



Moraga-Orinda Fire District

MEMORANDUM

TO: The Board of Directors
FROM: Kathy Leonard, Fire Marshal
DATE: August 7, 2013
SUBJECT: Item 9.2 – Fire Prevention Fee Study

BACKGROUND

The Fire Prevention Division provides a wide range of services; both to the public and internally to support operations and other agencies. Services include fire and life safety inspections for new construction and existing occupancies, plan review for all new developments, issuance of operational permits, participation in the City and Town planning process, code consulting, code development and public education related to all aspects of life safety and fire engineering, fire hazard abatement, code enforcement, Company inspection support, fireworks enforcement, public relations and information.

The District is authorized to establish fees for individual services or activities under Article XIII B, Section 8 of the California State Constitution, which limits fees to the established cost of the service. Additionally, several constitutional laws, such as Proposition 218, State Government Codes 66012 through 66024, as well as Health and Safety Codes 13916, et seq., set parameters under which user fees typically administered by local government are established and administered.

The current fee schedule for plan review and permit issuance by the District was last updated effective January 17, 2005 and cites the 2001 California Fire Code. We are now using the 2010 Fire Code and will soon adopt the 2013 CFC.

In March 2013, the District contracted with NBS, an independent consulting company to conduct a fee study analysis in order to compare the approximate annual services generated at current fee levels to the estimated total annual cost of providing services. The results of the study found that the District is only recovering 43% of the cost. NBS is recommending we achieve a 96% recovery rate of fees for services.

Additionally, an in-house comparative analysis was performed using fee data of similar services and fees from six (6) neighboring or similar fire agencies. The results of the analysis found that MOFD charges 38% less per hour for fire inspections. Plan review hourly rate fees, even without the additional project valuation factor that many agencies use, was an average of 59% lower.

RECOMMENDATION

1) Discuss; 2) Deliberate; 3) Authorize staff to proceed with updating the fee schedule.

ATTACHMENT

1. Attachment "A" Summary of NBS Draft final report
2. Attachment "B" Comparative analysis of 6 selected agencies

NBS Fee Study for Moraga-Orinda Fire District Summary of Outcomes

This Analysis ultimately compares the approximate annual revenues generated at current fee levels to the estimated total annual cost of providing services. A summary of results is provided in the table below.

Fee Level	Total (\$)
Annual Estimated Revenues - Current Fee	84,495
Annual Estimated Revenues - 100% Cost Recovery Fee Levels	198,354

As shown in the table above, NBS concludes that, on average, the District's current Fire Prevention fees recover approximately 43% of the total annual costs to the District associated with providing the services studied.

Staff's initial proposals for recommended fee amounts are reflected in the "Recommended Fee Level / Deposit" column of Attachment A, as well as in the District's staff report, and should be equal to or less than the full cost of service quantified by this study. The full cost of service represents the maximum fee amount allowed, at or beneath which the District must determine its policy position.

Fee Level	Total (\$)
Annual Estimated Revenues - 100% Cost Recovery Fee Levels	198,354
Annual Estimated Revenues - Recommended Fee Levels	190,518

As shown, the District currently recovers approximately \$84,000 in revenue per year from current fees. If fees were charged at 100% of the total estimated cost to the District for providing each service, approximately \$198,000 per year could be recovered. Currently, the District recovers approximately 43% of the costs of providing services.

The results compiled for this report are not intended as a precise measurement, but rather show an average annual "snapshot" of the current cost recovery performance services provided where a current fee is charged, or a User / Regulatory fee could be established at the current level of service. These estimates should be applied conservatively when assuming the impact of implementation going forward.

All of the fees presented in Attachment A may be set with the sole approval of the Board. Proposed fee amounts represent an implicit policy position regarding cost recovery. When a fee is set equal to its full cost of service, the recommended fee implies that no general District revenues will be used to subsidize the provision of that individual service. When a fee is set less than the full cost of service, a judgment has

Attachment A

Exhibit "A"

been made that the use of general District revenues to pay for a portion of that individual service is warranted and/or necessary.

However, for reasons noted in previous sections of full analysis report, charging 100% of the cost of providing services is not often feasible for a number of reasons. If the Board were to adopt staff's initial recommended fee levels, approximately \$191,000 in cost would be recovered per year; the District would recover approximately 96% of the costs of providing services.

Cost of Service Analysis and Fee Establishment

A cost of service analysis is a quantitative effort which compiles the full cost of providing governmental services and activities. There are two primary types of costs considered: direct and indirect costs. Direct costs are those which specifically relate to the activity in question, including the real-time provision of the service. Indirect costs are those which support the provision of services but cannot be directly or easily assigned to the activity in question. An example of a direct cost is the salary and benefit expense associated with an individual performing a service. In the same example, an indirect cost would include the expenses incurred to provide an office and equipment for that individual to perform his or her duties, including (but not exclusive to) the provision of the service in question.

Components of the full cost of service include direct labor costs, indirect labor costs, specific direct non-labor costs where applicable, allocated non-labor costs, and allocated organization-wide overhead. Definitions of these cost components are as follows:

- **Direct Labor Costs** – These are the salary/wage and benefits expenses for personnel specifically involved in the provision of services and activities to the public.
- **Indirect Labor Costs** – These are the salary/wage and benefits expenses for personnel supporting the provision of services and activities. This can include line supervision, departmental management, and administrative support within a department, as well as staff involved in technical activities related to the direct services provided to the public.
- **Specific Direct Non-labor Costs** – These are discrete expenses incurred for a specific service or activity performed, such as contractor costs, third-party charges, and very specific materials used in the service or activity. (In most fee types, this component is not used, as it is very difficult to directly assign most non-labor costs at the activity level.)

Attachment A

Exhibit "A"

- Allocated Indirect Non-labor Costs** – These are expenses other than labor involved in the provision of services. In most cases, these costs are a specific fee category. Throughout the cost of service analysis used in this study, many non-labor expenses have been excluded from allocation if they can be directly attributable to a service not under review in this study. For example, expenses wholly related to the provision of general fire suppression and emergency response have been primarily excluded, as those expenses would be entirely recovered by the General Fund or other funding sources not covered by this study.
- Allocated Indirect Agency-wide overhead** – These are expenses, both labor and non-labor, related to the District’s support services. Support services include: general administrative services provided internally such as human resources, payroll, financial management, information technology, and other similar business functions.

These cost components were expressed using annual (or annualized) figures, representing a twelve-month fiscal year cycle of budgeted expenses (FY 2012-13) incurred by the District in the provision of the services studied.

Expenditure Type	Assignment of Cost to Functional Activity			
	Operations	FP - Pub Ed / Emerg Prep / Weed Abate / Code Enf	FP - Plan Review, Inspection, and Permitting	Emergency Resp (Ambulance)
Labor	\$ 7,245,674	\$ 157,056	\$ 145,356	\$ 1,944,946
Recurring Non-Labor	\$ 782,146	\$ 36,682	\$ 1,283	\$ 111,400
District-wide Administration	\$ 1,082,953	\$ 23,474	\$ 21,725	\$ 290,695
Division Administration	\$ 952,584	\$ 33,992	\$ 31,459	\$ 255,701
Division Total	\$ 10,063,358	\$ 251,203	\$ 199,823	\$ 2,602,743
Blended Cost per Direct Hour	\$ 132	\$ 50	\$ 112	\$ 124
<i>Reference Direct Hours</i>	76,120	5,015	1,785	21,036

The following broadly describes each category of the proposed fee structure:

- Inspection – Singular Permitted Activities:** The scope of this study determined the full cost of providing inspection services for regulated activities such as special events, tents and booths, fireworks and explosives, hazardous materials, etc. These permits are called “singular” because the fee payer is required to secure a permit each time they wish to perform the regulated activity.

Attachment A

Exhibit "A"

- **Inspection – Annual Operational Permits:** The District inspects commercial and multifamily occupancies on an annual basis. Fees are structured by occupancy type, and / or the type of California Fire Code permit required.
- **Development Review and Fire Protection Systems:** Prevention staff reviews and provides comments on City development applications and building construction plan submittals, and reviews and approves fire alarm and sprinkler systems.
- **Miscellaneous Fees:** Includes hourly rates for services required in excess of standard (such as re-inspection or excessive plan review submittals), processing of deposits and weed abatement actions, records research, False Alarm Responses, and CPR classes.

CONCLUSIONS

As discussed throughout this report, the proposed fee schedule includes fees intended to recover District costs incurred to provide individual services.

The NBS project team notes that while on an individual fee basis, some fees were recovering more than the average total cost of providing services; others were not recovering their true, fully burdened costs. Additionally, significant changes to the District's fee structure typically result in the best possible comparison of current fees to total cost. Overall, however, NBS concludes that the District is under-recovering costs of providing fee related services.

The District's fee schedule should continue to remain a living document that is handled with care:

- A fundamental purpose of any fee schedule is to provide clarity and transparency to the public and to staff regarding fees imposed by the District. Once adopted by the Board, the fee schedule is the final word on the amount and manner in which fees should be imposed.
- The Board should consider adjusting these user and regulatory fees on an annual basis to at least keep pace with the cost of inflation. A common practice in California is to apply an annual Consumer Price Index adjustment. Conducting a **user fee study** is not an annual requirement; it becomes worthwhile only over time as significant shifts in organization, local practices, legislative values, or legal requirements change.

Attachment A

Exhibit "A"

As a final note in this study, it is worth acknowledging the path that fees in general have taken in California. The public demands ever more precise and equitable accounting of the basis for governmental fees and a greater say in when and how they are imposed. It is inevitable that user and regulatory fees will demand an even greater level of analysis and supporting data to meet the public's evolving expectations.

Technology systems will play an increased and significant role in an agency's ability to accomplish this. As the District proceeds in the years to come, specifically in the update, replacement, or acquisition of new financial and data management systems or software, it is recommended that staff be consulted as to how new systems might also help in tracking fee related responsibilities, in areas such as tracking of staff time at a project or case level, and the tracking of volumes at a service/activity category level

Attachment B

Exhibit "B"

Permit and Plan Review Hourly Rates From Six Selected Fire Departments Based on Size and Locality

Fire Department	Permit fee per hourly rate	% compared to MOFD	Plan review fee hourly rate	% compared to MOFD
Berkeley	350. + Project	+61%	235.	+42%
Hayward	210./532. min	+35%	316.	+57%
Con Fire	243.	+44%	243.	+44%
Vallejo	248+Project	+45%	185.	+26%
Vacaville	174. + Project	+21%	174.	+21%
Burlingame	160.	+14%	160.	+14%
Average	231.	+36%	219.	+34%
MOFD	137.		137.	



Moraga-Orinda Fire District

MEMORANDUM

TO: The Board of Directors
FROM: Kathy Leonard, Fire Marshal
DATE: August 21, 2013
SUBJECT: Item 8.3 – Fire Prevention Fee Study

BACKGROUND

On August 7, 2013 Fire Prevention staff reported on the results of a third party independent fee study analysis and in-house comparable agency survey in order to evaluate MOFD's current fees, which have not been updated since 2005.

The Board instructed staff to continue development of a new fee structure, with substantiating data that will restructure fees for services and reflect the true cost of providing those services for revenue cycle improvement to the District.

If authorized, the new fee schedule would take effect after the new Fire Code goes into effect on January 1, 2014.

RECOMMENDATION

- 1) Discuss; 2) Deliberate; 3) Authorize Staff to adopt new fee schedule recommendation.

ATTACHMENTS

1. Attachment A – Draft Fee Schedule

MORAGA-ORINDA FIRE DISTRICT 2013 PROPOSED FEE SCHEDULE

Fee No.	Fee Description	Unit	Cost Recovery Analysis	
			Current Fee / Deposit	Recommended Fee Level / Deposit
INSPECTION - SINGULAR PERMITTED ACTIVITIES				
I. Special Events, Tents and Booths				
1	Tents between 200 and 5000 ft ² in Size, and canopies in excess of 400 s.f.	per permit	\$ 137.00	\$ 157
2	Tents greater than 5000 ft ² in Size	per permit	\$ 137.00	\$ 165
3	Extended Period of Use, up to 180 Days per Tent or Air Supported Structure	per permit	\$ 137.00	\$ 215
4	Street Fairs, Carnivals, and Special Events	per permit (1)	\$ 273.00	\$ 290
II. Explosives - any kind				
		per permit (3)	\$ 137.00	\$ 336
III. Fireworks				
1	Fireworks Aerial	per permit (3)	\$ 411.00	\$ 672
2	Set Piece / Theatrical	per permit (3)	\$ -	\$ 448
IV. Hazardous Materials				
		per permit (3)	\$ 137.00	\$ 448
V. Burn Permit - Recreational / Open Flame				
		per permit	\$ 68.50	\$ 137
VI. Singular Permits - Other				
1	Change of Occupancy	per permit	\$ 137.00	\$ 274
2	Install/Maintain Acid Battery Systems > 50 gallons	per permit	\$ 274.00	\$ 280
3	Miscellaneous Permit (otherwise not listed above)	per permit	\$ 137.00	\$ 215
INSPECTION - ANNUAL OPERATIONAL PERMITS				
I. LPG Dispense				
		per year	\$ 137.00	\$ 323
II. Welding or Hot Works				
		per year	\$ 137.00	\$ 323
III. Spraying Flammable Finishes				
		per year	\$ 205.50	\$ 323
IV. Compressed Gas / Cryogenics				
		per year		
1	Inert		\$ 205.00	\$ 323
2	Flammable		\$ 205.00	\$ 323
3	Cryogenics Portable Tanks		\$ 205.00	\$ 323
4	Cryogenics Portable Tanks Fixed System		\$ 274.00	\$ 323
V. Flammable / Combustible Liquids				
		per year		
1	Flammable Liquid Storage Cabinet		\$ 137.00	\$ 323
2	Flammable Liquid Storeroom		\$ 274.00	\$ 323
3	Aboveground Storage Outside		\$ 274.00	\$ 336
4	Underground Storage Tank		\$ -	\$ 336
VI. Engine Repair Facilities				
		per year		
1	1 - 4 Bays		\$ 205.50	\$ 323
2	5 - 8 Bays		\$ 274.00	\$ 323
3	9 + Bays		\$ 342.50	\$ 323
VII. Places Of Public Assembly				
		per year		
1	Occupancy Load 50-100		\$ 205.50	\$ 269
2	Occupancy Load 101-200		\$ 274.00	\$ 323
3	Occupancy Load 201-299		\$ 342.50	\$ 430
4	Occupancy Load 300 +		\$ 411.00	\$ 430
VIII. Adult & Residential Care Facilities				
		per year		
1	R 4 Adult Residential Day Care (Non-Medical), Client Load 7+, max of 6 non-ambulatory		\$ 137.00	\$ 376
2	Licensed Facilities (includes R-2.1,R-4)			
	Occupant Load < 6		\$ 137.00	\$ 376
	Occupant Load > 6		\$ 205.50	\$ 376
3	850 Form Fire Clearance Inspection		\$ -	\$ 188
IX. Institutional (I-2.1, I-4)				
		per year		
1	Occupant Load 7-20		\$ 274.00	\$ 430
2	Occupant Load 21-99		\$ 411.00	\$ 484

MORAGA-ORINDA FIRE DISTRICT 2013 PROPOSED FEE SCHEDULE

Fee No.	Fee Description	Unit	Cost Recovery Analysis	
			Current Fee / Deposit	Recommended Fee Level / Deposit
3	Occupant Load 100 -249		\$ 548.00	\$ 484
4	Occupant Load 300 +		\$ 685.00	\$ 484
X.	Apartments	per year		
1	R-2 Occupancies			
	Base Fee		\$ 68.50	\$ 129
	3-12 units, per unit		\$ 68.50	\$ 129
	13-30 units, per unit		\$ 3.00	\$ 3
	31+ units, per unit		\$ 4.00	\$ 4
2	R-4 Assisted Living Facilities			
	Base Fee		\$ 137.00	\$ 323
	per unit		\$ 4.00	\$ 4
XI.	Schools	per year		
1	Private Schools			
	E-2 Occupant Load ≤ 150		\$ 274.00	\$ 358
	E-1 Occupant Load > 150		\$ 411.00	\$ 448
2	Public Schools			
	E-2 Occupant Load ≤ 150		\$ -	\$ -
	E-1 Occupant Load > 150		\$ -	\$ -
XII.	Daycare	per year		
1	Commercial & Residential			
	Occupant Load ≤ 50		\$ 205.50	\$ 357
	Occupant Load > 50		\$ 274.00	\$ 402
2	R 3 Residential Day Care Occupant, Load 7-14		\$ 137.00	\$ 357
XIII.	Annual Operational Permits - Other	per year		
1	Combustible Materials Storage	per permit	\$ 274.00	\$ 376
2	Change of Occupancy	per permit	\$ 137.00	\$ 430
3	Install/Maintain Acid Battery Systems > 50 gallons	per permit	\$ 274.00	\$ 430
PLAN REVIEW				
I.	Site Access Review: Preliminary Plan Review, Consulting, and Meetings			
1	Pre-project application review	per appl (3)	\$ 205.50	\$ 448
2	Design Review			
	Residential	per project	\$ -	\$ 268
	Commercial	per project	\$ -	\$ 448
3	Site / Water Access Review	per project	\$ 68.50	\$ 358
4	Cell Tower / Antenna Land Use Review	per project	\$ -	\$ 323
5	Street Numbering / Address Review	per project	\$ -	\$ 168
II.	Building Construction - New Building			
1	Plan Review			
	0 - 5,000 s.f.	per project	\$ 205.50	\$ 430
	Greater than 5,000 s.f.	hourly (6)	\$ -	\$ 108
2	Inspection			
	0 - 5,000 s.f.	per project	\$ 205.50	\$ 323
	Greater than 5,000 s.f.	hourly (6)	\$ -	\$ 108
III.	Building Construction - Tenant Improvement			
1	Plan Review			
	0 - 5,000 s.f.	per project	\$ 205.50	\$ 538
	Greater than 5,000 s.f. (per hour with \$X deposit)	hourly (6)	\$ -	\$ 108
2	Inspection			
	0 - 5,000 s.f.	per project	\$ 205.50	\$ 430
	Greater than 5,000 s.f.	hourly	\$ -	\$ 108
IV.	Fire Alarm System			
1	Plan Review	per project		
	First 25 Devices		\$ 411.00	\$ 430
	each additional 25 devices, or portion thereof		\$ 50.00	\$ 161
2	Inspection	per project		
	First 25 Devices		\$ 411.00	\$ 323
	each additional 25 devices, or portion thereof		\$ 50.00	\$ 161
V.	Fire Protection Systems - Residential - New / Modify			
1	Plan Review	per project		
	First 25 Heads		\$ 411.00	\$ 323
	each additional 25 heads, or portion thereof		\$ -	\$ 161
2	Inspection	per project		
	First 25 Heads		\$ 137.00	\$ 323
	each additional 25 heads, or portion thereof		\$ -	\$ 161
VI.	Fire Protection Systems - Commercial - New			

MORAGA-ORINDA FIRE DISTRICT 2013 PROPOSED FEE SCHEDULE

Fee No.	Fee Description	Unit	Cost Recovery Analysis	
			Current Fee / Deposit	Recommended Fee Level / Deposit
1	Plan Review	per project		
	First 25 Heads		\$ 411.00	\$ 430
	each additional 25 heads, or portion thereof		\$ -	\$ 161
2	Inspection	per project		
	First 25 Heads		\$ 137.00	\$ 430
	each additional 25 heads, or portion thereof		\$ -	\$ 161
3	Per additional Riser	per riser	\$ 137.00	\$ 108
VII. Fire Protection Systems - Commercial - Tenant Improvement				
1	Plan Review	per project		
	First 25 Heads		\$ 411.00	\$ 430
	each additional 25 heads, or portion thereof		\$ -	\$ 161
2	Inspection	per project		
	First 25 Heads		\$ 137.00	\$ 358
	each additional 25 heads, or portion thereof		\$ -	\$ 161
VIII. Fire Protection Systems - Miscellaneous				
1	Additional Overhead Hydro Test	per test	\$ 205.00	\$ 430
2	Spray Booths Including Fire Protection System (New Install)	per project	\$ 274.00	\$ 376
3	Fire Pumps & Related Equipment - Install or Modify (Non-Residential Applications)	per project	\$ 685.00	\$ 376
4	Standpipe System (Wet or Dry)	per project	\$ 548.00	\$ 430
5	Pre-Action Fire Protection System Review	per project	\$ 548.00	\$ 430
6	Hood and Duct Fire Protection system	per project	\$ 342.50	\$ 430
7	Clean Agent Fire Protection System	per project	\$ 548.00	\$ 484
8	Nitrous Oxide/Medical Gas System	per project	\$ 274.00	\$ 484
9	Smoke Management System	per project	\$ 822.00	\$ 484
10	Fire Hydrant Plan Review	per project	\$ 137.00	\$ 376
11	Water Flow Field Test for Sprinkler Systems	per project	\$ 274.00	\$ 376
IX. Tanks / Piping				
1	Install Underground	per permit		
	Plan Review		\$ 548.00	\$ 430
	Inspection		\$ -	\$ 430
2	Remove Underground	per permit		
	Plan Review		\$ 411.00	\$ 430
	Inspection		\$ -	\$ 430
3	Install Aboveground Tank with Lines	per permit		
	Plan Review		\$ 548.00	\$ 430
	Inspection		\$ -	\$ 430
4	Temporary Construction Tank (Install and Use per Location / Site)	per permit		
	Plan Review		\$ 411.00	\$ 430
	Inspection		\$ -	\$ 430
X. Special Hazard - Hazardous Material				
1	Hazardous Materials Approval for Use & Compliance	per project	\$ 411.00	\$ 538
2	Compressed Gas & Cryogenics (Initial plan review and install)	per project	\$ 411.00	\$ 538
XI. High Piled Stock / Rack Systems				
			\$ 411.00	\$ 430

MORAGA-ORINDA FIRE DISTRICT 2013 PROPOSED FEE SCHEDULE

Fee No.	Fee Description	Unit	Cost Recovery Analysis	
			Current Fee / Deposit	Recommended Fee Level / Deposit
MISCELLANEOUS				
1	Alternative Means and Methods	per project (3)	\$ 274.00	\$ 560
2	Additional Inspections	per inspection	\$ 137.00	\$ 215
3	Additional Plan Review Submittal	per submittal	\$ 137.00	\$ 215
4	(2 Hour Minimum)	per project	\$ 274.00	\$ 323
5	Photocopies (per Page) Letter or legal Size	per copy	\$ 0.10	
6	Research Fee	hourly (4)	\$ -	\$ 108
7	Medical Records Request	per request (5)	\$ -	\$ 54
9	Repeated False Alarm Responses (per response after the X response in X consecutive days)	per response	\$ -	\$ 148
10	Weed Abatement Action Administrative Fee	per instance	\$ -	\$ 616
11	Deposit processing fee	per project	\$ -	\$ 54

[Notes]

- [1] Does not include standby time. Separate fee would apply.
- [2] Actual Cost of photos not included. Separate fee would apply.
- [3] Minimum fee includes time shown. For service required in excess of standard, hourly rate would apply.
- [4] Research fee applies for records requests that require retrieval & formatting of records information above and beyond basic retrieval and copy of a public record
- [5] Fee applies for records requiring redaction of personal / private information
- [6] Deposit fee of \$X applies. Non-refundable deposit processing fee also applies.