

***Special Meeting of the Building  
Inspection Commission***

***February 11, 2026***

***Agenda Item 2***

# **DBI Proposed Budget and Fees FY 2026-27 / 2027-28**

Building Inspection Commission – February 11, 2026

# Budget Planning - Goals

Our budget proposal has three primary goals:

1. Recover costs to ensure we have enough staffing to meet our service level and compliance obligations.
2. Facilitate the merging of DBI, Planning and the Permit Center.
3. Support the new permit system.

The Commission's role is to evaluate DBI's proposed budget and vote on whether to recommend adoption to the Board of Supervisors. We are required to submit our budget proposal and your recommendation by February 21.

This process will continue through the summer.

# Budget Planning – Citywide Instructions

Each year, City departments are required to provide a budget proposal covering the following two years. The Mayor's Office and Board of Supervisors will continue to make budget adjustments throughout the process.

Mayor Lurie instructed all City departments to make ongoing, permanent spending reductions totaling \$400 million starting in FY26-27. There are no department-specific instructions.

# Budget Schedule

Date	Event	Action
January 21	First Budget Meeting	No Vote, Question and Answer
February 11	Second Budget Meeting	BIC Votes on Budget Recommendation to the Mayor
February 21	Budget Submission	City Departments Submit Two-Year Budget Proposal to Mayor's Office and Controller's Office
February – May	Mayor's Office Budget Development	Mayor's Office Produces Comprehensive Budget and Associated Funding Legislation
April – May	BIC Fee Adjustment Legislation Hearings	BIC Votes on Legislation Adopting New Fees and Fee Adjustments
May 1	Board of Supervisors Meeting	Mayor Introduces Enterprise Department Budget Proposal
May - June	Board of Supervisors Budget Hearings	Supervisors Modify Mayor's Budget Proposal
Late July	Board of Supervisors Meeting	Vote on Final Budget and Associated Funding Legislation

# Financial Structure

Service Type	Department	Service	Pays For
<b>Direct Services / Revenue Generating</b>	Plan Review	Permits	Technical Services, Administration
	Building Inspection	Inspections	Code Enforcement, Administration
	Plumbing Inspection		
	Electrical Inspection		
	Housing Inspection		
	Permit Processing	Processing	Administration
	Inspection Processing		
	Records Management		
Service Type	Department	Service	Paid For By
<b>Overhead / No Revenue Generation</b>	Technical Services	Permits	Plan Review
	Code Enforcement	Inspections	Inspections
	Building Inspection Commission	Administration	All Direct Services
	Director's Office		
	Finance		
	Human Resources		
	Management Information Systems		

# Financial History & Forecast

Time	Financial Condition	Demand for Permits	Revenue	Reserves
Pre-Pandemic	Strong	High	Covers operational costs	Well-funded
Pandemic	Weakened	Low	No longer covers costs	Used to fill large budget gaps
Post-Pandemic	Improving	Increasing	On track for full cost recovery in FY27	Stabilizing

# Budget Changes

Changes Reflected in the Current Budget Proposal	Additional Upcoming Changes to the Budget Proposal
Updated fees based on fee study recommendations	Work order changes from other City departments
Technical changes – employee premiums, reassignments, etc.	Policy changes by the mayor or Board of Supervisors
Department initiatives	
First phase of the department merge, moving MIS / data teams to Planning	



# Strategic Plan

## Strategy & Tactics

Strategy - Generate sufficient revenue to fund staffing levels capable of meeting our service level and compliance program obligations.

Tactic - Implement the third and fourth of four incremental fee increases to adequately fund operations.

## Outcomes

1. Produce an additional \$3.1M in operating fee revenue in FY27.
2. Eliminate dependence on reserve funds for operations costs.

# Proposed Budget

Revenue & Expenditures	FY 25-26	FY 26-27 Original	FY 26-27 Proposed	FY 27-28 Proposed
Total	\$92,728,074	\$96,679,145	\$97,436,080	\$104,307,973

Non-Labor Expenditure Adjustments	FY 26-27 Proposed	FY 27-28 Proposed
Total	\$734,000	\$684,000

New Labor Expenditures	FY 26-27 Proposed	FY 27-28 Proposed
Total	(\$4,972,602)	(\$4,449,630)

# Staff Position Requests

Category	Proposed Action	FY 26-27	FY 27-28
Existing Staff Moves within DBI	Housing Inspector to Plan Review Assoc. Engineer Plumbing Inspector to Plan Review Assoc. Engineer Building Inspector to Plan Review Asst. Engineer Inspection Admin Manager I to Manager II	\$28,853	\$30,401
Miscellaneous Personnel Costs & Savings	Attrition Savings, Overtime, Premium Pay, Retirement Payout, Step Adjustments, Temporary Staff	\$39,629	\$673,395
Existing Staff Transfers to City Planning	Technology (MIS/IT) and data teams	(\$6,071,680)	(\$6,549,885)
New Hires	Senior Analyst - Disaster Unit Coordination Permit Tech 1 - Code Enforcement 2x Permit Tech 2 - Code Enforcement & Permit Services 2x Permit Tech 3 - Code Enforcement & Records Senior Building Inspector – Code Enforcement	\$1,030,596	\$1396,459
<b>Total Costs</b>		<b>(\$4,972,602)</b>	<b>(\$4,449,630)</b>
<b>FTE Change</b>		<b>-16.2</b>	<b>-14.73</b>

# Funded Positions

Division	FY 25-26		FY 26-27		FY 27-28	
	FTE	Cost	FTE	Cost	FTE	Cost
Administration	63.5	\$13,531,296	52.4	\$8,944,359	53.5	\$9,913,348
Inspections	135.2	\$30,844,947	133.7	\$32,543,195	134.4	\$35,628,665
Permitting	92.7	\$20,061,832	94.6	\$21,819,617	94.8	\$23,986,165
<b>Total</b>	<b>291.4</b>	<b>\$64,438,075</b>	<b>280.6</b>	<b>\$63,307,171</b>	<b>282.6</b>	<b>\$69,528,178</b>

FTE = Full Time Equivalent

# Fees Overview

This budget includes the fourth of DBI's phased fee adjustments that will return the department to full cost recovery.

The final year of fee restructuring will occur in FY26-27. After that, DBI anticipates making periodic adjustments to keep pace with inflation.

DBI will draft proposed legislation that updates the Building Code and implements the proposed fee adjustments. This legislation will be presented to the BIC for proposed action in April or May.

# Fee Adjustment and Cost Recovery Plan

	<b>FY26 Projected Revenue</b>	<b>FY27 Proposed Revenue</b>	<b>FY27 Revenue Change</b>	<b>FY27 Revenue Increase %</b>	<b>FY27 Fee Increase Range %</b>	<b>FY27 Avg Fee Increase</b>
<b>1A-A: New Construction Building Permit</b>	6,228,889	7,304,917	1,076,029	17.3%	2% - 45%	17.3%
<b>1A-A: Alteration Building Permit</b>	32,735,467	34,043,561	1,308,094	4.0%	1% - 36%	4.0%
<b>1A-A: No Plans Permit</b>	5,019,126	5,148,839	129,713	2.6%	1% - 14%	2.6%
<b>1A-B: Other Building Permit and Plan Review</b>	1,156,076	1,237,615	81,539	7.1%	51% - 64%	7.1%
<b>1A-C: Plumbing/Mechanical Issuance and Inspection</b>	8,592,470	9,664,060	1,071,590	12.5%	-38% - 51%	2.0%
<b>1A-E: Electrical Permit Issuance and Inspection</b>	12,664,889	13,264,512	599,623	4.7%	-38% - 51%	4.7%
<b>1A-G: Inspections, Surveys and Reports</b>	2,639,274	3,194,030	554,756	21.0%	-38% - 96%	18.9%
<b>1A-J: Miscellaneous Fees</b>	2,613,401	2,783,916	170,515	6.5%	-35% - 149%	7.0%
<b>1A-L: Public Information</b>	2,286,371	3,299,117	1,012,746	44.3%	0% - 200%	43.7%
<b>1A-N: Energy Conservation</b>	440,700	768,300	327,600	74.3%	50% - 96%	74.3%
<b>1A-P: Residential Code Enforcement &amp; License</b>	16,996,489	15,065,438	(1,931,051)	-11.4%	-33% - 60%	-11.4%
<b>1A-Q: Hotel Conversion Ordinance</b>	90,060	77,815	(12,245)	-13.6%	-14% - 74%	-13.6%
<b>1A-S: Unreinforced Masonry Bearing Wall Building Retrofit</b>	-	-	-	0.0%	35% - 35%	0.0%
<b>Total Projected Operating Revenue</b>	<b>91,463,212</b>	<b>95,852,120</b>	<b>4,388,908</b>	<b>4.8%</b>	<b>-38% - 200%</b>	<b>2.7%</b>

# DBI Reserve Funds

Fiscal Year	Beginning Available Reserve	Revenue	Additional Fee Increase Revenue	Expenditure	Use of Reserve	Ending Available Reserve
2026	\$24.6M	\$91.0M	\$3.1M	-\$94.4M	-\$0.3M	\$24.1M
2027	\$24.1M	\$91.0M	\$10.0M	-\$101.3M	-\$0.3M	\$23.5M

# Tenant Outreach Grant Programs

Service Provider	Code Enforcement Outreach Program	SRO Collaborative	Total Grant Funding
Tenderloin Housing Clinic	\$520,375	\$594,954	\$1,115,329
Chinatown Community Center	\$272,568	\$1,444,948	\$1,717,516
Mission Action	N/A	\$960,098	\$960,098
Housing Rights Committee of SF	\$772,500	N/A	\$772,500
SF Apartment Association	\$148,727	N/A	\$148,727
<b>Total</b>	<b>\$1,714,170 – Fee Supported</b>	<b>\$3M – General Fund Supported</b>	<b>\$4,714,170</b>

Current five-year grant contracts expire on June 30, 2026.

DBI is working with the Controller's Office on new Requests for Proposals for these programs.



# Request for BIC Action

DBI requests that the BIC move to recommend approval of the department's budget submission to the Mayor and Board of Supervisors.



**THANK YOU**









# Detailed Budget Information

The following slides provide additional details about our budget.

# Proposed Budget

Account Type	Account	FY 2025-26 Original	FY 2026-27 Original Change	FY 2026-27 Original	FY 2026-27 Department Change	FY 2026-27 Department Proposed	FY 2027-28 Department Change	FY 2027-28 Department Proposed
<input checked="" type="checkbox"/> <b>Expenditure</b>	Labor	66,734,003	3,563,972	70,297,975	(4,972,602)	65,810,230	(4,449,630)	72,247,597
	Nonpersonnel Services	3,727,000	(69,000)	3,658,000	(1,231,000)	2,427,000	(1,251,000)	2,407,000
	City Grant Program	4,714,170	-	4,714,170	-	4,714,170	-	4,714,170
	Materials & Supplies	381,000	(96,000)	285,000	217,000	502,000	187,000	472,000
	Equipment		-		450,000	450,000	450,000	450,000
	Services of Other Departments	17,171,901	552,099	17,724,000	5,758,680	23,482,680	6,243,206	23,967,206
	Programmatic Project		-		50,000	50,000	50,000	50,000
<b>Expenditure Total</b>		<b>92,728,074</b>	<b>3,951,071</b>	<b>96,679,145</b>	<b>272,078</b>	<b>97,436,080</b>	<b>1,229,576</b>	<b>104,307,973</b>
<input checked="" type="checkbox"/> <b>Revenue</b>	Licenses	13,307,681	851,687	14,159,368	-	14,159,368	-	14,159,368
	Fines & Penalties	650,000	-	650,000	(650,000)	-	(650,000)	-
	Interest	884,676	(124,602)	760,074	(848,634)	-	(848,634)	-
	Charges for Services	61,049,760	15,646,313	76,696,073	3,144,313	79,840,386	9,994,984	86,691,057
	Other Revenue	1,250,000	-	1,250,000	(1,250,000)	-	(1,250,000)	-
	Work Order Recovery	163,630	-	163,630	-	163,630	-	163,630
	Use of Fund Balance / Reserve	12,422,327	(12,422,327)	-	272,696	272,696	293,918	293,918
	General Fund Support	3,000,000	-	3,000,000	-	3,000,000	-	3,000,000
<b>Revenue Total</b>		<b>92,728,074</b>	<b>3,951,071</b>	<b>96,679,145</b>	<b>668,375</b>	<b>97,436,080</b>	<b>7,540,268</b>	<b>104,307,973</b>

# DBI Initiatives (Non-Labor)

			FY 2026-27 Department Proposed Budget	FY 2027-28 Department Proposed Budget
	Account Type	 Description		
 <b>Technical</b>	 <b>Expenditure</b>	Operating right-size	(78,000)	(78,000)
		Strong Motion Instrumentation Program	100,000	100,000
		MIS transition (Work Order with CPC)	5,738,680	6,223,206
		<b>Expenditure Total</b>	<b>5,760,680</b>	<b>6,245,206</b>
	 <b>Revenue</b>	Strong Motion Instrumentation Program	100,000	100,000
		Fee Revenue	3,317,009	10,188,902
		<b>Revenue Total</b>	<b>3,417,009</b>	<b>10,288,902</b>
 <b>Policy</b>	 <b>Expenditure</b>	Misc. furniture	49,000	49,000
		Resume purchase of 10 replacement vehicles per year	450,000	450,000
		Emergency response training	20,000	-
		Graphic design / mailings	30,000	30,000
		Disaster Coordination Unit supplies and equipment	10,000	10,000
		Permit Services trainings	15,000	15,000
		Permit Services technical reference books	30,000	
		Permit Services laptops and cubicles	130,000	130,000
		<b>Expenditure Total</b>	<b>734,000</b>	<b>684,000</b>

# Initiatives (Labor)

					FY 2026-27		FY 2027-28	
					Department	FY 2026-27	Department	FY 2027-28
▼ Action	▼ Job Class	▼ Job Class Title	▼ File Notes		▼ FTE	Department	FTE	Department
☐ Technical	☐ Substitute	☐ 0922_C	☐ Manager I	Substitution - IS Admin Manager I to Manager II, existing employee	-1	(252,357)	-1	(272,423)
		☐ 0923_C	☐ Manager II	Substitution - IS Admin Manager I to Manager II, existing employee	1	268,452	1	289,567
		☐ 5203_C	☐ Assistant Engineer	Substitution - Inspector for Asst. Engineer, existing employee	1	221,154	1	238,685
		☐ 5207_C	☐ Associate Engineer	HIS Inspector to Plan Review Assoc. Engineer, existing employee	1	258,088	1	278,300
				PID Inspector to Plan Review Assoc. Engineer, existing employee	1	258,088	1	278,300
		☐ 6242_C	☐ Plumbing Inspector	PID Inspector to Plan Review Assoc. Engineer, existing employee	-1	(243,182)	-1	(262,480)
		☐ 6270_C	☐ Housing Inspector	HIS Inspector to Plan Review Assoc. Engineer, existing employee	-1	(238,965)	-1	(257,895)
		☐ 6331_C	☐ Building Inspector	Substitution - Inspector for Asst. Engineer, existing employee	-1	(242,425)	-1	(261,653)
	Substitute Total				0	28,853	0	30,401
	☐ Special	☐ 9993M_C	☐ Attrition Savings - Miscellaneous		1.98	427,798	1.98	422,296
		☐ OVERM_E	☐ Overtime - Miscellaneous			242,996		242,996
		☐ PREMM_E	☐ Premium Pay - Miscellaneous			(38,572)		58,843
		☐ RTPOM_E	☐ Retirement Payout - Miscellaneous			50,015		50,016
		☐ STEPM_C	☐ Step Adjustments, Miscellaneous			(744,690)		(223,532)
		☐ TEMPM_E	☐ Temporary - Miscellaneous	PermitSF CPC 9976 position (Technical)	1.32	272,513	1.41	293,862
				MIS Transfer to CPC	-0.06	(10,000)	-0.06	(10,039)
	Special Total				3.24	200,060	3.33	834,442
	☐ Transfer				-24	(6,071,680)	-24	(6,549,885)
Technical Total					-20.76	(5,842,767)	-20.67	(5,685,042)
☐ Policy	☐ New	☐ 1823_C	☐ Senior Administrative Analyst	NEW 1823 for DIR - Disaster Cordination Unit, develop safety programs	0.8	170,923	1	231,556
		☐ 6322_C	☐ Permit Technician II	NEW 6322 for Permit Processing - Capacity	0.8	128,644	1	174,445
				NEW 6322 for ISA - CES complaint investigations	0.8	128,644	1	174,445
		☐ 6321_C	☐ Permit Technician I	NEW 6321 for ISA - CES complaint investigations	0.8	101,511	1	137,825
		☐ 6323_C	☐ Permit Technician III	NEW 6323 for RMD - Sunshine, indexing, span of control	0.8	145,007	1	196,532
				NEW 6323 for ISA - CES complaint investigations, span of control	0.8	145,007	1	196,532
		☐ 6333_C	☐ Senior Building Inspector	NEW 6333 for CES - New senior for counter	0.8	210,860	1	285,124
	New Total				5.6	1,030,596	7	1,396,459
	☐ Special	☐ TEMPM_E	☐ Temporary - Miscellaneous	Eliminate summer interns (Policy)	-1.04	(160,431)	-1.06	(161,047)
	Special Total				-1.04	(160,431)	-1.06	(161,047)
Policy Total					4.56	870,165	5.94	1,235,412
Grand Total					-16.2	(4,972,602)	-14.73	(4,449,630)