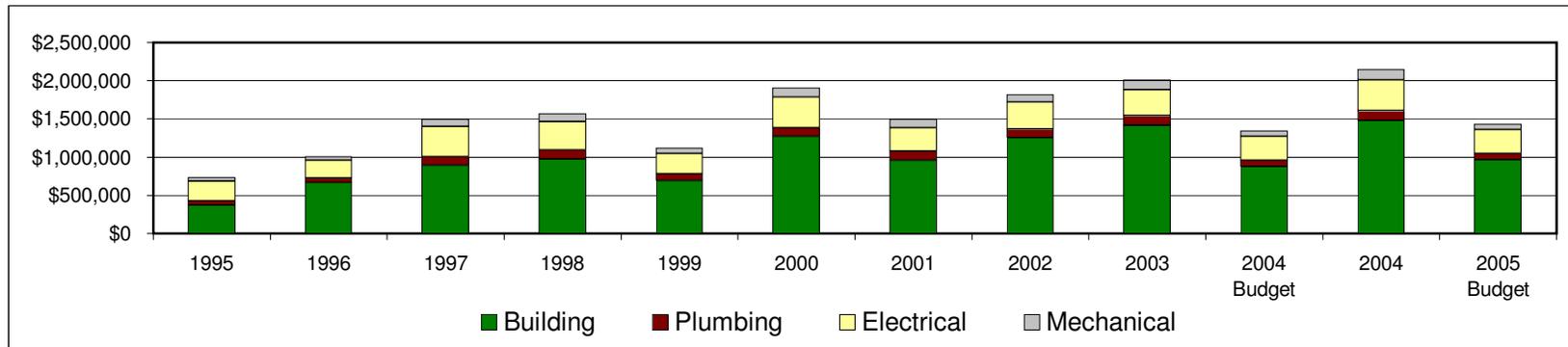


Building Permits

Perspectives

Building permit fees include basic building, mechanical, electrical, and plumbing permit fees. All fees are payable at the time the permit is issued. Plan checking fees are addressed in a separate section and are not included here. Building permit fees are deposited in the General Fund to offset Planning/Building/Public Works Development Services costs.

Fund 000	2002	2003	2004 Budget	2004	2005 Budget
Building	\$1,256,087	\$1,412,569	\$875,500	\$1,482,301	\$963,500
Plumbing	\$112,702	\$127,824	\$82,400	\$129,063	\$82,400
Electrical	\$353,320	\$340,151	\$309,000	\$402,052	\$309,000
Mechanical	\$97,825	\$133,002	\$77,300	\$130,860	\$77,300
Total	\$1,819,934	\$2,013,546	\$1,344,200	\$2,144,276	\$1,432,200



Forecast Assumptions

- 2003 Permit activity was high due to two new retail projects and continued platting activity and construction of new housing stock.
- 2004 Residential building permits are forecast to drop over the next couple of years.
- 2005 Residential building permits are expected to weaken slightly this year.

Authority and Rates

Tax/Revenue Base: Fee is assessed on individuals, organizations, or businesses who purchase permits for the purpose of construction/building related activities.

RMC: 4-24 Uniform Building Code.

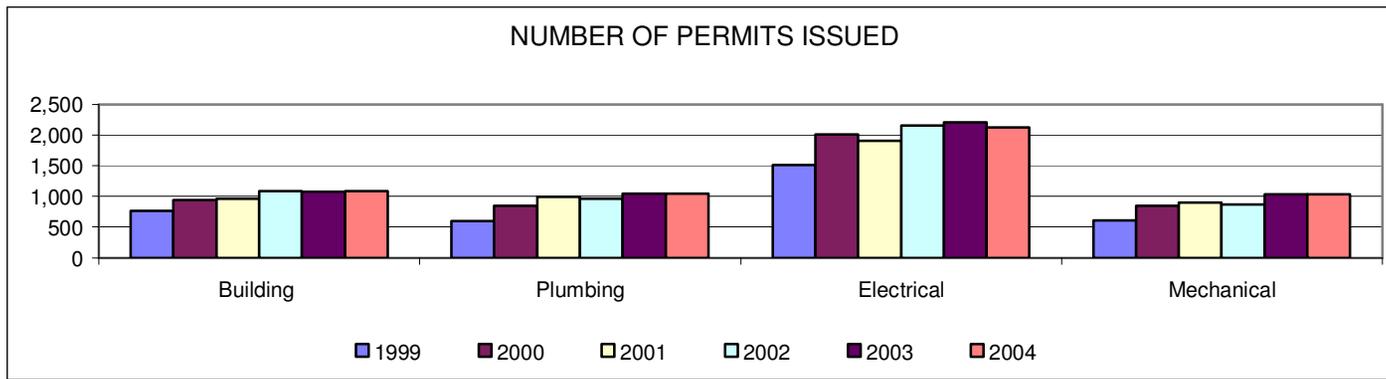
RCW: 19.27.031: Adoption of State Building Code by all cities and counties.
19.27.100: Authority to impose fees different from State Building Code.

Background Information

Renton Housing Permits from "City of Renton Economic Forecast 2004-2005", by Douglas H. Pedersen
The forecast for residential construction in Renton calls for building an average of 622 new housing units per year over the 2004-2005 period, down 5.6% from the 2002-2003 average. This is mainly a reaction to the expected rise in mortgage interest rates. Single family building, which accounted for more than 80% of construction in 2003, is expected to continue to make up the majority of permitted units.

Permit Methodology

The City of Renton's building permit fee schedule is a graduated flat rate plus a percent of the value of construction. The construction value is based on the International Conference of Building Officials bi-annual publication of construction values with regional modifiers. Electrical permit fees are based on the type of structure (single family, commercial, etc.) and the amperes. Mechanical permit fees consist of a basic fee plus an additional charge based on the type of system (HVAC, absorption, commercial ventilation, etc.). Plumbing fees consist of a base fee plus a charge per fixture and type of system. The Uniform Building Code Standards, the Uniform Mechanical Code, and the Uniform Plumbing Code as directed by RCW 19.27.031 authorize the various building permit fees. Data such as type of permit, number of permits, and valuation of projects is maintained in the automated permit tracking system by Development Services. Any building project larger than a fourplex must go through land use review prior to starting the permit process.



Number of Permits Issued

	1999	2000	2001	2002	2003	2004
Building	764	943	963	1,088	1,080	1,082
Plumbing	601	849	987	963	1,044	1,044
Electrical	1,515	2,007	1,908	2,157	2,204	2,126
Mechanical	603	843	898	868	1,037	1,035
Totals	3,483	4,642	4,756	5,076	5,365	5,287

Note: the number of permits issued from 1997 forward include combination permits which were established for single family homes. Combination permits are payable at the time the permit is issued and include a fee for the basic building, electrical, plumbing, and mechanical permits. The revenue received is posted to individual permit fee accounts, but each combination permit is only counted as one in our automated permit tracking system which makes it difficult to arrive at the actual number of permits issued. Therefore, the numbers above have been adjusted to reflect the fact that each combination permit represents one basic building, one electrical, one plumbing, and one mechanical permit.

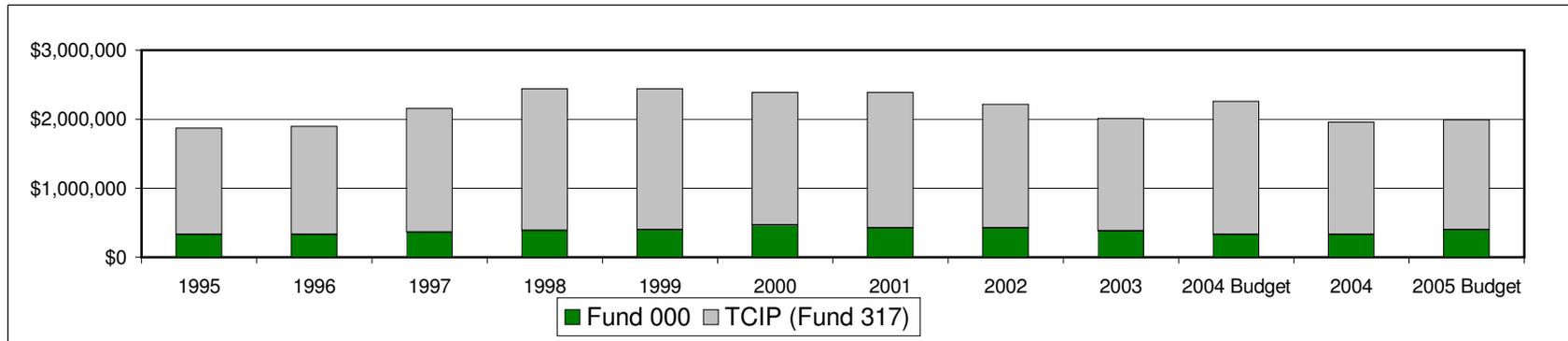
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Business License Tax

Perspectives

This revenue source is a license fee based upon the number of employees a company has within the City of Renton city limits. In 1988 the City of Renton increased its business license fee to \$55 per employee in response to transportation needs. The City contributes 80% of the revenue to the Transportation Fund. The remaining 20% is dedicated to the General Fund.

Fund	2002	2003	2004 Budget	2004	2005 Budget
Fund 000	\$425,000	\$382,500	\$325,000	\$325,000	\$392,800
Fund 317	\$1,788,098	\$1,627,375	\$1,936,400	\$1,632,908	\$1,600,000
Total	\$2,213,098	\$2,009,875	\$2,261,400	\$1,957,908	\$1,992,800



Forecast Assumptions

- 2003 We have assumed a decrease of 6% in employment in 2003 to accommodate changes that occurred throughout 2002.

- 2004 We believe that employment increases at Fry's and Sam's Club will offset Boeing employment decreases.

- 2005 Boeing employment is expected to continue declining. Federal Reserve Bank will start building a facility in Renton this year.

Authority and Rates

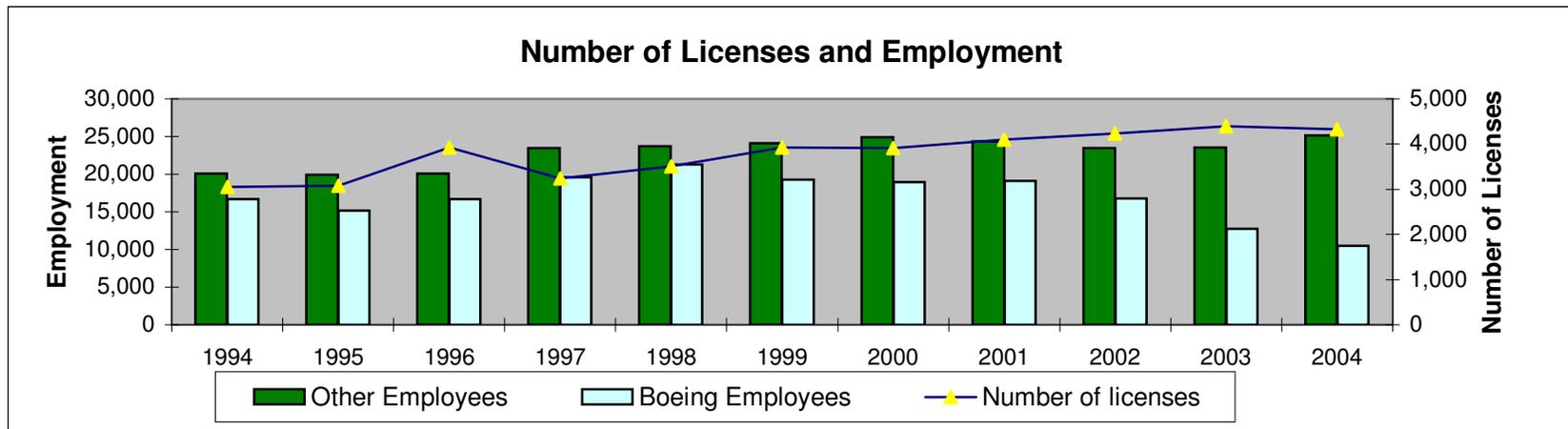
Tax/Revenue Base: Every business enterprise, including those with a temporary or portable sales location, shall first obtain from the City a general business license for the current calendar year or unexpired portion thereof.

Period	Tax Due Date
Oct -Dec	Feb 5th
Jan -Mar	May 5th
Apr - June	Aug 5th
July - Sept	Nov 5th

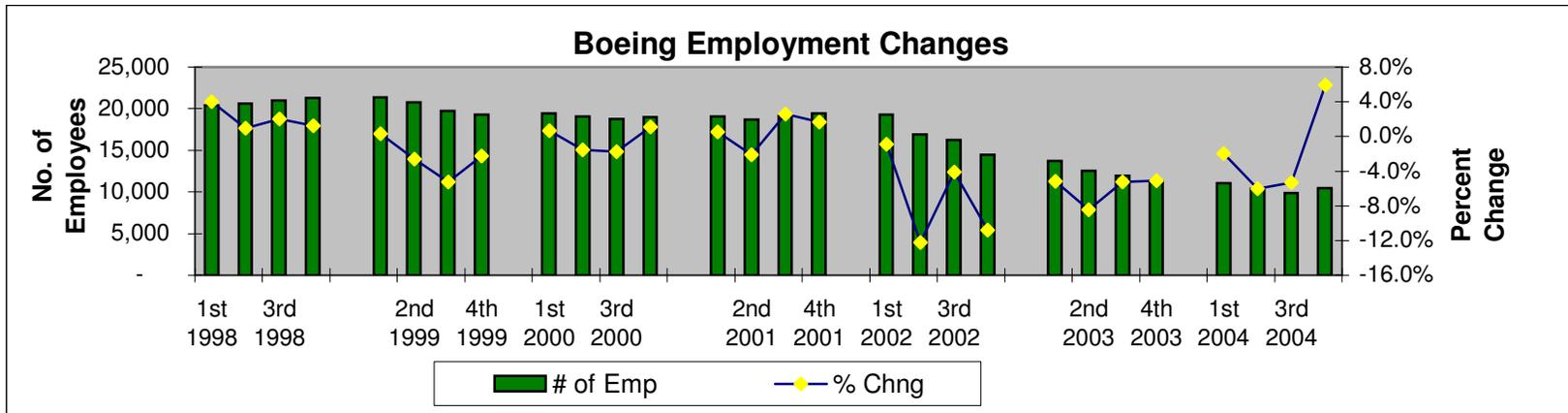
RCW: 35.82.020 Provides code cities the authority to license and revoke the same for cause; to regulate, make inspections and impose excises for regulation or revenue in regard to all places and kinds of businesses. Generally, cities have one of four types: Tax on gross receipts or gross income; fees based on a particular type of activity; fees based on square footage; and/or fees based on the number of employees, like Renton's.

Background Information

Economic Forecasts have predicted a recessionary period in the Puget Sound Region to last through 2002. As is usual, the recession will last longer in this area than in the rest of the country therefore a cautious outlook has been taken in predicting the 2005 budgeted revenue. 2005 budgeted revenue has been based on 2004 actuals received.



Boeing Impacts



This graph illustrates the changes in Boeing employment since the first quarter 1997 and goes through the fourth quarter 2004.