

**BUILDING INSPECTION COMMISSION (BIC)
Department of Building Inspection (DBI)**

REGULAR MEETING

Wednesday, June 18, 2014 at 9:00 a.m.

City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416

Aired Live on SFGTV Channel 78

ADOPTED September 17, 2014

MINUTES

The regular meeting of the Building Inspection Commission was called to order at 9:10 a.m. by President McCarthy.

1. Call to Order and Roll Call – Roll call was taken and a quorum was certified.

COMMISSION MEMBERS PRESENT:

Angus McCarthy, **President**, excused

Frank Lee, **Commissioner**

James McCray, Jr. **Commissioner**

Debra Walker, **Commissioner**

Sonya Harris, **Secretary**

Warren Mar, **Vice-President**

Kevin Clinch, **Commissioner**, excused

Myrna Melgar, **Commissioner**

D.B.I. REPRESENTATIVES:

Tom Hui, **Director**

Edward Sweeney, **Deputy Director, Permit Services**

Dan Lowrey, **Deputy Director, Inspection Services**

Gayle Revels, **Acting Chief Financial Officer**

William Strawn, **Legislative and Public Affairs Manager**

Hema Nekkanti, **IS Project Director**

CITY ATTORNEY REPRESENTATIVE

John Malamut, **Deputy City Attorney**

2. President's Announcements.

Vice-President Mar asked the Commissioners if he could propose a slight change in the agenda items, since Supervisor Tang was present to speak on item number seven. He asked if that item could be moved up right after general public comment, in order to accommodate the Supervisor's schedule.

Commissioner Walker made a motion, seconded by Commissioner Lee, to change the order of agenda item seven. The motion carried unanimously.

RESOLUTION NO. BIC 027-14

Vice-President Mar made the following announcements:

- Compliments to Director Hui, who provided helpful advice to owners and tenants by appearing on Anni Chung's "Chinese Journal," on Channel 26-KTSF TV – a show that aired on June 15th. Director Hui explained what DBI does and its responsibilities with permit reviews and approvals, as well as inspections and code enforcement. He also explained the new efforts to expedite processing and preserving affordable housing, including the newly-passed Board ordinance enabling owners to voluntarily legalize one currently illegal unit. Director Hui also urged any viewers who may own soft-story buildings to get their screening forms in to the Department before the September 15th deadline, and avoid getting an NOV and paying code enforcement penalties.
- Special thanks to Robert Chun and his staff for hosting the DBI table at this year's Housing Expo, which was held on Saturday, June 14, from 11 a.m. to 3 p.m. at St. Mary Cathedral. Nearly 1,000 people attended – with many asking questions of DBI outreach staff about the new legalization of in-law units, and about the mandatory retrofit program.
- Special thanks, too, to DBI Senior Housing Inspector Alan Davison for his recent cooperation in having reporter Mark Hedin from the Central City Extra, a Tenderloin newspaper, accompany him on a visit to several SRO hotels. We are awaiting the reporter's story, but know he was provided excellent background about how DBI inspections of these types of buildings are done.
- As Gayle Revels, our Acting Financial Manager, will discuss in more detail later in today's agenda, DBI's annual Budget Hearing at the Board of Supervisors takes place tomorrow morning in the Board Chambers.
- One final reminder: DBI will host another free public workshop on Monday, August 11, from 3-5 p.m., at the Koret Auditorium in the Main Library on the mandatory soft-story retrofit program. Owners who have not yet submitted the required screening forms are invited, again, and to be reminded about the rapidly approaching Sept. 15th deadline for submission of these screening forms, which must be completed and signed by a licensed architect or engineer. Failure to comply by the Sept. 15th deadline will result in a posted Notice of Violation, as well as a posted sign on the building that it is in violation of earthquake safety requirements. There will be financial penalties assessed for these code enforcement actions by DBI – so save money, and unnecessary hassle, and MEET THE SEPTEMBER 15TH DEADLINE FOR SCREENING FORMS.
- Announcement regarding Employee of the Quarter.

Vice-President Mar announced the following winners:

- Employee of the Quarter for 2013 – Gayle Revels
- Employee of the Quarter for 2014 – Tony Lepe
- Employee of the Year for 2013 – Gayle Revels

Vice-President Mar said that Gayle Revels was chosen as the Employee of the Quarter for 2013 and he thanked her for her hard work for the Department, especially on behalf of the Commission. Ms. Revels has to come before the BIC every single month and she has made the financial reports much more understandable to the Commission, than what they received in the past and her

selection is well deserved. Also, there were four nominees for Employee of the Year and Gayle was selected as Employee of the Year.

Vice-President Mar stated that he also wanted to congratulate Mr. Tony Lepe of the Housing Inspection crew. Tony was selected as Employee of the Quarter for 2014 and Vice-President Mar congratulated him on behalf of the Commission, the Department, and his Division and thanked him for all of the hard work that he has done. The Commissioners, DBI staff, and the audience applauded for both winners.

Mr. Tony Lepe, Inspector for the Housing Inspection Division, thanked the Commissioners and Director Hui for the acknowledgement of Employee of the Quarter for 2014. Mr. Lepe said that he enjoys the work he does as a Housing Inspector at DBI, assisting property owners to provide safe housing for all San Francisco citizens and he appreciated the opportunity to be at the meeting.

Ms. Gayle Revels said that she did not have anything written because she was not aware that this was happening today, so she was not prepared but she appreciated the acknowledgement.

Vice-President Mar gave Gayle and Tony their certificates, and also a couple of sponsored gifts that were awarded from other departments. He also thanked staff who took the time to nominate their fellow employees.

3. General Public Comment: The BIC will take public comment on matters within the Commission's jurisdiction that are not part of this agenda.

There was no general public comment.

7. Discussion and possible action regarding a proposed ordinance (File #140284) amending the Building Code to establish a procedure for maintaining and registering vacant or abandoned commercial storefronts, including imposition of a registration fee.

(Item number 7 was taken out of order)

Supervisor Katie Tang said that she was present to speak about the legislation regarding commercial vacant or abandoned storefront registry and she discussed the following points:

- Currently San Francisco has a vacant and abandoned building ordinance for mostly capturing residential homes.
- Over time they noticed that a lot of vacant commercial storefronts have not been captured.
- In 2013 with the creation of jobs through workforce development, they started doing the manual counts and sending people out to the neighborhood corridors, and started to collect this information.
- There are 25 corridors and they found that there are about 180 commercial vacancies, but only 7 of them landed on the DBI registry so this has been problematic.
- Oftentimes commercial storefronts are on the ground floor and residential buildings on top, so if there are residential units that are occupied then that entire building is not classified as vacant.
- The new commercial component is modeled after the existing program in terms of fees, Notices of Violation, and also building compliance.

- It can be difficult in some neighborhoods like the outer Sunset district for the property owners to find a tenant to take over, so they do not want to punish those property owners.
- They are allowing some leeway if owners are demonstrating good faith that they are actively making an effort to find tenants by hiring an agent, listing their place on Craigslist, etc.
- If the property owner is already in lease negotiations or if the tenant has to go through the City's permitting process, the program accounts for that and they make sure that the registration fee does not kick in.
- There was a small survey done on the outer Sunset district and in that district alone 40 vacancies were counted, and half of those were on Taraval Street alone so there are some issues with filling vacancies.
- They hope that the legislation will have the opposite effect and they hope not to have to charge property owners, and by capturing more of this data accurately they want to be able to better populate the Storefront SF database; right now it does not fully reflect what is out there.
- They want to better connect with the people who want to start small businesses, real estate agents, or brokers who are seeking to find the spaces for businesses.
- The property owners will also be requested to list what the previous use of the building was , so that would make it easier for a small business going in to say for example this was a restaurant so I know that I do not need to get a conditional use permit.
- Additional items required by property owners would be: Square footage of the space, and listing whether or not ADA improvements were made.

Commissioner's & Staff Question & Answer Discussion:

- Commissioner Melgar asked which city department would be overseeing the population of the database, and making sure the data is clean.
- Supervisor Tang said that she forgot to acknowledge the people that helped especially the Department of Building Inspection, the Office of Small Business, and Office of Economic and Workforce Development. The community partners, such as the apartment association, small owners, etc. all provided helpful feedback.
- Supervisor Tang said that DBI currently manages a registry, so they also put forward programs that were in tandem. There is a stick and a carrot and she believes the best way to keep buildings from being vacant is to make it more expensive to be vacant than to rent.
- Commissioner Melgar asked if the database would be searchable? Supervisor Tang said yes it would be.
- Supervisor Tang said it does not help to have vacant storefronts, so it would be great to have a proactive effort especially in areas like the Bayview, Hunter's Point, and the outer Sunset where the businesses might not be inclined to go out there, so there should be incentives to encourage people to look at those areas to bring economic benefit.
- They are actively working on trying to help streamline the permitting process, and making it easier to open up a small business.
- Commissioner McCray asked what happens with the fee in surrounding neighborhoods? Director Hui said a portion of the fee goes towards maintain the database, and some inspections maybe involved. Also more people may need to be hired to do this work.
- Commissioner Walker asked if the fees on the vacant buildings could be used for business improvements in the area? Deputy City Attorney Marlana Byrne said that generally fees

for a specific program can only be fed back into the program, so she would have to look at what the specific proposals are to see if they would fit within the definition of administering and paying for the cost of this program.

- Vice-President Mar said that he welcomes the legislation, but the concerns are the enforcement of the change, and it would fall largely on Inspectors. DBI Inspectors are the “stick” part. He is glad the Sunset and Bayview were mentioned because they need more “carrots” than sticks.
- Vice-President Mar said that the BIC does not want the public perception that they are harder on one neighborhood, than another. Also in terms of staff burden, there are already blight ordinances in place and it is not just on the Building Department to enforce them, so it also falls on DPW and the Health Dept.
- Did Supervisor Tang’s staff go before the Code Advisory Committee to get feedback on implementation? Supervisor Tang said yes they did and they tried to model off of what exists. They heard a lot of those concerns along the way, and are going to do outreach to make sure that people are aware of the regulation.
- DBI already maintains a registry and they are trying to close the loophole where commercial storefronts are being missed, so there may be inspectors already going out based on complaints. They are not creating an entirely new program.
- Commissioner Lee said that he favors the proposal, and lives in the Richmond district and this is an incentive for property owners to take care of their space and move forward to get it leased.
- Commissioner Walker asked if Director Hui has assessed the financial consequence would be on the Department? Director Hui said that DBI may need an increase of at least one inspector and one clerk.

Secretary Harris called for public comment on item 7.

Mr. Henry Karnilowicz said that he was the President of the Council of District Merchants Association, and he thinks that this is excellent. The problem that small businesses have is there is not enough traffic; particularly there are a lot of storefronts that are vacant. The owners do not care and they just keep them vacant and wait for the big bucks to come in but this will give them an incentive. Of course some people will say, but it is such a small incentive and another example of incentives are the bags in Safeway: You go into Safeway and when the cashier asks can I give you a bag, and the customer says no and will not even spend ten cents on a bag. He assures the BIC that owners will respond to this, and there will be a list of all the vacant storefronts and they can get help to rent the places through programs such as Investment in Neighborhoods and S.F. Shine. These programs will provide money to help the storefronts get outfitted, so he thinks it is a positive thing for the community and for small businesses. It will generate traffic on Taraval, First Street, Geary, and a lot of areas all over town. Some places are vacant and no one knows who the owners are, and they just do not care. He said that he hoped the Commission would be in favor of the legislation.

Commissioner Walker made a motion, seconded by Commissioner Melgar, to support the legislation regarding maintaining and registering vacant or abandoned commercial storefronts.

Secretary Harris called for a roll call vote:

Vice-President Mar	YES	Commissioner Lee	YES
Commissioner Melgar	YES	Commissioner McCray	YES
Commissioner Walker	YES		

The motion carried unanimously.

RESOLUTION NO. BIC 028-14

4. Director's Report.
 - a. Update on proposed legislation.

File No. 131148 – Authorization of Dwelling Units Installed Without a Permit, sponsored by Supervisors Chiu, Wiener, and Cohen. Mr. Bill Strawn, Legislative and Public Affairs Manager, stated that it has been one month since the legalization of in-laws went into effect and there have been 120 phone calls, 80 counter visits to the Technical Services group, but the Department has only actually issued 1 permit. Mr. Strawn also spoke to the Planning Department and they have 1 permit that they are looking into but it has not been issued yet. There is interest but it has not manifested into actual application at this time.

Commissioner Walker said that it is good that DBI has at least 1 permit.

Director Hui said that there have been lots of inquiries, but the public wants to know what the steps are. He expects there will be more applications but everybody wants to see who is going first, and see how it goes with their permit. There are a lot of pros and cons, so people are hesitant to do it.

Commissioner Walker confirmed the first step is for owners to talk to someone outside of DBI to see if it would be feasible for them to apply for legalization of their units or not. Mr. Strawn agreed and said it would be the same type of screening form that was used with the mandatory retrofits. Director Hui thought the best way to deal with this is to have the owners talk to an engineer or architect to say this is the situation they are looking at. Commissioner Walker asked about an estimate of the construction cost, and Director Hui said that the cost of construction varies depending on the work needed. For example, if all of the electrical work is up to Code then that is fine, but if it is not then it could be expensive if they have to get it electrical or plumbing work done. Commissioner Walker said she was talking about the consultation. Director Hui said that the Department does not charge anything, and people can just come in to fill out the screening form and later if they file a permit then they would be charged for that. Also, outside consultants charge various prices ranging from \$400 - \$500 or up to \$2,000.

Mr. Strawn said that owners should get a few bids and DBI does not provide lists, but the public could be referred to the AIA or SEAONC, etc. Director Hui said there is a sign in list of people who attended the public workshops dealing with seismic retrofits, and this is posted on the DBI website if owners wanted to call them to seek a bid.

Commissioner Lee asked if the single permit that was issued was voluntary, and Mr. Strawn said yes it was voluntary and is located on Baker Street.

Vice-President Mar said depending on what the professional comes up with, it is not clear if the permit will be issued over the counter at DBI or if it has to go through Planning. Director Hui said that for DBI most likely they would be over the counter, but staff would need to review the fire rating, exiting, etc. Commissioner Walker mentioned the property value would increase if legalization granted, and Director Hui said that Assessor Carmen Chu would love to get that information.

Mr. Strawn discussed the following updates on proposed legislation:

- As an update on mandatory retrofits, there are still about 3,500 – 3,600 non-responders to the screening form submissions which are due on September 15th. DBI has started an advertising campaign in the *S.F. Chronicle*, *S.F. Examiner*, about a dozen neighborhood publications, the so-called *S.F. Neighborhood Newspaper Association*, and also the *Wall Street Journal*. The Mayor's Office of Earthquake Safety has been sending out notices as well, and there will be another public workshop to give the public information on the program. The goal is to try to minimize code enforcement action, and avoid posting notices stating "This building does not meet earthquake compliance".
- **File No. 130374 – Supervisor Chiu's ordinance expanding the definition of a lobbyist and requiring Permit Consultants to register with the Ethics Commission.** Commissioner Melgar requested that this item be agendaized. There was a minimum of \$1M threshold, business level, before it kicks in and it does not really start as a grace period until January 1, 2015. It passed the Board so it is going to be a new law.
- Vice-President Mar said he appreciated Director Hui going on channel 26, and was wondering if DBI could offer multilingual news outlets to advertise the soft story information? Mr. Strawn said yes there are ads running in Tsing Tao and the World Journal, and they are trying to look at a spot on cable TV.
- Commissioner Lee asked about outreach to owners who are not local. Mr. Strawn said there has not been much yet but that was his thought behind putting an ad in the Wall Street Journal. Director Hui said that 2 weeks ago there was soft story information on channel 7.

b. Update on Permit Tracking System.

Ms. Hema Nekkanti, I.S. Project Director, gave an update on the Permit Tracking System and addressed the following points:

- Staff is continuing to test and review and get feedback. Issues are being identified and resolved, and the project manager experts are helping DBI to do that on the configuration side.
- On the data conversion side, Round 2 was completed and they have issues that are trying to be resolved side by side with the vendor. There are still two more rounds of data conversion coming up before Go Live.
- DBI is planning for meetings with the Citizen Advisory Group and the stakeholders in August, before going live in September.

c. Update on major projects.

Director Tom Hui stated that there was a 3% increase in major projects, and he expects the money will continue to increase because starting July 1st the new Energy Code will kick in so that is why a lot of people will submit before July 1st and hopefully by that time the major projects will level off.

Commissioner Walker asked if the Code applies to when the person applied for the permit? Director Hui said yes, it goes by the date the permit was filed.

Director Hui said because the Energy Code is so complicated he set up a committee to address that, and wanted to simplify it. Also, for inspection and plan review there are about 100 forms to fill out and they want to simplify them and it will also be discussed at the Public Advisory Committee meeting.

d. Update on code enforcement.

Dan Lowrey, Deputy Director of Inspection Services, gave an update on code enforcement and said that there was 100% response to the complaints for last month.

Deputy Director Lowrey presented the following Building Inspection Division Performance Measures for May 1, 2014 to May 31, 2014:

• Building Inspections Performed	4988
• Complaints Received	243
• Complaint Response within 24-72 hours	221
• Complaints with 1 st Notice of Violation sent	79
• Complaints Received & Abated without NOV	480
• Abated Complaints with Notice of Violations	66
• 2 nd Notice of Violations Referred to Code Enforcement	23

Deputy Director Lowrey presented the following Code Enforcement Services Performance Measures for May 1, 2014 to May 31, 2014:

• # of Cases Sent to Director's Hearing	80
• # of Order of Abatements Issues	32
• # of Cases Under Advisement	10
• # of Cases Abated	150
• # of Cases Referred to BIC-LC	-
• # of Cases Referred to City Attorney	6

Chief Housing Inspector Rosemary Bosque presented the following Housing Inspection Services Performance Measures for May 1, 2014 to May 31, 2014:

• Housing Inspections Performed	954
• Complaints Received	350
• Complaint Response in 24-72 hours	329

• Complaints with NOV's issued	159
• Abated Complaints with NOV's	376
• # of Cases Sent to Director's Hearing	33
• Routine Inspections	106

Rosemary Bosque, Chief Housing Inspector, stated that the numbers for Housing Inspection Services were set forth in the above table. The total number of inspections performed both in general, and with respect to routine inspections dropped off but that does not take into consideration the additional 142 site visits to the residential hotels that were part of the audit for the detailed visits of those buildings, to identify the conditions, building features, and the detailed audit of the elevators and the physical attributes. With respect to the units they did not get entry to, even though they tried so that they could have that personal, unannounced contact with the operators – They are doing direct mailings on those, but that time was spent within the month of May so the numbers do not necessarily reflect that. As part of the code enforcement process, there was an excellent public meeting on the elevator situation and SRO's and there is a detailed audit of which the stakeholders asked for more information. Also, there were some very astute comments by Commissioner Mar asking that staff identify which of those buildings that have elevators has city funding, so staff is going back and basically hearing DPH and HSA on those issues. They are also getting a little more detailed information on the manual and automatic doors on those elevators, because those principally create a lot of problems with elevators being out of service. One of the things staff learned as far as how that relates to code enforcement over all and the statistics is that it is time consuming, and some ways unprecedented though it was a useful thing that could be used by DBI and others. Listening to the previous item on vacant buildings, this is something that from a code enforcement standpoint inspectors are going to see again where they need to do a lot of data collection. The amount of detail on that was at the request of the Director, so those were items that given the size and dimensions the information could be used by DBI and other agencies as part of the code enforcement effort, and that was one of the things that impacted the overall numbers.

e. Update on DBI's finances.

Gayle Revels, Acting Chief Financial Officer, gave an update on DBI's finances and addressed the following items:

- Revenue – The report for revenue is very similar to what was looked at in the past.
- RE: apartment rental units, DBI has collected the two payments that are done with the property taxes, and have collected about 90% of the funds.
- Charges for services – DBI has collected quite a bit of revenue to date, so 133% of the revenue has been collected. The Department is going to be over its revenue projection for the year.
- Other income – High with interest and DBI collecting more money, but has not moved the money from the fund balance.
- Expenses – Expenses are a little lower than they should be this time of year, and there is salary savings due to vacancies but the plan is to hire more people as soon as possible.
- Hopefully next year there will not be salary savings since the lists are established for a lot of classifications now, and more positions can be filled. There is space to hire about 20 people.

- Non-personal related expenses showing savings, but it is a little deceptive since DBI ordered about 35 cars this year and have received 12 of them so far. As the rest of the cars come in then the money will be spent quickly.
- Services of other Departments (Work Orders) bill quarterly and DBI should get the final billings this month, so it is expected that there will be some savings.
- Transfers to projects has been done, so this is showing at 100%.

Ms. Revels completed the finance report and moved on to discuss the FY 2014-15 and FY 2015-16 budget. Ms. Revels said the Mayor's budget was announced on June 2nd and she highlighted the main differences from what the Commission approved in February, and what was submitted by the Mayor's Office. Following is the chart that Ms. Revels discussed:

**FY 2014-15 and FY 2015-16
Mayor's Budget Office Changes**

The Mayor's Office worked with DBI and the Controller's Office to add \$22.7 Million to the DBI budget between when it was submitted to the Commission and it was submitted to the Board of Supervisors. A majority of the funds are being appropriated from the fund balance. The major changes are below:

- Add a new project for the Legalization of In-Laws legislation and the Mayor's initiative to build 30,000 housing units with 12 new project positions. \$1.3 Million

Class	Title		Class	Title	
0923	Manager II	1	6331	Building Inspector	2
5211	Civil Engineer	1	6248	Electrical Inspector	1
5207	Mechanical Engineer	1	6242	Plumbing Inspector	1
5207	Engineer	1	6270	Housing Inspector	1
6321	Permit Tech I	3		Total:	12

- Creating a Technology Project Reserve for \$7 Million
- Increasing the funds in the Repair and Demolition Fund by \$5M for emergencies
- Creating a work-order to the Assessor's Office to address the surge of new construction permits that are completed and need to be enrolled for tax purposes. \$1.3 Million
- Increasing the Capital Reserve \$5.25 Million – for a total of \$20 Million
- Increase the Building Expansion Project by \$1 Million – for a total of \$1.5 Million in the 1st year

Ms. Revels also discussed a space study that the Department of Building Inspection was conducting, and four possible options. The various options included using existing space at 1660

Mission Street, and possibly adding on space from 1670 and 1680 Mission. In addition, one other option was to move the Department to a new site to be determined. Priorities are to have enough space for existing and new staff, while making sure there is sufficient space for customers and that they have an easier flow of traffic to different areas. Various price options were also discussed relative to the amount of space DBI would gain.

Secretary Harris called for public comment on agenda items 4a-e and there was none.

5. Discussion and possible action regarding an ordinance amending the Building Code to reduce all fees for staff services by 7% for a 6-month period and affirming the Planning Department's determination under the California Environmental Quality Act.

Ms. Revels stated that as the finance report showed, the Department's revenue is quite high and it is going to come in much higher than projected. DBI is also doing a fee study and there will be an update on the progress of that later in the agenda, but it is not scheduled to be complete until August. Once DBI has the results of the fee study then the Code would need to be amended to change whatever fees were decided on. As a result of the discussion with the Controller's Office and the Mayor's Office it was determined because DBI continues to bring in so much money and it is not needed for ongoing one time projects like the building and technology, the recommendation was that the Department does an interim fee reduction of 7%. This would amount to about one and a half million dollars in the 6-month period and it is not a lot of money, but it shows that DBI is looking at its fees and acknowledges that its fees are probably a little too high. If one compares the money that DBI brings in from the fees to the cost of providing the service and if DBI is bringing in too much money, then the fee study is the best method of looking at each fee, and the cost of providing each service, and all of that is used to really determine what the appropriate fee level is. The Department does not want to continue to bring in so much money so they are proposing an interim fee reduction and it would expire in six months. Once staff has the fee study results then they will come forward with the appropriate fee levels across every single fee.

Commissioner's & Staff Question & Answer Discussion:

- Vice-President Mar said that he was a bit hesitant about approving an across the board fee reduction for a couple of reasons: 1) The BIC/DBI should wait to see what the fee study says, and if a fee reduction is going to be done based on what it actually costs then it could be done beyond the 6-month period. 2) DBI has waived or lowered permit fees as an incentive for good behavior, so he would be more open to raising permit fees and lowering fees for businesses who want to improve their façade and landlords who want to improve their buildings for earthquake safety or legalizing the in-laws but to do it automatically does not make a lot of sense to him.
- Ms. Revels said some of those options were discussed with the Controller's Office, and staff had similar feelings that it would be good to waive the awning fee and similarly for the soft story but they were told that was not an appropriate use of the Department's funds and the fees needed to be used for the purpose that they were collected. They are recommending an interim across the board fee cut and then adjust it once staff agrees to set an appropriate fee level.
- Commissioner Melgar said she wanted to point out that California law states the fees that DBI collects have to have a relationship to the cost of service provided which is why the Department needs to do a fee study. If DBI keeps bringing in much higher levels of

income, then it puts the Department at risk because DBI is at the mercy of the budget office. Following the Controller's advice seems like a prudent thing to do.

- Commissioner Walker said doing one thing now, and something else once the data gives us more is counterproductive. DBI is now in a building boom that followed a huge decrease in building because of the economy, so a lot of necessary infrastructure commitments were delayed, staff was laid off and hired back so there was some savings involved. DBI has been prudent and responsible with its budget, and anticipating the volume of work coming up along with moving/finding more space she is reluctant to have a fee reduction at this point.
- Ms. Revels confirmed that DBI has budgeted what is needed to move, and for the one time capital projects so staff wants to continue to be fiscally responsible and make sure that we can cover the things that are coming.
- The fee study will adjust each fee separately, and once it comes out some things will probably go up and some will go down. DBI is collecting way too much money which is a legal liability for the Department because the fee is supposed to recover the cost of providing the service.
- Commissioner Lee asked how the Department became so efficient? He said he wants to know how staff takes into account providing the service at an adequate speed – Is everything being done in a speedy manner and how is staff doing with providing service for DBI's customers.
- Ms. Revels said there still are vacancies and there is some backlog. DBI is budgeted to be fully staffed, which they are working on hiring. If DBI were fully staffed then that would take care of the backlog.
- Last year DBI worked with the Controller's Office to set up an Economic Stabilization Reserve of 30% of the operating budget, so DBI has deferred credit and plus the stabilization reserve and oddly the Department is in a situation where it still has too much money.
- Commissioner McCray said he was trying to think about too much money – It is an odd problem to have. Earlier he asked if more fees were going to be raised and what are they used for: What is the relationship between too much money at this time, and the statement in these ordinances that the Planning Department and the Board of Supervisors has weighed in?
- Ms. Revels said the Board of Supervisors has to approve a change in the Code, in terms of the 7% fee reduction so that is where they are weighing in with DBI's budget, and they also weigh in and improve the Code in the Planning Department.
- Commissioner McCray asked what is generating that the BIC votes on a fee reduction now, verses finishing the study, and asked if this was a political or budgetary problem?
- Ms. Revels said the biggest problem is in the finance realm, and DBI wants to make sure that its fees stay in proportion with the cost of providing the service. The Department wants to show good faith by addressing the issue of having too much money, before it has the liability of being sued for charging too much, whether or not that charge is a tax or a fee.
- Commissioner Mar said the fee assessment would be done in August, and in terms of fairness the buildings and developers who are submitting permits now are lucky in getting the 7% reduction.
- Ms. Revels said once the report is done, then there needs to be a Code change and the process takes a few months. Later the legislation will supersede this.

- Commissioner Melgar said that she thinks this is a finance, legal, and political problem. In the last couple of years she has been approached by folks at the Mayor's Office and the Board of Supervisors saying DBI is sitting on this money, and it is an enterprise department so people are eyeing the Department for "pots of money" that could be used. The legal problem is more significant than the 7% reduction.
- Commissioner Lee said since this has been brought to the Commission's attention, it is their obligation to make sure the fees collected are for the service they provide and it is their responsibility to do something about it.
- Ms. Revels reiterated the 7% reduction over 6 months is only \$1.5M, and is not that much money but it shows good faith that DBI is addressing the finance and legal jeopardy in collecting too much money.

Secretary Harris called for public comment on item 5 and there was none.

Commissioner Lee made a motion, seconded by Commissioner Melgar, to reduce all fees for staff services by 7% for a 6-month period.

Secretary Harris called for a roll call vote:

Vice-President Mar	YES	Commissioner Lee	YES
Commissioner Melgar	YES	Commissioner McCray	YES
Commissioner Walker	NO		

The motion carried with a vote of 4 to 1.

RESOLUTION NO. BIC 029-14

6. Discussion and possible action regarding an ordinance amending the Building Code to authorize use of the Repair and Demolition Fund specified in Building Code, Section 102A.13, to address costs associated with private property owner responsibility to stabilize Telegraph Hill, as part of the Rock Slope Improvement Project, and affirming the Planning Department's determination under the California Environmental Quality Act.

Ms. Revels said that this was the last piece of legislation that was submitted with the budget. The repair and demolition fund is used to address unsafe or emergency situations, and currently that fund has a little over one and a quarter million dollars in it. The budget proposes to add about \$5M to the fund for future projects, and it could come up: The property on Telegraph Hill which is just below the tower near the street is a steep hill that has been having problems with rock slides over the last several years. The City has tried several different ways of addressing that issue with fence and debris removal, protection, and that kind of thing but when it rains there are often rock falls in this area. Also the property has joint ownership and there are three parcels that comprise the hill that has a problem: Department of Public Works (DPW) and the Department of Recreation and Parks own most of the land, and part of it is privately owned. The cost of the project is five and a quarter million dollars and DPW and Rec & Park are going to pay the vast majority of that cost, but they are asking DBI to take care of the private owner portion of that cost which is about \$1.8M. The reason for the Code amendment is that the Code for the repair and demolition fund says that the Director of DBI can use this fund to address unsafe or emergency conditions, but the

problem with the code is that it says the Department can do that up to 50% of the value of a property being worked on. Since this is a steep hill, there is actually not much value in the land and it is only worth about \$12K so for DBI to partner with the other City departments in fixing this hazard, if there is a large rock fall it could harm people in the street or the condo complex that is underneath. They would like DBI to use the repair and demolition fund to take care of the property owner's portion of the repair, then the Department will bill the owner and they will pay the money back. If the owner cannot pay the money back, then DBI would own the property to recoup the cost.

Commissioner Walker asked if the property valuation is only \$12,000 for the part that needs to be reinforced or for the entire lot of the private property? Ms. Revels said the entire lot of the private property is valued at \$12K. Director Hui said that this is an empty lot on a steep hill.

Commissioner Melgar asked if it was a buildable lot? Ms. Revels said it is not a buildable lot. The plan is to protect other properties. Director Hui said that 18 years ago he responded to a rock slide and the rock was coming down on a condo, so if it is not fixed now then the Department could have a bigger problem later. Commissioner Lee said if DBI is spending that much money on the property, then it would be good to secure it.

Commissioner McCray made a motion, seconded by Commissioner Walker, to authorize use of the Repair and Demolition Fund specified in Building Code, Section 102A.13, to address costs associated with private property owner responsibility to stabilize Telegraph Hill.

Secretary Harris called for public comment and there was none. Secretary Harris called for a roll call vote:

Vice-President Mar	YES	Commissioner Lee	YES
Commissioner Melgar	YES	Commissioner McCray	YES
Commissioner Walker	YES		

The motion carried unanimously.

RESOLUTION NO. BIC 030-14

8. Discussion and possible action regarding Supervisor Chiu's proposed ordinance (File # 130374), requiring permit consultants to register as lobbyists with the Ethics Commission.

Commissioner Melgar said that she asked President McCarthy to agendaize this item, because the legislation passed two weeks ago and then yesterday it was voted on for the second time at the Board of Supervisors. The legislation did not come before the BIC and there were a lot of changes made and they all directly affect DBI, so she wanted to hear it and also get the staff's perspective of how it will affect the efficiency of the Department. She thought it was unfortunate that it did not come before the BIC, but it is what it is and it has also vastly improved because a lot of people were "lighting up" the supervisor's phone with comments.

Mr. Strawn stated that this legislation requires additional steps by permit consultants with a certain volume of business to make quarterly reports and register as permit consultants, whether they are a

lobbyist and that was one change that the Supervisor heard very clearly from some of the permit consultants who have had multiple meetings with him. The objective was to make sure that people who are doing significant business with the City are registered and they file quarterly reports with the Ethics Commission. Mr. Strawn believes this does not require much accounting from DBI's point of view, other than to serve as verification, and the Department already does so through the permit tracking system of knowing when a permit consultant is working on a project. They fill out a form and have been doing that since about the year 2000, so it is not new information and does not affect DBI's operation.

Commissioner's Question & Answer Discussion:

- Commissioner Walker asked if there would be any impact for DBI? Director Hui said that he does not believe so, as it would be the Ethics Department's responsibility to monitor whether or not people register.
- Commissioner Melgar said that according to the final version of the legislation, DBI has no responsibility if people do not register. She asked if a person refuses to register, does DBI accept their permit applications? Mr. Strawn said that he would look into this, and follow up to see if DBI would issue the permit.
- Commissioner Walker and Mr. Strawn discussed that the Ethics Commission could fine a person for not filing.
- Commissioner Melgar said that knowledge of the process that expeditors have makes for more efficient running of the process.
- Mr. Strawn said that permit consultant's objection was using the term "lobbyists", as they said that they provide services.

Secretary Harris called for public comment.

Mr. Patrick Buscovich said that after 35 years of practice, he has come to terms that most people are quick to complain but not fast to compliment. He complimented the Building Department for doing a great job because it is very challenging. People come to DBI to complain and he wanted to comment on the person, who came to the meeting a few weeks ago to complain during public comment, and he thought about getting up and commenting that was inappropriate but he decided it was free speech. To encourage that conversation by commenting during public comment would have just prolonged it, so he thanked the Department again for doing an incredibly hard job. The expeditor or permit consultant legislation—He is a structural engineer and believes that most of what he does is exempt because he is expediting his own drawings. After doing this as long as he has, he is very good at being able to not only prepare plans, as a licensed Structural Engineer but to go and get the permit which is very complicated and has lots of challenges, lots of integration between Building, Fire, and the Bureau of Street Use and Mapping. Permit consultants fill a very important role, but the legislation has passed and everyone needs to embrace it and work with DBI on how to implement this so that it does not become a roadblock to getting permits or create anymore of a roadblock than it needs. He strongly suggests that there should be a workshop between the senior people at the Building Department and people like him, in terms of how to process this paperwork and not create a deterrent where someone is sitting with a plan checker discussing what they are going to do, and this information gets sent to the Ethics Commission—that is the kind of conversation they do not want to have. They want a transparent process that moves it all and since this is the law of the land they want to have some type of get together on how to make it work.

Mr. Henry Karnilowicz said the permitting situation in San Francisco is getting more complicated every day, and there is a new Code coming out and there are issues with the Planning Department, DPW, and the Health Department. No matter where you go trying to navigate through that is a maze. He had a case this morning for a DPW issue that they needed a conformance permit to do some work in the back of the property but they need it anyway, because they do not know if a truck runs over the sidewalk it might crack so they need to have this stuff and it is a complicated process. As Patrick said everyone needs to embrace this and realize that this is something that is an important service that people in this business provide. They would like to work with DBI and the Commission does a great job and they are blessed to have such a good department that gets permits quickly most of the time. On the whole the legislation turned out better, and it could have been a hassle if it stayed how it was in the beginning. The property owner could ask their neighbor to get their permit, and then have to register as a lobbyist so that would have been a mess and he thinks that it will all turn out pretty decent.

Mr. Ahmad Larizadeh said that he was a permit expediter and also a contractor. The permit consultants have had a couple of meetings with the Supervisor and they wanted transparency and he thinks the best transparency is that people can ask for information, go online to DBI's website and get all of the information of who he met, and who was the plan checker, etc. Why are they looking for them to register when all of the information is there? The Department has done a great job. One of his co-worker's does the drawings and he works for the outfit and his wife comes to the Department with the baby – She carries the baby and goes through the process of permitting because he cannot come all of the time, since he is making a living someplace else. If his wife has to register with the baby it is very ugly for a person to go to City Hall and register with a baby to go and get the permit for removing a deck or replacement in-kind. What they are hearing is unreal, and they are going through the process everyday and obviously you can ask anybody about them in the Building Department. All of the expediters are open and have everything exposed so he does not understand what they are looking for. It is sad and if they have to go through the process, they will find a way to do it somehow. This is unfortunately putting other people in trouble, and not the expediters because they are doing their own work and know the business since they have been doing it for ten or fifteen years. It is going to be difficult for the new generation or family or husband and wife if they want to pull a permit. He had a client who was in front of the plan checker crying, because she could not handle it. They had to take her out of the office, because she was really upset.

9. Update on DBI fee study.

Ms. Gayle Revels stated that DBI has contracted with a consultant, MGT of America, to do the fee study and she introduced two of the consultants that would be updating the Commission on the process, Jeff Wakefield and Reuben Revis.

Mr. Wakefield stated that the purpose of the fee study is to provide staff with cost information for each category and a survey data to give them a sense of how DBI's fees stack up against the other jurisdictions, and the fees over time to be sure that the fees are legally defensible. Mr. Wakefield said the slides he was going to show would look at a few examples of this cost information and the survey data, and key findings. Mr. Wakefield gave a presentation on the following items:

Presentation Outline

1. Purpose
2. Methodology
 - Cost Analysis work product examples
 - Benchmarking Analysis examples
3. Project Milestones
4. Primary Finding
 - Sample of Cost Analysis Results: Plumbing Inspection Division
5. Recommendations and Next Steps

Commissioner's & Staff Question & Answer Discussion:

- Commissioner Walker asked in the evaluation if they just look at the fees or do they look at how long it takes for a \$5M project to go through DBI's system, and do they evaluate that efficiency? Mr. Wakefield said that he did not have that as a sample, but a few are and a few are not: A few are general funded and a few are enterprise funded.
- Mr. Wakefield said that he believed Oakland and San Diego are both enterprise departments and Santa Clara and Santa Monica are general fund departments.
- Commissioner Walker said that it would be helpful to know the time frame that it took to get the permits processed in those cities, along with the cost.
- Mr. Wakefield asked if she meant from the cradle to the grave, and she said yes. He said they have contacts in those cities and can ask for that information, but one thing they do have is the response time in terms of what percentage of inspections were performed within 48 hours.
- One factor to consider is if other jurisdictions have a backlog or not, as well as time of processing.
- Mr. Wakefield said that San Francisco checks a higher percentage of projects over the counter than other jurisdictions.
- Vice-President Mar asked if the reason S.F. is doing so much over-the-counter work based on its efficiency, but also based on the comparison to the Planning Department. He asked if there was some time of connection with the development communities submitting their permits over-the-counter.
- Mr. Wakefield said they are studying the fees that come in to DBI, and the first step in the process is to go through Planning. They are also studying the entire process to look and see if efficiency or some other reason is part of the fee surplus situation.
- Vice-President Mar said kudos to the Department for its efficiency, but he feels that a lot of developers, expeditors, and contractors may "tie themselves in a pretzel" if they think that they can get their permit over-the-counter verses going through the submittal process.
- Commissioner Lee said that Commissioner Mar's suggestion would be to compare the types of permits that can be obtained over-the-counter verses the different types. The definitions for over-the-counter may differ in other jurisdictions, so they should make sure that they are comparing apples to apples and not apples to oranges when conducting the fee study.
- Mr. Wakefield said that he believes San Diego is a jurisdiction whose volume is higher than San Francisco's.

- Commissioner Melgar pointed out that this is the fee study regarding comparing how to properly pay the fees that DBI collects to how much the service costs, so there is some overlap with the issue of efficiency. She wants the BIC to be careful not to micromanage the process, since the fee study needs to be done in six months. Maybe later the Commission should talk about whether or not they want to have a separate study about over-the-counter permits verses the full review and Planning or whether or not people avoid it.
- Mr. Wakefield said that is a good point because this study is not designed to identify efficiencies or inefficiencies, but rather to identify what the cost is.
- Commissioner Walker said that DBI in S.F. charges half of what Oakland charges for permits.
- Mr. Wakefield said they are submitting the final report on August 15th, and then there would be a presentation to the Commission and then ultimately if changes are made to the fee schedule, revision of the Building Code.

Secretary Harris called for public comment on item 10 and there was none.

10. Commissioner's Questions and Matters.

- a. Inquiries to Staff. At this time, Commissioners may make inquiries to staff regarding various documents, policies, practices, and procedures, which are of interest to the Commission.

Commissioner Melgar asked about the update of the Joint Planning Commission and Building Inspection Commission meeting.

Vice-President Mar said that there has been one preparatory meeting between both Presidents and Vice-Presidents of both commissions, and the second meeting is scheduled to take place on June 23rd. He thanked the Commissioners for submitting their agenda items and said they are giving staff time to prepare for those agenda items, and he thinks they will be discussing which agenda items they are going to tackle.

Commissioner Walker asked if they were going to schedule the Joint Meeting at this preparatory meeting? Vice-President Mar said that they are probably going to finalize which one of the eight items they submitted, and then they will be sending some suggested meeting dates because it is hard to coordinate everyone's schedules. They also want to get feedback from staff of both departments, and give them adequate time to prep the agenda item.

Commissioner Walker said regarding the fees and what DBI is charging and this study, she would like to get from the City Attorney's Office the restrictions described to them about what fees are supposed to be used for. Is it just the service, because DBI deals with lots of other departments and there is the interface between them and DBI does not do this successfully at times? She wants to know where the Department can go with this to make the delivery more effective. It is efficient and quick because DBI is doing so much over the counter, but she thinks that there are still problems, because she hears complaints and does not hear from people that it is quick, especially if it is a complicated project. She would like a sheet about this and what the limits are at the next meeting.

Deputy City Attorney Marlena Byrne said that she wanted to clarify what Commissioner Walker was asking for their advice on. Specifically what is a fee and how it can be used? Ms. Byrne said that she thinks DBI staff would be better able to talk about the efficiency question, but their office could certainly provide the legal advice on the proper use of fees and how they should be set.

- b. Future Meetings/Agendas. At this time, the Commission may discuss and take action to set the date of a Special Meeting and/or determine those items that could be placed on the agenda of the next meeting and other future meetings of the Building Inspection Commission.

Secretary Harris said that the next regular meeting would be on July 16, 2014.

Vice-President Mar said that he mentioned this to President McCarthy but he wants to agendaize at the next meeting, and this may be a closed session item, because he would like a follow up discussion on some of the issues that came up with 125 Crown Terrace. He is not interested in the personnel aspects to it, but would like a report from the Director on what kind of policy changes the Department has made to improve whatever errors were made on that project so it would not happen again. It is not about which staff or who did what, but what kind of institutional things DBI has done. He is concerned about the valuation of the project and the permit fees, and what policies have been put in place to follow the Marshall Swift guidelines, because valuation for that project changed a lot. He reiterated that he wants to know what things DBI instituted, and if a closed session is needed then he would defer to the City Attorney.

Commissioner Lee said since Commissioner Melgar and Commissioner Mar are present, he believes that the Nomination Committee needs to get together before the next BIC meeting to review applications for the Fire Protection Engineer and the Electrical Engineer seats. If anybody who is out there listening or watching would like to apply for either of the seats on the Board of Examiners, please do so soon.

Commissioner Walker said that the legislation meeting has been cancelled. Everybody is apparently doing the right thing, so that is good.

Secretary Harris called for public comment on items 10a and b and there was none.

11. Review and approval of the minutes of the Regular Meeting of March 19, 2014.

Commissioner Walker made a motion, seconded by Commissioner Melgar, to approve the minutes of the Regular Meeting of March 19, 2014.

Secretary Harris called for public comment and there was none.

The motion carried unanimously.

RESOLUTION NO. BIC 031-14

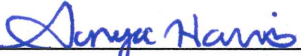
12. Adjournment.

Commissioner Melgar made a motion, seconded by Commissioner Walker, that the meeting be adjourned. The motion carried unanimously.

RESOLUTION NO. BIC 032-14

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,


Sonya Harris
Commission Secretary

SUMMARY OF REQUESTS BY COMMISSIONERS OR FOLLOW UP ITEMS	
Follow up on wording of legislation to see if DBI would issue permit if person does not register with the Ethics Commission. – Strawn	Page 15
Schedule Joint Planning and Building Inspection Commission meeting date, and finalize agenda item. – Mar, Walker	Page 18
City Attorney's office to provide the legal advice on the proper use of fees, and how they should be set. – Walker, Byrne	Page 19
Agendize follow up item on 125 Crown Terrace (possibly Closed Session). Specifically what policy changes has the Department made. – Mar	Page 19