



## **FIRE PREVENTION SECTION**

### **PROPOSED USER FEE UPDATE – HOURLY RATE INCREASE, HAZARDOUS MATERIALS ANNUAL ASSESSMENT FEE INCREASE, AND FEES RELATED TO THE ADOPTION OF THE 2024 PHOENIX FIRE CODE**

#### **OVERVIEW**

The mission of the City of Phoenix Fire Department's Fire Prevention Section is to reduce the risk of fire, hazardous materials events, and other dangers within our community. To accomplish this mission, the Fire Marshal's Office utilizes the Phoenix Fire Code, based on a nationally recognized model code, to help safeguard lives, property, and first responders from these risks and hazards. Through plan reviews, inspections, assessments, and strong partnerships with the community, development sector, local industries, and other stakeholders, Fire Prevention promotes safe, sustainable growth across our community.

The Phoenix Fire Code and the Fire Prevention Fee Schedule together provide the foundation and resources necessary to achieve this mission. These fees directly support critical activities that allow the Fire Prevention Section to maintain effective risk reduction programs, uphold national life safety standards, and continue serving our community at the highest level.

Many of the fees within the Fire Prevention Fee Schedule have not been adjusted in more than two decades. As a result, they no longer align with current economic conditions, organizational costs, or inflationary trends. In addition, the 2024 employee compensation package approved by the City Council further increased operational costs within the Fire Prevention Section. The combination of outdated fee structures and modern cost realities has created a widening gap between the resources required to maintain essential fire prevention services and the revenue generated to support these services.

The goal of these proposed fee adjustments is to ensure that essential community risk reduction programs and prevention efforts are not reduced, delayed, or diverted because of these increased costs. Maintaining alignment between operational expenses and fee recovery is vital to sustaining the personnel, tools, and technology necessary to keep Phoenix safe as the city continues to grow.

#### **BACKGROUND**

The current Fire Prevention hourly rate of \$150 was last formally studied in 2011 and adjusted in 2013. Since that time, according to the U.S. Bureau of Labor Statistics, the Consumer Price Index (CPI for the Phoenix metropolitan area has increased by more than 45%, reflecting an average annual inflation rate of approximately 3.49%. The CPI measures the average change in prices paid by consumers for goods and services over time, reflecting inflation. It's calculated by the U.S.

Bureau of Labor Statistics and is specific to regions like the Phoenix metro area. CPI is used to help evaluate fee adjustments by showing how much service delivery costs have increased due to inflation. During this same period, the Employee Cost Index, which measures changes in wages and benefits, has risen at a comparable rate. These combined economic trends highlight the growing disparity between the costs necessary to sustain Fire Prevention operations and the static fee structure that has remained unchanged for more than a decade.



Similarly, the annual assessment fees for hazardous materials facilities were last adjusted in 2003. In the more than twenty years since that adjustment, the CPI for the Phoenix metropolitan area has increased by approximately 78%, while these fees have remained unchanged. This prolonged stagnation has eroded the fee's ability to recover actual program costs, placing additional strain on Fire Prevention resources needed to manage hazardous materials oversight, inspections, and compliance activities that directly protect both the community and first responders.

The adoption and associated fee changes of the new Phoenix Fire Code are vital to ensuring the city remains aligned with current national life safety standards, evolving technologies, and modern construction practices. The updated code strengthens the city's ability to protect life and property through enhanced requirements, improved enforcement tools, and new provisions addressing emerging hazards such as energy storage systems, high-rise infrastructure, and advanced building systems. It improves consistency with partner agencies like the Planning and Development Department, supports efficiency in permitting and inspections, and promotes better data collection for community risk reduction. Most importantly, adopting the new code reflects Phoenix's continued commitment to proactive community risk reduction, firefighter safety, and community resilience in a rapidly growing and changing urban environment.

## PROPOSALS

The Phoenix Fire Department is proposing three strategic update categories to the Fire Prevention Fee Schedule to ensure the continued delivery of high-quality, community-focused fire prevention services. These proposed changes are necessary not only to maintain cost recovery in the face of rising operational expenses and inflationary growth but also to build long-term financial resiliency and expand our capacity to meet the demands of a growing community.

As Phoenix continues to experience rapid development and increasing complexity in fire and life safety needs, it is critical that our Fire Prevention Section remains equipped with the personnel, tools, and resources required to protect lives, property, and first responders. These adjustments will help close the widening gap between service costs and revenue, sustain essential risk reduction programs, and support the department's ability to adapt and scale alongside the city's growth.

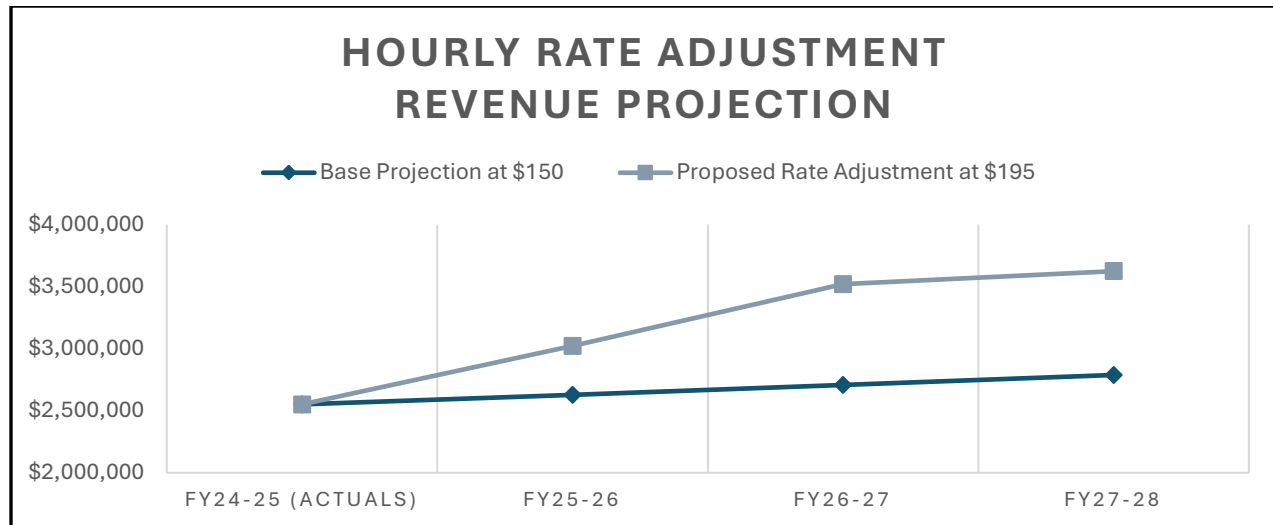
This proposal reflects our commitment to responsible fiscal stewardship, operational excellence, developmental growth, and the safety of the Phoenix community, today and into the future.

***Hourly Rate Adjustment:*** The Fire Department proposes raising the Fire Prevention hourly rate used for plan reviews, inspections, and similar activities from \$150 to \$195 per hour, representing a 30% increase that remains below the inflation rate. This proposed rate is consistent with the rate increase being proposed by the City's Planning and Development Department (PDD) and supports Fire Prevention resiliency. It is important to note that the cost of staffing and performing inspections is comparable between Fire Prevention and PDD, as both departments utilize parallel processes, apply interrelated codes, and work collaboratively in support of the development community and overall community risk reduction. PDD recently completed a comprehensive rate study that determined this rate level, and Fire Prevention's adjustment mirrors that study to achieve a similar recovery rate for fire prevention activities of comparable nature and complexity. This action also supports alignment of development sector fees, as PDD life safety systems permitting fees are established through the Fire Prevention Fee Schedule.



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	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Percent. Increase</u>	
Hourly Rate	\$150	Up to \$195	Up to 30%	
<u>Fiscal Year</u>	<u>Base Projected Revenue</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>	<u>Projected Revenue</u>
FY24-25	\$2,551,456 (actuals)	\$150.00	N/A	\$2,551,456 (actuals)
FY25-26	\$2,627,999	\$195.00	30.0%	\$3,022,198 (½ FY)
FY26-27	\$2,706,839	\$195.00	30.0%	\$3,518,890
FY27-28	\$2,788,044	\$195.00	30.0%	\$3,624,457





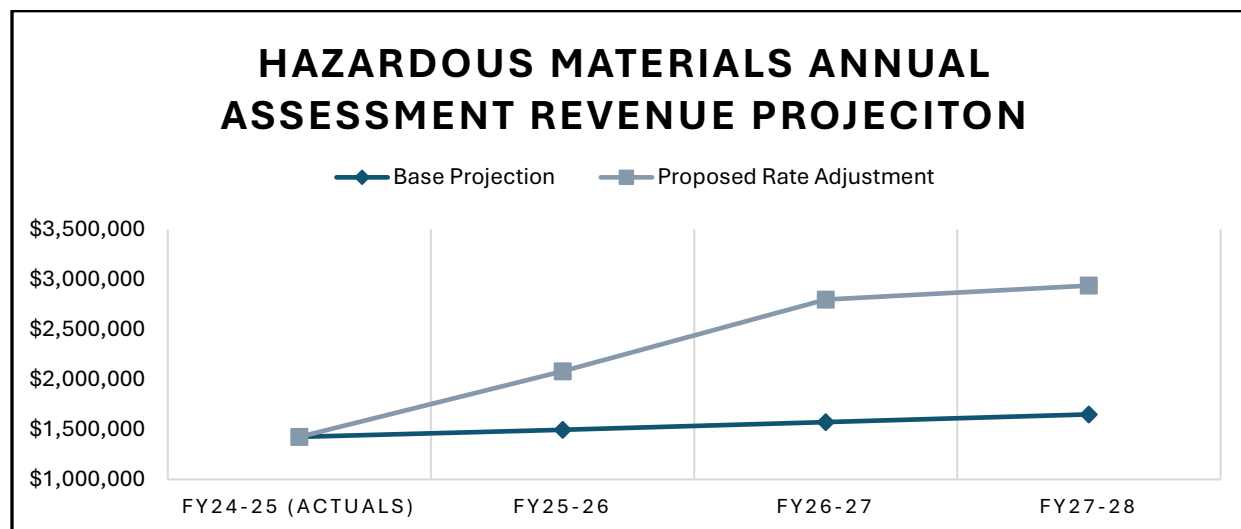
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***Hazardous Materials Annual Assessment Fee Adjustment:*** The second strategic proposal is to adjust the Fire Prevention Annual Hazardous Materials Assessment Fees to align with program and staff cost increases, as well as cumulative 78.25% CPI growth since 2003, when they were last adjusted. These annual fees directly fund the personnel and resources needed to manage the citywide hazardous materials program. This includes regular inspections, permit compliance, and ongoing engagement with facility representatives to achieve and maintain code compliance and first responder awareness, ultimately enhancing safety for both the community and first responders. The City of Phoenix's Budget and Research Department has reviewed and agrees with this fee increase proposal.

	<u>Current Fee</u>	<u>Proposed Fee Adjustment</u>
Group 1	\$400.00	\$710.00
Group 2	\$800.00	\$1,425.00
Group 3	\$1,250.00	\$2,225.00
Group 4	\$800.00 / \$1,650.00	\$1,425.00 / \$2,940.00
Group 5	\$550.00 + \$125.00 each tank	\$980.00 + \$220.00 each tank

<u>Fiscal Year</u>	<u>Base Projected Revenue</u>	<u>Percent Increase</u>	<u>Projected Revenue</u>
FY24-25	\$1,425,043 (actuals)	N/A	\$1,425,043 (actuals)
FY25-26	\$1,496,295	78%	\$2,079,850 (½ FY)
FY26-27	\$1,571,109	78%	\$2,796,574
FY27-28	\$1,649,665	78%	\$2,936,403





**Adoption of the 2024 Phoenix Fire Code and Associated Fees:** The 2024 International Fire Code introduced several new operational permits at the national level. These new permits are now being proposed for local incorporation, which will include corresponding fees that reflect the time, technical expertise, and resources required for their review, inspection, and administration. In addition, Fire Prevention is proposing new and modified fees to support consulting and technical assistance services that enhance customer project success. These services provide opportunities for early collaboration, helping applicants better understand complex code requirements, develop and implement alternate means and methods, and ultimately achieve compliance more efficiently. Adjustments are also being proposed to state-licensed facility fee structures to streamline both customer and staff processing. These updates will improve clarity and transparency for customers by helping them easily identify which fees apply to their operations, while also reducing administrative workload and simplifying the overall permitting and inspection process.

Activity Description	Current Fee	Proposed Fee
Appeals to the Fire Marshal (When Additional Time Required)	<i>N/A</i>	Minimum \$195* (1 hour)
Staff Consultation and Research Fee	<i>N/A</i>	Minimum \$195* (1 hour)
Indoor Plant Cultivation Operational Permit	<i>New Permit</i>	Minimum \$390* (2 hours)
Lithium batteries Operational Permit	<i>New Permit</i>	Minimum \$390* (2 hours)
Temporary heating or cooking in tents or membrane structure Operational Permit	<i>New Permit</i>	Minimum \$195* (1 hour)
Temporary heating or cooking in wildfire risk area Operational Permit	<i>New Permit</i>	Minimum \$195* (1 hour)
Temporary heating for construction site Operational Permit	<i>New Permit</i>	Minimum \$195* (1 hour)
Assisted Living Facilities, Behavioral Health Care Facilities, Developmentally Disabled Group Care Homes, and Juvenile Home Operational permits	Minimum \$150 (1 hour)- \$10 per licensed resident/bed	Minimum <del>\$150</del> \$390* (± 2 hour)- <del>\$10 per</del> <del>licensed</del> <del>resident/bed</del>
<i>*Rate based on proposed hourly rate increase</i>		



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### **CLOSING SUMMARY**

The proposed updates to the Fire Prevention Fee Schedule are essential to maintaining the City of Phoenix Fire Department's ability to deliver high-quality, community-focused risk reduction services. These strategic adjustments, including an increase to the Fire Prevention hourly rate, updates to the Hazardous Materials Annual Assessment Fees, and the adoption of new and revised operational permit fees, are grounded in economic data, operational needs, and alignment with citywide development practices.

By addressing long-standing gaps between service costs and fee recovery, these changes will enable the Fire Prevention Section to manage growing demands, uphold national safety standards, and support developmental growth. The proposals also enhance and streamline administrative processes, improving customer service through clearer fee structures and expanded technical support offerings. Together, these efforts reinforce the department's commitment to protecting lives, property, and first responders while fostering a safer and more resilient Phoenix.