

**MINUTES
SPECIAL MEETING
ALTA TOWN COUNCIL
FRIDAY, AUGUST 23, 2013
ALTA COMMUNITY CENTER
ALTA, UTAH**

1. Call the meeting to order

The Mayor called the meeting to order. All members of the Town Council were present.

2. Cost Agreement for the survey of certain parcels by the Bureau of Land Management (BLM) for the Town of Alta.

John explained that the Town of Alta received an agreement from the BLM which spells the Town's obligation to pay them to complete a land survey of the parcels involved in the land conveyances from the federal government. After review by staff and legal counsel, the Town has added the statement that the survey will be completed within 12 months of the signing of the agreement and if it is not completed in that timeframe the Town can renegotiate the agreement.

The Town also had some concerns about how the BLM would account for the spending of the Town's money. Katie Lewis, legal counsel for the Town, explained that she spoke with Dan Webb who is the chief surveyor on this project and A.J. Romero who runs all the BLM's grant programs. They explained that the form the Town will be signing is the form the BLM uses for all their grant programs and that the BLM relying on the legislation that was passed by Congress for this particular project which required the Town to pay for any administrative fees. Both men consider this survey an administrative fee. The agreement allows the Town to ask for an update at any time during this process including on how funds are expended. The BLM will also refund any money to the Town that they do not expend. Both men commented that this area is the most complicated area in the state to survey. As a result, the BLM does not know how expensive the survey will be. Their estimate is between \$20,000 and \$40,000. Katie explained that there is a form that tracks the funds which will be attached to this agreement.

Finally Katie explained her concern that the Town could give the BLM the funds and that the BLM could never to the work: what would happen with the funds that are disbursed to the BLM. That concern was addressed by adding language to the agreement that says the work must be completed within 12 months.

Katie explained that this is not your typical interlocal agreement or typical agreement for contribution of funds to a governmental entity. Katie opined that in situation and circumstance and with the assurances that she received from both aforementioned individuals, she recommends that the Town sign said agreement.

The Mayor pointed out that on the draft before the Council it says that the Town Administrator signs the agreement. Katie recommended that that be changed to say that the Mayor's signature is required because the allocation of funds takes an action by the Council and resulting signature by the Mayor.

Cliff asked about the memo that John sent out that references a collection agreement and it mentions the disbursement of \$20,000 to \$40,000. Cliff asked if this was the \$20,000 we were addressing today

or if this was another \$20,000 to \$40,000. John explained that this was an additional disbursement and addresses another collection agreement that the Town will have to sign with the Forest Service. This agreement will address the title work that the USFS will complete on the land involved in the conveyance. John explained that much of the title work that is being done now is for the land that was transferred to the lodges and businesses in the 80's. The current work is not being charged to the Town but the title work for our land conveyance will be charged to the Town which we involve the actual legal descriptions, deeds and recordings which will be put on top of the BLM surveys.

Initially the Mayor did think that this whole process for the Town would cost between \$40,000 and \$60,000.

Cliff made a motion to authorize the Mayor to sign the Grant Agreement with the BLM. Merebea Danforth seconded this motion and it was carried.

3. Updated Interlocal Agreement between the Town of Alta and Salt Lake County for the Regional Homeless Services Program.

Katie Lewis explained that she contacted Mitch Park who is the Salt Lake County attorney who worked on this agreement. Katie pointed out a few typos and also pointed out some substantive changes that the Town requested be made to said agreement. Katie referred to page three of the agreement more specifically item #2 where she asked the County to change the language to read that the contribution will be based on the most recent census rather than the January 1st population every year.

Also in section C subsection #3 there was mention of a citizen review board. The County was happy to add that the citizen review board "may" be required to include citizens from the Town of Alta.

There was a motion by Paul Moxley to approve the Interlocal Agreement between the Town of Alta and Salt Lake County for the Regional Homeless Services Program. There was a second by Harris Sondak.

The Mayor opened the floor to discussion. Tom asked Katie if there was language in the agreement that the Town can withdraw from this obligation on a yearly basis. Katie affirmed that fact.

The Mayor called for a vote on the motion and it was carried.

4. Business License Fee Structure.

The Mayor explained that at the last meeting of the Town Council the Council had requested that Merebea and Harris look at the fee structure spread sheet. They met and sent out a proposal to the Mayor and to staff to review. That proposal was presented to the Council for their comments.

Harris explained that their proposal follows Cliff's argument that the Town take the costs of enhanced services off the top. Merebea and Harris felt that taking these costs of the top is a commitment to being the kind of Town where we help stranded motorists without having to identify who they are and what they are doing.

Harris explained the three types of costs associated with the study: base administrative costs, disproportional costs and enhanced costs.

Harris and Merebea, after considerable work on the spread sheet, recommended that the costs not be based on a per employee or per room count for the following reasons: not every business has rooms and if you base it on a per employee you end up hitting the large employers quite hard namely the Alta Ski Lift Company. Although they are the biggest business in Town they also provide a lot of other benefits to the Town.

Harris went on to opine that in principal they felt that the costs to the Town should not be based on the number of employees a business has and the same with the number of rooms apart from fire costs. Harris correlated the number of rooms with the fire inspections fees as reported by the Zions Bank study and that correlation is .9. That correlation gave Harris the confidence that fire department knew what they were doing in terms of reporting their costs to the Town.

Cliff commented that it seemed to him that the fire department calculated their allocation by the number of rooms. Harris said they do their calculation by the number of minutes that it takes to complete a fire inspection.

Harris and Merebea felt that using the base cost plus fire inspections costs had four advantages: 1. It is simple and uniform, 2) the Town does not rely on information provided by the businesses who are being licensed to provide the information that is the basis of their license fee, 3) as the underlying costs change the Town can easily change and amend the fees and 4) finally why give anyone a disincentive to hire people and to expand.

The next question for Harris would be what portion of the total costs of the base plus disproportional fees does the Town want to recover. He felt this was a policy decision that Merebea and he were not sure about. If the percentage was 90% of those two costs, the Town would recover \$14,600.

Harris opined that it has been pointed out in the study that it costs more than we are currently collecting to administer the business licenses in the Town and we could get that difference from taxes such as property tax. There is an argument that the Town has not increased it business license fees in over 10 years and the costs have gone up in that same period to administer business licenses.

The total cost of regulating the businesses in Town is approximately \$23,000 and \$15,000 is about 2/3 of the total costs.

Paul asked why we were not following Zions recommendation and Harris responded that they did not make a recommendation: they calculated the total cost of regulating businesses.

Harris opined there is a philosophical question on whether or not the Town should recoup 100% of the cost of regulating businesses or should some portion of that cost be borne by the Town as a general expense.

Cliff added to that by opining that there is also a factual problem of whether the Zions study captured the true costs of business licensing.

Harris asked Cliff's his doubt with the Zions study. Cliff opined that if the Town based on these numbers we would have Karen Travis paying \$208.00 and would have Canyon Transportation paying \$115.00.

Cliff has a serious question whether this truly represents the costs of licensing those businesses. Cliff felt that Zions went after what was easy to see and they did not think more deeply about the issue.

The Mayor responding to Cliff's comment by saying that Canyon Transportation does not get a fire inspection so the cost of regulating that business should cost less though enhanced costs can be attributed to a transportation company. Cliff went on to say that the transportation companies get all kinds of advantages of road issues even though they do not get a fire inspection.

Cliff really appreciates all the work that has gone into this matter all along the way. But there are two things the statute says we should do and can't do. One thing we can do is use this as a means of raising revenue. The other thing we can do in Cliff's opinion set the fees at the level that we believe is right regardless of what the numbers tell us. Accordingly the Council can make a pragmatic adjustment and say that it is not fair that Canyon Transportation should pay a license fee of \$115 and Karen Travis pay \$208. We are not constrained by the math in making a pragmatic adjustment.

Harris felt that we are not constrained by the math because the math or the numbers are the result of the principal. A person can choose a different principal.

Paul opined that if we charged businesses based on their income that would not be fair. What do other municipalities of our size do with the business license fees: what percentage do they charge?

The Mayor opined that he is opposed to coming up with a target number for revenue collection. He felt that the Town should ask how much of their cost do they want to recoup for regulating businesses.

Harris commented if the Town recovers 2/3 of the cost of regulating businesses, the figure is slightly higher some of the municipalities in the study. The percentage that the Town is currently collecting is substantially lower than 2/3..

The Mayor asked Harris to work with the spread sheet to arrive at charging a single family home that requires a fire inspection a fee of \$175.

Paul felt that the difference between the total the Town could collect and what we want to collect is so small that the Council was misusing it's energy and time.

Harris agreed and said that that is why Merebea and Harris came up with this formula because the next time around it will be so much less time consuming to arrive at a new figure based on this formula. Harris went on to say that he estimates that between the Town staff, Merebea and he, they have spent over 25 hours on this matter and as a result have probably doubled the cost to the Town.

The Mayor asked what the fees would be if the Town charged 90% of the base fee and 75% of the disproportionate fees. Harris said the total would be \$13,700. The cabins would be charged \$193.00. Cliff still felt this was too much and that fee should be knocked down to \$100.

The Mayor felt that the Town needed to recover somewhere close to the \$125 in the base fee and is a fully identified number. Cliff went on to opine that the statute says that the fees have to be the same within a class and it does not say that fees have to be the same between different classes.

Harris asked how often the businesses get a fire inspection and Piper said hopefully once a year. To the best of Piper's knowledge some businesses have not had a fire inspection in the past. Harris felt that the Town should require those inspections.

Cliff's response to that was that the Town has the complete discretion to collect less than the base administrative from any defined class of business.

Merebea asked how the Council felt about this method as a concept regardless of the percentages. The Mayor felt this was a good way to move forward but is concerned that the small single family homes that rent are getting hit pretty hard.

Merebea did say that Harris and she discussed the pro and cons of charging a smaller percentage for different classes.

Piper reminded the Council that some other cities' business license fees were mentioned in the Zions study.

The Mayor made a motion to go with 90% of the base fee and 75% of the disproportional fees which will be a total of \$13,700 which would be an increase of around \$4,800 more than the Town is currently collecting.

Paul felt that was a little low.

There was some discussion on the fire inspections and what businesses would now be required to have such an inspection. There was also discussion on whether the individual condo units managed by the management companies were currently paying a business license fee: they are not. The single family homes that are renting out are paying a license fee.

Cliff said he was having trouble making a distinction between a single family home that gets rented out and a 2,500 sq. ft. condo that also is rented out by the management companies. He feels that anyone that is making money on their property should have a business license. Piper said there is currently no distinction in the ordinance.

If the Town charged all the condos and single family homes for a license the revenue numbers would go up quite a bit.

The Mayor asked what the total would be if the Town charged 88% on the base fee and 85% of the fire inspection fee. Harris said the single family houses would be charged \$201 and the total would be \$14,258.

Merebea said it appears that the Council feels that \$208 for the small house is not palatable. Cliff said that under the current scenarios the Snowpine's rate is the same as the bigger lodges.. We would have Blackbear Chalet fee almost tripling and he is not sure this is where we want to go with this fee. Cliff also pointed out that the two management companies would be paying a lower fee than Blackbear Chalet. The transportation companies would also be paying a very low fee and Alta Java would be paying 2 ½ times what they were previously paying. Cliff went on to opine that these are anomalies that we can fix and should fix.

Merebea heard what Cliff was saying but went on to say there is asked if the Town's current fees any good so even it looks bad that some of the fees are doubling and tripling let's just look at what is being proposed and ask if that is too much of a burden to ask the single family home to pay.

Cliff opined that the reality is that when you go and triple someone fees that has a true aggravation impact. The Council should ask themselves if they are compelled to do that and what benefit the Town was getting for this aggravation. Cliff feels that we already collect property tax and sales tax and his view is that we are authorized to use a tool like this to raise revenue but it should not be the primary purpose.

Paul tends to agree with Cliff's sentiment. Paul went on to say that one of the things that bothers him about taxes is that who made the government our partner but yet the Town does have certain costs and we have to come up with a solution.

Cliff was asked what he would propose at this point in time. Cliff went on to opine that when we talk about percentages it is hard to get past the first couple of words because it poses the question of "percentage of what". The "what that this is a percentage of" is what Cliff has questioned from the very beginning.

Never the less, Cliff went on to opine that as long as the Town has rationally constructed classes of businesses then we can make pragmatic and political adjustments to get those numbers to level that we think they should be at given the status quo and common sense.

Merebea opined that the estimates that are in front of the Council might be imperfect but they are the best that we have and feels we should base our decision off these numbers instead of just choosing numbers.

Cliff commented that he feels that the Council is in agreement on the base administrative costs. The Mayor recommended that we take the percentage of that fee to 100%. Paul and Merebea would agree with that approach. Cliff opined that he would be 100% behind this if this were just what we were doing but it partly depends on what else the Council would be doing.

If the Council went with 100% recovery of the base costs and 75% of the fire inspections costs the Town would recover 63% of the total costs of regulating businesses.

Cliff felt that instead of charging fees uniformly on all business there is a third approach. The Town could apply the percentage of fire inspection costs at different percentages depending on the class. The Town could then charge 100% for one class and a different percentage for another class.

Merebea asked Cliff's philosophy when it came to what percentage should be charged for each class of business. Cliff responded by saying his philosophy is pragmatism so let's not raise people's taxes to much. Cliff would suggest charging the big lodges 100% of the fire inspection costs, 75% on the Snowpine, and maybe 25% on the small single family homes that rent out. This would achieve the result which is more palatable.

Harris detailed the costs using Cliff's suggestion: 100% for fire inspections for the lodges (\$515.00), the Snowpine in its own category would be charged \$418(75%), the other lodging "A" would be charged \$206 (25%), other lodging "B" would be charged \$154 (25%) , Property Management companies would

be charged \$128; transportation companies would be charged \$128, \$232 for retail and general services would be charged \$232(100%), the business, personal services and contracted services section would be charged \$128, cafeteria/restaurant which would be charged 100% of fire inspection costs for a fee of \$355, Day Care would be \$295 and the Ski Area would be charged \$796.

This scenario has the Town collecting 66% for a total \$15,330.

Paul amended the Mayor's motion by proposing a 3% increase to the 66% to try and get to 70% (it would mean a 4% increase not a 3%).

Merebea said we should try and resolve how the Town wants to treat the condos when issuing business licenses. Paul feels we should charge every condo that rents out even though it might be an administrative nightmare.

Cliff asked if we will have to change our business license ordinance to address these changes that we are proposing to our fee and classes of business. How is the Town's ordinance going to impose the obligation to get a business license?

Staff will send a link to the Town's business license ordinance to the Council.

Paul removed his amendment to increase it by 3% and will go with a collection of 66% of the total that could collect based on the study.

The motion died for lack of a second.

The Mayor asked if staff had "clear" direction based on the discussion today on how to move forward based on the most recent discussion that the Council had. Piper felt that staff could complete this task using the aforementioned percentages.

Kate asked for a clarification on the way the Council would like to treat the condos that currently are being managed by the management companies. After some discussion, the Council said they should be in the category called "other lodging B". The Council also felt that everyone one who rents out should be charged 25% of the fire inspection costs. The only exception would be the big lodges and the Snowpine.

Staff will get a proposal together for the Council for their September meeting. Staff and Town counsel will also review the ordinance and draft some proposed language if they feel it needs to be changed.

5. Motion to adjourn.

There was a motion by Merebea Danforth to adjourn the meeting. There was a second Cliff Curry and the motion as carried.

Passed and approved this 10th day of October , 2013.

s/ Katherine S.W. Black