




Office of the City Manager

ACTION CALENDAR

January 15, 2008

To: Honorable Mayor and Members of the City Council
 From:  Phil Kamlarz, City Manager
 Submitted by: Gregory Daniel, Code Enforcement Supervisor
 Subject: Fees: Inspection Program For Alcohol Establishments

RECOMMENDATION

Conduct a public hearing and upon conclusion, adopt a Resolution approving an annual inspection program fee (\$467.00) for alcohol outlets and an hourly re-inspection fee (\$221.75) in order to fund and establish an alcohol inspection program.

FISCAL IMPACTS OF RECOMMENDATION

The December 11, 2007 City Council Report, Ordinance Establishing Operating Standards for Alcohol Outlets and Fee Options, explained the options and basis for the \$467 annual inspection program fee and the \$221.75 hourly inspection fee.

Beginning in FY2009, the Code Enforcement Unit will incur annual costs resulting from the implementation of a new alcohol inspection program. The 1.5FTE needed to operate the program will cost approximately \$150,000. Through annual program fees and hourly inspection fees alcohol inspection program must generate approximately \$150,000 in revenue to cover these additional annual costs.

The alcohol inspection program will require one full-time Code Enforcement Officer and a .5 FTE administrative support position. The proposed, \$467, annual alcohol inspection program fee, will generate approximately \$144,000 in revenue to support the basic inspection program. See Attachment 3. Alcohol establishments found to be out of compliance will be charged an hourly inspection fee of \$221.75 to cover additional program and administrative cost associated with re-inspections.

Revenues will be deposited into the General Fund and program costs will also be expensed from this fund as well.

CURRENT SITUATION AND ITS EFFECTS

On December 11, 2007, the Council voted to approve the ordinance establishing the Operating Standards for Alcohol Outlets. The ordinance requires all retail alcohol outlets to pay an annual inspection program fee. The annual inspection fee will allow the Code Enforcement Unit to establish an alcohol inspection program specifically designed to enforce the operating standards. The operating standards will provide the Code Enforcement Unit with an enforcement tool for both alcohol outlets operating under a use permit and those that are legal non-conforming uses.

In addition, there has been a significant demand from Berkeley residents for the City to provide comprehensive oversight of alcohol outlets. The creation of the program and the addition of 1.5FTE to the Code Enforcement staff will meet the demand of residents for greater oversight.

BACKGROUND

An additional FTE City enforcement employee with ½ FTE administrative support, operating out of the Code Enforcement Office, are required to enforce the ordinance. The estimated cost would be \$150,000 per year. We propose that approximately \$144,000 of this amount would be raised through an annual flat fee of \$467.00 charged to each of the alcohol outlets in Berkeley. Fees would be charged to the operator of the outlet, but would also be the liability of the property owner. Annual inspection program fees will be billed to the alcohol outlet by the Finance Department.

All alcohol establishments, both off-sale and on-sale would be required to comply with various operating standards as defined in the ordinance. Each outlet would be expected to operate at all times in a manner that fully complies with the operating standards. All outlets would be inspected and monitored on either an annual or a quarterly basis for conformance with the operating standards.

We anticipate that minor violations would generally be addressed by giving operators notice and an opportunity to correct. However establishments responsible for material violations would be required to comply with supplemental standards and undergo additional inspections. Violators will be charged a \$221.75 hourly re-inspection fee. Re-inspection fees will be billed to the alcohol outlet by the Finance Department.

Finally, in order to keep pace with inflation, the proposed fee would be indexed to the cost of living in the immediate San Francisco Bay Area, or per capita personal income growth in the state, as verified by official United States Bureau of Labor statistics.

RATIONALE FOR RECOMMENDATION

See preceding discussion.

ALTERNATIVE ACTIONS CONSIDERED

See preceding discussion.

CONTACT PERSON

Gregory Daniel, Code Enforcement Supervisor 981-2492

Attachments:

- 1: Resolution
- 2: Public Hearing Notice
- 3: Estimated Annual Operating Standards Enforcement Cost

RESOLUTION NO. ##,###-N.S.

FEES FOR FISCAL YEAR 2008/2009: ALCOHOL OUTLET INSPECTION
PROGRAM

WHEREAS, on December 11, 2007, the City Council introduced an ordinance establishing operating standards for alcohol outlets; and

WHEREAS, the Operating Standards for Alcohol Outlets ordinance requires the establishment and administration of an alcohol inspection program; and

WHEREAS the City needs to generate enough revenue to cover annual costs for a new alcohol inspection program; and

WHEREAS, the new annual alcohol inspection program fee shall be an annual flat fee of \$467.00; and

WHEREAS, the new alcohol re-inspection fee shall be at an hourly rate of \$221.75 per re-inspection;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the annual inspection fee (\$467.00) and the hourly re-inspection fee (\$221.75) are hereby fixed and established for the alcohol inspection program.

BE IT FURTHER RESOLVED that the City Manager is authorized to increase these fees by up to the greater of the increase in the cost of living in the immediate San Francisco Bay Area, or per capita personal income growth in the state, as verified by official United States Bureau of Labor statistics.

**NOTICE OF PUBLIC HEARING - BERKELEY CITY COUNCIL
CITY COUNCIL CHAMBERS, 2134 MARTIN LUTHER KING JR. WAY
FEES: ALCOHOL OUTLET INSPECTION AND MONITORING
PROGRAM**

TUESDAY, JANUARY 15, 2008, AT 7:00 P.M.

The City of Berkeley is proposing to adopt new fees to implement a new program for the inspection and monitoring of retail alcohol outlets in Berkeley. The City proposes a flat annual fee on all retail alcohol outlets of approximately \$470, which would pay for annual inspections (once per year for on-sale outlets and four times per year for off-sale outlets) and monitoring. The City also proposes an hourly fee of up to \$225 per hour for additional inspections and monitoring activities. These fees may be increased annually by up to the greater of the increase in the cost of living in the immediate San Francisco Bay Area, or *per capita* personal income in the state of California, as verified by official United States economic reports.

Information supporting the proposed fees is available from the City Clerk and on the City's website, at

<http://www.ci.berkeley.ca.us/citycouncil/2007citycouncil/packet/121107/2007-12-11%20Item%2004%20Ordinance%20Establishing%20Operating%20Standards%20for%20Alcohol%20Outlets%20and%20Fee%20Options.pdf>.

Additional information will be posted on the City's website by Thursday January 10, 2008, and will be available from the City Clerk at that time.

For further information, please contact Gregory Daniel, Code Enforcement Supervisor, 981-2492.

Written comments should be mailed or delivered directly to the City Clerk, 2180 Milvia Street, Berkeley, CA 94704, in order to ensure delivery to all Council members and inclusion in the agenda packet. Comments received no later than Monday, January 7, 2008 will be included in Council agenda packets. Comments received thereafter will be submitted to Council as supplemental communications at the meeting. For further information, call Pamyla Means, MMC, City Clerk, (510) 981-6900. FAX: (510) 981-6901. TDD: (510) 981-6903.

Pamyla Means, MMC, City Clerk

ATTACHMENT 3

Code Enforcement - Estimated Annual Operating Standards Enforcement Cost				
Annual Inspections by Category				
Type 20/21 Off-sale	86 Outlets @ 4 inspections per year			344.00
Type 40/41/42/47/48 On-sale	224 Outlets inspected annually			224.00
Total Annual Inspections				568.00
Code Enforcement Hourly Rates				Including Fringe
Code Enforcement (CE) Officer			\$35.35	\$53.47
Code Enforcement (CE) Supervisor			\$41.69	\$63.06
Office Specialist			\$27.08	\$40.96
Inspection	Time			
Records Research	568 @ 40min			\$20,247.31
CE Officer Site Inspection [‡]	568 @ 40min			\$20,247.31
CE Officer (.5 FTE) Site Inspection ^{‡*}	284 @ 40min			\$10,123.65
Issue Notice of Violation	170 @ 60min			\$9,089.90
CE Officer Re-inspection [‡]	255 @ 20min			\$4,544.95
Supervision				
Pre-Inspection Review	568 @ 30min			\$17,909.04
Post-Inspection Review	568 @ 30min			\$17,909.04
Clerical Support				
			Hrs/Week	
File Maintenance	1.5 hr/day		7.5	
Data Entry	1.5hr/day		7.5	
NOV mail merge/ mailing	1.5/2 days		3	
NOV/Inspection Report PDF	1.5/2 days		3	
Total clerical weekly hours/salary			21	\$44,728.32
Total Estimated Annual Cost of Inspection Program				\$144,799.52
Total Program Cost / Total Site Inspection Hours[‡]				\$144.799.52 / 653 = \$221.75

*1.5 Code Enforcement Officers are assigned to inspections.