Memo

To: Executive Deans

From: Elvira San Juan
Assistant Vice Chancellor
Capital Planning, Design & Construction

Richard West
Vice Presidents of Administration
CPDC Managers
Building Coordinators

Date: February 4, 2005

State Fire Marshal Fees

The State Fire Marshal (SFM) is now charging for ALL services. CPDC will increase SFM fees and coordinate payments to SFM.

We have been formally advised that for the period starting July 1, 2004, the SFM is seeking to charge fees for both plan review AND inspection services. Previously we had only been paying the increment for expedited plan review services. All SFM plan review and inspection services will continue as they have. If we are not successful limiting the retroactive nature of the SFM request, projects that have not yet been assessed CPDC charges will be assessed .25% (up from .07%) for the SFM. This will result in total CPDC charges (inclusive of our fees) increasing for state projects from 1.57 - 1.67% to 1.75 - 1.85% and nonstate projects from .57% to .75%.

A revised 2-7 for the 2006/07 program will soon be online reflecting the anticipated increases in SFM costs to .25% of the construction budget. While we are counter proposing to the SFM that this new rate apply to projects starting in 2004/05 there is very little leverage we have as the SFM has secured statutory authority to charge fees to recoup its costs (Health and Safety Code Section 13138). We recognize that the campuses are managing the project budget and will accommodate this cost as necessary.

We are working with the SFM to have them to bill CPDC rather than the campuses individually. Just as we had been doing with our expedited plan review program CPDC will collect the (new) formula driven amount from each major capital project (both state and nonstate) to cover these additional SFM charges. We were paying $250,000 a year for our current expedited review program. Based on estimates recently provided by the SFM their services are projected to total approximately $1,000,000 per year.

We have informed Department of Finance of this change and our plan to increase the budgeted soft costs in 2006/07 to cover this additional expense. We are working to minimize the impact of this increase and will pass along additional information as soon as it becomes available.