

RESOLUTION R2024 - 27

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH JORDAN, UTAH, ADOPTING AN UPDATED BUSINESS LICENSE COST OF SERVICE FEE STUDY AND FEE.

WHEREAS, the City of South Jordan (the “City”) is a municipal corporation and political subdivision of the State of Utah and is authorized to raise revenue by levying and collecting a fee, pursuant to Utah Code § 10-1-203; and

WHEREAS, the City commissioned the Business License Cost of Service Study Update, attached hereto as **Exhibit A**; and

WHEREAS, the fee study recommends an updated fee schedule to reflect the new fees; and

WHEREAS, the City Council of the City of South Jordan (the “City Council”) has determined that it is in the best interest of the public health, safety and welfare to adopt the fees based on the updated business license cost of service fee study.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOUTH JORDAN, UTAH:

SECTION 1. Adoption. The City adopts the Updated Business License Cost of Service Fee Study and Fees, attached hereto as **Exhibit A**.

SECTION 2. Amendment of Fee Schedule. The South Jordan City 2024-2025 Fee Schedule shall be updated to include the Business License Cost of Services Fees, and the updated fees shall become effective July 1, 2024.

SECTION 3. Effective Date. This Resolution shall become effective immediately upon passage.

[SIGNATURE PAGE FOLLOWS]

APPROVED BY THE CITY COUNCIL OF THE CITY OF SOUTH JORDAN, UTAH, ON
THIS _____ DAY OF _____, 2024 BY THE FOLLOWING VOTE:

	YES	NO	ABSTAIN	ABSENT
Patrick Harris	_____	_____	_____	_____
Kathie Johnson	_____	_____	_____	_____
Donald Shelton	_____	_____	_____	_____
Tamara Zander	_____	_____	_____	_____
Jason McGuire	_____	_____	_____	_____

Mayor: _____
Dawn R. Ramsey

Attest: _____
Anna Crookston, City Recorder

Approved as to form:

Edward Montgomery
Edward Montgomery (May 16, 2024 16:40 MDT)

Office of the City Attorney

EXHIBIT A



SOUTH JORDAN, UTAH

BUSINESS LICENSE COST OF SERVICE STUDY

MAY 2024

PURPOSE

UCA 10-1-203:

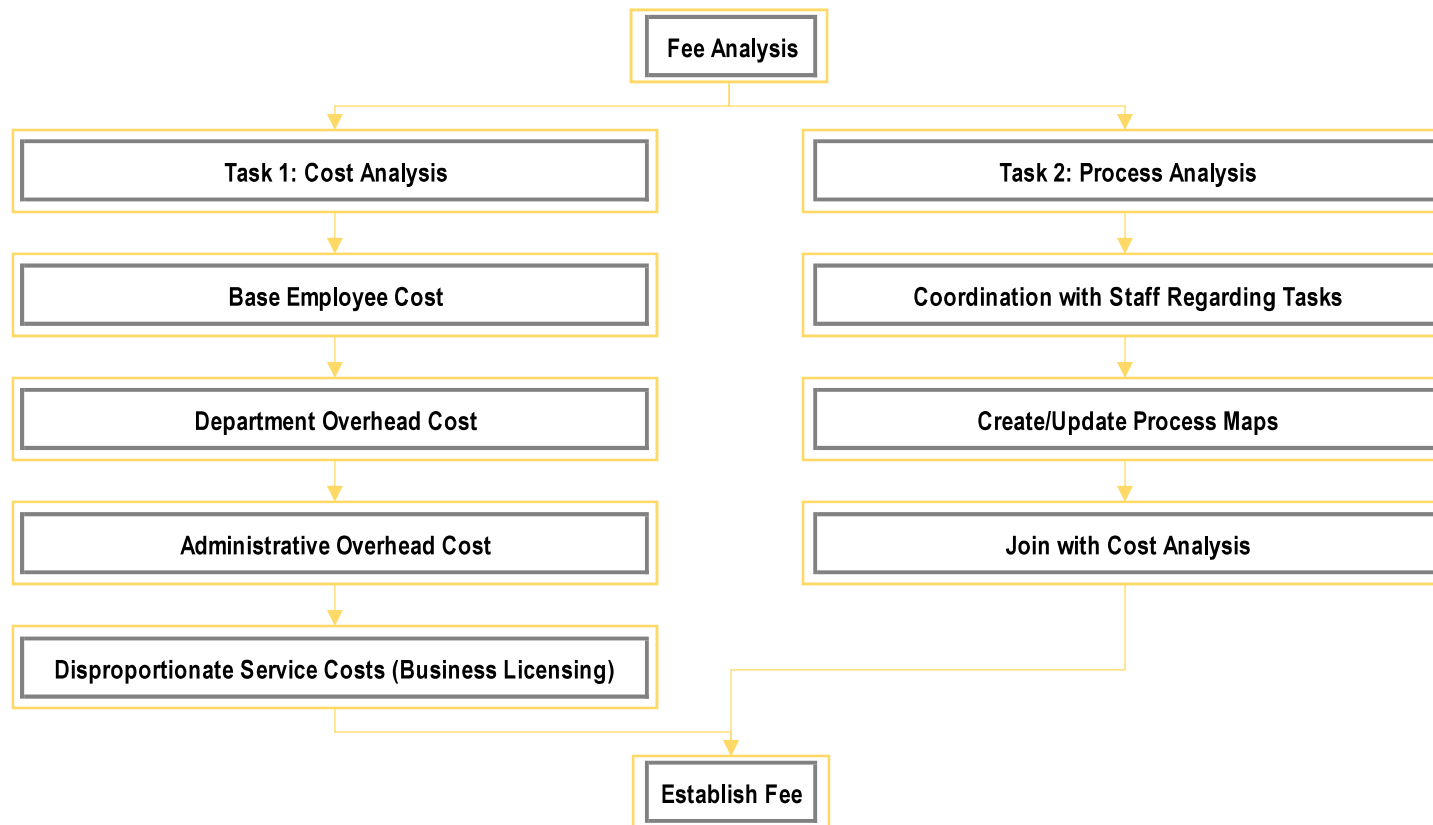
- The legislative body of a municipality may license for the purpose of regulation any business within the limits of the municipality, may regulate that business by ordinance, and may impose fees on businesses to recover the municipality's costs of regulation.
- The legislative body of a municipality may by ordinance raise revenue by levying and collecting a license fee or tax on:
 - a business that causes disproportionate costs of municipal services; or
 - a purchaser from a business for which the municipality provides an enhanced level of municipal services.
- Required to adopt an ordinance defining for purposes of the fee including:
 - The basic level of municipal services; and
 - The costs of providing an enhanced level of municipal services in the municipality.
- **The fee shall be reasonably related to the costs of providing an enhanced level of the municipal services.**

LIMITATIONS

UCA 10-1-203:

- A municipality may not:
 - require a license or permit for a business that is operated:
 - only occasionally; and
 - by an individual who is under 18 years old;
- Charge any fee for a resident of the municipality to operate 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;
- Require, as a condition of obtaining or maintaining a license or permit for a business:
 - That an employee or agent of a business complete education, continuing education, or training that is in addition to requirements under state law or state licensing requirements; or
 - That a business disclose financial information, inventory amounts, or proprietary business information, except as specifically authorized under state or federal law.
- Notwithstanding Subsection (7)(b), a municipality may charge an administrative fee for a license to a home-based business owner who is otherwise exempt under Subsection (7)(b) but who requests a license from the municipality.

PROCESS



COST ANALYSIS

- Analysis of current and projected budgets to determine base costs, department overhead, and administrative overhead costs:
 - Base costs include employee salaries and benefits
 - Department overhead costs include general costs to operate each department
 - Administrative overhead costs include the cost of the services provided to all departments (i.e. legislative, executive and administrative costs)

PROCESS ANALYSIS

■ Creation of Process Maps: Commercial General License Example

STEP #	ACTION	HOURS	PERSONNEL INVOLVED
1	Application Review/Classification/Fee Calculation	0.12	Ambra Holland
2	Building Review	0.50	Ty Montalvo
3	Code Compliance Review	0.25	Audrey Cullimore
4	Fire Review	0.33	Russ Avery
5	Planning Review	0.25	David Mann
6	Police Review	0.25	Jeanene Clark
7	Public Works Review	0.50	Justin Blake
8	Utilities Review	0.08	Kailey Densley
9	External Agency Review	0.17	Ambra Holland
10	Verify Final Review	0.08	Ambra Holland
11	Issue Business License	0.03	Ambra Holland
	TOTAL	2.56	

PROCESS ANALYSIS

■ Proposed Fees

Summary Base License Fees	Proposed Cost	Current Fee
Commercial General License	\$262.81	\$194.00
Commercial Business - Big Box (>80,000 sq. ft.)	\$278.86	\$194 (base)
Commercial Business - Department Store	\$326.08	\$194 (base)
Residential Rentals	\$278.86	\$119 (base)
Commercial Business - Salon Chair/Vending	\$24.43	\$92 (base)
Commercial Temporary (fireworks - outdoor sales only)	\$186.30	\$194 (base)
Commercial Temporary (except fireworks)	\$141.20	\$194 (base)
Commercial Sexually Oriented Business	\$417.53	\$2,122.00
Commercial Business License (non-cosmetology, no fire inspection required)	\$52.04	No Current Fee
Commercial Business License - Model Home	\$69.92	No Current Fee
Alochol License	\$131.76	\$194 (base)
Mobile Food Vendor License	\$78.62	No Current Fee
Mobile Non-Food Vendor License	\$25.13	No Current Fee
Home Occupation Business License	\$125.64	\$200.00
Home Occupation+ Business License	\$197.36 \$75 for fire inspection	\$200 (base) \$75 for fire inspection
BUSINESS NAME CHANGE	\$6.98	\$20.00
Renewals (monthly)	\$22.33	\$30.00
Delinquent Renewals (monthly)	\$18.84	Prorated

DISPROPORTIONATE ANALYSIS

- Analysis Considers Disproportionate Impacts from Public Safety
- Process:
 - Determine Cost per Call
- Establish Baseline Level of Service (LOS)
 - Residential vs. Commercial
- Calculate Disproportionate Fees by Business Group
- Re-evaluate & Adjust Disproportionate Fees by Business Group

PROPOSED DISPROPORTIONATE FEES

	Combined Fee	# of Units	Est. Revenue
Assisted Living/Nursing (per Bed)	\$45	946.00	\$42,642
Big Box	\$2,978	8.00	\$23,827
Department Store	\$1,830	4.00	\$7,319
Entertainment/Recreation	\$1,390	4.00	\$5,562
Grocery Store	\$126	8.00	\$1,005
Group/Treatment	\$1,083	8.00	\$8,665
Hotel	\$2,367	7.00	\$16,567
Restaurant	\$296	95.00	\$28,075
Restaurant Full Service	\$145	14.00	\$2,033
Tavern	\$539	2.00	\$1,077
Total			\$136,772

- Generally adjusted fees downward to account for sales tax contribution and fee limits from comparative communities.
- Higher taxpayers received larger adjustment.
- Some business categories removed due to outliers or small sample size.

NEXT STEPS

- ▣ Adopt proposed fees

QUESTIONS

Fred Philpot | Vice President/COO

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