

RESOLUTION NO. 2005-81

A RESOLUTION OF THE CITY OF LODI ESTABLISHING  
A MASTER FEE SCHEDULE FOR ANNUAL PERMITS  
TO OPERATE NEW DEVELOPMENT AND TENANT  
IMPROVEMENT PLANS REVIEW, FIRE AND LIFE SAFETY  
INSPECTIONS, AND OTHER MISCELLANEOUS SERVICES  
PROVIDED BY THE CITY OF LODI FIRE DEPARTMENT

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WHEREAS, the City of Lodi Fire Department is charged with the responsibility of enforcing applicable codes pertaining to fire and life safety and other regulations promulgated by the State Fire Marshal pursuant to California Health and Safety Code Section 13146 and California Fire Code Section 101.2.2.2; and

WHEREAS, the City of Lodi incurs costs and expends resources when fire prevention services are of a recurrent nature and the result of discretionary development; and

WHEREAS, the City desires to establish a policy to recover the cost of providing special services of a voluntary or limited nature, such that general fund monies are not diverted from general services of a broad nature, and thereby utilized to subsidize unfairly and inequitably such special services; and

WHEREAS, the City, pursuant to California Health and Safety Code Sections 13146.2(b), 13217(b), and 17951 and California Government Code Sections 6062(a), 6103.7, 66016, 66017, and 66018, is authorized to adopt fees sufficient to pay the cost of providing these services to the general public following proper notice and a public hearing; and

WHEREAS, the City Council of the City of Lodi has adopted Ordinance No. 1759, repealing and re-enacting Chapter 15.20 (Fire Code) of the Lodi Municipal Code, which authorizes in Section 15.20.040 the City to establish fees sufficient to recover its costs in administering the Fire Code, subject to adoption of an implementing resolution of the City Council; and

WHEREAS, the City of Lodi Fire Department has conducted an analysis of its services, the costs reasonably borne, the beneficiaries of those services, and the cost-recovery revenues produced by those paying fees and charges for special services (Business Plan for Recovery of Costs, i.e. the "Fee Study," and Master Fee Schedule, dated March 2005, collectively attached hereto as Exhibits A through E and incorporated herein); and

WHEREAS, the analysis of fees and service charges set forth in the Fee Study and Master Fee Schedule provide a mechanism for ensuring fees adopted by the City for services rendered do not exceed the reasonable estimated cost of providing the services for which the fees are charged; and

WHEREAS, the fees and service charges set forth in the Master Fee Schedule bear a fair and reasonable relationship to the City's costs in administering the Fire Code; and

WHEREAS, adoption of this Resolution is exempt from the California Environmental Act (Public Resources Code Sections 21080, et seq.) because it approves and sets forth a procedure for determining fees for the purpose of meeting certain operating expenses of the City; and

WHEREAS, the Fee Study was available for public inspection and review in the office of the City Clerk for more than 14 days prior to the date of the Public Hearing on this Resolution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does find and resolve as follows:

1. The recitals set forth above are true and correct.
2. The fees and service charges set forth in the Master Fee Schedule (Exhibits B – E) are hereby implemented.
3. The fees and service charges set forth in the Master Fee Schedule are to be uniformly applied and collected for services provided by the Lodi Fire Department or its designated contractor(s). Fees and service charges for special services of a voluntary or limited nature shall not exceed the actual cost incurred by the City in providing the special service.
4. Fees and service charges set forth in the Master Fee Schedule are for each identified service; additional fees and service charges shall be required for each additional service requested or required. Where fees are indicated on a per-unit basis, the fee is for each identified unit or portion thereof within the indicated range of such units.
5. The Fire Chief of the City of Lodi is hereby delegated the authority to create administrative, fee-collection, and financial procedures as necessary to implement the Master Fee Schedule consistent with the policies set forth in this Resolution.
6. The appropriate fee(s) under the Master Fee Agreement shall be paid at the time of application submittal for: a) permits to operate, b) new development and tenant improvement plan checks/inspections, c) annual fire and life safety inspections, and d) miscellaneous services and products. In the event fees are not paid at the time of application submittal or upon request for additional fees, the City shall not be obligated to process, approve, or take further action on permits, plan checks/inspections, fire and life safety inspections, or other services and products listed in the Master Fee Schedule until such time as the appropriate fees are paid to the City.
7. No permit or approval shall be issued by the City unless applicant's project is in compliance with applicable City and state laws and fees required under the Master Fee Schedule are paid in full. Payment of fees by applicant shall not be construed as any waiver of the City's right to enforce compliance with fire and life safety standards, statutes, ordinances, or regulations through any means authorized by applicable law.
8. At regular intervals the Fire Chief shall review the Master Fee Schedule to ensure that fees and service charges continue to bear a fair and reasonable relationship to the City's costs in administering the Fire Code.
9. The Fire Chief shall propose modifications to the Master Fee Schedule to the City Council in the form of a resolution. In proposing modifications to the Master Fee Schedule, the Fire Chief shall consider only the standards, criteria, and procedures established by this Resolution and applicable state law. The Fire Chief may also adjust the type of services offered in the Master Fee Schedule if, in the judgment of the Fire Chief, equity requires such adjustment.
10. Fee adjustments to the Master Fee Schedule proposed by the Fire Chief may be increased by resolution of the City Council in amounts determined reasonable and necessary when budget and workload analysis supports such increases.

11. The Master Fee Schedule established in this Resolution shall be effective on July 1, 2005, which date is at least sixty (60) days after adoption of this Resolution.
12. This resolution shall be published one time in the "Lodi News-Sentinel," a daily newspaper of general circulation printed and published in the City of Lodi.

Dated: April 20, 2005

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I hereby certify that Resolution No. 2005-81 was passed and adopted by the City Council of the City of Lodi in a regular meeting held on April 20, 2005, by the following votes:

- 1) In reference to the **Annual Fire and Life Safety Inspection fees** (Exhibit B):  
AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman  
NOES: COUNCIL MEMBERS – None  
ABSENT: COUNCIL MEMBERS – None  
ABSTAIN: COUNCIL MEMBERS – None
- 2) In reference to the **Business Fire and Life Safety Inspection fees** (Exhibit C):  
AYES: COUNCIL MEMBERS – Hitchcock, Mounce, and Mayor Beckman  
NOES: COUNCIL MEMBERS – Hansen and Johnson  
ABSENT: COUNCIL MEMBERS – None  
ABSTAIN: COUNCIL MEMBERS – None
- 3) In reference to the **New Development and Tenant Improvements Plans Review fees** (Exhibit D):  
AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman  
NOES: COUNCIL MEMBERS – None  
ABSENT: COUNCIL MEMBERS – None  
ABSTAIN: COUNCIL MEMBERS – None
- 4) In reference to the **Miscellaneous fees** (Exhibit E):  
AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman  
NOES: COUNCIL MEMBERS – None  
ABSENT: COUNCIL MEMBERS – None  
ABSTAIN: COUNCIL MEMBERS – None

  
SUSAN J. BLACKSTON  
City Clerk

2005-81

# City of Lodi Fire Department



## Business Plan for Recovery of Costs Associated with

Annual Permits to Operate  
New Development and Tenant Improvement Plans Review  
Annual Fire and Life Safety Inspections  
and  
Miscellaneous Fire Department Products and Services

March 2005

## **Regulation and Policy**

The fee schedules will apply within the legal boundaries of the City of Lodi. Operational oversight will be provided by the Lodi Fire Department as developed by the Fire Chief. Coordination of activities associated with the fee schedules will be performed by the Fire Marshal and Fire Prevention Bureau of the Lodi Fire Department.

As a cost-recovery program, the fee schedules will be evaluated periodically to ensure revenue represents actual cost-recovery without surpluses or deficits. Fees will be established after quantifying time-on-task and frequency of occurrence for each item in the schedules. A significant factor in determining the fee amounts will be ensuring all prevention activities are included in cost-recovery calculations.

Roles and responsibilities of staff utilizing the fee schedules will be articulated by the Fire Chief and Fire Marshal. Prevention activities subject to cost-recovery (plan review, fire and life safety inspections, permits-to-operate, and miscellaneous) will be performed by authorized fire department personnel. This staff will be part of the chain-of-command flowing through the Fire Marshal to the Fire Chief. Inspectors and clerical staff will have clearly defined roles, responsibilities, and lines of communication. Day-to-day oversight will be provided by the Fire Marshal, with overall management and policy development determined by the Fire Chief.

Planning will be an ongoing activity focusing on two outcomes: 1) the City of Lodi has direct control over activities and situations affecting fire and life safety, and 2) entities and individuals receiving direct benefit from city resources bear the cost of consuming those resources. Formal changes to the program will be proposed during, and as part of, the budget process when practical. Changes arising from environmental conditions will be identified and presented when the interests of the city or consumers will be affected significantly. To ensure the city's interests are represented fully, the fire department will consult with Community Development, Public Works, and Finance departments as well as the City Attorney and City Manager before implementing any significant change, expansion, or reduction in the fee schedules; however, the final decision to request authorization from the City Council will rest with the City Manager.

## **Analysis and Planning**

For the City of Lodi, the components and level of service associated with creating, implementing, and operating a cost-recovery fee schedule will be tailored to its perspectives, preferences, and priorities. Detailed quantitative analysis shows the relationship between the time needed to perform the various tasks for the items listed in the fee schedules and the cost of operating the Fire Prevention Bureau of LFD. This analysis also identifies the financial, equipment, facilities, and staffing needs necessary to serve the public quickly and effectively. This analysis will establish baseline values for activities and costs as well as creating a standardized method for assessing needs and meeting those needs with specific service elements.

In addition to specific analysis to determine levels of service and cost-recovery values, community and demographic data will be factored into the calculations to ensure proper weighting of local characteristics is included. Since this will be a new program for the city, the fee schedules will be compared to prices charged by other jurisdictions in the region as well as specific analysis of LFD cost-recovery requirements. Another source to assure the reasonableness of the fee schedules is the results of a survey conducted by the International Conference of Building Officials. The ICBO surveyed 63

California cities and counties, grouped by population, and developed descriptive statistics of the fees charged to review plans and conduct inspections for the most common construction types.

The LFD Strategic Plan identifies numerous performance measures as a means of validating the expected outcomes of department activities. As the fee schedules are implemented, additional performance measures related to work processes and outcomes may be developed to ensure accountability to the city and general public is maintained. These performance measures as well as ongoing program evaluation will be part of a "system assessment cycle" that includes: data collection, evaluation, analysis, planning, implementation, training, feedback, and more data collection. This will allow the department to monitor short- and long-term changes in the environment, current local and regional conditions and trends, as well as changes in demographic, economic, and political circumstances that may affect the business interests of the city.

## Finance

Economists have advocated more extensive utilization of user charges by local governments to finance public services. "User charges put public prices on public products. They apply to those who voluntarily consume services or use public facilities... They are favored not only because they [generate savings to the general fund], but also because they can lead to more efficient allocation of resources and a more equitable distribution of public services" (*San Marcos Water District v. San Marcos Unified School District*, 1985).

To be certain our cost calculations consider the full range of applicable indirect as well as direct charges, LFD will review all aspects of the fire prevention portion of the department's overall budget. "The real costs of municipal services involve substantially more than the direct salary and benefit costs associated with delivering a service. Cost calculations also include such indirect costs as departmental overhead and administration, municipal overhead and administration, fixed asset replacement, capital depreciation, debt service, and retirement."<sup>1</sup> In an opinion letter dated July 21, 1997, titled *Building Inspection and Permit Fees—#12478*, the Legislative Council of California stated, in the opinion of that office, California statutes authorize local building departments to include those costs within the fees it charges for permits and inspections.

To identify the total cost-recovery amount, both internal and external costs will be included. Internal costs are those fire department direct expenses identified in the annual budget documents. External costs are those services and support provided by other city departments as a component of the overall city organization.

Incorporating the cost of support services provided by the city (which allows the fire department to function) acknowledges the "administrative infrastructure" which is as necessary as the city's physical infrastructure for meeting service demands. Administrative infrastructure includes city services such as data processing, finance, human resources, vehicle and building maintenance, legal counsel, and time spent by the City Council enacting laws and ordinances regulating fire and life safety. In other words, plan checks, inspections, and related permit services could not occur without an organization capable of meeting the various resource needs of citizens, businesses, and developers.

The basic methodology for cost-recovery is to identify all costs of services provided by LFD (plans review, fire and life safety inspections, permits, and miscellaneous) and create fees based on the time

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<sup>1</sup> Bouse, Michael W.; *Establishing Building Permit Fees*; p 13; International Conference of Building Officials, 1998.

required by fire department personnel to complete those tasks. The fee for reviewing a particular type of plan document will be based on the time needed to complete the review.

Based on the available capacity of the Fire Prevention Bureau of LFD, the hourly rate for providing services will be \$75 per hour. This includes all direct and indirect costs of prevention as well as an administrative overhead charge representing the cost of support services provided by the City of Lodi.

The best way to calculate time-on-task for the items included in the fee schedules is to examine historical records and combine values from several years or accounting periods into a representative value supported by statistical analysis. Until recently, LFD record keeping has been limited to compliance with mandated external reporting requirements. This means documentation of activity relevant to establishing fee schedules is incomplete and not suitable for use as the sole basis for determining prices. Rather than establishing prices in an arbitrary manner, LFD has chosen to utilize information from Community Development, Public Works, ICBO, and nearby jurisdictions in addition to available department data. To ensure the fee schedules can withstand critical scrutiny, the assumptions, methods, and values have been reviewed by the Finance, Community Development, and Public Works directors; the city Building Official; City Attorney; and City Manager's office.

## **Legal**

Licensing laws and regulations achieve a number of related police power objectives by controlling performance of designated activity and prohibiting unlawful and unsafe practices. User fees in California are required to conform to the requirements of the California Constitution as well as the statutory requirements contained in the California Code of Regulations and Government Code. State courts have been very flexible regarding methodologies used by local jurisdictions to establish service fees. The courts have held that some form of study or analysis must be conducted, and that the rationale used in the study must be reasonable. The reasonable cost standard is met when fees are based on supporting data for the jurisdiction.<sup>2</sup>

## **Quality Management**

The main focus for quality management activities is ensuring fee schedule prices reflect appropriate cost-recovery guidelines. These guidelines, in turn, are based on community needs and expectations, desired organizational outcomes, and available resources. Another function of quality management is ongoing evaluation of performance targets to measure compliance to policies and procedures as well as ensuring targets are realistic and attainable. A third use of quality management is to build, verify, and monitor standards and procedures for successful completion of the permit/inspection process.

Analysis of quality management tasks and data will identify areas of improvement, evaluate system performance, prioritize areas of development, monitor performance indicators, discover training opportunities, and include customer satisfaction feedback loops. The performance measures identified in the Strategic Plan will be the basis for capturing appropriate data points as well as allowing analysis from different perspectives using different data groupings and levels of aggregation.

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<sup>2</sup> Bouse, Michael, W.; *Establishing Building Permit Fees*; p 7; International Conference of Building Officials, 1998.

## **Education and Information**

Education and information activities will be divided into three basic groupings: 1) meetings with civic groups, developers, and interested stakeholders; 2) casual or informal information exchange at the permit center counter; and 3) publishing and distributing a "developer's guide" for the purpose of allowing interested parties to know, up front, the expectations of the City of Lodi in regards to code compliance and the review/inspection processes.

The first phase of education and information activities will focus on introducing the fee schedules, answering questions, and building understanding of the need to implement cost-recovery efforts. The second part of education and information activities is daily, ongoing contact with applicants. A knowledgeable counter-person will be able to answer questions and distribute literature. The third phase will promulgate consistent interpretation of the codes through development and distribution of standards and guidelines. This will allow developers to create plans in compliance with local expectations and reduce disputes over city requirements. In addition to the developer's guide, various pamphlets, brochures, and flyers will be created as demand requires.

## **Equipment and Facilities**

Since the fee schedules are a new endeavor for LFD, there is no way to quantify their impact on available capacity. The fire department is comfortable with using available resources to operate the program until a baseline history of the actual workload can be established. Developing and designing appropriate forms and checklists will be the only initial change to LFD resource needs.

## **Operations**

The fee schedules will be based on this plan and supporting data analysis. Work flow will remain basically the same, only the volume will increase. This program is an extension of the fire department's strategy to utilize resources efficiently and effectively, uses the existing chain of command, and as workload increases will provide for further delineation of responsibility and authority. Service delivery will be consistent with city and LFD policy; industry standards; and applicable statutes, ordinances, and regulations. Although formal disputes are rare, the Lodi Municipal Code articulates the means by which an applicant can appeal.

There will be a need for additional technical training in hazardous materials management and in some aspects of permit requirements. LFD will work cooperatively with other departments and organizations in planning, identifying needs, training, integration, and coordination of tasks, documents, and approvals. This will be a cooperative effort on the part of city departments to ensure changes to work processes, lead time, and documentation will be implemented in a manner that provides the city control and oversight while recovering the costs of enforcement.

In general, for each requested service, an applicant will complete an application form or submit the appropriate materials, pay the required fee (or minimum increment) and the work will be processed in the order in which it is received. For example, a hood-and-duct system will take four hours for document review and inspection. At \$75 per hour, one system will recover \$300, if ten systems are installed, the City of Lodi will recover \$3,000.

The fee schedule can accommodate special circumstances, but the customer will pay a premium for LFD to perform services outside its customary operating structure. Likewise, should a customer fail to meet his or her obligations, there is a penalty for consuming city resources unnecessarily.

### **Implementation**

The likely (based on surveys and available city data) time-on-task associated with each fee schedule item is the basis for establishing the actual fee amount. In cases where it is not possible to quantify the exact amount of time for completing a particular task, minimum incremental fees are listed—subject to adjustment as the actual time-on-task is determined for each project or activity. This assures fees are matched as closely as possible to the resources consumed for providing the specified service or product.

The fees are based on the annual available hours of fire department staff in comparison with the costs to be recovered. The target for cost recovery is the Fire Prevention Bureau portion of the fire department budget plus the city administrative overhead costs proportionally allocated to prevention activities.

Because this is a new endeavor for the fire department, it is difficult to anticipate exactly the increase in workload and its effect on available capacity. This is why many items in the fee schedules list minimum increments of the final fee as the base price and why the program will be implemented in phases. The fee schedules will be implemented starting with tasks already performed by LFD and advance to activities requiring different skills and additional capacity. However, as the program matures and detailed historical data is collected, cost-recovery estimates will be refined and adjusted as necessary to more closely align with the cost-recovery target.

The Master Fee Schedule contains the complete listing of the items for which fees will be collected when the program is fully implemented. Plans review and certain fire and life safety inspections will be the first phase of implementation. Annual permits to operate will be introduced after the operational methods are shown to be effective and efficient. Miscellaneous items will be added as needed while the program develops and solidifies.

# EXHIBIT B

Annual Fire and Life Safety Inspections	Fee
<b>State Mandated Inspections</b>	
<b>E-3 Occupancies – Day Care</b>	
7 - 49 clients	150.00 +
50 - 149 clients	187.50 +
>= 150 clients	225.00 +
Pre-inspection <= 25 clients	50.00
Pre-inspection > 25 clients	100.00
<b>I Occupancies – Institution</b>	
I-1 or I-2 Occupancies < 6 patients	150.00 +
I-1 or I-2 Occupancies >= 6 patients	225.00 +
I-3 Occupancies – Detention Facilities	No Charge
<b>R-1 Occupancies – Apartments</b>	
3 - 16 Units	112.50 +
17 - 32 Units	150.00 +
>= 33 Units	187.50 +
<b>R-1 Occupancies – Hotels/Motels</b>	
3 - 16 Units	112.50 +
17 - 32 Units	150.00 +
>= 33 Units	187.50 +
<b>R-2 Occupancies – Residential Care Facilities</b>	
>= 7 residents	225.00 +
Pre-inspection < 25 residents	50.00
Pre-inspection >= 26 residents	100.00
<b>R-3 Occupancies – Large Family Day Care</b>	
7 to 14 clients	75.00 +
Pre-inspection	50.00
<b>R-6 Occupancies – Halfway Houses, etc.</b>	
>= 7 residents	225.00 +
Pre-inspection < 25 residents	50.00
Pre-inspection >= 26 residents	100.00

# EXHIBIT C

<b>Business Fire &amp; Life Safety Inspections</b>	
Fire Company Business Inspection	
Initial plus 1 Reinspect	No Charge
Additional Reinspections (each)	75.00 +

+ Minimum Fee, actual cost may vary

# EXHIBIT D

## New Development and Tenant Improvements Plans Review Fee

<b>Site Planning</b>	<b>Fee</b>
Annexation	150.00 +
Land Use	150.00 +
Lot Line Adjustments	150.00 +
Parcel Map	150.00 +
SPARC	150.00 +
Zoning Variance	150.00 +
Subdivision/Lot Splits	
1 – 4 Lots	150.00
5 – 24 Lots	300.00
25 or more Lots	450.00
<b>Fire &amp; Life Safety Plans Review and Inspections</b>	<b>Fee</b>
Fire Review of Building Construction	Add 25% to building plan check & building permit fee
Certificate of Occupancy (Fire)	75.00 +
<b>Fire Protection Equipment Plans Review and Inspections</b>	<b>Fee</b>
Civil Improvement Site Plan (no underground inspection)	150.00 +
Compressed Gas System (each)	
Hazardous Materials	375.00 +
Medical Gas	450.00 +
Fire Alarm System	450.00 +
Fire Alarm System for Fire Sprinkler Monitor	300.00 +
Fire Flow/Hydrant Test	150.00 +
Fire Pump	900.00 +
Fire Sprinkler System (per riser)	
1 – 6 Heads	225.00
7 – 19 Heads	375.00
20 – 99 Heads	750.00
100 – 199 Heads	1,050.00
>=200 Heads (plus \$0.50 per head)	1,350.00
Halon/Clean Agent System	450.00 +
Hood & Duct Fire Suppression System (each)*	300.00 +
*hood requires separate building permit	
Plan Maintenance Fee*	Add 5% to plan check fee
*fire alarm system, alarm system for sprinkler monitor, fire pump, fire sprinkler system, halon/clean agent system, hood & duct suppression system, spray booth, standpipe/hose stations	
Smoke Management Systems	750.00 +
Spray Booth (each)	450.00 +
Standpipe/Hose Stations	150.00 +

<b>Miscellaneous Development</b>	<b>Fee</b>
Administrative Charge	
Design Review Consultation/Conference	75.00 +
Minimum Intake Fee (not otherwise specified)	75.00
Second & Subsequent Plan Revision Submittals (each)	150.00
Temporary Certificate of Occupancy	150.00
Special Plan Review Request	
After Hours	225.00 +
Not Otherwise Specified	150.00 +
Cancellation - <24 Hrs. notice, Not Ready, No Show	75.00
Technical Report/Alternate Materials or Methods*	150.00 +
*per code item plus consultant fee plus 20% admin. fee	
<b>+ Minimum Fee, actual cost may vary</b>	

# EXHIBIT E

Miscellaneous	Fee
Administrative Charge	
Appeals – When Fire Chief Denies Application	250.00
Environmental Impact Report Document Search	75.00 +
Other Activities Not Listed	75.00 +
Refund Processing	37.50
Weed Abatement (per parcel)	150.00 +
Emergency Response (per company)	
Hazardous Materials	131.00 +
False Alarms – 2 or fewer per calendar year	No Charge
Third False Alarm	75.00
Fourth False Alarm	150.00
Fifth and Subsequent (each)	393.00
Contact not at scene in 60 min	131.00
Failure to notify LFD of test	131.00
Fire Investigations (per person)	75.00 +
Fire Reports and Other Documents (per page)	0.25 +
Investigation - No Construction Permit	75.00 +
Occupancy Load Calculation	75.00 +
Photograph Reproduction (per print)	
Actual cost plus 20% admin fee	
Standby (per person)	75.00 +
Standard Hourly Rate	
LFD Personnel	75.00
Engine or Truck Company	131.00

**+ Minimum Fee, actual cost may vary**