

# EXECUTIVE SUMMARY

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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** June 24, 2011

**IBA Report Number:** 11-41

**City Council Docket Date:** June 28, 2011

**Item Number:** 335

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## Police Department User Fee Proposal

On June 28, 2011, the City Council will be requested to adopt the resolutions and ordinances to ratify the Police Department's revised Fee Schedule and the associated revisions to the Municipal Code. The requested revisions pertain to Entertainment and Money Exchange House Permit fee increases that are intended to fully recover the cost of the issuance of permits and regulation within the entertainment and money exchange house industries. An increase in the revenue associated with these fees was integrated into the FY 2012 Budget approved on June 6, 2011. Separate action is required by Council to adopt the resolutions and ordinances to formally approve the revised San Diego Police Department's Fee Schedule and the associated changes to the Municipal Code relating to the increases. In total, it is estimated that the fee changes will recover \$323,451 in revenue to offset the costs of administration and regulation associated with the permits.

The Office of the IBA has reviewed the methodology used by the Police Department to determine the fees necessary to fully recover the costs associated with Entertainment and Money Exchange House Permits. We have determined that as proposed, the fees could fall slightly short of full cost recovery, but recommend their adoption with the expectation that after a full year of implementation, the Police Department will have actual data relating to staff time, costs, and permit demand and will be better able to calculate the true cost associated with the permits. At that time, potential modifications to the fees, particularly relating to the tiered structure for entertainment fees, can be brought before Council for consideration during next year's budget process.