

**2015 BUDGET LEGISLATION FISCAL NOTE**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
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**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 of the Legislation:**

This legislation would adjust fee levels, modify fee titles, 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 purpose of which is to provide for Seattle residents, workers and visitors a reasonable level of life safety and property protection 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, better align SFD certification requirements with State requirements, and ensure consistency with the most recent Seattle Fire Code. The proposed legislation would result in an overall revenue increase for 2015 of \$137,000 and bring cost recovery levels to 83%.

**Background:**

The Fire Marshal's Office has historically operated by collecting fees that offset only some of the cost of providing fire prevention services to direct service users. Between 2004 and 2013, fees collected by the Seattle Fire Department (SFD) to cover costs of fire prevention services to direct service users increased from \$2.3 million to \$4.8 million. During the same time period, staffing in the Fire Marshal's Office was reduced by 7.0 FTE, and these budget reductions have helped lower the costs of providing services. As a result, and 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.

Fee increases of 5% are proposed for most fire prevention fees and services. The increases are intended 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.

In addition to the across-the-board fee increases related to changes in base costs in **special events permits, place of assembly permits, engineering plan review services, and Knox Box installation services**, the following program specific fee modifications are proposed:

**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. Consistent with subsection 35.22.280 (32) of the Revised Code of Washington, this legislation proposes to modify the program from a three year program to an annual program. Certificates that were previously valid for three years will be valid for one year and become renewable thereafter, assuming technicians meet testing and other requirements. In addition, sprinkler certification examination types are proposed to be revised to create a clearer correspondence between Seattle and State of Washington certification requirements. The resulting simplification of the program will benefit customers. There is no change to revenues as a result of the programmatic changes in certification services; however, when including the proposed 5% fee realignment, overall certification fee revenue will grow by approximately \$9,000.

**Construction inspections.** Fees related to temporary certificates of occupancy and for inspecting sprinkler mains are proposed to be raised by about 30% to better correspond to the costs of providing these services. Fees for the temporary certificates of occupancy were last raised in 2005, and the sprinkler main inspection fee has been clarified to cover up to two inspections for the same property and project. A new fee is added for inspections of pressure reducing valves (PRVs) that are part of standpipe systems in large buildings. Standpipes that include PRVs take significantly more time to inspect than standpipe systems without PRVs, and the new fee is intended to more accurately reflect the costs of the service provided. The remaining construction inspection fees include the proposed 5% realignment. Overall revenues from construction inspections are anticipated to grow by roughly \$66,000 or 6%.

**Fire prevention re-inspections.** This legislation proposes to allow SFD Operations companies to refer unresolved code violations to the Fire Marshal's Office sooner. Operations companies would be required to make two rather than three inspections to resolve code compliance violations before referring the violations to the Fire Marshal's Office. This change will better leverage skills of specialty-trained fire prevention inspectors in the Fire Marshal's Office, and help free up Operations companies to focus on their primary role as first responders to fire and life safety emergencies. As required by SMC 22.602, the Fire Marshal's Office charges a fee when multiple re-inspections are required to resolve fire code violations. Re-inspection revenues are anticipated to grow by roughly \$5,000 as a result of this change and a 5% increase in re-inspection fees.

**Special hazards/hazardous materials.** Due to changes in the Seattle Fire Code, certain permits are proposed for elimination in 2015. For example, while Fire Department inspection is still required during the construction process, annual permits are no longer required for diesel tanks intended to store fuel for emergency generators, or for battery systems. In addition, the 5% increase is not proposed to be applied to non-marine hot work permits or marine terminals based on an analysis of service costs. The revenue impact from these changes is almost completely offset by 5% increases in remaining permit fees. Overall revenues associated with the special hazards/hazardous materials program are anticipated to decrease by a modest \$6,500 as a result of this legislation.

This legislation does not have any financial implications.

This legislation has financial implications.

**Summary of Changes to Revenue Generated Specifically from this Legislation:**

<b>Revenue Source</b>	<b>2015 Proposed</b>	<b>2016 Proposed</b>
Certification	\$9,043	\$9,043
Special Events	\$21,076	\$21,076
Schedule A/Place of Assembly	\$10,953	\$10,953
Hazardous Materials	-\$6,500	-\$6,500
Construction Inspections	\$66,200	\$66,200
FirePrevention Reinspections/KnoxBox	\$4,850	\$4,850
Plan Reviews	\$31,620	\$31,620
<b>Total Fees and Charges Resulting From Passage of This Ordinance</b>	<b>\$137,242</b>	<b>\$137,242</b>

**Revenue Change Notes:**

The total impact of proposed fee changes included in this legislation is an increase of roughly \$137,000. Individual changes are described in the section above. Due to changes in anticipated activity levels, overall 2015 revenues are anticipated to exceed 2014 adopted revenue estimates by \$171,000.

Most Fire Department permit and inspection fees were last modified on January 1, 2013. At that time, increases were approved to certification, plan review, reinspection, Knox Box installation, and code compliance fees. Several special events fees and construction inspection fees were also modified.

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. When compared to fees charged by other jurisdictions of similar size and complexity that provide fire prevention regulatory services, such as Oakland, CA, San Jose, CA, and Phoenix, AZ, the City of Seattle's user fees are within a comparable range.

Permit Title	Seattle (2015 Proposed)	Oakland, CA (Current)	San Jose, CA (Current)	Phoenix, AZ (Current)
Assembly with occ. load of 300	\$461	\$259 plus \$163 if over one hour inspecting	\$424	\$450
Tent or canopy	\$248 or applicable temp. assembly permit, whichever is greater	\$259 plus assembly permit of \$259 if over 400 sq. ft.	\$566 including one hour plan review and inspection	\$600 if over 800 sq. ft.
LPG storage/use	\$187 - \$335	\$87	\$324	\$150 per cylinder, no more than 20 cylinders allowed
Indoor pyrotechnics	\$656	\$344	\$566, not including inspection charges	\$600 1 <sup>st</sup> performance plus \$150 if second event is in same venue within one year
Non-compliance reinspection	\$241	\$163 1 <sup>st</sup> \$195 2 <sup>nd</sup> \$234 3 <sup>rd</sup> \$280 4 <sup>th</sup> \$344 5 <sup>th</sup>	\$170 hourly rate	\$150

**Anticipated Total Revenue from Entire Program, Including Changes Resulting from this Legislation:**

Fund Name and Number	Revenue Source	Total 2015 Revenue	Total 2016 Revenue
General Fund, No. 00100, Fire Department	Certification	\$189,911	\$189,911
General Fund, No. 00100, Fire Department	Special Events	\$442,592	\$442,592
General Fund, No. 00100, Fire Department	Schedule A/Place of Assembly	\$230,010	\$230,010
General Fund, No. 00100, Fire Department	Hazardous Materials	\$1,943,500	\$1,943,500
General Fund, No. 00100, Fire Department	Construction Inspections	\$1,236,200	\$1,236,200
General Fund, No. 00100, Fire Department	Overtime Construction Inspections	\$110,000	\$110,000
General Fund, No. 00100, Fire Department	Fire Prevention Reinspections/Knox Box	\$29,850	\$29,850
General Fund, No. 00100, Fire Department	Plan Reviews	\$664,014	\$664,014
<b>TOTAL</b>		<b>\$4,846,077</b>	<b>\$4,846,077</b>

**Other Implications:**

- a) **Does the legislation have indirect financial implications, or long-term implications?**

No.

- b) **What is the financial cost of not implementing this 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 Department of Planning and Development's (DPD's) Hansen system bills customers for the major SFD construction inspection fees and so changes to fee amounts will require system updates in Hansen. SFD and DPD have discussed the anticipated changes and no challenges have been identified should the fee modifications be approved. Some departments are required to have permits for hazardous materials, and in general hazardous materials (Schedule C) permit fees are proposed to be increased by approximately 5% to keep pace with cost increases.

- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

None.

- e) **Is a public hearing required for this legislation?**

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) **Other Issues:**

None.

**List attachments to the fiscal note below:**

None