

False Final Inspection Report

Pursuant to Public Act 252 of 2014,
House Bill 5313
Omnibus Budget Appropriation Bill for FY15

September 30, 2015

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Table of Contents

	Page
Introduction	3
Fee Assessment	4
Cost Allocation	5
Recommendations	6

INTRODUCTION

Pursuant to [Public Act \(PA\) 252 of 2014, House Bill 5313 Omnibus budget appropriation bill](#), the Department of Licensing and Regulatory Affairs (LARA) approved the Bureau of Fire Services (BFS) to undertake a pilot project in fiscal year 2015 (FY15) that would allow fire marshal inspectors to assess a fee when he/she has responded to a false final inspection appointment. Specifically:

Sec. 513. (1) Beginning October 1, for the purpose of defraying the costs associated with responding to false final inspection appointments and to discourage the practice of calling for final inspections when the project is incomplete or noncompliant with a plan of correction previously provided by the bureau of fire services, the bureau of fire services may undertake a pilot project to assess a fee not to exceed \$200.00 for responding to confirmed false inspection appointments. Fees collected under this section shall be deposited into the restricted account referenced by section 2c(2) of the fire prevention code, 1941 PA 207, MCL 29.2c, and explicitly identified within the Michigan administrative information network.

The intent of this pilot project is to discourage the practice of customers calling for a final project inspection when the project is known to be incomplete and/or noncompliant with a plan of correction previously requested by a BFS fire marshal inspector. This causes the inspector to return to the site for an additional final project inspection at additional cost to BFS as well as taking time away from other inspections that also need to be completed. This pilot project would allow the fire marshal inspector to assess a fee up to \$200.00 for responding to a confirmed false final inspection appointment.

This pilot program also requires that BFS provide a report regarding the implementation and results of the program. Specifically:

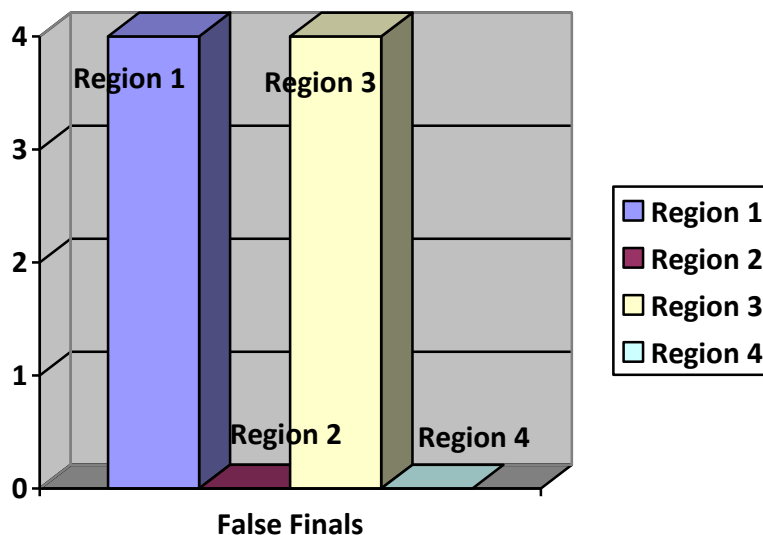
(2) Not later than September 30, the department shall prepare a report that provides the amount of the fee assessed under subsection (1), the number of fees assessed and issued per region, the cost allocation for the work performed and reduced as a result of this section, and any recommendations for consideration by the legislature in regard to the pilot project. The department shall submit this information to the state budget director, the subcommittees, and the fiscal agencies.

This report is being submitted in compliance with Subsection (2) by BFS on behalf of LARA.

FEE ASSESSMENT

BFS divides the state into four (4) regions each under a Fire Safety Supervisor. It is the responsibility of the Regional Supervisor to determine whether a false final inspection fee is to be assessed based upon information provided by a regional fire inspector regarding the project. The fees were not assessed for deficiencies found during final inspections because of oversight or requiring additional adjustment but only for those that requested the inspection with the full knowledge that the work was not complete or ready for inspection.

Since the implementation of the pilot program, a total of \$1,600.00 has been assessed for responding to confirmed false final inspection appointments in eight (8) separate instances during FY15. The graph below illustrates the number of fees assessed and issued per region:



The chart above demonstrates a comparative in the number of false final inspection fees assessed by region for FY15.

Only Regions 1 and 3 assessed false final inspection fees. These regions had expressed the most concern regarding the number of false final inspection requests in prior years and have the largest concentration of project inspections to complete.

As of this report, all but one of the fees assessed in FY15 have been collected. The majority of the payments were received within 1 week of the fee being assessed. The remaining outstanding fee was assessed just prior to the end of the fiscal year.

COST ALLOCATION

The funds collected under the False Final Inspection program directly offset the inspector's time and travel. The amount of time and travel for each inspection varies widely throughout the state. The two regions that had false final inspections have some of the shorter travel distances compared to the other two regions. A typical BFS inspector with all wages and benefits cost roughly \$48.00 per hour.

The \$200.00 fee would be able to cover the costs of an inspector travelling 1/2 hour each way to conduct the inspection, including the vehicle mileage cost at the FY15 rate of \$0.39/mile, and an average inspection appointment of 2 hours duration. Some inspections may involve more or less travel or inspection time, but overall the above numbers would represent an average for inspections.

As indicated above, the fee covers most of the direct costs incurred by responding to the false final inspection request. In addition, the inspector would also adjust their schedule for that day and continue on with other inspections in that area to reduce the lost time even more.

RECOMMENDATIONS

The pilot program was not expected to generate significant revenue. The number of false final inspection fees was very limited based upon the total number of inspections completed, but it did have the intended impact.

The affected regions reported enhanced communication with construction representatives regarding the actual status of the projects. In addition, BFS required that any false final inspection fee be paid prior to returning to the project location to complete the originally requested inspection. The potential delay from this reinforced the contractor's understanding that the project must be ready for inspection at the requested date and time. The fees assessed also provided some reimbursement to the Bureau for the costs associated with conducting additional inspections due circumstances that were under the direct control of the contractors.

It is the recommendation of BFS that the program be continued for at least one additional year for comparison. FY15 had a reduced number of projects from prior years. This led to more time availability by the inspectors to plan for inspections with contractors instead dealing with competing inspection requests for the same day and time. Additionally, it would allow for a year-to-year trend comparison with concrete numbers to verify that the number of false final inspection requests are being reduced as currently perceived.

It is also our recommendation that the fee remain the same. The fee amount roughly covers all costs associated with false final inspection requests. Also, the quick payment of those fees would indicate that the amount did not raise significant objections while still accomplishing the desired effect of reducing the incidence of these requests.