

Fire Marshal

Study

Management Letter

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INTRODUCTION

At the request of the Metropolitan King County Council and included in the King County Auditor's Office work program, the Auditor's Office initiated a review of fees charged by the Fire Marshal's Office for hazardous materials (Hazmat) inspections.

The Council had two concerns.

1. Fees charged for Hazmat inspections were higher than fees charged by other jurisdictions for similar inspections.
 2. All businesses and establishments that require Hazmat inspections may not have been inspected.
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BACKGROUND

The Fire Marshal's Office is a section within the Department of Development and Environmental Services (DDES). Among their duties, the Fire Marshal's Office has the responsibility to ensure the safe storage and usage of hazardous materials. This includes enforcement of the Uniform Fire Code (UFC) conditions and any local and state laws relating to the use and storage of hazardous materials. To this end, the Fire Marshal's Office performs Hazmat inspections of businesses and establishments which are required to receive inspection per the King County Code chapter 27.32 -- Uniform Fire Code Permit.

Any activity, operation, or location which, in the judgment of the King County fire marshal, is likely to produce conditions hazardous to life or property, requires the payment of a Uniform Fire Code permit fee. Fees are established to compensate DDES for file establishment and ongoing inspection of activities, operations, and locations subject to the provision of the Uniform Fire Code.

The initial fee is payable upon permit issuance. The renewal fee for subsequent annual inspections is payable upon inspection. DDES accounts for revenues received for Hazmat inspections in the Hazardous Materials Inspection Fee account. This account also includes revenues for inspections performed to determine building occupancy limits.

DDES also performs other services related to fire safety. The Fire Services Section performs the Fire System Plan Review per the Uniform Fire Code. They review fire safety issues including fire sprinkler and alarm systems. The Inspection Section ensures that projects, which are approved by the Fire Services Section, are installed and constructed in accordance with approved plans. The focus of our study, however, was Hazmat inspections.

MAJOR FINDINGS AND RECOMMENDATIONS

Finding 1. The Basis Used To Determine The Fee For Hazmat Inspections Changed From The Type Of Operation Or Activity Inspected To An Hourly Rate, Resulting In Decreased DDES Revenues.

The basis used to determine the fee charged for Hazmat inspections was changed during 1996. The fee charged prior to 1996 was based on the type of operation or activity inspected. For example, the initial fee to inspect a junk yard was \$257. The renewal fee was \$145. The initial fee to inspect a lumber yard was \$323, with a renewal fee of \$193. The initial fee to inspect a manufacturer of fireworks was \$1,616, with a renewal fee of \$1,616. For a general use permit for an activity, operation, or location not specifically described in the code, the fee was \$257, with a renewal fee of \$145. DDES estimated that prior to 1996, the average Hazmat inspection fee was \$347.

Because the former fee structure was based on the type of operation or activity, the fees in many cases were higher than fees charged by neighboring jurisdictions for similar inspections. Bellevue, for example, charges a fee of \$50 for each hazardous material permit. Often, in other jurisdictions the local fire department performs Hazmat inspections. The fire departments are not dependent upon inspection fees to provide a large portion of their operating income. Therefore, the fees charged by local fire departments were not as high as those charged by DDES. This led to concerns by many businesses and establishments which were subject to county Hazmat inspections and the related inspection fee.

Currently, the Hazmat fee is no longer a function of the type of operation or activity inspected. Based on discussions between DDES, the Executive, and County Councilmembers, the basis for the Hazmat fee was changed to an hourly rate. On

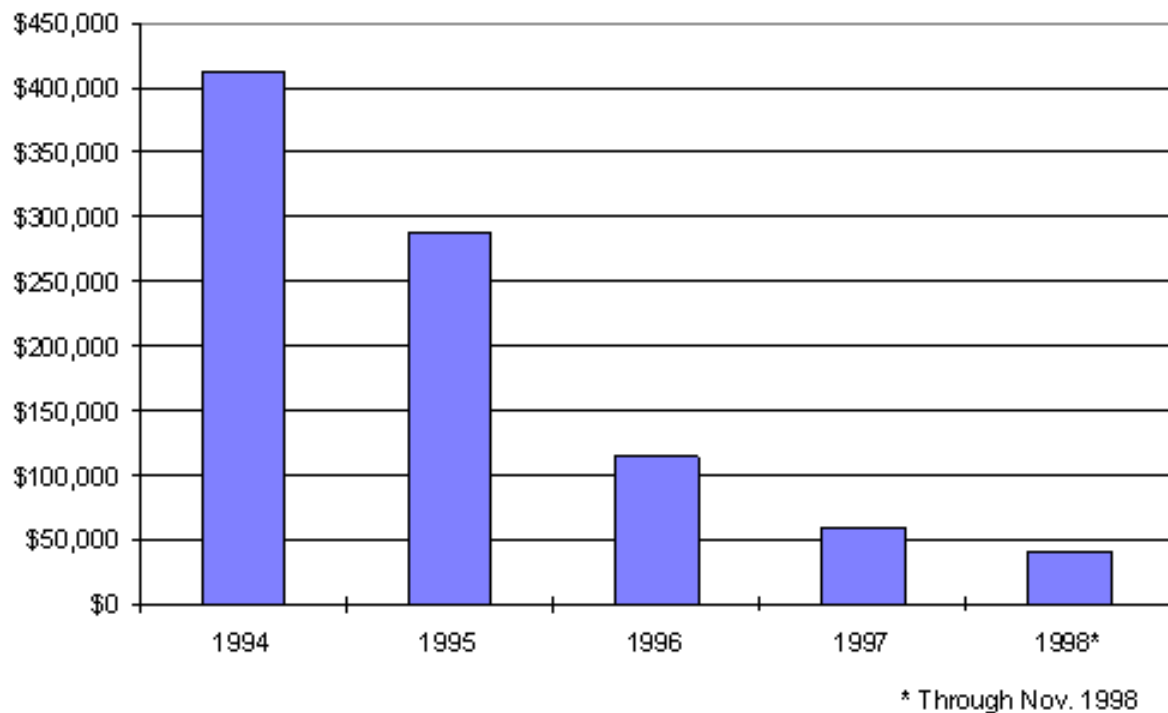
March 1, 1996, the DDES director issued a memo which changed the billing rate for Hazmat inspections to \$95 per hour. Hazmat inspections are performed by the Fire Marshal's Office and eight of the larger local fire districts which have an interlocal agreement with the County to perform Hazmat inspections for unincorporated King County.

For inspections performed by the Fire Marshal's Office, DDES bills the customer \$95 per hour and retains the amount received. For inspections performed by the fire districts which have an interlocal agreement with King County, DDES bills the customer \$95 per hour and remits \$85 per hour to the fire district for the inspections. DDES retains the remaining \$10 per hour and handles any administrative or collection problems that may arise.

The change in the basis for the Hazmat inspection fee has been a factor in the reduction of Hazmat inspection revenues. The following graph shows the decrease in Hazardous Materials Inspection revenues from \$411,838 in 1994 to \$41,310 through November 1998.

EXHIBIT A

Hazardous Materials Inspection Revenue Collected



In addition to the change in the basis used to determine the inspection fee, the number of inspections performed has decreased. The number of Hazmat inspections performed each year as reported by DDES are as follows: 1,613 in 1994, 1,440 in 1995, 630 in 1996, 1,039 in 1997, and 672 through October 1998. 1996 was the year in which the basis to calculate the fee was changed. One reason given for the decrease in inspections performed was the

reduction of businesses located in unincorporated King County due to incorporations and annexations. Another reason given was the increased amount of new construction. The new construction inspection requests must be scheduled within 48 hours of notification and, with new construction as a priority, less time is left for Hazmat inspections. As a result, the number of Hazmat inspections decreased.

Finding 2. There may be establishments subject to Hazmat fees which are not included in the DDES information system and therefore not inspected.

Notification to the Fire Marshal's Office for an initial Hazmat inspection for activities, operations, or locations subject to the provisions of the Uniform Fire Code are generally prompted by a request for permits to perform tenant improvements. When new businesses request tenant improvements, the Building Services Division within DDES is notified. The Building Services Division then notifies the Fire Marshal's Office by including the Hazmat inspection as a requirement to receive the improvement permit. This initiates involvement with the Fire Marshal's Office to perform the Hazmat inspection. The activity or operation is entered into the DDES information system and becomes subject to the initial and subsequent yearly Hazmat inspections.

Other activities, operations, or locations that don't require tenant improvement but which may require Hazmat inspection, may be discovered by the local fire district, field inspectors, or the public. As the fire districts perform inspections, when they notice a new business they notify the Fire Marshal's Office. The Fire Marshal's Office then determines whether the activity or operation is subject to Hazmat inspection. In addition, the Fire Marshal's Office assigns field inspectors to geographic areas. When field inspectors notice a new business or activity, they investigate to determine if it is subject to the UFC. Also, the public may notice a new business or activity and contact DDES.

With these methods of notification or detection, DDES makes an effort to ensure that all activities, operations, and locations subject to the provisions of the UFC receive a Hazmat inspection either by the Fire Marshal's Office or a local fire district. However, it is possible that even with these methods in place, there may be activities or operations subject to the Uniform Fire Code that are not included in the DDES information system and therefore do not receive a Hazmat inspection.

SUMMARY

- 1) The basis used to determine the Hazmat inspection fee changed to an hourly rate, and the number of businesses inspected has decreased. While the change in basis has made the fees charged by DDES more compatible with other jurisdictions, it has also resulted in a decrease in Hazmat inspection fee revenues. Hazmat inspection revenues were \$411,838 in 1994 and decreased to \$59,247 in 1997, and to \$41,310 through November 1998.
- 2) DDES is notified of activities or operations which are subject to the Uniform Fire Code provisions and require a Hazmat inspection through requests for tenant improvements, the fire

districts, Fire Marshal inspectors, and the public. However, there may be activities or operations that should be inspected that are not.

Updated: 12/06/02