

## FEE JUSTIFICATION

Building permit fees are intended to provide adequate revenue to allow the jurisdiction to enforce the provisions of the state-mandated California Building Standards Code, also known as title 24 of the California Code of Regulations.

Building permit fee schedules are an integral component of the adoption, implementation and enforcement of state and locally mandated California regulations. It is imperative that jurisdictions can reasonably recover the cost of its administration. Fee schedules were historically provided in the legacy building, mechanical/plumbing and electrical codes. This made the administration of combination permits more time consuming, as multiple fee schedules had to be combined to capture the permit cost.

In developing this fee schedule, the recent permit history was reviewed as was the historic rate of yearly cost recovery specific to the City of Fairfield. The goal was simplification of the schedule to provide more consistent charges and to ease calculation of fees for both the staff and the public.

The fee schedule also needs to recognize that adequate revenues are necessary to support a knowledgeable, well-trained, and responsive staff.

Staffing needs are very much dependent on local conditions, types of construction involved and local variables.

Shums Coda Associates interviewed the inspection staff to understand the amount of time it takes to perform all the various inspections the Division performs. Generally, inspector staffing is relatively easy to determine, as the thousands of stops each year are recorded by the Division, but inspection types and workload varies with reinspection needs, drive time, review of approved plans in the office and field prior to, and during inspections, writing of correction notices, resulting inspections and corresponding communications with applicants and contractors. Average time needed was determined per inspection type and time associated with project type and size.

Permit Techs are difficult to quantify, as in some jurisdictions, they serve more as clerks, processing documents, but not reviewing plans. While in other municipalities they serve multiple rolls, including review of lot coverage, floor area ratios, determination of plan adequacy prior to moving the plans on to the plan check staff, and review and approval of simpler plans. Fairfield Permit Technicians do basic plan review and the amount of time an average plan review requires was assessed into the base rates for permitting fees. Although it is difficult to accurately capture all the various aspects of their duties, it was determined that they have a simple issuance component, as well as a more complex plan review component for assessing permit fees and collecting impact fees. Thus, based on these conclusions from the study, it was determined that a portion of the hours spent on projects by Technicians would be included in the overall plan review valuation assessment for non-base rate permits.

The most difficult positions to average out are the plan checkers. The types of projects vary greatly; from jurisdiction to jurisdiction, the engineering requirements can go from simple to extremely involved. Their job may be primarily residential and commercial TI's or new high-rises. The quality of the plans and calculations vary, and there is an ever-increasing complicated energy and green building portion to review. Thus, the average and additional review times necessary also vary greatly from project-to-project. After review of many different project types, working with plan review staff, as



**Shums Coda Associates**

[www.shumscoda.com](http://www.shumscoda.com)

(844) 674-5179

well as study of overall case management timelines and budget, it was determined that 75% residential and 90% commercial plan review costs would adequately recover a majority of associated plan review and case management costs, and provide for technically qualified staff to review various levels of complexity.

Finally, the report also assessed the Chief Building Official, and general overhead costs, as well as effects that new State or local regulations can affect costs. For example, State energy regulations have generally exceeded National standards, which in turn has elevated construction cost, and how those increases modify fees collected. Similar issues have arisen over the years do to additional housing requirements, and electrification codes (that propose to eliminate fuel burning appliances). This is by far the most difficult cost to estimate in this report, but an effort was put forth to include some of these into the cost recovery model.

Given all these local variables, this recommended fee schedule is as accurate vision of current conditions, and their impact on cost recovery within the Building Department. The overall analysis represents a baseline of costs and associated fees, but does not address potential peaks or valleys in permit volumes/construction activity. There may be times when construction activity slows and additional general funds will be requested to ensure maintaining necessary staffing to meet code compliance minimums. Likewise, there may be other times where peaks in permitting will require additional budgeting to bring on temporary assistance or expertise from consulting firms or hiring additional staffing.

The proposed fee schedule does two new things; first, it uses a nationally recognized construction valuation table updated and published twice a year by the International Code Council, the organization that develops and publishes the base codes, which are in turn amended and republished as the California Building Codes; secondly, it incorporates all the sub-trade fees (Electrical, Plumbing, Mechanical, Green and Energy Codes) into a single, simple to calculate fee. The adoption of the ICC Valuation Table eliminates using contract costs to level the playing field for all permittees and allows the City a justifiable way to keep the state agencies' mandatory reports informed as to monthly construction valuation.

Based on historic records and in working with the Division's staff to determine average time expended in administration, plan review and inspection (as well as the overhead costs of operations), all of which are impacted by the varying complexity of types of permitting (everything from a patio cover to a high-rise building). Based on past studies and recent observations of current trending, it was determined that the combination of the proposed flat rate, base rate, and valuation-based fee schedule works best for Fairfield to reasonably recover costs for services.

The revenues are limited by state law (H&S 17951) to the reasonable cost of providing the mandated and necessary services. The fees are not intended to cover all the costs of administering the code, as the building division must also deal with questions, complaints and answering questions on projects never built. Staff is also required to do continuing education, in fields such as, building codes, accessibility, energy conservation, earthquake design, MEPs, and inspection. Continuing education and certification of all technical staff is mandated by Health and Safety Code 18949.25-18949.31 and all the costs related to the training and certification are to be borne by the jurisdiction. The complexity of construction increases regularly; every three years, new, updated editions of the codes are adopted along with more frequent revisions in the California Access, Energy and Earthquake Codes and Standards. These regulation changes continually cause increase plan review and inspection times as well as increased needs for further continuing education.

Government Code 17561 states that jurisdictions may be reimbursed for State mandated costs. However, in actuality, the State does not provide any funding to jurisdictions for cost recovery. When laws are passed clearly impacting the jurisdiction's cost of enforcement, a statement is added to the bill stating that the jurisdiction may raise permit fees to cover the added cost.

Health and Safety Code Section 19850 mandates the retention of many records for all buildings, for all commercial buildings for the life of the building. In most cases, as engineering has crept into even single-family residences this means all building records must be kept, maintained and be made available to the public. The costs of records maintenance is to be borne by the jurisdiction, but may be recovered through cost recovery.

The building division is also charged, by Health and Safety Code 17920.3, with enforcing the Substandard Dwelling law. The City of Fairfield has also adopted the International Property Maintenance Code for enforcement of existing building safety.

The division is also required to establish a local appeals board and to follow state law in the operation of that board; H&S 1795 et seq. The Division is also responsible for adopting expedited plan reviews and permit issuance for photovoltaic systems, vehicle charging stations and solar thermal hot water systems by the Civil and Government Codes (Fairfield is in compliance with the state laws)

The division is also responsible for plan review and inspection of Residential Care Facilities in accordance with provisions of Health and Safety Code 13131.5 et seq., as well as certain medical clinics and private schools, which require a higher level of overall review and inspection per State mandated minimums.

Similarly, plan review, also mandated by the State, has grown much more complex as energy, disabled access (Unruh Civil Rights Act, Civil Code 51-51.3. Government Code 4450 etc.), fire and structural (Essential Services Buildings, Health and safety Code 16000-15022) requirements continue to grow in density and complexity. In the past, plan check fees were set at 65% of the building permit fee. However, the complexity of all aspects of plan review have continued to increase in structural design and calculation review have therefore become more complex, disabled access has become a very time-consuming part of the review as have increasing requirements to assure compliance with state energy standards. These standards affect all aspects of building construction, such as lighting loads, controls, monitoring, door and window insulation values, complex roof and wall assemblies, plus the new CalGreen code. The quality of plan check has a great deal with the ability of building inspectors to do their job. These complications are particularly true in commercial, industrial, and multifamily construction; therefore, the plan review times and complexities are even further complicated and increase the time needed on those occupancies while lower fees for one- and two-family dwellings. Because of those facts, to ensure cost recovery for plan review services, it is recommended that the City of Fairfield set the plan review percentage to 75% of the permit fee for residential and 90% for commercial valuation-based projects as outlined in our recommended fee structure. We also propose to use the Consumer Price Index (CPI-W) and the California Construction Cost Index (CCCI) to be used as a standard yearly escalator to keep the fees and valuations aligned to changing costs.

These fees were carefully developed, reviewed, revised, and vetted with review of staff times, project types and in-depth review and discussions with staff and the Chief Building Official.