

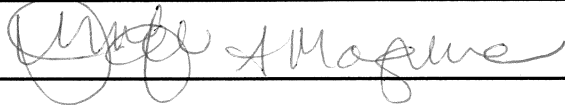
Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Rosalynn Hughey

**SUBJECT: GENERAL CODE ENFORCEMENT
COST RECOVERY**

DATE: May 25, 2018

Approved  Date 5-25-18

BACKGROUND

This Memorandum is submitted in response to an inquiry by Mayor Liccardo at the May 10, 2018 budget study session on the Neighborhood Services City Service Area regarding the Performance Measure of Cost per Violation related to the General Code Program (p. VIII-266 of the 2018-2019 Proposed Operating Budget). The Mayor asked if the revenue received from enforcement, such as citations, could support an additional Code Enforcement Inspector I/II positions in Planning, Building and Code Enforcement's General Funded General Code Enforcement Program to respond to alleged code violations.

ANALYSIS

One of the Code Enforcement Division's main enforcement tools is the administrative citation process and the associated fine. Citations may be issued when a citable section of the San José Municipal Code has been violated and compliance has not been achieved. It is important to note that not all violations are citable. Some violations require enforcement via the Administrative Remedy process where fines and penalties are assessed for non-compliance. The program is designed to focus on improving the quality of life of the residents of San José, however, fine amounts are not set to be cost recovery. They are instead set at a level that is reasonably punitive, but also significant enough to deter the occurrence of the violation. Currently, once Code Enforcement Inspectors issue the citation, data is transferred to Finance Department's Revenue Results system for billing and collection purposes. Investigator Collectors in the Finance Department apply various collection techniques to follow through on the debt owed the City.

Citation fine amounts range from \$25 to tens of thousands of dollars depending on the type of violation as set forth in the City of San Jose Schedule of Fines. The most common citation fine amounts range from \$250-\$500. Fines are typically recommended by staff and set by City Council Resolution. Code Enforcement Inspectors, whether General Funded or fee-funded, can

assess violations and issue citations; however, the table below specifically represents the General Code Enforcement Program (General Fund) Code Enforcement Inspectors data and efforts.

It is important to note that the number of reported citations is not a precise measure of Code Enforcement activity. When an issue is brought to the attention of a Code Enforcement Inspector, it is only classified as a violation and entered into the Code Enforcement System (CES) database after the inspector conducts an inspection, gathers evidence, and makes a determination that a violation occurred. The response due to the violation will vary and may include a warning letter, an inspection notice, a compliance order, or a citation.

Fiscal Year	# of General Fund Code Enforcement Inspectors	Personal Services Cost	No. of Reported Violations ³	Citations Issued	Total Citations Revenue Collected ²
2016-2017	15.35	\$2,190,553	5,921	807	\$237,199
2017-2018 (April 2018)	15.35	\$1,960,268 ¹	4,708	569	\$164,407

¹Represents the prorated personal service budget through April 2018.

²Approximately half of invoiced citations are paid; this represents the amount actually collected.

³Represents number of violations entered in CES, but may not necessarily result in a citation.

With the objective to foster safe, healthy, and resilient neighborhoods for its residents, citation fines for Code Enforcement violations are established as a preventive mechanism to prohibit violations from occurring and reoccurring, and are not intended as a General Fund revenue stream to achieve cost recovery.

Based on the data shown in the table above, the General Code program is approximately 10% cost recovery, generating approximately \$14,000 of revenue for each Code Enforcement Inspector. An additional Code Enforcement Inspector II position would cost approximately \$113,000, excluding approximately \$30,000 of one-time costs for a vehicle purchase, which would amount to a cost recovery rate of 12%.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Finance Department.

/s/
ROSALYNN HUGHEY
Director
Planning, Building and Code Enforcement

For questions, please contact Rachel Roberts at (408) 535-7719.