

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 29, 2008

CAO File No. 0220-03756-0004
Council File Nos. 07-1630, 07-1630-S1
Council District: All

To: The Planning and Land Use Management Committee

From: Raymond P. Ciranna, Interim City Administrative Officer *RPC*

Reference: Request from Planning and Land Use Management Committee

Subject: Off-Site Sign Structure Periodic Inspection Program Fee Analysis

SUMMARY

At its meeting held on May 27, 2008, the Planning and Land Use Management (PLUM) Committee requested this Office to conduct a fee analysis on a proposed fee schedule developed by the Department of Building and Safety (Department) with the intent to implement the Department's Off-Site Sign Structure Periodic Inspection Program (OSSPIP; billboard inspection program). The Department submitted a transmittal (Attachment) proposing a billboard inspection program providing for fees per sign as follows:

\$186 for Verification Only: the Department will verify address and building permit data information provided by the billboard companies, conduct a field inspection for each off-site sign structure and enter data into the Department's Code Enforcement Inspection System (CEIS)(as explained below, this fee represents a \$4 per sign reduction from the \$190 per sign fee calculated by Department staff and is recommended by the Department, City Attorney and this Office for administrative convenience and fairness to make the fee equal to that charged other companies who have entered settlements with the City in fee related litigation); and

\$342 for Verification With Research: the Department will research building permit records for each off-site sign structure where such data has not been provided by the billboard companies, conduct a field inspection for each sign and enter data into CEIS.

The OSSPIP will result in a database accessible to the public with permit and address information for all off-site sign structures in the City and allow for the Department to enforce against signs determined to be illegal or in violation of the terms of their permits.

Discussion

The Los Angeles Municipal Code Section 14.4.2 (amended by Ordinance No. 175,151, effective May 12, 2003) defines an off-site sign structure as "a sign which displays any message directing attention to a business, product, service, profession, commodity, activity, event, person, institution or

any other commercial message, which is generally conducted, sold, manufactured, produced, offered or occurs elsewhere other than on the premises where the sign is located.”

On February 8, 2002, the Council approved the creation of a fee-supported OSSPIP via Ordinance No. 174442 (CF 02-0070) and authorized the Department to perform a Citywide survey to create an inventory of all off-site sign structures in the City to determine which signs complied with the City of Los Angeles Municipal Code (CFR 02-0600-S32). For calendar year 2002-03, the Department proposed a Verification With Research Fee of \$314 based on an annual program with enforcement costs and start-up equipment.

Between September 2002 and mid 2007, the City underwent litigation when several sign industry companies filed lawsuits challenging the off-site sign ordinances. Four sign industry companies settled with the City between August 2005 and April 2007.

The Department proposed a \$186 Verification Only Fee for companies that provide their own billboard permit and related data, and a \$342 Verification With Research Fee for companies that do not provide their own data. The larger fee for companies that do not provide their own data reflects the additional costs estimated to be incurred by the City to research and verify permit data for each sign not provided by the sign company. These fees do not include enforcement costs which the Department can recoup via alternative portions in the Code. In calculating the new fees, the Department categorized those companies who settled litigation with the City and agreed to provide permit and related data to the City as Group A, and the remaining companies without a settlement as Group B. The PLUM Committee is requesting that this Office conduct a fee analysis on the Department's proposal for off-site fees for Group B.

Group A

Group A is comprised of the following four companies: (1) Vista Media Group, Inc., (2) CBS Outdoor, Inc., formerly known as Viacom Outdoor, Inc., (3) Clear Channel Outdoor, Inc., and (4) Regency Outdoor Advertising, Inc. These four companies collectively own approximately 6,581 off-site signs in the City. Each company has a settlement agreement with the City for a fixed OSSPIP processing fee of \$186 per sign based on a three-year inspection cycle (Case No. BC282832 filed on October 4, 2002). The \$186 fee per sign was based on the following:

- These companies' submission of address and building permit data to the Department; and
- The estimated amount of time and resources that the Department expected to expend to verify this data and to conduct a citywide block-by-block billboard survey and create a comprehensive database.

Vista owns approximately 3,146 of Group A's 6,581 off-site signs, and agreed to annual sign inspections at the fixed rate of \$150 per sign for the first year of inspection and \$186 per sign for all subsequent years. The City Attorney notified the Department that a provision in the Vista agreement allows Vista's inspection fee and frequency of inspection to be reduced to equal those specified in other settlement agreements with other off-site sign companies. Thus, the Department's proposed fee schedule assumes that Vista's inspection fee will be changed to equal that of other sign companies with a settlement agreement.

Group B

Group B is comprised of companies that own the remaining off-site signs in the City and do not have a settlement agreement with the City. The Department submitted a proposed fee schedule for two fees that has been analyzed below by this Office.

Proposed Group B Fees

The Department proposes two types of fees for Group B:

\$186 for Verification Only: the Department will verify address and building permit data information provided by the billboard companies, conduct a field inspection for each off-site sign structure and enter data into the Department's Code Enforcement Inspection System (CEIS); and

\$342 for Verification With Research: the Department will research building permit records for each off-site sign structure where such data not been provided by the billboard companies, conduct a field inspection for each sign and enter data into CEIS.

The Department calculated the fees to recover the cost of the service provided by the Department to inventory and inspect off-site sign structures within the City. The fees do not include the cost of enforcement of orders to comply. As part of this Office's annual budgetary process, all City fees are reviewed to include the cost-of-living rates relative for each year and include various required expenses, such as mileage and technological services, upgrades, and warranties. However, no adjustments will be made during the 2.7 years for OSSPIP because the proposed ordinance for off-site sign structure inspections covers the entire term for OSSPIP. This is consistent with the settlement agreements for the Group A companies.

At this time, the Department's proposed ordinance sets the fee for only the first inspection cycle. At the end of the first inspection cycle, DBS will need to have the ordinance revised to establish any new fees. This Office will work with the Department as part of its annual fee and budgetary review. This annual review will also enable the Department to request any necessary adjustments to resources.

Fee Analysis

This Office conducted an analysis of the Department's proposed fee per sign for Group B. The proposed Verification Only Fee is \$186 per sign and the proposed Verification With Research Fee is \$342 per sign. The \$186 fee represents a \$4 per sign reduction from the \$190 per sign fee calculated by Department staff. The Department calculated the fees based on the program costs and the indirect costs (also known as related costs). The program costs include direct salary costs for five positions and various staff expenses, including contractual services for cell phone usage, insurance and annual fees for wireless notebooks, operating supplies, and mileage.

For internal budgeting purposes the Department estimates that there are approximately 10,000 billboards in the City. Based upon this number of off-site sign structures in the City and upon the

Department's estimate (as explained below) that the Department will be able to inspect and inventory 3,646 signs / year, the Department estimates it will take 2.7 years to complete its inspection and inventory program. [10,000 signs / 3,646 signs / year = 2.7 years.]

Based upon a 2.7 year-long program and the annual salary and expenses totaling \$693,183 (explained below in the Positions and Personnel Section), the estimated program cost is approximately \$1.9 million from the General Fund [\$693,183 X 2.7 years = \$1,871,594]. Pages 2 through 3 of the Attachment reflect the Department's fee calculations.

Revenues

The estimated program cost of \$1,871,594 is projected to be offset by revenue totaling \$1,860,000, which is based upon the proposed \$186 Verification Only Fee and the City's estimate of 10,000 billboards in the City. The costs and revenues could be higher, and the program could be longer than the 2.7 years, to the extent that the Group B companies do not provide the City with copies of their building permits or their related data.

Positions and Personnel

The Department indicates that a team of three full time Building Mechanical Inspectors (BMI's) will work efficiently performing the functions necessary for the program, and that one full time Senior Building Mechanical Inspector (Sr BMI) and one full time Clerk Typist will be required to supervise, assist and support the team of three BMIs. The Department thus proposes that a total of five positions be added to its Code Enforcement Bureau to implement and oversee the inventory and inspection of all off-site sign structures in the City, with annual salary and related costs as follows:

Position:	One Senior Building Mechanical Inspector	Three Building Mechanical Inspectors	One Clerk Typist
Annual Salary:	\$92,188	\$241,403	\$40,573
CAP 30:			
Fringe Benefits 36.72%	33,851	88,643	14,898
Central Services 21.53%	19,848	51,974	8,735
Department Administration & Support 21.91%	<u>20,198</u>	<u>52,891</u>	<u>8,890</u>
TOTAL ANNUAL SALARY + CAP 30 COSTS	\$166,085	\$434,912	\$73,096
ANNUAL EXPENSES * :	<u>\$4,720</u>	<u>\$14,160</u>	<u>\$210</u>
ANNUAL TOTAL SALARY + EXPENSES	\$170,805	\$449,072	\$73,306
Total	\$693,183		
<i>Source: Department of Building and Safety</i>			
<i>* Note: Expenses include contractual services, operating supplies, and mileage.</i>			

Annual Salary

The Personnel Department's Classification Division reviewed the position descriptions for each position – Senior BMI, BMI, and Clerk Typist -- and determined that the duties are appropriate.

The Department requests that Council approve employment resolution authority for the five positions for each year of OSSPIP and an exemption from the Managed Hiring Process. With a projected OSSPIP implementation date of February 1, 2009, this Office recommends that employment resolution authority begin on February 1, 2009 through June 30, 2009. Also, the Personnel Department would need to allocate the Council-approved positions to the Department of Building and Safety, with subsequent approval by the Civil Service Commission. A proposed organization chart incorporating the additional positions is provided on Page 4 of the Attachment.

Inspection Time

The Department estimates it takes one BMI 1.25 hours to review and analyze permit data and related documents provided by a billboard company; travel to, measure and inspect a sign; and input all relevant data into the City's computer systems to maintain a database for all off-site signs. The Department arrived at this estimate as follows (see Pages 5 through 7 of the Attachment):

<u>OSSPIP DUTIES</u>	<u>TIME</u>
Physical Inspection Time	30 minutes
Travel Time	15 minutes
Case Processing in Office	<u>30 minutes</u>
TOTAL	75 minutes = 1.25 hours

The BMI's work based on an estimated 1,519 hours per calendar year is calculated as follows:

Full-Time Equivalent (FTE) Hours for One Calendar Year:	2,080
Less Compensated Time Off (CTO) 26.96% per CAP 30 (2,080 x 26.96%):	<u>(561)</u>
Total annual hours available for inspection:	1,519

Based upon the number of hours worked per 12 month period and upon the estimated time incurred to complete the Department's documentation and inspection procedures, for budgeting purposes the Department estimates that its team of three BMI's will be able to inspect an estimated 3,646 off-site signs in a twelve month period [(1,519 hours worked per year X 3 BMI's) / 1.25 hours per sign = 3,646 signs / year.] See the Indirect Cost Section below for an explanation of the Cost Allocation Plan 30 rates (CAP 30), which includes CTO.

Inspection Duties

The Department requires one full time Senior BMI to supervise this team of three BMIs to perform the following primary functions (see Pages 4 and 7 of the Attachment): Supervise the three BMIs conducting the off-site sign inspections and the Clerk Typist to insure that the program runs smoothly and that work is properly distributed and timely completed; conduct random field inspections along

with an inspector and review the inspector's work to assure quality job performance and perform evaluations as it is the standard practice in LADBS; making the more difficult decisions regarding interpretation of historical records and historical codes; interpretation of complex field situations; telephone calls and meetings with the sign companies regarding complex and disputed issues; providing technical information and advice; and answering questions and interfacing with the public, and other City departments including the Office of the City Attorney and City Council and its committees as required.

The Department requires one full Clerk Typist to assist this team of BMIs to perform the following functions (see Page 7 of the Attachment): Record keeping, generate and maintain reports, assist the inspectors and the Senior BMI with general office related tasks, perform customer service duties including telephone calls to the billboard companies to answer simple questions and obtain documentation to prepare and process documents for mailing or faxing and keep paper record files.

Based upon a team of three BMI's, and upon the Department's need to have such team supervised and assisted by one Senior BMI and one Clerk Typist, the Department estimates that the annual salaries and related expenses to be incurred by the Department to inspect 3,646 signs will be \$693,183, or \$190/sign [$\$693,183 / 3,646 \text{ signs} = \190]. (See Pages 1 and 2 of the Attachment.)

- Sr BMI Salary Rate for Inspection of One Off-Site Sign Structure without Research: \$ 46
- Non-Salary Related Cost Rate per Inspection of Sign without Research: \$ 1
- BMI Salary Rate for Inspection of One Off-Site Sign without Research: \$119
- Non-Salary Related Cost Rate per Inspection of Sign without Research: \$ 4
- Clerk Typist Salary Rate for Inspection of One Off-Site Sign without Research: \$ 20
- Non-Salary Related Cost Rate per Inspection of Sign without Research: \$ 0

**FEE TO INSPECT SIGNS WITH VERIFICATION &
WITHOUT RESEARCH FOR GROUP B ONLY: \$190**

If a billboard company does not provide permit and related data, LADBS will need to expend additional time researching and verifying permit and related status for each such sign, estimated at \$152 for additional time. Thus, the Verification With Research Fee totals \$342 per sign based on the following (see Pages 1 and 2 of the Attachment):

**FEE TO INSPECT SIGNS WITH VERIFICATION &
WITHOUT RESEARCH FOR GROUP B ONLY (above) \$190**

ADDITIONAL COST PER SIGN FOR RESEARCH, GROUP B ONLY

The cost to inspect a sign at 1.25 hours (one hour and 15 minutes)
Is \$190; therefore, the cost to perform one hour of research is \$152
(\$190 divided by 1.25 hours). **\$152**

**FEE TO INSPECT SIGNS WITH VERIFICATION AND RESEARCH
FOR GROUP B ONLY (\$190 + \$152) **\$342****

These fees of \$190 and \$342 comply with the City Financial Policies because the costs of services are recovered through fees.

Administrative Convenience Fee Reduction

The Department and the Office of the City Attorney recommend that the proposed \$190 Verification Only Fee per sign be reduced by \$4 to \$186 for administrative convenience and to insure fairness and uniformity relative to the \$186 fee charged to the Group A companies which have settled with the City. This Office concurs with this recommendation. The \$186 Verification Only Fee per sign for the Group B companies would align with the \$186 settlement fee per sign for the Group A companies and thus facilitate the required accounting and invoicing procedures. The \$342 Verification With Research Fee per sign would remain the same.

Therefore, the two types of fees for Group B are proposed as follows:

\$186 for Verification Only: the Department will verify address and building permit data information provided by the billboard companies, conduct a field inspection for each off-site sign structure and enter data into the Department's Code Enforcement Inspection System (CEIS); and

\$342 for Verification With Research: the Department will research building permit records for each off-site sign structure where such data not been provided by the billboard companies, conduct a field inspection for each sign and enter data into CEIS.

Based upon an estimated 10,000 billboards in the City used for budgeting purposes, and upon all Group B companies providing their permit data, this \$4 fee change is estimated to reduce the OSSPIP revenue by a maximum of \$13,676 annually [3,419 Group B signs X \$4 / sign = \$13,676].

Indirect Costs (CAP 30)

The indirect costs are based upon the annual Cost Allocation Plan (CAP) rates that are provided by the Office of the Controller to recover a portion of the costs associated with fees for special services. The Department has applied the CAP 30 rates for Fiscal Year 2007-08 to the gross salaries. The CAP 30 rates are comprised of 36.74 percent for Fringe Benefits, 21.53 percent for Central Services, 21.91 percent for Department Administration and Support, and 26.96 percent for Compensated Time Off (CTO). The CTO rate is applied to the total Full Time Equivalent (FTE) hours per calendar year to determine the actual work hours. The CTO is necessary to compensate for the employee's paid time off (i.e., vacation, sick time, family illness, military leave, holidays, etc.). The CTO is applied to all work hours to calculate hours available to work. The hours available each calendar year to work where calculated as FTE hours (2,080 hours) minus 26.96% CTO (561 hours) equals 1,519 hours available for inspection.

Annual Expenses

Annual expenses are ongoing (non-salary) costs in addition to the salaries for each position. Annual expenses include contractual services (i.e., Cell Phone Usage, Wireless Notebook Server Annual Fee, Wireless Notebook Replacement Insurance), operating supplies and mileage. (See Pages 1 and 2 of the Attachment.)

Equipment

The Department is not requesting funding to purchase equipment or furniture. In 2002, the Council had authorized one-time expenses for the Department to purchase equipment and furniture to implement the OSSPIP. Examples included a microfilm reader, microfilm cabinets, microfilm reels, file cabinets, a color printer, work stations, and a fax machine.

Off-Site Sign Periodic Inspection Fee and Trust Fund

In July 2002, the Council approved Ordinance No. 174736 (CF 02-0652) which established the Off-Site Sign Periodic Inspection Fee and Trust Fund for the receipt, retention, and disbursement of all money collected from the Off-Site Sign Periodic Inspection Fee and pay for expenses for OSSPIP. Due to the nature of this Fund, all unspent fees collected will be considered for determining the fee for the following year. This will ensure that the fee is revenue neutral. The Department will not be able to collect more than it actually expends on the program. All fees collected in excess of those fees that are actually expended on the costs stated above will be credited to such costs when calculating the fee for the following year.

At this time, the Department's proposed ordinance sets the fee for only the first inspection cycle and does not allow for annual adjustments. At the end of the first inspection cycle, DBS will need to have the ordinance revised to establish any new fees. This Office will work with the Department as part of its annual fee and budgetary review. This annual review will also enable the Department to request any necessary adjustments to resources.

Special Funds

Other special sources of funds, such as the Systems Development Fund, Construction Services Trust Fund, Community Development Block Grant, etc., would not be appropriate as each special fund has specific legal requirements on the fees, revenue, and expenditures.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Direct the City Attorney to prepare and present an ordinance that will allow the Department of Building and Safety to implement the following fees to perform and establish a citywide inventory of all off-site signs for companies without a settlement agreement and determine which signs comply with City Code:
 - a. Verification Fee of \$186 per sign to verify address and building permit data information provided by the billboard companies and conduct a field inspection for each sign; and

- b. Verification With Research Fee of \$342 per sign to research building permit records for each off-site sign where such data has not been provided by the billboard companies and conduct a field inspection for each sign.
2. Direct the Department of Building and Safety to implement the Off-Site Sign Structure Periodic Inspection Program (OSSPIP) beginning February 1, 2009 through approximately October 1, 2011, for the OSSPIP term of 2.7 years.
3. Exempt from the Managed Hiring Process and authorize by resolution, the employment authority for the following positions in the Department of Building and Safety for the period beginning February 1, 2009 through June 30, 2009, subject to allocation by the Personnel Department and subsequent approval by the Civil Service Commission:
- | <u>No.</u> | <u>Class Code</u> | <u>Class Title</u> |
|------------|-------------------|--------------------------------------|
| 1 | 1358 | Clerk Typist |
| 3 | 4251 | Building Mechanical Inspector |
| <u>1</u> | 4253 | Senior Building Mechanical Inspector |
| 5 | | |
4. Instruct the General Manager, Department of Building and Safety, to report back within six months on the implementation of the new fees for the companies without a settlement agreement.

FISCAL IMPACT STATEMENT

Approval of the above recommendations will result in General Fund revenue totaling \$1,860,000 for 2.7 years of the Department of Building and Safety's Off-Site Sign Structure Periodic Inspection Program (OSSPIP). This revenue will be used to offset estimated program costs of \$1,871,594, resulting in a potential shortfall of \$11,594. [\$1,871,594 - \$1,860,000 = \$11,594.]

RPC:LLF:04090004c

Attachment

FINDINGS

1. Basis for Report

On May 27, 2008, the Planning and Land Use Management (PLUM) Committee requested this Office to conduct a fee analysis on a proposed fee schedule developed by the Department of Building and Safety (Department) for its Off-Site Sign Structure Periodic Inspection Program (OSSPIP) for off-site sign structures owned by companies without a settlement agreement (categorized by the Department as Group B) and report on the findings. The proposed fee schedule is based on the City costs to inspect and research off-site signs per its Off-site Sign Structure Periodic Inspection Program.

2. Background

On February 8, 2002, the Council approved:

- The creation of the fee-supported OSSPIP via Ordinance No. 174442 (CF 02-0070);

In July 2002, Council approved:

- Ordinance No. 174736 (CF 02-0652) to establish the Off-Site Sign Periodic Inspection Fee and Trust Fund;
- Employment authority for a total of 24 positions (21 positions for the Department, comprised of one Chief Inspector; two Senior Building Inspectors; 13 Building Mechanical Inspectors; one Senior Accountant II; one Systems Analyst II; and three Clerk Typists; and, three positions for the City Attorney, comprised of one Deputy City Attorney II; one Paralegal II; and one Legal Secretary I) from July 1, 2002 through June 30, 2003; and,
- The City Attorney to amend Los Angeles Municipal Code Sections 91.6203 and 91.6205.18 to establish an inspection fee of \$314 for the Fiscal Year 2002-03.

3. Litigation

Clear Channel and CBS filed an action in federal court on September 27, 2002, entitled Clear Channel Outdoor et al., Viacom Outdoor et al., United States District Court, Central District of California, case no. 02 758. The action asserted challenges to the Program under the First Amendment (Free Speech) and Fourteenth Amendment (Equal Protection) of the United States Constitution and challenges the amount of the fee. On October 30, 2002, the District Court entered a Preliminary Injunction enjoining the City from enforcing the Program. On August 15, 2003, the City Attorney was successful at having the Ninth Circuit Court of Appeals vacate the Injunction in a published decision, Clear Channel v. City, 340 Fed.3d 810, 814 (2003). On March 22, 2006, the City Attorney was successful at having the District Court enter an Order ruling in the City's favor on all constitutional claims.

Vista filed an action in state court on October 4, 2002, entitled Vista Media Group e. al. v. City of Los Angeles, et. al., Los Angeles Superior Court, case no. BC282832. Regency filed a cross complaint on November 13, 2002. Clear Channel and CBS filed a cross complaint on December 2, 2002. The action includes challenges to the Program under Article 1, Section 2 (Liberty and Speech Clause) and Article 1, Section 7 (Equal Protection Clause) of the California Constitution and under the First Amendment (Free Speech Clause) and Fourteenth Amendment (Equal Protection Clause) of the United States Constitution. The action also challenged the fee under Article XIID of the California Constitution (Proposition 218), Government Code "66014 and 66016 and Civil Procedure Code "862 and 863. The action also sought injunctive relief. On February 6, 2006, the City Attorney was successful at having the trial court enter an order ruling in the City's favor on all state constitutional claims. The order did not address the federal constitutional issues (addressed in the federal case) or the propriety of the fee.

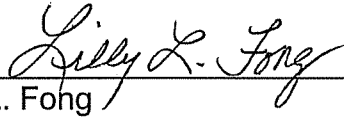
The City entered settlement agreements with Vista, Clear Channel and CBS and Regency approved by the court as modified in August 2005, February 2007 and April 2007, respectively.

The Department has categorized these four companies with settlement agreements as Group A. A component of the settlement agreements is that the annual fee will be applied per sign in conjunction with OSSPIP. The initial inspection fee for Group A is \$186 per sign according to their settlement agreements. The amount per sign was based on the estimated amount of time and resources that the Department expected to expend over to conduct a citywide block-by-block billboard survey and create a comprehensive database; and the settling companies providing the City permit data and records for their billboards thus avoid incurring an additional fee for research.

4. Proposed Inspection Fees

The City Attorney should prepare an ordinance to establish a Verification Fee of \$186 (a Verification Fee of \$190 with a \$4 reduction for administrative convenience) and a Verification With Research Fee of \$342.

The Council desires to proceed with the implementation of the billboard inspection program as originally adopted and instructed in 2002. Once Council has approved (a) the amended ordinance to establish the fees, (b) the exemption from the Managed Hiring Process for the five positions, and (c) the resolution employment authority for the five positions, the Department will then collect the inspection fees from Group A (i.e., Vista, Clear Channel, CBS and Regency) according to their settlement agreements and from Group B (i.e., the other billboard companies) based on the amended ordinance. On February 1, 2009, the Department proposes to implement the Off-Site Sign Periodic Inspection Program with the applicable fees and conduct the block-by-block survey for all 10,000 billboards in the City.

By: 
Lilly L. Fong
Senior Administrative Analyst

APPROVED:



Assistant City Administrative Officer

RPC:LLF:04090004c:

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: October 20, 2008
TO: Raymond P. Ciranna, Interim City Administrative Officer
Gerry Miller, Chief Legislative Analyst
FROM: Andrew A. Adelman, P. E., General Manager
Department of Building and Safety
SUBJECT: REPORT BACK ON THE LOS ANGELES DEPARTMENT OF BUILDING AND SAFETY'S PROPOSED OFF-SITE SIGN PERIODIC INSPECTION PROGRAM (OSSPIP) FEE

Heckl Meetings for

CITY ADMINISTRATIVE OFFICE
2008 OCT 23 PM 5:22

This correspondence responds to the request by Councilmember Jack Weiss (Council File No. 07-1630-1) that the Department of Building and Safety (LADBS) report back on establishing fees for the City's Off-site Sign Periodic Inspection Program.

LADBS has determined that the fees to cover the cost of processing signs are as follows:

- 1) \$190, reduced to \$186 for Verification Only: The Department estimates the fee at \$190 to verify address and building permit data information provided by the billboard companies, conduct a field inspection for each sign and enter data into the Department's Code Enforcement Inspection System (CEIS). LADBS and the Office of the City Attorney recommend that the proposed \$190 Verification Only Fee per sign be reduced by four dollars to \$186 for administrative convenience, to insure fairness and uniformity relative to the fee charged to companies which have settled inspection fee related litigation with the City and to facilitate accounting and invoicing procedures; and
- 2) Fee to Inspect Signs with Verification and Research is \$342 per sign.

These fees are based on the amount and cost of labor (five positions) and related expenses needed to inspect off-site signs in the City.

The manner in which LADBS calculated these fees is set forth in the three attachments hereto: (1) Fee Analysis; (2) October 20, 2008, Memorandum; and (3) Organization Chart.

RECOMMENDATIONS

Authorize the proposed fees described above and the requisite funding and position authorities for one Senior Building Mechanical Inspector, three Building Mechanical Inspectors and one Clerk Typist required to implement the OSSPIP. Also, it is recommended that the Off-Site Sign Ordinance (No. 174442) be amended to allow the Department to recalculate the fee at least once every three years to ensure that the Program is fully cost recovery.

For questions regarding the LADBS Off-Site Sign Periodic Inspection Program fee, please contact Karen Penera, Resource Management Bureau Chief of the Los Angeles Department of Building and Safety, at (213) 482-6703.

LADBS OFF-SITE SIGN PERIODIC INSPECTION PROGRAM (OSSPIP) FEE ANALYSIS

Workload to Inspect Off-Site Signs Signs With Verification but Without Research

A	Total Time required to inspect 1 Off-Site Signs with verification but without research (1*H):	1.25
B	FTE hours for one Calendar Year:	2,080
C	Less Compensated Time Off (CTO) 26.96%, per CAP 30 (B*26.96%):	561 ^[1]
D	Total hours annually available for Inspection (B-C)	1,519
E	Years Required for 3 BMIs to Complete 1 Inspection Without Research (A/D/3 BMIs):	0.00027

Cost Per Sign for Sr Building Mechanical Inspector

1.0 SR BUILDING MECHANICAL INSPECTOR		\$ 47
F	Annual Salary (FY 2008-09 Wages & Count+additional 1% increase adopted in MOU 5 on 9/17/2008*1 Sr Build Mech Insp):	\$ 92,188 ^[2]
G	Fringe Benefits, CAP 30 (F*G%):	36.72% \$ 33,851 ^[1]
H	Central Services, CAP 30 (F*H%):	21.53% \$ 19,848 ^[1]
I	Department Administration & Support, CAP 30 (F*I%):	21.91% \$ 20,198 ^[1]
J	Annual Salary + Related Costs (F+G+H+I):	\$ 166,085
K	Annual Salary + Related Costs * Years Required to Perform Inspections Without Research (J*E):	\$ 46
L	Sr BMI Salary Rate for Inspection of 1 Off-Site Sign Without Research (K/1):	\$ 46
M	Annual Non-Salary Costs Related to Position (N+O+P):	\$ 4,720 ^[3]
N	Contractual Services (for 1 Sr Build Mech Insp):	\$ 1,023 \$ 1,023
O	Operating Supplies (for 1 Sr Build Mech Insp):	\$ 210 \$ 210
P	Transportation (for 1 Sr Build Mech Insp):	\$ 3,487 \$ 3,487
Q	Annual Non-Salary Costs Related to Position * Years Required to Perform Inspections Without Research (M*E):	\$ 1
R	Non-Salary Related Cost Rate per Inspection of Sign Without Research (Q/1):	\$ 1

Cost Per Sign for Building Mechanical Inspectors

3.0 BUILDING MECHANICAL INSPECTOR		\$ 123
S	Annual Salary (FY 2008-09 Wages & Count+additional 1% increase adopted in MOU 5 on 9/17/2008*3 Build Mech Insp):	\$ 241,403 ^[2]
T	Fringe Benefits, CAP 30 (S*T%):	36.72% \$ 88,643 ^[1]
U	Central Services, CAP 30 (S*U%):	21.53% \$ 51,974 ^[1]
V	Department Administration & Support, CAP 30 (S*V%):	21.91% \$ 52,891 ^[1]
W	Annual Salary + Related Costs (S+T+U+V):	\$ 434,912
X		
Y	Annual Salary + Related Costs * Years Required to Perform Inspections Without Research (W*E):	\$ 119
Z	BMI Salary Rate for Inspection of 1 Off-Site Sign Without Research (Y/1):	\$ 119
AA	Annual Non-Salary Costs Related to Position (AB+AC+AD):	\$ 14,160 ^[3]
AB	Contractual Services (for 3 Build Mech Insp):	\$ 1,023 \$ 3,069
AC	Operating Supplies (for 3 Build Mech Insp):	\$ 210 \$ 630
AD	Transportation (for 3 Build Mech Insp):	\$ 3,487 \$ 10,461
AE	Annual Non-Salary Costs Related to Position * Years Required to Perform Inspections Without Research (AA*E):	\$ 4
AF	Non-Salary Related Cost Rate per Inspection of Sign Without Research (AE/1):	\$ 4

Cost Per Sign for Clerk Typist

1.0 CLERK TYPIST		\$ 20
AG Annual Salary (FY 2008-09 Wages & Count*1 Clerk Typist):		\$ 40,573 ^[2]
AH Fringe Benefits, CAP 30 (AG*AH%):	36.72%	\$ 14,898 ^[1]
AI Central Services, CAP 30 (AG*AI%):	21.53%	\$ 8,735 ^[1]
AJ Department Administration & Support, CAP 30 (AG*AJ%):	21.91%	\$ 8,890 ^[1]
AK Annual Salary + Related Costs (AG+AH+AI+AJ):		\$ 73,096
AL Annual Salary + Related Costs * Years Required to Perform Inspections Without Research (AK*E):		\$ 20
AM Clerk Typist Salary Rate for Inspection of 1 Off-Site Sign Without Research (AL/1):		\$ 20
AN Annual Non-Salary Costs Related to Position (AO):		\$ 210 ^[3]
AO Operating Supplies (for 1 Clerk Typist):	\$ 210	\$ 210
AP Annual Non-Salary Costs Related to Position * Years Required to Perform Inspections Without Research (AN*E):		\$ 0
AQ Non-Salary Related Cost Rate per Inspection of Sign Without Research (AP/1):		\$ 0

FEE TO INSPECT SIGNS WITH VERIFICATION & WITHOUT RESEARCH FOR GROUP B ONLY

AR Cost Per Sign to Inspect Group B Signs With Verification but Without Research (L+R+Z+AF+AM+AQ or \$46+\$1+\$119+\$4+\$20+\$0): **\$ 190**

ADDITIONAL COST PER SIGN FOR RESEARCH, GROUP B ONLY

AS The cost to inspect a sign at 1.25 hours (1 hour and 15 minutes) is \$190 therefore the cost to perform 1 hour of research is \$152 (\$190/1.25 hours) **\$ 152**

AT FEE TO INSPECT SIGNS WITH VERIFICATION AND RESEARCH FOR GROUP B ONLY (AR+AS or \$190+\$152) **\$ 342**

^[1] Cost Allocation Plan (CAP)

The CAP rate is calculated by the Federal government with the assistance of the Office of the Los Angeles City Controller. It is used to calculate the cost of providing services, prepare grant applications, contracts and billings for grant activities, and to compute Fees for Special Services. The elements of CAP include Fringe Benefits, Department Administration, Central Services, and Compensated Time Off. These elements are explained as follows:

Related Costs

Related costs are comprised of Fringe Benefits, Department Administration, and Central Services as follows:

Related costs are based on a percent of salaries as determined by the Cost Allocation Plan 30 (CAP 30) provided by the CAO. CAP 30 includes 36.72% of salaries for Fringe Benefits, 21.53% of salaries for Central Services, and 21.91% of salaries for Department Administration and Support.

Compensated Time Off (CTO)

CAP 30 CTO was applied to the total Full Time Equivalent (FTE) hours per calendar year to determine actual work hours. CTO is necessary to compensate for the employee's paid time off (e.g., vacation, sick time, holidays, etc.). CTO is applied to all work hours to calculate hours available to work. The hours available each calendar year to work where calculated as FTE hours (2,080) less 26.96% CTO (561 hours), or 1,519 hrs.

^[2] Wages

Wages were determined based on the FY 2008-09 Wages and Count provided by the CAO which provides an average expected annual salary for each classification. On September 17, 2008 additional 1% salary increase was approved for MOU 5 positions which include Sr. Building Mechanical Inspectors and Building Mechanical Inspectors. The 1% increase was not included in Wages and Count as it was settled upon after Wages and Count was published therefore, has been applied to the MOU 5 positions requested for the OSSPIP program.

^[3] Ongoing Costs (non salary)

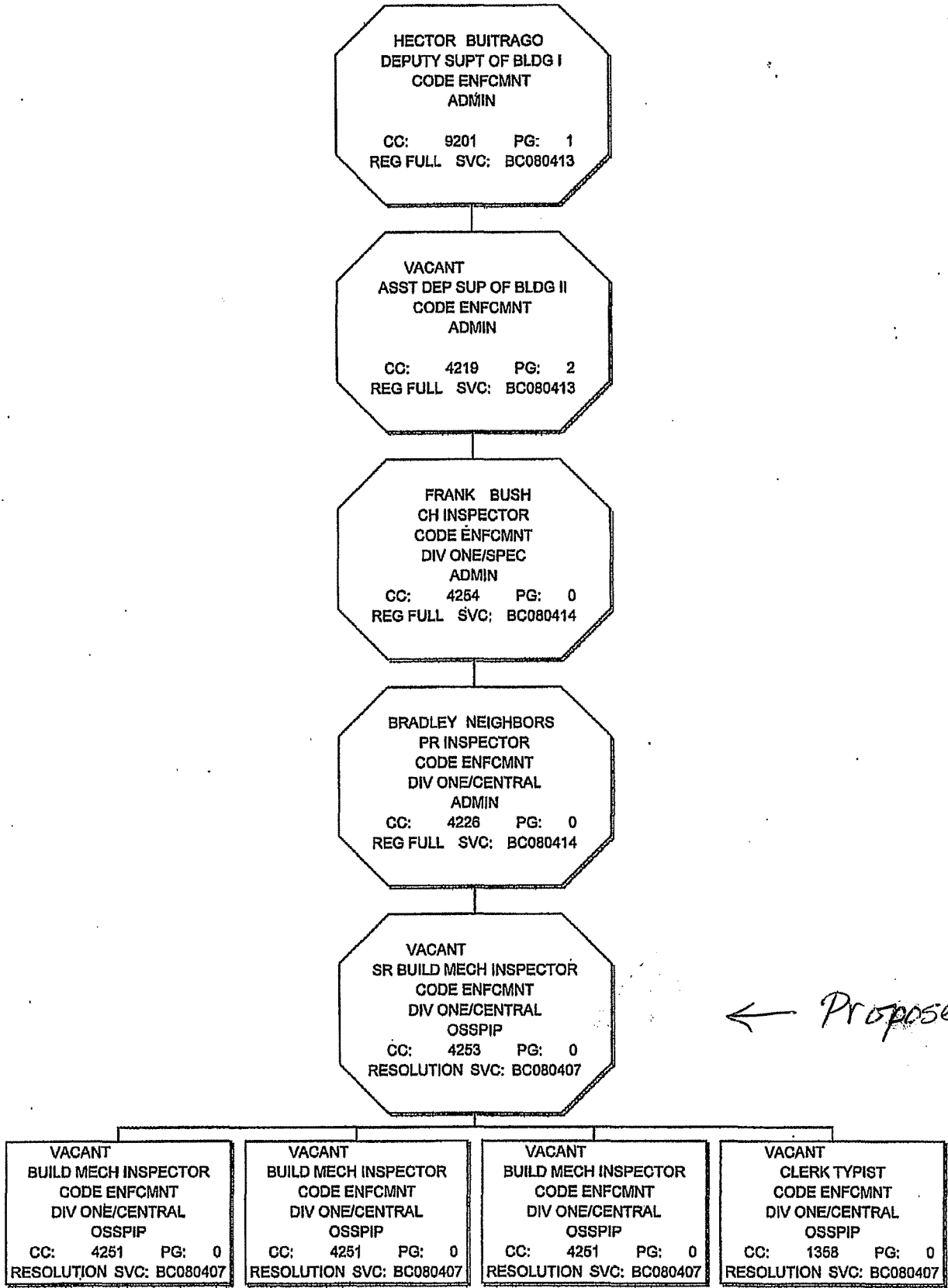
Ongoing costs were added to the total costs of the Sr. Building Mechanical Inspector, Building Mechanical Inspectors, and Clerk Typist and are comprised of: Cell Usage, Wireless Notebook Server Annual Fee, Wireless Notebook Replacement Insurance, Operating Supplies, and Mileage.

LADBS OFF-SITE SIGN PERIODIC INSPECTION PROGRAM (OSSPIP) ESTIMATED REVENUE

Estimated Off-Site Sign Periodic Inspection Fee Program Revenue

BB	Estimated Number of Group A Signs, Companies With a Settlement Agreement (B):		-
BC	Fee Per Sign for Group A:	\$	186
BD	Revenue for Group A Signs (BB*BC):	\$	-
BE	Estimated Number of Group B Signs, Companies Without a Settlement Agreement (G):		1
BF	Estimated Group B Signs Requiring Research (BE*E)	70%	1
BG	Fee Per Sign for Group B Signs Requiring Research (AT):	\$	342
BH	Revenue for Group B Signs Requiring Research (BF*BG):	\$	240
BI	Estimated Group B Signs Not Requiring Research (E)	30%	0
BJ	Fee Per Sign for Group B Signs Not Requiring Research (AR):	\$	190
BK	Revenue for Group B Signs Not Requiring Research (BI*BJ):	\$	57
BL	TOTAL ESTIMATED REVENUE OVER 0 YEAR PERIOD (BD+BH+BK):	\$	297

OFF-SITE SIGN PERIODIC INSPECTION PROGRAM (OSSPIP)



CITY OF LOS ANGELES
DEPARTMENT OF BUILDING AND SAFETY
INTRA-DEPARTMENTAL CORRESPONDENCE

Date: October 20, 2008
To: Karen Penera, Chief
Resource Management Bureau
From: Frank Bush, Chief Inspector
Code Enforcement Bureau

OFF-SITE SIGN STRUCTURE PERIODIC INSPECTION PROGRAM (OSSPIP) FEE

Inspection and Processing Time

The following information explains how LADBS arrived at the 1.25 hour estimate required to complete the OSSPIP inspections and related work used in the calculations of the OSSPIP annual fee for each sign:

Physical Inspection Time	30 minutes
Travel Time	15 minutes
Case Processing (in office)	<u>30 minutes</u>
Total	75 minutes (1.25 hours)

LADBS arrived at these time estimates by sampling twelve existing off site sign structures and doing all of the work necessary for the OSSPIP program. In performing this sampling LADBS simulated actual conditions as can be expected when the OSSPIP program is started.

Physical Inspection Time

On September 30, 2008 and October 1, 2008, LADBS conducted a total of 12 sign inspections, six in Council District 11 and six in Council District 14, respectively. The inspections were conducted by Building Mechanical Inspector ("BMI") David Jones, a member of the original OSSPIP 2002.

The physical inspections included measuring the distance from the property lines to the sign structure; setting up a measuring device to determine the height and size of the sign; actually measuring the height and size of each structure; logging the measurements; comparing the actual measurements against information on a permit or documentation supplied by the sign company; and inspecting each sign structure in terms of code compliance for structural safety and adequacy of the electrical installations for lighted signs.

Actual time to conduct the inspections for the two days averaged 30 minutes. [355 total minutes divided by 12 inspections = 29.6 minutes per sign structure.]

Travel Time

The travel time calculation includes actual travel time from the OSSPIP headquarters (3550 Wilshire Boulevard) to the first inspection and travel between the other inspections conducted in the trial runs on September 30, 2008 and October 1, 2008, totaling 183 minutes, or 15 minutes per sign structure. [183 total minutes/12 sites = 15.3 minutes per sign structure.] Travel time back to the office is not included since the inspectors day ends in the field at the last stop.

Case Processing (in office)

This includes verifying research and documentation provided by the sign company against permits, address files and code enforcement records maintained by the Department; mapping out the daily inspection route; entering data into the Code Enforcement Inspection System (CEIS) before and after conducting an inspection; entering time spent on the sign tasks into the Payroll System (e-Time); telephone calls to sign companies and meetings with supervisors and other staff; and processing a Certificate of Compliance after a determination is made that the sign is in compliance. Total average processing time was 30 minutes (364 minutes divided by 12 inspections = 30.3 minutes)

Research Time

The following information explains how LADBS arrived at the 1 hour estimate of additional time required to complete permit research when permits and related data are not voluntarily supplied by an off-site sign company. The 1 hour is spent locating and interpreting historical permit records explained as follows:

Locating Records

LADBS maintains the majority of its building permit records in a microfilm format indexed by address.

Locating relevant permits is a tedious and time-consuming process. Not all billboards have been assigned their own separate and distinct address. Some billboards have been assigned a separate address based upon historical practices for the convenience of the Department of Water and Power and other purposes to allow for billing and a dedicated electrical meter to the billboard company. Many other billboards have permits indexed to the address of the property on which they were initially constructed, which address often changed over time as areas developed and lots were split. Many others have permits indexed to a commercial development address which includes dozens and possibly hundreds of permits in cases where the billboard is constructed upon a large

commercial property or mini-shopping center. Thus, to locate a billboard permit LADBS must frequently search permits over a range of addresses.

To view actual permits a BMI must physically pull the corresponding microfilm reels, search the reel for the permit desired and review the permit to determine whether it relates to the sign structure in question.

Interpreting Records

Assuming that the correct permit is located, the information on the permit (type of sign, dimensions, single or double face, orientation, sign location and plot plan) must be interpreted. Often, the information is handwritten and the record of poor quality. This information can now be compared with the field conditions and any differences noted. These decisions must be made in order to decide if violations exist and whether to issue any enforcement orders for code violations.

Role of the Senior Building Mechanical Inspector

Based upon the number of signs expected to be inspected, the complexity of the historical records and field situations, anticipated disputes and anticipated questions, one Sr. BMI will be required to supervise the program. The Senior BMI will supervise the three BMIs conducting the off-site sign inspections and the Clerk Typist to insure that the program runs smoothly and that work is properly distributed and timely completed. The Sr. BMI will conduct random field inspections along with an inspector and review the inspector's work to assure quality job performance and perform evaluations as it is the standard practice in LADBS.

The Sr. BMI will also spend time making the more difficult decisions regarding interpretation of historical records and historical codes; interpretation of complex field situations; telephone calls and meetings with the sign companies regarding complex and disputed issues; providing technical information and advice; and answering questions and interfacing with the public, and other City departments including the Office of the City Attorney and City Council and its committees as required.

Role of the Clerk Typist

The Clerk Typist will ensure proper record keeping, generate and maintain reports, assist the inspectors and the Sr. BMI with general office related tasks, perform customer service duties including telephone calls to the billboard companies to answer simple questions and obtain documentation prepare and process documents for mailing or faxing and keep paper record files.