



The City of San Diego

Staff Report

DATE ISSUED: 3/2/2021
TO: City Council
FROM: Council District 3
SUBJECT: Emergency Ordinance to Defer Fees And Renew Permits Related to Police-regulated Occupations And Businesses

Primary Contact: Jacob O'Neill Phone: (619) 236-6633

Council District(s): Citywide

OVERVIEW:

This emergency ordinance defers payments for permits related to police-regulated occupations and businesses for three months, automatically extend permits expiring between March 31, 2021 and February 28, 2022, reduces fees and assessments related to police-regulated occupations and businesses by 25%. temporarily suspends penalty assessments and determines that such action is necessary for the preservation of public peace, property, health or safety pursuant to San Diego Charter Section 295 due to the financial impact that COVID-19 has imposed on businesses in the City of San Diego (City).

PROPOSED ACTIONS:

Adopt an emergency ordinance to defer payments of all fees and assessments related to police-regulated occupations and businesses for three months and automatically extend permits for up to three months that expire between March 31, 2021 and February 28, 2022, and temporarily suspend the penalty assessed when a business fails to timely renew a permit.

DISCUSSION OF ITEM:

On March 12, 2020, then Mayor Kevin Faulconer, proclaimed the existence of a local emergency in the City as a result of COVID-19, which was ratified by the Council of the City of San Diego (Council) on March 17, 2020. On March 19, 2020, Governor Newsom issued Executive Order N-33-20 ordering all individuals living in the State of California to stay home or at their place of residence, except to get food, care for a relative or friend, obtain necessary health care or go to an essential job. All businesses that did not provide essential services were required to close.

COVID-19 has caused, and continues to cause, serious negative impacts on the local economy and serious financial impact to local residents and businesses, including substantial loss of income due to the loss of compensable work hours or wages, layoffs, and business closures. Businesses have been especially financially impacted by complying with orders that promote sanitation and social distancing to prevent the spread of COVID-19. The City recognizes that businesses that comply with these orders may not be able to fulfill their financial obligations due to a loss of income as a result of COVID-19. It is in the public interest

to promote economic stability and fairness as well as to promote a stable business market for business owners and employees to return once the emergency is abated.

In the interest of providing relief to businesses for the financial impact that temporary closures and reduced business hours have had on their operations, then Mayor Kevin Faulconer, issued Executive Order 2020-2 on March 30, 2020, which directed the Office of the City Treasurer to defer all fees associated with Business Tax Certificates (BTC), and any business-related fees, permits, and assessments, for up to 120 days.

Certain types of business activities are regulated by the San Diego Police Department (SDPD) and require police permits to operate. Since July 2015, the City's application and renewal process for police permits are processed by the Office of the City Treasurer. Generally, most police permit applicants must also obtain a BTC. Therefore, the BTC billing process currently includes the permit fees and assessments for police-regulated occupations and business and activities. However, regulation and enforcement continue to be performed by SDPD.

This deferral would apply to police permits that expire between March 31, 2021 and February 28, 2022.¹ Under this Ordinance, fees are due up to three months from their payment due date. This Ordinance automatically renews permits temporarily suspends the penalty assessed when a business fails to timely renew a police permit, as described on San Diego Municipal Code section 33.0308. Finally, this Ordinance defers payment for the following permit fees and assessments for up to three months and thereafter reduces the following fees by 25%:

1. Police Administration: A \$59 fee assessed to recover the cost associated with processing police permit applications.
2. Police Investigation: A \$15 fee assessed to recover the cost associated with investigations and police review of permit applications.
3. Police Photo: Police regulated businesses that require a photo ID are assessed a \$15 fee to recover the cost of issuing the ID card.
4. Police Regulatory: Regulatory fee assessed by SDPD to recover the costs associated with enforcement. This fee varies by industry and range from \$25 to \$9,320 per year.
5. Application Renewal: The non-refundable application fee of \$54, plus \$15 for each additional owner or officer.
6. Late Fees: Failure to renew a police permit results in a \$25 fee plus 10% the regulatory fee, and if the renewal is not completed with all fees and penalties paid within the following calendar month after the due date, the permit expires and the business operations, occupations, or activities allowed by the permit must cease and outstanding balance may be referred to the City's Delinquent Accounts Program.

This Ordinance does not apply to fees or penalty assessments associated with burglary or panic alarms regulated under Chapter 3, Article 3, Division 37 of the San Diego Municipal Code.

Fiscal Considerations:

The estimated impact for approximately three months is a revenue reduction of \$490,338. However, as of March 4, 2021 there were only 1,690 active permits, down from 3,113 in 2019 with over 1,400 businesses not renewing their permits during 2020. As those businesses reopen, they will need to reapply and pay their full permit fee helping offset the lost revenue for renewals.

Charter Section 225 Disclosure of Business Interests:

N/A; there is no contract associated with this action.

¹ Occupations and businesses with permits expiring between March 31, 2021 and February 28, 2022 are sent a notice of renewal 60 days prior to expiration, making their permit renewal date between February 1, 2021 and February 1, 2022.

City Strategic Plan Goal(s)/Objective(s):

Goal 1: Provide high quality public service

Objective 2: Improve external and internal coordination and communication

Goal 2: Work in partnership with all of our communities to achieve safe and livable neighborhoods

Objective 1: Protect lives, property, and the environment through timely and effective response in all communities

Goal 3: Create and sustain a resilient and economically prosperous City with opportunity in every community

Environmental Impact:

This series of actions is not a project pursuant to CEQA Guidelines Section 15378(b)(5), as it consists of organizational or administrative activities of a government that would not result in direct or indirect physical changes in the environment. As such, this activity is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3). Furthermore, these actions are exempt pursuant to CEQA Guidelines Section 15359 (Emergency). These actions are necessary to address a sudden and unexpected occurrence involving a clear and imminent danger, demanding immediate action to prevent or mitigate the loss of, or damage to, life, health, property, or essential public services related to the COVID-19 pandemic.

Equal Opportunity Contracting Information (if applicable):

N/A

Previous Council and/or Committee Actions:

N/A

Key Stakeholders and Community Outreach Efforts:

Businesses that hold a Business Tax Certificate with the City of San Diego.

Jesus Cardenas

Chief of Staff/Department Director