



Glendale Fire Department
Office of the Fire Chief



Memo

Date: April 11, 2016
To: Honorable Mayor and Council
Through: Kevin Phelps, City Manager
From: Terry Garrison, Fire Chief
Subject: Response to Council Item of Special Interest – Fire Inspection Fee Structure

As a Council Item of Special Interest on March 1, 2016, Councilmember Turner requested staff to research the fire inspection fee structure that is based on revenue producing model rather than a cost recovery model structure.

The fire inspection fee program was developed as a revenue enhancement opportunity during the 2009 economic downturn. As part of the program development, staff benchmarked against several valley cities to establish a fee structure and determine if this was a common practice. According to the research, all valley cities assess a fee to fire inspection services, to include existing building inspections; to which this fee is based.

However, none of the programs or fees are based on a specific model and each seem specific to their respective communities. This system utilizes a set fee rate versus cost recovery model. The fire inspection fee program is similar in design to the police burglar alarm permit program in that it assesses a set recurring annual fee.

The current fire inspection fee rates are based on a three fee tier system, \$313.68 for high hazard, \$156.84 for medium hazard, and \$52.27 for low hazard. These hazard classifications directly relate to the inspection frequency for each business; for example, high hazard occupancies are inspected annually, medium hazard occupancies are inspected bi-annually and low hazard occupancies are inspected every four years. (*The fee is divided by the inspection frequency and billed annually*) This process was used for all businesses / occupancies in the City to determine the appropriate hazard classification and fee.

The inspection frequency is established based on requirement set forth by state statute and local codes. Other factors considered when developing an inspection program include demographics, public safety, and firefighter safety. The fee structure, however, is ordinance based and can be structured to best fit the community. In response to the CIOSI, staff has analyzed this program based on a cost recovery model and assumes a 100% recovery rate. The estimated hourly rate is approximately \$88.65. Staff has conducted a work study that takes into account task time, travel time, administrative

time, and other factors related to the overall fire inspection program. Samples of four occupancy classes are included below.

This sampling represents the majority of all businesses in Glendale.

A (est. 450 in Glen) total task time = 3.75 hours *\$88.65 {\$332.44} current max fee = \$313.68
 B (est. 2640 in Glen) total task time = 1.25 hours *\$88.65 {\$110.81} current max fee = \$52.27
 M (est. 960 in Glen) total task time = 2.25 hours *\$88.65 {\$199.46} current max fee = \$156.84
 S (est. 610 in Glen) total task time = 2.75 hours *\$88.65 {\$243.79} current max fee = \$156.84

The hourly rates used in the examples above were calculated in 2012 during the development fee revamp study (see the “general hourly rate cost” column below).

	Total	Fire Marshal's
Salary Budget	1,044,768.00	1,044,768.00
Base Budget	54,733.00	54,733.00
Additional Cost	24,324.00	24,324.00
Vehicle/PC Replacement - 100%	-	-
Total Budget	1,123,825.00	1,123,825.00

	% of Revenue Generating Cost	Billable hours	Number of Employees	Salary Allocation	Base Allocation	Total Budget Allocation	General Hourly Rate Cost	Fully Burdened Hourly Labor Cost @27.61%	Fully Burdened Hourly Labor Cost @10%
Fire Insp I	8%	1500	1	88,437.21	4,633.02	95,129.21	63.42	80.93	69.76
Fire Insp II	77%	1500	6	808,708.77	42,366.40	869,903.30	96.66	123.34	106.32
Plans Examiner	14%	1500	1	147,622.01	7,733.58	158,792.49	105.86	135.09	116.45
	100%			1,044,768.00	54,733.00	1,123,825.00	88.65	113.12	97.51

Fully Burdened Labor Cost includes an additional 27.61 % or 10% of cost. The markup rate represents the general city rate that consist of cost for services provided by HR, Accounting, Employee Services, Employee Relations and other compensation.