

Capitola moves toward fee agreement

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CAPITOLA — A "workable" proposal to raise business license fees in Capitola gained preliminary concurrence this morning from a study group appointed to look at alternatives.

City Manager Steve Burrell was directed to rework the fees proposed in the lower end of the scale since the minimum charge was \$350. The proposal will return to the City Council on Jan. 13 for possible action.

The new proposal — like the controversial one submitted by Burrell last month — also is based on how much money businesses take in. Unlike the former gross-receipts method, however, the fee schedule is substantially lower for big businesses.

The maximum fee the study group is looking at is approximately \$3,000. Burrell's original proposal had no ceiling and hit larger businesses particularly hard.

Mervyn's department store, for example, would have seen its present \$300 yearly business license fee jump to some \$13,000, according to manager John Milne. Nob Hill market's fee would have gone from \$175 to \$8,015, said representative Dan Torres.

The new proposal is based on a sliding scale. The study group liked the maximum fee, but expressed concern at the \$350 minimum.

As outlined, the fee would be \$350 for any business that grosses less than \$500,000 a year. Businesses earning between \$500,001 and \$1 million would pay \$600, between \$1 and \$2 million would pay \$1,000 and on up to \$3,100 for businesses earning \$20 million.

Since no business in Capitola currently grosses more than \$20 million, it was determined that this method had a "built-in" ceiling.

Burrell will rework the proposal to lower the minimum fee. It was noted that since the city's lowest fee is now \$15, an increase to \$350 would hit the one-man operations especially hard.

The last time business license fees were raised in the city was 1965. During budget sessions this year, the council directed Burrell to return with a plan to raise fees.

The study group has looked at a variety of alternatives ranging from flat rates plus a charge per employee, as well as combination schedules taking into account both gross receipts and flat rate.

For a while this morning, it appeared no solution was forthcoming.

Mayor Ron Graves and Councilman Dennis Beltram got into somewhat of a debate with the business representatives.

Most of the city's larger stores were represented, such as Mervyn's, Sears and Nob Hill.

Milne maintained the new fee could affect the city's future growth. "Do we want growth or do we want to remain status quo?" he asked. "I think if we told Penney's that the city's business license fee was going to be as originally proposed, they'll say they don't want to come (to Capitola)."

Joe Calcagno, owner of the Shell station at 41st Avenue and Capitola Road, suggested that since the cost of living has tripled since 1965, that fees also triple.

Currently the city takes in about \$30,000 from business licenses. The new proposal would generate about \$50,000. The original suggestion would have generated about \$100,000.