

*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 |
|---|--------------------------------|----------------|------------------------------------|
| Direct Services / Revenue Generating | 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 |
| Overhead / No Revenue Generation | 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, reassessments, 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 | Outcomes |
|--|--|
| <p>Strategy - Generate sufficient revenue to fund staffing levels capable of meeting our service level and compliance program obligations.</p> <p>Tactic - Implement the third and fourth of four incremental fee increases to adequately fund operations.</p> | <ol style="list-style-type: none"><li data-bbox="1527 589 2346 698">1. Produce an additional \$3.1M in operating fee revenue in FY27.<li data-bbox="1527 818 2480 927">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 |
| Total Costs | | (\$4,972,602) | (\$4,449,630) |
| FTE Change | | -16.2 | -14.73 |

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 |
| Total | 291.4 | \$64,438,075 | 280.6 | \$63,307,171 | 282.6 | \$69,528,178 |

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

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

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 |
| Total | \$1,714,170 – Fee Supported | \$3M – General Fund Supported | \$4,714,170 |

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 | FY 2026-27 | FY 2026-27 | FY 2026-27 | FY 2026-27 | FY 2027-28 | FY 2027-28 |
|-------------------|-------------------------------|------------|-----------------|------------|-------------------|---------------------|-------------------|---------------------|
| | | Original | Original Change | Original | Department Change | Department Proposed | Department Change | Department Proposed |
| Expenditure | 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 |
| Expenditure Total | | 92,728,074 | 3,951,071 | 96,679,145 | 272,078 | 97,436,080 | 1,229,576 | 104,307,973 |
| Revenue | 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 |
| Revenue Total | | 92,728,074 | 3,951,071 | 96,679,145 | 668,375 | 97,436,080 | 7,540,268 | 104,307,973 |

DBI Initiatives (Non-Labor)

| | | | FY 2026-27 | FY 2027-28 |
|--------------|---|------------------|------------------------|------------------------|
| | | | Department Proposed | Department Proposed |
| Account Type | Description | Budget | Budget | |
| Technical | Expenditure | | | |
| | 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 | |
| | Expenditure Total | 5,760,680 | 6,245,206 | |
| | Revenue | | | |
| | Strong Motion Instrumentation Program | 100,000 | 100,000 | |
| | Fee Revenue | 3,317,009 | 10,188,902 | |
| | Revenue Total | 3,417,009 | 10,288,902 | |
| Policy | Expenditure | | | |
| | 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 | |
| | Expenditure Total | 734,000 | 684,000 | |

Initiatives (Labor)

| | Action | Job Class | Job Class Title | File Notes | FTE | FY 2026-27 | | FY 2027-28 | | | | | | |
|------------------|------------|--|-----------------------------------|--|-------|------------|-------------|------------|-------------|------------|--|--|--|--|
| | | | | | | Department | FY 2026-27 | Department | FTE | FY 2027-28 | | | | |
| 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 | | | | | | |
| | | 6242_C | Plumbing Inspector | PID Inspector to Plan Review Assoc. Engineer, existing employee | 1 | 258,088 | 1 | 278,300 | | | | | | |
| | | 6270_C | Housing Inspector | PID Inspector to Plan Review Assoc. Engineer, existing employee | -1 | (243,182) | -1 | (262,480) | | | | | | |
| | | 6331_C | Building Inspector | HIS Inspector to Plan Review Assoc. Engineer, existing employee | -1 | (238,965) | -1 | (257,895) | | | | | | |
| | | Substitution - Inspector for Asst. Engineer, existing employee | | | | -1 | (242,425) | -1 | (261,653) | | | | | |
| Substitute Total | | | | | | 0 | 28,853 | 0 | 30,401 | | | | | |
| Special | 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 Coordination 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 | 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) | | | | | |