



REPORT TO COUNCIL

City of Sacramento

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STAFF REPORT
January 24, 2006

Honorable Mayor and
Members of the City Council

Subject: Code Enforcement Department Business Compliance Division and Proposed Staffing for New and Existing Programs

Location/Council District: City-wide

Recommendation:

This report recommends that the Mayor and City Council 1) approve the proposed tax enforcement plan, 2) approve the transfer of activities between the Revenue Division and the Business Compliance Division of the Code Enforcement Department, and 3) adopt a resolution authorizing additional staffing and resources for the Revenue and Business Compliance Divisions.

Contact: Max Fernandez, Director of Code Enforcement, (916) 808-7940; Bob Rose, Code Enforcement Manager, (916) 808-5947

Presenters: Max Fernandez, Director of Code Enforcement; Bob Rose, Code Enforcement Manager

Department: Code Enforcement

Division: Administration

Organization No: 4654

Summary: The Business Compliance Division is responsible for the enforcement efforts of business related activity in the City, such as entertainment permits, tobacco retailer licensing, and shopping carts. The enforcement of the proposed taxicab ordinance will be added to the Business Compliance Division functions. A proposed enforcement plan for the taxicab ordinance is presented in this report along with a plan to transfer additional enforcement responsibilities from the Revenue Division to the Code Enforcement Department including mobile food vending, tow trucks, somatic practitioners, and others. Further, this report recommends additional staffing and resources for the taxicab ordinance as well as other enforcement activities that will be transferred between the Revenue Division and the Code Enforcement Department.

Committee/Commission Action: None

Background Information:

The City's Code Enforcement Department has assumed responsibility for several additional programs over the past few years including, but not limited to, engine idling, shopping carts, entertainment permits, and tobacco retailer licensing. In most cases, no additional resources have been added. In January 2005, the Business Compliance Division was created to address business related enforcement activities such as entertainment permits and tobacco retailer licensing. Currently, Code Enforcement staff is also responsible for processing applications, issuing permits, and collecting fees for these two programs. Staff recommends that these activities related to the processing and payment of permits be transferred to the Revenue Division because they are more consistent with other functions in that division. An overview of the functions of the Business Compliance Division is provided in Attachment A.

Taxi Ordinance Enforcement Plan

In September 2005, the Mayor and City Council adopted staff recommendations on taxicab reforms and directed staff to return with an ordinance to implement the adopted reforms. At that time, staff recommended that the Code Enforcement Department return to the City Council with a proposed enforcement and staffing plan.

The Business Compliance Division would work closely with the Revenue Division to ensure that taxicab operators comply with all provisions of the ordinance. The Revenue Division responsibilities related to taxicabs include, but are not limited to:

- Processing applications and routing to other staff and appropriate departments for review and recommendations,
- Processing drug test results,
- Posting payments and issuing permits,
- Documenting facts related to denial, suspensions or revocations,
- Developing various user guides, policy and administrative issues, vehicle standards, taxi stand processes, fare regulations, color schemes, and a customer bill of rights,
- Coordinating regional meetings and industry comparisons,
- Acting as liaison to other City Departments and outside agencies.

The Business Compliance Division responsibilities related to taxicabs include, but are not limited to:

- Complaint intake and response,
- Performing daily enforcement of taxi regulations through issuance of notices of violations, citations, administrative penalties,
- Performing proactive inspections of taxi vehicles and drivers for compliance with all applicable code requirements,
- Inspecting taxi companies and professional association offices for compliance with all applicable code requirements,
- Performing follow up inspections,
- Scheduling and presenting testimony and evidence for appeal hearings,

- Administering appeal hearings.

If approved, it would take approximately ninety (90) days to hire and train staff and set up the necessary systems for the full implementation of the taxicab ordinance including the enforcement plan. The Revenue Division is currently developing the administrative processes and procedures related to taxicab permits and operations in accordance with the proposed ordinance. In regard to enforcement, the Business Compliance Division proposes to take the following actions upon implementation of the taxicab ordinance:

- Visit all taxi offices and meet with fleet manager to assess compliance and answer questions.
- Host informational seminars on the ordinance requirements.
- Conduct proactive inspections of taxi vehicles and drivers within city limits to ensure they are in compliance with the provisions of the ordinance.
- Issue warning notices before issuing citations and/or administrative penalties.
- Staff will return to Council with a separate report on the proposed administrative citation ordinance, which will give Code Enforcement an additional enforcement tool.

Interim Enforcement Plan

To ensure ongoing compliance with the taxicab ordinance, the Business Compliance Division will work with the Police Department to enforce sections of the proposed ordinance related to driver conduct and vehicle safety. This may include, but may not be limited to, random inspections and undercover operations. This will be critical as the proposed ordinance allows continued operation of valid taxicab vehicle and driver permits without being associated with a fleet management permittee until December 31, 2006.

Transfer of Other Enforcement Activities from Revenue Division

One of the goals of the Business Compliance Division is to function on a more proactive basis. Because the business establishments serve other members of the public and affect the surrounding community, it is in the best interest of the City to ensure that these businesses are in compliance with all applicable City Codes and that non-compliance is handled appropriately and in a timely manner.

The Revenue Division is currently responsible for issuing permits for a number of different business activities in the city. However, limited enforcement is provided due to a lack of resources and expertise. Staff recommends that the enforcement functions currently in Revenue Division be transferred to the Code Enforcement Department's Business Compliance Division. This would include the enforcement related to the following:

- Mobile food vending
- Tow trucks
- Somatic practitioners
- Arcades, billiards, bingo, card rooms

- Funeral escorts

Transfer of the enforcement responsibilities would occur over the next several months after the adoption and implementation of the taxicab ordinance. Once this occurs, staff will coordinate the transfer of certain functions to the Revenue Division related to the entertainment permits and tobacco retailer licensing. Currently, the Business Compliance Division performs all aspects of the entertainment permits and tobacco retailer licensing, including the application processing, permit/licensing issuance, fee collection, and issuance of notices for suspensions, denials, and revocations. These activities would be transferred to the Revenue Division while Code Enforcement will continue to perform the inspections, respond to complaints, issue notices of violations, citations and/or administrative penalties, and conduct appeal hearings in addition to other activities related to the enforcement of the ordinances.

Proposed Staffing and Timeline

The proposed recommendations in this report require additional administrative and field personnel to adequately enforce the provisions of the proposed taxicab ordinance and proactive enforcement of other programs. Staff recommends approval of the taxicab enforcement plan as the first priority. It would take approximately ninety (90) days to hire and train staff and set up the necessary systems for the full implementation of the taxicab ordinance.. In a second phase, staffing for the enforcement of the other activities including, but not limited to, mobile food vending, tow trucks, and somatic practitioners, could be implemented in FY07.

Financial Considerations:

Adoption of the proposed taxicab ordinance and implementation of the recommended reforms will require additional field and administrative staff for the Business Compliance and Revenue Divisions. For the proposed taxicab enforcement plan, the estimated cost is \$346,000 annually which includes 5.0 full time equivalent (FTE) positions for the Revenue and Business Compliance Divisions.

It is anticipated that the program costs will be offset by fees. Currently, the Revenue Division receives approximately \$50,000 in fees related to taxicab permits. Based on the fee structure recommended by Nelson\Nygaard Consulting Associates, the taxicab consultant, the proposed fees would generate an estimated \$100,000 to \$120,000. In addition to the permit fees, staff proposes a penalty schedule ranging from \$100 for minor violations up to \$2,500 for major violations. The proposed permit and penalty fees will be included in the City's comprehensive fees and charges report as part of the mid-year budget proposal. One time start up costs for vehicles, equipment and case management system enhancements is estimated at \$70,000. This cost would be covered by Code Enforcement Department carryover funds.

For the enforcement of other business activities (mobile food vending, tow trucks, somatic practitioners, arcades, billiards, bingo, card rooms, and funeral escorts) the estimated cost is \$285,000, which includes 4.0 FTE. One time start up costs for this

phase are estimated at \$138,000 and would be covered by Code Enforcement Department carryover funds.

Staff is requesting that the Mayor and City Council augment the Business Compliance and Revenue Divisions budgets by a total of \$346,000 to implement the first phase of the business permit enforcement plan which includes full implementation of the taxicab ordinance. Estimated annual revenue of \$100,000 for permit fees would offset these costs. Staff will request additional funding to implement the second phase of the business permit enforcement plan as part of the FY 2006/2007 budget process.

Environmental Considerations:

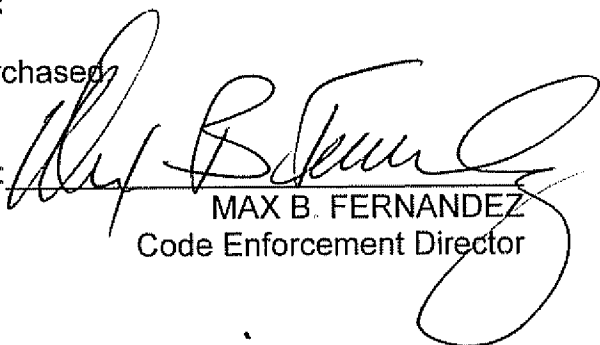
None.

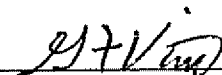
Policy Considerations:

The staff recommendation is consistent with City Council priorities and policies related to compliance with the City's Codes, cost recovery, and the City's goals to improve and expand public safety.

Emerging Small Business Development (ESBD):

Not applicable. No goods or services are being purchased.

Respectfully Submitted by: 
MAX B. FERNANDEZ
Code Enforcement Director

Approved by: 
for CASSANDRA JENNINGS
Assistant City Manager

Recommendation Approved:

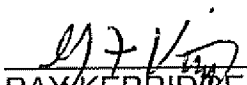

for RAY KERRIDGE
Interim City Manager

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Business Compliance Division Overview

Purpose:

To work closely with the Revenue Division on various permitting/licensing processes and the related enforcement, inspections, and administrative support related to business activities within the City. These business activities include, but are not limited to the following:

- entertainment
- taxicabs
- mobile food vending
- tow trucks
- somatic practitioners
- arcades, billiards, bingo, card rooms
- funeral escorts
- tobacco
- adult related businesses

The **Revenue Division** is primarily responsible for the following duties as they relate to the above business activities:

- providing information on applications
- processing applications (e.g., performing application review, approval, and denial)
- issuing permits/licenses
- issuing renewal notices, insurance verification, and suspension/revocation notices
- collecting the related fees
- updating relevant information into software program
- acting as liaison to other City Departments and outside agencies

The **Business Compliance Division** is primarily responsible for the following duties as they relate to the above business activities:

- enforcing various regulations and requirements of applicable ordinances
- responding to customer complaints
- proactive inspections, business checks and sting operations
- issuing notices of violations, citations, and administrative penalties
- preparing and presenting evidence for appeal hearings and court proceedings
- providing administrative and technology support through existing hearing procedures and case management systems
- updating relevant information into software program
- acting as liaison to other City Departments and outside agencies

Taxi Cabs

- 780 total permits
- 370 drivers
- 350 vehicles
- 10 professional associations

The **Revenue Division** responsibilities related to taxi cabs include, but are not limited to:

- processing drug test results
- forwarding applications to other staff and appropriate departments for review and recommendations
- documenting facts related to denial, suspensions or revocations
- developing various user guides, policy & administrative issues, vehicle standards, taxi stand processes, fare regulations, color schemes, and a customer bill of rights
- coordinating regional meetings and industry comparisons
- acting as liaison to other City Departments and outside agencies

The **Business Compliance Division** responsibilities related to taxi cabs include, but are not limited to:

- performing daily enforcement of taxi regulations through issuance of notices of violations, citations, administrative penalties
- performing spontaneous spot checks of taxi vehicles and drivers for compliance with all applicable code requirements
- inspecting taxi companies and professional association offices for compliance with all applicable code requirements

Mobile Food Vendors

- 255 total permits
- 100 vehicles
- 120 drivers
- 30 workers
- 5 locations

The **Revenue Division** responsibilities related to mobile food vendors include, but are not limited to:

- forwarding applications to other staff/departments for review/recommendations
- processing payments/fees, insurance verification
- performing vehicle inspections
- sending applicable information packages to new applicants

The **Business Compliance Division** responsibilities include, but are not limited to:

- responding to complaints, performing inspections of Mobile Food vehicles,
- assisting the Revenue Division on vehicle inspections
- enforcement of all applicable Food Vending regulations through issuance of notices of violation, citations and administrative penalties

Tobacco Retailer Licenses

- 450 total retailers

The **Revenue Division** responsibilities related to Tobacco Retailers include, but are not limited to:

- sending applicable information packages to new retailers
- processing applications, issuing licenses

The **Business Compliance Division** responsibilities related to Tobacco Retailers include, but are not limited to:

- performing proactive inspections
- performing planned sting operations with SPD
- performing yearly inspection of all licensed retailer locations
- issuing suspension notices and conducting appeal hearings

Entertainment Permits

- 50 active permits

Revenue Division responsibilities include, but are not limited to:

- processing & forwarding applications to other staff and appropriate departments for review and recommendations
- sending applicable information packages to new applicants
- issuance of permits and notices of suspension, denial and revocation

Business Compliance Division responsibilities include, but are not limited to:

- performing sting operations with SPD
- performing yearly business checks of all permitted Entertainment Venues
- noise level readings
- enforcement of specific permit conditions

Tow Trucks

- 368 total permits
- 200 drivers
- 168 tow vehicles

The **Revenue Division** responsibilities related to Tow Trucks include, but are not limited to:

- reviewing applications & forwarding to other staff and appropriate departments for review and recommendations

- performing vehicle inspections
- sending applicable information packages to new applicants
- notices of suspension, denial and revocation

The **Business Compliance Division** responsibilities include, but are not limited to:

- performing sting operations
- assisting the Revenue Division on vehicle inspections
- issuing notices of violation, citations and administrative penalties

Other Permits

- 358 total permits
- 175 Somatic
- 2 Arcade
- 20 Billiards
- 10 Bingo
- 5 Card rooms, 100 employees
- 15 Funeral Escort
- 1 Adult Related business, 30 adult entertainer

The **Revenue Division** responsibilities include, but are not limited to:

- Reviewing application & forwarding to other staff/departments for review/recommendations
- processing payments/fees
- sending applicable information packages to new applicants
- issuing notices of suspension, denial and revocation

The **Business Compliance Division** responsibilities include, but are not limited to:

- performing sting operations
- respond to complaints, proactive inspections
- enforcement of all applicable ordinance requirement
- issuance of notices of violation, citations and administrative penalties

Other **Business Compliance Division** responsibilities include the enforcement of rules and regulations related to:

- Old Sacramento Sign Ordinance
- 2nd Hand Dealers
- Engine Idling
- Smoking
- Noise
- Shopping Carts

RESOLUTION NO.

Adopted by the Sacramento City Council

January 24, 2006

RESOLUTION TO APPROVE STAFFING AND RESOURCES FOR THE REVENUE AND BUSINESS COMPLIANCE DIVISIONS FOR TAXICAB ORDINANCE ENFORCEMENT

BACKGROUND

- A. The Mayor and City Council have recognized a problem with an overabundance of taxicabs in the downtown area competing for a limited number of customers;
- B. The Mayor and the City Council directed staff to identify and implement improvements to the City Code for regulation of the taxicab industry;
- C. In September, 2005, the Mayor and City Council adopted staff recommendations on taxicab reforms and directed staff to return with a plan to implement and enforce the adopted reforms (City Council Resolution Number 2005-684);

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. Approve the recommendations on the taxicab ordinance enforcement plan.

Section 2. Approve additional staffing and resources for the Revenue and Business Compliance Divisions related to the taxicab enforcement plan and augment the FY2005-06 operating budget as follows:

2.0 FTE Code Enforcement Officers	(101-460-4652-XXXX)	\$140,000
1.0 FTE Typist Clerk	(101-460-4654-XXXX)	\$ 50,000
1.0 FTE Administrative Technician	(101-110-1122-XXXX)	\$ 60,000
1.0 FTE Program Analyst	(101-110-1122-XXXX)	\$ 80,000
Services/Supplies		\$16,000
TOTAL		\$346,000