



## **CITY OF FORT BRAGG**

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### **COUNCIL COMMITTEE ITEM SUMMARY REPORT**

**MEETING DATE:** August 23, 2016  
**TO:** Community Development Committee  
**FROM:** Marie Jones, Community Development Director  
**AGENDA ITEM TITLE:** **Receive Report and Consider Making a Recommendation to City Council to Adopt a Resolution to Establish a Two Year Moratorium on Enforcement of the Fire Sprinkler Ordinance**

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#### **ISSUE:**

Councilmember Scott Dietz requested a staff report to introduce and analyze the effects of placing a two year moratorium on the Fire Sprinkler Ordinance. Councilmember Dietz expressed concern that the ordinance may have an unintended chilling effect on remodeling and reuse of commercial properties in Fort Bragg. Specifically property owners may:

1. Re-scope their remodel and rehabilitation projects so that they are less than the \$75,000 limit in order to avoid installing fire sprinklers; and
2. Forego purchasing properties and undertaking major improvements, such as remodeling unused upstairs office space into residential units, because the projects don't provide a good return on investment when fire sprinklers are also required.

#### **ANALYSIS**

This staff report recaps the discussion and adoption history for the ordinance, reiterates the changes made to the ordinance in 2014/15, analyzes the costs and benefits of fire sprinklers, and the direct and indirect impacts of both the ordinance and the proposed moratorium.

***Fire Sprinkler Ordinance History.*** The City of Fort Bragg first adopted an ordinance regulating automatic fire sprinklers in 1985, and it was later amended in 1997, 1999, 2003, 2007, and 2014. The purpose of the ordinance is to ensure that significant remodel projects include installation of automatic fire sprinklers.

In 2014, the City Council considered major modifications to the sprinkler ordinance. The ordinance adoption process was both contentious and drawn out. The ordinance adoption process included eight City Council meetings<sup>1</sup> and one CDC meeting. In March, May, October and November of 2014 and again in June and July of 2015, the City Council engaged in extensive discussions regarding the fire sprinkler ordinance.

The adopted Fire Sprinkler Ordinance instituted the following changes to the previous ordinance:

- Reaffirmed the application of the ordinance to commercial remodel projects, which includes multi-family;
- Increased the remodel valuation amount that triggers implementation of the ordinance requirements from \$50,000 to \$75,000 within any three-year period;
- Includes all repair, maintenance and remodel costs in the new \$75,000 valuation calculation;
- Removed the requirement that businesses within the City's core downtown block (bounded by Laurel-Redwood-Franklin-Main) install fire sprinklers within four years of adoption of the ordinance. Additionally staff was directed to identify a funding source to support installation of sprinklers in the downtown core;
- Modified the ordinance to clarify the basis of valuing the remodel, repair and/or maintenance work;
- Revised the approval process for the sprinkler valuation; and
- Defined a clear appeal process.

Due to complications in the ordinance adoption process, on June 8, 2015, the City Council discussed the need to re-adopt the modified ordinance and debated once again whether or not to include the four-year deadline for installation of fire sprinklers on properties in the core block. On a 4-1 vote, the Council reaffirmed the final direction (to not include the four-year deadline for installation of fire sprinklers on properties in the core block) provided at the November 10, 2014 City Council meeting. The City Council also reaffirmed its intent to reinstate the mandatory downtown core fire sprinkler requirement once a funding source is identified to assist with this process. The ordinance was subsequently adopted.

### ***Benefits of Fire Sprinklers***

In order to understand the benefits of automatic sprinklers, a basic knowledge of fire behavior is illustrative. The typical accidental fire begins as a slow growth, smoldering process which may last from a few minutes to several hours. During this period heat generation increases, producing light to moderate volumes of smoke. During this early stage automatic fire sprinklers can control the fire before significant losses occur. Once flames appear the fire rapidly changes from a relatively minor situation to a serious event with rapid flame and heat growth. Ceiling temperatures can exceed 1,000° C (1,800° F) within the first minutes. Within 3–5 minutes, the room ceiling acts like a broiler, raising temperatures high enough to "flash" which simultaneously ignites all combustibles in the room. At this point, most contents will be destroyed and humans cannot survive. Successful fire suppression is dependent on extinguishing flames before, or immediately upon, flaming combustion and, for this, automatic

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<sup>1</sup> (3/10/2014, 5/9/2014, 9/18/2014, 10/14/2014, 11/2/2014, 6/8/2015, 7/13/2015, and 8/24/2015)

fire sprinklers are essential. Automatic fire sprinklers are activated by heat (+165 degrees) at the individual sprinkler head so unintentional triggering of the system (by burning toast for example) is impossible.

The benefits of automatic fire suppression systems are well documented and these include:

- Reduced death and injury to residents, employees and fire-fighters. The risk of dying from a fire is reduced by about 80% in a sprinklered home, compared with a non-sprinklered home.
- Reduced value of property loss. For example, property damage in hotel fires has been reduced by 78 percent in sprinklered buildings compared to non-sprinklered buildings. The average loss in a home with sprinklers is \$1,945, while the average loss for a home without sprinklers is \$17,067.
- Reduced fire insurance costs. According to a recent study by NFPA's Fire Protection Research Foundation, in California the savings for installing a fire sprinkler system, by insurer, are as follows: State Farm, Farmers and Allstate all provide a 10% discount (these three firms provide 51% of the homeowners insurance in California), Nationwide provides a 6% discount and Auto Club Express provides a 0% discount. The savings from installation of sprinklers is not large because sprinklers cause water damage when activated which is a recoverable damage under policies.

### ***Costs of Fire Sprinklers***

The fire sprinkler ordinance results in direct costs to property owners and businesses seeking to remodel and/or upgrade existing commercial buildings in Fort Bragg. The cost to install a fire sprinkler system depends on the size, type, and occupancy of the building and if the project is a new construction project or a remodel.

- Installation of a fire sprinkler system in new residential or commercial projects is less expensive than remodel projects, with a typical cost of about \$1-2/SF. Additional cost savings are realized because the water line for the development is appropriately sized to meet all water service needs, including the sprinkler system.
- It costs more to install a fire sprinkler system as part of a remodel project. According to local contractors, installation of sprinklers heads and lines can vary from \$4 to \$6/SF in a remodel project. However most water service lines must be upsized to serve the additional water demand generated by the sprinkler and this cost depends on the distance to the water line rather than the size of the building. The upgrade to the water service can be from 25% to 50% of the whole sprinkler install cost, or an additional \$2 to \$3/SF. Thus, sprinkler retrofits cost from \$6 to \$9/SF for sprinkler install and water line connections. Slightly higher costs (up to \$12/SF) are likely for historic buildings where aesthetics and design issues come into play.

***Benefits of the Fire Sprinkler Ordinance.*** As a consequence of the Fire Sprinkler Ordinance, fire sprinklers have been installed in 14 commercial buildings since 2013 (see table 1). By comparison only four new commercial construction projects had sprinklers installed as a result of the Uniform Building Code, which requires the installation of fire suppression sprinklers in all new commercial buildings. Overall, since 2013, there has been \$2,174,342 invested in remodel projects that also triggered sprinkler installations. During this same period \$2,126,542 has invested in new commercial construction projects and also had sprinklers installed.

| Table 1: Fort Bragg Fire Sprinkler Implementation Through the Fire Sprinkler Ordinance |                       |   |                   |                                 |                  |                 |
|--|-----------------------|---|-------------------|---------------------------------|------------------|-----------------|
|  |                       |   |                   | Commercial Sprinklers Installed |                  |                 |
| Year   | Address               | Business - project  | Project Valuation | Remodel                         | New Construction | Sprinkler Limit |
| 2016   | 660 S Main Street     | Safeway   | \$ 60,000.00      | Yes                             |                  | \$ 75,000.00    |
| 2016   | 101 N Franklin Street | Hospitality Center  | \$ 189,950.00     | Yes                             |                  | \$ 75,000.00    |
| 2015   | 190 E. ELM ST.        | Overtime Brewery - Remodel and Change of Use                              | \$ 71,100.00      | In process                      |                  | \$ 75,000.00    |
| 2015   | 576 S MAIN ST         | Starbucks - Remodel   | \$ 160,000.00     | Yes                             |                  | \$ 75,000.00    |
| 2015   | 450 & 452 S McPherson | Habitat for Humanity Duplex   | \$ 237,312.67     |                                 | Yes              | \$ 75,000.00    |
| 2014   | W Cypress Street      | City of Fort Bragg, Wastewater Treatment Plant                            | NA                |                                 | Yes              | \$ 50,000.00    |
| 2014   | 331 Harrison St       | 331 Harrison St   | NA                | yes                             |                  | \$ 50,000.00    |
| 2014   | 764 S Franklin        | Avila center  | NA                | Yes                             |                  | \$ 50,000.00    |
| 2014   | 551 Casa Del Noyo     | Marino res. Casa del noyo   | \$ 49,000.00      | Yes                             |                  | \$ 50,000.00    |
| 2014   | 1131 N MAIN ST        | Surf & Sand Sprinkler Installation Required by 2013 Remodel               | \$ 42,650.00      | Yes                             |                  | \$ 50,000.00    |
| 2014   | 700 S MAIN ST         | TACO BELL DRIVE-THROUGH   | \$ 780,000.00     | Yes                             |                  | \$ 50,000.00    |
| 2014   | 189 BOATYARD DR       | DOLLAR TREE STORE -- TENANT IMPROVEMENTS                                  | \$ 207,000.00     | Yes                             |                  | \$ 50,000.00    |
| 2014   | 455 N MAIN ST         | Brewery - NEW MILLING TOWER   | \$ 90,000.00      | Yes                             |                  | \$ 50,000.00    |
| 2015   | 454 & 456 S McPherson | Habitat for Humanity Duplex   | \$ 207,066.67     |                                 | Yes              | \$ 50,000.00    |
| 2014   | 490 S MAIN ST.        | Rite Aide - INTERIOR REMODEL, NEW CONSULTATION ROOM, ADA COMPLIANCE, ETC. | \$ 75,000.00      | Yes                             |                  | \$ 50,000.00    |
| 2014   | 455 N MAIN ST         | Brewery - 320 SF ADDITION OF BANQUET ROOM                                 | \$ 65,000.00      | Yes                             |                  | \$ 50,000.00    |
| 2013   | 511 CASA DEL NOYO     | Noyo Harbor Inn - REMOVE DECK, REPAIR & REMODEL EXISTING BUILDING         | \$ 108,000.00     | Yes                             |                  | \$ 50,000.00    |
| 2013   | 330 Cypress Street    | Cottages at Cypress   | \$ 1,682,162.67   |                                 | Yes              | \$ 50,000.00    |
| 2013   | 544 N MAIN ST         | Brewery - SOLAR ON ROOF   | \$ 276,642.00     | Yes                             |                  | \$ 50,000.00    |
|  |                       | Total   | \$ 4,300,884.00   | 14                              | 4                |                 |

The installed fire sprinklers will reduce the risk of property damage and loss of life due to fire within these 14 buildings.

### ***Unintended Consequences of Fire Sprinkler Ordinance.***

The ordinance may place an opportunity cost on the community in the form of lost potential new jobs and investments in buildings, as some property and business owners choose not to undertake a project or significantly reduce the size of a project in order to avoid installing fire sprinklers. Staff is aware of the following projects which were modified or abandoned due to the fire sprinkler ordinance.

- *300 N Harrison Street.* The new owners of this mixed use building want to complete a major remodel of this structure but are going to phase the project over a number of years to avoid installing sprinklers.
- *Fiddles and Cameras Building.* Local business owners were interested in purchasing this building and wanted to remodel the upstairs into 5 small apartments, but abandoned the project because it did not pencil with the fire sprinkler requirement.
- *Golden West.* The new owners of the Golden West hotel are going to delay an earthquake retrofit and foundation repair project in order to avoid hitting the \$75,000 sprinkler threshold. Sprinkler installation in this building will cost an estimated \$150,000. In the near term they will proceed with much needed bathroom remodels to serve the existing Single Room Occupancy (SRO) tenants of the building.
- *Blackdoor Remodel.* The owners of the 344 N Main Street sought to earthquake retrofit this building and redo the facade with a historic false front, but abandoned the project due to the sprinkler requirement.

While reviewing the information for Table 1 above, staff looked for evidence of projects which were priced just below the threshold, perhaps indicating that applicants were downsizing their

projects in order to avoid installing sprinklers. Table 2 below, identifies seven additional projects, totaling \$341,733 in value, which may have been scoped below the threshold to avoid installation of Fire Sprinklers. If the Community Development Committee directs staff to bring this item forward to the City Council, staff will contact each of these property/business owners to determine: 1) if they scoped their project to avoid installing sprinklers; and 2) what the value of their project would have been absent the sprinkler requirement.

| Year  | Address            | Business - project                                  | Project Valuation | Installed |                  | Sprinkler Limit |
|-------|--------------------|---|-------------------|-----------|------------------|-----------------|
|       |                    |   |                   | Remodel   | New Construction |                 |
| 2015  | 119 N FRANKLIN ST  | Mixed use building - Remodel                        | \$ 62,866.67      | No        |                  | \$ 75,000.00    |
| 2015  | 1011 S Main Street | Cliff House - Remodel & New Bar                     | \$ 25,000.00      | No        |                  | \$ 75,000.00    |
| 2015  | 119 N Franklin St  | Remodel and Window Install                          | \$ 62,866.67      | No        |                  | \$ 75,000.00    |
| 2014  | 119 N FRANKLIN     | DEMO STUCCO AROUND WINDOWS, PATCH STUCCO & REFINISH | \$ 48,000.00      | No        |                  | \$ 50,000.00    |
| 2013  | 401 Cypress Street | Redwood Health Club                                 | \$ 49,000.00      | No        |                  | \$ 50,000.00    |
| 2013  | 100 N MAIN         | PG&E INTERIOR RENOVATION                            | \$ 50,000.00      | No        |                  | \$ 50,000.00    |
| 2013  | 455 N MAIN ST      | Brewery - NEW STRUCTURE FOR NEW HOPPER EXTERIOR     | \$ 44,000.00      | No        |                  | \$ 50,000.00    |
| Total |                    |   | \$ 341,733.33     | 7         | 0                |                 |

### ***Impacts of a Fire Sprinkler Ordinance Moratorium.***

A fire sprinkler ordinance moratorium could result in additional investment in commercial structures in Fort Bragg, which could result in new business activity and new construction projects. However a two year fire sprinkler moratorium could also result in a lost opportunity to require sprinklers as part of remodel projects in many older wood constructed buildings on zero lot lines in and around the downtown and throughout Fort Bragg.

### **RECOMMENDATION:**

Staff does not recommend adoption of a resolution establishing a Fire Sprinkler Ordinance moratorium at this time.

1. Staff is concerned about the timing of the proposed moratorium. The topic is likely to be controversial given the level of discussion and time that was dedicated to this ordinance in 2014 and 2015 and it is unlikely to be completed before the election in November. Additionally, with two new City Council members seated in December of 2016, any preliminary direction could be reversed, which could increase frustration on the part of property and business owners. It would be cleaner to start this discussion with the new Council in early 2017.
2. Once adopted, a moratorium on a fee or requirement may be difficult for City Council to reinstate. For example, City Council adopted a moratorium by resolution on the implementation of the downtown Parking in Lieu Fee, which allows businesses that are re-using existing structures that do not have sufficient parking for a more intensive use to avoid both providing that parking and paying the parking in-lieu fee which is utilized to rent the Skunk Train parking lot for public use. This 2 year moratorium was originally adopted in 2012 and was extended for an addition two years in 2014. It may be extended again by the end of 2016, when it expires.

### **ATTACHMENTS:**

Attachment 1- Fire Sprinkler Moratorium Letter from Chief Orsi