



## CITY OF MILPITAS AGENDA REPORT (AR)

<b>Item Title:</b>	Adopt Urgency Ordinance No. 310 Temporarily Suspending Penalties for Delinquent Fire Permit Fees
<b>Category:</b>	Leadership and Support Services
<b>Meeting Date:</b>	2/16/2021
<b>Staff Contact:</b>	<b>Walter C. Rossmann, 408-586-3111</b> <b>Christopher J. Diaz, 408-586-3040</b>
<b>Recommendation:</b>	Adopt Urgency Ordinance No. 310 Temporarily Suspending Penalties for Delinquent Fire Permit Fees.

### **Background:**

In 2019, the City Council adopted Ordinance No. 113.25 and amended Section V.300-2.32 of the Fire Code to provide that annual operational fire permits expire by December 31 and renewal permit fees become payable upon expiration of the prior permit. Annual permit fees not paid within 30 days from the time due are delinquent and a penalty equal to 100% of the fire permit must be added to the amount due. Fees for annual operational fire permits vary depending on the use or occupancy of a structure. The fees for fiscal year 2020-21 range from \$0 to \$2,320.

For the January 1, 2021 due date, 1,030 businesses were billed for payment of the business license tax and related fees. The average fire permit and related fees billed for payment amounts to \$753.10. As of February 1, payment for 43% of all Fire permit invoices have been received.

In support of businesses, the City Council directed staff to bring back an urgency ordinance to waive penalties for delinquent fire permit payments until May 31, 2021 and start assessing penalties for delinquent payments thereafter.

### **Analysis:**

Section V.300-2.32 of the Fire Code provides that the issuance of a penalty for late payments is mandatory rather than discretionary. Businesses have been financially impacted due to the stay-at-home orders and directives issued by local and state authorities in response to COVID-19 since March 2020. This Urgency Ordinance would temporarily suspend penalties for late payments of fire fee permits until May 31, 2021 or until (30) days following the cessation of the City's local emergency, whichever comes first.

This Urgency Ordinance serves a public purpose by providing financial relief to local businesses in response to economic challenges, encourages businesses to renew their 2021 fire permits, and promotes fire prevention and public health and safety. This Urgency Ordinance is necessary for the preservation of the public peace, health, and safety of City residents. The Urgency Ordinance will take effect immediately upon approval by four-fifths of the City Council.

### **Fiscal Impact:**

The impact to the General Fund regarding any delay of payment for the fire permit fee to the end of the current fiscal year is loss of interest earned on the moneys received timely. Given the current interest environment, this impact is expected to be minimal. Additionally, the City will forgo receipt of late payment fees. However, if FY 2020-21 estimated revenues are not received by mid-August, the loss in revenue may have to be offset with the use of reserves.

**Recommendation:**

Adopt Urgency Ordinance No. 310 Temporarily Suspending Penalties for Delinquent Fire Permit Fees.

**Attachments:**

Urgency Ordinance No. 310