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EXECUTIVE OFFICE
200 NORTH MAIN STREET, ROOM 1840
LOS ANGELES, CA 90012

(213) 978-3838 PHONE
(213) 978-3814 FAX

August 20, 2014

Honorable Members of the City Council
City of Los Angeles
City Hall, Room 395
Attention: City Clerk

Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
Attention: Mandy Morales, Legislative Coordinator

[BFC 14-083] - FISCAL YEAR 2014-15 ANNUAL COST OF SPECIAL SERVICES FEE ADJUSTMENTS

At the meeting of Tuesday, August 19, 2014, the Board of Fire Commissioners approved the proposed fee increase recommendations outlined in the Fire Department's report dated August 4, 2014. The report is herewith transmitted concurrently to the City Council and the Mayor for review and approval. Please note that the Los Angeles Municipal Code, Section 57.04.12, Permit Fees, Subsection C Fee, provides a 60-day period for Mayor and City Council review. If the Mayor or Council take no action by October 19, 2014, the Board resolution and the proposed fee schedule are deemed approved as submitted and become effective upon publication by the Board office. Should you need additional information, please contact the Board office at 213-978-3838.

Sincerely,

Leticia Gómez
Commission Executive Assistant

Attachment

cc: Eileen Decker, Homeland Security and Public Safety
Board of Fire Commissioners
Ralph M. Terrazas, Fire Chief (without attachment)
Mark Davis, Office of the City Administrative Officer (without attachment)

APPROVED: 8/19/14
BOARD OF FIRE COMMISSIONERS
BY: *John King*
CHIEF OF POLICE ROUTINE ASSISTANT



LOS ANGELES FIRE DEPARTMENT

JAMES G. FEATHERSTONE
INTERIM FIRE CHIEF

August 4, 2014

BOARD OF FIRE COMMISSIONERS
FILE NO. 14-083

TO: Board of Fire Commissioners

FROM: James G. Featherstone, Interim Fire Chief *[Signature]*

SUBJECT: FISCAL YEAR 2014-15 ANNUAL COST OF SPECIAL SERVICES FEE
ADJUSTMENTS

FINAL ACTION:	<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Approved w/ Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

SUMMARY

The Los Angeles Municipal Code (L.A.M.C.) Section 57.115 authorizes the Board, with the concurrence of the City Administrative Officer, to modify fees based on the cost of services. The fees have been reviewed by the Fire Department and concurred by the Office of the City Administrative Officer. The following fee modifications are being proposed:

- The Inspector Hourly Rate be increased from \$176 to \$178 per hour (1 percent increase). The Inspector Hourly Rate is applicable to the following fees and activities:
 - Non-Compliance Fees (L.A.M.C., Section 57.104.12.1)
 - Specific Action or Project Permit Fees (L.A.M.C., Section 57.105.7.8)
 - Operational Permit Fees (L.A.M.C., Section 57.113.6)
 - Hydrants and Access Review and Inspection Fees (L.A.M.C., Section 57.116.1)
 - Construction and Plan Review Inspection Fees (L.A.M.C., Section 57.118.2)
 - Miscellaneous Permit Fees and Certificate of Fitness Fees (L.A.M.C., Sections 57.104.9.2.1, 57.104.17.2, 57.117.10, 57.119.7.1, 57.119.8, and 57.119.8.3)
 - Fire Safety Clearance Pre-Inspection Fee (L.A.M.C., Sections 57.4702.5 and 57.4703.7.1)

- Final Clearance Inspection Fee (L.A.M.C., Section 57.4703.7.2)
- Industrial and Commercial Building Inspection Fees

On November 7, 2012, the City Council adopted the Board of Fire Commissioners' report (Council File: 12-1584) recommending the charging of fees. The ordinance authorizing the fees is pending submittal by the City Attorney, for approval by the Mayor and City Council.

- Fire Clearance Inspection Fee

On June 18, 2013, the Board of Fire Commissioners' approved the report (Council File: 13-0779). The report is currently pending approval by the Mayor, and the City Council.

2. The Fire Prevention Bureau (FPB) Overtime Rate be increased from \$89 to \$92 per hour (3 percent increase). The FPB Overtime Rate is applicable to the following fees:

- Emergency Inspection Fee (L.A.M.C., Section 57.105.7.9)
- Expedite or Off-Hour Fire Life Safety Plan Review and/or Inspection Fee (L.A.M.C., Section 57.118.2.3)

3. The Brush Clearance Program fees (L.A.M.C., Section 57.322) be modified as follows:

- The Brush Initial Inspection Fee be increased from \$23 to \$24
- The Brush Administrative Cost Fee be increased from \$938 to \$990

4. The High-Rise Annual Inspection Fees (L.A.M.C., Section 57.105.9.4) be modified as follows:

- The Building Floor Area Fee be increased from \$0.0151 to \$0.0152 per square foot
- The Garage Floor Area Fee remain at \$0.0076 per square foot
- The Base Building Fee be increased from \$1,056 to \$1,068

5. The High-Rise Building Evacuation Fees (L.A.M.C., Section 57.409.10.1.1) be modified as follows:

- The Total Building Evacuation Oversight Fee (for buildings over 35 stories) be decreased from \$500 to \$313 per building
 - The Fire Safety Director Fee be decreased from \$305 to \$191 per building
 - The Floor Warden Fee be decreased from \$24 to \$16 per floor
6. The Certified Unified Program Agency (CUPA) fees (L.A.M.C., Section 57.120.6) be modified as follows:

<u>PROGRAM</u>	<u>CODE</u>	<u>CATEGORY</u>	<u>CURRENT FEE</u>	<u>RECOMMENDED FEE</u>
Aboveground Storage Tanks	3001	Annual Permit, per tank	\$260	\$325
Underground Storage Tanks	5000	Annual Permit, per tank	\$490	\$593
CFC HMMP & HMRRP (Business Plan & Inventory)	4500	Inventory Count: 1 to 3	\$292	\$292
	4501	Inventory Count: 4 to 7	\$583	\$583
	4504	Inventory Count: 8 to 15	\$880	\$880
	4505	Inventory Count: 16 to 25	\$1,038	\$1,038
	4506	Inventory Count: > 25	\$1,246	\$1,246
RMP (ARP) Accidental Release Prevention Program	3500	Administrative Fee	\$660	\$752
	3501	Risk Factor Fee (varies, based on chemical risk)	\$6.30/unit	\$7.18/unit

RECOMMENDATIONS

That the Board:

1. The Resolution (Attachment 2) adjusting the Board controlled fees.
2. Approve and transmit this report to the Mayor and City Council for consideration and approval.
3. Publishing the Resolution based on the Mayor and City Council action (L.A.M.C., Section 57.115.1.1). If the Council recommends any of the fees to be amended to increase or decrease, those fees shall not become effective. Those fees not recommended for amendment nor disapproved by Council shall become effective.

FISCAL IMPACT

Assuming the recommended fees become effective July 1, 2014, it is projected that the associated fee increases will generate \$27.5 million in revenues in Fiscal Year 2014-15. This is an increase of \$2.6 million over the estimated Fiscal Year 2014-15 revenue prior to any fee increase.

DISCUSSION

The FPB's cost of special services fees are based on the total costs to perform the special services and includes direct labor, indirect labor, expenses, and all applicable City overhead costs.

Inspector Hourly Rate

The Inspector Hourly Rate is the average hourly cost of an Inspector in FPB. The Inspector Hourly Rate is calculated by dividing the total cost of the FPB by the total number of direct Inspectors in FPB.

The Inspector Hourly Rate is utilized to charge for services that are based on the time required to perform the service. The fees for these services are computed by multiplying the average time required to perform the inspection or service by the Inspector Hourly Rate. The average time required to perform an inspection activity is based on historical data of staff hours spent on specific related activities. These hours are reviewed and adjusted annually.

Using the proposed Fiscal Year 2014-15 salaries and the federally audited and approved Cost Allocation Plan (CAP) 34 Rate, the Inspector Hourly Rate was determined to be \$178 per hour.

In order to be consistent with the City's financial policy of full cost recovery, it is proposed that the Inspector Hourly Rate be increased from \$176 per hour to \$178 per hour (1 percent increase).

The following Sections of the L.A.M.C. pertain to the recommended increase in fees:

A. Non-Compliance Fee - L.A.M.C., Section 57.104.12.1

The Non-Compliance Fee is the Inspector Hourly Rate multiplied by the number of hours expended in re-inspections, after the issuance of a Fire/Life Safety order. The Non-Compliance Fee is, at a minimum, two (2) Inspector Hours (\$356).

The Non-Compliance Fee is issued if, after the first re-inspection, the owner has failed to comply with the Fire/Life Safety order to correct.

The recommended fee for Non-Compliance is detailed in Attachment 1: Proposed Schedule of Fees (Section H).

B. Specific Action or Project Permit Fees - L.A.M.C., Section 57.105.7.8

L.A.M.C. Section 57.105.7.8 identifies installations or operations on a one-time or non-continuing nature which require plan checks and/or inspections. These permits are issued for a wide variety of activities, including firework displays, live theater productions, and the transfer of flammable liquids.

The recommended fees for Specific Action or Project Permit Fees are detailed in Attachment 1: Proposed Schedule of Fees (Section B).

C. Operational Permit Fees - L.A.M.C., Section 57.113.6

L.A.M.C., Section 57.113.6 identifies occupancies and operations which require an annual permit to operate in the City. These occupancies are inspected by the Fire Department for fire life and operational safety.

The recommended fees for Operational Permits are detailed in Attachment 1: Proposed Schedule of Fees (Schedule A).

D. Hydrants and Access Review and Inspection Fees - L.A.M.C., Section 57.116.1

L.A.M.C., Section 57.116.1 provides pre-development plan review, plan and code review, and inspection services for development projects within the City to ensure adequate access, fire protection, and water availability to the project.

The recommended fees for Hydrants and Access Review and Inspection are detailed in Attachment 1: Proposed Schedule of Fees (Section E).

E. Construction Plan Review and Inspection Fees - L.A.M.C., Section 57.118.2

The Construction Plan Review and Inspection Fees provide for the cost of Fire/Life Safety plan review and inspection services of new construction, additions, tenant improvements, and/or change of use construction projects within the City.

The recommended fees for Construction Plan Review and Inspection are detailed in Attachment 1: Proposed Schedule of Fees (Section F).

F. Miscellaneous Fees and Certificate of Fitness Fees - L.A.M.C., Sections 57.104.9.2.1, 57.104.17.2, 57.117.10, 57.119.7.1, 57.119.8, and 57.119.8.3

A number of miscellaneous activities in the Fire Code are under the Board's fee-setting authority. These include General Approvals sought by manufacturers of specified items, fees for conducting tests to certify non-specified items, variance and waivers from provisions of the Fire Code, and Certificates of Fitness issued to individuals engaged in the recharging of fire extinguishers, in conducting blasting operations, or certifying the installation of fire protection equipment.

The recommended Miscellaneous Fees and Certificate of Fitness Fees are detailed in Attachment 1: Proposed Schedule of Fees (Section D).

G. Fire Safety Clearance Pre-Inspection Fee - L.A.M.C., Sections 57.4702.5 and 57.4703.7.1

The Fire Safety Clearance Pre-Inspection Fee provides for the cost of pre-inspection of adult and child daycare facilities and institutional facilities. The fee for the Fire Safety Clearance Pre-Inspection of a facility up to 25 occupants was determined to be two (2) hours at the Inspector Hourly Rate, or \$356. The fee for a facility of more than 25 occupants was determined to be four (4) hours minimum, or \$712 minimum, and hourly thereafter at the Inspector Hourly Rate of \$178 per hour.

The recommended fees for Fire Safety Clearance Pre-Inspection are detailed in Attachment 1: Proposed Schedule of Fees (Section L).

H. Final Clearance Inspection Fee - L.A.M.C., Section 57.4703.7.2

The Final Clearance Inspection Fee provides for the cost of inspection of residential care facilities for the elderly. A fee of two (2) hours of the Inspector Hourly Rate, or \$356, was determined for the Final Clearance Inspection service to recover the cost of the service.

The recommended fee for Final Clearance Inspection is detailed in Attachment 1: Proposed Schedule of Fees (Section K).

I. Industrial and Commercial Building Inspection Fees

The Industrial and Commercial Building Inspection Fees provide for the inspection of Industrial and Commercial buildings that are four (4) stories or more and/or have a floor area of 40,000 square feet or more of occupancy types Group B, Group F, Group H, Group M, Group S, or Group U as defined in the California Building Code.

The Board report recommending to charge fees for the service was adopted by City Council on November 17, 2012 (Council File: 12-1584). The fee schedule is pending development of a draft ordinance by the City Attorney.

The recommended Industrial and Commercial Building Inspection fees are detailed in Attachment 1: Proposed Schedule of Fees (Section N).

J. Fire Clearance Inspection Fee

The Fire Clearance Inspection Fee charges for the time spent to conduct a requested inspection. A requested inspection is a request from a business owner for an inspection with the intent to receive a Fire Clearance letter stating that the building and business are Fire Code compliant at the time of inspection.

The Fire Clearance Inspection Fee is one hour minimum plus hour for hour for any additional time incurred at the Inspector Hourly Rate.

The Board report recommending to charge the fee was approved by the Board of Fire Commissioners on June 18, 2013, and is pending consideration and approval by the City Council (Council File: 13-0779).

The recommended Fire Clearance Inspection Fee is detailed in Attachment 1: Proposed Schedule of Fees (Section O).

K. Brush Clearance Program Fees - L.A.M.C., Section 57.322

Brush Initial Inspection Fee

The Brush Initial Inspection Fee provides for the cost of yearly inspecting 140,000 parcels in the Very High Fire Hazard Severity Zone. The inspection cost is divided among the 140,000 parcels.

Those parcels found not in compliance with the hazardous vegetation ordinance are issued an order to correct and subsequently re-inspected. If the property is still in violation after the third inspection, the property is bid out for clearance by a brush clearance contractor.

Based on analysis of the Brush Initial Inspection Fee, it is recommended that the Brush Initial Inspection Fee be increased from \$23 to \$24.

Brush Administrative Cost Fee

The Brush Administrative Cost Fee covers the cost of staff to perform the brush re-inspections and processing of the bid packages/contracts for award to a contractor. The Brush Administrative Cost Fee is determined by calculating the time required by sworn and civilian staff to perform inspections and contract processing, divided by the average number of inspections. Direct and overhead costs are included in the cost calculation for full cost recovery.

Analysis of the Brush Administrative Cost Fee indicates a fee increase from \$938 to \$990.

The recommended Brush Clearance Program fees are detailed in Attachment 1: Proposed Schedule of Fees (Section G).

L. High-Rise Building Annual Inspection and Permit Fee - L.A.M.C., Section 57.119

The High-Rise Building Annual Inspection Fees provide for the cost of the staff to perform inspections of all commercial and residential high-rise buildings.

The High-Rise Annual Inspection Fees consist of a base building fee, a building inspection fee, and a garage inspection fee.

The base building fee covers the administrative oversight of tracking, investigating, and research necessary to safeguard high-rise buildings for fire life and property safety. All high-rise buildings, including vacant and/or partially vacant buildings, are subject to the base building fee. The building inspection fee is calculated based on the total floor area of the building. The garage inspection fee is calculated based on the total floor area of the garage.

The total floor area of high-rise hotels, dormitories, apartments, and condominiums is assessed only on the common areas in the building.

Federal and State buildings are inspected yearly but are exempt from the fee.

Based on the proposed Fiscal Year 2014-15 salaries and the approved CAP 34, the High-Rise Annual Inspection Fees are recommended as follows:

- The building inspection fee be increased by \$0.0001 per square foot to \$0.0152 per square foot
- The garage inspection fee to remain at \$0.0076 per square foot
- The base building fee be increased from \$1,056 to \$1,068. The base building fee is aligned at six (6) hours of the Inspector Hourly Rate

The recommended fees for High-Rise Annual Inspection are detailed in Attachment 1: Proposed Schedule of Fees (Section I).

M. High-Rise Building Evacuation Fees - L.A.M.C., Section 57.409.10.1.1

The High-Rise Evacuation Fees provide for the administrative tracking of Fire Safety Directors and Floor Wardens, and for the coordination and oversight provided during a total building evacuation of high-rise buildings. The High-Rise Evacuation Fees consist of a Fire Safety Director Fee, a Floor Warden Fee, and the Total Building Evacuation Oversight Fee.

The Fire Safety Director Fee is charged one fee per high-rise building, the Floor Warden Fee is charged one fee per floor of high-rise building, and the High-Rise Evacuation Oversight Fee is charged one fee (prorated over three years) per high-rise building 35 stories or higher. High-rise buildings 35 stories or higher are required to conduct a total building evacuation once every three (3) years, with coordination and oversight provided by the Fire Department. All high-rise buildings self-conduct a mandatory fire drill a minimum of once annually administered by the Fire Safety Director of each high-rise building.

In 2010, when the program was implemented, the Fire Department initially focused on 236 high-rise buildings greater than 250,000 square feet with the intent to gradually phase in the remaining high-rise buildings once the program had been firmly established. Of the 236 high-rise buildings, eight high-rise buildings that were 35 stories or higher, conducted a total building evacuation during the course of the year.

In Fiscal Year 2013-14, all high-rise buildings were phased into the High-Rise Evacuation program. A total of 663 high-rise buildings, 28 of which are high-rise buildings 35 stories or higher, currently participate in the program.

The High-Rise Building Evacuation Program is administered by one Fire Inspector I. The High-Rise Building Evacuation Fees are recommended for decrease due to the increase in the number of high-rise buildings participating in the program, thus, reducing the share of cost of each building owner.

It is proposed that the High-Rise Evacuation Fees be modified as follows:

- Fire Safety Director Fee be decreased from \$305 to \$191 per building
- Floor Warden Fee be decreased from \$24 to \$16 per floor
- Total Building Evacuation Fee be decreased from \$500 to \$313 per building (prorated over three years)

The recommended fees for the High-Rise Evacuation Program are detailed in Attachment 1: Proposed Schedule of Fees (J).

N. The Certified Unified Program Agency (CUPA) (L.A.M.C., Section 57.120.6)

The CUPA consolidates under one agency the following six hazardous materials and waste programs:

- 1) Hazardous Waste Generator and Onsite Hazardous Waste Treatment Programs
- 2) Aboveground Petroleum Storage Tank Spill Prevention Control and Countermeasure Plan
- 3) Hazardous Materials Release Response Plans and Inventory Program
- 4) California Accidental Release Prevention Program
- 5) Underground Storage Tank Program
- 6) Uniform Fire Code Plans and Inventory Requirements

The Underground Storage Tank Program (#5) fees provide for plan review and inspection services of underground storage tank systems.

It is proposed that the Underground Storage Tank Program fees be modified to accommodate for more equitable charging of: 1) tank installations or major tank repairs, 2) minor tank repairs, and 3) multiple tank repairs. The following modifications are being proposed:

1. Tank installation or major tank system repair fees be increased from 11 hours to 12 hours minimum. Tank installation or major tank system repair fees provide for plan review and inspection services of tank installations and major tank system repairs and requires a minimum of 12 hours.
2. Minor tank repair fees be charged three hours minimum, or one hour minimum if the repair is performed during a routine inspection. The minor tank repair fees are new tiers added to accommodate for minor tank system repairs requiring approximately three hours or more but less than the 12 hours required for major tank repairs.
3. Multiple tank repair fees be modified as:
 - First tank modified from 11 hours to nine hours minimum
 - Additional tanks charged at three hours minimum

The fees for multiple tank repairs provide for plan review and inspection services of facilities housing single or multiple tank systems. The multiple tank repair fees are tiered to provide more equitable charging. The first tank is charged at nine hours minimum, and additional tanks are charged at three hours minimum to accommodate the less time required to service the additional tanks.

The Underground Storage Tank (UST) fees being recommended for modification are listed below:

1. UST installation be modified from 11 hours to 12 hours minimum
2. UST abandonment-by-removal
 - First tank be modified from 11 hours to nine hours minimum
 - Each additional tank (new tier) be charged three hours minimum
3. UST abandonment-in-place
 - First tank be modified from 11 hours to nine hours minimum
 - Each additional tank (new tier) be charged three hours minimum
4. UST tank system, major modification or repair be modified from 11 hours to 12 hours
5. UST tank system, minor modification or repair (new tier) be charged three hours minimum
6. UST tank system minor repair (new tier) performed during routine inspection be charged one hour minimum

The recommended Underground Storage Tank Program (L.A.M.C., Section 57.105.7.8.4) fees are detailed in Attachment 1: Proposed Schedule of Fees (Section B, pages 5 to 7).

The recommended Certified Unified Program Agency fees are detailed in Attachment 1: Proposed Schedule of Fees (Section M).

FPB Overtime Rate

The FPB Overtime Rate is determined based on weighted average staff overtime salaries. Using proposed Fiscal Year 2014-15 salaries multiplied by 1.5, the FPB Overtime Rate was determined to be \$92 per hour.

The FPB Overtime Rate is applicable to the Expedite Fee, the Off-Hour Fee, or the Emergency Inspection Fee. These fees are charged when a customer requests Fire Department staff to perform plan review or inspection services outside of normal working hours.

The Expedite Fee, the Off-Hour Fee, or the Emergency Inspection Fee is charged at a minimum of four (4) hours, or \$368, as mandated by the Memorandum of Understanding for sworn personnel. Any additional hours of service or fraction of hours thereof is charged at a rate of \$92 per hour.

The Expedite, the Off-Hour, and the Emergency Inspection Fees are supplementary and in addition to any regular fees charged.

CONCLUSION

Increasing the Inspector Hourly Rate, the FPB Overtime Rate, and modifying existing fees to be in alignment with rising costs is consistent with the City's financial policy of full cost recovery for special services.

Board report prepared by Muriel Gee, Senior Management Analyst I, Administrative Services Bureau and by Rosemarie Barraza, Senior Management Analyst I, Bureau of Fire Prevention and Public Safety.

Attachments

Attachment 1 – Proposed Schedule of Fees

Attachment 2 – Resolution

