

***BIC Special
Meeting of
February 14, 2024***

Agenda Item 2



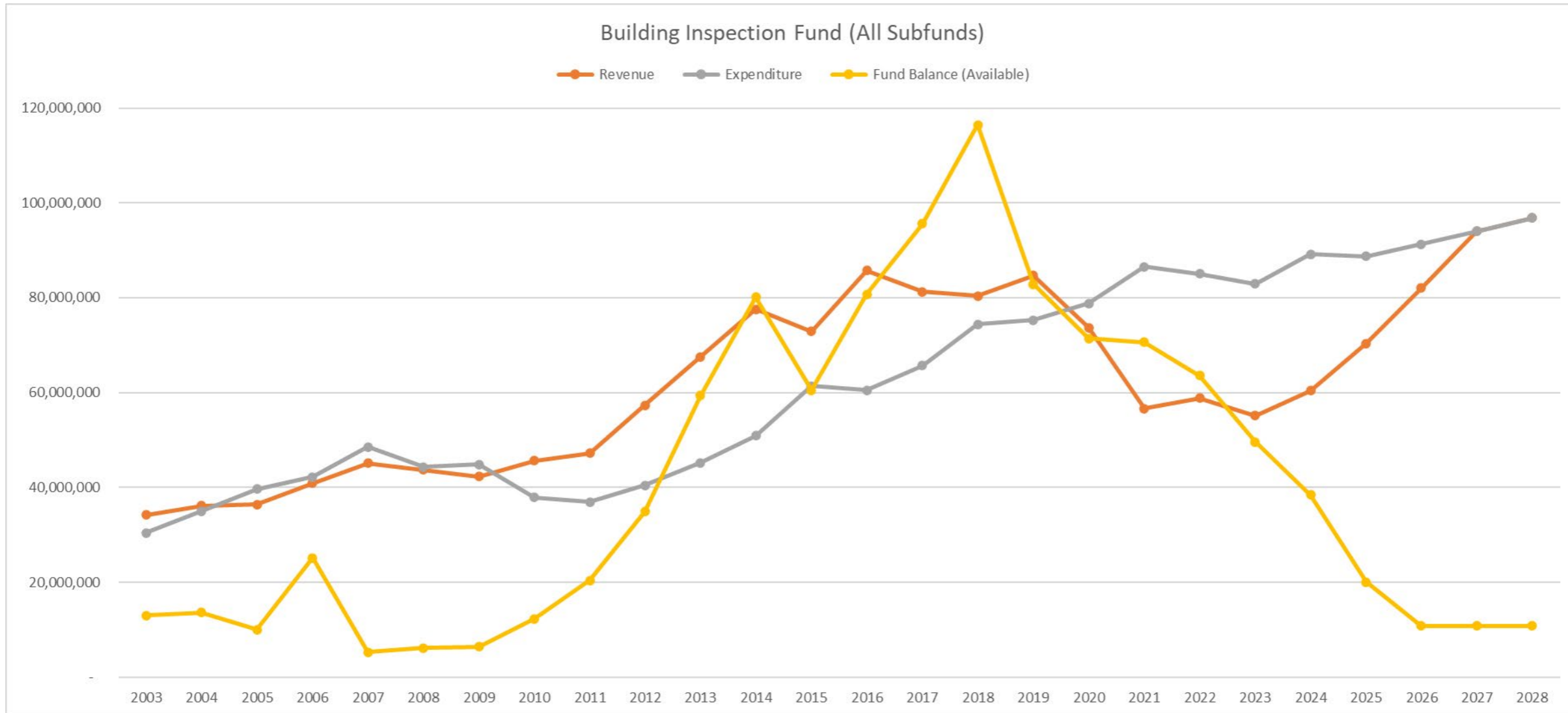
DBI Proposed Budget FY 2024-25 & 2025-26

Building Inspection Commission – February 13, 2024

Budget Schedule

- January 17 - First Budget Meeting
- February 13 - Second Special Budget Meeting, BIC recommendation to Mayor
- February 21 - All departments submit 2-year budget proposal to Mayor's Budget Office and Controller
- March to April – BIC recommends proposed legislation adopting new fees and fee adjustment process
- February to June - Mayor's Budget Office develops Mayor's proposed budget
- May 1 - Mayor's proposed budget introduced to Board of Supervisors
- May - Board of Supervisors modifies Mayor's proposed budget
- Late July - Board of Supervisors adopts final budget and trailing legislation
- Late August - Department certification letters sent to Controller and Mayor

Financial History



Reserves

- **\$35.9M** available fund balance is projected at the end of FY24.
- Last year, the approved FY25 budget was balanced with **\$24.5M** of reserves (fund balance) and did not assume any fee increase in FY25.
 - The department is now estimating lower fee volume of **\$2.5M** less than projected
 - Assuming fee increases are approved, DBI will collect an additional **\$10.1M** in fees
 - This nets **\$7.6M** of additional fee/fine revenue, reducing the need for use of fund balance in FY25 to **\$18.4M**.
- This would leave **\$17.4M** available fund balance at the end of FY25.
- The tentative plan is to continue phasing in fee increases in FY26 to achieve full cost recovery fees in FY27. Use of fund balance of **\$9.2M** is budgeted for FY26, half the amount of FY25.
- This would leave **\$8.2M** available fund balance at the end of FY26.

Fund Balance Table

Fiscal Year	Beginning Available Fund Balance	Revenue	Additional Fee Increase Revenue	Expenditure	Use of Fund Balance	Ending Available Fund Balance
2025	35.9	63.1	7.2	(88.7)	18.4	17.4
2026	17.4	70.3	11.7	(91.2)	9.2	8.2

Revenue

Account Type	Account	FY 2023-24 Adopted Budget	Change	FY 2024-25 Original Budget	Change	FY 2024-25 Department Proposed Budget	Change	FY 2025-26 Department Proposed Budget
Revenue	Licenses	7,718,319	-	7,718,319	4,364,826	12,083,145	-	12,083,145
	Interest	1,922,127	-	1,922,127	-	1,922,127	-	1,922,127
	Fines, Forfeiture, & Penalties		-		350,000	350,000	-	350,000
	Charges for Services	47,057,008	12,546	47,069,554	2,841,140	49,910,694	11,718,950	61,629,644
	Other Revenue	1,250,000	-	1,250,000	-	1,250,000	-	1,250,000
	Work Order Recovery	204,053	-	204,053	-	204,053	-	204,053
	General Fund Transfer In	5,100,000	-	5,100,000	(510,000)	4,590,000	-	4,590,000
	Use of Fund Balance / Reserve	22,852,067	1,674,764	24,526,831	(6,094,674)	18,432,157	(9,216,078)	9,216,078
Revenue Total		86,103,574	1,687,310	87,790,884	951,291	88,742,175	2,502,872	91,245,047

- The fee study and new lower volume estimates resulted in an additional **\$7.6M** of fee/fine revenue.
- The 10% General Fund Support reduction per Mayor's citywide direction lowered revenue by **\$0.5M**.

Expenditure

Account Type	Account	FY 2023-24 Adopted Budget	Change	FY 2024-25 Original Budget	Change	FY 2024-25 Department Proposed Budget	Change	FY 2025-26 Department Proposed Budget
Expenditure	Salaries	41,362,210	1,380,127	42,742,337	686,733	43,429,070	1,939,900	45,368,970
	Fringe Benefits	16,798,842	438,008	17,236,850	398,558	17,635,408	682,972	18,318,380
	Overhead Allocations	1,352,456	(2,826)	1,349,630	-	1,349,630	-	1,349,630
	Nonpersonnel Services	3,761,000	(158,000)	3,603,000	176,000	3,779,000	-	3,779,000
	City Grant Program	4,800,000	-	4,800,000	(510,000)	4,290,000	-	4,290,000
	Materials & Supplies	442,000	(10,000)	432,000	30,000	462,000	-	462,000
	Services of Other Departments	17,587,066	40,001	17,627,067	120,000	17,747,067	(120,000)	17,627,067
	Project Carryforwards		-		(1,745,432)	(1,745,432)	1,745,432	-
	Programmatic Projects		-		1,795,432	1,795,432	(1,745,432)	50,000
Expenditure Total		86,103,574	1,687,310	87,790,884	951,291	88,742,175	2,502,872	91,245,047

- 10% General Fund Support reduction per Mayor's citywide direction reduced grants by **\$510k**.
- **\$70k** for safety/rain equipment and training
- **\$140k** for special revenue funded Strong Motion and Building Standards Commission program expenditures
- **\$50k** for credit card processing fees

Proposed Budget – Positions

	FY 2023-24 Adopted FTE	FY 2023-24 Adopted Amount	FY 2024-25 Department FTE	FY 2024-25 Department Amount	FY 2025-26 Department FTE	FY 2025-26 Department Amount
Administration	57	11,785,468	58	12,404,417	58	12,930,632
Inspection Services	127	26,417,558	130	28,014,458	130	29,159,253
Permit Services	85	17,719,981	87	18,334,212	87	19,121,959
Grand Total	269	55,923,007	275	58,753,087	275	61,211,844

- **\$250k** to substitute various positions and fill existing vacancies
- **\$500k** decrease in attrition to reflect the true attrition rate for existing staff
- **\$450k** for a new Permit Tech II, four summer interns and a SF Fellow

CBO Grants – FY25 Funding Overview

- DBI’s budget proposes General Fund support to continue funding the (community Based Organizations) CBO grant budget in FY25 and FY26.
- DBI’s FY25 and FY26 CBO grant proposed budget is \$4,290,000 per year
 - Reflects budget instructions mandating a 10% general fund support reduction

		FY25		
FY23 DBI Budget	FY24 DBI Budget	Proposed DBI Budget	FY25 DBI Change	FY25 DBI Change %
4,860,433	4,800,000	4,290,000	(510,000)	-10.6%

CBO Grants Contd.

- Maintains funding equal to prior year actual expenditures
 - FY23 CBO spending: \$4,293,010

Fiscal Year	DBI			
	DBI Actuals	DBI Budget	Balance	% Spent
2022 Total	4,365,225	4,860,433	495,208	90%
2023 Total	4,293,010	4,860,433	567,423	88%

- CBOs left \$0.5M (10%) of DBI budget unspent in FY22 and \$0.6M (12%) unspent in FY23
- As part of the Mayor's budget instructions, DBI will submit a 5% contingency for additional reductions with its budget proposal.

Next Steps

- The FY25 and FY26 department budget submission is not final.
- This presentation includes information currently available, but changes may be required before submission on February 21.
- DBI will continue working closely with the Controller and the Mayor's Office on any technical and policy changes.
- Staff will draft legislation to establish the new fees determined in the fee study in fiscal year 2024-25.



THANK YOU