

# City of Hollywood, Florida

## Fire Inspection Fee Memorandum

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**Presented By:**

Government Services Group, Inc.  
1500 Mahan Drive, Suite 250  
Tallahassee, FL 32308  
(850) 681-3717

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# Introduction

The City of Hollywood (City) has engaged the professional services and specialized assistance of Government Services Group, Inc. to assist with updating the City's fire inspection fees for Fiscal Year 2018-19.

GSG is a consulting firm that specializes in addressing and resolving local government finance and taxation issues by working with cities, counties, special districts, and state agencies to develop uniquely tailored funding and service delivery solutions for critical infrastructure and service needs.

This document is the City of Hollywood Fire Inspection Fee Memorandum (Inspection Fee Memorandum), which is one of the project deliverables specified by the agreed-to Scope of Services.

## BACKGROUND

In Fiscal Year 2017-18, the fire inspection fee program funded approximately \$1.75 million of the City's total fire prevention costs. Table 1 lists the current fire inspection fees as implemented by the City for Fiscal Year 2017-18.

**Table 1**  
**City of Hollywood Fire Inspection Fees (Fiscal Year 2017-18)**

Residential Property Use Categories		Rate Per Dwelling Unit
Dwelling Unit		\$17
Non-Residential Property Use Categories	Building Classifications (in square foot ranges)	Non-Residential
	≤ 1,999	\$55
	2,000 – 3,499	\$122
	3,500 – 4,999	\$179
	5,000 – 9,999	\$302
	10,000 – 19,999	\$587
	20,000 – 29,999	\$967
	30,000 – 39,999	\$1,347
	40,000 – 49,999	\$1,727
	50,000 - 74,999	\$2,392
	75,000 - 99,999	\$3,342
	100,000 - 149,999	\$4,767
	> 149,999	\$5,717

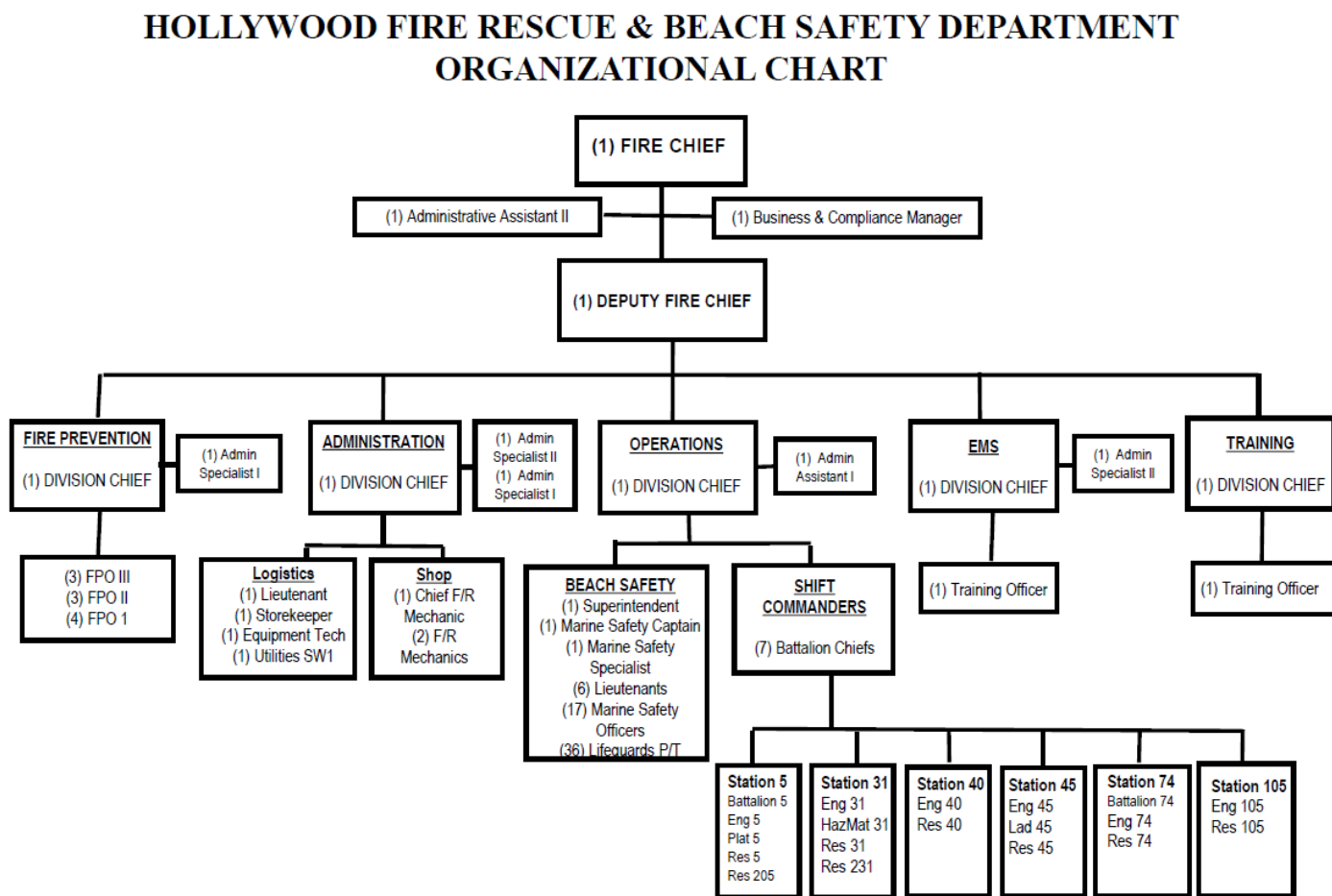
For Fiscal Year 2018-19, the City has decided to update the fire inspection fee program to reflect changes in the City's fire prevention budget, property composition and fire prevention operations.

# Fire Rescue Department Profile

In addition to standard fire suppression and emergency medical rescue services, the Fire Rescue Department provides additional services including hazardous material response, state disaster response, emergency management and disaster preparedness, beach safety, fire prevention including code enforcement and investigation, and life safety education. The Fire Rescue Department's fire service component is rated as a Class 1 Fire Service Department by the Insurance Service Organization (ISO). The Fire Rescue Department's rescue service component is certified at an Advanced Life Support (ALS) level of service.

Table 2 illustrates the Fire Rescue Department's organizational structure and the relationship of the Fire Prevention Division within the Department.

**Table 2**  
**Fire Rescue Department's Organizational Chart**



(Organizational-Chart.ppt June 26, 2018)

The Fire Prevention Division has several responsibilities related to their primary function of fire prevention. These duties include investigating causes of fires, conducting public education and information programs, review site plans and construction plans for new developments, inspections for certificates of occupancy and occupational licenses and conducting annual fire inspections required by Florida statutes and the City ordinance. The Fire Prevention Division is staffed with the Division Chief (Fire Marshall), the Deputy Fire Marshall, two Fire Prevention Officer III positions, four Fire Prevention Officer II positions, four Fire Prevention Officer I positions and one administrative staff positions.

# Recoverable Costs

The first step in the analysis was to determine the portion of the Fire Prevention costs that could be included in the fee calculations given the fact that the Fire Prevention Division performs other tasks/duties that are not related to fire inspections. The personnel costs and a relative portion of the operating costs for each position within the Fire Prevention Division were allocated to the recoverable fire inspection budget based on the estimated time associated with fire inspections for each position. These calculations are shown in table 3 below.

**Table 3**  
**Fire Prevention Division Cost Allocation (Fiscal Year 2018-19)**

Position	FY 19 Total Personnel Expenses	FY 19 Operating Expense Allocation	FY 19 Personnel and Operating Expenses	Staff Time Allocation	Recoverable Personnel and Operating Expenses
Fire Marshall Division Chief	\$265,054.27	\$35,338.54	\$300,392.81	30%	\$90,117.84
Deputy Fire Marshall	\$153,234.00	\$20,430.03	\$173,664.03	50%	\$86,832.01
Administrative Specialist I	\$108,314.30	\$14,441.08	\$122,755.38	80%	\$98,204.30
Fire Prevention Officer I	\$272,958.20	\$36,392.34	\$309,350.54	100%	\$309,350.54
Fire Prevention Officer I	\$263,005.17	\$35,065.35	\$298,070.52	100%	\$298,070.52
Fire Prevention Officer I	\$250,991.27	\$33,463.58	\$284,454.85	100%	\$284,454.85
Fire Prevention Officer I	\$259,215.83	\$34,560.13	\$293,775.96	100%	\$293,775.96
Fire Prevention Officer II	\$280,863.05	\$37,446.26	\$318,309.31	100%	\$318,309.31
Fire Prevention Officer II	\$245,776.34	\$32,768.30	\$278,544.64	100%	\$278,544.64
Fire Prevention Officer II	\$271,541.67	\$36,203.48	\$307,745.15	100%	\$307,745.15
Fire Prevention Officer II	\$159,301.28	\$21,238.95	\$180,540.23	100%	\$180,540.23
Fire Prevention Officer III	\$311,806.39	\$41,571.80	\$353,378.19	0%	\$0.00
Fire Prevention Officer III	\$293,950.49	\$39,191.15	\$333,141.64	0%	\$0.00
<b>Total</b>	<b>\$3,136,012.26</b>	<b>\$418,111.00</b>	<b>\$3,554,123.26</b>		<b>\$2,545,945.37</b>

## ADDITIONAL COST CALCULATIONS

The total fire inspection recoverable cost calculations are based on the following assumptions for the purpose of this Fire Inspection Fee Memorandum.

- Pursuant to section 197.3632, Florida Statutes, the tax collector and property appraiser may each enter into an agreement with the local government for reimbursement of necessary administrative costs incurred from the collection of the non-ad valorem assessment. Accordingly, if any such fee(s) is charged, the fee may be recouped as an add-on to the total assessable costs for the year.

The line item "Collection Costs @ 2% (tax collector)" under "Additional Costs" reflects reimbursement for the collection costs associated with the non-ad valorem assessment incurred by the Tax Collector. Pursuant to section 197.3632, Florida Statutes, a municipal or county government shall only compensate the tax collector for the actual costs of collecting the non-ad valorem assessment. Accordingly, the Tax Collector's collection costs are estimated to be 2% of the total

assessable costs. The applied collection charge is estimated to be adequate to cover the Tax Collector's actual collection costs. The Property Appraiser's costs are estimated to be \$25,000.

- The line item "Statutory Discount @ 5%" under "Additional Costs" reflects a 95% collection of the Fire Rescue Assessment to cover the 4% statutory discount allowed by the Uniform Method and 1% reserve for under collection. Accordingly, the statutory discount is budgeted at 5% of the total assessable costs.
- The line item "Study Reimbursement/Annual Maintenance" under "Additional Costs" is the reimbursement to the City for the costs of conducting the study. These costs are reimbursable through the fire inspection fee program.

Table 4 provides a calculation of the total recoverable fire inspection costs for Fiscal Year 2018-19 based on an application of the above factors to the Projected Fiscal Year 2018-19 budget as provided by the City. The calculation yields a total recoverable cost of \$2,775,210.07 for Fiscal Year 2018-19.

**Table 4**  
**Fire Prevention Division Total Recoverable Cost Calculations (Fiscal Year 2018-19)**

<b>Expenditures</b>	<b>FY 18-19</b>
Recoverable Personnel and Operating Expenses	\$2,545,945.37
<b>Subtotal</b>	<b>\$2,545,945.37</b>
<b>Additional Costs</b>	
Collection Costs @ 2% (tax collector)	\$55,504.20
Statutory Discount @ 5% (4% early payment / 1% non-collection)	\$138,760.50
Study Reimbursement/Annual Maintenance	\$10,000.00
Broward County PA Costs	\$25,000.00
<b>Total Additional Costs</b>	<b>\$229,264.70</b>
<b>Total Recoverable Costs</b>	<b>\$2,775,210.07</b>

# Computation of Fire Inspection Fees

Of the total time spent on conducting annual inspections, there is an amount of time related to the annual inspection regardless of the size or type of building or occupancy. This time is used to calculate the base component fee. This time is estimated at approximately ten minutes; therefore, the base charge is \$27.80. This is based on the total recoverable costs from table 4 divided by the total annual staff hours worked as shown in table 5 below.

**Table 5**  
**Fire Prevention Base Rate Calculations**

<b>Total Recoverable Costs</b>	<b>\$2,775,210.07</b>
<b>Total Hours</b>	<b>16,640</b>
<b>Hourly Rate</b>	<b>\$166.78</b>
<b>Base Rate (10 Minutes)</b>	<b>\$27.80</b>

The base charge is applied to every multi-family dwelling unit to be inspected. The total multi-family residential units and their associated estimated fire inspection fees are shown in Table 6.

**Table 6**  
**Residential Dwelling Units and Estimated Total Fees**

<b>Number of Residential Units</b>	<b>33,368</b>
<b>Base Rate</b>	<b>\$27.80</b>
<b>Total Residential Fees</b>	<b>\$927,630.40</b>

The remainder of the time and associated costs are related to non-residential inspections that are based on the size of the building or occupancy to be inspected. The expenditures related to size component are allocated to the sizes of the non-residential building or occupancy based on the same square foot tier basis used for the fire rescue special assessment program. The non-residential building counts and the associated assigned square footage area is shown in table 7.

**Table 7**  
**Non-Residential Units and Assigned Area**

<b>Square Foot Tier</b>	<b>Assigned Area</b>	<b>Building Count</b>	<b>Total Assigned Area</b>
≤ 1,999	1,000	1,034	1,034,000
2,000 - 3,499	2,000	707	1,414,000
3,500 - 4,999	3,500	474	1,659,000
5,000 - 9,999	5,000	600	3,000,000
10,000 - 19,999	10,000	272	2,720,000
20,000 - 29,999	20,000	87	1,740,000
30,000 - 39,999	30,000	53	1,590,000
40,000 - 49,999	40,000	31	1,240,000
50,000 - 74,999	50,000	57	2,850,000
75,000 - 99,999	75,000	40	3,000,000
100,000 - 149,999	100,000	34	3,400,000
≥ 150,000	150,000	33	4,950,000
<b>Total</b>		<b>3,422</b>	<b>28,597,000</b>

The non-residential variable costs were calculated as shown in Table 8 by subtracting the total residential fees from Table 6 and the total non-residential base fees (3,422 buildings x \$27.80) from the total recoverable costs shown in Table 4. The variable costs were then divided by the total assigned non-residential square footage from table 7 to get the variable rate per square foot.

**Table 8**  
**Non-Residential Variable Cost Calculations**

<b>Total Assessable Costs</b>	<b>\$2,775,210.07</b>
Total Residential Fees	\$927,630.40
<b>Total Non-Residential Fees</b>	<b>\$1,847,579.67</b>
Non-Residential Base Cost	\$95,131.60
Non-Residential Variable Cost	\$1,752,448.07
<b>Non-Residential Variable Rate</b>	<b>\$0.0613</b>

The base rate was added to the non-residential variable rate per square foot for each tier to get the total fire inspection fee for each tier as shown in table 9.

**Table 9**  
**Non-Residential Fees**

<b>Square Foot Tier</b>	<b>Total Non-Residential Rates</b>
≤ 1,999	\$90
2,000 - 3,499	\$151
3,500 - 4,999	\$243
5,000 - 9,999	\$335
10,000 - 19,999	\$641
20,000 - 29,999	\$1,254
30,000 - 39,999	\$1,867
40,000 - 49,999	\$2,480
50,000 - 74,999	\$3,093
75,000 - 99,999	\$4,626
100,000 - 149,999	\$6,158
≥ 150,000	\$9,223

Table 10 summarizes the estimated Fiscal Year 2018-19 revenues accounting for the impact of exempting tax-exempt and governmental property.

**Table 10**  
**Estimated Revenue and Exemptions (Fiscal Year 2018-19)**

<b>Financial Classification</b>	<b>Fiscal Year 2018-19</b>
Estimated Recoverable Costs	\$2,775,210
Estimated Buy-down for Governmental Tax-Exempt	\$285,384
<b>Estimated Revenue Generated</b>	<b>\$2,489,826</b>

**FY 18-19 Fire Inspection Rates with Enhancements**

97.5%

RESIDENTIAL PROPERTY USE CATEGORIES	Rate Per Dwelling Unit	
Residential	\$28	
NON-RESIDENTIAL PROPERTY USE CATEGORIES	Building Classification (in square foot ranges)	Non-Residential
	< 1,999	\$87
	2,000 - 3,499	\$147
	3,500 - 4,999	\$237
	5,000 - 9,999	\$327
	10,000 - 19,999	\$626
	20,000 - 29,999	\$1,224
	30,000 - 39,999	\$1,822
	40,000 - 49,999	\$2,420
	50,000 - 74,999	\$3,018
	75,000 - 99,999	\$4,513
	100,000 - 149,999	\$6,008
	≥ 150,000	\$8,998

Gross Revenue	\$2,705,830
Government Exempt	\$278,637
Net Revenue	\$2,427,193

**FY 18-19 Fire Inspection Rates with Enhancements**

95%

RESIDENTIAL PROPERTY USE CATEGORIES	Rate Per Dwelling Unit	
Residential	\$27	
NON-RESIDENTIAL PROPERTY USE CATEGORIES	Building Classification (in square foot ranges)	Non-Residential
	< 1,999	\$85
	2,000 - 3,499	\$144
	3,500 - 4,999	\$231
	5,000 - 9,999	\$318
	10,000 - 19,999	\$610
	20,000 - 29,999	\$1,193
	30,000 - 39,999	\$1,776
	40,000 - 49,999	\$2,359
	50,000 - 74,999	\$2,942
	75,000 - 99,999	\$4,399
	100,000 - 149,999	\$5,857
	≥ 150,000	\$8,772

Gross Revenue	\$2,636,450
Government Exempt	\$271,528
Net Revenue	\$2,364,922

**FY 18-19 Fire Inspection Rates with Enhancements**

92.5%

RESIDENTIAL PROPERTY USE CATEGORIES	Rate Per Dwelling Unit	
Residential	\$26	
NON-RESIDENTIAL PROPERTY USE CATEGORIES	Building Classification (in square foot ranges)	Non-Residential
	< 1,999	\$83
	2,000 - 3,499	\$140
	3,500 - 4,999	\$225
	5,000 - 9,999	\$310
	10,000 - 19,999	\$593
	20,000 - 29,999	\$1,160
	30,000 - 39,999	\$1,727
	40,000 - 49,999	\$2,294
	50,000 - 74,999	\$2,861
	75,000 - 99,999	\$4,279
	100,000 - 149,999	\$5,696
	≥ 150,000	\$8,531

Gross Revenue	\$2,567,069
Government Exempt	\$264,009
Net Revenue	\$2,303,060

**FY 18-19 Fire Inspection Rates with Enhancements**

90%

RESIDENTIAL PROPERTY USE CATEGORIES	Rate Per Dwelling Unit	
Residential	\$26	
NON-RESIDENTIAL PROPERTY USE CATEGORIES	Building Classification (in square foot ranges)	Non-Residential
	< 1,999	\$81
	2,000 - 3,499	\$136
	3,500 - 4,999	\$219
	5,000 - 9,999	\$302
	10,000 - 19,999	\$578
	20,000 - 29,999	\$1,130
	30,000 - 39,999	\$1,682
	40,000 - 49,999	\$2,234
	50,000 - 74,999	\$2,786
	75,000 - 99,999	\$4,166
	100,000 - 149,999	\$5,546
	≥ 150,000	\$8,306

Gross Revenue	\$2,497,689
Government Exempt	\$257,297
Net Revenue	\$2,240,392