

SEATTLE DEPARTMENT OF CONSTRUCTION AND INSPECTIONS

2026 Proposed Budget Policy Considerations

Select Budget Committee | October 16, 2025

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Budget Summary (\$ in 000s)

	2025 Adopted	2026 Endorsed	% Change	2026 Proposed	% Change
Operating Appropriations by BSL					
Compliance	\$15.5M	\$16.1M	4.2%	\$15.8M	(2.3%)
Customer Success	\$12.2M	\$12.5M	2.2%	\$12.6M	1.1%
Government Policy, Safety & Support	\$2.9M	\$3.0M	4.8%	\$3.0M	(1.9%)
Inspections	\$34.0M	\$35.7M	4.8%	\$34.7M	(2.6%)
Land Use & Engineering Services	\$45.0M	\$45.1M	0.1%	\$45.6M	1.2%
Leadership and Administration	\$0.0M	\$0.6M	NA	\$0.0M	(100%)
Process Improvements	\$4.2M	\$4.3M	3.0%	\$3.7M	(14.8%)
Technology Investments	\$8.7M	\$9.6M	9.8%	\$10.6M	11.3%
Total Appropriations	\$122.5M	\$126.8M	3.5%	\$126.0M	(0.6%)

Budget Summary (\$ in 000s)

	2025 Adopted	2026 Endorsed	% Change	2026 Proposed	% Change
Appropriation Totals					
Total Appropriations	\$122.5M	\$126.8M	3.5%	\$126.0M	(0.6%)
Total FTE	462	462	0.0%	452	(0.1%)
Revenues					
General Fund	\$8.3 M	\$8.7 M	4.8%	\$ 9.1 M	4.6%
Payroll Expense Tax	\$1.6 M	\$1.6 M	0.0%	\$ 1.6 M	0.0%
Construction and Inspections Fund	\$112.0 M	\$115.9 M	3.5%	\$114.8 M	(1.0%)
Other Source(s)	\$0.5 M	\$ 0.5 M	0.0%	\$ 0.5 M	0.0%
Total Revenues	\$122.5 M	\$126.8 M	3.5%	\$126.0 M	(0.6%)

Policy Consideration

1. Fee Increases

SDCI's 2026 Proposed Budget relies on an approximately 18 percent fee increase, which would be applicable to construction and land use permits. The proposed increase is estimated to generate approximately \$8.2 million in revenue to the Construction and Inspections Fund in 2026. That revenue would help maintain staffing levels to ensure timely permit review and maintenance of regulatory services. If Council is concerned that the fee increases would establish a new base for future inflationary adjustments, the Council could consider the following.

Options:

- A. Reduce the rate of increase in 2026 and signal the Council's intent to increase fees when the core staffing reserve drops below an established threshold.
- B. Through a statement of legislative intent, request quarterly reporting on permit volumes, workload, and fund balance and establish the Council's intent to make future fee adjustments based on workload and the health of the Construction and Inspections Fund.
- C. No change.

Policy Consideration

2. AI Permitting Tool

The 2026 Proposed Budget includes appropriations of \$750,000 GF for the purchase and on-going subscription for an AI permitting tool. Software purchases, ongoing license costs, and other technology costs for process improvements are eligible Construction and Inspections Fund expenditures and, if revenue is available, do not have to be borne by the General Fund.

Options:

- A. Use Construction and Inspections Fund revenue for the AI permitting tool purchase and ongoing cost.
- B. Defer purchase of the AI permitting tool to a time when Construction and Inspections Fund permit fee revenue has recovered.
- C. No change.

Policy Consideration

3. Code Development Resources

In recent years, SDCI and OPCD have failed to meet statutorily imposed deadlines for state and federal mandates. Failure to meet deadlines for mandatory changes to regulations can create confusion for applicants and the public, who may detrimentally rely on the current requirements in the City's Land Use Code without knowing that some may have been statutorily preempted.

Options:

- A. Request that SDCI and OPCD jointly prepare a response to a statement of legislative intent identifying how current and future legislation for mandated changes to regulations will be prioritized, developed, and transmitted to the Council for action prior to statutory deadlines.
- B. Impose a proviso on OPCD's and SDCI's budgets to limit expenditures on elective legislative endeavors until mandated regulatory updates and planning processes are complete.
- C. No change.

Questions?