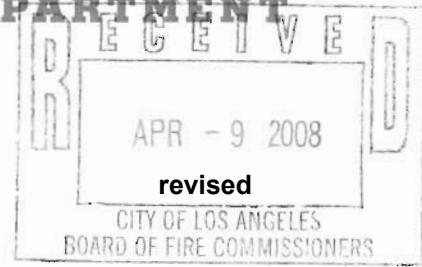


APR 15 2008

LOS ANGELES FIRE DEPARTMENT



DOUGLAS L. BARRY
FIRE CHIEF



April 9, 2008

BOARD OF FIRE COMMISSIONERS
FILE NO. 08-046

TO: Board of Fire Commissioners

FROM: Douglas L. Barry, Fire Chief

SUBJECT: APPROVE AN AMENDMENT TO MODIFY THE METHOD OF FEE
CALCULATION AND AUTHORIZE AN INCREASE IN THE HIGH-RISE
BUILDING ANNUAL INSPECTION AND PERMIT 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 Withdrawn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:

In accordance with Section 57.04.12, Subsection C of the Los Angeles Municipal Code (L.A.M.C.), which authorizes the Board to modify fees based on the cost of services, the High-Rise Building Annual Inspection and Permit Fee has been reviewed and concurred by the Office of the City Administrative Officer. The following recommendations are submitted to the Board for consideration and approval.

- 1) Approve an amendment to Los Angeles Municipal Code (L.A.M.C.) Section 57.119:
 - a. To modify the method of determining costs from salaries with fringe benefits to total costs including salaries and indirect costs.
 - b. To include charging fees for inspection of high-rise residential apartments and condominiums.
- 2) Approve the following proposed High-Rise Building Annual Inspection and Permit Fee increases:
 - a. To increase the building inspection rate to \$0.0131 per square foot of building area (+18 percent).
 - b. To increase the garage inspection rate to \$0.0066 per square foot of garage area (+18 percent).
 - c. To charge a base building fee of \$900 for all high-rise buildings including vacant and/or partially vacant buildings.

- 3) Direct the Board's Executive Assistant to publish the required notice of public hearing on the proposed fee increase at a regularly scheduled meeting of the Board.
- 4) Subject to the approval of the Board, direct the Board's Executive Assistant to forward this report to the Mayor and City Council for consideration and approval.
- 5) Subject to the approval of the City Council and Mayor, request the City Council to instruct the City Attorney to prepare and present an ordinance within 30 days amending:
 - a) L.A.M.C. Section 57.119.05.C.1, to modify the method of determining costs to actual total costs incurred, including all applicable indirect costs, as determined by the Board.
 - b) L.A.M.C. Section 57.119.05.D, to include charging for inspection of high-rise residential apartments and condominiums.

Summary:

An annual inspection of all commercial high-rise buildings and all residential high-rise hotels and dormitories is required per Section 57.119 of the L.A.M.C. A fee is assessed to recover City costs in performing the annual inspections.

The current method of determining costs is based on salary and fringe benefits costs and does not include Central Services or Department Administrative Support Services costs. However, the City's financial policy stipulates that full cost recovery should be charged for specialized services. In order to be consistent with the City's financial policy, it is proposed that Section 57.119 of the L.A.M.C. be amended to modify the method of determining costs to include salaries with full overhead costs (to include Fringe Benefits, Central Services, and Department Administrative Support Services costs).

Table 1 shows the proposed high-rise inspection fees for Fiscal Year 2008 - 2009 calculated at full cost recovery. The fees are based on the proposed Fiscal Year 2008 - 2009 salaries, the approved Cost Allocation Plan (CAP) 29 rates, and the total square footage of building areas and garages requiring inspection.

To accommodate the administrative time required to track each high-rise building, a base building fee was determined using the average cost of an Inspector in the Fire Prevention Bureau times six hours. The base building fee was determined to be \$900 per building, and is the minimum charge for a high-rise building regardless of occupancy, usage, or inspection time required.

Vacant buildings are charged the minimum base building fee of \$900. Partially vacant buildings are charged the minimum base building fee, and for any portion of the building that is occupied.

Table1

High-Rise Inspection Fees	Current FY 07-08 Fee	Full Cost Recovery	Percent Increase
Building (per square foot)	\$0.0111	\$0.0131	18%
Garage (per square foot)	\$0.0056	\$0.0066	18%
Vacant building (per building)	\$407	\$900	121%
Base Building Fee (per building)	NA	\$900	NA

The staff of the High-Rise Unit spend a considerable amount of time inspecting the currently 202 high-rise residential apartment/condominium buildings in the City. In addition, there is an increase in new high-rise residential apartment/condominium construction which will require additional inspection time. Due to the large amount of time spent to inspect these high-rise residential apartments and condominiums and the increasing number of new high-rise residential/apartment projects under construction, it is proposed that inspection fees be charged for these services. It is proposed that the fee charged for a high-rise residential apartment/condominium be the base building fee plus the charge for the total common area of the building. Charging fees for high-rise residential apartment/condominium building inspection would generate approximately an additional \$287,000 in revenue.

Conclusion:

At full cost recovery, revenues generated from the High-Rise Annual Inspection and Permit Fee is expected to increase from \$1.5 million in Fiscal Year 2007 – 2008 to \$2.6 million in Fiscal Year 2008 – 2009.

Table 2 shows the estimated revenues for Fiscal Year 2008 – 2009 and the percent revenue increase from the current Fiscal Year 2007 – 2008 projected revenue.

Table 2

Projected Revenue FY 07-08	Estimated FY 08-09 Revenue at Full Cost Recovery	Percent Revenue Increase
\$1.5 million	\$2.6 million *	79%

* Revenue from fee exempt services has not been included. Approximately \$460,000 in fee exempt services is provided for inspection of Federal, State, and City high-rise buildings.

It is recommended that full cost recovery be adopted and residential/apartment high-rise buildings be charged a fee for services to be consistent with the City's financial policy of full cost recovery.

Board Report prepared by Muriel Gee, Senior Management Analyst I, Bureau of Administrative Services.