

**Cost of Services (User Fee) Study**  
**Final Report**

**CENTRAL FIRE PROTECTION DISTRICT,  
CALIFORNIA**

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**ATTACHMENT: COMPARATIVE FEE SURVEY**

# **1. EXECUTIVE SUMMARY**

The report, which follows, presents the results of the Cost of Services (User Fee) Study conducted by the Matrix Consulting Group for the Central Fire Protection District.

## **1. PROJECT BACKGROUND AND SCOPE OF WORK**

The Matrix Consulting Group analyzed the cost of service relationships that exist between fees for service activities associated with fire prevention, including sprinkler systems, fire alarm systems, vegetation management plan, state fire marshal inspections, California fire code permits, occupancy inspections, and public education. The results of this Study provide a tool for understanding current service levels, the cost and demand for those services, and what fees for service can and should be charged.

## **2. 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 division. Once time spent for a fee activity is determined, all applicable District 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 District:

<b>Cost Component</b>	<b>Description</b>
<b>Direct</b>	Fiscal Year 16/17 Adopted Budgeted salaries, benefits and allowable expenditures.
<b>Divisional Overhead</b>	District and divisional administration / management and clerical support.

Together, the cost components in the table above comprise the calculation of the total “full” cost of providing any particular service, whether a fee for that service is charged or not.

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

- **Divisional Staff Interviews:** The project team interviewed staff in the fire prevention division regarding their needs for clarification to the structure of existing fee items, or for addition of new fee items.
- **Data Collection:** Data was collected for each item, including time estimates and volume of activity. In addition, all budgeted costs and staffing levels for Fiscal Year 16/17 were entered into the Matrix Consulting Group’s analytical software model.
- **Cost Analysis:** The full cost of providing each service included in the analysis was established. Cross-checks including allocation of not more than 100% of staff resources to both fee and non-fee related activities assured the validity of the data used in the Study.
- **Review and Approval of Results with District Staff:** District management have 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.

### **3. SUMMARY OF RESULTS**

Overall, this Cost of Services Study concluded that the District under-recovered its fire prevention *fee-related* service costs by approximately \$342,000 in FY16-17. While the detailed documentation of the Study will show an over-collection for certain fees (on a per unit basis), and an undercharge for others, overall, the District is providing an annual subsidy to fee payers for all services included in the analysis.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Board members and District staff,

and do not represent a recommendation for where or how the Board should take action. The setting of the “rate” or “price” for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by the Board, often with input from District staff and the community.

## **5. CONSIDERATIONS FOR COST RECOVERY POLICY AND UPDATES**

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

### **(1) Adopt a Formal Cost Recovery Policy**

The Matrix Consulting Group strongly recommends that the Board adopt a formalized, individual cost recovery policy for each service area 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.

Based on the Matrix Consulting Group’s experience in analyzing local government’s operations across the United States and in California, the *typical* cost recovery levels observed for fire prevention related services varies between 20-40%. The District’s cost recovery level of 33% for fee-related services is at the lower end of this cost recovery range.

In recent years, more local jurisdictions have adopted formal cost recovery policies at a program or service level (e.g. fire sprinkler systems, public education, California Fire Code permits, etc.) The 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 applied in the previous study, and to account for any major shifts in cost components or organizational structures. The Matrix Consulting Group believes it is a best management practice to perform a complete update of a Fee Assessment every 3 to 5 years.

In between comprehensive updates, the District could 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. Alternatively, the District could also consider the use of its own anticipated labor cost increases such as step increases, benefit enhancements, or cost of living raises. Utilizing an annual increase mechanism would ensure that the District receives appropriate fee and revenue 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”.

### **1. 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:

<b>Services that Provide General “Global” Community Benefit</b>	<b>Services that Provide Both “Global” Benefit and also a Specific Group or Individual Benefit</b>	<b>Services that Provide a Primary Benefit to an Individual or Group, with less “Global” Community Benefit</b>
<ul style="list-style-type: none"> <li>• Fire</li> <li>• EMS</li> <li>• Police</li> <li>• Public Works</li> </ul>	<ul style="list-style-type: none"> <li>• Fire Suppression</li> <li>• EMS</li> <li>• Prevention &amp; Public Education</li> <li>• Recreation / Community Services</li> </ul>	<ul style="list-style-type: none"> <li>• Building Permits</li> <li>• Planning and Zoning Approval</li> <li>• Site Plan Review</li> <li>• Engineering Development Review</li> <li>• Facility Rentals</li> </ul>

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 the table on the previous page, services in the “global benefit” section tend to be funded primarily through voter approved tax revenues. In the middle of the table, one typically finds a mixture of taxes, user fee, and other funding sources. Finally, in the “individual / group 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.

## **2. 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 District 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 District'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 a permit for changing a water meter in a residential home is higher than the cost of the automatic residential fire sprinkler system itself, many citizens may avoid pulling certain permits for remodels or not completing the project.
- **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 such as CPR, CERT, Fall Prevention, or defensible space evaluations, where participants may compare the District'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 as a whole. Examples include Prevention programs, event booth inspections and Fire / EMS stand-by at certain types of special events.

The Matrix Consulting Group recognizes the need for policies that 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 District is in compliance with State law.

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.

### **3. USER FEE STUDY METHODOLOGY**

The 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 components of a full cost calculation are typically as follows:

<b>Cost Component</b>	<b>Description</b>
<b>Direct</b>	Salaries, benefits and allowable departmental expenditures.
<b>Departmental Overhead</b>	Division or Departmental administration / management and clerical support.
<b>District Overhead</b>	District costs associated with central service costs such as payroll, human resources, budgeting, District management, etc.

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

- Calculate the fully burdened hourly rate for each position, including direct and indirect costs;
- Develop time estimates for each service included in the study;
- Ensure that not more than 100% of a position’s time is allocated between fee and non-fee services.

The result of these allocations provides detailed documentation for the reasonable estimate of the actual cost of providing each service. The following are critical points about the use of time estimates and the validity of cost allocation models.

One of the key study assumptions utilized in the “bottom up” approach is the use of time estimates 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 Fire Protection District, developed these estimates.

The project team worked closely with the Division of Risk Reduction, Prevention, & Mitigation's (RPM) 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 excluded from 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 the district, 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 it 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.

- Applicants may request assignment of less expensive personnel to their project.
- 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. The Matrix Consulting Group recommends charging flat fees where possible for the reasons discussed above. However, in instances of large and complex projects, taking a deposit and charging Actual Costs for those projects would be appropriate.

## **4. FIRE PREVENTION FEES**

The Central Fire Protection District (CFPD) provides a variety of emergency services to the communities of Live Oak, Soquel, and Capitola. CFPD's areas of responsibility include Emergency Response, Fire Investigations, ensuring compliance with Fire Protection Standards and Code Development, as well as plan checking and inspecting development and construction within the District. The fees examined in this study relate specifically to plan check and inspection services of development permits along with California Fire Code Permits, and annual business inspections. The following chapter explores modifications made to the current fee structure for the District, the detailed per unit results, and the annual results.

### **1. MODIFICATIONS TO FEE SCHEDULE**

The project team worked with District staff to develop a comprehensive fee schedule that incorporated all fee related services provided by the District. The modifications to the fee schedule included:

- Breaking out plan check and inspection services where possible (e.g. Underground Fire Line Permit)
- Altering plan check and inspection services from a square footage calculation to a deposit-based structure for large projects
- Breaking out the Sprinkler System Plan Checks into residential and commercial categories
- Adding an additional per head category to Sprinkler System Plan Check services
- Breaking out the Pre-Construction Consultation into executive management and staff categories
- Breaking out the Discretionary / Minor Land Division Plan Checks and Inspections to indicate internal vs. consultant / contract services

- Adding an additional per unit category to Annual services in the R-1 Occupancy
- Adding additional categories for over 150 people to Annual services in the E Occupancy category
- Breaking out I & A Occupancies and creating new A Occupancy categories for 50-100 people and each additional 50 people
- Creating new categories for F and H Occupancies
- Adding new fees reflecting services currently provided but not listed on the current schedule related to requested inspections and special events.
- Altering text / language descriptions where applicable (e.g. Excessive Re-inspections)
- Removing or consolidating fee categories where applicable to better reflect current services provided (e.g. Outside Technical Support)

As the points on the previous page and above indicate the proposed fee structure for the Central Fire Protection District serves to streamline the existing schedule in order to better reflect the current services provided. This new fee structure will allow the District to better capture its fire prevention services and appropriately assess fees for all services provided.

**2. BUILDING PLAN CHECK**

As briefly discussed above the project team worked with District Staff to modify Building Plan Check services to account for the different times and processes associated with both Residential and Commercial project types. The following table presents the fee category, the current fee charged, the total cost calculated through the study, and the resulting surplus / deficit associated with Building Plan Check.

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Single Family / Residential - per sq. ft.	\$0.35	\$0.57	\$(0.22)
R-1 / R-2/ Commercial / Industrial - per sq. ft.	\$0.40	\$0.34	\$0.06
Large Projects - Deposit	Deposit		

As the previous table shows, the District is currently under-recovering for Single Family / Residential plan review by \$0.22 a square foot. Conversely, the R-1 / R-2 / Commercial / Industrial plan review is over-recovering by \$0.06 per square foot. On average, the District is recovering approximately 90% of its per unit costs related to Building Plan Check. As discussed in the modifications section, District staff is proposing a transition from a per square foot fee structure to a deposit-based fee for Large Projects.

**3. SPRINKLER, ALARM, AND FIRE EXTINGUISHING SYSTEMS PLAN CHECK**

Similar to Building Plan Check services, the project team worked with District staff to modify the Fire Sprinkler, Fire Alarm, and Fire Extinguishing Systems categories by establishing multiple classifications in order to better reflect the services currently being provided. The following table presents the proposed fee category, the current fee charged, the total cost calculated through the study, and the resulting surplus / deficit.

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Sprinkler System Plan Check (Existing Structures)</b>			
NFPA 13D	\$115	\$538	\$(423)
NFPA 13 & 13R			
1-10 heads	\$60	\$538	\$(478)
11-50 heads	\$115	\$670	\$(555)
51-99 heads	\$175	\$1,067	\$(892)
Each additional 10 heads over 100	\$230	\$538	\$(308)
Underground Fire Line Permit / Plan Check	\$175	\$451	\$(363)
Underground Fire Line Permit - Inspection	\$175	\$406	\$(318)
<b>Alarm System Plan Check and Inspection</b>			
Alarm System Plans - Base	\$90	\$583	\$(493)
Alarm Systems Plans - Per Device	\$5	\$15	\$(10)
<b>Fire Extinguishing System Plan Check and Inspection</b>			
Other Fire Suppression Systems (E.g. Hood & Duct, Dry Chemical, etc.) - per system	\$175	\$496	\$(321)

As the table above shows, the District is currently under-recovering for all Sprinkler, Alarm, and Fire Extinguishing system plan check and inspection services.

More specifically, the under-recovery associated with these services ranges from a low of \$10 for the per device Alarm Systems Plans category to a high of \$892 for the NFPA (13 & 13R) 51-99 heads category. On average, the District is recovering approximately 23% of its per unit costs related to Fire Sprinkler, Alarm and Extinguishing Systems.

**4. PRE-CONSTRUCTION CONSULTATION**

The project team worked with staff to modify the Pre-Construction Consultation fee category as noted in the modifications section. As a result, district staff elected to add an additional Management / Executive Consultation (Fire Chief) fee. The following table presents the proposed fee category, the current fee charged, the total cost calculated through the study, and the resulting surplus / deficit.

<b>Fee Name</b>	<b>Current Fee</b>	<b>Total Cost Per Unit</b>	<b>Surplus / (Deficit) per Unit</b>
<b>Pre-Construction Consultation with Fire District</b>			
Staff Consultation (Fire Protection Engineer Only) - per hr	\$140	\$151	\$(11)
Staff Consultation (Fire Protection Engineer & Fire Marshal) - per hr	\$140	\$193	\$(53)
Management / Executive Consultation (Fire Chief) - per hr	\$140	\$266	\$(126)

As the table above shows, all Pre-Construction Consultation fees are currently under-recovering on a per unit basis. The under-recovery for this category ranges from a low of \$11 to a high of \$126. On average, the District is recovering approximately 73% of its per unit costs related to the Pre-Construction Consultation permits.

**5. DISCRETIONARY / MINOR LAND DIVISION PLAN CHECK**

As mentioned in the modifications section, the project team worked with District staff to alter the Discretionary / Minor Land Division Plan Check fee by creating an additional category to account for both internal and contractual / consultant plan check services. The following table presents the proposed fee category, the current fee charged, the total cost calculated through the study, and the resulting surplus / deficit.

<b>Fee Name</b>	<b>Current Fee</b>	<b>Total Cost Per Unit</b>	<b>Surplus / (Deficit) per Unit</b>
Internal (Hourly Rate)	\$115	\$132	\$(17)
Contract / Consultant (Hourly Rate)	\$115	\$151	\$(36)

As the table above shows, the District is currently under-recovering when providing Internal Plan Check services at a deficit of \$17. Additionally, the current Contract / Consultant fee is also under-recovering at a deficit of \$36 on a per unit basis. On average, the District is recovering approximately 82% of its per unit costs related to Discretionary / Minor Land Division Plan Checks.

**6. ADDITIONAL PLAN CHECKS (NON-TIME BASED)**

The project team did not assess fees within this category as these are not fees for service but rather penalties or fines. The following table lists these fees.

<b>Fee Name</b>
Resubmittal (Third Attempt) - Original Fee
Construction / Installation Prior to Plan Approval - Original Fee
Field Appointments
Missed Appointments (15 min wait) - per appt
Excessive Appointments (more than 2 per test) - per appt
Unprepared for Scheduled Appt - per appt
After Hours Appointment - 1.5x rate after 5pm - min

The District should charge the actual cost for services noted above, and ensure that these line items are clearly laid out on their fee schedule.

**7. REQUESTED INSPECTIONS**

District staff decided to develop new fee categories for services associated with Escrow Inspections and Use Change Inspections. The District has currently been providing services associated with both Escrow and Use Change inspections free of cost to its citizens. As a result, staff chose to add new Escrow and Use Change inspection categories to the existing fee structure currently in place. The following table presents the proposed fee category, total cost, and the resulting surplus / deficit.

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Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Escrow Inspection Clearance - per hr	\$85	\$132	\$(47)
Occupancy Use Change Inspections - per hr	\$85	\$132	\$(47)
Day Care Facility (+12) - per hr	\$85	\$132	\$(47)
Residential Care Facility (6+) - per inspection	\$85	\$132	\$(47)
Skilled Nursing Facility - per inspection	\$85	\$132	\$(47)
Miscellaneous Inspections	\$85	\$132	\$(47)

As shown in table above, Occupancy Inspection permits are currently under-recovering on a per unit basis. Fees in this category show a deficit of \$47, which result in an average cost recovery of 64%.

**8. ANNUAL FEES**

Through this study, District staff chose to modify the existing Annual Permit categories by expanding the schedule to include restructured classifications. More specifically, the project team worked with staff to expand the E, I, and A occupancy types by establishing individual subcategories which vary by range and type. Additionally, an Annual Special / Entertainment Event – Fire Safety Access Inspection fee category was added to the existing schedule. The following table presents the proposed fee category, the total cost associated with that service, and the resulting surplus / deficit.

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>R-1 / R-2 Occupancies:</b>			
1-12 units	\$85	\$387	\$(302)
13-59 units	\$105	\$519	\$(414)
60-149 units	\$140	\$651	\$(511)
Each additional 15 units over 149	\$85	\$387	\$(302)
<b>E Occupancies (Private Schools Only):</b>			
0-49 people	\$85	\$387	\$(302)
50-149 people	\$105	\$519	\$(414)
150-499 people	\$140	\$651	\$(511)
Each additional 50 people over 500	\$140	\$387	\$(302)
<b>I Occupancies:</b>			
0-20 people	\$75	\$387	\$(312)
20-49 people	\$105	\$519	\$(414)

**CENTRAL FIRE PROTECTION DISTRICT, CALIFORNIA**  
**Cost of Services (User Fee) Study**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
50-90 people	\$140	\$651	\$(511)
Each additional 20 people over 99	\$175	\$387	\$(312)
<b>A Occupancies:</b>			
50-100 people	\$140	\$387	\$(247)
Each additional 50 people over 100	\$140	\$254	\$(149)
F Occupancies	NEW	\$387	N / A
H Occupancies	NEW	\$387	N / A
Covered Mall	NEW	\$524	N / A
Repair Garages / Motor Fuel Dispensing Facilities (S Occupancies)	NEW	\$254	N / A
Lumber Yards	\$125	\$254	\$(129)
Wrecking Yards	\$105	\$254	\$(149)
High Piled Storage	\$85	\$387	\$(302)
Christmas Tree Lots	\$60	\$387	\$(327)
<b>Tents &amp; Temporary Structures</b>			
0-1500 sq. ft.	\$85	\$254	\$(169)
1500+ sq. ft.	\$105	\$254	\$(282)
Special Hazard Occupancies Not Classified - Actual Cost	Actual Cost		
Miscellaneous / Special Events - Actual Cost	Actual Cost		
Annual Special / Entertainment Event (e.g. farmers market, art & wine) - Fire Safety Access Inspection	Actual Cost		

As the previous table shows, all Annual permits are currently under-recovering on a per-unit basis. The under-recovery for Annual fees ranges from a low of \$129 for Lumbar Yard permits to a high of \$511 for multiple fee categories. On average, the district is recovering 26% of its per unit costs related to Annual permits.

**9. REVENUE IMPACTS**

Overall, the Fire Prevention Division is currently maintaining a cost recovery level of 33% and is under-recovering its costs by approximately \$342,000. The following table shows the current revenue, projected annual fee-related cost, and associated cost-recovery.

Category	Amount
Fee-Related Revenue	\$507,742
Fee-Related Expenditures	\$166,230
<b>Cost Recovery</b>	<b>33%</b>

The 33% cost recovery is near the midpoint of the average cost recovery seen for Fire Districts (20-40%).

## **6. COMPARATIVE MARKET SURVEY**

As part of this Cost of Services (User Fee) Study for the Central Fire Protection District, the Matrix Consulting Group conducted a comparative survey of fees. The District identified eight jurisdictions to be included in the comparative survey: the City of Santa Cruz Fire Department, Aptos / La Selva FPD, San Ramon Valley FPD, Southern Marin FPD, Coastside FPD, Tiburon FPD, Central County FD, and Menlo Park FPD.

While this report will provide the District with a reasonable estimate and understanding of the true costs of providing services, many jurisdictions also wish to consider the local “market rates” for services as a means for assessing what types of changes in fee levels their community can bear. However, a comparative survey does not provide adequate or objective information regarding the relationship of a jurisdiction’s cost to its fees. Three important factors to consider when comparing fees across multiple jurisdictions are: population, operating budget, and size of workforce. The following tables provide statistical information regarding the jurisdictions included in the comparative survey.

**Population Ranking by Jurisdiction**

<b>Jurisdiction</b>	<b>2013 Census<sup>1</sup></b>
Tiburon FPD	11,301
Aptos / La Selva FPD	29,931
Coastside FPD	30,000
Southern Marin FPD	34,700
<b>Central FPD</b>	<b>55,000</b>
Santa Cruz FD	63,789
Central County FD	70,000
Menlo Park FPD	90,000
San Ramon Valley FPD	147,334

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<sup>1</sup> Population totals listed from the Jurisdictions of Aptos / La Selva FPD, Menlo Park FPD, Central County FD, and Coastside FPD are estimates used by the districts / departments themselves and are not derived from the 2013 Census.

**Budget Ranking by Jurisdiction**

Jurisdiction	FY 15/16 Budget
Tiburon FPD	\$7,969,598
Coastside FPD	\$8,796,255
Aptos / La Selva FPD	\$12,809,405
Southern Marin FPD	\$13,641,174
<b>Central FPD</b>	<b>\$13,705,452</b>
Santa Cruz FD	\$16,348,295
Central County FD	\$24,374,762
Menlo Park FPD	\$36,477,300
San Ramon Valley FPD	\$63,736,084

**FTE Ranking by Jurisdiction**

Jurisdiction	FY 16/17 FTE
Tiburon FPD	28.00
Aptos / La Selva FPD	38.00
Coastside FPD	47.00
Southern Marin FPD	53.00
<b>Central FPD</b>	<b>59.00</b>
Santa Cruz FD	65.00
Central County FD	84.95
Menlo Park FPD	113.80
San Ramon Valley FPD	184.00

Based on the data shown in the tables above and on the previous page, the Central Fire Protection District ranks slightly below average in terms of population, staffing, and operating budget. In order to provide additional context, the project team also obtained cost recovery information for each of the comparative jurisdictions. The following table depicts the cost recovery percentages for each of the jurisdictions surveyed and how Central Fire ranks in comparison to those jurisdictions.

**Cost Recovery Ranking by Jurisdiction**

Jurisdiction <sup>2</sup>	Cost Recovery %
Santa Cruz FD	11%
Southern Marin	22%
San Ramon Valley	25%
<b>Central FPD</b>	<b>33%</b>
Menlo Park	62%

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<sup>2</sup> Coastside FPD, Tiburon FPD, Aptos / La Selva FPD and Central County FPD were excluded given insufficient expenditure detail.

As illustrated in the previous table, Central Fire has the second highest cost recovery level compared to the selected jurisdictions.

Along with keeping these statistics and information in mind, the following issues should also be noted regarding the use of market surveys in the setting of fees for service:

- Each jurisdiction and its fees are different, and many are not based on actual cost of providing services.
- The same “fee” with the same name may include more or less steps or sub-activities. In addition, jurisdictions provide varying levels of service and have varying levels of costs associated with providing services such as staffing levels, salary levels, indirect overhead costs, etc.

In addition to the issues noted above, market surveys also run the risk of creating excess that will obscure rather than clarify policy issues. Because each jurisdiction is different, it is recommended that the survey be used as a secondary decision-making tool. The results of the survey are shown in an attachment to this report.

## **7. CONCLUSION**

The Central Fire Protection District engaged the Matrix Consulting Group to determine the total cost of services provided to its citizens and businesses for fee related services. To calculate the total cost of each Department / Division's services, the Matrix Consulting Group employed both a widely accepted and defensible methodology, as well as the experience and input of District staff to complete the necessary data collection and discussion to complete the analysis. District staff and the Board can now use this information to make informed decisions and set its fees to meet the fiscal and policy goal objectives of the District.

Overall, this Cost of Services Study concluded that the District under-recovers its costs by approximately \$342,000 per year for its fire prevention *fee-related* services. While the detailed documentation of the Study will show an over-collection for certain fees (on a per unit basis), and an undercharge for others, overall, the District is providing an annual subsidy to fee payers for all services included in the analysis.

The project team recommends the District lower fees that show an over-recovery in order to comply with state laws. For fees that show an under-recovery, the District should review all circumstances and policy factors and raise fees where feasible. For fees that the District chooses to subsidize, policies should be established to outline target recovery percentages.

# **COMPARATIVE SURVEY**

**Fire Comparative Survey**

Fee Schedule Adopted / Effective Date

Oct. 2007

Jan. 2016

Sept. 2013

Jan. 2007

Aug. 2015

2016-17

Aug. 2012

Nov 1993

Category	Central FPD		Santa Cruz FD	San Ramon Valley FPD	Southern Marin FPD	Coastside FPD	Tiburon FPD	Central County FD	Menlo Park FPD	Aptos / La Selva FPD	
	Current	Full Cost									
<b>Building Plan Check</b>											
Single Family / Residential (R-1) - per sq. ft. - 50% up front	\$ 0.35	\$ 0.57	20% of Building Permit + Actual Cost	\$337 (includes 1 plan review, 1 re-submittal, 1 field insp., 1 re-insp)	\$ 354	\$ 116	\$151 / hr	12% of permit fees + 155 / hour for plan check	\$160.75 (Blended Hourly Rate)	Unsprinklered — Single-Family & R-1 Residential: \$.20/ sq.ft. ; Commercial / Industrial: \$.25/sq.ft. ; Sprinklered — Single-Family & R-1 Residential: \$.30/ sq.ft. ; Commercial / Industrial: \$.35/sq.ft.	
Commercial / Industrial - per sq. ft.	\$ 0.40	\$ 0.34		New / Addition - 0-5,000 sq. ft.: \$786; 5,001-10,000:\$1,317; 10,001-20,000: \$1,697	\$295 initial, \$177 re-submittal	\$ 116					
Large Projects - Deposit	Deposit	N / A									
<b>Sprinkler System Plan Check (Existing Structures)</b>											
NFPA 13D	\$ 115	\$ 538	\$ 200	\$ 561	\$ 354	\$ 254	Up to 40 heads: \$288; ea. Add'l:\$3	\$ 427	(<50 heads: \$499); (ea. Add'l 50): \$161	\$ 100	
NFPA 13 & 13R			\$200 + Actual Cost of Plan Check	(New System) 1-20 heads: \$732; Addition/Remodel: \$578, ea. Add'l: \$81	\$ 531	Non-Res: \$364; Res: \$254	\$397; Addition or Remodel: \$137	\$695; Addition or Remodel: \$160	Up to 20 heads: \$680; ea. Add'l 100 heads: \$303; Res: (<50 heads: \$591); (ea. Add'l 50): \$199	1-10 heads: \$50, 11-50 heads: \$100, 51-99 heads: \$150, 100+ heads: \$200	
1-10 heads	\$ 60	\$ 538									
11-50 heads	\$ 116	\$ 670									
51-99 heads	\$ 175	\$ 1,067									
Each additional 10 heads over 100	\$ 230	\$ 538	\$ 2	\$ 81			94+ heads: \$3				
Underground Fire Line Permit / Plan Check	\$ 88	\$ 451	<2" diameter: \$100; >2" diameter: \$150		\$ 354		\$288 (incl. 1 plan check & 2 insps)			\$ 50	
Underground Fire Line Permit - Inspection	\$ 88	\$ 406									
<b>Alarm System Plan Check</b>											
Alarm System Plans - Base	\$ 90	\$ 583		1-20: \$628	System Only: \$177, Bldg (under 6000 sq. ft): \$354, (6000+ sq ft): \$531	\$ 199	\$ 343	Monitoring or Manual System: \$160; Auto: \$294; Combo: \$425	\$649 (up to 25 devices)	\$ 80	
Alarm Systems Plans - Per Device	\$ 5	\$ 15		ea. Add'l: \$225			\$ 179		(25+ devices): \$180	\$ 5	
<b>Fire Extinguishing System Plan Check</b>											
Other Fire Suppression Systems (E.g. Hood & Duct, Dry Chemical, etc.) - Per System	\$ 175	\$ 496	\$ 200	\$ 578	Hood and Duct - (1-6 nozzles): \$177, (6+ nozzles):	Base: \$116	<6 Nozzles: \$179; >6 nozzles: \$234	Base: \$227	Base: \$410	\$100 + \$5 / Head	
<b>Pre-Construction Consultation with Fire District</b>											
Staff Consultation (Fire Protection Engineer Only) - per hr	\$ 140	\$ 151	\$100 / hr	Capacity to serve <6 clients: \$202; 7-25 clients: \$251; 26+: \$327; ea. Add'l \$247							
Staff Consultation (Fire Protection Engineer & Fire Marshal) - per hr	\$ 140	\$ 193							\$ 181	\$ 236	
Management / Executive Consultation (Fire Chief) - per hr	\$ 140	\$ 266									
<b>Discretionary / Minor Land Division Plan Check (per hr)</b>											
Internal (Hourly Rate)	\$ 115	\$ 132	20% of Building Permit + Actual Cost	\$ 322		\$ 116	\$ 151	\$ 155	\$160.75 (Blended Hourly Rate)	\$ 50 / hour	
Contract / Consultant (Hourly Rate)	\$ 115	\$ 151		\$322 + Actual Cost		Actual Costs			Actual Cost		



Fire Comparative Survey

Category	Central FPD		Santa Cruz FD	San Ramon Valley FPD	Southern Marin FPD	Coastside FPD	Tiburon FPD	Central County FD	Menlo Park FPD	Aptos / La Selva FPD
	Current	Full Cost								
E Occupancies (Private Schools Only):										
0-49 people	\$ 85	\$ 387				Pre-Schools: \$67				
50-149 people	\$ 105	\$ 519								
150-499 people	\$ 140	\$ 651								
499+ people (per 50 people)	\$ 85	\$ 387								
I Occupancies:										
0-20 people	\$ 75	\$ 387		No Charge						
20-49 people	\$ 105	\$ 519								
50-90 people	\$ 140	\$ 651								
Each additional 20 people over 99	\$ 175	\$ 387								
A Occupancies:										
50-100 people	\$ 140	\$ 387								
ea. Addl 50 people	\$ 105	\$ 254								
F Occupancies	NEW	\$ 387								
H Occupancies	NEW	\$ 387								
Lumber Yards	\$ 125	\$ 254		\$ 50				\$ 350	\$ 271	
Wrecking Yards	\$ 105	\$ 254								
High Piled Storage	\$ 85	\$ 387		\$ 50				(<20,000 sq. ft: \$450); (>20,000 sq ft.: \$583)	\$ 271	
Christmas Tree Lots	\$ 60	\$ 387		\$ 227				\$ 150		
Tents & Temporary Structures		\$ 138								
0-1500 sq. ft.	\$ 85	\$ 254			\$ 177		\$ 123			
1500+ sq. ft.	\$ 105	\$ 387			\$ 354		1500-6000 sq. ft: \$232; 6000+ sq. ft: \$287	\$ 380	(<5 structures): \$441; (> 5 Structures): \$116	
Special Hazard Occupancies Not Classified - Actual Cost			\$90 / hr	\$ 50						
Miscellaneous / Special Events - Actual Cost							\$ 123		\$ 1,084	
<b>New Fees</b>										
Annual Special / Entertainment Event (e.g. farmers market, art & wine)	NEW	\$ 321			\$ 354				\$ 1,084	