

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

Legislation Title: AN ORDINANCE related to fees and charges for permits and activities of the Seattle Department of Construction and Inspections and related fees by other departments, and technical corrections; amending Seattle Municipal Code Chapter 22.900B, General Provisions; Chapter 22.900C, Fees for Land Use Review; Chapter 22.900D, Fees for New and Altered Buildings and Equipment; Chapter 22.900E, Fees for Certificates and Registrations; Chapter 22.900F, Compliance and Other Inspections; and Chapter 22.900G, Fees Collected for Other Departments.

Summary and background of the Legislation: This legislation revises most of SDCI’s 2018 fees and charges by the known Consumer Price Index (CPI) adjustments for 2018, or 2.75%. The majority of SDCI’s fees and charges were last revised effective January 1, 2017 on the same basis. The proposed 2018 fee revisions include inflationary adjustments to fees, a correction to the minimum fee for drainage review, and correction of two typographical errors (in Table D-1 and Table D-14). Also proposed is a restructure of the inspection and enforcement fee for temporary noise variances, the introduction of a fee to recover costs associated with the review of hazardous tree removals that occur outside of Environmentally Critical Areas (ECA), and additional fee categories for certain ECA reviews in response to new code requirements adopted in Ordinance 125248 and Ordinance 125292.

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.

SDCI’s practice over the last many budget cycles has been to present a fee ordinance at the start of every biennial budget to reflect known CPI adjustments and to address any other revisions or structural changes needed to keep up with changes in permit services, industry standards, City rules and regulations, and other factors. Historically, the department has implemented fee changes once every two years, and CPI adjustments have only been applied retroactively and have been tied to authorized Annual Wage Increase (AWI) changes. Rarely have AWI changes for a coming budget year been known at the time the department submits its budget legislation. As a result, SDCI is usually adopting CPI changes retroactively, and not able to implement fee adjustments that reflect “real time” operating cost increases. This presents a budget challenge for the department on a regular basis because SDCI has had to rely on a fund balance to make up the difference. However, starting in 2017, SDCI implemented CPI adjustments that reflect current AWI and known future changes. The department now plans to continue to update its fees on an

annual basis going forward, as warranted and circumstances allow.

Attachment A to this Summary and Fiscal Note, “SDCI Permit Fee and Charges proposed for 2018” provides a summary of all 2017 SDCI fees affected by this proposed ordinance, and proposed changes for 2018. 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 the known CPI for 2018 (2.75%).

2. CAPITAL IMPROVEMENT PROGRAM

 This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

 X This legislation has direct financial implications

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2018	2019	2018	2019
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds (SDCI)	
	2018	2019	2018	2019
			\$966,208	
Positions affected:	No. of Positions		Total FTE Change	
	2018	2019	2018	2019
Other departments affected:	DON, OPCD			

Revised forecasts show SDCI bringing in revenue of approximately \$67.7 million in 2017, not including General Fund or contingent revenues. SDCI and City Budget Office economists project the pace of development will eventually decrease in 2017 and 2018. With projected volume and valuation decreases, SDCI is anticipating a base level revenue of approximately \$65.1 million in 2018. The proposed fee increases of approximately \$966,208 (shown in the table above) lessen the impact of this change. This results in the total revenue projections of \$67.8 million in 2017 and \$66 million in 2018 (shown in the table below).

3.a. Appropriations

 This legislation adds, changes, or deletes appropriations.

3.b. 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	2016 Revenue	2017 Estimated Revenue *	2018 Estimated Revenue **
Planning and Development Fund (15700)	SDCI	Building Development Fees	\$46,968,527	\$36,977,000	\$36,260,000
Planning and Development Fund (15700)	SDCI	Electrical Fees	\$8,279,900	\$8,014,000	\$7,940,000
Planning and Development Fund (15700)	SDCI	Land Use Fees	\$9,311,356	\$10,080,000	\$9,225,000
Planning and Development Fund (15700)	SDCI	Site Review & Development Fees	\$4,689,177	\$3,896,000	\$4,003,000
Planning and Development Fund (15700)	SDCI	Boiler Fees	\$1,236,051	\$1,218,800	\$1,252,000
Planning and Development Fund (15700)	SDCI	Elevator Fees	\$3,775,164	\$3,741,400	\$3,844,000
Planning and Development Fund (15700)	SDCI	Rental Housing Registration and Inspection (RRIO) Fees	\$2,654,737	\$765,500	\$544,000
Planning and Development Fund (15700)	SDCI	Other Fees and Charges***	\$3,330,516	\$3,055,375	\$3,011,250
TOTAL			\$80,245,428	\$67,748,075	\$66,079,250

Revenue/Reimbursement Notes:

* 2017 Revenue is estimated as of 6/1/2017 and assumes lower projected volumes and value than 2016.

** The total 2018 Estimated Revenue assumes lower projected volumes and value than 2017.

*** Other Fees and Charges include CRS-REET I, CRS-U, interest earned, grants and other miscellaneous revenues. Does not include General Fund.

3.c. Positions

 This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of

Seattle that are not reflected in the above?

No.

b) 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 align with the cost of providing permitting services. Without the proposed fee increases SDCI would be required to reduce services or programs within the 2018 Proposed Budget. Such reductions would impact the department's ability to perform its permitting and enforcement responsibilities and delay service to customers.

c) Does this legislation affect any departments besides the originating department?

No significant impacts to other departments are anticipated.

d) Is a public hearing required for this legislation?

No.

e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

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.

i) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

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

j) Other Issues:

None.

List attachments/exhibits below:

Summary Attachment A – SDCI Permit Fee and Charges proposed for 2018