

***BIC Regular Meeting
of
March 15, 2023***

Agenda Item 15

- ***Special BIC Meeting Minutes of
January 30, 2023***

of the Ramaytush Ohlone community and by affirming their sovereign rights as First Peoples.

2. Discussion and possible action on the proposed budget of the Department of Building Inspection for fiscal years 2023/2024 and 2024/2025.

Deputy Director of Administrative Services Alex Koskinen presented the following:

- Budget Schedule
- Proposed Budget – Revenue
- Proposed Budget – Expenditures
- Proposed Budget – Fund Balance
 - De-appropriation of \$8M continuing projects to return to fund balance
 - Use of \$33.6M fund balance to balance Fiscal Year (FY) 2023-24 budget
 - As a placeholder, all remaining fund balance (\$21.1M) is used to balance FY 2024-25 budget
 - Assume \$13.6M revenue increase in FY 2024-25 to balance as result of fee study

Mr. Koskinen also mentioned the following points:

- All Community Based Organization (CBO) grants are still assumed to be funded by the Department of Building Inspection (DBI). The expenditure is \$5,255,314
- To his knowledge, no one is proposing that funding is reduced nor making changes to the work, but changing the funding source. Since DBI is in challenging times, the Department is looking to the Mayor's Office to help with \$5.2M from the General Fund to support this.
- \$700K non-labor expenditure reduction (Materials & Supplies, Non-Personnel Services)
- \$700K labor increase (Assume Disability Access transfer of function and convert permit techs II to III for supervision)
- There is no room to reduce labor further, but DBI will see what the Mayor's Office does and then re-assess.
- In order to reduce expenditures, DBI must submit a balanced budget.

Please Note: There was extensive public comment regarding the Department of Building Inspection's (DBI's) budget. Some members of the public were assisted by Chinese/Cantonese and Spanish speaking interpreters. The speaker's names are listed to the best of our ability, and we apologize in advance for any misspellings.

Public Comment:

- Mr. Jerry Dratler stated that the comments he would make refer to the handout that he gave the Commissioners. Section 1 shows the \$85.5M spent for FY 23/24 and \$58M or 68% of the budget is for employment costs. The next largest expenditures are \$17M for charges for other City departments, and \$5M in grants to organizations that work with Single Room Occupancies (SROs). \$58M in employment costs exceeds DBI's plan check fees and other permit fees by \$17M. The current revenue budget is unable to fund current employee salaries and benefits. A 20% increase in fees would only raise an additional \$8M. DBI has a \$39M problem – 39% of the Department's budget is funded with a one-time use of reserves. The Department of Building Inspection (DBI) and the Building Inspection Commission (BIC) cannot count on higher fees to

solve the long term expense problem – The number of employees is the problem. Section 3 shows in 2018 there were 255 Full-Time Equivalent (FTEs) employees. What is the budgeted number this year? The schedule at the bottom of the page summarizes the 327 FTEs in the Annual Survey Ordinance. 138 or 42% of DBI employees have the word “Inspector” in their job title. 87 or 27% of employees have the word “Permit Technician”. DBI needs to reduce clerical positions and look at reengineering the inspection process.

List of speakers:

Chun Lee
Thong Sen Wu
Trey Ping Tan
Moo Yee Yin
Hoy Chung Wu
Yen Fan Lu
Britney Lu
Michelle Lee
Representative Mission St. SRO
Aretha Aledo
Alicia Sandoval
Tracy Phillips
Sara Sherburn-Zimmer
Becky Hom
Dolores
Araceli Catalan

Summary of speakers comments:

- Multiple speakers worked with the Chinatown Community Development Center (CCDC).
- CCDC helped tenants with programs and to organize.
- Requested that the Building Inspection Commission (BIC) continue to fund the programs.
- Asked the BIC not to cut the budget for Single Room Occupancy (SRO) family collaborative.
- Gave example – 2 months ago the water heater was damaged, and it affected the lives of everyone in the building. When tenants called the landlord hung up on them. Next, they called the SRO collaborative and got help to get a new water heater.
- CCDC Organizers visit each week and provide activities and resources. They also help tenants understand their rights, Fire Codes, and disaster preparedness.
- Person lived in SRO for 6 years. During the pandemic life was difficult and everyone stayed at home. The stove was broken frequently, and they reached out to the Building Manager, but he did not repair it. Organizers helped to get the stove repaired.
- Not really any way to follow up on getting the repairs done without the SRO family collaborative.
- At SROs tenants share community bathrooms, showers, leaky faucets, and poor sanitation. Continuous problem with owners repairing items.
- Urged the Commission not to stop funding the programs, and to keep it under the Department of Building Inspection (DBI).
- Families who spoke live in Chinatown and also have children. Very old buildings with bathroom floor damaged, moldy ceilings and walls. Conditions not good for children’s health and safety.

- Example of 614 Jackson St. Tenants experienced leaks due to heavy rains on January 16. The family handled the problem with Community Based Organization (CBO) assistance.
- CCDC Representative said that she helps tenants with landlord issues. Some landlords ignore tenant representatives on purpose. There are language barriers.
- Due to DBI's and CCDC's combined effort, tenants are living better and problems in the common areas have improved.
- Example of tenant who lived at 449 Mission St. In 2014 living conditions decreased with the new landlord. Pest control service was cancelled, and the landlord ignored their requests.
- CCDC helped get the landlord to reply and repair the kitchen stove. He also restored the pest control service.
- Britney Lu (Counselor) provided counseling to low income tenants, along with workshops to educate them on fire safety prevention, and First Aid help. Over 40% of tenants increased their knowledge of fire prevention. Learned about emergency exits, fire alarms, etc.
- Michelle Lee (Building Coordinator) lives in Chinatown and she gives CCDC a "heads up" on issues, along with telling her neighbors and friends.
- Mission Street SRO Collaborative Representative said that a tenant invited her to see their room. There was water damage and it was roach infested.
- Aretha Aledo (Mission Rock) helped tenants who were afraid to work, and she urged the BIC to keep the programs under DBI.
- Alicia Sandoval (Housing Rights Committee (HRC) educates tenants about their rights. Staff speak in 5 languages. Tenants are no longer scared to ask for repairs. HRC collaborates with DBI Inspectors and they know their members.
- Tracy Phillips (Bayview-Hunter's Point District) said that she is 56 years old and grew up in the Bayview. She has helped write letters, call owners, and her job is funded through DBI. If funding is cut, there will be no services for La Salle, Bayview Hunters Point, and Sunnydale.
- As with the Mandarin/Chinese speaking tenants, the conditions in Bayview-Hunter's Point are worse. The tenants need the Department's funding.
- Sarah Sherburn-Zimmer (Housing Rights Committee (HRC) works in the community. She works hand-in-hand with Inspectors and they need each other. DBI and SRO work has gone up, and she urged the BIC not to transfer funding from DBI to the general fund. She said an increase in fees could be the answer.
- Becky Hom (Causa Justa "Just Cause") urged the BIC to keep funding under DBI, not the general fund. Tenants are impacted daily, and funding pays for staff and impacts the tenants. DBI is asking the Mayor to fund it through the general fund, when the Mayor's instructions are asking departments to cut their budgets. DBI should increase fees.
- Dolores said she worked for the community she serves for 19+ years. This is the worse era due to the pandemic. Keep funding in DBI, instead of general fund. Ensure the Housing Code is met and that they are under the "Eyes of DBI". Focus on helping the children in San Francisco.
- Araceli Catalan (Causa Justa) said she has worked for Causa Justa since 2011, and urged to keep funds in DBI instead of transferring to the general fund. With DBI's support, tenants stay in their units.
- Representative from Causa Justa said that she worked with Inspector Prasad. Tenant had a language barrier, and the Inspector shared his report. Now the tenant lives with dignity in their safe and habitable home.

Commissioner's Questions & Comments:

Commissioner Neumann said the impact Code Enforcement Outreach Program (CEOP) was having is incredible to see, and to clarify the Department was still funding those programs but it was at the discretion of the Mayor's Office whether those programs would be covered by an increase of fees or the general fund.

Mr. Koskinen said that was correct.

Commissioner Shaddix said Commissioner Neumann asked the exact question he wanted to ask and he thanked the community for their comments. – He heard them loud and clear.

Commissioner Alexander-Tut thanked the community and tenants for their comments and said public comment is always open at the Commission meetings. Commissioner Alexander-Tut disclosed that she was employed with an organization that was funded by the CEOP program. The program is important to her and she has stayed in contact with people she had worked with at the program, but believed she would remain objective despite that relationship.

Commissioner Alexander-Tut said that it seemed it was the department's intention to have those services provided by DBI, and stated a motion to continue funding the grant programs through DBI.

Secretary Harris said that Commissioner Alexander-Tut could state the motions, but the Board would go back to them at a later time with the assistance of Deputy City Attorney Kapla.

Commissioner Alexander-Tut said the first suggested motion was for the BIC to take the position that the grant funding should continue to come from DBI's budget.

Commissioner Alexander-Tut stated that the second motion was regarding an Ordinance that the Board of Supervisors (BOS) pass regarding waiving existing fees, and reimbursing the Department for the cost of those fees. Instead of asking the Mayor's Office to cover the funding, she proposed that a fee waiver be issued and request to reimburse DBI for the program.

Commissioner Sommer said she recalled discussion regarding open staff positions and having those remain open as a way of reducing cost and perhaps not having any lay-offs. She said it was mentioned all staff positions were filled but asked had there been any change to staff in the current year.

Mr. Koskinen said for clarification there was a distinction between budgeted positions and budgeted fund positions and there were approximately 320 FTE that was in the Department's hiring authority however attrition, which was negative expenditure was budgeted as well however what was meant in the presentation was the department had hired for all budgeted and funded positions although having additional hiring authority for more the funds were not there to do so.

Mr. Koskinen also said to acknowledge Mr. Dratler's comments regarding FTE and positions in general was still under development and the Department was collecting proposals from other

departments such as their wish list items for example what positions would they like to fill, change, or move and those were highly variable. The only items the Department presented were ones it was confident would move to the full proposal and the remainder of the proposals would be discussed and see what the Department would be able to fund.

Commissioner Sommer said the fee study was not included in the upcoming year budget and was that the most conservative way to propose the budget.

Mr. Koskinen said in the Department's February 2023 budget submission the fee study was not considered however in April 2023 in the first phase of the budget, in Mayor's phase, when the fee study would be complete and results were presented and shared and the Department would make its finding on what adjustments would be recommended and the Mayor would also give its feedback.

Commissioner Sommer said the budget was going to be an ongoing conversation.

Mr. Koskinen said yes the numbers in the proposed budget were preliminary amounts and there were few changes especially on the revenue side and the budget was an ongoing process that would continue to July 2023. In April 2023 once the fee study was published it was presumed the study would say in order to recover from expenditures fees would need to be increased and if that happens and the Mayor approves then the revenues would be increased and the use of fund balance would decrease. The use of fund balance assumed no additional revenue would be received and the hope was that did not continue to be true.

Commissioner Sommer said on the proposed budget revenue side why was the interest in investment income going up when the fund balance was going down.

Mr. Koskinen said the interest in investment income did not change from the prior year due to it being a Controller number that should not be changed. Mr. Koskinen thanked the public for their comments and organizations for the work that they do and mentioned the Department had released some changes to its website, which added translations to various languages and the Department was working hard to ensure its services were accessible encouraged the public to reach out to the Department and 311.

President Bito said she reviewed the new website and it was much clearer and forms were easier to complete and asked what year did the Department project to reach zero balance.

Mr. Koskinen said if the expenditure budget came to pass, the Department expected to run out of funds towards the end of 2024 going in to 2025.

President Bito asked if the Department was making an unreasonable projection staying neutral, given San Francisco was one of the slowest cities in the nation to recover from the pandemic?

Mr. Koskinen said on the revenue side 18% reduction to permit revenues were included and the Department felt that number was conservative but was hopeful that would not be the case. As reported earlier in the month revenues were coming in lower than projected, but had not reached

18% but if projects were to stop than 18% was the projected worst case scenario.

President Bito asked if at the next budget meeting the Department would walk through the updated website in order for the public to see the changes and would be empowered to understand the resources available to them.

Director O’Riordan said staff would be able to work with the Commission on a walk-through of the website.

Commissioner Alexander-Tut said how was the 18% number found to be the most conservative figure when the current figure was at 4%.

Deputy Director of Permit Services Neville Pereira said the Department was still early on the budget proposal and the revenue was relatively difficult to project, but he estimated 18% because of the reductions during the pandemic which was about 13-15% as well as the economic landscape going forward. In conversations with other building officials and members of the construction industry further exasperated the projection as projects that were in the pipeline had continued to be put on hold.

Commissioner Alexander-Tut asked if there was a suggestion for an FTE would it need to be in the budget when the Commission has the authority to hire for that position.

Mr. Koskinen said there were two pieces of the Department’s ability to hire, first was the FTE, the authority to hire a position and the dollars and Department must have hiring authority to hire any positions or make any changes those must be done in the budget yet there were mechanisms to make small changes throughout the year but there were limits on those. The Department did have the ability to temporarily exchange position hiring authority; However, that was very limited and required approval from the Mayor’s office.

Commissioner Alexander-Tut asked what would be the correct process to do the above.

Mr. Koskinen said he would accept any suggestions and add them to the wish list that was being compiled from all DBI departments and at the next meeting staff would have a more solid picture of which position changes it planned to submit.

Commissioner Alexander-Tut said she suggested to explore the idea of creating a Manager I position for the Commission with the long term goal of eliminating the Secretary position and having that person move into the Manager I position to be added to the wish list.

Deputy City Attorney (DCA) Robb Kapla said it sounded as if Commissioner Alexander-Tut was requesting information on what a Manager I position would look like in the budget, so it could be part of the discussion but no personnel decisions could be made.

President Bito said the Secretary of the BIC was separate from the staff of DBI.

DCA Robb Kapla stated that the Secretary of the Commission was defined in the Charter and

was separate from the staff at DBI, however to the extent the position was funded through DBI.

Commissioner Alexander-Tut said what she understood was there were limited promotional opportunities within certain classifications and perhaps there were other policies changes that could take place in seeking promotional opportunities and wanted more information on having the person that reports to the BIC be a Manager I as other Commissions had.

DCA Robb Kapla said what he thought Commissioner Alexander-Tut was seeking was information on the financial ramifications of promoting the Secretary to Manager I.

Commissioner Neumann said did the de-appropriation of \$8 million dollars mean there was not enough significant work for example, in the soft story programs and those could be let go of and be supported through general day to day work of the Department.

Mr. Koskinen said the work on the illegal in-law program and the soft-story programs were largely completed and were part of the routine operating budget. All DBI employees were operating employees and there was one potential temporary Project Manager for the permit tracking replacement and the position had already been budgeted for.

Vice President Tam made a motion, seconded by President Bito, to consider the budget at the next meeting.

Secretary Harris called for a Roll Call Vote:

President Bito	Yes
Vice President Tam	Yes
Commissioner Alexander-Tut	Yes
Commissioner Neumann	Yes
Commissioner Shaddix	Yes
Commissioner Sommer	Yes

The motion carried unanimously.

BIC RESOLUTION NO. 007-23

3. Adjournment.

Vice President Tam made a motion, seconded by President Bito to adjourn the meeting.

The motion carried unanimously.

BIC RESOLUTION NO. 008-23

The time was 12:08 p.m.

Respectfully submitted,

Monique Mustapha
Monique Mustapha, Assistant BIC Secretary

Sonya Harris
Edited By: Sonya Harris, BIC Secretary

