

File No. 150027

Committee Item No. 9  
Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date March 4, 2015

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

- |                                     |                          |                                              |
|-------------------------------------|--------------------------|----------------------------------------------|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU                                          |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER

(Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Linda Wong Date February 27, 2015

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

[Building Code - Temporary Fee Reduction]

**Ordinance extending the reduction of all Building Code fees for staff services by 7% until the effective date of an updated Building Code fee schedule and affirming the Planning Department's determination under the California Environmental Quality Act.**

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in ~~*striketrough italics Times New Roman font*~~.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~Arial font~~.  
**Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). The Board of Supervisors hereby affirms this determination. Said determination is on file with the Clerk of the Board of Supervisors in File No. 150027 and is incorporated herein by reference.

(b) In accordance with Ordinance No. 164-14, the Board of Supervisors reduced all Building Code fees for staff services by 7% for a period of six months. A copy of this ordinance is on file with the Clerk of the Board of Supervisors in File No. 140592. This six-month term was premised on completion of a the Department of Building Inspection fee study and the Board's adoption during this period of a new fee schedule based on the fee study. The fee study still is underway. As a consequence, the Board intends to extend the

1 temporary fee reduction until the fee study is completed, the City enacts an updated fee  
2 schedule, and the updated fee schedule ordinance becomes effective.

3 (c) On December 17, 2014, the Building Inspection Commission held a duly noticed  
4 hearing on this ordinance and recommended its approval. The Building Inspection  
5 Commission Secretary submitted a letter to the Clerk of the Board of Supervisors that  
6 reported this decision. A copy of said letter is on file with the Clerk of the Board of Supervisors  
7 in File No. 150027.

8  
9 Section 2. Temporary Fee Reduction.

10 (a) Notwithstanding the fee schedules contained in the Building Code Fee Tables 1A-A  
11 – 1A-Q and 1A-S, the fee assessment for all Department of Building Inspection staff services  
12 shall be reduced by 7% of those stated fees. This fee reduction shall be in effect until the  
13 Department of Building Inspection completes a fee study, the City enacts an updated fee  
14 schedule, and the updated fee schedule ordinance becomes effective.

15 (b) This ordinance does not affect Building Code Fee Table 1A-R, governing refunds.

16 (c) No existing permittee who paid Building Code fees prior to the effective date of  
17 Ordinance No. 164-14 is eligible for the fee reduction specified in this ordinance or in  
18 Ordinance No. 164-14 in regard to previously paid Building Code fees.

19 (d) The City Attorney shall direct the Building Code publisher to include a note in the  
20 Building Code in Section 110A – Schedule of Fee Tables after the listing of Schedule of Fee  
21 Tables that will notify the public of the temporary reduction in fees that are the subject of this  
22 ordinance. The publisher shall remove the note following the period of the temporary fee  
23 reduction.

1           Section 3. Retroactivity.

2           (a) The Board of Supervisors intends there to be no gap between the expiration of the  
3 six-month 7% fee reduction in Ordinance No. 164-14, which expires on or about March 1,  
4 2015, and the start of the extension of the 7% fee reduction identified in this ordinance.  
5 Therefore, this ordinance shall be retroactive to the last day of the six-month fee reduction  
6 should the effective date of this ordinance occur after expiration of the six-month period of the  
7 initial fee reduction.

8           (b) If there is a time gap between the last day of the six-month 7% fee reduction in  
9 Ordinance No. 164-14 and the start of the extension of the 7% fee reduction in this ordinance,  
10 the Board of Supervisors intends that the Department of Building Inspection exercise  
11 administrative discretion to continue to apply the 7% fee reduction during that time period.  
12 Otherwise, in light of subsection (a)'s retroactivity provision, upon the effective date of this  
13 ordinance, the Department of Building Inspection shall be obligated to refund any excess fees  
14 collected during that time period.

15  
16           Section 4. Effective Date. This ordinance shall become effective 30 days after  
17 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
18 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
19 of Supervisors overrides the Mayor's veto of the ordinance.

20  
21           APPROVED AS TO FORM:  
22           DENNIS J. HERRERA, City Attorney

23           By: 

24           John D. Malamut  
25           Deputy City Attorney

n:\landas2014\9690211\00981752.doc

## **LEGISLATIVE DIGEST**

[Building Code - Temporary Fee Reduction]

**Ordinance extending the reduction of all Building Code fees for staff services by 7% until the effective date of an updated Building Code fee schedule, and affirming the Planning Department's determination under the California Environmental Quality Act.**

### **Existing Law**

The Building Code establishes fees for various City services and programs concerning building permits, site permits, and related actions. Board of Supervisors Ordinance No. 164-14 reduced all Building Code fees for staff services by 7% for a period of six months. That ordinance expires on or about March 1, 2015.

### **Amendments to Current Law**

This Ordinance would continue this 7% fee reduction until the Department completes a fee study, the City enacts an updated fee schedule, and the updated fee schedule ordinance becomes effective. The legislation would not affect the existing program for refunds nor would it allow permittees who already have paid fees to obtain the fee reduction. The Ordinance would be uncoded, but it would direct the City Attorney to work with the publisher of the Building Code to provide notice in the Code of the temporary fee reduction. The legislation also would affirm the Planning Department's determination under the California Environmental Quality Act.

n:\land\as2015\9690211\00983449.doc

<b>Item 9</b> <b>File 15-0027</b>	<b>Department:</b> Department of Building Inspection (DBI)
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<ul style="list-style-type: none"> <li>The proposed ordinance would extend the temporary 7 percent reduction of Building Code permit fees until the Board of Supervisors approves an updated Building Code permit fee schedule.</li> </ul>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>The Department of Building Inspection (DBI) collected approximately 30 percent more permit fee revenue than budgeted in FY 2013-14, and recommended reducing fees on a temporary basis. The purpose of the fee reduction was to study DBI's current permit fee structure and identify potential fee reductions, given historically high permit fee revenues. As part of that effort, the Controller's Office was to review and recommend changes to DBI's fee structure, which DBI would then use to update its fees. The Board of Supervisors approved a six month fee reduction from September 2014 to March 1, 2015.</li> <li>Because the Controller's study has not yet been completed, DBI is requesting the Board of Supervisors approve an extension of the temporary 7 percent fee reduction to the Building Code. The proposed ordinance does not provide a new end date for the temporary 7 percent fee reduction. The Budget and Legislative Analyst recommends amending the proposed ordinance to include an end date of October 31, 2015 for the temporary 7 percent reduction in Building Code permit fees. This end date of October 31, 2015 should allow sufficient time for DBI to finalize the revised Building Code permit fees, obtain Building Inspection Commission and Board of Supervisors approval, and allow for an effective date 30 days after Board of Supervisors approval.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>Based on DBI's estimated revenues, the Budget and Legislative Analyst estimates that DBI will collect an estimated \$54,285,714 in permit fees for the eight-month period from March 1, 2015 to October 31, 2015. If the proposed ordinance is approved, DBI would collect \$3,800,000 or 7 percent less than projected, resulting in net fee revenues of \$50,485,714.</li> </ul>	
<p style="text-align: center;"><b>Recommendations</b></p>	
<ul style="list-style-type: none"> <li>Amend the proposed ordinance so that the temporary 7 percent fee reduction ends on October 31, 2015.</li> <li>Approve the proposed ordinance as amended.</li> </ul>	

**MANDATE STATEMENT / BACKGROUND****Mandate Statement**

Charter Section 2.109 requires Board of Supervisors approval by ordinance all rates, fees, or similar charges imposed by any City department.

**Background**

The Board of Supervisors approved a temporary 7 percent fee reduction on July 15, 2015 for Building Code permit fees (File 14-0592). The fee reduction was effective for six months from August 30, 2014 to March 1, 2015. The Department of Building Inspection (DBI) collected approximately 30 percent more permit fee revenue than budgeted in FY 2013-14, and recommended reducing fees on a temporary basis. The purpose of the fee reduction was to study DBI's current permit fee structure and identify potential fee reductions, given historically high permit fee revenues. As part of that effort, the Controller's Office was to review and recommend changes to DBI's fee structure, which DBI would then use to update its fees. Because the Controller's study has not yet been completed, DBI is requesting the Board of Supervisors approve an extension of the temporary 7 percent fee reduction to the Building Code.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would extend the temporary 7 percent reduction of all Building Code permit fees until the Board of Supervisors approves an updated Building Code permit fee schedule. Fees in DBI Table 1A-R, which refund certain fees for projects that are abandoned or have expired permits, are excluded from the temporary fee reduction.

The proposed ordinance would also affirm the Planning Department's Findings that DBI's proposed temporary fee reduction complies with the California Environmental Quality Act (CEQA).

The proposed ordinance would authorize the extension of the temporary 7 percent fee reduction retroactively from March 1, 2015, the end date of the original temporary fee reduction. According to the proposed ordinance, "the Board of Supervisors intends that the Department of Building Inspection exercise administrative discretion to continue to apply the 7% fee reduction" from March 1, 2015 until the effective date of the proposed ordinance, which is 30 days after Board of Supervisors approval.

The proposed ordinance does not provide a new end date for the temporary 7 percent fee reduction. According to Ms. Taras Madison, DBI Deputy Director of Finance, the Controller's review of Building Code permit fees is expected to be completed in March or April 2015. DBI expects that finalizing the revised Building Code permit fees based on the Controller's review, and obtaining Building Inspection Commission and Board of Supervisors approval, will take approximately four to five months.

The Budget and Legislative Analyst recommends amending the proposed ordinance to include an end date of October 31, 2015 for the temporary 7 percent reduction in Building Code permit fees. This end date of October 31, 2015 should allow sufficient time for DBI to finalize the revised Building Code permit fees, obtain Building Inspection Commission and Board of Supervisors approval, and allow for an effective date 30 days after Board of Supervisors approval.

### FISCAL IMPACT

As a result of extending the proposed 7 percent temporary fee reduction, based on information provided by DBI, the Budget and Legislative Analyst estimates a \$3,800,000 reduction in Building Code fee revenues for the eight month period from March 1, 2015 through October 31, 2015, as shown in Table 1 below.

**Table 1: Fee Reduction Impact: March – October 2015**

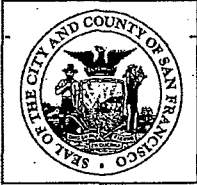
Estimated Permit Fee Revenue	\$54,284,714
Temporary 7% Fee Reduction	\$3,800,000
Net Estimated Fees	\$50,485,714

### RECOMMENDATIONS

1. Amend the proposed ordinance so that the temporary 7 percent fee reduction ends on October 31, 2015.
2. Approve the proposed ordinance as amended.



File # 150027



**BUILDING INSPECTION COMMISSION (BIC)**

Department of Building Inspection

Voice (415) 558-6164 - Fax (415) 558-6509

1660 Mission Street, San Francisco, California 94103-2414

January 7, 2015

Edwin M. Lee  
Mayor

**COMMISSION**

Angus McCarthy  
President

Warren Mar  
Vice-President

Kevin Clinch  
Frank Lee  
Dr. James McCray, Jr.  
Myrna Melgar  
Debra Walker

Ms. Angela Calvillo  
Clerk of the Board  
Board of Supervisors, City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4694

**RE: Ordinance amending the Building Code to extend the reduction of all fees for staff services by 7% until the effective date of an updated Building Code fee schedule and affirming the Planning Department's determination under the California Environmental Quality Act.**

Sonya Harris  
Secretary

Tom C. Hui  
Director

Dear Ms. Calvillo:

On December 17, 2014 the Building Inspection Commission held a public hearing on the proposed amendment to the San Francisco Building Code referenced above. The Commissioners voted 4 to 2 to support this proposed amendment.

The Commissioners voted as follows:

President McCarthy	Yes	Vice-President Mar	No
Commissioner Clinch	Yes	Commissioner Lee	Yes
Commissioner McCray	Yes	Commissioner Melgar	Yes
Commissioner Walker	No		

Should you have any questions, please do not hesitate to call me at 558-6164.

Sincerely,

A handwritten signature in cursive script that reads "Sonya Harris".

Sonya Harris  
Commission Secretary

cc: Tom C. Hui, S.E., C.B.O., Director  
Mayor Edwin M. Lee

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor Edwin M. Lee  
RE: Building Code – Temporary Fee Reduction  
DATE: January 13, 2015

---

Attached for introduction to the Board of Supervisors is an ordinance extending the reduction of all Building Code fees for staff services by 7% until the effective date of an updated Building Code fee schedule and affirming the Planning Department's determination under the California Environmental Quality Act.

I respectfully request a waiver of the 30-Day hold on this legislation.

Should you have any questions, please contact Nicole Wheaton (415) 554-7940.

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection  
Sonya Harris, Secretary, Building Inspection Commission

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee, Board of Supervisors

DATE: January 28, 2015

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Budget and Finance Committee has received the following legislation, introduced by Mayor Lee on January 13, 2015:

**File No. 150027**

**Ordinance extending the reduction of all Building Code fees for staff services by 7% until the effective date of an updated Building Code fee schedule and affirming the Planning Department's determination under the California Environmental Quality Act.**

The proposed ordinance is being transmitted pursuant to Charter Section D3.750-5 for public hearing and recommendation. It is pending before the Land Use & Economic Development Committee and will be scheduled for hearing upon receipt of your response.

Please forward me the Commission's recommendation and reports at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

January 28, 2015

File No. 150027

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Jones:

On January 13, 2015, Mayor Lee introduced the following legislation:

**File No. 150027**

**Ordinance extending the reduction of all Building Code fees for staff services by 7% until the effective date of an updated Building Code fee schedule and affirming the Planning Department's determination under the California Environmental Quality Act.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, likely belonging to Linda Wong, the Assistant Clerk.

By: Linda Wong, Assistant Clerk  
Budget and Finance Committee

Attachment

Statutory Exemption CEQA Section 15273, Rates,  
Tolls, Fares, and Charges.

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

Joy  
Navarrete

Digitally signed by Joy Navarrete  
DN: cn=Joy Navarrete, o=Planning,  
ou=Environmental Planning,  
email=joy.navarrete@sfgov.org,  
c=US  
Date: 2015.02.17 15:15:27 -08'00'