

**Report on the Fire Prevention
Cost of Services (User Fee) Study**

SAN MATEO COUNTY FIRE DEPARTMENT

FINAL REPORT

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matrix 
consulting group

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1. Introduction and Executive Summary

The report, which follows, presents the results of the Fire Prevention Fee Study conducted by Matrix Consulting Group for the San Mateo County Fire Department (Department).

Project Background and Overview

The San Mateo County Fire Department has not reviewed its fire prevention-related fees in more than 10 years. To understand current service costs and ensure current fees align with state guidelines and County cost recovery goals Matrix Consulting Group analyzed the cost-of-service relationships that exist between fee for service activities associated with fire prevention. This analysis specifically looked at sprinkler systems, fire alarm systems, state fire marshal inspections, and California fire code permits. The results of this study provide a tool for understanding current service levels, the cost for providing those services, and what fees for service can and should be charged.

General Project Approach and Methodology

The methodology employed by the Matrix Consulting Group is a widely accepted “bottom up” approach to cost analysis, where time spent per unit of fee activity is determined for each position within a Department or Program. Once time spent for a fee activity is determined, all applicable County costs are then considered in the calculation of the “full” cost of providing each service. The following table provides an overview of types of costs applied in establishing the “full” cost of services provided by the County:

Table 1: Overview of Cost Components

Cost Component	Description
Direct	Fiscal Year 2024 Budgeted salaries, benefits, and allowable expenditures.
Indirect	Program, departmental, clerical, and countywide support.

Together, the cost components in the table above comprise the calculation of the total “full” cost of providing a service, regardless of whether a fee for that service is charged.

The work accomplished by Matrix Consulting Group in the analysis of the proposed fire prevention fees for service involved the following steps:

- **Department / Program Staff Interviews:** The project team interviewed fire prevention staff regarding their needs for clarification to the structure of existing fee items, for addition of new fee items, or elimination of outdated items.

- **Data Collection:** Data was collected for each permit / service, including time estimates. In addition, all budgeted costs and staffing levels for Fiscal Year 2024 were entered into Matrix Consulting Group's analytical software model.
- **Cost Analysis:** The full cost of providing each service included in the analysis was established.
- **Review and Approval of Results with County Staff:** County management has reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations are provided in subsequent chapters of this report.

Considerations for Cost Recovery Policy and Updates

Matrix Consulting Group recommends that the County use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy, including a mechanism for the annual update of fees for service.

1 Adopt a Formal Cost Recovery Policy

The Government Finance Officers Association's (GFOA) best practices for *Establishing Government Charges and fees* states that governmental entities should adopt formal policies regarding charges and fees which include the jurisdiction's intention to recover the full cost or partial costs of providing services, sets forth circumstances under which the jurisdiction might set a charge or fee at less than or more than 100% of full cost, and outlines the considerations that might influence the jurisdiction's pricing decision.

Matrix Consulting Group strongly recommends that the Board adopt a formalized, individual cost recovery policy for fire prevention services included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice.

2 Adopt an Annual Fee Update / Increase Mechanism

The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions, and to account for any major shifts in cost components or organizational structures that have occurred since the County's previous analysis.

GFOA best practices for *Establishing Government Charges and Fees* states that governmental entities should review, and update charges and fees periodically based on factors such as the impact of inflation, other cost increases, adequacy of cost recovery, use of services, and the competitiveness of current rates to avoid large infrequent fee increases. Therefore, it is recommended the County continue the practice of conducting comprehensive analyses every three to five years as this practice captures any changes to organizational structure, processes, code amendments, as well as any new service areas.

In between comprehensive updates, the County should continue to utilize published industry economic factors such as Consumer Price Index (CPI) or other regional factors to update the cost calculations established in the Study on an annual basis. Utilizing an annual increase mechanism ensures that the County receives appropriate fee increases that reflect growth in costs.

2. Legal Framework and Policy Considerations

A “user fee” is a charge for service provided by a governmental agency to a public citizen or group. In California, several constitutional laws such as Propositions 13, 4, and 218, State Government Codes 66014 and 66016, and more recently Prop 26 and the Attorney General’s Opinion 92-506 set the parameters under which the user fees typically administered by local government are established and administered. Specifically, California State Law, Government Code 66014(a), stipulates that user fees charged by local agencies “...may not exceed the estimated reasonable cost of providing the service for which the fee is charged”.

General Principles and Philosophies Regarding User Fees

Local governments are providers of many types of general services to their communities. While all services provided by local government are beneficial to constituents, some services can be classified as globally beneficial to all citizens, while others provide more of a direct benefit to a specific group or individual. The following table provides examples of services provided by local government within a continuum of the degree of community benefit received:

Table 2: Services in Relation to Benefit Received

“Global” Community Benefit	“Global” Benefit and an Individual or Group Benefit	Individual or Group Benefit
<ul style="list-style-type: none"> • Police • Park Maintenance • Fire Suppression 	<ul style="list-style-type: none"> • Recreation / Community Services • Fire Prevention 	<ul style="list-style-type: none"> • Building Permits • Planning and Zoning Approval • Site Plan Review • Engineering Development Review • Facility Rentals

Funding for local government is obtained from a myriad of revenue sources such as taxes, fines, grants, special charges, user fees, etc. In recent years, alternative tax revenues, which typically offset subsidies for services provided to the community, have become increasingly limited. These limitations have caused increased attention on user fee activities as a revenue source that can offset costs otherwise subsidized (usually) by the general fund. In Table 2, services in the “global community benefit” section tend to be funded primarily through tax revenues. In the middle of the table are services typically funded by a mixture of taxes, user fees, and other funding sources. Finally, in the “individual or private benefit” section of the table, lie the services provided by local government that are typically funded almost entirely by user fee revenue.

The following are two central concepts regarding the establishment of user fees:

- **Fees should be assessed according to the degree of individual or private benefit gained from services.** For example, the processing and approval of a land use or building permit will generally result in monetary gain to the applicant, whereas Police services and Fire Suppression are examples of services that are essential to the safety of the community at large.
- **A profit-making objective should not be included in the assessment of user fees.** In fact, California laws require that the charges for service be in direct proportion to the costs associated with providing those services. Once a charge for service is assessed at a level higher than the actual cost of providing a service, the term “user fee” no longer applies. The charge then becomes a tax subject to voter approval.

Therefore, it is commonly accepted that user fees are established at a level that will recover up to, and not more than, the cost of providing a particular service.

General Policy Considerations Regarding User Fees

Undoubtedly, there are programs, circumstances, and services that justify a subsidy from a tax-based or alternative revenue source. However, it is essential that jurisdictions prioritize the use of revenue sources for the provision of services based on the continuum of benefit received.

Within the services that are typically funded by user fees, the Matrix Consulting Group recognizes several reasons why County staff or the Board may not advocate the full cost recovery of services. The following factors are key policy considerations in setting fees at less than 100 percent of cost recovery:

- **Limitations posed by an external agency.** The State or an outside agency will occasionally set a maximum, minimum, or limit the jurisdiction’s ability to charge a fee at all. Examples include State Licensed Residential Care facilities, as well as Public Records Requests for charging for time spent copying and retrieving public documents in the County’s Administrative office.
- **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may provide better compliance from the community. For example, if the cost of an ‘Open Burn’ permit is higher than the cost of conducting the burn itself, many citizens will avoid pulling the permit.
- **Effect on demand for a particular service.** Sometimes raising the “price” charged for services might reduce the number of participants in a program. This is largely

the case in Fire Prevention programs where participants may compare the County's fees to surrounding jurisdictions or other options for support activities.

- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community. Examples include Prevention programs, event booth inspections and Fire / EMS stand-by at certain types of special events.

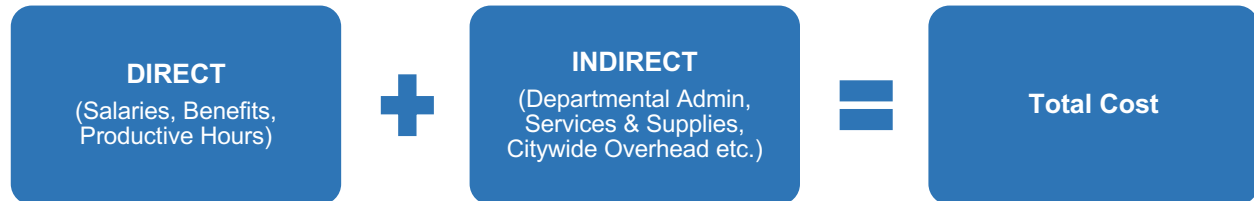
Matrix Consulting Group recognizes the need for policies in which general revenues intentionally subsidize certain activities. The primary goals of a User Fee Study are to provide a fair and equitable basis for determining the costs of providing services and assure that the County complies with State law when setting its fees.

Summary of Legal Restrictions and Policy Considerations

Once the full cost of providing services is known, the next step is to determine the "rate" or "price" for services at a level which is up to, and not more than the full cost amount. The Board is responsible for this decision, which often becomes a question of balancing service levels and funding sources. The placement of a service or activity within the continuum of benefit received may require extensive discussion and at times fall into a "grey area". However, with the resulting cost of services information from a User Fee Study, the Board can be assured that the adopted fee for service is reasonable, fair, and legal. The County will need to review all fees for service in this analysis and determine appropriate levels of cost recovery that do not exceed the full cost of service.

3. User Fee Study Methodology

Matrix Consulting Group utilizes a cost allocation methodology commonly known and accepted as the “bottom-up” approach to establishing User Fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The following chart describes the components of a full cost calculation:



The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Calculate fully burdened hourly rates by position, including direct & indirect costs.
- Develop time estimates for the average time spent to deliver each service included in the study.
- Distribute the appropriate amount of other cost components to each fee or service based on staff time allocation basis, or another reasonable basis.

The results of these allocations provide detailed documentation for the reasonable determination of the actual cost of providing each service.

One of the key study assumptions utilized in the “bottom up” approach is the use of time estimate averages for the provision of each fee related service. Utilization of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and processes unique to the County developed these estimates.

The project team worked closely with County staff in developing time estimates with the following criteria:

- Estimates are representative of average times for providing services. Extremely difficult or abnormally simple projects are not factored in the analysis.

- Estimates reflect the time associated with the position or positions that typically perform a service.
- Estimates provided by staff are reviewed and approved by County management, and often involve multiple iterations before a Study is finalized.
- Estimates are reviewed by the project team for “reasonableness” against their experience with other agencies.
- Estimates were not based on time in motion studies, as they are not practical for the scope of services and time frame for this project.

The Matrix Consulting Group agrees that while the use of time estimates is not perfect, it is the best alternative available for setting a standard level of service for which to base a jurisdiction’s fees for service and meets the requirements of California law.

The alternative to time estimating is actual time tracking, often referred to billing on a “time and materials” basis. Except in the case of anomalous or sometimes very large and complex projects, the Matrix Consulting Group believes this approach to not be cost effective or reasonable for the following reasons:

- Accuracy in time tracking is compromised by the additional administrative burden required to track, bill, and collect for services in this manner.
- Additional costs are associated with administrative staff’s billing, refunding, and monitoring deposit accounts.
- Customers often prefer to know the fees for services in advance of applying for permits or participating in programs.
- Departments can better predict revenue streams and staff needs using standardized time estimates and anticipated permit volumes.

Situations arise where the size and complexity of a given project warrants time tracking and billing on a “time and materials” basis. Matrix Consulting Group has recommended taking a deposit and charging actual costs for such fees as appropriate and itemized within the current fee schedule.

4. Results Overview

The motivation behind a cost-of-services (User Fee) analysis is for the County to maintain services at a level that is both accepted and effective for the community, and to maintain control over the policy and management of these services.

It should be noted that the results presented in this report are not a precise measurement. In general, a cost-of-service analysis takes a “snapshot in time”, where a fiscal year of financial and operational information is utilized. Changes to the structure of fee names, along with the use of time estimates allow only for a reasonable projection of subsidies and revenue. Consequently, County staff should rely conservatively upon these estimates to gauge the impact of implementation going forward.

Discussion of results in this report are intended as a summary of extensive and voluminous cost allocation documentation produced during the study. The full analytical results were provided to County staff under separate cover from this report.

Fee Schedule Modifications

The County’s current fee structure is based primarily on project valuation, including for residential alterations and all commercial projects. Residential new construction and additions, along with accessory buildings and new automatic fire sprinkler systems are based on a per square foot cost. Automatic fire alarm systems, fire protection systems, compressed gasses / liquid petroleum gas, aboveground flammable or combustible liquid storage, and planning services are assessed flat fees.

Discussions with county staff revealed that the current fee schedule was too simplistic and needed to be expanded. The project team worked with staff to develop a detailed fee schedule outlining the various services provided. The modifications proposed included:

- Addition and expansion of Automatic Sprinkler System, Automatic Extinguishing System, and Fire Alarm fees to be broken out into separate categories for Plan Review and Inspection.
- Expansion of Fire Alarm fees to distinguish between new and existing systems.
- New categories and fees were added to the schedule including Solar Systems and Special Events.

The modifications made to the County's fee schedule better reflect the services that are being provided, will make it easier for applicants to determine fees prior to application submittal, and enable the County to collect fees more accurately for services provided.

Land Use/Entitlement Application Review

The county provides land use / entitlement application review services during the planning phase of a project to help applicants understand conditions relating to access, fire lanes, and other fire code requirements. Currently Plan Review services are charged a flat fee of \$173, while Land Division reviews are charged \$199 for the first four (4) lots, and \$199 for each additional four (4) lots. The following table details the proposed unit of service and the full cost calculated.

Table 3: Total Cost Per Unit Results - Land Use/Entitlement Application Review

Fee Name	Unit	Current Fee
Single Family	Flat	\$187
Multi-Family	Flat	\$374
New Commercial	Flat	\$748
Commercial TI	Flat	\$187

This analysis recommends that these services be broken out by land use type to include Single Family, Multi-Family, New Commercial, and Commercial Tennent Improvement (TI). This change more accurately reflects the varying levels of services provided by County staff to review the various project types.

Building (Fire and Life Safety)

Building (Fire and Life Safety) reviews and inspections are conducted to ensure fire and life safety requirements outlined in the fire code are adhered to. While the County's current fee schedule provides for some distinction between residential and commercial projects, the proposed fee schedule not only breaks out services by project type, but also by plan review and inspection services.

More importantly, this proposed fee structure moves away from project valuation to determine fees, instead looking at the size (square footage or units) of a project, which more closely relates to the services being provided. The following table details the proposed unit of service and the full cost calculated.

Table 4: Total Cost Per Unit Results – Building (Fire and Life Safety)

Fee Name	Unit	Total Cost
Single Family Residential Plan Review		
New Construction		
3,600 sq ft and less	Flat	\$280
3,601 sq ft and over	Per 3,600 sq ft	\$187
Remodel / Addition		
1,000 sq ft and less	Flat	\$187
1,001 sq ft and over	Per 1,000 sq ft	\$187
Single Family Residential Inspection		
New Construction		
3,600 sq ft and less	Flat	\$280
3,601 sq ft and over	Per 500 sq ft	\$280
Remodel / Addition		
500 sq ft and less	Flat	\$187
501 sq ft and over	Per 500 sq ft	\$187
Multi-Family Plan Review		
New Construction		
10 units or less	Flat	\$374
11-49 units	Flat	\$561
50 or more units	Per 10 Units	\$187
Tenant Improvement	Flat	\$187
Multi-Family Inspection		
New Construction		
10 units or less	Flat	\$187
11-49 units	Flat	\$374
50 or more units	Per 10 Units	\$187
Tenant Improvement	Flat	\$187
Commercial Plan Review		
New Construction or Addition		
Up to 5,000 sq ft	Flat	\$467
5,001 - 10,000 sq ft	Flat	\$935
10,001 - 20,000 sq ft	Flat	\$1,496
Each additional 10,000 sqft	Flat	\$467
Alterations or Renovations		
Up to 5,000 sq ft	Flat	\$374
5,001 - 10,000 sq ft	Flat	\$561
10,001 - 20,000 sq ft	Flat	\$748
Each additional 10,000 sqft	Flat	\$374
Commercial Inspection		
New Construction or Addition		
Up to 5,000 sq ft	Flat	\$374
5,001 - 10,000 sq ft	Flat	\$561
10,001 - 20,000 sq ft	Flat	\$748
Each additional 10,000 sqft	Flat	\$187
Alterations or Renovations		
Up to 5,000 sq ft	Flat	\$374
5,001 - 10,000 sq ft	Flat	\$561
10,001 - 20,000 sq ft	Flat	\$748
Each additional 10,000 sqft	Flat	\$187

Fee Name	Unit	Total Cost
Miscellaneous		
Alternate Means and Methods		
Residential	Flat	\$374
Commercial	Flat	\$748
Radio Communications Systems	Flat	\$810
Certificate of Occupancy Inspection / Sign-Off	Flat	\$436

Under the County's current fee structure, a project's fees can range from \$99 to over \$3,812 based on the value of the project. The proposed structure looks less at the cost of materials used for the project and instead focuses on the type of building project (residential vs. commercial, new vs. improvement) and its size, which is a more accurate predictor of the level of effort staff will need to plan review and inspect the project for appropriate signoffs and approvals.

Extinguishing and Alarm Systems

The County collects fees for the review and inspection of Extinguishing and Alarm Systems, which are generally provided after construction and are separate submittals from building plans. Current fees for these services are either charged as a flat fee or on a per-square-foot basis. The proposed structure breaks out these systems based on project type (commercial vs. residential), number of heads, or ranges of square footage to better equate cost with services provided. The following table details the proposed unit of service and the full cost calculated.

Table 5: Total Cost Per Unit Results - Extinguishing and Alarm Systems

Fee Name	Unit	Total Cost
Automatic Sprinkler Systems		
Plan Review		
Residential	Flat	\$187
Commercial		
First 100 heads	Base	\$748
Greater than 100 heads - Each Additional 100 heads	Each Add 100 heads	\$374
Inspection		
Residential (13R) First 35 heads	Base	\$748
Greater than 35 heads - Each additional head	Per Head	\$1.56
Commercial (13D) First 100 heads	Base	\$748
Each Additional 100 Heads	Each Add 100 heads	\$187
Automatic Extinguishing Systems		
Plan Review		
Hood and Duct	Flat	\$374
Clean Agent	Flat	\$187
Spray Booth	Flat	\$187

Fee Name	Unit	Total Cost
Inspection		
Hood and Duct	Flat	\$249
Clean Agent	Flat	\$249
Spray Booth	Flat	\$249
Standpipe Systems		
Existing System		
Plan Review	Flat	\$187
Inspection	Flat	\$187
New Systems Plan Review		
Dry Standpipe	Flat	\$187
Single Family	Flat	\$187
Commercial	Flat	\$374
ADU	Flat	\$187
Addition / Tenant Improvement	Flat	\$187
New Systems Inspection		
Dry Standpipe	Hourly	\$187
Single Family	Hourly	\$187
Commercial	Hourly	\$187
ADU	Flat	\$187
Addition / Tenant Improvement	Hourly	\$187
Fire Alarms		
Existing System		
Plan Review	Flat	\$374
Inspection	Flat	\$436
New Systems Plan Review		
Single Family	Flat	\$187
Commercial		
Up to 5,000 sq ft	Flat	\$374
5,001 - 10,000 sq ft	Flat	\$561
10,001 - 20,000 sq ft	Flat	\$748
Each additional 10,000 sqft	Flat	\$374
ADU	Flat	\$187
Addition / Tenant Improvement	Flat	\$187
New Systems Inspection		
Single Family	Flat	\$249
Commercial		
Up to 5,000 sq ft	Flat	\$374
5,001 - 10,000 sq ft	Flat	\$1,122
10,001 - 20,000 sq ft	Flat	\$2,243
Each additional 10,000 sqft	Flat	\$374
ADU	Flat	\$249
Addition / Tenant Improvement	Flat	\$249
Fire Pump		
Plan Review	Flat	\$748
Inspection	Flat	\$561
Hydrants - New Construction		
Fire Service Lines to Hydrants	First Line	\$810
Additional Hydrants Flowed	Per Hydrant	\$280
Hydrant Flows		
Fire Flows	Per Hydrant	\$436
Additional Flows	Per Hydrant	\$187

The County's current fee structure was a mixture of flat fees, per square foot, or valuation-based. The above structure more clearly outlines the reviews and inspections required, and the associated fee, without the need for additional calculations by applicants or staff.

Solar Systems

In the proposed structure, a new category of fees would be added for the review and inspection of Photovoltaic (Solar) Systems. This category has been divided between Residential and Commercial projects. The following table details the fee name, unit, and total cost associated with providing each service.

Table 6: Total Cost Per Unit Results – Solar Systems

Fee Name	Unit	Total Cost
Residential		
Solar PV		
Plan Review	Flat	\$187
Inspection	Flat	\$249
Solar PV with Energy Storage System (ESS)		
Plan Review	Flat	\$374
Inspection	Flat	\$436
Energy Storage System (ESS)		
Plan Review	Flat	\$187
Inspection	Flat	\$249
Commercial		
Solar PV	Flat	\$436
Solar PV with Energy Storage System (ESS)	Flat	\$810
Energy Storage System (ESS)	Flat	\$436

Implementation of these fees will allow the County to recover for plan review and inspection services relating to solar systems.

Occupancy Inspections

The County can provide occupancy inspections, including those mandated by the state. The following table details the fee name, unit, and total cost associated with providing each service.

Table 7: Total Cost Per Unit Results – Occupancy Inspections

Fee Name	Unit	Total Cost
High-rise Building Inspections	Hourly	\$187
Multi-family Dwellings R-1, R-2 Occupancies	Hourly	\$187
State Facilities, State Required Pre-Inspection	Hourly	\$187

Fee Name	Unit	Total Cost
State Licensed Care Facility Inspections:		
State Licensed Care Facility Annual Inspection 6 or less clients	Annual	\$249
I-1 ,I-2 , I-3 , I-4 , R-2.1 , R-3 , R-3.1, R-4 Occupancies	Annual	\$436

The development of fees for these services will help the County recover costs associated with these services when provided.

Annual Operational Fire Permits

Currently, the County only lists two annual operational permits on its fee schedule – compressed gasses / liquid petroleum gas and aboveground flammable or combustible liquid storage. This analysis looked at all annual operational fire permits required by the California Fire Code and worked with County staff to determine associated service levels. The following table details the fee name, unit, and total cost associated with providing each service.

Table 8: Total Cost Per Unit Results – Annual Operational Fire Permits

Fee Name	Unit	Total Cost
Aerosol Products	Annual	\$249
Amusement Buildings Seasonal	Annual	\$249
Aviation Facilities	Annual	\$249
Battery System Stationary Storage (capacity more than 50 gallons)	Annual	\$249
Carbon Dioxide Systems for Beverage Dispensing	Annual	\$249
Cellulose Nitrate Film (in Group A Occupancy)	Annual	\$249
Combustible Dust-Producing Operations	Annual	\$249
Combustible Fiber Storage/Handling	Annual	\$249
Compressed Gases Storage/Handling	Annual	\$249
Cryogenic Fluids	Annual	\$249
Cutting & Welding	Annual	\$249
Dry Cleaning Plants	Annual	\$249
Electric Fence	Annual	\$249
Explosives and/or Blasting Agents, Fireworks/Pyrotechnics manufacturing, storage/handling/sale	Annual	\$249
Fire Hydrants and Valves (Use other than Fire Suppression purposes)	Annual	\$249
Fireworks/Pyrotechnics	Per Hour	\$187
Flammable Combustible Liquids	Annual	\$249
Floor Finishing/Surfacing Operations	Annual	\$249
Fruit & Crop Ripening Facilities (use with ethylene gas)	Annual	\$249
Hazardous Materials Storage	Annual	\$249
High Piled Combustible Storage and Warehousing (Including Idle Wood/Plastic Pallets)	Annual	\$249
Hood and Duct	Annual	\$249
Hot Works Operations	Annual	\$249
Hydrant Water flow testing	Annual	\$249
Liquefied Petroleum Gases	Annual	\$249

Fee Name	Unit	Total Cost
Lumber Yards & Woodworking Plants	Annual	\$249
Magnesium Working (less than 10 lbs.)	Annual	\$249
Medical Gas	Annual	\$249
Miscellaneous Combustible Storage	Annual	\$249
Mobile Food Preparation Vehicles (Food Trucks)	Annual	\$249
Monitor Sprinklered Buildings that do not require additional fire permits	Annual	\$249
Motor Vehicle and/or Marine Fuel-dispensing Stations	Annual	\$249
Open Flames and Torches	Annual	\$249
Organic Coatings	Annual	\$249
Ovens: Industrial, baking, or drying	Annual	\$249
Pallet Storage	Annual	\$249
Place of Assembly		
Occupant Load 50-300	Annual	\$249
Occupant Load 301-1,000	Annual	\$249
Occupant Load over 1,000	Annual	\$249
Plant Extraction Systems	Annual	\$249
Private Fire Hydrant System Inspections	Annual	\$249
Pyroxylin Plastics	Annual	\$249
Refrigeration Equipment (Ammonia, Freon, others)	Annual	\$249
Repair Garage and/or Service Garage (includes Cutting/Welding)	Annual	\$249
Self Storage - Mini Storage Facilities (With Private Hydrants and/or Monitored Sprinklers)	Per Hour	\$187
Spraying or Dipping - Flammable and/or Combustible Finishing	Annual	\$249
Temporary Membrane Structure, Tents & Canopies in excess of 400 sq. ft or canopies of 700 sq.ft.	Annual	\$249
Wood Products Storage: chips, hogged material, lumber or plywood in excess of 200 cu. ft.	Annual	\$249

The inclusion of the above permits on the County's fee schedule will ensure that when operational permits are required, the County has the appropriate fee in place to recover associated costs.

Temporary Operational Permits

While the County can issue temporary operational permits for the review and inspection of large tents, seasonal lots, and outdoor assembly events, it does not have a standard way of determining fees. The following table outlines the proposed fee structure including fee name, unit, and total cost of service.

Table 9: Total Cost Per Unit Results – Temporary Operation Permits

Fee Name	Unit	Total Cost
Tents in excess of 400 sq. ft or canopies in excess of 700 sq.ft.	Flat	\$436
Seasonal Lots (X-Mas Trees, Pumpkin Patches, etc.)	Flat	\$810
Outdoor Assembly Events	Flat	\$436

The inclusion of the above permits on the County's fee schedule will help applicants clearly understand the county's services and associated costs.

Hazardous Materials

The County can provide services related to the inspection and removal of Hazardous Materials. The following table details the proposed structure for these services, including fee name, unit, and total cost.

Table 10: Total Cost Per Unit Results – Hazardous Materials

Fee Name	Unit	Total Cost
Flammable / Combustible Liquid Tanks Inspection	Each	\$249
Flammable / Combustible Liquid Tank Removal	Per Tank	\$249
Liquid Petroleum Gas (LPG) Tanks Inspection	Per Tank	\$249
Medical Gas Systems Inspection	Each	\$249

Inclusion of the above services on the County's fee schedule will more clearly outline potential permits needed as well as the cost associated with providing those services.

Other Services

In order to ensure the County has fees for miscellaneous services provided, several items are being proposed for addition to the fee schedule, including smoke detector inspections, temporary condition of occupancy, project consultation, and so forth. The following table outlines the proposed fees, unit, and total cost.

Table 11: Total Cost Per Unit Results – Other Services

Fee Name	Unit	Total Cost
Miscellaneous Services Not Otherwise Specified	Hourly	\$187
Smoke Detector Inspection		
Initial Inspection	Each	\$312
Subsequent Inspection	Each	\$312
Business Change of Ownership	Flat	\$187
Missed Inspection	Flat	\$374
Remote Travel	Hourly	\$187
Knox Box / Gate	Flat	\$156
Cell Tower Inspection	Each	\$249
Cell Vault Inspection	Each	\$249
Standard 850 Fire Clearance Inspection	Hourly	\$187
Temporary Condition of Occupancy		
Approval	Flat	\$249
Extension	Flat	\$156

Fee Name	Unit	Total Cost
Stationary Generators		
Installation	Flat	\$187
Pressure Test	Flat	\$249
Project Consultation		
Remote / Video	Flat	\$187
Onsite	Flat	\$249
Inspections (Stand Alone or Additional)		
Normal Business Hours	Hourly	\$187
After Hours	Hourly	\$213
Weed Abatement		
Site Visit	Each	\$249
Returned Check / NSF		
First Check	Flat	\$25
Each Additional Check	Flat	\$35

As with other proposed fees, the addition of these other services will make it clearer to applicants the services offered by the County and the associated fee.

Special Events

Another category of fees proposed for inclusion on the County's fee schedule includes special events, which would account for application review, site inspection, and standby services associated with special events. The following table details the fee name, unit, and total cost associated with providing these services.

Table 12: Total Cost Per Unit Results – Special Events

Fee Name	Unit	Total Cost
Application		
New	Flat	\$187
Annual	Flat	\$187
Inspection	Flat	\$187
Standby	Hourly	\$272

Implementation of these fees will allow the County to recover for services related to special events.

False Alarms

The County does not currently outline penalties for False Alarm responses on their fee schedule. The following table details the fee name, unit, and total cost associated with these responses.

Table 13: Total Cost Per Unit Results – False Alarms

Fee Name	Unit	Total Cost
1st & 2nd Alarms	Flat	\$272
3rd Alarm	Flat	\$544
4th Alarm	Flat	\$1,087
5th Alarm	Flat	\$2,175
6th Alarm	Flat	\$4,349
7th and Subsequent Alarm	Each	\$5,437

Penalties associated with false alarm responses are often outlined in municipal codes and are not required to be in alignment with the total cost of service. The County should review these services and penalty options and determine if updates to the fee schedule are necessary.

5. Cost Recovery Considerations

The following sections provide guidance regarding how and where to set fees, determining annual update factors, and developing cost recovery policies and procedures.

Fee Adjustments

This study has documented the full cost of providing prevention services on a fee-by-fee basis. County management and the Board will now need to review the results of the study and set fees in accordance with County philosophies and policies. The following dot points outline the major options the County has in adjusting its fees.

- **Immediate Full Cost Recovery:** The County may decide to set fees at either (1) full cost recovery, or (2) the policy-driven cost recovery level of less than 100% of cost recovery.
- **Phased Increase:** For fees which would have a significant impact on the community, the County could choose to phase in fees gradually over a set period to either (1) full cost recovery, or (2) the policy-driven fee cost recovery level of less than 100% of cost recovery.

The County will need to review the results of the fee study and associated cost recovery levels and determine how best to adjust fees. The following subsections provide further detail on why and how the County should consider either implementing Full Cost Recovery or a Phased Increase approach to adjusting its fees.

1 Immediate Increase to Full Cost Recovery

Based on the permit or review type, the County may wish for a fee to cover the full cost of providing services. The County should consider setting fees for permits for which services are rarely engaged at full cost recovery. These services often require specific expertise and can involve more complex research and review due to their infrequent nature. As such, immediately setting these fees at full cost recovery will ensure that when the permit or review is requested, the County is recovering the full cost of its services.

2 Phased Increase to Full Cost Recovery

Due to the type of permit or review, it may be best for the County to use a phased approach to reaching their cost recovery goals. As an example, you may have a current fee of \$200 with a full cost of \$1,000. The current fee would need to increase by \$800,

bringing the fee to \$1,000, to achieve full cost recovery. Assuming this service is something the County provides quite often, and affects various members of the community, an instant increase of \$800 may not be desirable. Therefore, the County could take a phased approach, whereby it increases the fee annually over a set period until full cost recovery is achieved.

Raising fees over a set period not only allows the County to monitor and control the impact to applicants, but also ensure that applicants have time to adjust to significant increases. Continuing with the example laid out above, the County could increase the fee by \$200 each of the next four years, spreading out the \$800 increase. Depending on the desired overall increase, and the impact to applicants, the County could choose to vary the number of years and the annual dollar amount by which it chooses to increase fees. However, the project team recommends that the County not phase increases for periods greater than five years, as that is the maximum window for which a comprehensive fee assessment should be completed.

Annual Adjustments

Conducting a comprehensive analysis of fee-related services and costs annually would be quite cumbersome and costly. The general rule of thumb for comprehensive fee analyses is between three and five years. This allows for jurisdictions to ensure they account for organizational changes such as staffing levels and merit increases, as well as process efficiencies, code or rule changes, or technology improvements.

Developing annual update mechanisms allow jurisdictions to maintain current levels of cost recovery, while accounting for increases in staffing or expenditures related to permit services. The two most common types of update mechanisms are Consumer Price Index (CPI) and Cost of Living Adjustment (COLA) factors. The following points provide further detail on each of these mechanisms.

- **COLA / Personnel Cost Factor:** Jurisdictions often provide their staff with annual salary adjustments to account for increases in local cost of living. These increases are not tied to merit or seniority, but rather meant to offset rising costs associated with housing, gas, and other livability factors. Sometimes these factors vary depending on the bargaining group of a specific employee. Generally, these factors are around two or three percent annually.
- **CPI Factor:** A common method of increasing fees or cost is to look at regional cost indicators, such as the Consumer Price Index. These factors are calculated by the Bureau of Labor Statistics, put out at various intervals within a year, and are specific to states and regions.

The County should review its current options internally (COLA) as well as externally (CPI) to determine which option better reflects internal goals of the County. If choosing a CPI factor, the County should outline which CPI should be used, including specific region, and adoption date. If choosing an internal factor, again, the County should be sure to specify which factor if multiple exist.

Policies and Procedures

Development of cost recovery policies and procedures will serve to ensure that current and future decision-makers understand how and why fees were determined and set, as well as provide a road map for ensuring consistency when moving forward. The following subsections highlight typical cost recovery levels and discuss the benefits associated with developing target cost recovery goals and procedures for achieving and increasing cost recovery.

1 Typical Cost Recovery

Matrix Consulting Group has extensive experience in analyzing local government operations across the United States. Based on our experience within California and the Bay Area, typical cost recovery for Fire Prevention services ranges between 50% - 80%. The County should review the proposed fee structure and full cost of services to determine where and how to set fees that best align with current cost recovery policies and goals.

2 Development of Cost Recovery Policies and Procedures

The County should review current cost recovery levels and adopt a formal policy regarding cost recovery. This policy can be general in nature and can apply broadly to Fire Prevention as a whole or to each category specifically. A category-specific cost recovery policy would allow the County to better control the cost recovery associated with different types of services being provided and the community benefit received.