



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

**PUBLIC HEARING**  
**April 21, 2009**

**Honorable Mayor and  
Members of the City Council**

**Title: Entertainment Permit Fees For FY 10**

**Location/Council District: Citywide**

**Recommendation:** Conduct a public hearing and upon conclusion adopt a Resolution approving the FY10 fees for Entertainment Permits.

**Contact:** Bob Rose, Code Enforcement Manager, 808-5947

**Presenters:** Bob Rose, Code Enforcement Manager

**Department:** Code Enforcement

**Division:** Neighborhood Code Compliance

**Organization No:** 20001211

### **Description/Analysis**

**Issue:** This report requests that the Council adopt a resolution approving the proposed FY 10 fees for Entertainment Permits.

A consultant was engaged to study the City's cost to provide certain services. The cost to issue and administer Entertainment Permits was calculated as follows:

|                                 | current<br>fee | full<br>cost | proposed FY10 |
|---------------------------------|----------------|--------------|---------------|
| Entertainment – One day event   | \$ 0           | \$2,809      | \$ 702        |
| Entertainment – New, 2 year     | \$756          | \$3,445      | \$1,428       |
| Entertainment – Renewal, 2 year | \$103          | \$2,662      | \$ 743        |

**Policy Considerations:** The City Council has directed staff to recover general fund cost for services and programs wherever feasible.

**Sustainability Considerations:** There are no applicable sustainability considerations.

**Environmental Considerations:** Approval of fees does not constitute a

“project” and is therefore exempt from the California Environmental Quality Act (CEQA) according to Section 1560(b)(3) of the CEQA guidelines.

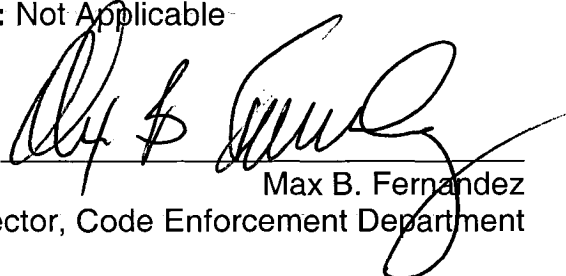
**Commission/Committee Action:** None

**Rationale for Recommendation:** The Entertainment Permit costs are heavily subsidized by the City’s general fund. Staff believes that the process can be streamlined to become more efficient reducing the City’s cost. The proposed FY10 fees only represent an increase of 25% of the current subsidy.

Therefore, staff recommends that the proposed FY10 Entertainment fees be adopted while efficiencies are studied and new recommendations are developed for any future increases in the FY11 Citywide Fees and Charges report.

**Financial Considerations:** The current general fund subsidy for Entertainment Permits is \$69,000. The FY10 fee increase will recapture \$23,000 of the subsidy.

**Emerging Small Business Development (ESBD):** Not Applicable

Respectfully Submitted by:   
Max B. Fernandez  
Director, Code Enforcement Department

Recommendation Approved:

  
Ray Kerridge  
City Manager

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**Background Information**

At the March 24, 2009 City Council meeting, staff pulled the proposed rate increases for Entertainment Permits from the Citywide Fees and Charges Update. Staff had indicated that more time was necessary for stakeholder outreach on these fees due to the large increases and that the item would come back to City Council on April 21, 2009.

A stakeholders meeting was held on April 9, 2009 where staff explained how the fees were calculated. Information was given to the stakeholders that fees are currently low and do not cover the city's costs. There was discussion on how the permit process could be streamlined.

The main goal of issuing Entertainment Permits is to ensure the health and safety of the public at special events/entertainment establishments. The City of Sacramento imposes Entertainment Permit fees in order to offset the cost of providing the Entertainment Permit program. On March 24, 2009, following a comprehensive review of user fees by the Budget Office and operating departments (including Code Enforcement and other departments) and in coordination with the consulting firm MGT of America, a public hearing was conducted proposing the new fees and fee increases for the City of Sacramento. However, the proposed rate increases for Entertainment Permits was pulled from the Citywide Fees and Charges Update in order to provide more time for outreach to the stakeholders. On April 9, 2009, city staff met with stakeholders to further explain how the proposed fees were calculated. Also, there was discussion on how the permit process could be streamlined and improved.

**PROPOSED ENTERTAINMENT PERMIT FEES ADDITION/MODIFICATIONS**

- (1) **Fee Name:** Entertainment – 1 Day  
**Current Fee:** None  
**Proposed FY 2010 Fee:** \$702.00 (plus annual CPI adjustments for future years)  
**Justification:** A significant amount of review and coordination is necessary before issuing an entertainment permit to ensure the health and safety of the public at a special event. The actual cost to issue a special entertainment permit has been calculated at \$2,809.00.
  
- (2) **Fee Name:** Entertainment – 2 year New  
**Current Fee:** \$756.00  
**Proposed FY 2010 Fee:** \$1,428.00 (plus annual CPI adjustments for future years)

**Justification:** A significant amount of review and coordination is necessary before issuing an entertainment permit to ensure the health and safety of the public at an establishment. The actual cost to issue a new entertainment permit has been calculated at \$3,445.00. It should be noted that this does not include ongoing compliance costs from the Code Enforcement and Police departments calculated at \$10,000 per year for each permit.

(3) **Fee Name:** Entertainment 2 Year – Renew

**Current Fee:** \$103.00

**Proposed FY 2010 Fee:** \$743.00 (plus annual CPI adjustments for future years)

**Justification:** A significant amount of review and coordination is necessary before reissuing an entertainment permit to ensure the health and safety of the public at an establishment. The actual cost to issue an entertainment permit renewal has been calculated at \$2,662.00. It should be noted that this does not include ongoing compliance costs from the Code Enforcement and Police departments calculated at \$10,000 per year for each permit.

**RESOLUTION NO. 2009-**

Adopted by the Sacramento City Council

April 21, 2009

**ENTERTAINMENT PERMIT FEES FOR FY 10**

**BACKGROUND**

- A. On February 7, 2006, the City Council adopted the Citywide Fees and Charges policy (Resolution No. 2006-106).
- B. Implementation of the policy requires a necessary mechanism to ensure that the City's fees and charges reflect the City's current costs and that those fees and charges are reviewed on an annual basis by City Council. Staff has conducted the required annual review and recommends certain new entertainment permit fees and fee increases for FY 10.
- C. Entertainment Permit fees for FY 10 are set forth in Exhibit A.

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

Section 1: Entertainment Permit fees for FY 10 are hereby approved, as set forth in Exhibit A.

Section 2: Exhibit A is part of this resolution.

Exhibit:

Exhibit A –Entertainment Permit Fees for FY 10

**EXHIBIT A**

**ENTERTAINMENT PERMIT FEES FOR FY 10**

- (1) Fee Name:** Entertainment – 1 Day  
**FY 2010 Fee:** \$702.00 (plus annual CPI adjustments for future years)
- (2) Fee Name:** Entertainment – 2 year New  
**FY 2010 Fee:** \$1,428.00 (plus annual CPI adjustments for future years)
- (3) Fee Name:** Entertainment 2 Year – Renew  
**FY 2010 Fee:** \$743.00 (plus annual CPI adjustments for future years)