2011 - 2012 Statement of Legislative Intent

Approved

Tab	Action	Option	Version
87	2	A	1

Budget Action Title: 2011 Fire Fees Rates Process

Councilmembers: Budget Committee; Burgess; Clark

Staff Analyst: John McCoy

Budget Committee Vote:

Date	Result	SB	BH	SC	TR	JG	NL	RC	TB	MO
11/12/2010	Pass 9-	Y	Y	Y	Y	Y	Y	Y	Y	Y

Statement of Legislative Intent:

The City Council requests that the Fire Department and the City Budget Office present a report on its fire fee schedule to the Public Safety and Education committee by March 31, 2011. The report should resemble a utility rate study and include the following elements:

1. The set of costs that flow into fire fee rates and charges, including appropriate allocations for a share of overhead costs for central administration (Chief's office), City Central costs, space rent, etc. Any opportunities for cost savings via streamlining current work processes should be presented here as well.

2. The allocation method by which those raw costs are grouped into cost centers.

3. The allocation method by which those costs centers are mapped to customer classes. This mapping will identify the projected demand for each type of permit or fee and identify patterns of subsidy available to different customer classes.

4. The rate design by which customer classes are charged for specific items, which may include flat fees, initial vs. renewal fees, and/or hourly rates for time spent. Alternative rate designs for any fees requiring updates should be presented here as well.

The Council intends to set policy parameters for future fire fee ordinances in 2011, possibly including differential patterns of subsidy for the various customer classes who may have different price elasticities of demand. The Council intends to revisit fire fees periodically, possibly every two years at the beginning of each biennial budget.

Background

The Fire Department charges a variety of fees for permits, inspections and plan reviews that protect public safety by ensuring that hazards are registered and that businesses and venues adhere to the fire code. These fees are projected to take in about $4.2 million per year from a variety of clients, including hazardous materials handlers, special event organizers, and real estate developers. By department practice, but not by formal policy or ordinance, the fees are set at a level to recover about 75% of the Fire Department's costs associated with the permitting and review functions, mostly in the Fire Marshall's office. Around that average recovery rate, some fees recover more than 75% of their costs, others less. Any amounts not recovered by fees are subsidized by General Subfund revenues.

As discussed in budget review, Seattle's fire fees are generally higher than those charged by neighboring jurisdictions, some of which do not appear to link fee rates to specific cost recovery levels. Council is interested in examining the fee structure more closely, choosing an overall subsidy level (with due consideration of the potential budget impacts), setting policy on subsidy levels for different customer classes, and examining current costs to identify opportunities for savings.

Responsible Council Committee(s): Public Safety and Education

Date Due to Council: March 31, 2011