



# CITY OF POMONA COUNCIL REPORT

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June 5, 2017

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

By: Onyx Jones, Finance Director

**Subject: Public Hearing – Consideration of a Resolution Establishing and Adjusting Business License Fees for Services Provided by the Finance Department**

## OVERVIEW

**Recommendation** – That the City Council:

1. Conduct a public hearing to receive testimony and comments regarding the proposed new fees and adjustments to existing fees for business license services provided by the Finance Department; and
2. Upon concluding the public hearing, adopt the attached resolution that will establish the new fee schedule for services provided by the Finance Department for business license processing, as set forth in Attachment 1 to the Resolution.

**Fiscal Impact** – The adjusted fees being adopted for the Finance Department will offset the City's cost of providing services. The annual cost recovery associated with these fees is estimated at \$150,000.

**Public Noticing Requirement** – The City provided notice of the public hearing pursuant to Pomona City Code Section 2-925, and Government Code Sections 6062a and 66016. Notice was published on May 22<sup>nd</sup>, 2017 and May 26<sup>th</sup>, 2017 in the Inland Valley Daily Bulletin.

**Public Hearing – Consideration of a Resolution Establishing and Adjusting Business License Fees for Services Provided by the Finance Department June 5, 2017**

Page 2 of 3

**EXECUTIVE SUMMARY**

Pomona City Code, Chapter 2, Division 5, provides for the establishment and the adjustment of fees and charges to recover the City of Pomona's cost of providing services. Staff calculated the proposed fees by calculating actual staff time to conduct each service, material costs, and overhead. Staff recently surveyed eight (8) similar cities and analyzed the fee structures for business license services. (Attachment 2) The survey results were compared to the cost of services provided by the City of Pomona, which in turn reflected the proposed fees attached herein are slightly less than the survey average.

<b>FEE NAME</b>	<b>CITY OF POMONA PROPOSED FEE</b>	<b>AVERAGE FEE FROM SURVEY</b>
Application Processing Fee *	\$45.00	\$55.50
Application Processing Fee – Downtown Specific Plan Area	\$115.00	\$0 – No surveyed cities have this fee
Renewal Processing Fee	\$12.50	\$27.81
Duplicate / Reprint License Fee	\$9.00	\$15.00

\* The Business License Application Processing Fee is common in all eight (8) survey cities.

**DISCUSSION**

The City annually processes and collects from approximately 10,500 active business license accounts, totaling approximately \$3.6 million a year in revenue. In 2016, the Finance Department processed over 10,000 business license renewals and 1,000 business license applications. Pomona City Code Section 50-337(b) currently provides for a non-refundable application fee on new business license applications. As currently written, if an application is denied, the City retains the application fee; if a business license is approved, the application fee is credited toward the amount of the annual business tax. To address this, the credit language is being deleted and a fee is being established for cost recovery. If a business license application is denied, the amount paid for the actual business tax will be refunded; the application processing fee will not. Pomona City Code Section 50-345 is being amended to include an application processing fee for business license renewals and a fee is being established for cost recovery. Staff recently analyzed the fee structures for services provided by eight (8) similar cities. Pomona City Code Section 50-350 already allows for a Duplicate License Fee, however, a fee needs to be established by resolution.

Availability of Data

Staff's analysis of the City's estimated service costs for the Finance Department's business license fees, cost comparison surveys, and the City's sources anticipated to provide the service, was made available to the public in the City Clerk's Office ten days prior to the public hearing.

Effective Date

If the Business License processing fees are approved, they will become effective on July 1, 2017.

**Public Hearing – Consideration of a Resolution Establishing and Adjusting Business License Fees for Services Provided by the Finance Department June 5, 2017**

Page 3 of 3

Attachments:

Attachment 1: Proposed Resolution (including Exhibit “A” – Revenue Management Fee Schedule)

Attachment 2: Survey of Other Cities