



FIRE PLAN CHECK FEE STUDY

FINAL REPORT

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Stockton, CA

MATRIX
CONSULTING GROUP

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INTRODUCTION AND EXECUTIVE SUMMARY

The report that follows presents the results of the Fire Plan Check Fee Study conducted by Matrix Consulting Group for the Stockton Fire Department (Department).

PROJECT BACKGROUND AND OVERVIEW

The Stockton Fire Department’s fees were last updated in 2008. In 2020, Matrix Consulting Group conducted a comprehensive fee study for the Department; however, the results were not adopted due to the economic climate. The Department is looking to re-evaluate the relationship between its service costs and the fees associated with construction, fire protection systems, and emergency responder radio coverage. For this analysis, the project team used the prior study as a foundation, focusing specifically on the plan check component. The results of this study provide the Department with a tool to better understand current service levels and the associated costs.

GENERAL PROJECT APPROACH AND METHODOLOGY

The methodology employed by 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 Department or Program. Once the time spent on a fee activity is defined, all applicable fire prevention costs are then considered in calculating the “full” cost of providing each service. The following table provides an overview of the types of costs applied in establishing the “full” cost of services provided by the Department:

TABLE 1: OVERVIEW OF COST COMPONENTS

<i>Cost Component</i>	<i>Description</i>
<i>Direct</i>	Fiscal Year 2025-26 Budgeted salaries, benefits, and allowable expenditures.
<i>Indirect</i>	Division, departmental, clerical, and Department-wide support.

Together, the cost components in the table above comprise the calculation of the total “full” cost of providing a service, regardless of whether a fee for that service is charged. The work accomplished by Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Staff Interviews:** The project team interviewed staff regarding their needs for clarification of the structure of existing fee items or for the addition of new fee items.
- **Data Collection:** Data was collected for each permit/service, including time estimates. In addition, all budgeted costs and staffing levels for Fiscal Year 2025-26 were entered into 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 allocating no more than 100% of staff resources to both fee- and non-fee-related activities, ensured the validity of the data used in the analysis.
- **Comparative Survey:** A review of the surrounding jurisdictions’ (identified by the Department) published fee schedules and public documents (i.e., agenda items, staff reports, budgets, fee schedules, and ordinances) was conducted to provide a comparative fee analysis.
- **Review and Approval of Results with Staff:** Department management has reviewed and approved these documented results.

A more detailed description of user fee methodology and legal and policy considerations is provided in subsequent chapters of this report.

SUMMARY OF RESULTS

When comparing fee-related revenue with the calculated total annual cost, the Department is under-recovering its costs by approximately \$472,000, or 64%. The following table shows the revenue collected, total annual cost, resulting difference, and resulting cost recovery percentage for Plan Check-related services.

TABLE 2: ANNUAL COST RECOVERY ANALYSIS

Service Area	Fee-Related Revenue	Fee-Related Cost	Difference	Cost Recovery %
Fire Plan Check Services	\$841,174	\$1,312,914	(\$471,740)	64%

The most significant deficiencies are in Building Plan Check and Automatic Fire Sprinkler Systems, which account for about \$199,000 and \$117,000 of the deficit, respectively.

The detailed documentation of this study reveals over-collection for some fees (per unit) and undercharging for most others. The results of this analysis will provide the fire prevention division with guidance on how to right-size their fees to ensure each service unit is set at a level that does not exceed the full cost of providing that service. The display of the cost recovery figures in this report is intended to provide a basis for policy development discussions among Council members and fire prevention staff. It does not constitute a recommendation on how or where the City Council should act. The setting of the “rate” or “price” for services, whether at full cost recovery or at a lower level, is a policy decision to be made only by the City Council, with input from fire prevention staff and the community.

IMPLEMENTATION RECOMMENDATIONS

This report provides the Department with detailed information regarding cost recovery at the unit level. To ensure the Department can effectively utilize the information in this report and implement the results appropriately, Matrix Consulting Group has provided the following recommendations.

1. **Adopt a formal policy** regarding **cost recovery** goals.

2. **Adopt an annual fee-increase mechanism** to raise its fees each year to keep pace with cost-recovery goals and market conditions.
3. **Perform** a comprehensive **update** of its Fee Assessment **every 5 to 7 years**.

The above measures will help the Department document any cost-recovery decisions and allow future decision-makers to understand the fees charged for services and the reasons for any subsidies.

LEGAL FRAMEWORK

This section of the report provides an overview of the legal rules and regulations governing what constitutes a fee-for-service, how those fees can be calculated, general principles, philosophies, and policy considerations for setting fees for service.

LEGAL FRAMEWORK

A “user fee” is a charge for a service provided by a governmental agency to a public citizen or group. California has several Government Codes and Propositions that regulate fees for service, with the purpose of ensuring that fees are reasonable and justified. The most prominent and relevant of these include:

- ❖ **Proposition 26:** Passed in 2010, specifically outlined the difference between a fee and a tax and dictates that fees must be directly related to a service and cannot exceed the reasonable cost of that service.
- ❖ **Government Code § 50076:** clarifies that fees for service costs are not special taxes and do not need voter approval.
- ❖ **Government Code § 65104:** gives local governments the authority to charge planning and zoning fees to recover processing costs.

When determining service fees, it is important to ensure there is a **direct benefit**—the service is provided directly to the payer—and that the fees **are cost-based** and do not exceed the reasonable cost of providing the service.

GENERAL PRINCIPLES AND PHILOSOPHIES REGARDING USER FEES

Local governments provide many types of general services to their communities. While all services provided by local government are beneficial to constituents, some services are globally advantageous to all citizens, while others offer more direct benefits to specific groups or individuals. The following table provides examples of services provided by local government within a continuum of the degree of community benefit received:

TABLE 3: SERVICES IN RELATION TO BENEFIT RECEIVED

"Global" Community Benefit	"Global" Benefit and an Individual or Group Benefit	Individual or Group Benefit
<ul style="list-style-type: none"> •Police •Park Maintenance •Fire Suppression 	<ul style="list-style-type: none"> •Recreation / Community Services •Fire Prevention 	<ul style="list-style-type: none"> •Building Permits •Planning and Zoning Approval •Engineering Development Review

Funding for local government is obtained from myriad sources, such as taxes, fines, grants, special charges, and user fees. In recent years, alternative tax revenues, which typically offset subsidies for community services, have become increasingly limited. These limitations have led to increased attention on user fees as a revenue source that can offset costs otherwise subsidized (usually) by the general fund. In Table 3, services in the “global community benefit” section are primarily funded by voter-approved tax revenues. In the middle of the table, one typically finds a mixture of taxes, user fees, and other funding sources. Finally, in the “individual or group benefit” section of the table, are the services provided by local government that are typically funded almost entirely by user fees.

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 generally result in a monetary gain for the applicant, whereas Police services and Fire Suppression 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 law requires that charges for services be in direct proportion to the costs of providing those services. Once a service charge exceeds the actual cost of providing the 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 set at a level that recovers, at most, the cost of providing a particular service.

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 service provision based on the continuum of benefits received.

Within services typically funded by user fees, Matrix Consulting Group recognizes several reasons why fire prevention staff or the City Council may not advocate full cost recovery. 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 could include State-licensed residential care facilities.
- ❖ **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may lead to better community compliance. For example, suppose the cost of a vegetation management plan is too high. In that case, the community may not be able to obtain approval from the fire department, which could lead to hazardous conditions.
- ❖ **Effect on demand for a particular service.** Sometimes raising the "price" charged for services can reduce the number of program participants. This is essentially the case in Fire Prevention programs, such as CPR, CERT, Fall Prevention, or defensible space evaluations, where participants may compare the City's fees to those of surrounding jurisdictions or other options for support activities.
- ❖ **The benefits received by the service user and the community at large are mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole. Examples include event booth inspections and Fire/EMS standby at specific types of special events.

Matrix Consulting Group recognizes the need for policies that intentionally subsidize certain activities. The primary goals of a Fee Study are to provide a fair and equitable basis for determining the costs of providing services and ensure that the fire prevention division complies with State law.

SUMMARY OF LEGAL RESTRICTIONS AND POLICY CONSIDERATIONS

Once the full cost of providing services is known, the next step is to determine the "rate" or "price" for services at a level not more than the full cost. The Council is responsible for this decision, which often involves striking a balance between 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-service information from this Analysis, the Council can be assured that the adopted fee-for-service is reasonable, fair, and legal.

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 following chart describes the elements of a full cost calculation:



The following subsections discuss the two components of the full cost basis.

TIME ESTIMATION

The use of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and the unique processes of the fire prevention division developed them. The project team worked closely with fire prevention staff in developing time estimates with the following criteria:

- Estimates represent the **average time** required to provide services. Extremely difficult or abnormally simple projects are not factored into the analysis.
- Estimates reflect the time required for the **position or positions** that typically perform the service.
- 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 the time frame of this project.
- Estimates match current or proposed staffing levels to ensure no over-allocation of staff resources to fee- and non-fee-related activities.

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 on which to base a jurisdiction’s fees for service, and it meets the requirements of California law.

FULLY BURDENED HOURLY RATES

The fully burdened hourly rates calculated through this study include the following components:

- ❖ **Salaries:** FY25-26 Budgeted salaries were utilized and consolidated at the positional level.

- ❖ **Benefits:** FY25-26 Budgeted benefits were utilized and consolidated at the positional level.
- ❖ **Productive Hours:** Based on Stockton Fire Department's current personnel system rules, working or productive hours were calculated. This means taking the starting total working hours and reducing them by vacation, sick leave, holidays, training, and administrative leave, based on each bargaining unit.
- ❖ **Departmental/Divisional Overhead:** This captures any internal service charges or operating supply costs, such as vehicle expenses, supplies, and other related expenses. Additionally, this component includes the cost associated with support from the Fire Chief, Administrative, and Analytical staff who do not directly work on fees.

Together, these components result in the generation of fully burdened hourly rates by position/classification and/or by department /division. These rates were multiplied by the time assumptions to calculate the full cost of services noted in this report.

MODIFICATIONS

The Stockton Fire Department provides fire suppression, fire prevention, and emergency services to the City of Stockton and the surrounding Fire Districts it supports. The scope of fee-related services included in this analysis is plan check services related to construction projects, fire protection systems, and emergency responder radio coverage.

In discussions with staff, the following modifications were proposed to the current plan check portion of the fee schedule:

- ❖ **New Fees:** Staff proposed the addition of the following fees to capture new services or to capture services already provided but not codified in the current fee schedule:
 - **Automatic Fire Sprinkler System (Wet, Dry, Deluge, Foam, Fixed Spray, Pre-Action, etc.)**
 - 'Alterations (Wet Systems Only) - 1-10 heads' was added as an over-the-counter permit.
 - A 'per system' fee for 'Special Hazard Fire Extinguishing Foam Water Spray Nozzle System' was added.
 - **Fire Alarm Systems / Sprinkler Monitoring System/Automatic Fire/Smoke/Heat Detection System**
 - 'Extension to Existing System (Up to Five Devices)'
 - 'Fire Alarm System for Large Day Care'
 - 'Panel / Dialer Replacement'
 - An Emergency Responder Radio Coverage (ERRC) category was added with two fees: a 'per hour' 'Preliminary Testing' fee and a 'per system' 'Plan Check & Functional Testing' fee.
 - **Additional Plan Review Services / Miscellaneous**
 - 'Up to 90 Day Extension (Limit 2 Per Fire Marshal Approval)'
 - 'Demolition Work'
 - 'Office of Statewide Health Planning and Development (OSHPD) Review'
 - 'Department of State Architecture (DSA) Review'
 - 'San Joaquin County Building Permit Plan Review'
- ❖ **Eliminated Fees:** Staff proposed eliminating the following plan check fees from their fee schedule as these services are no longer offered or are no longer under the purview of the Department's responsibilities:
 - The fees associated with 'Photovoltaic (Solar) System Plan Check' were eliminated as the applicant will now be charged for these services under the building permit.

- Under Automatic Fire Sprinkler System (Wet, Dry, Deluge, Foam, Fixed Spray, Pre-Action, etc.), 'NFPA 13-R System' was eliminated.
- Under Additional Plan Review Services / Miscellaneous, 'Over the Counter (Express)' was eliminated.
- ❖ **Expanded Fees:** Staff proposed expanding the following fees to more accurately capture the complexity of services offered:
 - **Underground Fire Service**
 - 'Fire Service for Fire Sprinkler System' was expanded into a 'Base' and 'Per Lateral' category.
 - 'Fire Service for Private Fire Hydrant System' was expanded into a 'Base' and 'Per Hydrant' category.
 - **Automatic Fire Extinguishing / Fire Suppression System (Clean Agent, Dry Chemical, Hood & Duct)**
 - 'Clean Agent Fire Suppression /Dry Chemical System (includes FM 200, Inergen, CO2, Novec, etc.)' was expanded into the following three categories: '1-5 Nozzles', '6-10 Nozzles', and '11+ Nozzles'.
 - **Fire Alarm Systems / Sprinkler Monitoring System/Automatic Fire/Smoke/Heat Detection System**
 - A 'per device' fee for 'Over 100 devices' was added to the 'Fire Alarm System' tier.
- ❖ **Consolidated Fees:** To streamline the fee schedule, staff proposed the following consolidations:
 - Building Plan Check was consolidated into two categories: a 'Base Fee', which encompasses two reviews and two inspections, and an additional 'Plan Check Hourly Rate', applicable to any reviews beyond the two included in the base fee.
 - To avoid duplicates, all fees associated with the Specialized Fire Sprinkler System category were consolidated into Automatic Fire Sprinkler System (Wet, Dry, Deluge, Foam, Fixed Spray, Pre-Action, etc.) fees.
 - To avoid duplicates, all fees associated with the Automatic Fire Detection System category were consolidated into the following categories: Fire Alarm Systems / Sprinkler Monitoring Systems, Automatic Fire/Smoke/Heat Detection Systems.
 - The Specialized Gas Detection Systems (Ammonia / Carbon Monoxide / Refrigerant / Hydrogen / Medical Gas / CO2) category and all fees associated with the Water Flow category were consolidated into two 'per system' fees: 'Detection Services' and 'All Other'.
 - All revision fees within the Additional Plan Review Services / Miscellaneous category were consolidated into a single 'per review' fee titled 'Each Additional Cycle / Review'.
- ❖ **Modified Fees:** Staff proposed the following miscellaneous modifications to improve the transparency and usability of their fee schedule:

- Currently, 'Land Use / Entitlement Plan Review' and 'Infrastructure Plan Review' are captured based on an hourly rate. Staff proposed creating two flat fees that account for these frequently used plan reviews.
- The following fee names were reworked to reflect the service provided more accurately:
 - **Automatic Fire Sprinkler System (Wet, Dry, Deluge, Foam, Fixed Spray, Pre-Action, etc.)**
 - 'NFPA 13 System' was renamed 'New Fire Protection System'
 - 'Alterations' was renamed 'Alterations (Wet Systems Only)'
 - 'Alterations - 1-20 heads' was renamed 'Alterations – 11-20 heads'
 - **Underground Fire Service**
 - 'Replace Fire Dept. Connection/Fire Hydrant/Post Indicator Valve/Other' was renamed 'New/Replace/Repair Fire Dept. Connection/Fire Hydrant/Post Indicator Valve/Backflow Device/Other'
 - **Automatic Fire Extinguishing / Fire Suppression System (Clean Agent, Dry Chemical, Hood & Duct)**
 - 'Clean Agent Fire Suppression System (includes FM 200, Inergen, C02, Novec, etc.)' was renamed 'Clean Agent Fire Suppression /Dry Chemical System (includes FM 200, Inergen, C02, Novec, etc.)'
 - **Additional Plan Review Services / Miscellaneous**
 - 'Expedite Request (Review and approved within 3 business days)' was renamed 'Expedite Request'.
 - 'Fire Marshal Review' was renamed 'Fire Marshal Review (Alternative Materials & Methods)'

The modifications noted ensure that the proposed Fire Plan Check fee schedule more accurately reflects the services provided by Department staff.

DETAILED RESULTS

The motivation behind a cost of services (User Fee) analysis is to provide City Council and Department staff with an understanding of the cost of delivering services and whether current fees cover those costs. The results of this study should be used to adjust fees so that services are maintained at a level that is both acceptable and effective for the community, while also being fiscally responsible.

It should be noted that the results presented in this report are not a precise measurement. In general, a cost-of-service analysis takes a “snapshot in time,” utilizing a fiscal year’s financial and operational information. Changes to the structure of fee names, along with the use of time estimates, allow only for a reasonable projection of subsidies and revenue. Consequently, the Council and staff should rely conservatively upon these estimates to gauge the impact of implementation going forward. The complete analytical results were provided to fire prevention staff under separate cover from this summary report.

The Department administers fees for plan check services related to construction projects, fire protection systems, and emergency responder radio coverage. The total cost calculated for each service includes direct staff costs and divisional/departmental overhead. The following table details the fee name, current fee, total cost, and difference associated with each service offered.

TABLE 4: TOTAL COST PER UNIT RESULTS

Fee Name	Unit	Current Fee	Total Cost	Difference
Building Plan Check				
Plan Check - Express	Each	\$281	\$850	(\$569)
Plan Check				
Base Fee	Each	\$562	\$987	(\$425)
Plan Check hourly rate	Per Hour	\$249	\$182	\$67
Land Use / Entitlement Plan Review				
Land Use / Entitlement Plan Review	Each	\$249	\$577	(\$328)
Infrastructure Plan Review				
Infrastructure Plan Review	Each	\$249	\$577	(\$328)
Automatic Fire Sprinkler System (Wet, Dry, Deluge, Foam, Fixed Spray, Pre-Action, etc.)				
New Fire Protection System				
1-20 heads	Per Riser	\$811	\$914	(\$103)
21-99 heads	Per Riser	\$1,436	\$1,468	(\$32)
100-400 heads	Per Riser	\$1,686	\$2,244	(\$558)
Over 400 heads	Per Riser	\$1,935	\$3,197	(\$1,262)
NFPA 13-D System	Per System	\$875	\$1,482	(\$607)
Alterations (Wet Systems Only)				
1-10 heads	Per Riser	\$437	\$614	(\$177)
11-20 heads	Per Riser	\$437	\$705	(\$268)
21-99 heads	Per Riser	\$875	\$1,108	(\$233)
100-plus heads	Per Riser	\$1,124	\$1,482	(\$358)

Fee Name	Unit	Current Fee	Total Cost	Difference
Special Hazard Fire Extinguishing Foam Water Spray Nozzle System	Per System	New	\$1,970	N/A
Fire Sprinkler Appliances				
Standpipe Systems (wet, dry, combo)	Each	\$811	\$869	(\$58)
Fire Hose Racks	Each	\$562	\$869	(\$307)
Fire Pump (plan check & test) flat rate	Each	\$1,686	\$1,365	\$321
Underground Fire Service				
Fire Service for Fire Sprinkler System				
Base	Base	\$1,436	\$1,306	\$130
Per Lateral	Each	Modified	\$580	N/A
Fire Service for Private Fire Hydrant System				
Base	Base	\$1,436	\$1,306	\$130
Per Hydrant	Each	Modified	\$580	N/A
Emergency Repair for Underground Fire Service	Each	\$875	\$839	\$36
New/Replace/Repair Fire Dept. Connection/Fire Hydrant/Post Indicator Valve/Backflow Device/Other	Each	\$562	\$839	(\$277)
Automatic Fire Extinguishing / Fire Suppression System (Clean Agent, Dry Chemical, Hood & Duct)				
New				
1-11 Flow Points	Flat	\$811	\$960	(\$149)
12-22 Flow Points	Flat	\$1,060	\$1,140	(\$80)
23 or more flow points	Flat	\$1,373	\$1,411	(\$38)
Alteration to Existing System		\$562	\$869	(\$307)
Clean Agent Fire Suppression /Dry Chemical System (includes FM 200, Inergen, CO2, Novec, etc.)				
1 - 5 Nozzles	Flat	\$1,373	\$960	\$413
6 - 10 Nozzles	Flat	\$1,373	\$1,140	\$233
11+ Nozzles	Flat	\$1,373	\$1,411	(\$38)
Fire Alarm Systems / Sprinkler Monitoring System / Automatic Fire / Smoke / Heat Detection System				
Fire Alarm System				
1-10 devices	Flat	\$811	\$1,195	(\$384)
11-25 devices	Flat	\$1,124	\$1,646	(\$522)
26-50 devices	Flat	\$1,373	\$2,104	(\$731)
51-100 devices	Flat	\$1,686	\$2,814	(\$1,128)
Over 100 devices	Per Device	\$17	\$29	(\$12)
Each Additional Story (above or below 1st floor)	Each	\$249	\$651	(\$402)
Extension to Existing System (Up to Five Devices)	Flat	New	\$778	N/A
Fire Alarm system for Large Day Care	Flat	New	\$778	N/A
Panel / Dialer Replacement	Each	New	\$778	N/A
Specialized Gas Detection Systems (Ammonia / Carbon Monoxide / Refrigerant / Hydrogen / Medical Gas / CO2)				
Detection Systems	Per System	\$1,124	\$960	\$164
All Others	Per System	\$1,124	\$960	\$164
Emergency Responder Radio Coverage (ERRC)				
Preliminary Testing	Per Hour	New	\$236	N/A
Plan Check & Functional Testing	Per System	New	\$1,320	N/A
Additional Plan Review Services / Miscellaneous				
Each Additional Cycle/Review	Per Review	\$249	\$452	(\$203)
Hourly Rate (plan review)	Per Hour	\$249	\$182	\$67
Expedite Request	Each	Double Permit Fee		
Work Performed Without Permit(s)	Each	Double Permit Fee		

Fee Name	Unit	Current Fee	Total Cost	Difference
"As Built" Drawings	Per Submittal	\$125	\$543	(\$418)
Up to 90 Day Extension (Limit 2 Per Fire Marshal Approval)	Each	\$85	\$270	(\$185)
Demolition Work	Each	New	\$270	N/A
Office of Statewide Health Planning and Development (OSHPD) Review	Per Review	New	\$1,458	N/A
Department of State Architecture (DSA) Review	Per Review	New	\$1,458	N/A
San Joaquin County Building Permit Plan Review	Each	New	\$1,515	N/A
Fire Marshal Review (Alternative Materials & Methods)	Each	\$313	\$817	(\$504)
Technology Fee - Fire	% of Permit	New	2.51%	N/A

Generally, the fees evaluated through this analysis tend to under-recover. The largest under-recoveries at \$1,262 and \$1,128 are in relation to 'Automatic Fire Sprinkler System (Wet, Dry, Deluge, Foam, Fixed Spray, Pre-Action, etc.) – Over 400 heads' and 'Fire Alarm Systems / Sprinkler Monitoring System/Automatic Fire/Smoke/Heat Detection System – 51 – 100 devices' respectively.

Overages range from a high of \$413 for 'Clean Agent Fire Suppression /Dry Chemical System (includes FM 200, Inergen, CO2, Novec, etc.) – 1-5 Nozzles' to a low of \$32 for 'New Fire Protection System 21-99 heads'. Most overages result from staff recommendations to re-categorize various services, allowing staff time and effort to be more accurately aligned with project complexity.

As part of this analysis, the project team calculated a fire-specific Technology Fee. The intent behind the surcharge is to allow the City to recover costs associated with the software licensing of the permit and plan check systems used (Acella, Bluebeam, etc.), as well as the eventual replacement costs of the systems, annual maintenance of the systems, and other related expenses. Annual staffing and licensing costs were divided by total projected annual fire revenue, resulting in a 2.51% fee to be assessed on all fire prevention fees, not just plan check fees.

It is best practice to collect and account for the Technology surcharge in a separate account or subaccount, as this ensures compliance with funding requirements, enables the appropriate allocation of funds to long-term technology-related activities, and mitigates potential issues arising from the commingling of funds.

ANNUAL REVENUE IMPACT

Based on the prior year’s workload information, the Department has a deficit of roughly \$472,000. The following table shows the revenue at the current fee, total projected annual cost, and the resulting difference by major fee category.

TABLE 5: ANNUAL RESULTS – STOCKTON FIRE DEPARTMENT

Fee Category	Revenue at Current Fee	Annual Cost	Difference
Building Plan Check	\$236,255	\$435,411	(\$199,156)
Land Use / Entitlement Plan Review	\$37,101	\$85,973	(\$48,872)
Infrastructure Plan Review	\$8,715	\$20,195	(\$11,480)
Automatic Fire Sprinkler System	\$245,207	\$362,110	(\$116,903)
Fire Sprinkler Appliances	\$6,680	\$5,833	\$847
Underground Fire Service	\$47,204	\$49,751	(\$2,547)
Automatic Fire Extinguishing / Fire Suppression System	\$22,274	\$23,468	(\$1,194)
Fire Alarm Systems / Sprinkler Monitoring System / Automatic Fire / Smoke / Heat Detection System	\$123,065	\$197,822	(\$74,757)
Specialized Gas Detection Systems	\$23,604	\$20,160	\$3,444
Emergency Responder Radio Coverage (ERRC)	\$0	\$1,320	(\$1,320)
Additional Plan Review Services / Miscellaneous	\$91,069	\$110,871	(\$19,802)
Total	\$841,174	\$1,312,914	(\$471,740)

The largest source of the deficit, at \$199,000, is within the Building Plan Check category, specifically for the ‘Plan Check’ fee. The City currently charges \$562 per review, while the calculated full cost is \$987, resulting in a per-unit deficit of \$425. Given that this fee was applied roughly 300 times during the past fiscal year, this variance accounts for the majority of the cost-recovery gap.

The next most significant deficit, totaling \$117,000, is associated with the Automatic Fire Sprinkler category. The ‘NFPA 13-D System’ and ‘New Fire Protection System – Over 400 heads’ fees make up a majority of the difference. As with Building Plan Check, the existing fee levels are lower than the calculated costs, and even slight adjustments would significantly improve cost recovery.

Two categories, Specialized Gas Detection Systems (\$3,100) and Fire Sprinkler Appliances (\$963), show minimal overages. Both categories were modified following discussions with City staff, and the resulting proposed fee structure more accurately reflects the current level of service offered. It is typical to see adjustments like these during fee studies, as part of the goal of ensuring the fees reflect current process improvements and staff effort.

The typical cost recovery range for Fire Prevention services is 80%-100%. The Department is at 64%, which is below the typical range.

Overall, the department should review these results and adjust fees to align with cost-recovery goals.

RECOMMENDATIONS

This chapter presents recommendations to strengthen the Fire Department's Plan Check fee structure and overall cost recovery framework. The recommendations address strategies for refining fee calculation methodologies, establishing a regular timeline for comprehensive fee studies, implementing an annual fee adjustment mechanism, and developing formal cost recovery policies. Together, these recommendations aim to enhance transparency, ensure long-term cost recovery, and maintain the Department's plan check services as both financially sustainable and responsive to community needs.

FORMALIZED COST RECOVERY POLICY

This study has identified areas where the Department is under-collecting the costs associated with providing services. Other City revenue sources are therefore subsidizing this known funding gap. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known funding gap is recognized.

The Governmental Finance Officers Association's (GFOA) best practices for *Establishing Government Charges and Fees* state that governmental entities should adopt formal policies regarding charges and fees which include the jurisdiction's intention to recover the full cost or partial costs of providing services, sets forth circumstances under which the jurisdiction might set a charge or fee at less than or more than 100% of full cost, and outlines the considerations that might influence pricing decisions.

The development of cost recovery policies and procedures ensures that current and future decision-makers understand how and why fees were determined and set. It provides a roadmap for ensuring consistency as the Department moves forward. Policies can be general in nature and can apply broadly to the Department as a whole, or to specific divisions or programs. Division- or program-specific policies enable the Department to manage cost recovery for various types of services, ensuring alignment with fiscal goals and community benefits.

RECOMMENDATION #1

The Department should review current cost recovery levels and adopt a formal policy regarding cost recovery.

INCREASE MECHANISMS

To keep fees aligned with cost recovery goals and keep pace with inflation and other market conditions, the Department should adopt an annual increase mechanism. The development of annual update mechanisms allows jurisdictions to maintain current levels of cost recovery while accounting for increases in expenditures related to permit services. The two most common types of update


mechanisms are the Consumer Price Index (CPI) and the Cost of Living Adjustment (COLA). The following points provide further detail on each mechanism.

- **COLA/Personnel Cost Factor:** Jurisdictions often provide their staff with annual salary adjustments to account for increases in local costs of living. These increases are not tied to merit or seniority, but rather intended to offset rising costs for housing, gas, and other livability factors. Generally, these factors are around two or three percent annually.
- **CPI Factor:** A standard method of increasing fees or costs is to look at regional cost indicators, such as the Consumer Price Index. The Bureau of Labor Statistics calculates these factors, which are released at various intervals throughout the year and are specific to each region.

The Department should review its current options internally (COLA) and externally (CPI) to determine which better reflects the Department’s and the City's goals. If choosing a CPI factor, the Department should specify which CPI to use, including the specific region and adoption date. If selecting an internal factor, the Department should again specify which factor, if multiple exist.

RECOMMENDATION #2

The City should adopt an annual fee-increase mechanism to raise its fees each year to keep pace with cost-recovery goals and market conditions.



COMPREHENSIVE ANALYSIS UPDATE

The purpose of a comprehensive update is to revisit the analytical structure, service-level estimates, and assumptions from the previous study, and to account for any significant shifts in cost components, organizational structures, code changes, and other relevant factors. However, conducting an annual comprehensive analysis of fee-related services and costs would be time-consuming and costly.

The Government Finance Officers Association’s (GFOA) best practices for *Establishing Government Charges and Fees* state that governmental entities should review and update fees periodically based on factors such as the impact of inflation, other cost increases, and adequacy of cost recovery, use of services, and the competitiveness of current rates to avoid significant infrequent fee increases.

A general rule of thumb for comprehensive fee analyses is between five and seven years, as this allows for jurisdictions to ensure they account for organizational changes such as staffing levels and merit increases, as well as process efficiencies, code or rule changes, or technology improvements.

RECOMMENDATION #3

The City should perform a comprehensive update of its Fee Assessment every 5 to 7 years.



APPENDIX – COMPARATIVE SURVEY

As part of the Cost of Services (User Fee) study for the Stockton Fire Department, Matrix Consulting Group conducted a comparative survey of user fees. The City identified three agencies to be included in the comparative survey: the Coastside Fire Protection District, the Cosumnes Community Services District, and the Livermore-Pleasanton Fire Department¹. The project team then reviewed public documents (i.e., agenda items, staff reports, budgets, fee schedules, and ordinances) and/or contacted jurisdictions to obtain comparative information.

While this full report provides the Department with a reasonable estimate and understanding of the actual costs of providing services, many jurisdictions also wish to benchmark themselves against other comparable jurisdictions to understand the local “rates” for similar services. This type of comparative analysis enables the City to determine the types of fee level changes its community can tolerate. However, benchmarking does not provide adequate information regarding the relationship of other jurisdictions’ costs to their fees (i.e., policy decisions to subsidize, cost recovery goals, etc.). To contextualize this portion of the analysis, the project team provided economic and recency factors for the comparable jurisdictions.

The following sections detail various factors to consider when reviewing comparative survey results, as well as graphical comparisons of current fees and total calculated costs for multiple permits issued or services provided by the City.

ECONOMIC FACTORS

To provide additional context for the comparative survey information, the project team collected economic data for the included jurisdictions. Three critical economic factors to consider when comparing fees across multiple jurisdictions are: population, budget, and workforce size. These factors can impact how and when fees are administered. For instance, a jurisdiction with a smaller population may choose not to charge a fee, or a smaller workforce size may limit its ability to administer a fee effectively. The following tables rank each jurisdiction from smallest to largest for each of these economic factors:

¹ While the Livermore – Pleasanton Fire Department is a single entity they charge different rates based on where the project is located. Due to this they will be represented separately to show fees administered by either city.

TABLE 6: RANKING OF JURISDICTIONS BY POPULATION

Jurisdiction	Population²
Coastside FPD ³	30,000
Pleasanton	77,232
Livermore	85,899
Cosumnes CSD ⁴	214,000
Stockton Fire	320,877

TABLE 7: RANKING OF JURISDICTIONS BY CITYWIDE TOTAL BUDGET

Jurisdiction	FY25-26 Budget⁵
Coastside FPD	\$21,473,299
Livermore	\$82,227,970
Pleasanton	\$164,138,082
Cosumnes CSD	\$203,021,156
Stockton Fire	\$996,016,180

TABLE 8: RANKING OF JURISDICTIONS BY FTE

Jurisdiction	FY25-26 Authorized FTE
Coastside FPD	38
Cosumnes CSD	393
Pleasanton	435
Livermore	511
Stockton Fire	1,779

Compared to the surveyed jurisdictions, the City of Stockton ranks highest in terms of population, budget, and staffing.

RECENCY FACTOR

While the above comparative information can provide some perspective when comparing Stockton’s fees with those of surveyed jurisdictions, other key factors to consider include when a jurisdiction’s fee schedule was last updated and when the last comprehensive analysis was conducted. It is essential to note that, although jurisdictions may have conducted recent fee studies, their fees are not always adopted at full cost recovery. The comparative results only show the adopted fee for the surveyed jurisdiction, not necessarily the full cost associated with the comparable service.

The following tables detail when each surveyed jurisdiction last conducted a fee analysis and when they last updated their fee schedule:

² California Finance estimates as of 1/1/2025 were used to determine each jurisdiction’s population.
³ Coastside FPD provides services for the City of Half Moon Bay and the Communities of Montara, Moss Beach, Princeton, El Granada and Miramar in addition to the surrounding unincorporated areas.
⁴ Cosumnes CSD provides services the City of Elk Grove, the City of Galt, and a portion of the unincorporated area of South Sacramento County.
⁵ To ensure appropriate comparisons, full operating budget (all funds) has been used for all jurisdictions.

TABLE 9: LAST FEE SCHEDULE UPDATE

Jurisdiction	Response
Coastside FPD	2024
Cosumnes CSD	2025
Livermore	2025
Pleasanton	2025

TABLE 10: LAST FEE STUDY CONDUCTED

Jurisdiction	Response
Coastside FPD	2023
Cosumnes CSD	2023
Livermore	2017
Pleasanton	N/A

All surveyed jurisdictions have published an updated fee schedule within the last two years. Coastside FPD and Cosumnes CSD both performed fee studies in 2023, and Livermore conducted a survey in 2017. Information on the date of the last fee study conducted for Pleasanton was not available.

ADDITIONAL FACTORS

Along with keeping the statistics outlined in the previous sections in mind, the following issues should also be noted regarding the use of market surveys in the setting of service fees:

- **Cost Recovery Factors:** Each jurisdiction and its associated fees differ, and many are not based on the actual cost of providing services, as various policy decisions may subsidize these services.
- **Fee Variance Factors:** The same “fee” with the same name may include different steps or sub-activities. Jurisdictions also provide varying levels of service and incur other costs associated with providing services, such as staffing levels, salary levels, and indirect overhead costs.

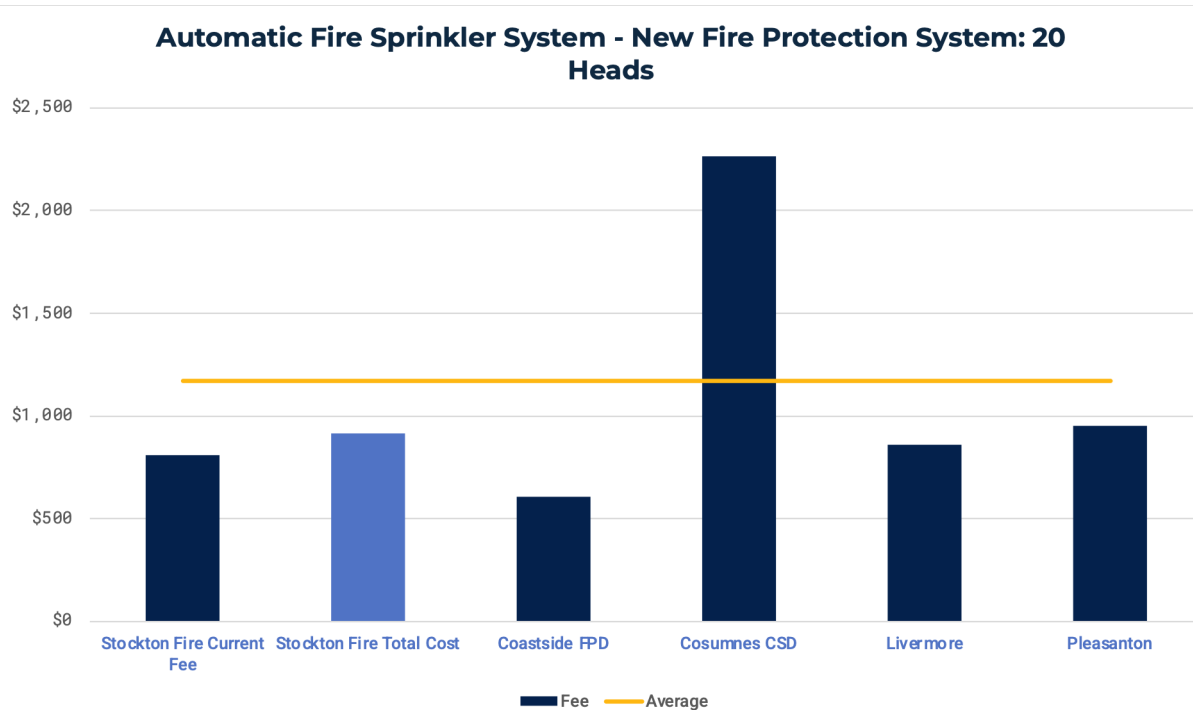
In addition to the issues noted, market surveys can also run the risk of creating a confusing excess of data that obscures rather than clarifies policy issues. Because each jurisdiction is unique, Matrix Consulting Group recommends using the market comparison of fees as a secondary decision-making tool, rather than the primary method for determining an acceptable price point for services.

COMPARATIVE SURVEY RESULTS

As part of this study, the project team conducted a survey to compare the City’s current user fees and calculated full costs with those of other identified jurisdictions. The following subsections provide a comparative analysis of several fee-related services offered by the City versus those provided by the surveyed jurisdictions.

AUTOMATIC FIRE SPRINKLER SYSTEM - NEW FIRE PROTECTION SYSTEM: 20 HEADS

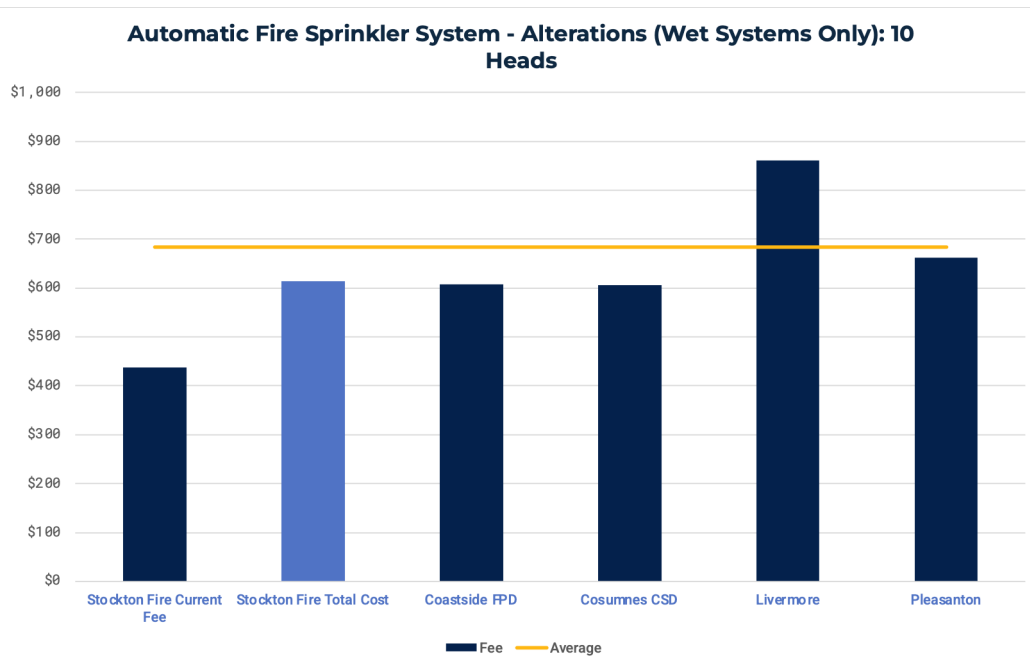
Stockton currently charges \$811 for a new fire sprinkler system with 20 heads. Through this study, the project team calculated the full cost of this service to be \$914. The following graph illustrates the comparison between Stockton’s current fee and full cost with the fees charged by surveyed jurisdictions.



Stockton’s current fee and full cost are below the jurisdictional average of \$1,171. The current fee is most comparable to Livermore’s fee of \$860, while the full cost calculated is most comparable to the fee charged in Pleasanton (\$952). At \$2,265, Cosumnes CSD charges the highest fee for this service.

AUTOMATIC FIRE SPRINKLER SYSTEM - ALTERATIONS (WET SYSTEMS ONLY): 10 HEADS

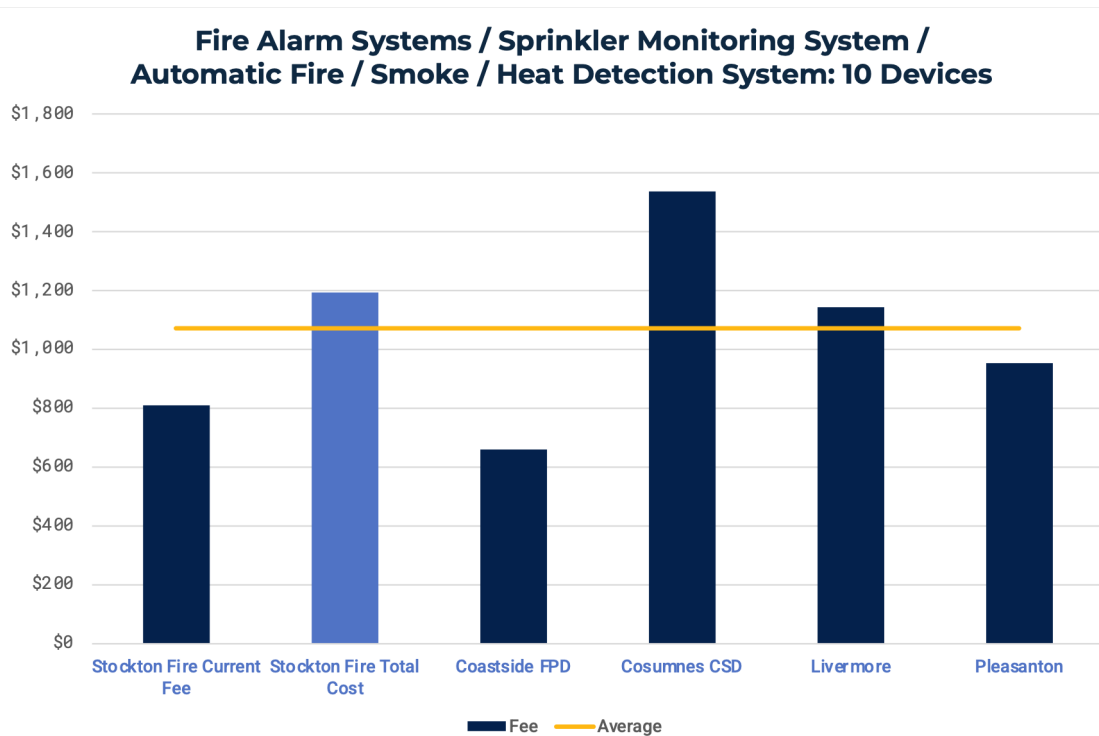
Stockton currently charges \$437 for an alteration to a fire sprinkler system of 10 heads. Through this study, the project team calculated the full cost of this service to be \$614. The following graph illustrates the comparison between Stockton’s current fee and full cost with the fees charged by surveyed jurisdictions.



Stockton’s current fee is lower than all surveyed jurisdictions. The full cost calculated is slightly below the jurisdictional average of \$684 and most comparable to the fee charged by Coastside FPD (\$608). At \$860, Livermore charges the highest fee for this service.

FIRE ALARM SYSTEMS / SPRINKLER MONITORING SYSTEM / AUTOMATIC FIRE / SMOKE / HEAT DETECTION SYSTEM: 10 DEVICES

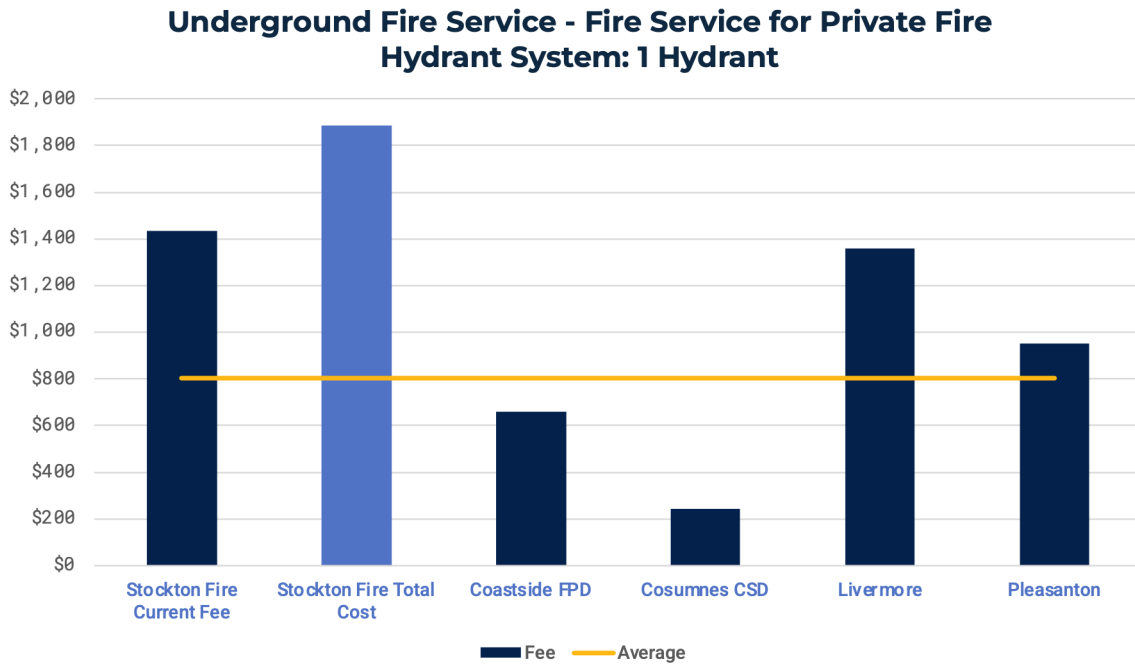
Stockton currently charges \$811 for a new fire alarm system with 10 devices. Through this study, the project team calculated the full cost of this service to be \$1,195. The following graph illustrates the comparison between Stockton’s current fee and full cost with the fees charged by surveyed jurisdictions.



Stockton’s current fee is lower than the jurisdictional average of \$1,074 and most comparable to the fee charged by Coastside FPD (\$659). The total cost calculated is above the jurisdictional average and most comparable to the fee charged by Livermore (\$1,145). At \$1,538, Cosumnes CSD charges the highest fee for this service.

UNDERGROUND FIRE SERVICE - FIRE SERVICE FOR PRIVATE FIRE HYDRANT SYSTEM: 1 HYDRANT

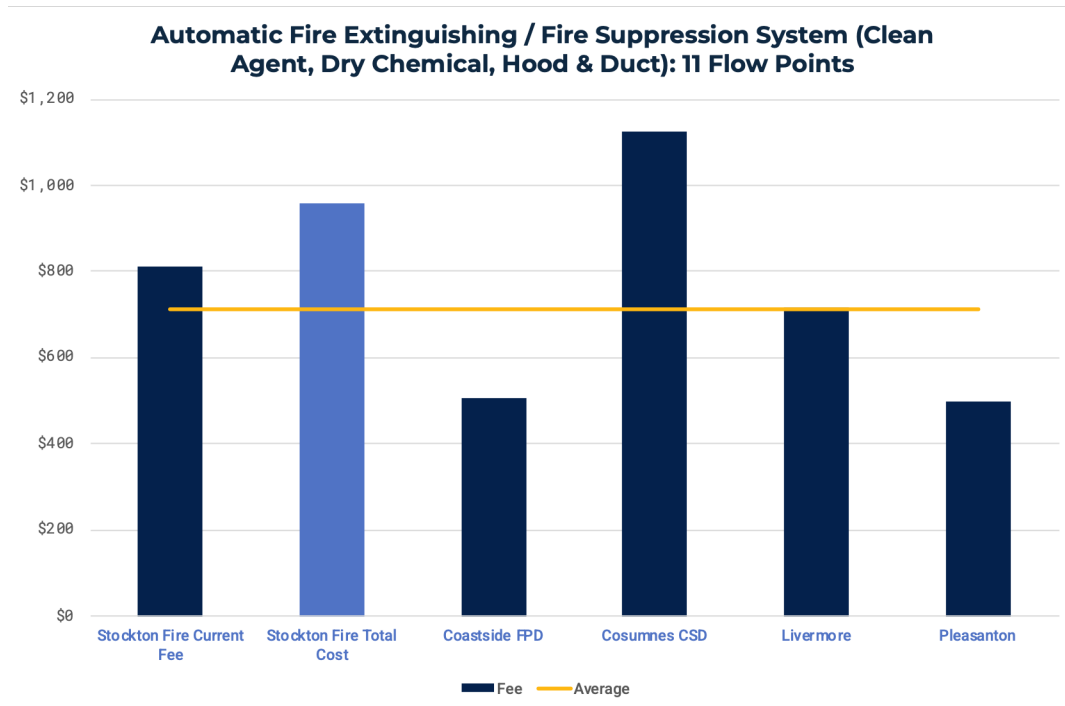
Stockton currently charges \$1,436 for the underground fire service review of a single hydrant. Through this study, the project team calculated the full cost of this service to be \$1,886. The following graph illustrates the comparison between Stockton’s current fee and full cost with the fees charged by surveyed jurisdictions.



Stockton’s current fee and full cost are above the jurisdictional average of \$804 and most comparable to the fee charged by Livermore (\$1,361). At \$245, Cosumnes CSD charges the lowest fee for this service.

AUTOMATIC FIRE EXTINGUISHING / FIRE SUPPRESSION SYSTEM (CLEAN AGENT, DRY CHEMICAL, HOOD & DUCT): 11 FLOW POINTS

Stockton currently charges \$811 for an automatic fire extinguishing system with 11 flow points. Through this study, the project team calculated the full cost of this service to be \$960. The following graph compares Stockton’s current fee and full cost with the fees charged by surveyed jurisdictions.



Stockton’s current fee and full cost are above the jurisdictional average of \$711. The current fee is most comparable to Livermore’s fee of \$716, while the full cost calculated is most comparable to the fee charged by Cosumnes CSD (\$1,123). At \$497, Pleasanton charges the lowest fee for this service.

SUMMARY

Of the surveyed jurisdictions, Stockton’s current fees and total costs are most aligned with those charged by Livermore and Coastside FPD. It is essential to note that the results of this survey reflect only the fees adopted by the respective governing bodies, not the cost-recovery policy decisions of departments or the jurisdiction as a whole. Furthermore, these results do not provide a comparison of the tasks, services, or approvals associated with each permit. As such, the results of this survey should be used as a secondary tool for decision-making.