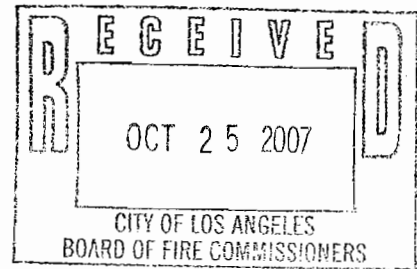


NOV 06 2007

LOS ANGELES FIRE DEPARTMENT



DOUGLAS L. BARRY
FIRE CHIEF



BOARD OF FIRE COMMISSIONERS
FILE NO. 07-114

October 25, 2007

TO: Board of Fire Commissioners

FROM: Douglas L. Barry, Fire Chief *DLB*

SUBJECT: APPROVAL OF A REDUCTION IN THE BRUSH ADMINISTRATIVE COST FEE

FINAL ACTION:	<input 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 Withdrawn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

Recommendations:

The following recommendations are submitted to your Board for consideration and public hearing. In accordance with Section 57.04.12, Subsection C of the Los Angeles Municipal Code (L.A.M.C.), which authorizes the Fire Commission to modify fees based on the cost of services, the Brush Administrative Cost Fee has been revised due to a reduction in the Controller's official approved Cost Allocation Plan (CAP) 29 rates. The proposed reduction in the Brush Administrative Cost Fee has been reviewed and concurred by the Office of the City Administrative Officer. It is recommended that the Board:

- 1) Approve the reduction in the Brush Administrative Cost Fee from \$982 to \$905.
- 2) Direct the Board's Executive Assistant to publish the required notice of a public hearing on the proposed fee increase at a regularly scheduled meeting of the Fire Commission.
- 3) Direct the Board's Executive Assistant to transmit notice of this action to the Mayor and City Council at the conclusion of the public hearing.

- 4) Adopt the attached Resolution (Attachment I) adjusting the Brush Administrative Cost Fee after the required public hearing, and notice of this action be transmitted to the Mayor and Council at the conclusion of the public hearing. If the Mayor and City Council do not take action within the 60-day review period, the Resolution adopted by the Board will be published through the Office of the Board of Fire Commissioners and the new fee will become effective upon publication.

Summary:

On July 17, 2007, the Board of Fire Commissioners approved the Board report dated June 13, 2007 increasing the Brush Administrative Cost Fee to \$982. The report was approved by the City Council and Mayor and the new Brush Administrative Cost Fee took effect on August 23, 2007.

The Brush Administrative Cost Fee provides for the cost of the staff to perform the brush inspections and processing the bid packages/contracts for award to a contractor. The Brush Administrative Cost Fee is determined by taking the time required by the sworn and civilian staff to perform inspections and contract processing, divided by the average number of pre-packaged inspections performed during the past three years. Direct and overhead costs are included in the cost calculation for full cost recovery. The latest available draft Cost Allocation Plan (CAP) 29 was used in the overhead cost calculations.

On September 13, 2007, the Office of the Controller issued the official approved CAP 29. The approved CAP 29 rate for Fire sworn dropped from 96.44% to 79.97%, and for Fire civilian dropped from 66.29% to 64.66%.

The Brush Administrative Cost Fee was recalculated using the official approved CAP 29 and determined to be \$905. The revised Brush Administrative Cost Fee represents a 7.8 percent reduction from current Brush Administrative Cost Fee of \$982.

It is proposed that the Brush Administrative Cost Fee be adjusted to \$905 to account for the reduction in the approved CAP 29 rate.

Historically, approximately 18 percent of the invoiced Brush Administrative Cost Fee is realized in the first year billed and approximately 2 percent is realized in the second year. Of the remaining properties that have not paid in full, a lien is placed on the properties through the County Assessor's Office, and approximately 50 percent of the balance of remaining invoiced amount is realized in the third year. The lien remains on the property until the balance is paid in full.

Conclusion:

An invoiced amount of \$727,620 is estimated in Fiscal Year 2007-08 based on the actual number of parcels (804 parcels) cleared by an outside contractor in Fiscal Year

2005-06. Relative to the Fiscal Year 2006-07 invoiced amount of \$252,456, an increase in the Brush Administrative Cost Fee would increase the Fiscal Year 2007-08 invoice amount to \$727,620, an increase of \$475,164.

Approximately 18 percent or \$130,972 of the invoiced amount is realized in the first year and an additional 2 percent or \$11,933 is realized in the second year and paid directly to the Fire Department. Of the remaining 80 percent of the invoiced amount, approximately 50 percent or \$292,358 is to be realized through the County Assessor's Office property tax bill in the third year.

Revenues generated from the new Brush Administrative Fee will increase from \$45,442 in Fiscal Year 2006-07 to \$130,970 in Fiscal Year 2007-08, an increase of \$85,530.

Brush Administrative Cost Fee	FY 06-07	FY 07-08 at \$982	FY 07-08 at \$905	Difference of \$905 vs \$982
Invoiced Amount	\$252, 456	\$789,528	\$727,620	\$(61,908)
Estimated Revenue	\$45,442	\$142,115	\$130,972	\$(11,143)

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

Attachments

ATTACHMENT I

RESOLUTION NO.

WHEREAS, Section 57.04.12 Permit Fees, Subsection C. of the Los Angeles Municipal Code authorizes the Board of Fire Commissioners to determine on a regular basis, with the concurrence of the City Administrative Officer, the schedule of applicable charges necessary to recover City costs for issuing numerous permits; and

WHEREAS, these permits include Brush Administrative Cost Fee as identified in the Los Angeles Municipal Code Sections 57.21.07C; and

WHEREAS, the Board of Fire Commissioners, at its meeting of Date, adopted a recommended fee for which it has been given authority to establish fees; and

WHEREAS, in accordance with Section 57.04.12, Subsection C, of the Los Angeles Municipal Code, the City Administrative Officer has reviewed and concurred with the recommended fees;

WHEREAS, if the Mayor and Council do not take action within the 60-day review period, the Resolution adopted by the Board will be published through the Office of the Board of Fire Commissioners and the new fee will become effective 30 days thereafter.

NOW, THEREFORE, BE IT RESOLVED, that the BOARD OF FIRE COMMISSIONERS adopts the Brush Administrative Cost Fee of \$905. (See L.A.M.C. for complete text.)

Adopted this Date, 2007

BOARD OF FIRE COMMISSIONERS

GENETHIA HUDLEY-HAYES, PRESIDENT

Attest: _____
BLANCA GOMEZ-REVELLES
COMMISSION EXECUTIVE ASSISTANT