

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Barry K. Hogan, Deputy City Manager 

**By:** David Lasher, Senior Management Analyst 

**DATE:** November 20, 2008 (CC Meeting of 12/03/2008)

**SUBJECT:** Consider Resolution Revising Fees Required by Chapter 5.64 of the Municipal Code and Establishing Fee Schedule for Special Business Registration Permit Fees for Bingo Games, Street Vendors, Adult Businesses, Massage Therapy, Pawnshops and Secondhand Businesses and Rescinding Resolution No. 93-948

**BACKGROUND**

On June 18, 2008, the City Council revised Chapter 5.08 of the Moorpark Municipal Code, amending the City's business registration certificate process and related fees for the first time in nearly two decades. This amended chapter and code addresses changes in how business registrations are handled currently and increased the base fee required for the issuance of Moorpark's basic business registration certificate to match current costs.

However, beyond the standard business registration certificate, certain categories of business require additional permits and licensing as required by existing City, County and State legislation. These additional permits must be obtained to protect the public health, safety and welfare of the community prior to the issuance of a business registration permit.

The costs for the additional research and procedures to support the specialized permits required by these particular businesses, which include bingo games, street vendor, adult business, massage therapy business and individual massage therapists, pawnshops and secondhand businesses, are authorized by ordinance and cost recovery is allowed to be established by Council resolution. This report describes how the costs were derived with specific attention given to each category. The attached resolution would authorize increasing the related fees, effective January 2, 2009.

The City Attorney has reviewed the proposed fees and has advised that the requirement to advertise and hold a public meeting prior to adopting or increasing development fees (pursuant to Government Code 66016), is not applicable in this situation as these fees only apply to the recovery of costs related to government regulatory action or approvals.

**DISCUSSION**

There are several specific categories of business required to obtain additional licensing and which otherwise create additional financial demands on the City. The details of each of these types of special business permits are described below:

Bingo Game Permits

Currently, the staff costs associated with processing a bingo game permit exceed a limit set by state law. California Penal Code Chapter 326.5 (Attachment 3) caps the fee that a city may charge for a bingo game permit to fifty dollars (\$50.00) annually. While the City may not charge more than fifty dollars per permit, the staff costs of processing a bingo game permit are actually two hundred and fifty-one dollars and fifty-two cents (\$251.52). An analysis of the processing costs is shown in Attachment 2.

Street Vendor Permit

Staff processes and reviews the separate street vendor application and applicable county health permits for street vendors such as ice cream vendors. Following a successful review of all related paperwork, staff creates a photo-identification card which all vendors must possess and display during sales of their goods and wares. The actual staff costs associated with processing a street vendor permit total sixty-five dollars and twenty-seven cents (\$65.27) per permit. An analysis of the processing costs is shown in Attachment 2.

It should be noted that additional street vendors may apply to be licensed under an existing street vendor permit. In this case, an application is processed and an identification card is produced for the individual(s). While the process to add an additional vendor under an existing license involves staff time, the impact of this procedure is less than that of an original application and results in a lower cost of forty dollars and sixty-four cents (\$40.64) per additional permit. An analysis of the processing costs is shown in Attachment 2.

Adult Business and Massage Therapy Establishment and Massage Therapist Permits

In accordance with the Municipal Code (and specifically MMC Chapter 5.18.040) and in direct association with public health and safety, the Community Development Department is obliged to investigate the individuals and businesses seeking to obtain permits to operate adult businesses and massage therapy-related activities within Moorpark.

This type of significant and mandatory investigation results in the expenditure of \$459.78 in staff costs per permit. This figure includes three (3) hours of staff time and two (2) hours of police department time required to properly review and process an adult business permit application, a massage therapy business permit application and/or an individual massage therapist permit. Currently, the City imposes a fee of twenty-five dollars (\$25.00) to process an individual massage therapist permit and a one hundred and fifty dollar (\$150.00) fee to process a massage establishment permit.

In conjunction with the internal costs of processing these special categories of business permits, each individual applying for an adult business permit, a massage therapy establishment permit and/or a massage therapist permit must separately apply for a law enforcement background check. In California, background checks are conducted through the "Live Scan" electronic fingerprint process with records reviewed by the State of California, Department of Justice (DOJ). In addition to the DOJ check, massage therapists must submit fingerprints to the Federal Bureau of Investigation (FBI). The cost of fingerprinting is ten dollars (\$10.00). The cost of the DOJ and FBI background checks are currently thirty-two dollars (\$32.00) and twenty-four dollars (\$24.00), respectively. The cost of the Live Scan fingerprint process and criminal background check (both DOJ and FBI) are solely the responsibility of the applicant and are paid directly to the Ventura County Sheriff's Department or other certified Live Scan provider and are not collected by or the responsibility of the City of Moorpark. The City is not involved in setting the Live Scan fees and they are only referenced in this report for information purposes. An analysis of the processing costs is shown in Attachment 2.

#### Pawnshop and Secondhand Dealer Permits

While not as detailed as an adult business permit or a massage therapy permit, pawnbroker or secondhand dealer applications are also subject to law enforcement review given industry-related concerns regarding stolen goods (as referenced in MMC 5.32.040). While fingerprinting is not required for a pawnshop or secondhand dealer application, the additional scrutiny results in staff costs of three hundred and seventy-three dollars and twenty-six cents (\$373.26).

In addition to the business registration certificate fee and the \$373.26 staff cost of the pawnshop or secondhand dealer special permit application, a pawnshop and secondhand shop must file a daily report detailing the items received during the preceding business day. This report must be submitted to the Moorpark Police Department where it is reviewed by a sergeant. The staff time associated with the thirty (30) minutes of daily review of this report by the Moorpark Police Department costs eighty-two dollars and fifty cents (\$82.50). Based on this half-hour review and a six day work week, the annual cost of the review of the daily report is twenty-five thousand, seven hundred and forty dollars (\$25,740.00). An analysis of the processing costs is shown in Attachment 2.

The estimated \$25,740.00 annual cost of the daily review of pawn reports is substantial. However, staff recognizes that a pawn shop might not necessarily receive or purchase pawned items each day. Accordingly, staff is recommending that the daily review expenses which are the responsibility of the business be addressed on an as needed basis with an advanced deposit equivalent to the cost of two (2) months' review or four thousand and two hundred and ninety dollars (\$4,290.00). The actual time and associated expense of the daily police review would be deducted from this deposit on a monthly basis with the deposit replenished by the business owner on an as needed basis each month, so that the equivalent of two months' deposit is always available.

#### Non-Profit Thrift Shops Exempt from Police Fees

Currently there are no pawnshops located within the City. There are two secondhand thrift shops currently operating in Moorpark, both of which are managed as non-profit organizations. These businesses, Luther's Attic Thrift Shop and One More Time Thrift Shop, are both located on High Street. As non-profits, these businesses receive only *donated* goods and therefore do not present the risk of receiving stolen property more commonly associated with pawnshops. Staff therefore recommends that these two businesses, as well as any similar businesses, should be exempt from daily police reporting and the corresponding fees.

With City Council direction, non-profit thrift shops (such as the nationally-recognized Goodwill store), consignment shops and internet auction stores that might desire in the future to operate within the City should also be exempt from daily police reporting and fees. Staff would manage these and similar uses on a case-by-case basis and bring forward to City Council those uses which do not fall within these parameters.

#### Summary of All Costs Associated with the Processing of Special Permits

As described above, for each category of specialized permit staff has calculated the additional costs and summarized these costs by category in Table 1 (below). A complete breakdown of the related costs is attached to this report as Attachment 2.

Table 1. Annual Costs of Special Business Registration Permits

<b>Permit</b>	<b>Actual Cost<sup>1,2</sup></b>	<b>Proposed Fee<sup>3</sup></b>
Bingo	\$251.52	\$50.00
Street Vendor	\$65.27	\$65.00
Additional Vendor on 'Parent' Permit	\$40.64	\$40.00
Adult Business	\$459.78	\$459.00
Massage Business and Individual Therapist	\$459.78	\$459.00
Pawn Shop/Secondhand Dealers <sup>4</sup>	\$26,113.26	\$26,113.00

- <sup>1</sup> Does not include the separate business registration certificate fee.
- <sup>2</sup> Determined by the staff costs and other costs associated with processing the related permit.
- <sup>3</sup> As described in the report, this fee does not include any additional law enforcement background checks and related fingerprinting costs.
- <sup>4</sup> This figure includes \$25,740.00 in annual report review costs and the \$373.26 cost of processing an application. Staff is recommending that a deposit equivalent to the two months of daily review costs, or \$4,290.00, be required by each pawnshop, thrift shop and secondhand store.

### **FISCAL IMPACT**

The fiscal impact of increasing the permit processing fees discussed in this report would positively offset the staff and other costs associated with these specific permits.

### **STAFF RECOMMENDATION (Roll Call Vote)**

1. Adopt Resolution No. 2008-\_\_\_\_\_ establishing the fees for related special permits and rescinding Resolution No. 93-948, effective January 2, 2009.
2. Direct staff to review these fees annually and recommend adjustments to cover City costs.
3. Direct staff to provide an exemption from daily police reporting and corresponding fees to Luther's Attic Thrift Shop and One More Time Thrift Shop and review future exemptions as recommended in the report.

### **ATTACHMENTS:**

1. Resolution No. 2008-\_\_\_\_\_
2. Analysis of Costs Associated with Permit Processing
3. California Penal Code Section 326.5

RESOLUTION NO. 2008-\_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, RESCINDING RESOLUTION 93-948 AND ESTABLISHING REVISED FEES REQUIRED BY CHAPTER 5.64 TO TITLE 5 OF THE MOORPARK MUNICIPAL CODE AND ESTABLISHING A FEE SCHEDULE FOR SERVICES RENDERED PURSUANT TO THE MOORPARK MUNICIPAL CODE RELATING TO SPECIAL BUSINESS REGISTRATION PERMIT FEES

WHEREAS, the City of Moorpark has identified a need to protect the health and welfare of the public by becoming more familiar with business operations and procedures in the community; and

WHEREAS, several categories of business require additional and specialized permits with respect to the public's health and safety; and

WHEREAS, the fee schedule for these additional licensing costs must be established to assure adequate recovery of all costs associated with the rendering of such services.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Resolution No. 93-948 is hereby rescinded effective January 2, 2009.

SECTION 2. The fee for obtaining a bingo game permit required by Chapter 5.24 of Title 5 of the Moorpark Municipal Code shall be FIFTY AND NO/100 DOLLARS (\$50.00) per fiscal year per applicant for a bingo game permit.

SECTION 3. The fee for obtaining a street vendor permit required by Chapter 5.64 of Title 5 of the Moorpark Municipal Code shall be SIXTY-FIVE AND NO/100 DOLLARS (\$65.00) per fiscal year per applicant for a street vendor permit.

SECTION 4. The fee for obtaining an additional street vendor permit to operate under an existing street vendor permit required by Chapter 5.64 of Title 5 of the Moorpark Municipal Code shall be FORTY AND NO/100 DOLLARS (\$40.00) per fiscal year per applicant for an additional street vendor permit.

SECTION 5. The fee for obtaining an adult business permit required by Chapter 5.18 of Title 5 of the Moorpark Municipal Code shall be FOUR HUNDRED AND

FIFTY-NINE AND NO/100 DOLLARS (\$459.00) per fiscal year per applicant for an adult business permit.

SECTION 6. The fee for obtaining a massage establishment permit and/or a massage therapist permit required by Chapter 5.48 of Title 5 of the Moorpark Municipal Code shall be FOUR HUNDRED AND FIFTY-NINE AND NO/100 DOLLARS (\$459.00) per fiscal year per applicant for a massage establishment permit and/or a massage therapist permit.

SECTION 7. The fee for obtaining a pawnbroker, thrift shop owner and/or secondhand dealer permit required by Chapter 5.32 of Title 5 of the Moorpark Municipal Code shall be THREE HUNDRED AND SEVENTY-THREE AND NO/100 DOLLARS (\$373.00) per fiscal year per applicant for a pawnbroker, thrift shop owner and/or secondhand dealer permit.

SECTION 8. Pawnshops, thrift shops and secondhand stores shall be required to pay a deposit of FOUR THOUSAND, TWO HUNDRED AND NINETY AND NO/100 DOLLARS (\$4,290.00) for expenses related to daily police review fees. This deposit shall be replenished on a monthly basis to equal the equivalent of two months' of daily police review fees.

SECTION 9. Thrift shops owned and operated by 501(c)(3) non-profit organizations shall be exempt from providing daily police reports and exempt from paying the corresponding police review fees.

SECTION 10. The fees corresponding to special business registration permit charges shall be reviewed annually as part of the budget process to ensure that they are current and are related to actual costs.

SECTION 11. This Resolution shall become effective on January 2, 2009 following the public meeting held on December 3, 2008.

SECTION 12. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 3rd day of December, 2008.

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Janice S. Parvin, Mayor

ATTEST:

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Maureen Benson, Assistant City Clerk

**Business Registration Permit Fees  
Special Permits, Processing Cost Analysis**

**Bingo Game Permits**

Position	Hourly Rate With Benefits	Time Associated With Processing Related Permit	
Assistant Planner I	\$ 32.74	2 hours	\$ 65.48
Police Sergeant	\$ 165.00	1 hour	\$ 165.00
Overhead Costs (15% of Annual Costs)	\$ 10.52	2 hours	\$ 21.04
<b>Total Costs Per Permit</b>			<b>\$ 251.52</b>

**Street Vendor Permits**

Position	Hourly Rate With Benefits	Time Associated With Processing Related Permit	
Code Compliance Technician II	\$ 42.88	1 hour	\$ 42.88
Senior Management Analyst	\$ 63.66	10 minutes	\$ 10.19
Overhead Costs (15% of Annual Costs)	\$ 10.52	1 hour, 10 minutes	\$ 12.20
<b>Total Costs Per Permit</b>			<b>\$ 65.27</b>

**Street Vendor Permits (Additional Vendor on Parent Permit)**

Position	Hourly Rate With Benefits	Time Associated With Processing Related Permit	
Code Compliance Technician II	\$ 42.88	30 minutes	\$ 21.44
Senior Management Analyst	\$ 63.66	10 minutes	\$ 10.19
Overhead Costs (15% of Annual Costs)	\$ 10.52	40 minutes	\$ 7.01
Vehicle Sticker	\$ 2.00		\$ 2.00
<b>Total Costs Per Permit</b>			<b>\$ 40.64</b>

**Adult Business**

Position	Hourly Rate With Benefits	Time Associated With Processing Related Permit	
Assistant Planner I	\$ 32.74	3 hours	\$ 98.22
Police Sergeant	\$ 165.00	2 hours	\$ 330.00
Overhead Costs (15% of Annual Costs)	\$ 10.52	3 hours	\$ 31.56
<b>Total Costs Per Permit</b>			<b>\$ 459.78</b>

**Massage Therapy Business and Massage Therapist Permit**

Position	Hourly Rate With Benefits	Time Associated With Processing Related Permit	
Assistant Planner I	\$ 32.74	3 hours	\$ 98.22
Police Sergeant	\$ 165.00	2 hours	\$ 330.00
Overhead Costs (15% of Annual Costs)	\$ 10.52	3 hours	\$ 31.56
<b>Total Costs Per Permit</b>			<b>\$ 459.78</b>

## Pawnshop and Secondhand Shop Permits

Position	Hourly Rate With Benefits	Time Associated With Processing Related Permit	
Assistant Planner I	\$ 32.74	1 hour	\$ 32.74
Police Sergeant (review of application)	\$ 165.00	2 hours	\$ 330.00
Police Sergeant	\$ 165.00	30 minutes <i>daily</i> *	\$ 25,740.00
Overhead Costs (15% of Annual Costs)	\$ 10.52	1 hour	\$ 10.52
<b>Total Costs Per Permit</b>			<b>\$ 26,113.26</b>

\*MMC 5.32.050 requires that a pawnbroker, thrift shop owner and secondhand dealer provide a daily report to the Moorpark Police Department detailing all goods, wares and merchandise purchased or received during the preceding day. Based on a six-day work week and a thirty (30) minute daily review of this report by a sergeant in the Moorpark Police Department, costs of \$25,740.00 result. The hourly rate of a police officer of the rank of 'sergeant' is \$165.00 as established by resolution in the police service fees schedule.



## **California Penal Code (CPC) 326.5 (I)**

### **CPC Section 326.5 (I)**

(I) (1) A city, county, or city and county may impose a license fee on each organization that it authorizes to conduct bingo games. The fee, whether for the initial license or renewal, shall not exceed fifty dollars (\$50) annually, except as provided in paragraph (2). If an application for a license is denied, one-half of any license fee paid shall be refunded to the organization.

(2) In lieu of the license fee permitted under paragraph (1), a city, county, or city and county may impose a license fee of fifty dollars (\$50) paid upon application. If an application for a license is denied, one-half of the application fee shall be refunded to the organization. An additional fee for law enforcement and public safety costs incurred by the city, county, or city and county that are directly related to bingo activities may be imposed and shall be collected monthly by the city, county, or city and county issuing the license; however, the fee shall not exceed the actual costs incurred in providing the service.