



January 2015

Seattle URM Benefit Cost Analysis – Public Comment

The Benefits Cost Analysis (BCA) that was prepared for DPD in March 2014 was revised in April 2014 to respond to public comment. The Department has heard from other professional experts that the benefit calculated in the analysis is underestimated. They point out the strengths and limitations in the HAZUS model and their feedback will be considered as Seattle makes decisions on policy direction. Memoranda with their critique and response from the consultant group who prepared the BCA are included in this document.

All benefit-cost analyses are complex and have underlying assumptions and variables. Different assumptions and variables might significantly change the conclusions drawn from any analysis. For example, one of the assumptions underlying the BCA analysis is the likelihood of an earthquake in any given year. If the analysis assumed an earthquake tomorrow, the benefit cost ratio would be much greater. DPD's consultant worked with structural engineers and other experts to develop the best available data at the time to design the underlying assumptions for the BCA. The variables were chosen to reflect the objective of the city to understand economic impacts of retrofits over time.

Since the BCA was intended to provide the city another piece of information on policy alternatives, it is not intended as a guide for property owners on how best to protect their investments. Each individual property owner will need to consider factors specific to their particular building as they are making their decision.

There is not one right answer for decision making. No important policy decisions are made on simple dollars and cents calculations. It is very difficult to factor in qualitative costs and benefits that might affect neighborhoods, such as community character and social and environmental costs after a major earthquake. All these impacts, including the economic impacts, along with public comment will be taken into consideration when making policy recommendations and decisions.

Comments can be sent to: DPD_URM_Policy_Committee_Comments@seattle.gov.