
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: March 30, 2007
SUBJECT: **Fire Permit Fees**
AFFECTED COUNCIL DISTRICTS: Citywide
STAFF REPORT BY: Gary Mumford
ADMINISTRATIVE DEPT. AND CONTACT PERSON: Fire Department
Battalion Chief Kevin Nalder

The Fire Prevention Bureau conducts annual safety inspections of certain facilities such as health care businesses, high-rise buildings, and facilities where hazardous materials are stored or used. Permit fees are charged to cover both the direct and indirect cost of the inspection services. In 2005, the Administration conducted a review of business license fees and Fire Prevention Bureau inspection fees to identify the actual costs associated with providing these services. In May 2006, the Administration recommended increasing most of the fees based on the cost study. Although the Council didn't adopt most of the fee increases for business licensing, the proposed fire inspection fees were adopted in June 2006. One of the recommendations of the Council's audit of the Fire Department was to adjust the fees and adopt some new fees to recover more of the costs of providing inspection services.

Last fall, the Council started to receive inquiries and complaints regarding the increase to the fire inspection fees. As a result, Council Member Saxton accompanied a few inspections and found that some inspections were taking very little time to complete. Some inconsistencies were also noted. For example, the permit fee for small health-care facilities was the same as for much larger health-care facilities. The inspection of a backup generator required the same permit fee as the storage of hazardous materials.

In response to these complaints and inconsistencies, the Finance Division re-evaluated the study based on updated information from the Fire Prevention Bureau. The Administration is proposing a new fee schedule, which will reduce many of the inspection fees based on the revised study.

MATTERS AT ISSUE/POTENTIAL QUESTIONS FOR ADMINISTRATION

More equitable scale for the business owners – Some of the new permit fees are segregated by definable time delineation. For example, four tiers are proposed for inspection of a state licensed health care facility with fees based on the number of square feet of the facility. The annual inspection fee for places of assembly and the per-event fee for exhibits and trade shows are also tiered based on square footage. The inspection fee for high-rise buildings is proposed to be based on the number of floors. The fee for inspection of installation of suppression, alarm or detection systems is proposed to be \$95 per hour rather than 10% of the cost of the system.

More specialized categories – Some of the new proposed fees for hazardous materials permits are separated into more specialized categories. For example, a new separate permit is proposed for back-up generators, and a new permit is proposed for small body shops or repair garages under 5000 square feet rather than grouping these small shops with larger facilities.

Refunds are proposed – Since state law limits license fees to actual costs, the Administration is recommended that the ordinance be retroactive to July 1, 2006 with refunds of excess fees provided back to that date.

Re-inspections – The previous study included some re-inspection time into each permit fee. This penalized businesses that were in compliance during the initial inspection. Re-inspection time was removed from the more recent cost study. The proposed re-inspection fee is \$20 for each 15 minutes of inspection time rather than the current re-inspection flat fee of \$240.

Administration and travel time – The previous study assumed two hours for administration and paperwork. However, administrative costs were also included in the calculation of the fully-loaded hourly rate. The new proposed fees now assume 30 minutes for paperwork. The previous study included one hour of travel time for each inspection. This time included the possibility of a re-inspection. Travel time was reduced in the new study to reflect the average time for a round trip of 30 minutes. Some business owners may continue to question the new fee amounts since the actual inspection time may be somewhat brief, while the proposed fees include an additional 60 minutes for paperwork and travel time. *The Council may wish to ask representatives of the Fire Department whether new computer systems or software could reduce paperwork and better coordinate or schedule inspections to reduce travel.*

Fully loaded fees – In addition to direct inspection time, permit fees are proposed to recover indirect costs including the fair value of rental of space in the Public Safety Building, a share of utilities for the Public Safety Building, depreciation of vehicles, risk management administration, and general fund administrative costs such as accounting, payroll, legal, city council and mayor. Because the fees are fully loaded, the hourly rate is calculated to be \$97.83 per hour. The actual salary and benefits of a fire inspector equates to an hourly rate of less than half of this fully-loaded rate. In the past, the Council has set some business license fees to recover only 75% of the actual costs. *The Council may wish to discuss whether it wishes to recover all of the indirect costs of fire inspection services through permit fees.*

2006 International Fire Code – Adjustments were also made to the fee structure to reflect changes to the 2006 International Fire Code, which was adopted by the State in January 2007. *The Council may wish to ask representatives of the Fire Department for additional explanation or examples of how the new International Fire Code impacted inspections or permits.*

Budget impact – The fee adjustment is estimated to impact the general fund annual budget by a decrease of \$123,000 in revenue. A budget amendment will not be necessary since some other revenues are in excess of budget and will offset this adjustment.

The following table compares the old fees with the current fees and with the proposed fees.
(See proposed ordinance for more complete details.)

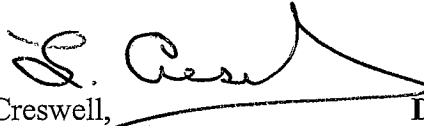
Proposed Fire Prevention Inspection Fees				
Business Type	Approximate Number of Inspections	Old Fee (prior to July 2006)	Current Fee	Proposed Fee
Hazardous materials – minimal storage	18	\$125	\$390	\$195
Backup generator	18			\$145
Storage sites – warehouses, fuel storage	112	\$125	\$440	\$240
Tank installation, alteration, abandonment, removal – up to 3 tanks per site	21	\$250	\$585	\$390
each additional tank				\$95
Gas stations	100	\$175	\$365	\$170
Large dispensing sites – wholesale gas & oil	69	\$175	\$585	\$390
Body shop/garage under 5,000 sq ft	391			\$195
Production & processing	20	\$250	\$685	\$485
Fireworks – public display outdoor	20	\$350	\$685	\$485
Pyrotechnic – public display indoor	50	\$150	\$485	\$195
State licensed health care				
0 to 3,000 square feet	40	\$50	\$485	\$145
3,001 to 6,000 square feet	20	\$50	\$485	\$195
6,001 to 10,000 square feet	10	\$50	\$485	\$240
Greater than 10,000 square feet	5	\$50	\$485	\$290
Hospitals	4	\$400	\$685	\$485
Lock box (keys) – small (equipment charge)	21	\$30	\$130	\$60
Lock box (keys) – large (equipment charge)	11	\$130	\$230	\$155
Utah Fire Incident Reports – per report	67	\$15	\$15	\$15
Explosives permit – Blasting	3	\$500	\$585	\$635
High rise				
7 to 12 floors	55	\$350	\$880	\$485
13 to 18 floors	8	\$350	\$880	\$585
19 to 24 floors	7	\$350	\$880	\$680
25 to 30 floors	4	\$350	\$880	\$780
31 to 36 floors	1	\$350	\$880	\$880
37 to 42 floors	0	\$350	\$880	\$975
Each additional 6 floors over 42 floors				\$95
Open burning	25		\$390	\$195
Temporary structures, tents, canopies	75		\$400	\$145
each additional structure on same site				\$45
Place of assembly (annual fee based on square feet) <i>see proposed ordinance for detail</i>	125		\$300-\$1250	\$195-\$1,120
Exhibit & trade shows (fee based on square feet) <i>see proposed ordinance for detail</i>			\$175-\$700	\$195-\$610
Suppression, alarm or detection system installation			10% of system cost	\$95/hour inspection
Amusement building permit	1			\$290
Hot works operation	100		\$300	\$145
Re-inspections	430	\$0	\$240	\$20 per each 15 minutes

OPTIONS:

The Administration proposes that the Council adopt the new fee ordinance as proposed. The Council may wish to consider the following options:

1. Set the date for a public hearing.
2. Since most of the fees are decreasing from the current fee, forward to a future Council meeting for considering without a public hearing.
3. Request additional information or clarification regarding some of the permit fees.
4. Direct that the fee schedule reflect 75% of actual costs (or some other percentage).
5. Ask the Council's business licensing subcommittee members whether they wish to review supporting documentation and make recommendations to the Council.
6. Other options that may be identified by Council Members.

COUNCIL TRANSMITTAL


TO: Lyn Creswell, Chief Administrative Officer **DATE:** March 12, 2007

FROM: Charles M. Querry

SUBJECT: Fire Prevention Fee Ordinance

STAFF CONTACT: Battalion Chief Kevin Nalder, 801-799-4163 or
John Vuyk, 801-799-4210

DOCUMENT TYPE: Ordinance

BUDGET IMPACT: This will result in a decrease in revenues of approximately \$123,000. This revenue has already been collected and a refund will need to be issued.

BACKGROUND/DISCUSSION: Last year the Fire Department, with the assistance of City Finance, reviewed all fees charged in the Fire Prevention Bureau. A new fee schedule was developed. During the budget process a new ordinance was adopted in accordance with the new fee structure. After some complaints from citizens the Fire Department and City Finance reviewed the updated fees. An updated fee structure has now been developed that will break down the fees to better match the needs of the citizens and businesses. This updated fee schedule is now being proposed as an ordinance. The ordinance is being proposed with an effective date of July 1, 2006. This will require that the Fire Department issue refunds to those who have paid for permits in accordance with the ordinance adopted in July of 2006

RECOMMENDATION: It is proposed that the City Council adopt the new ordinance.

SALT LAKE CITY ORDINANCE
No. _____ of 2007
(Amending Business Permit Fees Collected by the Fire Prevention Bureau)

AN ORDINANCE AMENDING SECTION 2.12.040, *SALT LAKE CITY CODE*,
PERTAINING TO BUSINESS PERMIT.

WHEREAS, the City Council finds that the proposed ordinance is in the best interest of the City.

Now, Therefore, be it ordained by the City Council of Salt Lake City, Utah, as follows:

SECTION 1. That Section 2.12.040, *Salt Lake City Code*, pertaining to business permit fees be, and the same hereby is, amended to read as follows:

2.12.040 Business Permit Fees:

The city shall collect the following permit fees for each business activity regulated by the fire prevention bureau under the international fire code or other authority:

<u>Permit Type</u>	<u>Fee</u>
A. Hazardous materials permit:	
Minimal dispensing, use or storage:	
500 pounds (227 kilograms) or less for solids, or	\$390.00 <u>195.00 annually</u>
55 gallons (208.2 liters) or less for liquids, or	
200 cubic feet or less for compressed gases, or	
504 cubic feet or less of oxygen	
B. <u>Hazardous materials permit:</u>	
<u>Backup generator systems</u>	<u>145.00 annually</u>
<u>CB. Hazardous materials permit:</u>	
Storage - quantities exceeding minimal storage	440.00 <u>240.00 annually</u>

<u>DC.</u>	Hazardous materials permit:	
	Dispensing or use - quantities exceeding minimum	585.00 <u>390.00 annually</u>
	use or dispensing	
<u>E.</u>	Hazardous materials permit:	
	Body shop/garage under 5,000 square feet	<u>195.00 annually</u>
<u>FD.</u>	Hazardous materials permit:	
	Production and processing	685.00 <u>485.00 annually</u>
E.	Hazardous materials permit:	
	Tank installation, alteration, removal, abandonment, or disposal	585.00
<u>GF.</u>	Hazardous materials permit:	
	Gas stations	365.00 <u>170.00 annually</u>
<u>H.</u>	Hazardous materials permit:	
	<u>Tank installation, alteration, abandonment,</u>	
	<u>removal or disposal – up to three (3) tanks per site</u>	<u>390.00 single event</u>
	<u>each additional tank</u>	<u>95.00</u>
<u>IG.</u>	<u>Explosives permit:</u>	
	<u>Fireworks public display outdoor</u>	685.00 <u>485.00 single</u>
	<u>event</u>	
<u>JH.</u>	<u>Explosives permit:</u>	
	Blasting <u>Fireworks public display indoor</u>	485.00 <u>635.00</u>
	<u>annually</u>	
<u>K.</u>	<u>Pyrotechnic special effects materials permit:</u>	
	<u>Flame effects before an audience</u>	<u>195.00 single event</u>

<u>L.</u>	<u>Pyrotechnic special effects materials permit:</u>	
	Indoor fireworks	195.00 single event
<u>M.</u>	<u>Pyrotechnic special effects materials permit:</u>	
	1.4 grain fireworks	195.00 single event
<u>N.</u>	<u>Pyrotechnic special effects materials permit:</u>	
	Theatrical display	195.00 single event
I.	Fireworks public display Delta Center	685.00
<u>OJ.</u>	<u>State licensed healthcare facility:</u>	485.00
	0 to 3,000 square feet	145.00 annually
	3,001 to 6,000 square feet	195.00 annually
	6,001 to 10,000 square feet	240.00 annually
	10,000 or greater square feet	290.00 annually
<u>PK.</u>	<u>Hospitals:</u>	685.00 485.00
	<u>annually</u>	
<u>QL.</u>	<u>Lock box:</u>	
	Small	130.00 60.00 each
	Large	230.00 155.00 each
<u>RM.</u>	<u>National fire incident report (NFIR) form or</u>	15.00 <u>per request</u>
	<u>property incident search report:</u>	
N.	Blasting	585.00
<u>SO.</u>	<u>High rise permit:</u>	880.00
	7 to 12 floors	485.00 annually
	13 to 18 floors	585.00 annually

19 to 24 floors	680.00 annually
25 to 30 floors	780.00 annually
31 to 36 floors	880.00 annually
37 to 42 floors	975.00 annually
each additional 6 floors over 42 floors	95.00 per each

annually

TP. Open burning permit: 390.00 195.00

annually

Q. ~~Flame effects before an audience~~ 290.00

UR. Temporary membrane structures, tents, or canopies: 400.00

Single event up to 180 days 145.00

each additional structure on same site 45.00

VS. Place of assembly permit:

0 - 5,000 square feet 300.00 195.00

annually

5,001 - 10,000 square feet 400.00 290.00

annually

10,001 - 25,000 square feet 525.00 415.00

annually

25,001 - 50,000 square feet 675.00 560.00

annually

50,001 - 80,000 square feet 825.00 705.00

annually

80,001 - 125,000 square feet	1,000.00 <u>880.00</u>
<u>annually</u>	
125,001 - 200,000 square feet	1,250.00 <u>1,120.00</u>
<u>annually</u>	
200,001 square feet or greater	1,250.00 <u>1,120.00</u> plus
<u>\$100.00</u> <u>95.00</u> (annually) for any portion of each additional 20,000 square feet	
<u>WT. Exhibit and trade show permit:</u>	
0 - 5,000 square feet	175.00 <u>195.00</u> single
<u>event</u>	
5,001 - 10,000 square feet	250.00 <u>240.00</u> single
<u>event</u>	
10,001 - 25,000 square feet	325.00 <u>315.00</u> single
<u>event</u>	
25,001 - 50,000 square feet	400.00 <u>390.00</u> single
<u>event</u>	
50,001 - 80,000 square feet	475.00 <u>460.00</u> single
<u>event</u>	
80,001 - 125,000 square feet	550.00 <u>535.00</u> single
<u>event</u>	
125,001 - 200,000 square feet	700.00 <u>610.00</u> single
<u>event</u>	
200,001 square feet or greater	700.00 <u>610.00</u> single
<u>event plus \$100.00</u> <u>95.00</u> for any portion of each additional	

20,000 square feet

U.	Suppression, alarm or detection system installation 10 percent of system cost	
X.	Amusement building permit	290.00 single event
Y.	Hot works operations permit:	300.00 145.00
	annually	
Z.	Fire system and equipment installation permit:	
	Fee assessed for each man hour to perform	
	inspection during each phase of installation	95.00
AA.	Reinspection	240.00
	Fee assessed for each 1/4 man hour to perform	
	reinspection, including paperwork and travel time	20.00

SECTION 2. This ordinance shall take effect immediately upon the date of its first publication.

Passed by the City Council of Salt Lake City, Utah this _____ day of _____, 2007.

CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

Transmitted to Mayor on _____.

Mayor's Action: _____ Approved. _____ Vetoed.

MAYOR

ATTEST:

CHIEF DEPUTY CITY RECORDER

(SEAL)

Bill No. _____ of 2007.

Published: _____.

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date March 19, 2007
By Melanie Reif

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