

***BIC Regular Meeting
of
February 14, 2023***

Agenda Item 9



DBI Proposed Budget FY 2023-24 & 2024-25

Building Inspection Commission – February 14, 2023

Budget Schedule

- January 30 - First Special Budget Meeting
- February 14 - Second Special Budget Meeting for Commission approval
- February 21 - All departments submit their 2-year budget proposal to Mayor's Budget office and Controller's office
- February to June - Mayor's Budget office develops the Mayor's proposed budget
- June 1 - Mayor's proposed budget introduced to Board of Supervisors
- June - Board of Supervisors modifies the Mayor's proposed budget
- Late July - Board of Supervisors adopts the final budget
- Late August - Department certification letters to Controller and Mayor

Proposed Budget – Revenue

Category	Prior Year FY23	FY24 Proposed	FY24 Change	FY25 Proposed	FY25 Change
Licenses, Permits & Franchises	6,937,815	6,937,815	0	6,937,815	0
Interest & Investment Income	1,422,127	1,922,127	500,000	1,922,127	0
Charges for Services	49,435,753	43,159,558	(6,276,195)	56,937,925	13,778,366
Expenditure Recovery	203,271	203,271	0	203,271	0
Operating Transfer In	325,000	300,000	(25,000)	300,000	0
Use of Fund Balance / Reserve	34,520,961	33,771,001	(749,960)	12,912,789	(20,858,212)
Grand Total	92,844,927	86,293,772	(6,551,155)	79,213,926	(7,079,846)

Proposed Budget – Revenue Highlights

- No fee policy decision assumed in department proposal – waiting for results of fee study
- Budget will be revised once fee study is released
- Conservative fee revenue estimate: -18% per year for FY2023-24 and FY2024-25 (recession scenario)

Proposed Budget – Expenditures by Division

Division	Prior Year FY23	FY24 Proposed	FY24 Change	FY25 Proposed	FY25 Change
Inspection Services	46,817,781	32,664,356	(14,153,425)	33,559,473	895,117
Permit Services	19,316,622	19,602,874	286,252	20,265,959	663,084
Administrative Services	26,710,524	34,026,542	7,316,018	25,388,495	(8,638,047)
Grand Total	92,844,927	86,293,772	(6,551,155)	79,213,926*	(7,079,846)

*FY25 includes \$9M one-time continuing fund deappropriation (negative expenditure/use). Expenditures will likely be deappropriated in FY24, the funds will return to fund balance, and use of fund balance will be budgeted as a source instead of the negative use. Sources and uses would then be \$9M greater for FY25, \$88,213,926.

Proposed Budget – Expenditures by Category

Category	Prior Year FY23	FY24 Proposed	FY24 Change	FY25 Proposed	FY25 Change
Salaries	37,487,568	41,661,088	4,173,520	43,711,524	2,050,436
Mandatory Fringe Benefits	16,403,803	16,585,379	181,576	16,611,874	26,496
Overhead Allocation	1,087,245	1,087,245	0	1,087,245	0
Nonpersonnel Services	4,995,460	3,791,000	(1,204,460)	3,633,000	(158,000)
City Grant Program	5,255,314	5,230,314	(25,000)	5,230,314	0
Materials & Supplies	590,000	452,000	(138,000)	442,000	(10,000)
Services of Other Departments	20,635,537	17,486,747	(3,148,790)	17,497,969	11,222
Programmatic Project	6,390,000	0	(6,390,000)	(9,000,000)	(9,000,000)
Grand Total	92,844,927	86,293,772	(6,551,155)	79,213,926	(7,079,846)

Proposed Budget – Expenditure Highlights

- \$1.3M non-labor expenditure reduction (materials & supplies, non-personnel services)
- \$4.4M labor increase (\$2.9M mandatory COLA)
- \$5.2M CBO grants still assumed to be funded by DBI
- \$3.1M reduction of services of other departments (ASR, FIR, MOD)
- \$9M programmatic (continuing) project deappropriation

Proposed Budget – Positions

Division	FY23 FTE	FY23 Amount	FY24 FTE	FY24 Amount	FY24 FTE Change	FY24 Amount Change	FY25 FTE	FY25 Amount	FY25 FTE Change	FY25 Amount Change
Inspection Services	127.10	25,371,882	127.01	26,281,492	(0.09)	909,610	126.91	27,175,766	(0.10)	894,274
Permit Services	79.89	15,270,036	87.49	17,979,727	7.60	2,709,691	87.55	18,642,812	0.06	663,084
Administrative Services	80.94	11,014,293	60.18	12,264,548	(20.77)	1,250,255	59.86	12,651,148	(0.32)	386,600
Grand Total	287.94	51,656,211	274.67	56,525,767	(13.26)	4,869,556	274.32	58,469,725	(0.35)	1,943,958

Proposed Budget – Position Highlights

- Eight Permit Tech 2s substituted to Permit Tech 3 to allow supervision
- Two new Certified Access Specialist Inspectors (no new cost, from MOD)
- New positions (ABE, plumbing plan review, permit process streamlining)
 - (6331 + 6321 Code Enforcement, 5207 Plan Review, 1824 Permit Services)
- Convert four temporary positions to permanent (three PT2, one 1241)
- Increase attrition by \$3.9M, technical change, no operational impact, reduces funded FTE, but not hiring authority

Proposed Budget – Fund Balance

- Use of \$33.8M fund balance to balance FY24 budget
- \$36.1M needed to balance FY25 budget
 - Remaining \$12.9M fund balance
 - De-appropriation of \$9M continuing projects
 - Assume \$14.2M revenue increase in FY25 to balance as result of fee study

Proposed Budget – Next Steps

- The FY24 and FY25 department budget submission is not final
- This presentation includes everything currently known, but changes may be required before submission on 2/21/23
- DBI will continue working closely with the Controller and the Mayor's Office
- The results of the fee study in April will likely result in changes to department revenues in the Mayor's phase of the budget process



THANK YOU