



DBI Fee Adjustment Ordinance

Budget & Appropriations Committee

May 22, 2024

Fee Legislation – Building Code Fee Schedule Changes

- The Department of Building Inspection (DBI) has drafted an ordinance amending the Building Code to adjust fees based on the recommendations of the NBS (consultant) fee study.
- New fees will be effective 30 days after the Mayor signs the ordinance. Expected effective date is approximately September 1, 2024.
- Fees in the proposed ordinance are assumed in the department's FY 2024-25 and FY 2025-26 budget.

Fee History

- A fee study completed in 2008 established the current fee structure.
- A fee study completed in 2015 resulted in a 7% reduction in most fees.
- In fiscal year 2023-24, all DBI fees were raised by 15%, effective August 28, 2023.

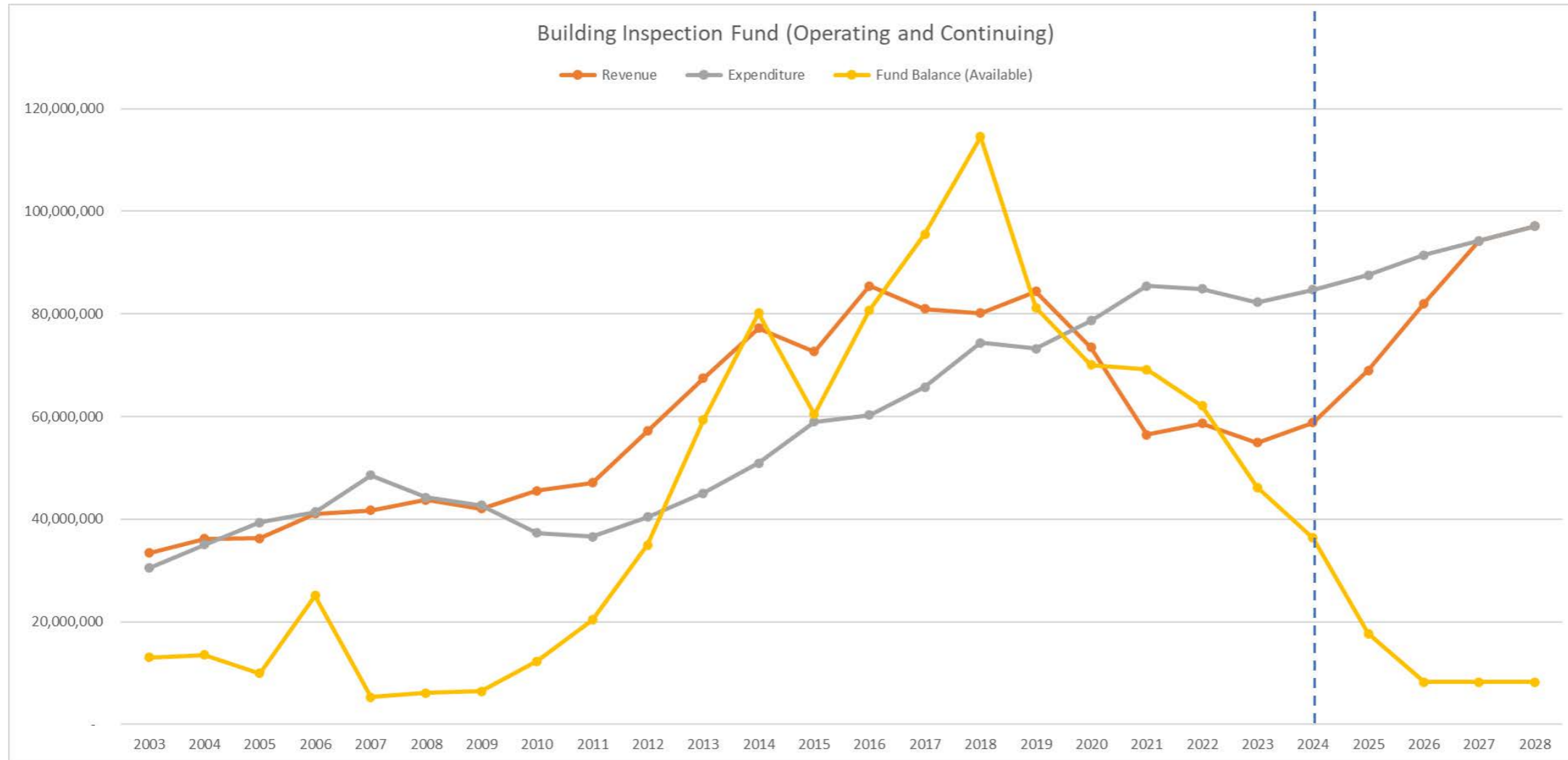
Recap: Comprehensive User Fee Study

- DBI hired NBS, a consultant, to perform a user fee study to determine fee amounts that recover costs in compliance with applicable laws and industry standards.
- The fee study was completed in January 2024 and found that DBI's fees are currently recovering approximately 73% of the department's costs, \$61M of \$84M.
- Should full cost recovery fees be adopted, an additional \$23M could be recovered.
- The consultant recommended that fees be updated annually.

Staff-Recommended Fee Amounts

- Charging the maximum allowed for each fee (full cost recovery) would result in some significant increases.
- DBI staff recommended lower fee amounts in some instances to mitigate disproportionate negative impacts. These amounts were determined by analyzing various factors including:
 - Percentage and absolute increase
 - Affected population and volume
 - Economic sensitivity

Fund Balance (Reserves)





THANK YOU

Staff Recommendations

| Fee Category | FY24 Projected Revenue (15% Increase) | FY25 NBS Full Recovery Fee Revenue | FY25 Discount \$ | FY25 Average Discount % | FY25 Proposed Revenue | FY25 Revenue Change | FY25 Revenue Increase % | FY25 Fee Increase Range % | FY25 Median Fee Increase % |
|---|---------------------------------------|------------------------------------|-------------------|-------------------------|-----------------------|---------------------|-------------------------|---------------------------|----------------------------|
| 1A-A: New Construction Building Permit | 3,560,527 | 4,081,197 | 269 | 0.0% | 4,080,928 | 520,401 | 14.6% | 1% - 80% | 8.7% |
| 1A-A: Alteration Building Permit | 25,965,759 | 27,878,185 | 759,384 | 2.7% | 27,118,801 | 1,153,041 | 4.4% | -12% - 80% | 7.3% |
| 1A-A: No Plans Permit | 2,142,789 | 2,585,983 | 75,168 | 2.9% | 2,510,816 | 368,027 | 17.2% | -12% - 20% | 10.6% |
| 1A-B: Other Building Permit and Plan Review | 721,331 | 1,736,121 | 714,220 | 41.1% | 1,021,901 | 300,570 | 41.7% | 7% - 50% | 29.8% |
| 1A-C: Plumbing/Mechanical Issuance and Inspection | 5,040,433 | 9,669,776 | 3,408,387 | 35.2% | 6,261,389 | 1,220,956 | 24.2% | 20% - 54% | 20.1% |
| 1A-D: Standard Hourly Rates | | | | | | | | | |
| 1A-E: Electrical Permit Issuance and Inspection | 5,158,768 | 9,373,706 | 2,894,562 | 30.9% | 6,479,144 | 1,320,376 | 25.6% | 20% - 80% | 19.9% |
| 1A-F: Specialty Permit | 210,478 | 397,320 | 81,419 | 20.5% | 315,901 | 105,424 | 50.1% | 50% - 50% | 50.0% |
| 1A-G: Inspections, Surveys and Reports | 1,647,909 | 2,210,914 | 127,315 | 5.8% | 2,083,599 | 435,690 | 26.4% | 25% - 65% | 49.9% |
| 1A-H: Sign Permit Fees | | | | | | | | | |
| 1A-J: Miscellaneous Fees | 285,466 | 824,041 | 419,828 | 50.9% | 404,213 | 118,747 | 41.6% | 0% - 50% | 49.8% |
| 1A-K: Penalties, Hearings, Code Enforcement Assessments | | | | | | | | | |
| 1A-L: Public Information | 90,651 | 903,979 | 656,250 | 72.6% | 247,729 | 157,078 | 173.3% | 50% - 5000% | 116.2% |
| 1A-M: Boiler Fees | 1,536,531 | 2,956,196 | 952,649 | 32.2% | 2,003,547 | 467,015 | 30.4% | 30% - 30% | 30.4% |
| 1A-N: Energy Conservation | - | - | - | 0.0% | - | - | 0.0% | 50% - 50% | 50.0% |
| 1A-P: Residential Code Enforcement & License | 8,218,772 | 12,255,689 | 172,544 | 1.4% | 12,083,145 | 3,864,373 | 47.0% | 37% - 108% | 69.8% |
| 1A-Q: Hotel Conversion Ordinance | 36,347 | 68,694 | 14,175 | 20.6% | 54,519 | 18,172 | 50.0% | 49% - 50% | 50.0% |
| 1A-R: Refunds | 21,390 | 48,150 | 6,629 | 13.8% | 41,521 | 20,131 | 94.1% | 50% - 363% | 50.5% |
| 1A-S: Unreinforced Masonry Bearing Wall Building Retrofit | | | | | | | | | |
| Total Projected | 54,637,150 | 74,989,950 | 10,282,799 | 13.7% | 64,707,151 | 10,070,001 | 18.4% | | |

Fee Comparison Summary

| Fee Category | SF DBI Current Fee | SF DBI Recommended Fee | Los Angeles | Oakland | San Diego | San Jose | Santa Clara |
|--|-----------------------|---------------------------|-------------|-----------|-----------|-----------|-------------|
| New Construction: \$200,000 valuation | \$ 3,515 | \$ 3,815 | \$ 3,194 | \$ 6,100 | \$ 8,350 | \$ 7,226 | \$ 5,055 |
| New Construction: \$1,000,000 valuation | \$ 10,962 | \$ 12,012 | \$ 12,663 | \$ 17,705 | \$ 12,512 | \$ 17,722 | \$ 18,187 |
| New Construction: \$5,000,000 valuation | \$ 42,335 | \$ 44,105 | \$ 51,141 | \$ 73,685 | \$ 16,855 | \$ 31,726 | \$ 49,280 |
| Alteration: \$50,000 valuation | \$ 1,712 | \$ 1,761 | \$ 1,080 | \$ 2,771 | \$ 2,075 | \$ 2,828 | \$ 2,610 |
| Water Service, Sewer Replacement, Plumbing Fixture | \$ 171 | \$ 205 | \$ 55 | \$ 157 | \$ 649 | \$ 583 | \$ 312 |
| Fire Sprinklers One and Two Family Units | \$ 160 | \$ 193 | \$ 64 | \$ 178 | \$ - | \$ 668 | \$ - |
| Hourly Rates: Plan Review | \$ 200 | \$ 439 | \$ 104 | \$ 270 | \$ 304 | \$ 288 | \$ 220 |
| Hourly Rates: Permit/Inspection | \$ 182 | \$ 461 | \$ 104 | \$ 406 | \$ 248 | \$ 295 | \$ 220 |
| Up to 10 Outlets and/or Devices Res. | \$ 171 | \$ 205 | \$ 55 | \$ 77 | \$ 664 | \$ 295 | \$ 147 |
| Exterior Electrical Sign (1 inspection) | \$ 182 | \$ 218 | \$ 55 | \$ 167 | \$ 449 | \$ 295 | \$ 184 |
| Solar Photovoltaic Systems 10 kW or less | \$ 182 | \$ 218 | \$ 270 | \$ 540 | \$ 451 | \$ 295 | \$ 542 |
| Re-roofing Permit Single Family Home | \$ 171 | \$ 257 | \$ - | \$ - | \$ 370 | \$ 320 | \$ 734 |