

## NO 'COST' FOR ALARM?

### *INTRODUCTION*

In 1981, the San Diego City Council adopted an ordinance regarding the use of alarm systems. The ordinance requires alarm users to have an "Alarm User Permit" issued by the City of San Diego (City) before activating the alarm. This ordinance also directs the San Diego Police Department (SDPD) to recover the costs of functions associated with police-regulated businesses. The 2010/2011 San Diego County Grand Jury (Grand Jury) received several complaints alleging improprieties in the financial accounting practices used by the SDPD's Permits and Licensing Division.

### *INVESTIGATION*

It was alleged that serious accounting problems exist within the SDPD Permits and Licensing Division regarding fees assessed and collected. An investigation was conducted to determine if problems truly exist. To properly assess financial records and accounting procedures, the Grand Jury attempted to conduct an audit of the SDPD Permits and Licensing Division.

The audit would address the following issues:

- The number of alarm permits issued each year to a contractor or alarm owner.
- The number of alarm permits revoked.
- The number of false alarms reported.
- The number of activated alarms installed without permits.
- The number of unpermitted, active alarms and owners cited and paid a fine.
- The amount of money the City would collect in all unpaid fines.
- The amount of money owed for unpermitted alarms and false alarms but not collected.
- Determine if the fees assessed and collected are sufficient to cover the cost of issuing permits and enforcing the regulations.

The Grand Jury learned that several million dollars might have been lost due to lack of municipal code enforcement regarding collection of fines and fees for failure to possess an alarm permit and for false alarms. The Grand Jury also learned that a large number of permits for police alarms are not being issued as required by law. Few alarm owners are fined for not having the required permits when false alarms are reported. About 95% or more of all police alarm calls are false. It generally takes six to nine months for the SDPD Permits and Licensing Division to track down expired permits.

Initially, the SDPD refused to cooperate with the Grand Jury's request for an audit of its permits/licensing financial records by the OAAS. However, a court-issued subpoena was obtained requiring release of the records. As of this writing, the SDPD submitted some but not all of the materials requested. The SDPD requested payment for data fields containing key information needed for the audit. The Grand Jury's auditors were unable to complete an audit without all the data. The Grand Jury expects the SDPD to provide this data without cost or further delay.

## ***DISCUSSION***

The SDPD states its primary goal is to protect the safety and security of residents and visitors. Having to respond to a large number of false alarms is expensive, a waste of staff time and a drain on the equipment of the SDPD.

Any alarm user without a valid alarm permit whose system generates a police call for service should be assessed a fine if a permit is not obtained within the 15-day grace period allowed by law.

The SDFD initiated a proposal to charge for fire alarm permits similar to the SDPD's burglar alarm permits. Representatives from both SDFD and SDPD determined that a combined fee could be initiated for burglar and fire alarms. However, after analyzing both departments' procedures for responding to alarm calls, they determined combining fees for permits would not be in the best interest of the applicants.

It was revealed that a serious loss of income to the City occurred when only about one-third of potential fees were collected. Alarm fees collected typically bring in more than \$2 million a year, suggesting lack of enforcement is costing the City over \$600,000 per year.

## ***FACTS AND FINDINGS***

***Fact:*** Complying with a recently issued court order, the San Diego Police Department has acceded to the Grand Jury's request for an audit by the San Diego County Office of Audits and Advisory Services to examine the financial records and accounting practices of the Department's Permits and Licensing Division on behalf of the Grand Jury. However, the department has failed to submit complete data and has requested a substantial fee for the remaining data before they will fully comply.

***Fact:*** The City of San Diego municipal code requires the cost of applying for an alarm permit be borne by the applicant.

***Fact:*** The City of San Diego Municipal Code 33.3702(c) provides that any business within the City that sells alarm systems must obtain an alarm user permit on behalf of the alarm user, collect the application and permit fee from the alarm user, and mail or deliver them to San Diego Police Department before activating the alarm system. It's noted that with the passage of Proposition 26, a legal question exists as to whether or not the City can legally charge the alarm permit fees to the Alarm Company.

***Fact:*** The San Diego Police Department has the authority to revoke an alarm permit if the number of false alarms exceeds the stated limits: one false alarm within 30 days, two within 90 days, three within 180 days and four within one year. The revocation fee to reinstate a permit is \$110 for the first offense and \$220, \$440 and \$2,200, respectively, for subsequent offenses within a year.

***Fact:*** A large number of monitored police alarms do not have permits, which is discovered only when police officers respond to an alarm. Of these, approximately 95% or more are false alarms.

**Fact:** There is an average of 100 false alarms per day in the City.

**Fact:** Permit applicants must mail applications to, or go to different locations, to obtain different permits, such as building, cigarettes, entertainment, etc.

**Fact:** Alarm permit fees collected bring in approximately \$2 million a year to the City. The Grand Jury was unable to determine how much is uncollected.

**Fact:** The alarm permit record-keeping system is antiquated.

**Fact:** It takes the San Diego Police Department Permits and Licensing Division six to nine months to track down expired permits.

**Finding 01:** The cost of processing the alarm permit application is to be borne by the applicant. An audit would clarify whether this is being accomplished.

**Finding 02:** A number of activated alarms do not have a valid permit.

**Finding 03:** A number of fees for new alarms or renewal permits are not being collected.

**Finding 04:** Without the requested audit, the Grand Jury is unable to verify the number of licenses revoked due to false alarms.

**Finding 05:** Without the requested audit, the Grand Jury is unable to verify the amount of money collected for revocation of permits and fines due to failure to have a valid permit.

**Finding 06:** The permit applicant must go to different locations for different types of permits, such as building, cigarette, entertainment, and burglar or fire alarm permits.

**Finding 07:** The time required to track down expired alarm permits, six to nine months, is inefficient and deprives the City of significant revenue.

### ***RECOMMENDATIONS***

**The 2010/2011 San Diego County Grand Jury recommends that the San Diego Police Department:**

- 11-44:**        **Enforce the law requiring alarm companies installing such alarms to obtain and provide an alarm permit to the owner before the alarm is activated.**
- 11-45:**        **Establish a program to ensure that the Permits and Licensing Division collects all required fees and fines, and reports annually to the Chief on the status of the permit fee collections.**
- 11-46:**        **Modernize the alarm permit tracking system to monitor permits and citations issued and produce a summary report.**

**11-47: Comply with existing departmental policies and procedures and municipal codes regarding alarm permits and fees associated with their installation.**

**The 2010/2011 San Diego County Grand Jury recommends the Mayor and San Diego City Council:**

**11-48: Revise Municipal Code Sec. 33.3700 through 33.3713 to levy a substantial fine against both the alarm owner and the alarm company for activating an alarm without a permit.**

**11-49: Audit the San Diego Police Department's Permits and Licensing Division annually to ensure accountability and adherence to municipal codes.**

**11-50: Direct the City's Chief Operating Officer to acquire a location/office where all permits required by the City, including alarm permits, could be obtained. The Grand Jury believes this would encourage people to comply with permit laws, and reduce redundancy in permit processing and staffing. This "one-stop shop" could also simplify monitoring activities for City departments.**

### ***REQUIREMENTS AND INSTRUCTIONS***

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
  - (1) The respondent agrees with the finding
  - (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
  - (1) The recommendation has been implemented, with a summary regarding the implemented action.
  - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
  - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame

for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.

- (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

<b>Responding Agency</b>	<b>Recommendations</b>	<b>Date</b>
<b>San Diego Police Department</b>	<b>11-44 through 11-47</b>	<b>8/29/11</b>
<b>Mayor, City of San Diego</b>	<b>11-48 through 11-50</b>	<b>8/29/11</b>
<b>City Council, City of San Diego</b>	<b>11-48 through 11-50</b>	<b>8/29/11</b>