

APPENDIX D
CITY OF HOLLYWOOD
FIRE INSPECTION FEE UPDATE



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FIRE INSPECTION FEE UPDATE

FINAL REPORT

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CITY OF HOLLYWOOD

FIRE INSPECTION FEE UPDATE STUDY

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CITY OF HOLLYWOOD

FIRE INSPECTION FEE UPDATE STUDY

I. Introduction

The Hollywood Fire Rescue and Beach Safety Department (“Fire Department”) provides fire protection and emergency medical services citywide. As part of Fire Department, the Fire Prevention & Life Safety Division (“Fire Prevention Division” or “Division”) is responsible for fire inspections of existing properties and for evaluating and approving all plans of new or renovation construction in partnership with the Building Department and other related City Departments.

Annual fire inspections are mandated under the Broward County Local Amendments to the Florida Fire Prevention Code, Paragraph F-3.5, and Section 94.172 of the City of Hollywood's Code of Ordinances. By ordinance, the City annually inspects all residential properties of three or more units and all non-residential properties. The fire inspection assessment program was established to fund expenditure related to these fire inspection services. After imposing user fees for fire inspection, the City adopted the uniform method of collecting non-ad valorem assessments in December 2008 and placed the fire inspection fee as a special assessment on the annual ad valorem tax bill beginning November 2009.

The most recent technical study was completed in 2007, with the rates established in that study still in effect. To reflect the most recent data, the City retained Tindale-Oliver & Associates, Inc. (TOA) in 2013 to prepare the technical study supporting an update of the City's fire inspection assessment program.

In addition to the fire inspection fee, the City has in place a separate fire rescue non-ad valorem assessment program to provide funding for the City's fire rescue budget. The City has imposed the fire rescue assessment annually since adoption in FY 1997.

Fire Department Profile

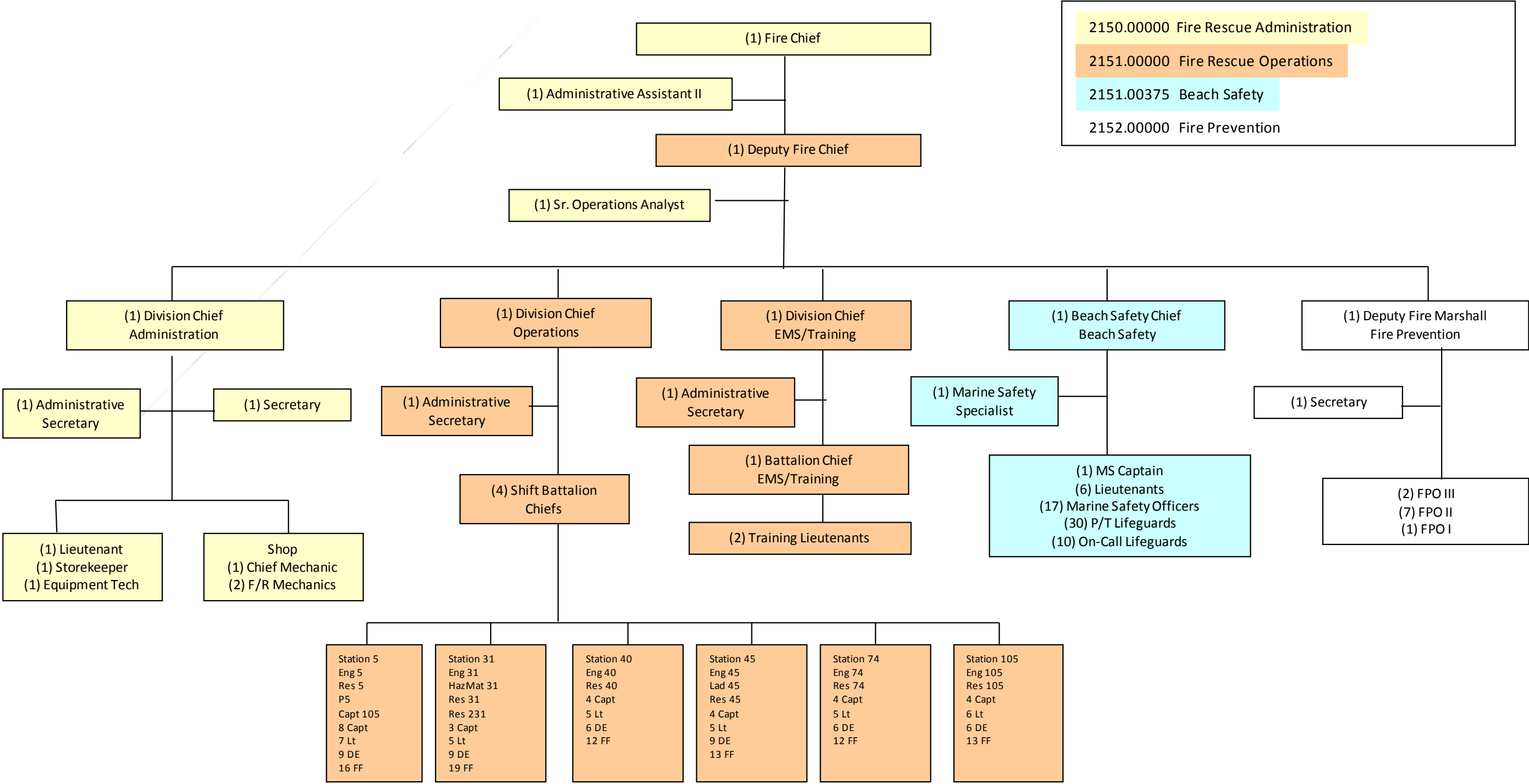
The City of Hollywood fire department was formed in 1924 and has grown from 19 original members to almost 300 personnel. Currently, there are six fire stations and 19 pieces of fire apparatus located throughout the city. Since its inception, the fire department has transitioned from an exclusive fire suppression department to a full service fire rescue and beach safety department which provides emergency medical services, hazardous material response, and fire inspection and investigation, as well as many other services.

The Fire Prevention Division of the Hollywood Fire Department is responsible for annual and bi-annual fire inspections of all residential properties of three or more units and all non-residential properties in the City. As such, these properties, with the exception of government properties with building uses that are exempt from ad valorem taxation under Florida law are subject to fire inspection assessment charges. Additionally, the department investigates the cause of fires, conducts public education and informational programs, reviews site plans and construction plans for new developments, and conducts inspections for certificates of occupancy. As shown in **Figure 1**, the department currently employs 12 staff members:

- Deputy Fire Marshal (1 position)
- Administrative Staff (1 position)
- Fire Prevention Officer III/Supervisors (2 positions)
- Fire Prevention Officer II/Inspectors (7 positions)
- Fire Prevention Officer I/Inspectors (1 position)

Remaining sections of this report will provide an explanation of the methodology and calculations used to update the assessment levels.

Figure 1
Hollywood Fire Rescue & Beach Safety Department Positions



Source: Hollywood Fire Rescue and Beach Safety Department

II. Assessable Budget

As mentioned previously, the Division performs not only the inspections on existing and newly built/renovated structures, but also conducts the plan reviews. As such, it is important to clearly identify the portion of the Division's budget that can be recovered under the fire inspection assessment. The following analysis is conducted to identify the assessable budget for fire inspection services.

- The first step in identifying the assessable budget was an evaluation of personnel expenditures and functions performed by each position. As presented previously, the Fire Prevention Division has a total of 12 staff members. Of these, 8 inspectors dedicate all of their time to conducting inspections. There are two supervisors who are primarily responsible for conducting plan reviews, but also spend a portion of their time supporting the inspectors. Based on information provided by the Fire Department, 20 percent of one supervisor's time and 40 percent of the other supervisor's time are estimated to be allocated to supporting inspectors. In addition, approximately 20 percent of the Division Chief's time and 60 percent of the administrative assistant's time are estimated to be allocated to supporting fire inspection services. As shown in **Table 1**, using these allocations, total personnel expenses that are assessable are estimated at \$1.7 million.

Table 1
Assessable Personnel Expenses

Fire Prevention & Beach Safety	Personnel Expenses ⁽¹⁾	Staff Time Allocation		Assessable Personnel Expenses ⁽⁴⁾
		Inspection Related ⁽²⁾	Other ⁽³⁾	
Division Chief	\$260,600	20%	80%	\$52,120
Administrative Secretary	\$82,327	60%	40%	\$49,396
1st Supervisor (FPO III)	\$208,672	20%	80%	\$41,734
2nd Supervisor (FPO III)	\$208,672	40%	60%	\$83,469
Fire Prevention Officers	\$1,449,081	100%	0%	\$1,449,081
Total	\$2,209,352	-	-	\$1,675,800

(1) Source: Hollywood Fire Rescue and Beach Safety Department

(2) Source: Hollywood Fire Rescue and Beach Safety Department

(3) Source: Hollywood Fire Rescue and Beach Safety Department

(4) Personnel expenses (Item 1) multiplied by inspection related staff time (Item 2)

- In addition to the personnel expenses presented in Table 1, the Fire Prevention & Beach Safety Division also has operating expenses and cost allocation from other departments. The indirect cost allocation for central costs is based on a 2012 study that estimates the share of the Fire Prevention Division at almost \$67,000. It should be noted that this cost allocation does not include resources used to support the Fire Prevention Division by other Divisions within the Fire Department (e.g., Fire Rescue Administration, etc.). It only includes cost allocation from other City departments (e.g., City Manager's Office, Budget Office, etc.). As such, it is a conservative estimate. **Table 2** presents these additional costs as they are applied to the entire department and calculates the ratio of each of these items to the personnel expenses.
- Using the operating expense and cost allocation ratios from Table 2, these expenses were calculated as a portion of the assessable personnel expenses detailed in Table 1. The results of this calculation are presented in **Table 3**.

Table 2
FY 2014 Requested Budget – Fire Prevention & Life Safety Division

Fire Prevention & Beach Safety	FY 2014 Requested Budget	Percent of Personnel Expenses ⁽⁴⁾
Personnel Expenses ⁽¹⁾	\$2,209,352	
Operating Expenses ⁽²⁾	\$148,273	7%
Cost Allocation ⁽³⁾	\$66,870	3%
Capital Outlay	\$0	
Debt Service	\$0	
Non-Operating Expenses	\$0	
Total Expenditures	\$2,424,495	

(1) Source: Table 1

(2) Source: Hollywood Fire Rescue and Beach Safety Department

(3) Source: City of Hollywood Full Cost Allocation Plan, FY 2011, prepared by MGT of America, Inc.

(4) FY 2014 budget figures for operating expenses and cost allocation (Items 2 & 3) divided by the personnel expenses (Item 1)

- In addition to personnel and operating expenses, there are expenses associated with the assessment program, such as the statutory discount, collection costs, and the technical study reimbursement. These expenditures were identified and added to the assessable costs.

Table 3
Assessable Budget (FY 14)

Fire Prevention & Life Safety	FY 14 Assessable Budget
Assessable Personnel Expenses ⁽¹⁾	\$1,675,800
Operating Expenses ⁽²⁾	\$117,306
Cost Allocation ⁽³⁾	\$50,274
Subtotal	\$1,843,380
Miscellaneous Assessment Expenditures	
Study Reimbursement ⁽⁴⁾	\$12,224
Statutory Discount ⁽⁵⁾	\$79,791
Assessment Collection Costs ⁽⁶⁾	\$12,373
Subtotal: Misc. Assessment Expenditures	\$104,388
Total Assessable Budget	\$1,947,768

- (1) Source: Table 1
- (2) Assessable personnel expenses (Item 1) multiplied by the percent of personnel expenses for operating (Table 2, Item 2)
- (3) Assessable personnel expenses (Item 1) multiplied by the percent of personnel expenses for cost allocation (Table 2, Item 2)
- (4) Study cost of \$24,448.50 is distributed over a 2-year period, assuming the study will be updated every two years.
- (5) Reflects 4.3% reimbursement of the total net expenditures and study reimbursement for the collection of the fire inspection assessment based on historical average for early payments and delinquencies for the time period from FY 2010 through FY 2012. Total potential discount amount is 5%, which includes 4% to offset statutory discounts received for early payment pursuant to the Uniform Assessment Collection Act and 1% reserve for delinquencies and under-collection).
- (6) Reflects estimated collection costs related to the fire inspection assessment based on \$0.50 per parcel of collection fee included in the City's interlocal agreement with the Broward County Property Appraiser, applied to the number of parcels included in the assessment roll.

III. Distribution of Resources by Land Use and Calculated Rates

Once the total assessable budget is determined, it is necessary to determine the distribution of this budget between land uses. Both residential and non-residential property uses are subject to fixed and variable components. Whereas the fixed component is the same for both use types, the variable component for residential properties is based on the number of units while for non-residential properties, it is based on square footage.

Fixed Cost

The previous assessment study established that each parcel requires at least 10 minutes of fixed time. In addition, the study used an hourly rate of \$130 that included both direct and indirect/overhead costs. As part of this update, TOA had detailed discussions with the Fire Safety Division representatives and interviewed the inspectors. These interviews and discussions suggest that although it is difficult to estimate total time needed to inspect different types of building, it is not unreasonable to assume a minimum of 10 minutes for each parcel. As such, this study updated the fixed cost by using the current hourly rate of \$110 per hour. This cost is based on the FY 2014 budget and includes personnel expenses as well as operating expenses and central cost allocation. The updated fixed cost per parcel amounts to \$18 instead of \$22 used in the previous study.

Residential Unit Data and Calculated Assessment Rate

Based on the roll data provided by the Broward County Property Appraiser in 2014, there are 12,875 residential units in the fire inspection assessment roll. In addition, there are 19,573 condominium units and 964 cooperative units that are also subject to fire inspections annually. Accordingly, the assessable budget associated with residential properties would be offset by the fixed assessments collected, which is calculated by multiplying the fixed cost per parcel of \$18 by the total units that are subject to fire inspection service. As shown in **Table 4**, the portion of cost recovered allocated to residential properties is multiplied by 33,412 units, resulting in a total assessment rate of \$601,416. This figure represents a decrease of 18 percent from the current rate of \$22 per residential unit, which was adopted with a 20% discount from the full assessable budget identified in the 2007 Technical Study.

Table 4
Calculated FY 16 Assessment Rate – Residential Properties

Variable	FY 2015/2016
Number of Residential Units ⁽¹⁾	33,412
Calculated Rate per Dwelling Unit	\$18
Total Residential Assessment	\$601,416
Adopted FY 15 Rate per Dwelling Unit ⁽²⁾	\$22
Percent Change between Adopted and Calculated Rates ⁽³⁾	-18%

(1) Source: Broward County Property Appraiser, October 2014 Final Fire Inspection Fee Summary and City of Hollywood

(2) Source: City of Hollywood FY 2014 Fire Inspection Assessment Roll

(3) Percent change from \$22 to \$18 per residential unit

Non-Residential Unit Data and Calculated Assessment Rates

The City's current non-residential rate schedule involves a tiered structure based on square footage on a parcel. For each parcel group, both fixed and variable fees are charged.

Variable Cost per Parcel

The second component of non-residential assessment rates is based on a per square foot cost multiplied by the average square footage for each tier. In the current adopted assessment program, the square footage associated with each tier is the low end of the tier. This results in a schedule that does not incorporate all of the square footage. Instead, this update study used the mid-point of the ranges. **Table 5** provides a comparison of both approaches to the actual square footage reported by the Broward County Property Appraiser. As presented, calculating the total square footage in the assessment roll using mid-point square footage figures calculates a total square footage figure that is consistent with the actual square footage reported by the Broward County Property Appraiser. As such, this study used the mid-point figures for the calculations of assessment rates for non-residential properties.

Table 5
Non-Residential Square Footage Comparison

Tier (square feet)	Applied SF Per Parcel ⁽¹⁾	Number of Parcels ⁽²⁾	Total Square Footage ⁽³⁾	Revised SF per Parcel ⁽⁴⁾	Total Revised Square Footage ⁽⁵⁾	Actual Square Footage ⁽⁶⁾
0-1,999	1,000	851	851,000	1,000	851,000	973,432
2,000 - 3,499	2,000	617	1,234,000	2,750	1,696,750	1,697,395
3,500 - 4,999	3,500	371	1,298,500	4,250	1,576,750	1,552,394
5,000 - 9,999	5,000	537	2,685,000	7,500	4,027,500	3,640,397
10,000 - 19,999	10,000	252	2,520,000	15,000	3,780,000	3,477,820
20,000 - 29,999	20,000	75	1,500,000	25,000	1,875,000	1,821,075
30,000 - 39,999	30,000	45	1,350,000	35,000	1,575,000	1,552,532
40,000 - 49,999	40,000	34	1,360,000	45,000	1,530,000	1,491,409
50,000 & greater	50,000	156	7,800,000	125,000	19,500,000	19,611,500
Total		2,938	20,598,500		36,412,000	35,817,954

(1) Source: City of Hollywood, Florida, User Fee Cost Recovery Study, February 2007

(2) Source: Broward County Property Appraiser, June 2013

(3) Applied average square footage per parcel (Item 1) multiplied by the number of parcels (Item 2)

(4) Revised average square footage per parcel for each tier, represents the mid-point of the range for all categories, with the exception of the range 150,000 square feet and greater, where the low end of the range is used.

(5) Revised square footage (Item 4) multiplied by the number of parcels (Item 2)

(6) Source: Broward County Property Appraiser, June 2013

The next step in the analysis involves determining the variable cost per square foot. This cost is calculated to average \$0.04 per square foot for all properties. This average figure of \$0.04 per square foot is approximately 33 percent higher than the cost of \$0.03 included in the calculation of the current adopted fee.

Table 6 provides the total rate per parcel for tiered property groups for non-residential properties. The table provides a comparison of calculated rates to the current adopted assessment levels. For example, as shown in Table 6, the fixed rate of \$18 per parcel is added to the variable rate, for a total assessment rate ranging from \$58 for smaller parcels to \$6,018 for the largest parcels.

Table 6
Calculated FY 2016 Assessment Rates for Non-Residential Properties

Tier (square feet)	Square Feet per Parcel ⁽¹⁾	Fixed Rate ⁽²⁾	Variable Rate ⁽³⁾	Total Assessment ⁽⁴⁾	FY 14 Adopted Rate per Parcel ⁽⁵⁾	Percent Change
0-1,999	1,000	\$18	\$40	\$58	\$52	12%
2,000 - 3,499	2,750	\$18	\$110	\$128	\$82	56%
3,500 - 4,999	4,250	\$18	\$170	\$188	\$127	48%
5,000 - 9,999	7,500	\$18	\$300	\$318	\$172	85%
10,000 - 19,999	15,000	\$18	\$600	\$618	\$322	92%
20,000 - 29,999	25,000	\$18	\$1,000	\$1,018	\$622	64%
30,000 - 39,999	35,000	\$18	\$1,400	\$1,418	\$922	54%
40,000 - 49,999	45,000	\$18	\$1,800	\$1,818	\$1,222	49%
50,000 - 74,999	62,500	\$18	\$2,500	\$2,518	\$1,522	65%
75,000 - 99,999	87,500	\$18	\$3,500	\$3,518	\$1,522	131%
100,000 - 149,999	125,000	\$18	\$5,000	\$5,018	\$1,522	230%
150,000 & greater	150,000	\$18	\$6,000	\$6,018	\$1,522	295%
Rate per Square Foot ⁽⁶⁾			\$0.04			

- (1) Revised average square footage per parcel for each tier, represents the mid-point of the range for all categories, with the exception of the range 150,000 square feet and greater, where the low end of the range is used.
- (2) Source: Table 4
- (3) Calculated as the product of square footage per parcel (Item 1) and rate per square foot (Item 6)
- (4) Sum of fixed rate (Item 2) and variable rate (Item 3)
- (5) Source: City of Hollywood
- (6) Calculated by dividing non-residential assessable cost net of fixed rate portion divided by the total square footage

IV. Estimated Revenues

Table 7 presents the estimated revenues using the calculated rates and units shown previously. As presented, residential revenues make up approximately 31 percent of the total assessable budget and non-residential properties make up the remaining 69 percent. The revenue loss associated exempt properties (government properties) is estimated at \$180,100.

Table 7
FY 2014 Fire Inspection Assessment Revenue Estimate

Land Use	Estimated Revenues ⁽¹⁾	Percent of Total Assessable Budget ⁽²⁾
Total Assessable Budget ⁽³⁾	\$1,947,768	
Potential Revenues:		
Residential	\$601,416	31%
Non-Residential	\$1,346,352	69%
Total	\$1,947,768	100%
Less:		
Exemptions	\$180,100	9%
Subtotal	\$180,100	8%
Estimated FY 2015 Revenues	\$1,767,668	91%

- (1) For each land use, the potential revenues are calculated based on calculated rates shown in Tables 4 and 6 and number of units for each category obtained from the Broward County Property Appraiser, June 2013
- (2) Portion of total assessable budget (Item 3)
- (3) Source: Table 3