


CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST
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Policy Analysis Report

To: Board of Supervisors
From: Budget and Legislative Analyst's Office 
Re: Follow Up To 2023 Civil Grand Jury Report "Taking Care of Business: San Francisco's Plan to Save its Small Businesses"
Date: September 27, 2024

Summary of Requested Action

In response to the 2023 Civil Grand Jury Report "Taking Care of Business: San Francisco's Plan to Save its Small Businesses," the Board of Supervisors requested that the Budget and Legislative Analyst analyze the financial and process impacts of implementing "a cross-departmental technology integration strategy for the deployment of a federated computer system that will increase data visibility across all departments involved in business registration, planning, and permitting, for improved collaboration and to enable compilation of disparate system data into transparent and usable output for small business customers."

For further information about this report, contact Nicolas Menard at the Budget and Legislative Analyst's Office.

Executive Summary

- The 2023 Civil Grand Jury Report "Taking Care of Business: San Francisco's Plan to Save its Small Businesses" had a finding that "the computer systems of City departments involved in business registration, planning and permitting are not adequately integrated, and there is a growing need for these departments to conduct their operations on a federated computer system that will improve efficiency and cross-departmental collaboration."
- Several City departments, including the Department of Building Inspection (DBI), Planning Department, and City Administrator's Office, which oversees the Permit Center and Committee on Information Technology (COIT), are in the initial stages of developing a project proposal that could address the Civil Grand Jury's findings. Initial estimates for the project range from approximately \$7.5 million to \$33 million, depending on the project scope and the number of users across City departments. Additionally, the departments report that the City has made several smaller-scale improvements to improve the permit experience for small businesses that have required data sharing and integrations across City departments.

Budget and Legislative Analyst

- We identified three complex system replacement projects that the City had recently completed or begun which may be similar in magnitude and complexity and can provide a rough cost and timeline benchmark to the estimate above: the Computer Aided Dispatch (CAD) replacement project, the Justice Tracking Information System (JUSTIS) project, and the Property Assessment and Tax System (PATS) project. These projects ranged in budget from approximately \$46.9 million to \$83.6 million and took approximately three to nine years to complete. While the details of the permitting system project are not yet known, we find that the high-end cost estimate of \$33 million over five years is reasonable given the City's recent system replacement projects.
- According to the FY 2024-25 – FY 2025-26 Revenue Letter, the Controller's Office is projecting a General Fund deficit of approximately \$800 million in FY 2026-27, which would increase in later years. While DBI and the Planning Department may be able to contribute to a potential system replacement project using departmental revenue funds, any General Fund contributions to the project would have to be balanced against other priorities.

Project Staff: Nicolas Menard, Reuben Holober

Background

Civil Grand Jury Report

The 2023 Civil Grand Jury Report “Taking Care of Business: San Francisco’s Plan to Save its Small Businesses” had a finding that “the computer systems of City departments involved in business registration, planning and permitting are not adequately integrated, and there is a growing need for these departments to conduct their operations on a federated computer system that will improve efficiency and cross-departmental collaboration.”

To address this finding, the Civil Grand Jury recommended that “the Mayor and Board of Supervisors should take the legislative and budgetary steps necessary for the City to implement a cross-departmental technology integration strategy for the deployment of a federated computer system that will increase data visibility across all departments involved in business registration, planning, and permitting, for improved collaboration and to enable compilation of disparate system data into transparent and usable output for small business customers.”

The Board of Supervisors responded to the recommendation by stating that the recommendation requires further analysis and requested the Budget and Legislative Analyst to study the financial and process impacts and provide a report by September 30, 2024 (File 23-0727).

Estimates for Potential Permitting Technology Project

Conceptual Project

Several City departments, including the Department of Building Inspection (DBI), Planning Department, and City Administrator’s Office, which oversees the Permit Center and Committee on Information Technology (COIT), are in the initial stages of developing a project proposal that could address the Civil Grand Jury’s findings. To do so, the departments are beginning to aggregate the City’s business permitting data to enhance transparency and identify areas where additional efficiency is possible. Initial estimates for the project range from approximately \$7.5 million to \$33 million, depending on the project scope and the number of users across City departments. The potential project budget over five years is shown in Exhibit 1 below.

Exhibit 1: Potential Permit Data Integration Project Budget by Year

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Low-End Estimate	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$7,500,000
High End Estimate	7,000,000	7,000,000	7,000,000	7,000,000	5,000,000	33,000,000

Source: DBI, Planning Department, City Administrator’s Office

Additionally, the departments report that the City has made several smaller-scale improvements to improve the permit experience for small businesses that have required data sharing and

integrations across City departments. These include DBI launching a cross-departmental dashboard in 2023 to improve workflow visibility, the Permit Center launching a building permit application portal in 2024, the Department of Public Health (DPH) implementing a new database to track environmental health activity in 2024, and Digital and Data Services improving data infrastructure to allow for better cross-departmental data analysis. In 2025, the Department of Public Works (DPW) plans to launch a new system to support its permitting process.

Comparable Projects

After discussions with COIT staff, we identified three complex system replacement projects that the City had recently completed or begun which may be similar in magnitude and complexity and can provide a rough cost and timeline benchmark: the Computer Aided Dispatch (CAD) replacement project, the Justice Tracking Information System (JUSTIS) project, and the Property Assessment and Tax System (PATS) project. These projects ranged in budget from approximately \$46.9 million to \$83.6 million and took approximately three to nine years to complete. An overview of the projects is shown in Exhibit 2 below.

Project	Department(s) Involved	Budget	Timeline
CAD	Department of Emergency Management (DEM)	\$46,915,284	FY 2024-25 through FY 2026-27 (3 Years)
JUSTIS	Various, led by Department of Technology	\$55,028,905	FY 2016-17 through FY 2024-25 (9 Years)
PATS	Assessor/Recorder, Treasurer/Tax Collector	\$83,591,846	FY 2018-19 through FY 2024-25 (7 Years)

Source: DEM, Department of Technology, Assessor/Recorder

While the details of the permitting system project are not yet known, we find that the high-end cost estimate of \$33 million over five years is reasonable given the City's recent system replacement projects.

Policy Considerations

According to the FY 2024-25 – FY 2025-26 Revenue Letter, the Controller's Office is projecting a General Fund deficit of approximately \$800 million in FY 2026-27, which would increase in later years. While DBI and the Planning Department may be able to contribute to a potential system replacement project using departmental revenue funds, a substantial portion of the new IT system would likely require General Fund support. Any General Fund contributions to the project would have to be balanced against other priorities. In conversations with staff at the stakeholder departments, data integration is not the only or even the key reason why the permit journey is difficult to navigate. Improving business processes while continuing to rely on existing systems may provide more feasible and cost-effective improvements to the permit experience.