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October 3, 2012

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

Honorable Antonio R. Villaraigosa  
Mayor, City of Los Angeles  
Room 303, City Hall  
Attention: Mandy Morales  
Legislative Coordinator

[BFC 12-138] – PROPOSAL TO CHARGE FEES FOR FIRE LIFE SAFETY INSPECTION  
OF INDUSTRIAL AND COMMERCIAL BUILDINGS

At its meeting of October 2, 2012, the Board of Fire Commissioners approved the Fire Department's report dated August 21, 2012. The notice of public hearing publication was conducted in accordance with Government Code Section 6062a. There were no written or verbal public comments received. The report is herewith transmitted concurrently to the City Council and the Mayor for review and approval.

Should you need additional information, please contact the Board of Fire Commission Office at 213-978-3838.

Sincerely,

Leticia Gómez  
Commission Executive Assistant

Attachment

cc: Eileen Decker, Deputy Mayor, Homeland Security and Public Safety  
Board of Fire Commissioners  
Brian L. Cummings, Fire Chief  
Janet Jackson, Deputy City Attorney  
Mark Davis, Office of the City Administrative Officer

10/2/12  
LOS ANGELES FIRE DEPARTMENT

BRIAN L. CUMMINGS  
FIRE CHIEF

August 21, 2012

BOARD OF FIRE COMMISSIONERS  
FILE NO. 12-138

TO: Board of Fire Commissioners  
FROM: Brian L. Cummings, Fire Chief  
SUBJECT: PROPOSAL TO CHARGE FEES FOR FIRE LIFE SAFETY INSPECTION OF INDUSTRIAL AND COMMERCIAL BUILDINGS



FINAL ACTION:  Approved       Approved w/Corrections       Withdrawn  
 Denied       Received & Filed       Other

Recommendations: That the Board:

1. Approve the proposal to charge fees for the fire life safety inspection of industrial and commercial buildings.
2. Approve the Industrial and Commercial Building Inspection Fee at \$440 per building (two and a half hours at the proposed Inspector Hourly Rate of \$176 per hour).
3. Direct the Board Executive Assistant to publish the required notice of public hearing on the proposed fees at a regularly scheduled meeting of the Board.
4. Direct the Board Executive Assistant to forward this report to the Mayor and City Council for consideration and approval. Subject to the approval of the City Council and Mayor, request the City Council to instruct the City Attorney to draft revisions to the Los Angeles Municipal Code (LAMC) Chapter 5, Article 7 to create an Industrial and Commercial Fire Life Safety Section including provisions for the collection of fees and for the regular review and modification of the fees based on verifiable costs to the City.
5. Request the City Attorney to report back to the City Council within 30 days with an amendment to the LAMC Chapter 5, Article 7.

**Summary:**

Industrial and Commercial Units within the Fire Prevention Bureau inspect and enforce approximately 9,000 large and complex industrial and commercial buildings on a 12 month cycle for fire and life safety code compliance. Industrial and Commercial Inspectors ensure that fire and life safety systems are fully operational and have been tested at prescribed intervals.

The buildings inspected by the Industrial and Commercial Units are four stories or more in height, and/or have a floor area covering at least 40,000 square feet with occupancy types Group B, Group G, Group H, Group M, Group S, or Group U as defined in the California Building Code, and/or require a Division 4 Permit.

These specialized inspection services are currently being performed without charge. In accordance with the City's financial policies it is proposed that the Fire Department begin charging fees for industrial and commercial building inspections to recover service cost.

A time-motion survey conducted recently determined that a minimum of two hours was required to inspect a building and an additional 30 minutes was required for administrative processing and tracking. Generally, the larger the building means more time is required for inspection.

It is proposed that a base inspection fee be initially charged for the Industrial and Commercial Building Inspection Fee. The base inspection fee is proposed at \$440 per building, or two and one-half hours at the proposed Inspector Hourly Rate. The Inspector Hourly Rate currently proposed in the Fiscal Year 2012-2013 Annual Cost of Special Services Fee Adjustments report is \$176 per hour. The Industrial and Commercial Building Inspection Fee will be tied to the Inspector Hourly Rate and will be subject to any increases or decreases in the Inspector Hourly Rate.

This base fee covers the minimal cost to conduct an Industrial and Commercial building inspection. As information is collected, the Industrial and Commercial Building Inspection Fee will be modified using square footage data as a variable to determine Inspector hours in the fee formula. This will ensure that building owners pay according to the building size, time, and effort that is required to complete an inspection. Larger, more time consuming inspections will pay more than less time consuming inspections.

Charging for Industrial and Commercial building inspections at the initial base \$440 fee per building will generate \$3.96 million in annual revenue. If billings begin January 2013, \$1 million in revenue can be expected in Fiscal Year 2012-2013 and another \$320 thousand in Fiscal Year 2013-2014 for invoices generated in Fiscal Year 2012-2013. The Industrial and Commercial Section cost to the Department is approximately \$5 million annually.

The inspections necessary to generate this revenue are dependant on staffing levels within the Bureau of Fire Prevention. Currently, there are 14 vacancies. The Department eliminated four Inspector positions this fiscal year and 12 positions last fiscal year. These vacancies limit the ability to respond to business owners needs and reduce fee income.

Following adoption and prior to implementation, a billing and tracking system must be developed as the Fire Department does not currently have a proficient system to manage inspection billing and tracking. The Information Technology Agency (ITA) has initiated program development but has not established a development time frame.

Billing will be triggered by the actual inspection based on a 12-month inspection cycle and late payments will be subject to penalties and interest in accordance with the City's financial policies. It is proposed that the billing system eventually coordinate as many as three programs, Industrial & Commercial inspections, Certified Unified Program Agency (CUPA) inspections, and Division 4 permits, into one bill.

An ordinance is required to modify the Industrial and Commercial Fire Life Safety Code Section in order to establish and authorize fee collection and associated penalties and interest charges for delinquent accounts.

**Conclusion:**

Amending the Los Angeles Municipal Code to create an Industrial and Commercial Fire Life Safety Section and authorizing fee collection for these services will allow the City to recover costs for the services and ensure continued public safety. It is anticipated that \$1 million in revenue will be collected in Fiscal Year 2012-2013 if billings begin January 2013. The inspections necessary to generate this revenue are dependant on the Inspectors assigned to the Bureau of Fire Prevention; currently there are 14 vacancies. These vacancies limit the Department's ability to respond to business owners needs and perform the inspections necessary to provide the fire prevention oversight. The revenue stated in this report is contingent on filling all Inspector vacancies in the Bureau of Fire Prevention.

Board report prepared by Alberto Abarca, Battalion Chief of Industrial and Commercial Section and Muriel Gee, Senior Management Analyst I, Administrative Services Bureau.

