the old business license fees that were charged on a per employee basis. The following table shows the “average” cost per business in the business categories listed below; however, some businesses in a given category may have many employees while others have fewer employees. With the change to a disproportionate fee based on business type, rather than the number of employees, the fees for individual businesses could change substantially, as shown below.

TABLE 7: COMPARISON OF CURRENT AND MAXIMUM DISPROPORTIONATE BUSINESS LICENSING COSTS

	CURRENT Employee Fee - Average	MAXIMUM Maximum Disproportionate
Assisted Living, Large	\$4.89	\$238.04
Assisted Living, Small	\$8.13	\$178.29
Group and Treatment Homes	\$172.50	\$1,078.79
Automotive Service	\$52.50	\$192.61
Equipment Supply and Rental	\$87.60	\$174.79
Banking and Consumer Finance	\$88.09	\$630.06
Business, Professional, and Contracted Services	\$141.73	\$35.81
Convenience Stores	\$74.55	\$5,442.02
Entertainment	\$186.00	\$1,073.54
Fitness and Recreation	\$41.54	\$62.17
Restaurants	\$213.38	\$951.12
Fast Food and Take-Out Food Products	\$130.10	\$782.44
Grocery and Food Supply	\$225.00	\$479.69
Lodging	\$1.86	\$11.17
Industrial - Manufacturing, Distribution, Skilled Labor	\$59.82	\$29.45
Medical	\$95.00	\$468.37
Storage Units	\$0.04	\$1.13
Personal Services	\$37.30	\$138.60
Electronics and Appliances	\$125.21	\$139.71
Retail Sales, 1-10,000 sf	\$59.59	\$191.30
Retail Sales, 10,001-24,999 sf	\$119.13	\$421.86
Retail Sales, 25,000 - 49,999 sf	\$276.67	\$736.52
Retail Sales, 50,000+ sf	\$905.42	\$7,654.24
Hospital	\$2,460.00	\$132,207.28

Recognizing that the differences in costs could be significant, ZPFI recommends that Orem revise its fees to the “business type” charges, but that it modifies the maximum fees shown above based on the following factors, which may be weighed differently for various business types:

- The percentage increase for businesses, so that extreme percentage increases do not adversely affect the ability of some businesses to carry on their operations;
- Comparison with fees charged in surrounding cities, where businesses may choose to locate if Orem’s fees are seen as relatively high;
- The actual number of calls for service in a business category; and
- Recognition that some business types bring in more City revenues (i.e., sales tax) than other business types.

Background

Zions Public Finance, Inc. (“ZPFI”) was retained by the City of Orem to complete an analysis of 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.”⁷ 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.”⁸ 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, number of business employees, etc.

Utah law was recently changed, during the 2017 Legislative session, so that “a municipality may not charge a license fee for 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.”⁹

While this study calculates the maximum business license fees allowable under current State law, 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 other revenue sources.

Utah legislation allows cities wide latitude in defining the business classes and groupings which are most appropriate for each locality. Based on discussions with Orem, *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 Orem.

There are 2,167 licensed commercial businesses in Orem.¹⁰

⁷ Utah Code Annotated §10-1-203(2)

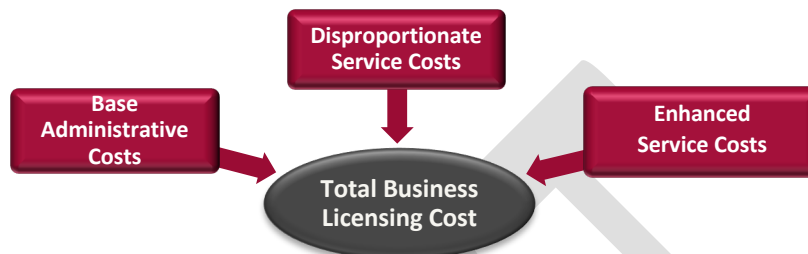
⁸ Utah Code Annotated §10-1-203(5)(c)(ii)

⁹ Utah Code Annotated §10-1-203(7)

¹⁰ Source: City of Orem Business License Department, August 2017

Business Licensing Costs

Orem currently requires all commercial businesses and home occupation businesses to obtain a business license. This study considers the following three categories of business licensing which, when added together, equal the maximum amount the City may charge for business licenses:



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, our primary source of information has been the City of Orem. 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. 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 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, executive, and financial services, as well as non-departmental and general building costs.

The following Orem departments are involved in business licensing:

- Business Licensing¹¹
- Development Services
- Fire
- Police

¹¹ Business licensing is part of the Development Services Department.

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 Operations (e.g., supplies, computers, etc.)	$\text{Department operations costs} / \text{total annual minutes worked}$
Direct Business License Cost per Minute	$\text{Employee labor cost per minute} + \text{department overhead cost per minute}$

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

TABLE 9: DIRECT COST PER MINUTE

Employees by Department	Direct Cost per Minute
Administrative Secretary	\$0.52
Building Inspector	\$0.62
Chief Building Official	\$0.89
Business License Specialist	\$0.60
Development Services Director	\$1.41
Development Services Technician	\$0.35
Planner	\$0.75
Planning Division Manager	\$0.89
Residential Plans Examiner	\$0.52
Fire Marshal	\$0.89
Chief of Police	\$1.41
Community Service Specialist	\$0.43
Records Office Supervisor	\$0.47

Development Services has an annual operations cost of \$169,693.66. When divided by the total number of minutes worked in the department (3,142,464), the operations cost per minute is \$0.05.

TABLE 10: OPERATIONS COST PER MINUTE CALCULATION

Total Operations Expense	Minutes Worked	Operations Cost per Minute
\$169,693.66	3,142,464	\$0.05

In addition to the direct costs associated with development services, each department must pay for its fair share of the City's indirect costs. Indirect costs include services provided by departments such as legislative, executive, and financial services, as well as non-departmental and general building costs. Total indirect costs of \$6,358,309 for the City of Orem are shown in Table 11. Assuming 30 percent of indirect costs remain within the overhead departments listed, the remaining amount of \$4,450,816 is apportioned to all other City departments.

TABLE 11: TOTAL INDIRECT COSTS

Department	Total Costs	Portion Remaining within Department	Amount Distributed to All Other Departments
Accounting	\$285,025	\$85,508	\$199,518

Department	Total Costs	Portion Remaining within Department	Amount Distributed to All Other Departments
City Manager	\$700,955	\$210,286	\$490,668
City Recorder	\$366,619	\$109,986	\$256,634
City Treasurer	\$112,591	\$33,777	\$78,814
Community & Neighborhood Services	\$691,995	\$207,599	\$484,397
Community Promotion	\$69,682	\$20,905	\$48,777
Economic Development	\$193,908	\$58,172	\$135,735
Facilities	\$1,081,326	\$324,398	\$756,928
Human Resources	\$354,998	\$106,499	\$248,498
Mayor & City Council	\$343,659	\$103,098	\$240,561
Neighborhoods in Action	\$40,415	\$12,124	\$28,290
Purchasing & Warehousing	\$394,479	\$118,344	\$276,135
Risk Management	\$1,722,658	\$516,797	\$1,205,861
TOTAL	\$6,358,309	\$1,907,493	\$4,450,816

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 9 percent of indirect costs are fixed costs, and the remaining 91 percent of overhead services are assigned as variable costs. The following table shows the total fixed and variable costs that are to be covered by non-overhead departments, as well as the amounts that remain with the overhead departments.

TABLE 12: TOTAL FIXED AND VARIABLE OVERHEAD COSTS

	Fixed	Variable	Total
Overhead – Total	\$589,307	\$5,769,002	\$6,358,309
Overhead – Remaining with Administrative Departments	\$176,792	\$1,730,701	\$1,907,493
Overhead – Covered by Other Departments	\$412,515	\$4,038,301	\$4,450,816

Fixed costs are the same for each department because they represent administrative services provided to each department regardless of size. Fixed costs were distributed among departments by dividing the total fixed overhead costs (\$412,515) by the number of departments covering those costs (eight),¹² resulting in a fixed cost per department of \$51,564.

Variable costs differ for each department, based on the number of employees in each department, because they represent administrative services provided to each department in proportion to the number of employees in the department. The total variable cost for non-overhead departments (\$4,038,301) was divided by the number of FTEs in the eight departments (475.03), resulting in a variable cost per FTE of \$8,501. The variable cost per FTE was then multiplied by the total FTEs in each department to determine the total variable cost per department, as shown in the following table.

¹² Administrative Services, Development Services, Fire, Legal, Library, Police, Public Works, and Recreation.

TABLE 13: VARIABLE COST BY DEPARTMENT

Department	FTEs	Variable Cost
Administrative Services	6.00	\$51,007
Development Services	22.78	\$193,656
Fire	70.10	\$595,931
Legal Services	8.30	\$70,560
Library	46.45	\$394,878
Police	134.65	\$1,144,680
Public Works	131.20	\$1,115,351
Recreation	55.55	\$472,239
TOTAL	475.03	\$5,769,002

Table 14 shows the variable and fixed costs allocated to each of the City's non-overhead departments.

TABLE 14: ALLOCATION OF INDIRECT COSTS BY DEPARTMENT

Department	Fixed Cost	Variable Cost	Total Indirect Cost
Administrative Services	\$51,564	\$51,007	\$102,571
Development Services	\$51,564	\$193,656	\$245,221
Fire	\$51,564	\$595,931	\$647,495
Legal Services	\$51,564	\$70,560	\$122,124
Library	\$51,564	\$394,878	\$446,443
Police	\$51,564	\$1,144,680	\$1,196,244
Public Works	\$51,564	\$1,115,351	\$1,166,915
Recreation	\$51,564	\$472,239	\$523,803
SUBTOTAL	\$412,515	\$4,038,301	\$4,450,816
All Other Departments (unallocated amount remaining with Administrative Departments shown in Table 12)	\$176,792	\$1,730,701	\$1,907,493
TOTAL	\$589,307	\$5,769,002	\$6,358,309

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 15: INDIRECT COSTS PER MINUTE BY DEPARTMENT

Department	Total Indirect Costs	Total Minutes Worked	Indirect Cost per Minute
Administrative Services	\$102,571	748,800	\$0.14
Development Services	\$245,221	2,842,944	\$0.09
Fire	\$647,495	8,748,480	\$0.07
Legal Services	\$122,124	1,035,840	\$0.12
Library	\$446,443	5,796,960	\$0.08
Police	\$1,196,244	16,804,320	\$0.07
Public Works	\$1,166,915	16,373,760	\$0.07
Recreation	\$523,803	6,932,640	\$0.08
TOTAL	\$4,450,816	59,283,744	

In addition to the various departments previously listed that provide indirect services to all City departments, the Legal Department also provides indirect services to all departments. The indirect costs

by department for Legal were calculated based on the percent of time Legal spends providing services to each department, as shown in the table below.

TABLE 16: LEGAL SERVICES PERCENT OF TIME BY DEPARTMENT

Department	Civil	Prosecution	Secretarial	Total
Administrative Services	3%	0%	0%	1%
Development Services	20%	0%	0%	8%
Fire	2%	1%	0%	1%
Legal Services	10%	2%	13%	10%
Library	3%	3%	1%	2%
Police	10%	90%	85%	59%
Public Works	10%	1%	0%	4%
Recreation	3%	0%	0%	1%
All Other Departments	39%	3%	1%	14%
TOTAL	100%	100%	100%	100%

The total annual costs for the Legal Department are \$1,079,822, including all direct and indirect costs.

TABLE 17: TOTAL LEGAL COSTS

Legal Costs	Total
Legal Direct Costs	\$957,699
Legal Indirect Costs	\$122,124
Total Legal Costs	\$1,079,822

Legal costs are distributed among all City departments based on the percent of legal time spent in each department, and then divided by the total minutes worked in each department to determine the legal cost per minute. The legal cost per minute for Development Services is \$0.03 per minute.

TABLE 18: LEGAL OVERHEAD COST PER MINUTE BY DEPARTMENT

Department	Total	Portion of Legal Costs	FTEs	Total Minutes Worked	Legal Overhead Cost per Minute
Administrative Services	1%	\$10,798	6.00	748,800	\$0.01
Development Services	8%	\$86,386	22.78	2,842,944	\$0.03
Fire	1%	\$10,798	70.1	8,748,480	\$0.00
Legal Services	10%	\$107,982	8.3	1,035,840	\$0.10
Library	2%	\$21,596	46.45	5,796,960	\$0.00
Police	59%	\$637,095	134.65	16,804,320	\$0.04
Public Works	4%	\$43,193	131.2	16,373,760	\$0.00
Recreation	1%	\$10,798	55.55	6,932,640	\$0.00
All Other Departments	14%	\$151,175	55.48	6,923,904	\$0.02
TOTAL	100%	\$1,079,822	530.51		

Department Overhead Costs

There are also indirect costs within each department associated with business licenses. These indirect costs include a portion of staff time spent in staff meetings and trainings, and indirect costs for department administrative staff. In Development Services, the total salaries for positions involved with

fee-related services in the department total \$2,139,932, with about 3,017,664 minutes worked by those positions each year. The time spent by employees in meetings and trainings, which is about 16 percent of their time, comprises \$333,592 of the total salaries for those positions. This amount is allocated to the time spent on all other services – whether fee- or non-fee related. In the case of Development Services, the additional indirect labor cost per minute is \$0.11.

TABLE 19: CALCULATION OF ADDITIONAL COST PER MINUTE - MEETINGS

	Percent of Total Time	Adjusted Percent	Minutes Worked	Adjusted Minutes Worked	Cost Allocation	Additional Labor Cost per Minute
Team Meetings/ Training	16%		470,486.6			
Non-Fee Related Services	17%	20%	516,244.6	611,599.6	\$67,610.12	\$0.11
Fee-Related Services	67%	80%	2,030,932.8	2,406,064.4	\$265,981.72	\$0.11
TOTAL	100%	100%	3,017,664.0	3,017,664.0	\$333,591.84	

The additional indirect labor costs per minute in other divisions involved with business licenses are as follows.

TABLE 20: ADDITIONAL COST PER MINUTE BY DEPARTMENT - MEETINGS

Department	Indirect Cost per Minute per Division
Development Services	\$0.11
Fire	\$0.07
Police	\$0.06

Departments also have department administrative costs that are indirect costs for each person within the department. In Development Services, for example, there are several administrative positions that provide indirect services to all other positions within the department. The following lists the administrative positions associated with business license fees.

TABLE 21: ADMINISTRATIVE POSITIONS BY DEPARTMENT

Department	Division	Administrative Position
Development Services	Administration	Administrative Secretary
Development Services	Administration	Development Services Director
Development Services	Planning	Planning Division Manager
Development Services	Transportation/PD Development	Engineering Section Manager
Development Services	Building Safety	Chief Building Official
Fire	Administration	Fire Chief
Fire	Administration	Administrative Secretary
Fire	Fire & Medial Services	Fire Battalion Chief
Police	Administration	Chief of Police
Police	Administration	Administrative Secretary
Police	Support Services	Assistant Police Chief
Police	Support Services	Police Lieutenant
Police	Support Services	Secretary

A portion of the costs associated with these positions are distributed to all positions within the respective departments, based on the percent of administrative time spent by the administrative positions and the number of minutes worked in the department. For example, the Development Services Director spends about 19 percent of the time on administrative services for the entire department, while the Administrative Secretary spends about 24 percent of the time on departmentwide administrative services.

TABLE 22: CALCULATION OF ADMINISTRATIVE COST PER MINUTE – DEVELOPMENT SERVICES

	Admin. Secretary	Development Services Director	Total
Salaries & Benefits	\$64,748.32	\$175,346.08	\$240,094.40
Operations	\$13,363.27	\$13,363.27	\$26,726.54
Total	\$78,111.59	\$188,709.35	\$266,820.94
Administrative Percent of Time	24%	19%	
Admin Costs to be Covered by Department	\$18,746.78	\$35,854.78	\$54,601.56
Non-Admin FTEs	23.18	23.18	
Minutes Worked	3,142,464	3,142,464	
Admin Cost per Minute	\$0.01	\$0.01	\$0.02

This same methodology was used for all other administrative positions overseeing positions involved with business license fees. The following table shows the additional administrative cost per minute for these divisions.

TABLE 23: ADMINISTRATIVE COST PER MINUTE

Employees by Department	Indirect Cost per Minute
Development Services Administration	\$0.02
Planning	\$0.05
Business Licensing	\$0.05
Engineering	\$0.03
Transportation/PD Development	\$0.19
Construction	\$0.03
Design	\$0.27
Building Safety	\$0.04
Fire	\$0.04
Police	\$0.03

The following table shows the total cost per minute for all employees involved in the business licensing process.

TABLE 24: TOTAL EMPLOYEE COST PER MINUTE

Position	Direct Labor	Direct Operations	Indirect - Meetings	Indirect - Department Admin	Indirect - Legal Overhead	Indirect - City Overhead	Total Cost per Minute
Administrative Secretary	\$0.52	\$0.05	\$0.11	\$0.02	\$0.03	\$0.09	\$0.82
Building Inspector	\$0.62	\$0.05	\$0.11	\$0.04	\$0.03	\$0.09	\$0.94
Chief Building Official	\$0.89	\$0.05	\$0.11	\$0.04	\$0.03	\$0.09	\$1.21

Position	Direct Labor	Direct Operations	Indirect - Meetings	Indirect - Department Admin	Indirect - Legal Overhead	Indirect - City Overhead	Total Cost per Minute
Business License Specialist	\$0.60	\$0.05	\$0.11	\$0.05	\$0.03	\$0.09	\$0.94
Development Services Director	\$1.41	\$0.05	\$0.11	\$0.02	\$0.03	\$0.09	\$1.70
Development Services Technician	\$0.35	\$0.05	\$0.11	\$0.05	\$0.03	\$0.09	\$0.69
Planner	\$0.75	\$0.05	\$0.11	\$0.05	\$0.03	\$0.09	\$1.08
Planning Division Manager	\$0.89	\$0.05	\$0.11	\$0.05	\$0.03	\$0.09	\$1.23
Residential Plans Examiner	\$0.52	\$0.05	\$0.11	\$0.04	\$0.03	\$0.09	\$0.84
Fire Marshal	\$0.89	\$0.02	\$0.07	\$0.04	\$0.00	\$0.07	\$1.09
Chief of Police	\$1.41	\$0.03	\$0.06	\$0.03	\$0.04	\$0.07	\$1.63
Community Service Specialist	\$0.43	\$0.06	\$0.06	\$0.03	\$0.04	\$0.07	\$0.69
Records Office Supervisor	\$0.47	\$0.06	\$0.06	\$0.03	\$0.04	\$0.07	\$0.73

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 because new applications involve additional paperwork, computer entry, and generally more questions compared to renewal licenses. The time required by business licensing to perform the previously identified tasks, in addition to customer service, reports, meetings, training, etc. is approximately 220 minutes per license for a commercial new application license (in person), 205 minutes (online), 105 minutes for a home occupation new application license (in person), and 90 minutes for a home occupation license submitted online. Renewal licenses for commercial and home occupation businesses can be submitted online, in person, or by mail, and average approximately 68 minutes per license.¹³ Home occupations can only be charged for a business license when the business impact materially exceeds the impact from a single-family residential unit.

Additional departments involved in business licensing include the Fire, Planning & Zoning, Police, Building and Code Enforcement Departments. Table 25 shows each department's involvement in detail.

TABLE 25: OTHER DEPARTMENT INVOLVEMENT

Department	Involvement in Business Licensing
Fire Marshall	Conducts fire inspections on all new commercial businesses, relocated commercial businesses, as well as annual inspections for home occupation day cares, food assembly, and commercial businesses based on type. Home occupation fire inspections are only conducted for day cares. Fire inspections are never conducted for salon chair or vending licenses.
Planning & Zoning	Checks to see that the business is in the proper zone and is following applicable ordinance requirements.

¹³ Based on averages provided by staff. Commercial licenses take about 75 minutes per licenses; home occupations take about 60 minutes per license.

Department	Involvement in Business Licensing
Police	Reviews alcohol licenses and performs quarterly inspections
Building	Reviews the new application to confirm that building has a certificate of occupancy or a building permit. Building inspections are completed for new businesses.

New Application Base Administrative Costs

The total cost to the City for a new application commercial license is about \$219 for applications made in person, while online applications cost about \$205. This cost includes the services performed by business licensing as well as application reviews and supplies. In addition to the application cost, new businesses and business that have relocated must pay an inspection fee, which is \$105. With the inspection cost included, the cost for a new business commercial license is \$325 for in-person applications and about \$311 for online applications. The inspection cost included in the base administrative cost for a new commercial license is the minimum inspection time for travel, inspection, and follow-up reports for a commercial business.¹⁴ The additional fire inspection costs for commercial businesses such as hotels and restaurants, are included as a disproportionate regulatory cost.

TABLE 26: NEW APPLICATION – COMMERCIAL BASE ADMINISTRATIVE COST (IN-PERSON APPLICATIONS)

	Base Minutes	Base Inspection Minutes	Total Minutes	Cost per Minute	Base Application Cost	Base Inspection Cost	Total Cost
Building Inspector	0	30	30	\$0.94	\$0.00	\$28.25	\$28.25
Chief Building Official	0	10	10	\$1.21	\$0.00	\$12.13	\$12.13
Business License Specialist	120	15	135	\$0.94	\$112.40	\$14.05	\$126.45
Development Services Director	10	5	15	\$1.70	\$17.04	\$8.52	\$25.56
Development Services Technician	30	5	35	\$0.69	\$20.57	\$3.43	\$24.00
Planner	30	0	30	\$1.08	\$32.37	\$0.00	\$32.37
Planning Division Manager	30	5	35	\$1.23	\$36.81	\$6.14	\$42.95
Fire Marshal	0	30	30	\$1.09	\$0.00	\$32.84	\$32.84
TOTAL	220	100	320		\$219.20	\$105.35	\$324.55

¹⁴ The Fire Marshal conducts fire inspections on all new commercial businesses, relocated commercial businesses, as well as annual inspections for home occupation day cares, food assembly, and commercial businesses based on type. Home occupation fire inspections are only conducted for day cares. Fire inspections are never conducted for salon chair or vending licenses.

TABLE 27: NEW APPLICATION – COMMERCIAL BASE ADMINISTRATIVE COST (ONLINE APPLICATIONS)

	Base Minutes	Base Inspection Minutes	Total Minutes	Cost per Minute	Base Application Cost	Base Inspection Cost	Total Cost
Building Inspector	0	30	30	\$0.94	\$0.00	\$28.25	\$28.25
Chief Building Official	0	10	10	\$1.21	\$0.00	\$12.13	\$12.13
Business License Specialist	105	15	120	\$0.94	\$98.35	\$14.05	\$112.40
Development Services Director	10	5	15	\$1.70	\$17.04	\$8.52	\$25.56
Development Services Technician	30	5	35	\$0.69	\$20.57	\$3.43	\$24.00
Planner	30	0	30	\$1.08	\$32.37	\$0.00	\$32.37
Planning Division Manager	30	5	35	\$1.23	\$36.81	\$6.14	\$42.95
Fire Marshal	0	30	30	\$1.09	\$0.00	\$32.84	\$32.84
TOTAL	205	100	305		\$205.15	\$105.35	\$310.50

Table 28 shows the new application base administrative cost of \$108 for home occupation business applications made in person. The cost for home occupation business license applications submitted online is \$94, as shown in Table 29. Like commercial applications, home occupation applications submitted online generally require less staff time than applications submitted in person. Most home occupation businesses cannot be charged a business license fee; however, *there are some home occupation businesses that have inspections, as discussed below. These home occupation businesses could be charged a business license fee to cover the cost of these inspections.*

TABLE 28: NEW APPLICATIONS – HOME OCCUPATIONS ADMINISTRATIVE COST (IN-PERSON APPLICATIONS)

	Base Minutes	Cost per Minute	Total Cost
Business License Specialist	30	\$0.94	\$28.10
Development Services Technician	15	\$0.69	\$10.29
Planner	30	\$1.08	\$32.37
Planning Division Manager	30	\$1.23	\$36.81
TOTAL	105		\$107.57

TABLE 29: NEW APPLICATIONS – HOME OCCUPATIONS ADMINISTRATIVE COST (ONLINE APPLICATIONS)

	Base Minutes	Cost per Minute	Total Cost
Business License Specialist	15	\$0.94	\$14.05
Development Services Technician	15	\$0.69	\$10.29
Planner	30	\$1.08	\$32.37
Planning Division Manager	30	\$1.23	\$36.81
TOTAL	90		\$93.52

Renewal License Base Administrative Costs

The total base administrative cost for a commercial license renewal is \$81.33. This includes business licensing costs, compliance and supplies.

TABLE 30: COMMERCIAL RENEWAL LICENSE BASE ADMINISTRATIVE COSTS

	Base Minutes	Cost per Minute	Total Cost
Business License Specialist	35	\$0.94	\$32.78
Development Services Technician	35	\$0.69	\$24.00
Planning Division Manager	20	\$1.23	\$24.54
TOTAL	90		\$81.33

The total base administrative cost for a home occupation license renewal is \$56.79. This includes business licensing costs, compliance and supplies.

TABLE 31: HOME OCCUPATION RENEWAL LICENSE BASE ADMINISTRATIVE COSTS

	Base Minutes	Cost per Minute	Total Cost
Business License Specialist	30	\$0.94	\$28.10
Development Services Technician	15	\$0.69	\$10.29
Planning Division Manager	15	\$1.23	\$18.41
TOTAL	60		\$56.79

Disproportionate Costs

Disproportionate service costs include the additional costs which some businesses incur because of additional regulatory services required and additional municipal services provided such as police, fire, and EMS 911 service calls compared to the base level of service. There are two types of disproportionate service costs – (1) disproportionate regulatory costs; and (2) 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 hotels.

Disproportionate service call costs include the cost of services for police, fire, and EMS 911 service calls above the base level of service provided by these departments. In order to identify disproportionate service levels, ZPFI has interviewed City officials and service providers and has obtained data regarding 911 calls for service from the City of Orem Police and Fire Departments.

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

The City of Orem has chosen to only consider disproportionate police, fire, and EMS municipal services in this study. Therefore, disproportionate services rendered may include police, fire, and EMS 911 calls for service and business-related paperwork, administrative oversight, special regulations, fire inspections, calls for service, 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 costs appropriate to this analysis – disproportionate regulatory costs and disproportionate 911 police, fire, and EMS service call costs.

Disproportionate Regulatory Costs

Disproportionate regulatory costs for commercial businesses in Orem include the additional building, police, and fire inspection costs for certain types of businesses requiring additional inspection time compared to the inspection times included in the base administrative cost.

HOME OCCUPATIONS

Home occupation day cares, food assembly, and home occupation businesses with customers who come to the home are the only types of home occupation businesses requiring a fire inspection. Therefore, the fire inspection costs for these home occupation businesses are included as disproportionate regulatory costs.

TABLE 32: HOME OCCUPATION REGULATORY INSPECTION COST

	Minutes	Cost per Minute	Total Cost
Building Inspector	30	\$0.94	\$28.25
Chief Building Official	10	\$1.21	\$12.13
Business License Specialist	15	\$0.94	\$14.05
Development Services Director	5	\$1.70	\$8.52
Development Services Technician	5	\$0.69	\$3.43
Planning Division Manager	5	\$1.23	\$6.14
Fire Marshal	30	\$1.09	\$32.84
TOTAL	100		\$105.35

POLICE

Orem's Police Department charges a disproportionate fee for alcohol license inspections. These inspections take place each year, and sometimes quarterly. In addition, there is a one-time upfront application fee for an alcohol license. The cost for this is \$33.03.

TABLE 33: ALCOHOL LICENSE APPLICATION COST

Alcohol License Application	Minutes	Cost per Minute	Total Cost
Records Office Supervisor	45	\$0.73	\$33.03
TOTAL	45		\$33.03

Denied applications can appeal the denial. The cost for license denial appeals is \$120.07.

TABLE 34: ALCOHOL LICENSE DENIAL APPEAL COST

Alcohol License Denial Appeal	Minutes	Cost per Minute	Total Cost
Chief of Police	60	\$1.63	\$98.05
Records Office Supervisor	30	\$0.73	\$22.02
TOTAL	90		\$120.07

The table below shows the annual inspection costs only, and does not include the new application fee. The actual cost was calculated by dividing the annual alcohol enforcement costs to be covered (\$29,671.68)¹⁵ by the number of licenses (78), equaling \$380.41 per license.

TABLE 35: ALCOHOL LICENSE ANNUAL INSPECTION COST

Alcohol License Annual Inspection Cost	Actual Cost
Class A, Off Premise Beer Retailer	\$380.41
Class B, Restaurant On-Premise Beer Retailer	\$380.41
Class C, Other On-Premise Beer Retailer	\$380.41
Class D, Single Event Permit	\$380.41
Class E, Liquor License	\$380.41

The annual inspections also have administrative costs not included in the alcohol enforcement budget, which only includes the costs for the actual inspections. The following table shows the administrative costs for annual police inspections.

TABLE 36: ALCOHOL LICENSE INSPECTION ADMINISTRATIVE COSTS

Alcohol License Inspection Administrative Costs	Minutes	Cost per Minute	Total Cost
Community Service Specialist	30	\$0.69	\$20.79
Records Office Supervisor	45	\$0.73	\$33.03
TOTAL	75		\$53.82

The total combined costs for each alcohol license fee are listed in the following table.

TABLE 37: ALCOHOL LICENSES COSTS

	Administration	Inspections	Total
Application Fee	\$33.03	\$0.00	\$33.03
Class A, Off Premise Beer Retailer	\$53.82	\$380.41	\$434.23
Class B, Restaurant On-Premise Beer Retailer	\$53.82	\$380.41	\$434.23
Class C, Other On-Premise Beer Retailer	\$53.82	\$380.41	\$434.23
Class D, Single Event Permit	\$53.82	\$380.41	\$434.23
Class E, Liquor License	\$53.82	\$380.41	\$434.23
License Denial Appeal Fee	\$120.07	\$0.00	\$120.07

¹⁵ The City receives State Beer Tax revenues each year which cover some of the alcohol enforcement costs. In FY15-16, Alcohol Enforcement expenses totaled \$109,232.50. During the same year, the City received \$79,560.82 in State Beer Tax revenues. This leaves \$29,671.68 to be covered by Alcohol License Fees.

FIRE

Orem's Fire Department charges disproportionate regulatory inspection fees for the following types of businesses. The costs shown below include the administrative costs of Development Services staff.¹⁶ These are annual inspections.

TABLE 38: DISPROPORTIONATE FIRE INSPECTION COSTS

Summary of Fire Inspections – Annual	Actual Cost
Assembly (permanent dance clubs):	
0-3,000 sq. ft.	\$100.65
3,001 to 6,000 sq. ft.	\$123.73
6,001 to 9,000 sq. ft.	\$146.81
9,001 to 12,000 sq. ft.	\$169.88
12,001 sq. ft. and above	\$192.99
Fireworks Displays Inside Permanent Retail Outlets - Firework stands	\$115.07
Hazardous Materials Dispensing/Use	\$160.55
Hazardous Materials Production/Processing	\$272.39
Hazardous Materials Storage Sites	\$160.55
High Rise Inspections	\$252.86
Home Day Care	\$80.54
Hospitals	\$149.77
Hotels (over 16 units):	
16-32 units	\$80.54
33-48 units	\$103.61
49-64 units	\$126.69
65-80 units	\$149.77
81 units and above	\$172.84
Pre-school/Day Care	\$80.54
Repair Garages/ Fuel Dispensing Stations	\$80.54
Restaurants (fire suppression systems)	\$80.54
State Licensed Health Care Facilities	\$80.54
Alarm or Sprinkler Re-inspection	\$80.54

Furthermore, businesses that have either an alarm or sprinkler system require an annual inspection of the system. The cost of this inspection is \$80.54.

Disproportionate Service Call Costs

Disproportionate service call costs include the cost of services for police, fire, and EMS 911 calls above the base level of service provided by police and fire.¹⁷ The *base level* of service is the average level of 911 service calls to owner-occupied single-family residences.¹⁸ Calls for police, fire, and EMS services were obtained from the police department and fire department for the 2015 and 2016 calendar years. 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 averaged over

¹⁶ Development Services staff receives payments and has other administrative involvement with fire inspections.

¹⁷ This study does not include any traffic-related calls. Only calls where police, fire and EMS were dispatched to the site are included in the study.

²² Calls are matched to the address where the incident took place, not the address of call origination. Includes owner-occupied detached homes, condominiums, and PUD's.

the two-year period.¹⁹ 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 calls for police, fire, and EMS. 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, fire, and EMS service calls for each commercial business and residential rental type above the base level of service calls by the cost per call for police, fire, and EMS services.

The annual *base level* of service for police calls was determined to be an average of 0.508 calls per owner-occupied single-family residence per year. The annual base level of service calls in Orem for fire/EMS 911 service calls is approximately 0.0819.

TABLE 39: RESIDENTIAL CALL DATA – BASE LEVEL OF SERVICE FOR POLICE, FIRE AND EMS

	Base Level of Service	
	Police	Fire/EMS
Owner-Occupied Single Family Residential Calls – 1-Year Average	7,124.5	2,298
Total Number of Units	14,025	14,025
Base Level of Service Ratio	0.5080	0.0819

The annual average police and fire/EMS service call ratio per business²⁰ in each 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. Service call ratios for commercial businesses and rental housing 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 (shown in Table 39) was subtracted from the average calls per commercial business class/rental housing type.

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.

Table 40 shows the police and fire/EMS disproportionate service call ratios for commercial businesses.

TABLE 40: DISPROPORTIONATE POLICE AND FIRE CALL DATA –COMMERCIAL BUSINESSES

Business Category	Police	Fire/EMS
Assisted Living, Large, Per Bed	(0.30)	0.49
Assisted Living, Small, Per Bed	(0.29)	0.37
Group and Treatment Homes	2.21	1.64
Automotive Service	1.52	(0.01)
Equipment Supply and Rental	1.38	(0.02)
Banking and Consumer Finance	4.72	0.07
Business, Professional, and Contracted Services	0.20	0.02
Convenience Stores	38.19	1.27

¹⁹ A two-year average minimizes the effect of a call volume spike that could occur over a one-year period.

²⁰ Service calls to businesses located in strip malls where calls for service could not be attributed to a specific business were removed from the study.

Business Category	Police	Fire/EMS
Entertainment	5.68	0.73
Fitness and Recreation	0.49	(0.04)
Restaurants with Alcohol	5.12	0.62
Fast Food and Take-Out Food Products	5.03	0.30
Grocery and Food Supply	2.79	0.26
Lodging	34.63	5.20
Per Room	0.06	0.01
Industrial - Manufacturing, Distribution, Skilled Labor	0.23	(0.04)
Medical	0.66	0.79
Storage Units	3.93	(0.02)
Personal Services	1.05	(0.01)
Electronics and Appliances	1.10	0.00
Retail - 1-10,000 sf	1.41	0.03
Retail - 10,001- 25,000 sf	2.99	0.09
Retail - 25,001 - 50,000	4.22	0.42
Retail - 50,001+	52.28	2.15
Hospital	67.46	253.92

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 and fire/EMS 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 \$126.36; and \$487.10 per call for fire/EMS.²¹

TABLE 41: COST PER CALL - POLICE AND FIRE

	Police	Fire
Cost per Call	\$126.36	\$487.10

Table 42 summarizes the disproportionate costs per business for each commercial business class identified for Orem. The disproportionate cost is calculated by multiplying the disproportionate call ratio without outliers by the cost per call. ZPFI recommends the maximum disproportionate fee considered by a City be equal to the disproportionate cost without outliers for each commercial business category. The City may choose not to enact the full fee for some business classes, as a matter of policy, in order to encourage the development of certain business types. Fees for all businesses within a given "class" must be constant.

TABLE 42: DISPROPORTIONATE SERVICE CALL COSTS

Business Category	Disproportionate Cost		Total
	Police	Fire/EMS	
Assisted Living, Large, per Bed	\$0.00	\$238.04	\$238.04

²¹ Police total budget = \$13,315,426.66. Department expenses allocated to calls for service = \$6,600,523. Total calls (including traffic related) are 34,999. Cost per call = \$6,600,523/34,999 = \$126.36.

Fire/EMS total budget = \$9,194,871.19. Variable costs allocated to 911 fire/EMS service calls = \$7,468,151. Offsetting ambulance revenues (\$1,583,500) were then accounted for and removed from the budget. The remaining amount of \$5,884,651 was then divided by the average annual fire calls of 12,081 to arrive at an average cost per call of \$487.10.

Business Category	Disproportionate Cost		Total
	Police	Fire/EMS	
Assisted Living, Small, per Bed	\$0.00	\$178.29	\$178.29
Group and Treatment Homes	\$279.79	\$799.00	\$1,078.79
Automotive Service	\$192.61	\$0.00	\$192.61
Equipment Supply and Rental	\$174.79	\$0.00	\$174.79
Banking and Consumer Finance	\$596.45	\$33.61	\$630.06
Business, Professional, and Contracted Services	\$25.76	\$10.05	\$35.81
Convenience Stores	\$4,825.39	\$616.63	\$5,442.02
Entertainment	\$717.66	\$355.88	\$1,073.54
Fitness and Recreation	\$62.17	\$0.00	\$62.17
Restaurants with Alcohol	\$646.79	\$304.32	\$951.12
Fast Food and Take-Out Food Products	\$636.07	\$146.37	\$782.44
Grocery and Food Supply	\$352.14	\$127.55	\$479.69
Lodging, Per Room	\$7.07	\$4.09	\$11.17
Industrial - Manufacturing, Distribution, Skilled Labor	\$29.45	\$0.00	\$29.45
Medical	\$82.90	\$385.47	\$468.37
Storage Units	\$496.53	\$0.00	\$496.53
Personal Services	\$133.25	\$5.35	\$138.60
Electronics and Appliances	\$139.57	\$0.14	\$139.71
Retail - 1-10,000 sf	\$177.56	\$13.75	\$191.30
Retail - 10,001- 25,000 sf	\$377.96	\$43.91	\$421.86
Retail - 25,001 - 50,000	\$532.86	\$203.66	\$736.52
Retail - 50,001+	\$6,606.66	\$1,047.58	\$7,654.24
Hospital	\$8,523.78	\$123,683.51	\$132,207.28

Enhanced Service Level Costs

Enhanced service levels are generally those services which are increased in a particular geographic location 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. These may include services for enhanced levels of snow removal, police patrol, streetscape design, more frequent trash removal, more signage, etc. If these services are provided, appropriate fees may be charged to compensate the City for the related costs. Orem has indicated that, at this point in time, the City does not provide enhanced service levels to any areas of the community and has no immediate plans to do so. Therefore, no fees have been calculated for enhanced levels of service.

Business License Cost Summary

Total business license costs for Orem are comprised of the base administrative costs, disproportionate regulatory costs, and disproportionate service call costs.

Base Administrative Costs

TABLE 43: BASE ADMINISTRATIVE COSTS

Summary	Current Fee	Actual Cost
Commercial Business License Fee - New Business (In Person)	\$150.00	\$219.20

Summary	Current Fee	Actual Cost
Commercial Business License Fee - New Business (Online)	\$150.00	\$205.15
Commercial Business License Fee – New Business/Business Relocation Inspection	\$60.00	\$105.35
Commercial Business License Fee – Renewal	\$100.00	\$81.33
Home Occupation License – New (In Person)*	\$40.00	\$107.57
Home Occupation License – New (Online)*	\$40.00	\$93.52
Home Occupation License – Renewal*	\$30.00	\$56.79

*Home occupation business licenses may only be charged to businesses where the impact “materially exceeds” that of the single-family residence alone.

Disproportionate Regulatory Costs

TABLE 44: HOME OCCUPATION REGULATORY INSPECTION COST

	Current Fee	Actual Cost
Home Occupation Regulatory Inspection*	\$60.00	\$105.35

*Home occupation business licenses may only be charged to businesses where the impact “materially exceeds” that of the single-family residence alone.

TABLE 45: ALCOHOL LICENSES COSTS

	Current Fee	Actual Cost
Application Fee	\$225.00	\$33.03
Class A, Off Premise Beer Retailer	\$600.00	\$434.23
Class B, Restaurant On-Premise Beer Retailer	\$600.00	\$434.23
Class C, Other On-Premise Beer Retailer	\$670.00	\$434.23
Class D, Single Event Permit	\$575.00	\$434.23
Class E, Liquor License	\$725.00	\$434.23
License Denial Appeal Fee	\$75.00	\$120.07

TABLE 46: DISPROPORTIONATE FIRE INSPECTION COSTS

Summary of Fire Inspections – Annual	Current Fee	Actual Cost
Assembly (permanent dance clubs):		
0-3,000 sq. ft.	\$150.00	\$100.65
3,001 to 6,000 sq. ft.	\$190.00	\$123.73
6,001 to 9,000 sq. ft.	\$230.00	\$146.81
9,001 to 12,000 sq. ft.	\$270.00	\$169.88
12,001 sq. ft. and above	\$320.00	\$192.96
Fireworks Displays Inside Permanent Retail Outlets - Firework stands	\$135.00	\$115.07
Hazardous Materials Dispensing/Use	\$500.00	\$160.55
Hazardous Materials Production/Processing	\$500.00	\$272.39
Hazardous Materials Storage Sites	\$500.00	\$160.55
High Rise Inspections	\$450.00	\$252.86
Home Day Care	\$130.00	\$80.54
Hospitals	\$350.00	\$149.77
Hotels (over 16 units):		
16-32 units	\$150.00	\$80.54
33-48 units	\$190.00	\$103.61

Summary of Fire Inspections – Annual	Current Fee	Actual Cost
49-64 units	\$240.00	\$126.69
65-80 units	\$290.00	\$149.77
81 units and above	\$340.00	\$172.84
Pre-school/Day Care	\$130.00	\$80.54
Repair Garages/ Fuel Dispensing Stations	\$135.00	\$80.54
Restaurants (fire suppression systems)	\$135.00	\$80.54
State Licensed Health Care Facilities	\$130.00	\$80.54
Alarm or Sprinkler Re-inspection	\$140.00	\$80.54

Disproportionate Service Call Costs

TABLE 47: DISPROPORTIONATE SERVICE CALL COSTS

Business Category	Disproportionate Cost		Total
	Police	Fire/EMS	
Assisted Living, Large, per Bed	\$0.00	\$238.04	\$238.04
Assisted Living, Small, per Bed	\$0.00	\$178.29	\$178.29
Group and Treatment Homes	\$279.79	\$799.00	\$1,078.79
Automotive Service	\$192.61	\$0.00	\$192.61
Equipment Supply and Rental	\$174.79	\$0.00	\$174.79
Banking and Consumer Finance	\$596.45	\$33.61	\$630.06
Business, Professional, and Contracted Services	\$25.76	\$10.05	\$35.81
Convenience Stores	\$4,825.39	\$616.63	\$5,442.02
Entertainment	\$717.66	\$355.88	\$1,073.54
Fitness and Recreation	\$62.17	\$0.00	\$62.17
Restaurants with Alcohol	\$646.79	\$304.32	\$951.12
Fast Food and Take-Out Food Products	\$636.07	\$146.37	\$782.44
Grocery and Food Supply	\$352.14	\$127.55	\$479.69
Lodging, Per Room	\$7.07	\$4.09	\$11.17
Industrial - Manufacturing, Distribution, Skilled Labor	\$29.45	\$0.00	\$29.45
Medical	\$82.90	\$385.47	\$468.37
Storage Units	\$496.53	\$0.00	\$496.53
Personal Services	\$133.25	\$5.35	\$138.60
Electronics and Appliances	\$139.57	\$0.14	\$139.71
Retail - 1-10,000 sf	\$177.56	\$13.75	\$191.30
Retail - 10,001- 25,000 sf	\$377.96	\$43.91	\$421.86
Retail - 25,001 - 50,000	\$532.86	\$203.66	\$736.52
Retail - 50,001+	\$6,606.66	\$1,047.58	\$7,654.24
Hospital	\$8,523.78	\$123,683.51	\$132,207.28

Cost Examples

The following table lists some examples of the total renewal licensing costs for various business types. For example, the renewal costs for a convenience store with a Class A alcohol license (off-site beer retailer) would include the renewal (\$81.33), regulatory police (\$434.23), and calls for service for police (\$4,825.39) and fire (\$616.63), for a total cost of \$5,957.58.

TABLE 48: SAMPLE OF TOTAL RENEWAL COSTS

Examples	Base - Renewal	Regulatory		Calls for Service		Total Cost
		Police	Fire	Police	Fire	
Automotive Shop w/ Repair Garages/Fuel Dispensing Stations	\$81.33	\$0.00	\$80.54	\$192.61	\$0.00	\$354.47
Big Box Store (+50,000 sq. ft.) w/ Fire Sprinkler System	\$81.33	\$0.00	\$80.54	\$6,606.66	\$1,047.58	\$7,816.10
Convenience Store w/ Class A (Off-Premise Beer License Retailer)	\$81.33	\$434.23	\$0.00	\$4,825.39	\$616.63	\$5,957.58
Grocery Store w/ Fire Sprinkler System	\$81.33	\$0.00	\$80.54	\$352.14	\$127.55	\$641.55
Home Day Care	\$56.79	\$0.00	\$80.54	\$133.25	\$5.35	\$275.93
Hotel (50 units)	\$81.33	\$0.00	\$126.69	\$353.51	\$204.75	\$766.28
Restaurant On-Premise Beer Retailer	\$81.33	\$434.23	\$80.54	\$646.79	\$304.32	\$1,547.21
Retail (less than 10,000 sq. ft.)	\$81.33	\$0.00	\$0.00	\$177.56	\$13.75	\$272.63

Other Business License Costs

There are other fees charged for business license services, including solicitor badges, reprinting licenses, and late fees. The costs for these services, as listed in the following table, are based on the staff time required for each service, plus department and City overhead costs.

TABLE 49: STAFF TIME (MINUTES) FOR OTHER BUSINESS LICENSE COSTS

	Chief Building Official	Business License Specialist	Dev. Services Director	Dev. Services Tech.	Planning Division Manager	Deputy City Attorney	TOTAL
Business License List – Complete List	0	30	0	0	5	0	35
Business License List – Monthly New Business List	0	30	0	0	5	0	35
Change of Business Location – Non-renewal	15	30	0	0	5	0	50
Change of Business Name	0	30	0	0	5	0	35
Change of Ownership	0	30	0	0	5	0	35
Reprint of Lost License	0	10	0	0	5	0	15
Solicitor Badge Fee	0	30	0	15	5	0	10
Solicitor License	0	30	0	15	5	15	55
Late Fees							
Home Occupations: 31-60 days delinquent	0	30	5	0	5	0	40
Home Occupations: 61+ days delinquent	0	30	5	0	5	0	40
Commercial Businesses: 31-60 days delinquent	0	30	5	0	5	0	40
Commercial Businesses: 61+ days delinquent	0	30	5	0	0	0	35

TABLE 50: OTHER BUSINESS LICENSE COSTS

Other Business License Costs	Current Fee	Actual Cost
Business License List – Complete List	\$25 or free online	\$34.24
Business License List – Monthly New Business List	\$20 or free online	\$34.24
Change of Business Location – Non-renewal	\$20.00	\$52.43
Change of Business Name	\$20.00	\$34.24
Change of Ownership	\$20.00	\$34.24
Reprint of Lost License	\$5.00	\$15.50
Solicitor Badge Fee	\$5.50	\$9.37
Solicitor License	\$60.00	\$55.51
Late Fees		
Home Occupations: 31-60 days delinquent	\$20.00	\$42.76
Home Occupations: 61+ days delinquent	\$30.00	\$42.76
Commercial Businesses: 31-60 days delinquent	\$30.00	\$42.76
Commercial Businesses: 61+ days delinquent	\$30 + 10% per month	\$42.76

Business License Fee Comparison

A comparison of business license fees from other communities is included in Appendix B.

Changes Required in Current Business License Fee Schedule

Orem currently charges a base fee plus an employee fee for commercial licenses, making it challenging to compare the fees calculated in this study (which do not include a per employee component) with the fees that the City is currently charging. Per employee fees have been charged by the City to account for the additional City services often required by larger businesses. However, information regarding the number of employees is often difficult to obtain and is subject to frequent change. Additionally, following an analysis of the cost of services for each type of business in Orem, the study found that the cost of services provided by the City is not always directly correlated to the number of employees (i.e. businesses with the highest number of employees do not always have the highest cost of municipal services).

With the change to a disproportionate fee based on business type, rather than the number of employees, the fees for individual businesses could change substantially, as shown below.

TABLE 51: COMPARISON OF CURRENT AND MAXIMUM DISPROPORTIONATE BUSINESS LICENSING COSTS

	CURRENT Employee Fee - Average	MAXIMUM Maximum Disproportionate
Assisted Living, Large	\$4.89	\$238.04
Assisted Living, Small	\$8.13	\$178.29
Group and Treatment Homes	\$172.50	\$1,078.79
Automotive Service	\$52.50	\$192.61
Equipment Supply and Rental	\$87.60	\$174.79
Banking and Consumer Finance	\$88.09	\$630.06
Business, Professional, and Contracted Services	\$141.73	\$35.81
Convenience Stores	\$74.55	\$5,442.02
Entertainment	\$186.00	\$1,073.54
Fitness and Recreation	\$41.54	\$62.17
Restaurants	\$213.38	\$951.12
Fast Food and Take-Out Food Products	\$130.10	\$782.44
Grocery and Food Supply	\$225.00	\$479.69
Lodging	\$1.86	\$11.17
Industrial - Manufacturing, Distribution, Skilled Labor	\$59.82	\$29.45
Medical	\$95.00	\$468.37
Storage Units	\$0.04	\$1.13
Personal Services	\$37.30	\$138.60
Electronics and Appliances	\$125.21	\$139.71
Retail Sales, 1-10,000 sf	\$59.59	\$191.30
Retail Sales, 10,001-24,999 sf	\$119.13	\$421.86
Retail Sales, 25,000 - 49,999 sf	\$276.67	\$736.52
Retail Sales, 50,000+ sf	\$905.42	\$7,654.24
Hospital	\$2,460.00	\$132,207.28

Recognizing that the differences in costs could be significant, ZPFI recommends that Orem revise its fees to the “business type” charges, but that it modifies the maximum fees shown above based on the following factors, which may be weighed differently for various business types:

- The percentage or actual dollar amount increase for businesses, so that extreme increases do not adversely affect the ability of some businesses to carry on their operations;

- Comparison with fees charged in surrounding cities, where businesses may choose to locate if Orem's fees are seen are relatively high;
- The actual number of calls for service in a business category; and
- Recognition that some business types bring in more City revenues (i.e., sales tax) than other business types.

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Appendix A: Orem Business Classes

Business Class	Businesses Included
Assisted Living	Assisted Living Facilities, Large Assisted Living Facilities, Small
Automotive Service	Auto Lube & Tune-up Automobile & Truck Rental Automobile Repair Automobile Wash Automobiles, Motor Vehicles, & other Automotive Equip. Impound Yards Motor Vehicles Tires & Tubes Tires, Batteries, & Accessories Wrecking Yards
Banking	Banking & Credit Services Check Cashing & Other Credit Services
Business & Professional Services	Accounting, Auditing & Bookkeeping Advertising Services (General) All Commercial Services, NEC All Construction & Related Services, NEC All Education & Special Training, NEC All Finance, Insurance, & Real Estate Services, NEC Authors – Books, Magazines, Newspapers, and Comput Building Construction – General Contractor, Office Business & Management Consulting Business Associations Civic, Social & Fraternal Associations Consumer & Mercantile Credit Reporting Services Corporate or Personal Executive Office Disinfecting & Exterminating Educational & Scientific Research Electric Utilities Employment Services Engineering & Architectural Genealogical Insurance Agents, Brokers, & Related Services Internet Services Legal Services Miscellaneous Motion Picture Distribution & Services News Syndicate Newspapers/Magazines Real Estate Agents, Brokers & Related Services Real Estate Operative Builders Real Estate, Insurance Loan & Law Research, Development, & Testing Services Security & Commodity Brokers, Dealers & Exchanges Telephone Exchange Stations Title Abstracting Video Rentals Watch, Clock & Jewelry Repair

Business Class	Businesses Included
Convenience Stores	Gasoline Service Station with or without Store
Electronics & Appliances	Air Conditioning, Refrigeration Equipment & Supplies Computer Goods & Services Electrical Apparatus & Equipment & Wiring Supplies Small Engine, Appliance, Electrical & Machine Rep Telephone Communications
Entertainment	Amphitheaters Amusement Parks Arcades & Miniature Golf Bowling Go-Cart Tracks (Indoor) Golf Courses &/or Country Clubs Laser Tag/Paint Ball (Indoor) Legitimate Theater Motion Picture Theaters Skating
Equipment Supply and Rental	Equipment Rental & Leasing Marine Craft & Accessories Professional Equipment & Supplies Transportation Equipment & Other Machinery Equipment Ski, Snowboard & Snowshoe Rental
Fast Food	Candy & Other Confectionery Products Drinking Places (Non-Alcoholic) Fast Food Ice Cream & Frozen Desserts
Fitness and Recreation	Dancing Schools Gymnasium & Athletic Clubs Marital Arts Studios Other Playground & Athletic Areas, NEC Recreation Centers (General)
Grocery	Groceries & Food Stuffs Groceries &/or Food
Group & Treatment Homes	Residential Facilities for Disabled Persons Residential Facilities for Elderly Persons Sober Living Facility Transitional Treatment Home, Large Transitional Treatment Home, Small Youth Rehabilitation
Industrial	All Fabricated Metal Products, Indoor Only All Fabricated Metal Products, NEC All Misc. Industrial, NEC Cabinetry, Furniture & Fixture Manufacturing Commercial, Industrial & Agricultural Machine Equipment Gas Production Plants General Food Manufacturing Ice Manufacturing Mail Order Houses Manufacturing Packing & Crafting Services Re-upholstery & Furniture Repair Scrap & Waste Materials

Business Class	Businesses Included
	Solid Waste Disposal & Incineration Water Treatment Plants (Purification)
Lodging	Hotels, Tourist Courts & Motels
Medical	All Medical & Other Professional Services, NEC Chiropractic & Osteopaths Services Corporate or Personal Executive Office Family & Behavioral Counseling Hospital Services Medical & Dental Laboratories Medical Clinics – Outpatient Medical, Dental & Health Services
Personal Services	Adoption Agencies Animal Kennels & Runs Apparel Repair, Alterations, Laundry/Dry Cleaning Art & Music Schools Auction Services Beauty & Barber Shops Beauty & Barber Schools Blueprinting & Photocopying Catering Services Commercial Day Care/Preschool Facility Commercial Janitorial Custom Tailoring Detective & Protective Services Driving Schools Freight Forwarding Services Funeral Homes Group or Organized Camps Health Spas Home Day Care Services (Child & Adult) House Cleaning Interior Design Landscaping Services, Office & Storage Laundering, Dry Cleaning & Dyeing Services Locksmithing Massage Therapy Other Retail Trade, NEC Outdoor Advertising Photofinishing Photographic Services Preparing Feeds for Animals & Fowls Private Primary & Secondary Schools Public Primary & Secondary Schools Professional & Vocational Schools Rug Cleaners/Repair Signs & Advertising Displays Tattoos & Body Piercing Travel Arranging Services Universities & Colleges Veterinarian Services and Small Animal Hospitals

Business Class	Businesses Included
	Veterinarian Services, Animal Hospitals & Kennels Wedding Reception Centers Window Cleaning
Restaurants	Drinking Places – Alcoholic Beverages Restaurants
	Agricultural Commodities All Stone, Clay, Glass & Associated Products, NEC Apparel & Accessories Arts, Crafts & Hobbies Bicycles Books Building Materials, Equipment Supplies & Hardware Cameras & Photographic Supplies Cigars & Cigarettes Clothing, Apparel & Accessories Department Stores Drugs & Related Drug Dispensing Drugs, Chemicals & Allied Products Drugs, Drug Proprietaries & Druggists' Sundries Dry Goods & General Merchandise Dry Goods, Piece Goods & Notions Farm & Garden Supplies Florists Furniture & Home Furnishings Gifts, Novelties & Souvenirs Gold & Silver Hardware Home Improvement Centers
Retail Sales	Horticultural Services Household Goods Limited Price Variety Stores Lumber & Construction Materials Lumber Yards Metals & Minerals (except Petroleum Products) Music Supplies Musical Instruments Nursery (Plants) Office Supplies Optical Goods Paints & Varnishes Paper & Paper Products Pawn Shops Planetaria, Aquariums, Botanical Gardens & Arboreta Plumbing & Heating Equipment & Supplies Private Postal Services Secondhand Precious Metal Dealer Secondhand Merchants Sporting Goods Stenographic Services, Duplicating & Mailing, NEC Tobacco & Tobacco Products Toys

Business Class	Businesses Included
Storage Units	Climate Controlled Storage Units General Warehousing & Storage

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Appendix B: Business License Fee Comparison

Fee Description	Orem - Current Fee	Orem - Actual Cost	Provo	Lehi	Spanish Fork	Pleasant Grove	Springville	American Fork	Eagle Mountain	Saratoga Springs	Lindon
Business License Fees											
Business License List – Complete List	\$25.00 or free on internet	\$31.70									
Business License List – Monthly New Business List	\$20.00 or free on internet	\$31.70									
Change of Business Location – Non-renewal	\$20.00	\$49.88	\$25.00					\$125.00			
Change of Business Name	\$20.00	\$31.70	\$10.00					\$10.00			
Change of Ownership	\$20.00	\$31.70									
Commercial Business License Base Fee--New Businesses	\$150.00	In person: \$209.00 Online: \$196.22	Based on employees: 0-5: \$125 6-10: \$175 11-25: \$300 26-50: \$425 51-75: \$550 76-100: \$675 101+: \$800	\$80	\$40 + inspection fee	\$75	General: \$80 Retail: 15,001-60,000 sq. ft.: \$200 60,001-120,000: \$750 120,001-200,000: \$1,500 200,001+: \$2,500 Industrial: \$250	\$200.00	\$75.00	\$75	New: \$40 Auctions: \$300 Banks: \$300 Industrial: \$310 Light Industrial: \$155 Pawn Brokers/Loan Companies: \$300 Real Estate Brokers: \$50 Restaurant/Food: \$190 Retail: \$100 Service Related: \$100
Commercial Business License Fee - Renewal	\$100.00	\$64.52							\$75.00	\$50 + per employee fee	
Commercial Inspection	\$60.00	\$104.54				\$58.00					
Commercial License, Per Employee Fee (\$6,000 maximum)	\$10.00										\$25/FT \$12.50/PT
Home Occupation Inspection (if required)	\$60.00	\$104.05						\$7.00	\$75.00	\$25/full-time \$12.50/part-time Max: \$500	
Home Occupation License, Base Fee	\$40.00	In person: \$104.99 Online: \$92.21	Standard: \$37 Major Business: \$100 Day Care/Pre-School: \$175	\$40.00	\$40	\$50 plus: Minor home occupation: \$50 Major home occupation: \$150	Office: \$45 Other: \$70	\$50.00	\$25 w/ Inspection: \$75	Staff review: \$250 Planning Commission: \$350 + \$75 noticing fee & \$1 per postcard	\$25.00

Fee Description	Orem - Current Fee	Orem - Actual Cost	Provo	Lehi	Spanish Fork	Pleasant Grove	Springville	American Fork	Eagle Mountain	Saratoga Springs	Lindon
Home Occupation Renewal	\$30.00	\$54.24	Standard: \$17 Day Care/Pre-School: \$155						\$25.00	50	
Reprint of Lost License	\$5.00	\$14.65						\$10.00	\$10.00		\$10.00
Solicitor Badge Fee	\$5.50	\$8.52	\$10.00								
Solicitor License	\$60.00	\$53.80	\$66.00	\$50.00	\$100	Residential: \$25 Transient: \$100		\$15.00	\$75 + \$10 per 10 consecutive days	\$100 per year; \$35 per employee	40
Late Fees - In addition to fees shown above:									25%		
Home Occupations: 31-60 days delinquent	\$20.00	\$40.21							45 days: \$6.25 75 days: \$25		
Home Occupations: 61+ days delinquent	\$30.00	\$40.21									
Commercial Businesses: 31-60 days delinquent	\$30.00	\$40.21	\$25.00	25%	\$15 per month	2x the license fee + 1.5%		\$15.00		\$10	10% + 1.5% per month
Commercial Businesses: 61+ days delinquent	\$30 outlined above + an additional 10% each following month	\$40.21							45 days: \$18.75 75 days: \$75		