

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 11/26/07		Item Number: <u>A-7</u>	
AGENDA ITEM: Adoption of a Resolution Establishing an Annual Fire Inspection Fee for All Multi-Unit Apartment Buildings of Three or More Units; and Discussion and Direction Regarding the Incorporation of Multi-Unit Condominium Complexes of Three Units or Greater into the Cost Recovery Fee Process.			
Contact Person/Dept.: Richard Gallagher, Fire Department		Phone Number: (310) 253-5926	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List (11/21/07); Culver City Chamber of Commerce (11/21/07);			
Department Approval: Jeff Eastman (11/15/07)		City Attorney Approval: Carol Schwab (by H. Iker) (11/20/07)	
Fiscal Impact Review: Marlee Chang (11/21/07)		City Manager Approval: Jerry B. Fulwood (11/21/2007)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt a resolution establishing an annual fire inspection fee to include all multi-unit apartment buildings of three or more units. In addition, staff seeks City Council direction regarding the incorporation of multi-unit condominium complexes of three units or greater into the cost recovery fee process. <u>BACKGROUND:</u> Fire inspection fees were first introduced in 1988 as a ‘cost recovery’ form of revenue, to reimburse the City for costs incurred while performing annual fire inspections to businesses operating within Culver City. Multi-unit apartments, while part of the inspection process, were generally not required to pay the annual inspection fee. In 2006, the Fire Department began a multi-phased revision of the inspection program. ♦ The first phase was the implementation of a ‘counter review’ from Planning, Building & Safety, and the Fire Department. Counter approval for every new ‘brick & mortar’ business improved the efficiency and effectiveness of the inspection program. The Fire Department estimates counter reviews will add 240 new businesses into the program in 2007, equating to \$23,000.00 in ‘new business’ fire inspection revenue.			

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- ◆ The second phase combined the annual fire inspection fee with the business tax renewal process; again, improving the programs efficiency and effectiveness. Fire inspection collection rates now exceed 90%.

Beginning in 2007, the company inspection process was standardized, greatly improving the coordination between the Fire Department and business licensing. As a result, the Department's company inspection program 'found' almost 400 businesses not in the inspection program; adding \$35,000 to the annual inspection program's revenue. The City Treasurer reports 43 of these businesses were also operating without a current business tax certificate. The City Treasurer estimates an increase of \$14,650 in previously uncollected taxes, fees and penalties for the first 8 months of 2007.

DISCUSSION:

Multi-unit apartments are considered a business, require a business tax certificate, pay a business tax based on their gross receipts, and are required to pay for any investigation or inspection fee unless specifically exempted (C.C.M.C. Title 11.01.010) and, as such, should be treated equally and included in the 'cost recovery' of the business inspection program.

California Health and Safety Code Sections 13146.2 and 17921(b) mandate an annual inspection of these multi-unit occupancies. While the Code does not provide the authority to enter individual apartments, beginning in 2008, a self-inspection checklist will be provided to each individual unit and an exterior inspection of the property will be conducted by the Fire Department.

Therefore, the Fire Department is requesting the City Council adopt a resolution establishing an annual fire inspection fee for all multi-unit apartment buildings of three or more units, thereby incorporating these businesses into the 'cost recovery' fee process beginning in 2008. To-date these 'businesses' have not been included in the 'cost recovery' portion of our annual inspection program.

The Fire Department is also requesting Council's input/direction toward applying a similar fee schedule for multi unit-condominium complexes of three units or greater. The California Health and Safety Code does not differentiate between multi-unit apartments and multi-unit condominium complexes and requires an annual inspection of each complex.

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It is estimated there are 76 multi-unit condominium complexes with 4,427 individual units. Using these estimates and a similar fee structure, incorporating condominium complexes in the 'cost recovery' of the business inspection program could generate an additional \$21,373.62 in annual inspection fees. The internal process could be developed to include multi-unit condominium complexes into the annual billing cycle.

FISCAL ANALYSIS:

It is estimated there are 598 multi-unit apartments with 4,712 individual units (see Attachment 2). Based on this estimate, the Fire Department anticipates an increase in Fire Inspection fee revenue of approximately \$66,250 in 2007/08.

An additional position may be needed to meet the increased volume of inspections required by this program in the future.

ATTACHMENTS:

1. Proposed Resolution
2. Proposed Rate - Apartments
3. Proposed Rate - Condominiums

MOTION:

That the City Council:

1. Adopt a Resolution Establishing an Annual Fire Inspection Fee Program to include all multi-unit apartment buildings of three or more units; and
2. Direct the Fire Department regarding the development of the internal structure needed to implement an annual fire inspection fee for all multi-unit condominium complexes of three or more units.