

AUG 19 2008

LOS ANGELES FIRE DEPARTMENT



DOUGLAS L. BARRY
FIRE CHIEF

August 11, 2008

BOARD OF FIRE COMMISSIONERS
FILE NO. 08-123

TO: Board of Fire Commissioners

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

SUBJECT: **AN ORDINANCE AMENDING CHAPTER 5, ARTICLE 7, DIVISION 15, CONSTRUCTION AND PLAN REVIEW INSPECTION SERVICES TO MODIFY THE FEES PER SECTION 57.04.12C OF THE LOS ANGELES MUNICIPAL CODE, AND TO INCREASE THE HOURLY RATE FOR CONSTRUCTION AND PLAN REVIEW INSPECTION SERVICES**

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 Withdrawn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:

It is recommended that the Board:

- 1) Approve the proposed amendment to Los Angeles Municipal Code (L.A.M.C.) Chapter 5, Article 7, Division 15, to include provisions for the review and modification of the fees based on L.A.M.C., Section 57.04.12, Subsection C.
- 2) Approve an increase in the Division 15 Construction and Plan Check Inspection Services hourly rate from \$121 to \$150.
- 3) Approve the Division 15 Expedite and/or Off-Hour Inspection rate to be \$77 per hour.
- 4) Approve the Division 15 Construction and Plan Review Inspection Services minimum charges as follows:
 - a) The Fire/Life Safety Plan Review Fee is a minimum charge of 3 hours or \$450.
 - b) The Additional Inspection and Re-Inspection Fee is a minimum charge of 1 hour or \$150 per hour.

- c) The Expedite Fire/Life Safety Plan Review Fee and the Off-Hour Inspection Fee is a minimum charge of 4 hours or \$308, and \$77 per hour thereafter.
- 5) Direct the Board's Executive Assistant II to publish the required notice of public hearing on the proposed fee increase at a regularly scheduled meeting of the Board.
- 6) Subject to the approval of the Board, direct the Board's Executive Assistant II to forward this report to the Mayor and City Council for consideration and approval.
- 7) 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 L.A.M.C., Chapter 5, Article 7, Division 15, Construction and Plan Check Inspection Services, to include provisions for the yearly review and modification of the fees based on L.A.M.C., Section 57.04.12, Subsection C, removal of the Fee Schedule table in L.A.M.C., Section 57.15.03, and increase the Fire/Life Safety Plan Review Fee to 3 hours minimum (draft ordinance attached).

Summary:

The L.A.M.C., Chapter 5, Article 7, Division 15, was established by Ordinance No. 176075 on August 10, 2004, for the purpose of providing Fire/Life Safety Plan Review and Fire/Life Safety Inspection Services for new construction, addition, tenant improvement, and/or change of use to construction projects within the City. A Fee Schedule was established concurrently and shown in L.A.M.C., Sec 57.15.03.

The current method of revising Division 15 fees requires an ordinance change each time the fees are revised. This process can take as long as six months or more and is an inefficient method for adjusting fees which are based on continual cost increases and are reviewed on a yearly basis.

The majority of Fire Department permit fees are currently modified annually under the provisions provided in Section 57.04.12, Subsection C, L.A.M.C., which authorizes the Board, with the concurrence of the City Administrative Officer, to modify fees based on verifiable costs of the City at any time during the year. The Mayor and City Council have 60 days after delivery of the Board order to disapprove the order. If within 60 days after delivery of the proposed fee schedule from the Board neither the Mayor nor the City Council has disapproved the Board order, the Board's proposed fee schedule shall be approved as submitted and effective upon publication. It is proposed that the method of modifying the fees for Division 15 be made consistent with the methods used in updating other permit fees in the Fire Department. Amending L.A.M.C., Chapter 5, Article 7, Division 15, Construction and Plan Check Inspection Services, to allow the Board to modify the fees in the same manner provided in L.A.M.C., Section 57.04.12,

Subsection C, will facilitate the yearly adjustment of the fees and enable Division 15, Construction and Plan Review Inspection Service costs to be recovered.

The Division 15 hourly rate is determined based on the cost of staff to perform these specialized services. The costs include all direct and indirect costs and operating expenses. The Fiscal Year 2008-2009 Adopted Budget salaries and the approved Cost Allocation Plan 29 (CAP 29) were used in the computation and the rate was determined to be \$150 per hour. Increasing the Division 15 hourly rate to \$150 from the current \$121 per hour represents a 24 percent increase, since its establishment in 2004.

The Fire/Life Safety Plan Review fee involves a plan review and site inspection. Approximately 3 hours minimum is required to recover the staff hours dedicated to this service, or 3 hours multiplied by the hourly rate of \$150 for a minimum charge of \$450. The charge includes the plan review and up to 2 hours of initial inspection service. If additional inspection or re-inspection time is required after the initial 2 hours of initial inspection, the additional inspection charge will be at \$150 per hour.

It is proposed that the Fire/Life Safety Plan Review Fee be adjusted from the current \$121 minimum or 0.111% of the project valuation, whichever is higher to the proposed \$450 minimum or 0.111% of the project valuation, whichever is higher.

The Expedite Fire/Life Safety Plan Review Fee and the Off-Hour Inspection Fee are normally performed during off-hours and involve overtime staff costs. The overtime rate is determined by taking the weighted average cost of Fiscal Year 2008-2009 staff to perform the work multiplied by 1.5 times or an hourly rate of \$77 per hour. Because staff working overtime are required to be compensated for a minimum of 4 hours, the minimum request for an Expedite and/or Off-Hour service is 4 hours, or \$308 and \$77 per hour thereafter. Overtime fees are charged in addition to any regular charges.

Table 1 summarizes the Division 15 fees and compares the differences between the Current Fees and Proposed Fees:

Table 1

Description	Current Fee	Proposed Fee
Fire/Life Safety Plan Review Fee (includes up to 2 hours of initial inspection)	\$121 minimum or 0.111% of the project valuation, whichever is higher	\$450 minimum or 0.111% of the project valuation, whichever is higher
Additional Inspection & Re-Inspection Fee	\$121 per hour, 1 hour minimum	\$150 per hour, 1 hour minimum
Expedite or Off-Hour Fee	\$121 per hour; 4- hour minimum or \$484, \$121 per hour thereafter	\$77 per hour; 4-hour minimum or \$308, \$77 per hour thereafter

The recommendations in this report have been reviewed and concurred by the Office of the City Administrative Officer.

Conclusion:

Amending L.A.M.C., Chapter 5, Article 7, Division, will provide a consistent method of establishing and modifying the costs of special services and allow the City to recover costs based on the City's financial policy of full cost recovery.

Increasing the Division 15 Hourly Rate to \$150 per hour and setting the Fire/Life Safety Plan Review minimum charge to be 3 hours, or \$450, and \$150 per hour thereafter, the Additional Inspection and Re-inspection minimum fee at \$150 per hour, and the Expedite or Off-Hour minimum charge at 4 hours, or \$308, and \$77 per hour thereafter would allow for full cost recovery.

Based on an anticipated effective date of March 2009, the revenue for Fiscal Year 2008-2009 is projected to be \$4.6 million. The additional \$247,825 in revenue anticipated from the rate increases will be deposited in Revenue Source Code 3892.

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

Attachment

ATTACHMENT 1

ORDINANCE NO. _____

An ordinance amending Section 57.15.03 and 57.15.04 of the Los Angeles Municipal Code to include provisions for the yearly review and modification of the fees for Construction and Plan Check Inspection Services as set forth in Section 57.04.12 Subsection C of the Los Angeles Municipal Code, and increase the Fire/Life Safety Plan Review Fee to three hours minimum.

THE PEOPLE OF THE CITY OF LOS ANGELES

DO ORDAIN AS FOLLOWS

Section 1. Section 57.15.03 and 57.15.04 of the Los Angeles Municipal Code is amended to read:

LOS ANGELES MUNICIPAL CODE CHAPTER 5, ARTICLE 7, DIVISION 15 CONSTRUCTION AND PLAN CHECK INSPECTION SERVICES

(Added by Ord. No. 176,075, Eff. 8/10/04.)

Section

<u>57.15.01</u>	Scope.
<u>57.15.02</u>	Definitions.
<u>57.15.03</u>	Fees.
<u>57.15.04</u>	Annual Review.

SEC. 57.15.01. SCOPE.

(Amended by Ord. No. 176,599, Eff. 6/4/05.)

This division sets forth the services of the Los Angeles Fire Department ("Fire Department") to perform Fire/Life Safety Plan Review and Fire/Life Safety Inspection for certain projects as specified below in the definitions and to collect the fees for those services, including fees for expediting the services. The goal of these fees is to recover the Fire Department's costs in performing the Fire/Life Safety plan review and Fire/Life Safety inspection services. The Department of Building and Safety ("Building and Safety") is given the authority to collect the fees for the Fire Department.

SEC. 57.15.02. DEFINITIONS.

(Amended by Ord. No. 176,599, Eff. 6/4/05.)

A. Fire/Life Safety Review. Review plans for new construction, addition, tenant improvement, and change of use to the following construction projects as determined by the Department of Building and Safety and Fire Department.

- Apartments and condominiums, with 3 or more stories, or 16 or more dwelling units.
- Hotels, with 3 or more stories, or 20 or more guest rooms
- High rise buildings with human occupancy at 75 feet or higher, as measured from occupied floor or occupied roof elevation above the lowest level of Fire Department vehicle access
- Covered malls
- Buildings housing "A", "E", "I" and "H" with highly toxic materials occupancies according to the Building Code
- Airport buildings
- Fire alarms

B. Additional Inspection and Re-inspection. Additional Fire/Life Safety Inspection and Re-inspection for projects defined in A. above by the Department, beyond the initial field inspection covered under Fire/Life Safety Plan Review. The additional inspection or re-inspection may be required by the Fire Department or requested by the client, as referenced in Section 57.15.01.

C. Expedite. A request by an applicant to the Fire Department to complete the Fire/Life Safety Plan Review and/or Inspection for projects defined in Section 57.15.02 A. at the earliest possible time. It may include a request for Fire Department personnel to work overtime to complete a field inspection.

D. Off-Hour, Fire/Life Safety Plan Review and/or Inspection. A request by a client to the Fire Department to complete a Fire/Life Safety Plan Review and/or an Inspection during off-hours for projects defined in Section 57.15.02 A.

SEC. 57.15.03. FEES.

Before accepting an application for any permit required by this division, the Fire Department shall collect the fees established by the most current cost-recovery schedule published as provided by Section 57.04.12C and applicable thereto.

(Amended by Ord. No. 176,599, Eff. 6/4/05.)

A. Fire/Life Safety Plan Review Fee. The fee shown in Section 57.15.03, "Fee Schedule" is for the Fire/Life Safety Plan Review for projects as defined in Sec. 57.15.02 A and for up to two (2) hours of initial field inspection. The fee shall be the Inspector's hourly rate (minimum 3 hours), or 0.111% of the project valuation, whichever is higher. The project valuation is determined by Building and Safety. No additional fee shall be charged for verification of the corrections required by the Fire Department. However, when plans are revised by the applicant for reasons other than plan review correction and require additional time to review the plan revisions, the Fire Department shall collect a Supplemental Plan Review Fee.

B. Additional Inspection and Re-inspection Fee. The fee in the Fee Schedule is for additional field inspection and re-inspection of Fire/Life Safety issues for projects identified in Section 57.15.02 A. The additional inspection and re-inspection fees are incurred beyond the initial field inspection covered under

the Fire/Life Safety Plan Review Fee. The fee shall be based on the Inspector's hourly rate, a minimum of one hour.

C. Expedite or Off-Hour, Fire/Life Safety Plan Review and/or Inspection Fee. The fee in the Fee Schedule will allow Fire/Life Safety Plan Review and Inspection for projects identified in Section 57.15.02 A. to occur at the earliest possible time, which may include off-hour time. The fee is based on an Inspector's Expedite / Off-Hour Rate. The minimum charge is four hours, and the Expedite / Off-Hour Rate thereafter.

FEE SCHEDULE (table to be removed)

Fire/Life Safety Plan Review Fee	\$121.00 minimum or .111% of the project valuation, whichever is higher. Project valuation is determined by Building and Safety.
Additional Inspection and Re-inspection	\$121.00 per hour, one-hour minimum.
Expedite or Off-Hour, Fire/Life Safety Plan Review and/or Inspection Fee	\$121.00 per hour (one hour minimum) during office hours; \$484.00 off-hours (four hour minimum) for the first four hours and \$121.00 per hour thereafter.

SEC. 57.15.04. ANNUAL REVIEW.

(Amended by Ord. No. 176,599, Eff. 6/4/05.)

The Board, of Fire Commissioners with the concurrence of the City Administrative Officer, shall review the fees on an annual basis and determine the verifiable costs to the City as set forth in this subsection. for the issuance of Construction Plan Check and Inspection permits in connection with the activities of this division. The costs shall be the actual total costs incurred, including all applicable indirect costs, as determined by the Board. The Board shall use said costs to develop or to amend the most current cost recovery fee schedule, so as to recover City costs associated with the permit issuance activities of this division. The Board may adopt or amend the most current recovery fee schedule at any time during the fiscal year.

Upon adoption of the fee schedule or any amendment thereto, the Board shall transmit the Board order to the Mayor and City Council for consideration. The review and approval of the Schedule or any amendment thereto shall be accomplished in the same manner as the review and approval of fees by Mayor and Council under the provisions of Los Angeles Municipal Code Section 57.04.12C.

Section 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

KAREN E. KALFAYAN, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By _____
JANET JACKSON
Deputy City Attorney

Date _____

Council File No. _____