

EXECUTIVE SUMMARY

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: September 9, 2011

IBA Report Number: 11-53

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Item Number: 151

Fire-Rescue Alarm Permit Fee Proposal

The FY 2012 Adopted Budget includes \$910,000 in budgeted revenue for the implementation of the Fire-Rescue Fire-Harmful Gas Alarm Permit Fee. Separate action is required by Council to adopt the resolution and ordinance to formally approve the revised Fee Schedule and modified Municipal Code associated with the implementation of this new fee. A request for the implementation of a Fire-Rescue Alarm Permit Fee in FY 2012 was included in the City Council's April 11, 2011 Budget Resolution.

The proposed fee is intended to be fully cost recoverable. The projected revenue in the FY 2012 Adopted Budget was based on a December 1, 2011 start date for the implementation of the program. The current proposal before Council reflects an earlier start date of November 1, 2011. With an earlier start date, the revenue for the FY 2012 is projected at \$1,084,008 to reflect 8 months of collection, representing an additional \$174,008 above the original budget of \$910,000.

The IBA has reviewed the methodology used by Fire-Rescue to determine the appropriate fee for cost recovery for the proposed Fire-Rescue Alarm Permit Fee and the associated revenue. This report examines the proposed methodology, the fiscal impacts of the fee, and provides additional information regarding the current Police Alarm Permit Program that the Fire-Rescue Alarm Permit Program will be consolidated with. With the pending release of the CAO performance audit of the Police Department Permits and Licensing Unit, any findings and recommendations pertaining to the Police Alarm Permit Program will be relevant to the current proposed Fire-Rescue Alarm Permit Program. With this, and other cost recovery considerations, it is recommended that the Fire-Rescue Alarm Permit Program is reviewed after one year of actual data relating to false alarm occurrence and permit compliance. Any proposed changes to the program and any necessary modifications to the fee amount based upon this review should be brought to Council for consideration.