

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Barry K. Hogan, Deputy City Manager *BKH*  
**By:** David Lasher, Senior Management Analyst

**DATE:** May 29, 2008 (CC Meeting of 6/4/2008)

**SUBJECT:** Consider Resolution for Potential Business Registration Fee Increase

**BACKGROUND/DISCUSSION**

Business Registration provides the City with information on businesses doing work in Moorpark. It is generally the first point of contact with the City and allows staff to review building, planning, engineering and other information with the prospective business. It provides the City with a list of those businesses which have hazardous materials on site, those businesses that would be subject to NPDES regulations and those businesses which would be subject to other special requirements such as adult businesses, massage and vendors. Businesses also receive information on how to operate a business within Moorpark, such as grand opening signs and special event processes.

The City of Moorpark's current Business Registration program imposes an annual thirty dollar (\$30) fee on each business operating in the City regardless of the size or type of business. This fee has not been updated since 1989, more than 19 years. Staff's analysis shows that the current cost of operating the Business Registration program substantially exceeds the revenue collected from the current annual fee. Currently, nearly three thousand business entities are registered in the City (2,822 as of April 24, 2008). Annually, an average of five hundred new businesses has been added to the roster of registered businesses.

Issuance of a business registration involves both office and field work. Since 1989 the City has improved the business registration process through better use of the computer and software, improved registration certificates, renewals, document scanning, and field

inspections. These improvements are not covered by the current thirty dollar (\$30) fee for a new business registration or renewal.

In addition to the normal process of issuing a Business Registration Certificate, field work is necessary to monitor that people doing business in Moorpark are complying with the City's regulations. For example, staff routinely and frequently identifies businesses and entities, including contractors, unregistered rental properties and home-based businesses, that are required to be registered as businesses, but which have not applied for or received a Business Registration Certificate. Instances such as these are investigated by the Division. The subsequent costs associated with investigating an unlicensed rental property or following up on a business that has not applied for or renewed a Business Registration Certificate in a timely fashion is not covered by the thirty dollar (\$30) fee currently charged for a certificate.

New business applications employ more staff time than a renewal application given that new applications must proceed through the initial application processing, often incur staff time at the counter and have other processing costs.

Moorpark does not have a business license/tax program. Just as a comparison, in a few nearby cities that have a business license or business tax program, their minimum annual fee is set at or near one-hundred dollars.

Comparison to Other Cities in the Region: Business licensing and business tax programs in the region vary widely and include cities that charge a flat fee and others that charge a business tax based on annual receipts. In a few nearby cities, the fee is set at or near one-hundred dollars. For example, Camarillo charges contractors one-hundred dollars; Ojai charges a flat one-hundred dollar fee, while Fillmore's business license costs ninety-five dollars. Camarillo maintains a complex business tax program that encompasses twenty different tiers and tax levels.

Related Services and New Costs: The City Council recently approved a new software program for business registrations. While this program improves the efficiency of the issuance of business registrations, there are associated personnel costs as well as annual costs for related software and licensing. In addition to the HdL business registration software, staff also utilizes the GIS mapping software, other databases and field inspections in furtherance of business registrations.

An annual business inspection or visit also needs to be implemented to insure that each business is in compliance with City Codes. Annual visits will be carried out by Code Compliance Division staff with support (as needed or warranted) by the Building Services Division.

Mobile-based businesses are a category that has traditionally had a low rate of compliance. These are businesses which are generally not located in the City but do business in Moorpark. Many of these mobile-based businesses perform identical work

to products and services offered or managed from traditional 'brick-and-mortar'-based Moorpark businesses and should pay the same annual business registration fee. To greatly improve compliance of mobile-based businesses, staff has designed and is printing new, larger and more visible vehicle stickers to identify business vehicles (such as landscaping trucks, contractors, plumbers, electricians, mobile food vendors, and ice cream vendors) that are associated with entities conducting business within Moorpark. Business vehicles without the sticker will therefore be identified and then approached by staff to determine if their business is registered. We are also implementing stepped up field investigations to improve compliance for mobile-based businesses.

In accordance with the Moorpark City Code, each business is required to display its Business Registration Certificate. To ensure that this Certificate is displayed and maintained properly, an acrylic certificate holder is distributed with the issuance of each new business registration and to existing business owners upon renewal.

**FISCAL IMPACT**

The City incurs costs associated with business registrations from the moment a phone call is answered or staff assists a business owner at the counter, completes an application or conducts a field investigation into an unregistered home-based business. As shown in Table 1 below, the true cost of processing and issuing a new Business Registration Certificate approaches ninety dollars. This figure also more closely matches the one-hundred dollars currently charged by several neighboring cities. The cost of renewing an existing Business Registration Certificate exceeds forty dollars. While this is less than the cost of a new business registration, it clearly exceeds the current fee.

Table 1 - Business Registration Costs

<b>Component</b>	<b>Annual Cost Associated with BR Processing</b>	<b>Weighted Cost of BR Renewal<sup>1</sup></b>	<b>Weighted Cost of New BR</b>
Personnel	\$81,608.80	\$22.53	\$50.30
Software Support	\$24,121.28	\$6.66	\$14.87
Supplies and Additional Costs	\$39,324.60	\$10.86	\$24.24
<b>Total</b>	<b>\$145,054.68</b>	<b>\$40.05</b>	<b>\$89.40</b>

<sup>1</sup> Per BR based on a weighted average, accommodating the lesser cost of a renewal as compared to a new BR, based on the number of BRs in circulation and the number of new BRs issued in 2007.

Additionally, if the current \$30 fee for a Business Registration Certificate had been indexed to inflation with a cost of living adjustment in the superseding nineteen years, a business registration would currently cost \$51.66.

A revenue estimate of \$53,000.00 was established in the 2007-08 City Budget for the Business Registration Program. Based upon Staff's research, it is estimated that the City will expend nearly two hundred thousand dollars administering, processing and managing business registration-related concerns this fiscal year, a shortfall of \$92,054.

In 2007, the Community Development Department issued 649 Business Registration Certificates for new businesses, i.e. businesses that had not had a certificate previously. In 2006, 458 were issued. The number changes annually due to a number of reasons. There are also businesses which drop off the registry annually, just as new startups are added. Staff calculated the current costs associated with the Business Registration program based upon a number of fixed factors, such as the cost of software, supplies and personnel time. The variable is the number of new certificates. The more certificates that are in circulation results in a lower per unit cost of processing. Staff used the current number of certificates in our systems as of April 24, 2008 (that being the aforementioned 2,822) for this report and an average of 500 new certificates. We would recommend that Staff annual review the costs each year and present an update and fee adjustment for Council consideration.

In light of the current economic situation, Staff would recommend that City Council consider blending the fee for new registrations and renewals with a single fee of sixty-five dollars (\$65.00) with the new fee effective on January 1, 2009. The average of the cost of new registrations and renewals is equal to the proposed \$65.00 blended fee. To ensure that the revenue for the program does not exceed costs, staff will present an annual update to the City Council beginning in March 2010 (to allow for a full calendar year under the proposed new fee). Any future fee adjustment upward or downward could then be implemented in July or January.

Additionally, staff has scheduled a meeting with Mr. Patrick Ellis, President and CEO of the Moorpark Chamber of Commerce to be held prior to the June 4 City Council meeting. A copy of this report has been provided to the Chamber as well.

**STAFF RECOMMENDATION (Roll Call Vote)**

Adopt Resolution No. 2008-\_\_\_\_\_ to increasing the Business Registration fees.

**ATTACHMENTS:**

1. Business Registration Cost Analysis
2. Resolution

## Business Registration Cost Analysis

Existing BRs      New (2007)      All BRs minus  
Weighted at      BRs Weighted      2007 (2173)      Per 2007 (649)  
60% of Cost      at 40% of Cost

Percentage of Time Associated with BRs	Personnel: Rate	Rate With Benefits	Hours Per Week	Annual Cost	Annual Cost Associated with		Annual Cost Per Unit, Existing BR	Annual Cost Per Unit, New BR
					Existing BR	New BR		
25%	Administrative Assistant	\$39.82	10.00	\$20,706.40	\$12,423.84	\$8,282.56	\$5.72	\$12.76
N/A	Consultant	\$46.20	8.00	\$19,219.20	\$11,531.52	\$7,687.68	\$5.31	\$11.85
25%	Code Compliance Technician II	\$42.88	10.00	\$22,297.60	\$13,378.56	\$8,919.04	\$6.16	\$13.74
12%	Senior Management Analyst	\$63.66	5.00	\$16,551.60	\$9,930.96	\$6,620.64	\$4.57	\$10.20
N/A	Clerical	\$10.90	5.00	\$2,834.00	\$1,700.40	\$1,133.60	\$0.78	\$1.75
				<b>\$81,608.80</b>	<b>\$48,965.28</b>	<b>\$32,643.52</b>	<b>\$22.53</b>	<b>\$50.30</b>

**Software:**

100%	HdL (FY 07-08)	-		\$16,171.28	\$9,702.77	\$6,468.51	\$4.47	\$9.97
30%	CityGIS (30% of \$26,500)	-		\$7,950.00	\$4,770.00	\$3,180.00	\$2.20	\$4.90
				<b>\$24,121.28</b>	<b>\$14,472.77</b>	<b>\$9,648.51</b>	<b>\$6.66</b>	<b>\$14.87</b>

**Supplies, Support & Miscellaneous:**

20%	Account Expenses (see Page 2)	\$125,468.00		\$25,243.60	\$15,146.16	\$10,097.44	\$6.97	\$15.56
100%	3,500 Acrylic Holders	\$3.76		\$13,160.00	\$7,896.00	\$5,264.00	\$3.63	\$8.11
100%	BR Vehicle Stickers	500 Stickers		\$921.00	\$552.60	\$368.40	\$0.25	\$0.57
				<b>\$39,324.60</b>	<b>\$23,594.76</b>	<b>\$15,729.84</b>	<b>\$10.86</b>	<b>\$24.24</b>

Total of Personnel, Software and Supplies:      **\$145,054.68**

Per New Registrations:      **\$40.05**  
 Per Renewals:      **\$89.40**

RESOLUTION NO. 2008-\_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA ADOPTING A REVISED FEE SCHEDULE FOR SERVICES RENDERED PURSUANT TO THE MOORPARK MUNICIPAL CODE RELATING TO BUSINESS REGISTRATION FEES AND RESCINDING RESOLUTION NO. 1989-552

WHEREAS, the City of Moorpark has identified a need to protect the health and welfare of the public by becoming more familiar with business operations and procedures in the community; and

WHEREAS, the City Council of the City of Moorpark adopted Resolution No. 1989-108 enabling the City to administer a business registration program; and

WHEREAS, the fee schedule for these services must be revised from time to time to assure adequate recovery of all costs associated with the rendering of such services; and

WHEREAS, on June 4, 2008, the City Council received and considered written evidence and oral testimony pertaining to a possible increase in said fees in accordance with Government Code Section 66016.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The fee for a new business registration certificate or renewal shall be set forth as sixty-five dollars (\$65.00) per permit.

SECTION 2. Payment of fees are due upon submittal of an application pursuant to City Ordinance No. 89-108, Section 1, Chapter 5.06.050 (B) "Initial Application".

SECTION 3. Fees will be paid annually pursuant to City Ordinance No. 89-108, Section 1, Chapter 5.06.060 "Annual Renewal".

SECTION 4. This Resolution shall become effective on January 1, 2009 following the public meeting held on June 4, 2008, implementing those changes in fees described herein immediately upon the effective date set forth herein.

SECTION 5. Resolution No. 1989-552, adopted the 3rd day of May 1989, is hereby rescinded upon the effective date of this Resolution.

SECTION 6. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be file in the book of original resolutions.

PASSED AND ADOPTED this 4th day of June, 2008.

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Patrick Hunter, Mayor

ATTEST:

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Maureen Benson, Assistant City Clerk