



Fees and Charges Report

Date: April 4, 2024

To: Audit, Finance, and Enterprise Committee

Through: Scott Butler, Assistant City Manager

From: Mary Cameli, Fire Chief
Shawn Alexandar, Deputy Chief/Fire Marshal

Subject: Mesa Fire & Medical Department Update to Schedule of Fees and Charges, Citywide

Purpose and Recommendation

Mesa Fire and Medical Department recommends increasing commercial building fire inspection fees by 5%. If approved by City Council, the changes will take effect July 1, 2024.

Background

Mesa Fire Prevention uses an education-based methodology to address fire code violations with a goal of gaining voluntary compliance to correct open violations rather than through enforcement of fines or citations.

Arizona Revised Statute 37-1383 A.5 allows cities to enforce compliance with an adopted fire code. Mesa Fire Code section 104.1 grants the authority to conduct fire inspections within the City of Mesa (COM). In January 2007, COM Resolution 8894 approved the collection of fees “with respect to services provided by the fire department.” Initially, the fees were for high and medium risk occupancies only. While the current fee structure assists with partial cost recovery, it does not directly tie to actual time spent by a Mesa Fire Inspector to plan, conduct, and formally document each inspection.

In approximately FY 2014/15, inspection fees were raised by 2% in coordination with City Management. An operational philosophy change began in January 2015 when Mesa Fire Prevention started following the National Fire Protection Association standard 1730 which recommended frequency of inspection of occupancies in the high, medium, and low risk categories. In May 2018, Mesa City Council approved the low risk inspection program and the addition of a triennial inspection fee for the low risk occupancy inspections.

In December 2023, the Mesa City Council approved a new fee structure for high-risk occupancies over 100,000 square feet to offset additional staff time spent on conducting inspections. These new fees for High Risk Occupancy inspections went into effect January 1, 2024.

Discussion

The Fire Prevention Division has a goal of cost recovery to offset a large portion of the Division's expenditures. The current fire inspection fee structure was created in 2007, and the last increase to the base inspection fees was a 2% increase in FY 2014/15. Since 2015, the City has implemented multiple market adjustments for pay. The proposed increase to the fire inspection fees will assist in the goal of cost recovery of the Prevention Division. This would represent the first increase since the 2% in FY 2014/15 and only the second increase since the fee structure was implemented in 2007.

While the High Risk Plus Occupancy Categories were recently added, they were calculated using the High Risk Occupancy category as its base. Because the base will change, so will the High Risk Plus Occupancy categories to better capture cost of inspectors.

Methodology

Mesa Fire and Medical Prevention Division attempts to recover all costs.

In the current model, MFMD has 11 Fire Inspector positions (I-III) and two part-time non-benefited positions. The budgeted personnel expenditures total \$1.24M. In 2023, inspectors performed 3,900 inspections and brought in \$980K in revenue (including non-billable). Increasing the fees by approximately 5% will generate approximately \$47K in revenue, allowing the Department to begin to close the gap between revenues and expenditures and recover more of its direct inspection costs.

Alternatives

If the fees are not increased, cost recovery is diminished, shifting the burden to the General Fund.

Fiscal Impact

Based on the 2023 inspection numbers, an approximate five percent increase to all billable fees would have an estimated annual fiscal impact of approximately \$39K in billable revenues. If non-billable inspections were included it would be an additional \$7.9K.

Total annual fiscal impact by category, calculated by the actual number of inspections completed in 2023, is estimated as follows:

Risk Occupancy Level	Number of Annual Inspections	New Fee	Additional Annual Revenue
Low	1,145	\$161	\$8,760
Medium	423	\$161	\$3,240
High < 12,000 sq. ft.	1,042	\$268	\$13,290
High 12,000 < 100,000 sq. ft.	510	\$482	\$11,700
High 100,000 < 300,000 sq. ft.	47	\$589	\$1,320
High 300,000 < 500,000 sq. ft.	7	\$696	\$230
High 500,000 < 1,000,000 sq. ft.	1	\$910	\$40
High ≥ 1,000,000 sq. ft.	3	\$1,339	\$130
Total			\$38,710

Coordinated With

Mesa Fire and Medical Department worked with the Office of Management and Budget.

Fees & Charges Schedule – Key

Heading Configuration

<u>Schedule of Fees & Charges</u>
Department
Contact Information
HEADING 1
HEADING 2
<i>Heading 3</i>
Description of Fee
Description of Fee 2

Font Indications

Font	Font Indications
Regular Font	Existing fee or language
Strikethrough	Fee or language will be deleted from the Fee Schedule
BOLD CAPS	Language is being added to Fee Schedule
Bold	New or increased Fee Amount

Schedule of Fees & Charges

Exhibit A – Fire Inspections

Department: Mesa Fire and Medical

480-644-2400

Description of Service	Current Fee Range	Proposed Fee Range	Unit	Revenue Source Code	Total Fiscal Impact	Notes
<i>Fire Inspections</i>				1101-3145		
Low Risk Occupancy	\$153.00	\$161.00	TRIENNIAL		\$8,760.00	Added unit
Medium Risk Occupancy	\$153.00	\$161.00	BIENNIAL		\$3,240.00	Added unit
High Risk Occupancy <12,000 sq ft	\$255.00	\$268.00	ANNUAL		\$13,290.00	Added unit
High Risk Occupancy 12,000 < 100,000 sq ft	\$459.00	\$482.00	Annual		\$11,700.00	
High Risk Occupancy 100,000 < 300,000 sq ft	\$561.00	\$589.00	Annual		\$1,320.00	
High Risk Occupancy 300,000 < 500,000 sq ft	\$663.00	\$696.00	Annual		\$230.00	
High Risk Occupancy 500,000 < 1,000,000 sq ft	\$867.00	\$910.00	Annual		\$40.00	
High Risk Occupancy ≥ 1,000,000 sq ft	\$1,275.00	\$1,339.00	Annual		\$130.00	

Estimated Total Annual Fiscal Impact*: \$38,710.00

**Fees and Charges Schedule Range includes tax. Fiscal impact is net of tax.*