

**REVIEW OF GAINESVILLE FIRE RESCUE  
(GFR) INSPECTION FEES**

**JUNE 2009**



**CITY AUDITOR'S OFFICE  
CITY OF GAINESVILLE, FLORIDA**


*City of*  
**Gainesville**

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*Inter-Office Communication*

June 22, 2009

**TO:** Audit, Finance and Legislative Committee  
Mayor Pegeen Hanrahan, Chair  
Mayor-Commissioner Pro Tem Scherwin Henry, Member

**FROM:**   
Brent Godshalk, City Auditor

**SUBJECT:** Review of Gainesville Fire Rescue (GFR) Inspection Fees

**Recommendation**

The Audit, Finance and Legislative Committee recommend the City Commission:

- 1) Accept the City Auditor's report and response from the City Manager, and
- 2) Instruct the City Auditor to conduct a follow-up review on recommendations made and report the results to the Audit, Finance and Legislative Committee.

**Explanation**

In accordance with our Annual Audit Plan, we have completed a Review of GFR Inspection Fees. Our report, which includes a response from the City Manager, is attached for your review.

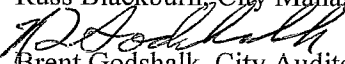
We request that the Committee recommend the City Commission accept our report and the City Manager's response. Also, in accordance with City Commission Resolution 970187, Section 10, Responsibilities for Follow-up on Audits, we request that the Committee recommend the City Commission instruct the City Auditor to conduct a follow-up review on recommendations made and report the results to the Audit, Finance and Legislative Committee.

*City of*  
**Gainesville**

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*Inter-Office Communication*

June 2, 2009

**TO:** Russ Blackburn, City Manager  
**FROM:**   
Brent Godshalk, City Auditor  
**SUBJECT:** Review of Gainesville Fire Rescue (GFR) Inspection Fees

In accordance with our Annual Audit Plan, we have completed a Review of GFR Inspection Fees. During our review, we interviewed key personnel, analyzed financial information and performed surveys with various Florida municipal fire departments. The primary objective of this audit was to evaluate the current fee structure for inspection and re-inspection fees, as well as how other municipalities assess these fees.

Based on our review, we believe that opportunities exist to restructure GFR Inspection Fees in a way that would generate additional revenues, and at the same time, would better match fees to operating expenses incurred. We also believe that GFR has an opportunity to implement or increase some fees regarding miscellaneous services provided and to improve the inspection fee process.

Our recommendations for improvement were reviewed with Fire Chief Bill Northcutt and Deputy Fire Chief Tim Hayes during our exit conference held on May 4<sup>th</sup>. Since that time, Chief Northcutt and Deputy Chief Hayes have worked with Senior Auditor Michelle Torma to finalize any necessary edits to our report and to provide written management responses to our recommendations. I would like to acknowledge each of them for their dedication to continually improve the services provided by the City of Gainesville to its residents.

Please review the attached written report, which documents our audit recommendations and GFR's responses and let me know if you have any questions, comments or concerns with the information presented. Our final report, including the management responses, will then be submitted to the City Commission's Audit, Finance and Legislative Committee for review and approval. The next meeting is currently scheduled for June 22, 2009. Until that time, this draft report and your draft response are exempt from Florida's public records law.

Thank you to you and your staff for making this a productive process.

cc: Paul Folkers, Assistant City Manager  
William Northcutt, Fire Chief  
Tim Hayes, Deputy Fire Chief  
Michelle Torma, Senior Auditor

## **OBJECTIVES, SCOPE AND METHODOLOGY**

In accordance with our Annual Audit Plan, the City Auditor's Office completed a Review of Gainesville Fire Rescue (GFR) Inspection Fees. The primary objective of this review was to evaluate the current fee structure for inspection and re-inspection fees, as well as how other municipalities assess these fees. Other audit objectives included evaluating the policies, procedures and internal controls related to the inspection fee process. Our procedures included documenting the inspection process, surveying other municipalities and reviewing GFR inspection fee structures for common practices. The scope of our review was generally for fire inspections performed during fiscal year 2008.

As for all of our audits, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the results of our review, we believe that opportunities exist for GFR to increase inspection fee revenues based on changes in the rate structure, begin charging for several miscellaneous services provided and improve the inspection fee process. We have prepared several recommendations regarding those issues that were discussed with management. These recommendations, as well as management's written response, can be found in the following sections of this report.

## **BACKGROUND INFORMATION**

Florida Statutes Chapter 633 establishes minimum fire safety standards and requires municipalities with fire safety enforcement responsibilities to employ or contract with a fire safety inspector, who must conduct all fire safety inspections required by law. The statute also requires fire hydrants and fire protection systems installed in public and private facilities, except one-family or two-family dwellings, to be inspected on a prescribed schedule. The statute specifically allows the governing body of the municipality conducting fire safety inspections to provide a schedule of fees, which may recoup up to the costs of inspections conducted and related administrative expenses.

The main purpose of fire safety inspections is to eliminate hazards that may contribute to the risk of fire or injury in public or private facilities. Inspections are designed to ensure that fire control and fire protection systems meet State established standards. Inspectors check to see if fire extinguishers, alarm systems, sprinkler systems or other special extinguishing systems were properly installed and have been appropriately serviced and tested. They also inspect for potential hazards, which includes determining that flammable materials are properly stored, electrical hazards are eliminated and that fire doors are properly utilized. Fire inspectors also perform inspections to ensure code compliance specific to occupancy and investigate complaints of possible fire hazards and code violations reported by citizens.

Approximately 6,300 commercial or public inspection sites exist within the City of Gainesville. State standards require fire safety inspections annually for schools, day care facilities, nursing homes, hazardous materials facilities and places of public assembly. Other commercial facilities, including office buildings, apartments and retail properties, are scheduled by GFR for inspections on a tri-annual basis. Currently there are three full-time fire inspector positions performing these duties. A typical 2,500 square foot building averages approximately two labor hours for a full inspection. At the completion of the inspection, GFR inspectors prepare a report indicating whether inspection standards were met, noting any deficiencies and the timeframe required for corrections. A re-inspection is later conducted to ensure deficiencies are corrected.

## ISSUE #1

### GFR Inspection Fee Rate Structure

#### Discussion

Prior to fiscal year 2008, fire safety inspections were provided by the City without any fees charged for the costs involved. Recognizing the staffing requirements necessary to provide these services, GFR surveyed comparable Florida municipal fire departments during 2007 and based on the results, submitted a budget proposal to charge various fees for inspections, investigations, fire extinguisher training and station tours. A City ordinance change was approved for fiscal year 2008, establishing a flat fee of \$50 for fire inspections, based on Alachua County's fire inspection fee charged at that time.

Although approximately \$220,000 in revenues was budgeted within the General Fund for GFR inspection fees, actual revenues for fiscal year 2008 totaled \$59,000. This was due, in part, because some recommended fees were not adopted and the projected number of inspections had to be reduced due to injury leave incurred by GFR personnel. Additionally, the resulting ordinance provides initial re-inspections at no charge, with any subsequent re-inspections necessary to clear noted deficiencies charged an additional \$50 fee. Initial revenue projections included fees for all re-inspections completed.

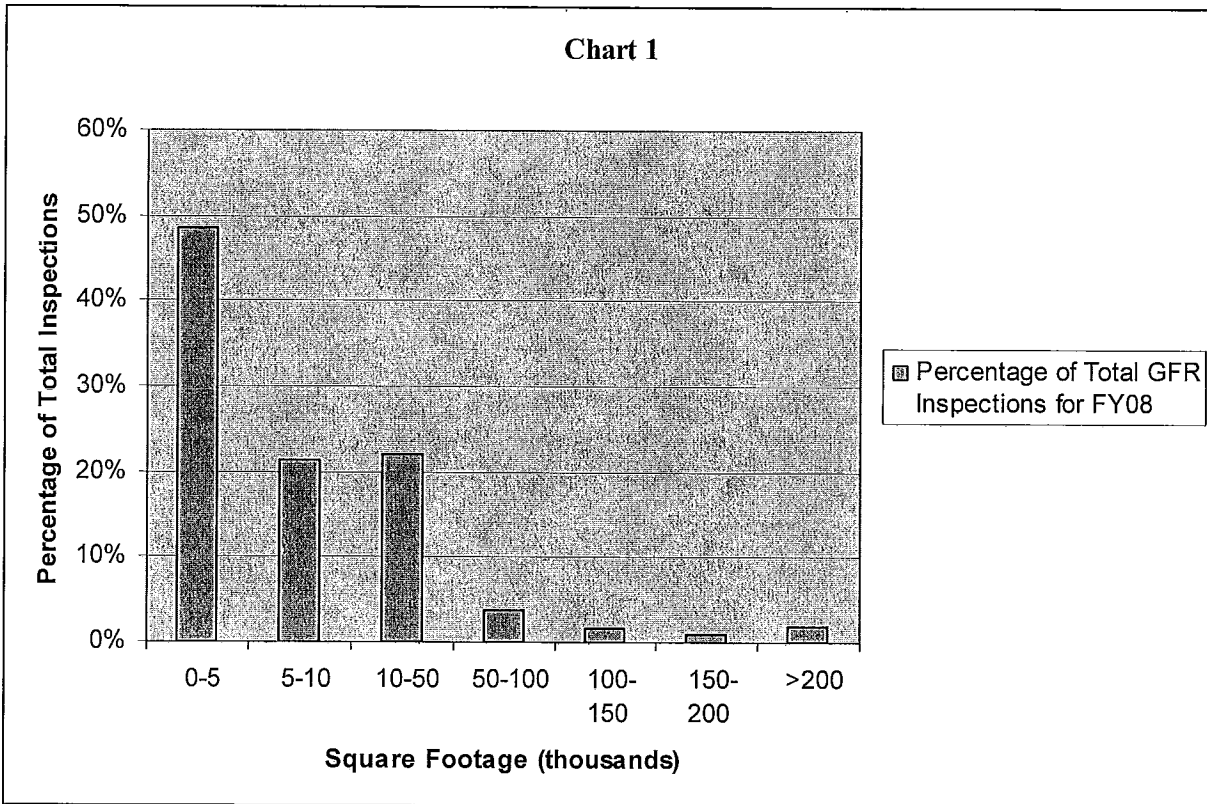
#### *Fee Structure Analysis*

In order to evaluate the City's fee structure, we surveyed municipal fire agencies within Florida to obtain current fee structure information. We then completed a comparative analysis of those responding to our requests or available through online reviews of fire inspection fees. Methodologies used by peer local governments ranged from the flat rate fee structure used in fiscal year 2008 by Gainesville and Alachua County to a graduated fee structure based on the area and type of structures inspected (i.e. apartment, commercial, office or public assembly). Some local governments with graduated fee structures also included a maximum fee ranging from \$315 to \$350. We noted that some municipalities had not updated their fee schedules for several years.

Based on the data gathered, we applied the different methodologies to the quantity of GFR's billed inspections for fiscal year 2008, calculating potential revenues using each method. Estimated revenues based on the various methods ranged from a low of \$23,000 using Lakeland's fee structure, which charges no inspection fee for buildings smaller than 12,000 square feet, to a high of \$723,000 under Tallahassee's fee structure, which charges fees based on square footage with no maximum fee. During fiscal 2008, Gainesville's recorded inspection fee revenues totaled \$59,000, while budgeted costs for the Inspections section of GFR were \$237,000 in fiscal year 2008.

Alachua County currently charges \$60 per inspection, but charges a \$60 per building fee for apartment structures. At management's discretion, they also charge a \$60 hourly rate instead of the base inspection fee for structures that require more than a half day to complete.

Chart 1 illustrates the percentage breakdown of fire inspections by building area completed in Gainesville during fiscal year 2008. Almost half of the fire inspections performed in fiscal year 2008 were less than or equal to 5,000 square feet, with almost 70% of total inspections less than 10,000 square feet. Structures exceeding 100,000 square feet comprised 4.5% of the total inspections performed.



GFR indicates that a typical fire inspection of a 2,500 square foot structure requires approximately two hours to complete. Based on existing salary ranges and fringe benefits, typical fire inspection labor cost for structures of this size average between \$70 and \$90, with larger structures requiring additional time for completion. This does not include any operating or capital costs related to the inspection process.

Based on our review of the various fee methods used by other local governments, we believe the City should consider changing to a fire inspection fee structure which is more equitable than the current system and which will recoup more of the City's expenses involved with providing fire safety inspections.

***Square Footage Model with Maximum Rates and Hourly Rate Model***

A potential model for Gainesville is the one used by Miami-Dade County for business occupancies. This model groups inspections by structure square footage as illustrated on the following page (see Table 1). This model creates greater equity than the City's current system by increasing the fee as the square footage of the inspected structure increases. It also limits inspection fees to maximums based on structure size and provides a specific rate for each inspection.

Based on fiscal year 2008 inspections invoiced by GFR, using the methodology shown in Table 1 would result in estimated annual revenues of approximately \$110,000, an increase of more than \$50,000 from fiscal year 2008 revenues. Adjustments to this fee schedule could include charging all structures less than 5,000 square feet a minimum \$60 fee, comparable to Alachua County, and/or modifying the rate of increase for larger structures based on Gainesville's projected costs.

**Table 1**  
**Miami-Dade Fee Structure for Business Occupancies**

<b>Square Footage ( in thousands)</b>	<b>Inspection Fee</b>
0 to 1.5	\$25
1.5 to 3	\$50
3 to 5	\$65
5 to 10	\$105
10 to 50	\$131
50 to 100	\$184
100 to 150	\$231
150 to 200	\$289
>200	\$341

An additional inspection fee structure being considered by GFR is an hourly rate of \$60 for all inspections exceeding two hours, similar to the current fee structure used by Alachua County. Both the hourly rate and the square footage approach have advantages and disadvantages and would help the City to recoup a greater percentage of the costs involved with providing this service.

***Continued Monitoring and Future Fee Adjustments***

Inspection fees were not increased from fiscal year 2008 to 2009. Continued monitoring of staff resources utilized to provide fire inspections and peer local government fee adjustments will assist the City in evaluating future fee adjustments, as necessary. As with other City fees, management should also consider annually or bi-annually adjusting rates based on a standard defined index like the consumer price index.

***Re-inspections***

When deficiencies are noted in a fire safety inspection, GFR returns for subsequent re-inspections until deficiencies are cleared. Like other local governments surveyed, GFR does not charge for the first re-inspection provided. For subsequent re-inspections, local governments surveyed typically charge a fee that can be up to two times the initial inspection fee. In the model displayed above, Miami-Dade charges one half of the initial inspection fee for all re-inspections after the first one, which is provided at no cost. Gainesville’s current fee for subsequent re-inspections is \$50.

Although re-inspections are not typically as time consuming as inspections, since only noted deficiencies are re-inspected, they currently take up a lot of GFR’s time. During our review process, GFR performed an internal analysis of potential areas for efficiency. Based on their analysis, GFR is considering changing the re-inspection process and having property owners correct deficiencies in a specific timeframe and then certifying that corrections were made. If the next inspection finds the same deficiencies, a fine would be imposed. This methodology would reduce the labor hours to perform re-inspections and allow GFR to focus on initial inspections, which could then be performed on a more timely basis.

**Conclusion**

GFR currently charges a flat \$50 fee for all fire safety inspections, regardless of structure size or the time involved with providing the inspection. We believe that a variable inspection fee schedule would be more equitable and would help the City to recoup more of the costs involved with providing these services.

### **Recommendation**

We recommend the City's fire inspection fees be restructured so that businesses and public sites are charged on the basis of building square footage or hours required to complete the inspection. We also recommend that management adjust rates on an annual or bi-annual basis to help ensure that rates are consistent with continuing operating costs involved with providing fire inspection services. Consideration should also be given to modifying the re-inspection process to reduce the time expended on this process or to recoup some of the costs involved.

### **Management's Response**

The GFR staff concurs with the auditors' recommendation as it relates to restructuring our current fee schedule which will improve our ability to provide a fair, cost effective service to the citizens of Gainesville. In addition staff is preparing to implement a new procedure for completing fire inspections that will eliminate most re-inspections.



## ISSUE #2

### Fees for Miscellaneous Services Provided by GFR

#### Discussion

During our review of fire safety inspection fees, we discussed additional services provided by the Risk Reduction Bureau of GFR that require staff resources but are currently provided without a fee. These include the following:

#### *Fire Extinguisher Training*

Fire extinguisher training is currently provided two to three times a month for companies, agencies or other groups. Training is required by Occupational, Safety and Health Administration (OSHA) and some insurance carriers. Extinguisher training was initially offered by GFR because of requests made and no other means were available for these companies to receive the required training. However, today there are companies that provide this training for a fee.

GFR indicated that they receive approximately three to four requests a week for this service, which requires a minimum of three staff hours to perform this function. In addition to staff hours, there are also equipment costs involved with providing this service, for which there is currently no fee charged.

Since this service is now available through private companies, GFR should consider assessing a fee to cover the actual services provided. At a minimum, fees should be structured to cover the labor charges and equipment used to provide this service. GFR could also consider charging a flat fee from \$200 to \$350 per class. Private sector companies charge \$375 for class sizes up to 20, plus the cost of recharging extinguishers. At a fee of \$300 per class, assuming two classes per week, this could potentially generate revenues of approximately \$30,000 per year and help to offset GFR costs associated with providing this service.

#### *New Construction Plan Review Services*

In reviewing GFR's internal reports summarizing fire safety inspector activities, we noted that more than 200 "plans reviews" were completed during fiscal year 2008. Management explained that these reviews are related to inspectors' attendance at the First Step Center, where developers and citizens receive development and permitting information related to plans for new construction from several City departments at one time. No fee is charged for this service.

Beginning in fiscal year 2006, the City established the Florida Building Code Enforcement Enterprise Fund due to changes in Section 553.80 of the Florida Statutes, which requires that fees collected "shall be used solely for carrying out the local governments' responsibilities in enforcing the Florida Building Code." The statute provides that "enforcing the Florida Building Code includes the direct costs and reasonable indirect costs associated with review of building plans ... and fire inspections associated with new construction."

We believe that the services provided by GFR inspectors related to First Step Center reviews may be able to be charged to the City's Florida Building Code Enforcement Fund, thus relieving the General Fund of the cost of providing this service. Management should work with the Building Inspection Department and the City Attorney's Office to further evaluate this option.

### ***Insurance Verification Letters***

In recent years, insurance companies have begun requesting documentation from GFR regarding the location of fire hydrants in order to determine the insurability of a property. These requests require staff resources to locate, prepare a letter and mail verification of the hydrant location. We found one local government, Palm Beach County, charging a fee of \$25 for this service.

GFR estimates that they handle approximately five such requests each month with each request requiring at least one hour to process. GFR could begin charging for this service either as a flat rate or as a public records request and charge the actual staff hours required to perform this function. The \$25 fee currently used by Palm Beach County would be consistent with the hourly rate including benefits for staff to perform this function.

Additionally, the City may wish to consider the feasibility of providing this information online through the Geographic Information System (GIS) in order to mitigate staffing and expenses required to provide this information to the insurance companies.

### ***Requests for Copies of Investigative Reports***

When a fire investigation is closed and a report is completed, the report becomes a public record. A minimum of five hours is typically spent performing a fire investigation. At the completion of these investigations, insurance companies often request copies of the investigation reports, supporting documentation and photographs. Staff hours are required to collect the information, in addition to the expense of providing copies of the reports and DVD's of the photographic evidence. The average number of pages in a minor investigative report is 20, but a more significant investigation may have reports exceeding 100 pages.

For fiscal year 2008, GFR requested approval of a \$135 fee for investigation reports to cover the fees expended investigating the fire. This was not approved and may not be allowable under Florida public records laws, however we noted during our review that GFR is not applying the City's current fee structure for responding to public records requests.

The City's Budget and Finance Department provides operating departments a Public Records Request form via the intranet which identifies the information requested, when records can be picked up and the cost to provide this information. If requests are less than 10 pages and staff time is less than 15 minutes, there is no charge for a public records request. The City's Public Request Form does indicate a charge of five cents per page should be applied to the number of copies exceeding 10 pages and also provides a charge for staff time exceeding 15 minutes required to respond to the request. GFR was not aware that charges could be applied to the copying cost and staff efforts necessary to provide these reports.

We also noted that Section 119.07(4)(a)1 of the Florida Statutes - *Inspection and copying of records; photographing public records; fees' exemptions* allows for up to a 15 cents per one-sided copy of duplicated copies of not more than 14 inches by 8 ½ inches, plus no more than an additional 5 cents for each two-sided copy. There can be a fee for the actual cost of duplication if copies are outside this range. The City recently revised the City policy to mirror the State's maximum threshold for recouping fees. It is estimated based on the average number of investigative reports performed during the year the expected fees that could be reimbursed would be approximately \$3,000 to \$4,000 a year.

## **Conclusion**

GFR is currently providing fire extinguisher training, new construction plan review services, insurance verification letters and investigative report copies free of charge. These services require significant staff resources and we believe it would be advisable for GFR to charge fees to recover some of the costs associated with these services.

## **Recommendation**

We recommend management:

- Establish a reasonable fee for fire extinguisher training comparable to the staffing and equipment costs associated with providing this service.
- Evaluate the possibility of charging the City's Building Code Enforcement Enterprise Fund for new construction review services provided by GFR staff.
- Establish a fee for fire hydrant location requests to cover staff hours required to research and prepare the documentation. Additionally, consideration should be given to the feasibility of providing this information through a Geographic Information System.
- Charge established document reproduction fees for investigative report requests. Using the fee parameters established through the City's Public Records Requests form will ensure fees are consistently applied and the City is properly reimbursed for services above the 10 free copies and 15 labor minutes threshold established. Additionally, management should revise the City's Public Records Request forms to increase the reproduction fee consistent with Florida Statutes, which authorize 15 cents per page and an additional 5 cents if copied on two sides.

## **Management's Response**

The GFR staff concur with the recommendations. Staff is currently researching the possibility of billing for fire extinguisher training and hydrant location and will begin charging for Public Records Requests. However, due to water system security and non-user friendly PDF format, we are unable to provide hydrant location information through GIS. In the future, this may be possible with improvements in technology and software. We will also attempt to recover staff costs for the site plan review from the development applicant or building code enterprise fund.

## ISSUE #3

### Inspection Fee Process Improvements

#### Discussion

GFR has developed its own software program to assist in efficiently managing the fire safety inspection process. The software facilitates the generation of on-site inspection reports, issuance of invoices and documenting invoice information for the Finance Department. The software program also allows GFR management to monitor the number of inspections completed. Some areas of enhancement to the current system are as follows:

#### *Increased Utilization of Alachua County Property Appraiser's Building Data*

In order to complete our analysis of different available fee structures, we extracted data from the Alachua County Property Appraiser's (ACPA) database to determine the square footage of structures inspected. In comparing this data to GFR's data, we noted inconsistencies in the address naming conventions used by GFR. For instance, leading zeros were used for addresses when compared to the ACPA. Abbreviations were inconsistent, including street direction (e.g. N, N. or left incomplete) and street identifiers (e.g. BL, BLVD, B.). More specifically, there was not a consistent protocol for uniform addresses and street identifiers within GFR when compared to the ACPA database. Naming inconsistencies make it difficult to:

- accurately determine the total square footage for each property location,
- perform fee pricing analysis over time,
- ensure a property has been inspected, and
- evaluate whether hours required to perform each inspection are reasonable.

By obtaining square footage data, GFR would be better able to analyze total square footage for inspections, hours required to perform inspections as well as enabling GFR to analyze and modify fee schedules in the future. Accessing square footage information provided by the ACPA database files to the City would ensure the official record of total square footage is used, especially if the City moves to charging an inspection fee based on square footage. The ACPA database would be the most reliable source for this information to ensure businesses and agencies are properly billed for the inspection fees based on square footage.

#### *Coordination of Invoicing and Collection Process*

GFR inspectors provide an invoice with the inspection report to businesses at the completion of the inspection. The invoice is then electronically submitted to the Finance Department to document revenues to be recorded and collected. Generally, invoices are paid by the businesses without further follow-up by the Finance Department. If a fire inspection fee is unpaid after 30 days, the Finance Department sends out an invoice reminding the customer of the fee due.

Currently, no subsequent follow-up activity occurs related to unpaid fire inspection invoices after the Finance Department invoice is sent out. Approximately 10% of the fire inspection fees assessed in fiscal year 2008 remain unpaid. Management should consider assessing late payment fees when payments are not made after the Finance Department mails out its invoice, possibly increasing the late fee periodically as the original fee continues to remain past due. Unpaid inspection fees could also "flag" business tax license renewals as another method to ensure payment is received timely. The renewals could include the unpaid fire inspection fee plus any related late fees.

Since fiscal year 2008 was the first year inspection fees were charged, the Finance Department and GFR did not have a consistent system in place for invoice coordination and fee collections. Finance Department and GFR staff reconciled billings through April 2008, but did not complete a reconciliation at year-end. We believe that a year-end reconciliation will help to ensure that all invoices written are properly transmitted from GFR to Finance and facilitate discussion of delinquency issues.

### ***Policies and Procedures Manual***

Currently GFR does not have a policies and procedures manual for the fire inspection and fee process. Developing written procedures of the inspection fee process including the importance of consistent address numbers, street direction and naming protocols will ensure all inspectors use the same methodology. It will also facilitate future database matching, using the ACPA database for fee analysis and will document the process necessary to reconcile financial records with inspection activity.

### **Conclusion**

Improved documentation, invoice coordination and reconciliation activities would improve the consistency and accuracy of the fire safety inspection fee process.

### **Recommendation**

We recommend management:

- Ensure fire inspections record building square footage data. Using the database provided by the County Property Appraiser's Office would help to ensure consistent and reliable data is used when assessing inspection fees.
- Improve coordination of the invoicing and collection process related to fire inspection fees, including a consideration of assessing late payment fees for unpaid fire inspections.
- Develop a written policies and procedures manual outlining the fire inspection fee process. This will help to ensure GFR staff is performing and recording fire inspections reports using a consistent method.

### **Management's Response**

The GFR staff concurs with the recommendations. At the present time we have not made a decision regarding fee structure for next year. If the square footage method is used, we will determine the method for best obtaining square footage including utilizing data from the Property Appraiser's Office. Additionally, the policy and procedures manual is already being developed to reflect our current operational system and we will continue to improve our coordination with the Budget and Finance Department as it related to the generated fire inspections invoices.

## ISSUE #4

### Utilization of City Website for Public Information Regarding GFR Inspection Process

#### **Discussion**

While completing surveys of municipal fire department inspection fee programs, we noted that peer local governments often provide citizens information on their websites regarding fire safety and the fire inspection process, including answers to commonly asked questions about the process. Many of the sites observed addressed information such as what can be expected during the inspection, steps to ensure the inspection is successful and the fee structure. In some cases, there were areas which provided opportunities for citizens to report fire safety concerns.

Although the GFR website provides general information regarding fire safety inspections, enhancements could be made to provide customers with more detailed information regarding the fire safety inspection process.

#### **Conclusion**

As more residents use the City's website for information regarding City services, GFR could enhance the information it provides regarding the fire safety inspection process by including a "Frequently Asked Questions" and provide businesses and property owners with more detailed relevant information regarding the inspection process and charges associated with it.

#### **Recommendation**

We recommend GFR provide additional information on the City's website regarding the process for fire safety inspections. This will provide greater opportunity for businesses, apartments and other facilities to properly prepare for the inspection process. Increased information may help to reduce frequently cited deficiencies, potentially reducing the time required to perform re-inspections.

#### **Management's Response**

The GFR staff concurs with this recommendation and has already added several new features to our website which will eventually house an online crowd manager training program and a life safety evaluation checklist.