

**Your PUBLIC SAFETY COMMITTEE**

**reports as follows:**

PUBLIC SAFETY COMMITTEE REPORT relative to new fire life safety inspection fees for industrial and commercial buildings.

Recommendations for Council action:

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 Inspector hourly rate of \$176 per hour).
3. REQUEST that the City Attorney draft an ordinance to revise Los Angeles Municipal Code 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.
4. DIRECT the Fire Department to report to Council relative to the fees charged by other cities for fire life safety inspections of commercial and industrial buildings, and the types of buildings and owner organizations exempt from the proposed inspection fee.

Fiscal Impact Statement: None submitted by the Fire Department. Neither the City Administrative Officer (CAO) nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

### SUMMARY

In a report to the Board of Fire Commissioners dated August 21, 2012 (attached to the Council file), the Fire Department recommends the approval of new fire life safety inspection fees for industrial and commercial buildings. The Department's Fire Prevention Bureau inspects 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 Fire Department reports that these specialized inspection services are currently being performed without charge. According to the Department, a minimum of two hours is required to inspect a building and an additional 30 minutes is needed for administrative processing and tracking. Generally, the larger buildings require more time to inspect. It is proposed that a base inspection fee of \$440 per building be initially charged for the Industrial and Commercial Building Inspection Fee. The Inspector hourly rate currently proposed in the Fiscal Year (FY) 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, subject to any increase or decrease.

The Fire Department goes on to report that as information is collected, the proposed 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, as well as the time and effort required to conduct inspections. A higher fee will be charged for the inspection of larger buildings. The Department estimates that the proposed fee, at the initial base amount of \$440 per building will generate \$3.96 million in annual revenue. If billings begin January 2013, \$1 million in revenue can be expected in FY 2012-2013 and another \$320 thousand in FY 2013-2014 for invoices generated in FY 2012-2013.

On October 2, 2012, the Board of Fire Commissioners approved the new Industrial and Commercial Building Inspection Fee proposed by the Fire Department. In a report dated October 25, 2012 (attached to the Council file), the CAO expresses support for the new fee.

At its meeting held October 26, 2012, the Public Safety Committee discussed this matter with representatives of the Fire Department and the CAO. The Department representative stated that the City does not currently charge a fee for the inspection of large commercial and industrial buildings. There are approximately 9,000 such structures located within the city, and the Department is unable to inspect them all with its existing staffing level. The proposed fee will improve public safety. Building owners will be charged the fee only if their buildings are inspected. In addition to the establishment of the fee, the Department will also need billing and tracking systems.

The Public Safety Committee recommended that Council approve the proposed fee and request that the City Attorney prepare the effectuating ordinance. The Committee further recommended that Council direct the Fire Department to report relative to what other local cities charge for this inspection service, and what type of organizations – such as non-profits – may be exempt from having to pay the fee.

Respectfully submitted,

PUBLIC SAFETY COMMITTEE

**- NOT OFFICIAL UNTIL COUNCIL ACTS -**

<u>MEMBER</u>	<u>VOTE</u>
ENGLANDER:	YES
PERRY:	ABSENT
BUSCAINO:	YES
KREKORIAN:	ABSENT
ZINE:	YES

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