

## SUMMARY and FISCAL NOTE\*

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>Executive Contact/Phone:</b>
Seattle Fire Department	Karen Grove/6-1451	Melissa Lawrie/4-5805

*\* 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 the Building and Construction Codes, Subtitle VI, Fire Code; amending Seattle Municipal Code Sections 22.602.045, 22.602.050, 22.602.070, and 22.602.090, to add, delete, and revise various Seattle Fire Department permit, certificate, inspection, and plan review fees and related provisions.

#### **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 Marshal's Office 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; provide partial funding for a multi-year project to update essential business systems that have exceeded their useful life; provide additional services for high-rise building inspections and testing/maintenance of fire protection systems; and, ensure consistency with the 2015 Seattle Fire Code. The proposed legislation would result in an overall revenue increase for 2017 of \$1.35 million and bring cost recovery levels to 85%.

#### **Background**

The Fire Marshal's Office 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 Marshal's Office 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 include approximately 6% increases to partially fund replacement of essential and significantly outdated technology systems in the Fire Marshal's Office. The stand-alone systems in the Fire Marshal's Office will be integrated into an enterprise-wide platform that will also be used by Seattle Department of Construction and Inspections and the Seattle Department of Transportation for their inspections and permitting. This enterprise-wide approach is anticipated to provide a better

experience for residents and business owners seeking permitting and inspections from the City and is being led by the Seattle Department of Information Technology.

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.** In order to help simplify the complex special hazards/hazardous materials fee schedule, certain permits are proposed to be combined in 2017 and others are proposed for elimination. Overall revenues associated with the special hazards/hazardous materials program are anticipated to increase by \$329,000 as a result of this legislation.

Fees for **construction inspections** and **plan review** services include increases to retain staffing that was added since fees were last modified in 2015. The additional staffing is important to help SFD meet customer demand for construction inspections and reviews of architectural plans and shop drawings. If these positions are not retained, service levels will be degraded during a time of strong customer demand driven by very high levels of construction-related development in Seattle. Cost recovery is calculated separately for each of these programs.

A new fee is proposed to support a **high-rise inspection program**. From a life safety perspective, high-rise buildings present a particular risk. Large concentrations of people are present in structures that rise far above the reach of aerial ladders that allow fire fighters to provide an alternative exit route to bring the public to safety. It is essential that building owners follow minimum fire code requirements that exist in order to help ensure safe exiting during emergent situations. The high-rise inspection program will improve high-rise building fire code safety and compliance by implementing a high quality, consistent inspection protocol. Overall revenues supporting the high-rise inspection program are anticipated to be \$324,000 in 2017, reflecting a partial year of implementation following program development and customer outreach, and \$490,000 in 2018.

**Systems testing oversight.** This legislation proposes a new fee of \$30 per test report to allow SFD to provide oversight to testing of fire protection systems in buildings throughout Seattle in partnership with a private sector vendor. 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. The vendor will manage test tracking/recording, customer notifications, billing, and refer compliance follow up (estimated at approximately 4,000 cases per year) to the Fire Marshal's Office for code compliance research, enforcement, and resolution. This program will reduce false alarm activity, improve compliance, and contribute to a safer City. It will also provide consistency throughout the region for customers and property owners, since several Zone 1 (Eastside cities) are implementing the same program with the same vendor. Overall revenues from systems testing reporting and oversight are anticipated to be \$100,000 in 2017, reflecting a partial year of implementation following program development and customer outreach, and \$207,000 in 2018.

**2. CAPITAL IMPROVEMENT PROGRAM**

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

**Project Name: Project I.D.: Project Location: Start Date: End Date: Total Cost:**

--	--	--	--	--	--

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

This legislation has direct financial implications.

This legislation does not have direct financial implications.

<b>Budget program(s) affected:</b>				
<b>Estimated \$ Appropriation change:</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Estimated \$ Revenue change:</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
	<b>\$1,354,263</b>	<b>\$1,568,285</b>	<b>\$0</b>	<b>\$0</b>
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other departments affected:</b>				

**3.a. Appropriations**

This legislation adds, changes, or deletes appropriations.

<b>Fund Name and number</b>	<b>Dept</b>	<b>Budget Control Level Name/##</b>	<b>2016 Appropriation Change</b>	<b>2017 Estimated Appropriation Change</b>
<b>TOTAL</b>				

Appropriations Notes:  
 N/A

**3.b. Revenues/Reimbursements**

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

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

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2017 Revenue</b>	<b>2018 Revenue</b>
General Fund, No. 00100	SFD	Certification	\$35,821	\$35,843
General Fund, No. 00100	SFD	Special Events	\$85,090	\$85,235
General Fund, No. 00100	SFD	Schedule A/Place of Assembly	\$38,962	\$39,408
General Fund, No. 00100	SFD	Hazardous Materials	\$328,877	\$329,652
General Fund, No. 00100	SFD	Construction Inspections	\$223,552	\$172,948
General Fund, No. 00100	SFD	Overtime Construction Inspections	\$9,059	\$9,147
General Fund, No. 00100	SFD	Fire Prevention Reinspections/Knox Box	\$21,394	\$21,340
General Fund, No. 00100	SFD	Plan Reviews	\$188,191	\$177,853
General Fund, No. 00100	SFD	High-Rise Inspections	\$323,677	\$490,420
General Fund, No. 00100	SFD	Systems Testing Oversight	\$99,640	\$206,800
<b>TOTAL</b>			<b>\$1,354,263</b>	<b>\$1,568,286</b>

Revenue/Reimbursement Notes:

The total impact of proposed fee changes included in this legislation is an increase of roughly \$1.35 million in 2017 and \$1.57 million in 2018. Roughly \$700,000 of the increase is due to the introduction of two new programs that are a high priority for fire and life safety: high-rise inspections and systems testing oversight. Another \$400,000 of the increase will serve to partially offset investments in replacing technology systems that have exceeded the end of their useful life and will soon no longer be supported. The remainder of 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, 2015. At that time, increases of roughly 5% were implemented for most fire prevention fees.

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 chart on the following page presents comparative fee information.

**Table: Fire Prevention Fees in Various Cities**

<b>Permit Title</b>	<b>Seattle (2017 Proposed)</b>	<b>San Jose, CA (Current)</b>	<b>Phoenix, AZ (Current)</b>	<b>Tacoma (Current)</b>	<b>Los Angeles (Current)</b>	<b>Redmond (Current)</b>
<b>Assembly with occ. load of 300</b>	\$540	\$420	\$300 + \$150 for use of open flame/candles	\$244	\$534 food/drink assembly	\$300 + \$100 for open flame/candles + 3% tech surcharge
<b>Tent or canopy</b>	\$292	\$577 including 1 hour plan review and inspection	\$600 1st tent over 800 sf, + \$150 each add'l tent	\$244	\$178 per hour, 2-8 hours minimum based on tent size	\$100 - 1 tent \$200 - 2 to 5 tents \$300 - 6 or more tents + 3% tech surcharge
<b>LPG storage/use</b>	Install permit \$392 Oper'l permit \$392	\$314	Install permit \$600 incl 2 hours plan review & inspection Oper'l permit \$150	Install permit \$122 per tank < 125 gallons \$275 per tank > 125 gallons	\$445	Install permit \$188-\$628 Oper'l permit \$100-\$300 + 3% tech surcharge
<b>Indoor pyrotechnics</b>	\$771	\$577	\$600 1st performance, + \$150 each add'l w/in 12 months	\$366	\$178 per hour	\$300 + 3% tech surcharge
<b>Non- compliance reinspection</b>	\$298	\$166 per hour	\$150 per hour, 1 hour minimum	\$183	\$178 per hour, 2 hours minimum	\$100 - 3rd reinspection \$250 - 4th & subsequent + 3% tech surcharge
<b>High-rise inspections</b>	\$217 per hour	\$166 per hour with a 9 hour base	\$150 per hour	N/A (Annual bldg insp fees range from \$35 to \$540 depending on occ type and bldg square footage)	Base fee of \$1,068 (6 hours) + \$0.0152 per sf non-garage area  + \$0.0076 per sf garage area + building evacuation fees	N/A
<b>Fire Protection Systems – Test Reporting</b>	\$30 per report	N/A	N/A	N/A	\$10 per hour	\$100 annually per FA system for oper'l permit OR current cert thru a certified provider + 3% tech surcharge

**3.c. Positions**

       This legislation adds, changes, or deletes positions.

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:**

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2016 Positions	2016 FTE	Does it sunset? (If yes, explain below in Position Notes)
<b>TOTAL</b>							

\* List each position separately

Position Notes:

N/A

**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?**

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 current service costs. This realignment is an important component of managing a fee-based program. The legislation also proposes modifications to ensure consistency between the SFD Fee Ordinance and the Seattle Fire Code. Not making these changes would lead to a fee structure that is less appropriate and potentially more confusing for businesses and residents in Seattle.

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

Yes. The Seattle Department of Construction and Inspection's (SDCI's) Hansen/Accela system bills customers for the major SFD construction inspection fees, so changes to fee amounts will require system updates in Hansen/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.

**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?**

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 Marshal's Office.

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.**

No. This legislation does not implement new programs – see the Proposed 2017-2018 Budget for the programmatic information.

j) **Other Issues:**

None.

**List attachments/exhibits below:**

None.