



## Department of Regulatory Services Staff Report

**Date:** July 19, 2010  
**To:** Elizabeth Glidden  
Chair, Regulatory, Energy and Environment Committee  
**Subject:** Identify implications for license fee increases  
**Recommendation:** Increase all items allowable for increase in the Licenses Fee Schedule by 1.5% except Pollution Control Annual Billings which would increase 3% effective January 1, 2011, and recommend that the 2011 Mayor's budget include a reduction of \$135,000 to the revenue budget for Regulatory Services.  
**Prepared by:** Lee Larson, Manager Business Finance, Regulatory Services and  
Ricardo Cervantes, Deputy Director, Licenses and Consumer Services  
**Approved by:**

*B. Osborne*

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Burt Osborne, Director of Licenses, Environmental Services, and Operations

*Rocco Forte*

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Rocco Forte, Director of Regulatory Services

### Background/Supporting Information

At the July 12, 2010 License Fee Increase Public Hearing, staff was directed to identify the implications related to alternative license fee increase proposals and options for reducing planned business licenses expenses. The original proposal, increase license fees by 3% effective January 1, 2011, represented a \$300,000 increase in revenue. A summary is listed below and staff's recommended proposal is underlined.

1. **Preferred Option: Increase all items in the License Fee Schedule by 1.5% effective January 1, 2011, except Pollution Control Billings which would increase by 3% effective January 1, 2011. The 2011 revenue loss would be \$135,000.**
2. Freeze all items in the License Fee Schedule. The 2011 revenue loss would be \$300,000.
3. Increase all items in the License Fee Schedule by 1.5% effective January 1, 2011. The 2011 revenue loss would be \$150,000.
4. Increase License Fee Schedule by 3% effective January 1, 2011 with the following exceptions:
  - a. No fee increase for hospitality related licenses. \$160,000 lost revenue. See Attachment A for list of exempt licenses.
  - b. 1.5% fee increase for hospitality related license fees effective January 1, 2011. \$80,000 lost revenue.

- c. No fee increase for Business License fees. \$176,000 lost revenue. Other fees in the Licenses Fee Schedule such as Plan Review Fees, PCABs, and Rental Units, for example, are not included in this exemption.
  - d. 1.5% fee increase for Business License fees. \$88,000 lost revenue.
5. Implement the 3% increase effective July 1, 2011 instead of January 1, 2011. \$150,000 lost revenue. This delay option is not recommended as it would have an unequal impact on licensees. Each month a series of business licenses expire (See Attachment B). Those license types lucky enough to apply for a new license or renew between January and June will benefit from this proposal and those whose licenses expire at the end of the year will absorb the increase.

#### Business Licenses Expenses

1. Emergency Management – This line item should have been called Administration. It represents expenses for persons such as Rocco Forte, Department Head and Burt Osborne and Henry Reimer, Department Directors. Their time is broken out between divisions/functions and should have been classified as administration for this analysis. There is no reduction recommended to this line as these costs are used as matches for the approximately \$5 million annual grants that are received for Emergency Preparedness. Attached in Appendix C is a chart showing Emergency Preparedness staff costs.
2. Business License Remodeling – This project is scheduled to occur during the City Hall HVAC project for the 1<sup>st</sup> floor northeast quadrant. The area, 1C City Hall, will be demolished, staff will be moved offsite (at no cost to the Licenses Division) and restored to prior condition unless the department funds a separate renovation. The majority of the cost of this project is not charged to the Licenses Division. It is doubtful Public Works would approve a renovation for many years given the increased cost to re-demolish and re-locate staff offsite a second time. The space has not been renovated in 25 years. This line could be eliminated but it is a one-time expense and the opportunity is limited due to the timing of the HVAC capital project. We project this project to occur during 2011 or 2012.

**Recommendation:** Increase all eligible items in the Business Licenses Fee Schedule by 1.5% except Pollution Control Annual Billings which would increase 3% effective January 1, 2011.

## Appendix A

### **Hospitality Related Licenses**

Alcohol related licenses, including temporary licenses  
Amusement Place, Devices  
Bowling Alley  
Dance Hall  
Entertainment, Place Of  
Exhibition Operator  
Hotel  
Juke Box  
Pool, Billiard Hall  
Rental Hall  
Skating Rink, Ice or Roller  
Theater

### **Food Related Hospitality Licenses**

Caterer  
Drive In Restaurant  
Farm Produce  
Food Cart Vendor, Indoor  
Food Cart Vendor, Kiosk  
Food Cart Vendor, Sidewalk  
Food Manufacturer  
Limited Mobile Food Vendor  
Limited Mobile Food Vendor, Prepackaged Perishable  
Market Distributor  
Market Manufacturer  
Market, Public  
Mobile Food Vehicle Vendor  
Municipal Market  
Restaurant  
Short Term Food Permit  
Short Term Food Permit, Seasonal  
Sidewalk Cafe

### **Food Licenses Not Hospitality Related / Not exempt from the increase**

Confectionery  
Food Distributor  
Food Shelf (\$1 license fee)  
Grocery & Milk Delivery Vehicle  
Grocery, Specialty Grocery  
Groceries/Portable Store  
Ice Peddler  
Ice Producer, Dealer, or Wholesaler  
Lodging Establishments  
Meat Market  
Milk Delivery Vehicle  
Milk Distributor  
Soft Drink Manufacturing  
Vending Machine  
Wholesale Sausage Manufacturer.

## Appendix B Licenses Monthly Renewal Dates

January	February	March
Courtesy bench Dry cleaner (flammable, non-flammable, coin operated, laundry pick-up station) Exhibition Exhibitor Horse & Carriage Laundry On sale liquor 2 <sup>nd</sup> half pmts (series 3000) Pawnbroker	Liquid Waste Hauler Milk delivery vehicle Milk distributor Milk w/grocery delivery vehicle. Motor Scooter Leasing Rental Hall Taxicab Service Company Taxicab Vehicle	Liquor Bottle club Off sale beer; On Sale beer; Beer bottle club Off Sale Liquor; Off sale malt liquor; On sale liquor (series 2000) On Sale Wine & Wine w/beer Sidewalk flower vendor
April		
All night food special All night special bowling / pool hall Boarding house Bowling alley Caterer Confectionery Dance Hall Drive in restaurant Food Distributor Food Distributor-out of town Food Manufacturer Food shelf	Grocery Ice peddler Ice producer/wholesaler Indoor food cart vendor Kiosk food cart Market (public, municipal) Market manufacturer/distributor Meat market Mobile food vendor On sale liquor 2 <sup>nd</sup> half pmt (series 4000) Place of Entertainment Pool table	Restaurant, café, dining room Seasonal short term food Sidewalk café Sidewalk flower vendor Sidewalk food cart vendor Soft drink Swimming/Whir pools Tobacco dealer Valet parking Vending machine Wholesale sausage manufacturer
May	June	July
Pedicab Pet Shop Pet shop, Mobile Tattooist establishment Tattooist/Body Piercer Transient merchant	Dance School Off sale liquor; Off sale malt liquor; On sale liquor (series 3000) Peddler (foot) Photographer (street) Solicitor (company & individuals) Taxi driver	Antique dealers Auction house On sale liquor 2 <sup>nd</sup> half pmt (series 1000) Pawnbroker 2 <sup>nd</sup> half pmt Motor vehicle dealer Motor vehicle used parts dealer Peddler (junk) Precious metal dealer Recycling/salvage yard Resin manufacturer Secondhand dealer
August	September	October
Liquor catering service Solid waste hauler	Off sale liquor, Off sale malt liquor, On sale liquor (series 4000) Bulk gas/oil storage Car wash Fuel dealer Gasoline filling station Lubricating oil & greases Motor vehicle immobilization Motor vehicle repair garage Motor vehicle service –towing Parking lots	Place of Amusement Fire Extinguisher Service On sale liquor 2 <sup>nd</sup> half pmt (series 2000) Shooting gallery Skating rinks Suntanning facility Taxicab vehicle, limited Theater
November	December	
Bed & Breakfast facility Christmas tree Games of skill Hospital Hotel/Motel Juke box Mechanical Amusement device	Off sale liquor, Off sale malt liquor, On sale liquor (series 1000) Asphalt Shingles & Roofing Mfg. Billboard erector Building wrecker Gas fitter Heating, ventilation, air condition installer	Mobile Food Vehicle Vendor Oil burner installer Plumber Refrigeration system installer Steam & hot water system installer Sign hanger Residential specialty contractor

Appendix C					
EMERGENCY PREPAREDNESS COST SUMMARY					
Job Title	Employee Name	EP %	Total Salary	EP Salary Cost/Yr	EP Full Cost with Allocation Rate (benefits, equip, supplies, etc.)
Administrative Analyst I	Roman, Diana	50%	59,084	29,542	\$ 64,992
Administrative Analyst II	Hang, Mandy	20%	59,255	11,851	\$ 26,072
Administrative Analyst II	Ranaweera, Nilushi	15%	59,260	8,889	\$ 19,556
Director, Regulatory Services	Forte, Rocco	30%	130,095	39,029	\$ 85,863
Director Inspectins Services	Reimer, Henry	10%	117,360	11,736	\$ 25,819
Director Operatons, Lic & Environment	Osborne, Burt	5%	115,717	5,786	\$ 12,729
Emergency Preparedness Training Manager	Fruetel, John	100%	69,597	69,597	\$ 153,113
Emergency Management Assistant	Vacant	100%	63,762	63,762	\$ 140,276
Emergency Magement Coordiantor	Dressler Manz, Lisa	100%	83,386	83,386	\$ 183,449
Environmental Emergency Preparedness Coordinator	Kennedy, Stephen	25%	74,892	18,723	\$ 41,191
Environmental Emergency Preparedness Coordinator	Anderson, William	50%	74,893	37,446	\$ 82,382
Manager, Business Finance	Larson, Lee	15%	94,560	14,184	\$ 31,205
Senior Project Manager (SIC)	Deegan, Thomas	25%	90,500	22,625	\$ 49,775
Manager, Staff Services/Emergency Preparedness Communication	Mila, Lasamy	40%	89,769	35,908	\$ 78,997
Project Coordinator	Simbeck, Greg	10%	67,850	6,785	\$ 14,927
Regulatory Services, Interagency Coordinator	Schuchman, Noah	20%	67,850	13,570	\$ 29,854
Project Coordinator	Beth Held	25%	67,850	16,963	\$ 37,318
<b>TOTALS</b>		<b>640%</b>			<b>\$ 1,012,525</b>
<b>FUNDING SOURCES:</b>					
State and Federal M & A funding					\$ 100,000
General Fund					\$ 912,525
* Full Time Emergency Preparedness					
* Multi-tasks with primary Regulatory Services Duties					