



LOS ANGELES FIRE DEPARTMENT

KRISTIN M. CROWLEY
FIRE CHIEF

November 3, 2022

BOARD OF FIRE COMMISSIONERS
FILE NO. 22-113

TO: Board of Fire Commissioners

FROM:  Kristin M. Crowley, Fire Chief

SUBJECT: REQUEST TO UPDATE THE CALCULATION METHOD FOR THE FILM
UNIT'S SPOT-CHECK INSPECTION FEE

FOR FINAL ACTION:

☐ Approved
☐ Denied

☐ Approved w/Corrections
☐ Received & Filed

☐ Withdrawn
☐ Other

SUMMARY

The Film Unit is a fee-supported unit, charged with the responsibility of ensuring that all filming sites, whether in studio or on location, are properly protected from fire and life safety hazards. Filmmakers are charged a flat-rate \$85 fee for the Fire Department's portion of their on-location film permit. The fee was established in 1994 and has not changed since then. The current fee is insufficient to fully support the cost of providing spot checks of film locations. The estimated shortfall in Fiscal Year 22-23 is \$1,723,771.

In order to update the fee, the Revenue Section recommends changing the method of calculating the fee so that it is compliant with Mayor's Executive Directive No.6 (ED 6) and so that it is consistent with other Board-controlled fees for special services. If approved, the Film Spot-Check Fee will increase from \$85 to \$253. The Department will monitor the revenue generated by the Film Spot-Check Fee and adjust the fee to meet the requirement of ED 6.

RECOMMENDATIONS

That the Board:

1. Authorize the Department to change the method of calculating the Film Spot-Check Fee to align with the calculation method for most other Special Service Fees.
2. Transmit this report to the Mayor and the City Council for consideration and approval.
3. Authorize the Department to add the Film Spot-Check Fee, once approved by the Mayor and the Council, to the annual Cost of Special Services Fee Adjustments report.

FISCAL IMPACT

The updated fee will reduce the impact to the General Fund by \$1,699,950.

DISCUSSION

The Spot-Check Program was created in 1994 to reduce the cost of fire inspections at filming locations while maintaining high standards of fire and life safety requirements. Specific criteria were established to determine when a filming location required a full-time Fire Inspector or a Spot-Check inspection. Additional personnel were authorized to supervise the Film Unit and perform Spot-Check inspections. A Spot-Check Permit Fee of \$85 was established in 1994. No changes have been made to this fee since 1994. Revenue is based on permits issued, and is estimated to be \$816,000 in FY 22-23.

Current Fee Structure

FilmLA currently processes approximately 9600 Spot-Checks per year at a rate of \$85 per Spot-Check. Annually we collect approximately \$816,000 from Spot-Check fees. We have an approximate shortfall of \$1,005,904.

Current Film Spot-Check Fee Structure

Salaries:	\$2,452,621
Overtime:	\$87,150
Total:	\$2,539,771
Revenue:	-\$816,000
Shortfall Funded by General Fund:	\$1,723,771

Salaries are based on full cost recovery for (1) Fire Captain I, (1) Fire Inspector II, (4) Fire Inspectors I, (1) Senior Administrative Clerk and (1) Administrative Clerk.

Overtime covers spot checks that occur outside of regular business hours and is estimated at 1000 hours @ \$87.15 per hour. Overtime is not included in the original flat-rate formula.

The Department's Revenue Section determined that the current fee amount and calculation method are not sustainable and not compliant with ED 6. Adding the Film Spot-Check Fee to the Annual Special Services Fee Adjustment report will bring the fee into alignment with the fees for other special services and provide full cost recovery for Film Spot-Checks.

Proposed Fee Structure

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 to determine the average cost of a direct Inspector, and then dividing the average cost of a direct Inspector by the total number of available on-duty hours per year.

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 2022-23 salaries which include step increases, longevity pay and COLA, and the federally audited and approved Cost Allocation Plan (CAP) 40 Rate, the Inspector Hourly Rate was determined to be \$337. Based on historical data of staff hours spent on Film Spot-Checks, the time factor was determined to be 45 minutes (0.75 hours). Multiplying the Hourly Inspector Rate by the time factor produces a fee of \$252.75, which is \$253, after rounding to the next whole dollar.

Applying the Spot-Check Fee of \$253 to 9600 Film Spot-Check Permits would increase revenue to \$2,428,800.

Proposed Film Spot-Check Fee Structure	
Salaries:	\$2,452,621
Overtime:	\$0
Total:	\$2,452,621
Revenue:	-\$2,428,800
Shortfall Funded by General Fund:	\$23,821

Overtime hours are not a factor in the proposed structure, because the effect of overtime is already included in the CAP 40 formula.

CONCLUSION

The proposed fee structure will reduce the impact to the General Fund by almost \$1.7 million. Because revenues are based on the number of Film Permits issued, an increase in Film Permits will generate additional revenue. FilmLA reports that they expect filming activity to increase by 20% over the next few years. This report supersedes Board of Fire Commissioners file number 22-102 and 22-102R, which were previously submitted.

The board report was prepared by Felipe Villegas, Captain I, Film Unit.