

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: DBI-BUILDING INSPECTION

DEPARTMENT REVENUES:

FY 2014-15

The Department's revenues of \$93,545,635 in FY 2014-15, are \$14,711,909 or 18.7% more than FY 2013-14 revenues of \$78,833,726.

Specific changes in the Department's FY 2014-15 revenues include increased fee revenues for building permits, inspections and plan reviews associated with the continued economic recovery.

The Department's FY 2014-15 budget utilizes DBI's fund balance, which will rise to \$27,324,779 in FY 2014-15 from \$21,578,031 in FY 2013-14, to fund professional and contractual services for new and ongoing initiatives mentioned above.

FY 2015-16

The Department's revenues of \$69,354,757 in FY 2015-16, are \$24,190,878 or 25.9% less than FY 2014-15 estimated revenues of \$93,545,635.

Although fees for permits and other department services are expected to increase by an additional 3.7% from FY 2014-15 to FY 2015-16, overall revenues will decrease significantly due to a reduction in the Department's utilization of its fund balance.

Fee Legislation

DBI has two pieces of Fee Legislation before the Board of Supervisors:

Item 5 - File 14-0592 amends the building code to provide a temporary six month reduction of 7% in all fees for DBI staff services. DBI is collecting approximately 30% more revenue in charges for services than budgeted and is completing a study to determine what specific fee levels are appropriate in order to provide services. The study is scheduled to be completed in August 2014 and legislation to amend the fees permanently will follow later in the year.

Recommendation: Because the proposed ordinance reduces fees that would otherwise be charged for DBI services, approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 6 - File 14-0627 amends the use of the Repair and Demolition Fund to allow DBI to finance the private portion of the stabilization project on Telegraph Hill, which is a mix of public and private property. An amendment to the code is required as the cost of the repair is greater than 50% of the assessed value of the property being repaired. DBI's work is estimated to cost \$1.8 million.

Recommendation: Because DBI revenues would be allocated to fund improvements on private property, approval of the proposed ordinance is a policy matter for the Board of Supervisors.