

**SUMMARY and FISCAL NOTE\***

| <b>Department:</b> | <b>Dept. Contact/Phone:</b> | <b>CBO Contact/Phone:</b>      |
|--------------------|-----------------------------|--------------------------------|
| SDCI               | Shane Muchow/206-684-7396   | Christie Parker / 206-684-5211 |

*\* 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**

**Legislation Title:** AN ORDINANCE relating to fees and charges for permits and activities of the Seattle Department of Construction and Inspections, related fees by other departments, and technical corrections; amending Sections 3.58.090, 15.04.074, 22.900B.010, 22.900B.020, 22.900C.010, 22.900D.010, 22.900D.070, 22.900D.090, 22.900D.100, 22.900D.110, 22.900D.140, 22.900D.145, 22.900D.150, 22.900D.160, 22.900E.020, 22.900E.030, 22.900E.040, 22.900E.050, 22.900E.060, 22.900F.010, and 22.900G.015 of the Seattle Municipal Code (SMC); and repealing Section 22.900G.080 of the SMC.

**Summary and background of the Legislation:**

This legislation revises most of SDCI’s fees and charges by 4% plus rounding adjustments, beginning on January 1, 2020. The majority of SDCI’s fees and charges were last revised effective January 1, 2019 on the same basis but estimated the City of Seattle’s Annual Wage Increase (AWI) for 2019, which was estimated at 3%. The proposed 2020 fee revisions include inflationary adjustments to fees, except for the Land Use Hourly rate, which was identified in City Council Green Sheet 33-8-E-2-2019, and electrical, refrigeration and furnace fees, which are held constant in 2020. SDCI has determined that the electrical and refrigeration & furnace cost centers have sufficient revenue streams with their existing fee levels. In addition, SDCI will follow City Council’s specifications in Green Sheet 33-8-E-2-2019 to adjust the Land Use Hourly rate from the current \$386 to \$394, which will cascade through other Land Use fees that are based on the Land Use Hourly rate. SDCI is also making an adjustment to the minimum fee in the D-1 Development Fee Index table to realign this fee with the SDCI base rate, as these fees have been aligned in prior years. Finally, SDCI is making a number of technical changes to clarify or simplify existing fees which are not expected to have an impact on fee revenues. These include modifications to electrical, mechanical, refrigeration, and blanket permit fees, along with adding authorization to charge for certain floodplain reviews, zoning coaching appointments, and change fees for furnace, refrigeration and boiler installations.

SDCI is primarily fee-supported and its fees and charges are necessary to support SDCI’s permitting operations. All fees collected by SDCI for processing SDCI’s permits are used for that purpose, and the fee structure is reflective of the Seattle Municipal Code requirements to recoup the cost of providing the permitting service. Similarly, other fees are set to recover the costs of certain code enforcement activities.

The 2020 inflationary adjustment of 4% is based on guidance provided by the City Budget Office (CBO). Once an agreement is in place for the AWI for 2019-2020-2021, any variance

between the inflationary adjustment of 3% assumed in 2019 and 4% assumed in 2020, can be incorporated in SDCI’s inflationary adjustment for 2021.

As an Enterprise Fund, SDCI must recover all costs associated with administering development permits through permit fees and charges and we usually adjust permit fees and charges for inflation on an annual basis. However, the Land Use Hourly billable rate was held constant from 2000-2016. In 2016, we began to make corrections to the Land Use Hourly rate. Specifically, the adjustments to the Land Use hourly were: from \$250 to \$280 in 2016, then raised to \$315 in 2017, to \$324 in 2018, and then to \$386 in 2019 per City Council Green Sheet 33-8-E-2-2019, which fully adjusted the Land Use Hourly rate to reflect inflation. This legislation proposes raising the Land Use Hourly to \$394 in 2020, per the guidance of the related City Council Green Sheet and necessary to ensure the actual costs of administering development permits are recouped.

Attachment A to this Summary and Fiscal Note, “SDCI Permit Fee and Charges proposed for 2020” provides a summary of all 2019 SDCI fees affected by this proposed ordinance, and proposed changes for 2020. Prior to proposing this legislation, these fees were reviewed to determine whether the cost of providing the service warrants a fee change, if improvements to the fee structure are necessary, or if new fees are required. As indicated above, most fee increases in this proposed ordinance are adjustments based on an estimated AWI for 2020 (4%).

Additionally, SDCI is making technical legislative changes on behalf of the Office of Housing, SDOT, and the Design Commission for fees they collect which are located in Title 22. The Design Commission fees represent two years of inflationary increases because these fees have not changed since 2018. These changes will not have a revenue impact to SDCI. See response to Question 4.a.

**2. CAPITAL IMPROVEMENT PROGRAM**

Does this legislation create, fund, or amend a CIP Project? \_\_\_ Yes X No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

Does this legislation amend the Adopted Budget? \_\_\_ Yes X No

| Appropriation change (\$):     | General Fund \$         |       | Other \$               |             |
|--------------------------------|-------------------------|-------|------------------------|-------------|
|                                | 2020                    | 2021  | 2020                   | 2021        |
|                                | \$0                     | \$0   | \$0                    | \$0         |
| Estimated revenue change (\$): | Revenue to General Fund |       | Revenue to Other Funds |             |
|                                | 2020                    | 2021  | 2020                   | 2021        |
|                                | \$694                   | \$694 | \$1,236,322            | \$1,236,322 |
| Positions affected:            | No. of Positions        |       | Total FTE Change       |             |
|                                | 2020                    | 2021  | 2020                   | 2021        |
|                                | 0                       | 0     | 0                      | 0           |

**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.

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

Not implementing this legislation as proposed would create a situation where the revenues SDCI collects through fees would not fully align with the cost of providing permitting services and maintaining sufficient reserves for sound financial management. Without the proposed fee increases SDCI may be required to reduce staff, which would result in longer permit processing and inspection review times. Such reductions would impact the Department's ability to perform its permitting and enforcement responsibilities and delay service to customers.

**3.a. Appropriations**

This legislation adds, changes, or deletes appropriations.

**3.b. Revenues/Reimbursements**

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

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

| Fund Name and Number                      | Dept | Revenue Source            | 2020 Estimated Additional Revenue |
|---|------|---------------------------|-----------------------------------|
| Construction and Inspections Fund (48100) | SDCI | Boiler                    | \$56,742                          |
| Construction and Inspections Fund (48100) | SDCI | Building Development      | \$257,447                         |
| Construction and Inspections Fund (48100) | SDCI | Electrical                | \$0                               |
| Construction and Inspections Fund (48100) | SDCI | Elevator                  | \$197,522                         |
| Construction and Inspections Fund (48100) | SDCI | Land Use                  | \$464,559                         |
| Construction and Inspections Fund (48100) | SDCI | Noise                     | \$22,726                          |
| Construction and Inspections Fund (48100) | SDCI | Other Miscellaneous       | \$21,136                          |
| Construction and Inspections Fund (48100) | SDCI | Refrigeration & Furnace   | \$0                               |
| Construction and Inspections Fund (48100) | SDCI | Signs                     | \$23,830                          |
| Construction and Inspections Fund (48100) | SDCI | Site Review & Development | \$192,360                         |
| General Fund (00100)                      | SDOT | Design Commission *       | \$694                             |
| <b>TOTAL</b>                              |      |                           | <b>\$1,237,016</b>                |

\* Design Commission 2020 Estimated Additional Revenue is based on 2018 revenue actuals.

**Is this change one-time or ongoing?**

On-going.

**Revenue/Reimbursement Notes:**

None.

### 3.c. Positions

\_\_\_\_\_ This legislation adds, changes, or deletes positions.

### 4. OTHER IMPLICATIONS

**a. Does this legislation affect any departments besides the originating department?**

Yes. The legislation adjusts fees for inflation in Title 22 for Design Commission review of street vacation requests. These fees are collected by the Department of Transportation (SDOT) on behalf of the Design Commission. The proposed changes were developed in coordination with SDOT and the Design Commission. They will not have a revenue impact to SDCI, and are expected to result in only a negligible increase in revenue for the Design Commission, if any, due to the small body of work and associated fees collected for vacations historically and the unpredictable nature of vacation requests.

This legislation clarifies language in Title 22 related to fees collected by SDCI for Office of Housing (OH) review of affordable and low-income housing projects. The proposed changes were developed in coordination with OH, and do not include any changes to the dollar value of OH fees. They will not have a revenue impact to SDCI.

**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? What is the Language Access plan for any communications to the public?**

This legislation would result in fee and service charge increases for most SDCI customers but does not result in a disproportionate or disparate impact for any customer, including customers from vulnerable or historically disadvantaged communities.

**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).**

This legislation does not include a new initiative or major programmatic expansion.

**List attachments/exhibits below:**

Summary Attachment A – SDCI Permit Fees and Charges Proposed for 2020