

SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

1. Legislation Title:

AN ORDINANCE relating to the Building and Construction Codes, Subtitle VI, Fire Code; adding, deleting, and revising various Seattle Fire Department permit, certificate, inspection, and plan review fees and related provisions; and amending Sections 15.35.010, 22.602.010, 22.602.045, 22.602.050, 22.602.070, and 22.602.090 of the Seattle Municipal Code.

2. Summary and background of the Legislation:

This legislation would adjust fee levels, modify fee titles, add new fees, and eliminate certain fees that are charged by the Seattle Fire Department's (SFD's) Fire Prevention Division, also known as the Fire Marshal's Office. The Fire Prevention Division administers the Fire Department fire prevention program. The program's purpose is to help ensure the safety of Seattle residents, workers and visitors and protect them and their property from the hazards of fires, explosions, and dangerous conditions including releases of hazardous materials. The proposed changes to the fee ordinance are intended to re-align fee levels with current service costs; continue to provide partial funding for a multi-year project to update essential business systems that have exceeded their useful life; and, ensure consistency with the 2015 Seattle Fire Code. The proposed legislation would result in an overall revenue increase for 2019 of \$1.2 million and bring cost recovery levels to 92%.

Background

The Fire Prevention Division has historically operated by collecting fees that offset some of the costs of providing fire prevention services to direct service users. Consistent with Executive and Council direction, cost recovery levels in the Fire Prevention Division have increased over time. Both direct and indirect costs of providing services are included when making cost recovery calculations.

Fees for all fire prevention services are proposed to be increased, with the intent to preserve cost recovery levels by realigning fees with program costs that have experienced negotiated increases in wages and benefits since fees were last modified. The proposed fees also maintain contributions of \$400,000 annually that were introduced in the 2017 Adopted Budget to help fund replacement of essential and significantly outdated technology systems in the Fire Prevention Division. In addition to across-the-board fee increases related to changes in base costs including labor and technology, the following program-specific fee modifications are proposed:

Special hazards/hazardous materials. This bill proposes a small number of new temporary permits for use at construction sites, to create more appropriate permitting options for the variety

of hazardous materials and processes at construction sites. This bill also proposes the deletion of an overly specific construction site permit (permit code 8202-CH) and the use of heaters at construction sites will be included in one of the new permits proposed. Fee changes proposed in this legislation are anticipated to increase special hazards revenue by \$285,000.

Certification. Technicians engaged in the installation, testing and maintenance of fire protection and life safety systems are required to be certified by the Seattle Fire Department if they work within the city of Seattle. This bill makes slight amendments to a small number of certification examination titles to maintain consistency with State certification titles. The alignment between the certification titles is intended to simplify the program and benefit customers. There is no change to examination content from this legislation. Fee changes proposed in this legislation are anticipated to increase certification revenue by approximately \$22,000 in 2019.

Fees for **construction inspections** and **plan review** services include increases to provide a new construction inspector, a new fire protection engineer position, and an additional back office position. The additional staffing is important to help SFD meet strong customer demand driven by very high levels of construction-related development in Seattle. Fee changes proposed in this legislation are anticipated to increase construction inspection revenues by \$485,000 and plan review revenues by \$180,000 in 2019.

The **high-rise inspection program** has completed its pilot phase. The high-rise inspection program, introduced in 2017, is intended to improve high-rise building fire code safety and compliance by implementing a high quality, consistent inspection protocol. These inspection protocols contributed to inspection efficiency rates that were higher than originally estimated, reducing the number of hours of inspection time required per building and reducing the hourly fees collected per building. This legislation modifies program fees by introducing a flat base fee of \$217 in addition to the existing hourly fee, which is not changed by this legislation. Separately, the 2019-2020 Proposed Budget includes an adjustment that reduces the inspection staffing level assigned to this program.

The **new systems testing oversight program** has completed its first twelve months and is now successfully tracking fire protection system status for 27,000 systems in 15,000 buildings throughout Seattle. Building owners are required by the fire code to test and maintain their systems, however data show that compliance rates are lower when the authority having jurisdiction does not actively track compliance. This program has already begun to reduce false alarm activity and provided tools for SFD that have resulted in repairs to hundreds of deficient systems through Seattle, directly contributing to making Seattle a safer City. No changes to the reporting fee of \$30 per report are proposed in this legislation. However, to help provide an incentive for timely report submittal, testing companies will be charged a \$10 late fee when they submit reports that are more than two weeks outside of timelines allowed in Seattle Fire Code. Overall revenues from systems testing reporting and oversight are anticipated to be \$420,000 in 2019.

2. CAPITAL IMPROVEMENT PROGRAM

a. Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? ___ Yes ___ X No

Budget program(s) affected:				
Appropriation change (\$):	General Fund \$		Other \$	
	2019	2020	2019	2020
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2019	2020	2019	2020
	\$1,227,253	\$1,184,892		
Positions affected:	No. of Positions		Total FTE Change	
	2019	2020	2019	2020

b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

No.

c. Is there financial cost or other impacts of *not* implementing the legislation?

There is no direct cost to the City of Seattle in not implementing the legislation. However, the legislation intends to re-align fee levels based on program service costs. This realignment is an important component of managing a fee-based program.

3.e. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2019 Revenue	2020 Estimated Revenue
General Fund, No. 00100	SFD	Certification	\$22,065	\$22,065
General Fund, No. 00100	SFD	Special Events	\$51,340	\$51,340
General Fund, No. 00100	SFD	Schedule A/Place of Assembly	\$35,810	\$35,094
General Fund, No. 00100	SFD	Hazardous Materials	\$285,314	\$279,608
General Fund, No. 00100	SFD	Construction Inspections	\$485,000	\$470,450
General Fund, No. 00100	SFD	Overtime Construction Inspections		
General Fund, No. 00100	SFD	Fire Prevention Reinspections/Knox Box	\$26,691	\$24,022
General Fund, No. 00100	SFD	Plan Reviews	\$180,385	\$174,974
General Fund, No. 00100	SFD	High-Rise Inspections	\$120,869	122,066
General Fund, No. 00100	SFD	Systems Testing Oversight	\$19,779	\$5,275
TOTAL			\$1,227,253	\$1,184,892

Is this change one-time or ongoing? This change is ongoing.

Revenue/Reimbursement Notes:

The total impact of proposed fee changes included in this legislation is an increase of roughly \$1.23 million in 2019 and \$1.18 million in 2020. The increase is a result of realigning fees with program costs due to increases in wages and benefits and, for plan review and construction inspections, staffing increases to respond to high workload and customer demand. Individual changes are described in the section above.

Most Fire Department permit and inspection fees were last modified on January 1, 2017.

Comparing permit fees to those charged by neighboring Washington cities and counties is challenging, as most neighboring fire departments do not have the same level of regulatory and inspection requirements that Seattle has and they also contain far fewer complex buildings and industrial processes. When compared to fees charged by other jurisdictions of similar size and complexity that provide fire prevention regulatory services, such as Los Angeles, CA, San Jose, CA, and Phoenix, AZ, the City of Seattle’s user fees are within a comparable range. The table below presents comparative fee information.

Table: Fire Prevention Fees in Various Cities

Permit Title	Seattle (2019 Proposed)	San Jose, CA (Current)	Phoenix, AZ (Current)	Tacoma (Current)	Los Angeles (Current)	Redmond (Current)
Assembly with occ. load of 300	\$616	\$442	\$300 + \$150 for use of open flame/candles	\$259	\$648 food/drink assembly	\$300 + \$100 for open flame/candles + 3% tech surcharge
Tent or canopy	\$312	\$624	\$600 1st tent over 800 sf, + \$150 each addtl tent	\$259	\$216/hr, 2-8 hours minimum based on tent size	\$100 - 1 tent \$200 - 2 to 5 tents \$300 - 6 or more tents + 3% tech surcharge
LPG storage/use	Install permit \$443 Oper'l permit \$443	\$358	Install permit \$450-\$1,200 Oper'l permit \$150	Install permit \$130 per tank < 125 gallons \$292 per tank > 125 gallons Oper'l permit \$259	\$648	Install permit \$198-\$659 Oper'l permit \$100-\$300 + 3% tech surcharge
Indoor pyrotechnics	\$825	\$624	\$600 1st performance, + \$150 each addtl w/in 12 months	\$389	\$216/hr	\$300 + 3% tech surcharge
Non-compliance reinspection	\$373	\$259/hr	\$150/hr, 1 hour minimum	\$194	\$216/hr, 2 hours minimum	\$100 - 3rd reinspection \$250 - 4th & subsequent + 3% tech surcharge
High-rise inspections	\$217 base + \$217/hr	\$259/hr * 1.2 R1 High-Rise \$1,224 (6 hr base) B High-Rise \$1,778 (9 hr base)	\$150/hr	N/A (Annual bldg insp fees range from \$3 to \$555 depending on occ type and bldg square footage)	Base fee of \$1,296 (6 hr) + \$0.0167 per sf non-garage area + \$0.0084 per sf garage area	N/A
Fire Protection Systems – Test Reporting	\$30 per report	N/A	N/A	N/A	\$10 per report	\$10 per report + \$100 annual operational permit per FA system + 3% tech surcharge

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
Yes. The Seattle Department of Construction and Inspection's (SDCI's) Accela system bills customers for the major SFD construction inspection fees, so changes to fee amounts will require system updates in Accela. SFD and SDCI have discussed the anticipated changes and no challenges have been identified should the fee modifications be approved. Some City departments require permits for hazardous materials, so they will experience fee increases along with all customers.
- b. Is a public hearing required for this legislation?**
No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**
No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- e. Does this legislation affect a piece of property?**
No.
- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**
Programs to ensure fire code compliance help promote fire and life safety for all who live, visit, and work in Seattle. Although data are not complete, it is likely that there are as many or more safety violations in buildings where vulnerable populations live and work, so better enforcement may yield bigger fire and life safety gains in these communities. The Seattle Fire Department intends to use more complete data that will be available as older business systems are updated to perform RSJ tool kit analyses and consider risk-based compliance programs and education programs to help address disproportionalities.
- On the other hand, fee increases may be less of a consideration for larger firms and more of a burden for small businesses and sole proprietorships, including those that are owned by immigrants and people of color. The fees proposed in this legislation have been moderated by General Fund contributions to support the necessary technology replacements in the Fire Prevention Division.
- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**
No. This legislation does not implement new programs – see the Proposed 2019-2020 Budget for the programmatic information.

List attachments/exhibits below:
None.