



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

**SPECIAL MEETING**

**Monday, April 28, 2008 at 9:00 a.m.**

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

**Aired Live on SFGTV Channel 78**

**ADOPTED July 16, 2008**

**MINUTES**

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

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

**COMMISSION MEMBERS PRESENT:**

Frank Lee, **President**

Reuben Hechanova, **Commissioner**

Criss Romero, **Commissioner**

Debra Walker, **Commissioner**

Ann Aherne, **Commission Secretary**

Mel Murphy, **Vice President**

Rafael Mandelman, **Commissioner**

Vahid Sattary, **Commissioner**

**D.B.I. REPRESENTATIVES:**

Isam Hasenin, **Director**

Jeremy Hallisey, **Assistant to the Director**

Neal Taniguchi, **Support Services Manager**

Bill Strawn, **Communications Manager**

Sonya Harris, **Secretary**

**CITY ATTORNEY'S OFFICE REPRESENTATIVE:**

John Malamut, **Deputy City Attorney**

**2. President's Announcements.**

The President had no announcements.

**3. Discussion and possible action regarding the fee adjustment proposal and its budgetary impacts based on fee study performed for DBI by the Matrix Consulting Group.**

Director Hasenin said that he would be doing a PowerPoint presentation on the results of a fee study that was concluded by the fee consultant and DBI staff and said that he would be asking the Commission for support on some fee assessments that the Department is proposing.

Director Hasenin said that at this fee study was the first study done since 1992 when DBI was still part of the Bureau of Public Works.

Director Hasenin did a 25 minute PowerPoint presentation that highlighted the following:

- Background of why Fee Study was initiated
- Goals of the Fee Study
- Policy Guidelines
- Fee Study Findings
- Bay Area Fee Comparisons of hourly rates for Plan Review, Inspection, and Support Services
- Staff Recommendations
- Bay Area Fee Comparison by Type of Project
- Service Improvements and Enhancements

Commissioner Romero asked when the Department would be able to implement the new fees. Director Hasenin said that it would be sometime in September or October as a fee ordinance would have to be passed by the Board of Supervisors and after passage there is a State law requiring a waiting period before the ordinance can go into effect.

Commissioner Walker thanked the Director for putting forward the fee assessment and said that she now understood why the Department did not have money. Commissioner Walker said that she had concerns because the study shows that the Housing Division is not capturing its fees and said she wanted to make sure that the Code Enforcement Outreach Program (CEOP) and the Single Room Occupancy Program (SRO) would not be adversely affected by fee increases.

Director Hasenin said that because Housing is unique and separate from permitting, and even though the fee study shows a deficit of \$2.5M, it is not being addressed currently. Director Hasenin said that he would be moving forward to set up a process with the appropriate constituency groups and stakeholders to come back in the next six months to a year with a concrete proposal and specifics regarding Housing.

Commissioner Walker said that the Department has taken on legal obligations that the Board of Supervisor's and the Mayor's Office want the Department to do and said that the Department does these things willingly, but should watch the cost. Commissioner Walker stated that the Grand Jury Repot on the Department said that by undercharging the Department was in legal jeopardy because the fees are not attached to the services provided. Commissioner Walker asked if the Department was going to be offering any kind of incentive fees for "green" projects or other such projects that the Department might want to encourage. Commissioner Walker said that the fees were being raised to cover not just DBI's current operation, but also the changes outlined in the BPR. Commissioner Walker stated that there would be up front costs with the BPR that would make the budget higher and asked if after a period of time some fees might be lowered.

Director Hasenin said that with subsidizing different programs DBI is an Enterprise Department and as long as DBI is not making a ton of money or subsidizing General Fund programs like the Fire or Police Departments DBI is meeting the spirit of the law. Director Hasenin said the implementation items are in the fee study, but said that with the goal of having a fee study every two to three years the Department could go back and look at fees. Director Hasenin said that he

was not too concerned about having a surplus, but was concerned about getting through the rough economic times that may continue for the next couple of years.

Commissioner Sattary said that DBI's revenues rise and fall depending on the construction industry and said that last year the revenue was very low compared to the previous five years. Commissioner Sattary said that if fees were raised by the proposed 29% then in a good year DBI would have a huge surplus. Commissioner Sattary stated that he totally agreed that there was a need for a fee increase, but said that he wanted to determine what baseline was used in the study. Director Hasenin said that the revenues and expenses were somewhat misleading because the Board of Supervisors had kept expenses down by not allowing the Department to fill all the vacant positions needed to provide better customer service. Director Hasenin stated that he did not see the Department having any huge surplus as he was expecting most business to come from residential remodels over the next few years with a big job coming in once in a while that will help. Director Hasenin stated that the fee consultant based the study on an actual assessment of the cost for providing each individual service that the Department offers. Director Hasenin said that it is recommended for a department to look at its fees every three to five years, but said that he wanted to come back in less time because the Department should change the evaluation tables and get away from that basis for calculating fees.

President Lee thanked the consulting firm for helping with the study and asked the Director how the fee proposal was determined or what the outreach process involved. Director Hasenin said that the proposal went before the Code Advisory Committee, but the Department also met with several organizations such as the American Institute of Architects (AIA), Residential Builders Association (RBA), Building Owners and Managers Association (BOMA), San Francisco Citizens for Responsible Growth (SFCRG), San Francisco Apartment Association and many labor unions in order to reach as many stakeholders as possible. Director Hasenin stated that many of those stakeholders were present to speak about the fee increases.

Vice-President Murphy voiced his concerns that there were no fee increases for Housing services and asked about the cost of 3-R reports. Director Hasenin said that he would be addressing Housing at a later date when the Department is able to initiate a BPR for that division. Director Hasenin said that when the 3-R report is available on-line that the cost for an on-line report could possibly be less depending on what the customer would want.

Commissioner Sattary said that he was concerned about the \$311 per hour fee for an engineer and said that in private industry \$300 an hour exceeds a senior principal's rate. Commissioner Sattary said that he hoped that fee would be reduced as the business of the Department is reformed. Commissioner Sattary asked about how the consultant came up with the recommendation of a 29% fee increase. Director Hasenin said that he would be happy to meet with Commissioner Sattary and to have the consultant answer any questions the Commissioner might have.

President Lee called for public comment and said that public comment would be limited to two minutes per speaker.

Mr. Michael Cohen introduced himself as the Director of the Mayor's Office of Economic and Workforce Development. Mr. Cohen said that on behalf of the Mayor he wanted to encourage

the Commissioners to support the fee increases as the fee increases seem to be extremely well supported by the analysis that was done.

Mr. Ken Cochrane said that he was present to support the fee increase proposal as the industry understands that it costs money to run an adequately staffed and well trained City Department. Mr. Cochrane stated that the industry will expect a higher level of service with reduced turnaround times on inspection services and an update in the Department's technology.

Ms. Jennifer Devlin, President of the Board of Directors of the AIA of San Francisco said that she was present to acknowledge a full and unanimous approval of the fee increases from the AIA Board. Ms. Devlin said that it was clear to their over 2,500 members that an increase in fees will help support the changes in the Department that have been talked about for years.

Mr. Sean Pritchard of the San Francisco Apartment Association said that his organization had provided a letter to the Commission regarding their support for the fee increase. Mr. Pritchard stated that DBI serves the general public and said that this fee increase would support a positive change for DBI and the general public.

Mr. Bruce Bonacker said that he participated in the BPR study and was very pleased with the results. Mr. Bonacker stated that he wanted to express his personal support for the fee increases which are long overdue. Mr. Bonacker said that as the Department increases fees there will probably be more people trying to get away with doing work without getting permits and urged the Department to be mindful of that. Mr. Bonacker expressed his concern that raised fees would hurt the affordable housing industry in San Francisco.

Mr. Michael Hammon, a general contractor working in the City, said that he was involved in the affairs of this Department for a great number of years and said that he had never seen an interest in making the Department as user-friendly as it has been in the past year. Mr. Hammon stated that the involvement of stakeholders and the user community in the decision making for how to improve procedures and policies has been unique. Mr. Hammon said that he believed in a fair and reasonable cost, but asked that stakeholders be able to get an inspection in 24-hours instead of having to wait for a week.

Ms. Michelle Horneff-Cohen introduced herself as the President of the Professional Property Management Association of San Francisco and said that she was present to lend support to the Director. Ms. Horneff-Cohen stated that she was optimistic that the fee increases will be accompanied by positive changes in the Department.

Mr. Joel Panzer a property owner and resident asked that the Commission support the Director in raising fees and said that he was encouraged to hear words such as open, transparent, accessible, efficiency and speed in connection with the Department.

Mr. Bob Noelke said that he was a small property owner and said that he supported the Director on this program with some conditions. Mr. Noelke said that the process needs to be streamlined. Mr. Noelke stated that in the past DBI had problems with having a surplus and said that if there was a surplus in the future the fees should be adjusted accordingly.

Mr. Luke O'Brien of SFCRG said that it was unique to have the support of the industry to raise fees, but said that the support is based on a few conditions. Mr. O'Brien stated that the public wants value for money, so money generated from the fee increases should be well spent and should go back into improving the process. Mr. O'Brien said that this money should stay with DBI and should not be hijacked into some other branch of government. Mr. O'Brien said that with those caveats he would encourage the Commission to support the proposals.

Mr. Charles Turner of SFCRG said that he agreed that the fee increases were necessary and urged the Commissioners to support this issue.

Mr. Shuhil Satara said he is an architect with a customer base that includes very low budget clients. Mr. Satara said that if the increase in fees helps to streamline the process by making it more efficient that would actually be more beneficial to his customer base than anything else. Mr. Satara encouraged the Commission to support the proposed fee increases.

Mr. Simon Kwan said that he supported the fee increase and said that he hoped that DBI and Planning will streamline the process and have a more essential computerized system.

Ms. Kelton Finney of SFCRG urged the Commission to vote in support of the increases and asked that DBI start a dialogue with the new Planning Director to make Planning more efficient.

Mr. Rodrigo Santos, a Structural Engineer, said that Planning and DBI are separate yet connected and said that in obtaining a permit, 20% of the fees go to DBI and 80% are Planning fees. Mr. Santos said that since there is a new Planning Director now would be a perfect time to start a new dialog with Planning. Mr. Santos stated that DBI has been subsidizing Planning for a number of years, but is no longer able to do so. Mr. Santos said that Planning will have to live within the same budgetary constraints as DBI is experiencing.

Mr. Drake Gardner of SFCRG said that he was very worried about Planning and its processes. Mr. Gardner said that any money collected by DBI should stay with DBI as in the past too much money was given to Planning with no accountability.

***Commissioner Walker made a motion, seconded by Commissioner Romero, that the Commission supports the recommended fee increases with the caveat that the Commission will review this issue in three years.***

Commissioner Sattary said that he saw reasonable evidence that fees need to be increased, but said that he did not see a clear explanation of how the figure of 29% came about. Commissioner Sattary stated that if fees are going to be increased by 40% eventually, he would like to see a 20% fee increase the first year and then have that reevaluated.

Commissioner Murphy said that he was in favor of moving this issue forward and not doing any staging.

President Lee said that he would support the motion and said that he liked the idea of reevaluating the situation in three years. President Lee said that the Department would be recouping its costs of doing business and said that there had been no increase in sixteen years;

this is a step forward in making the Department more transparent.

*Deputy City Attorney John Malamut asked that Commissioner Walker amend her motion to authorize staff to work with the City Attorney's Office to draft legislation to enact these fee increases as supported by the Commission. Commissioner Walker agreed to amend the motion to include the City Attorney's suggestion and the three year review.*

**President Lee called for a vote on the motion. The Commissioners voted as follows:**

<b>President Lee</b>	<b>Yes</b>	<b>Vice-President Murphy</b>	<b>Yes</b>
<b>Commissioner Hechanova</b>	<b>Yes</b>	<b>Commissioner Mandelman</b>	<b>Yes</b>
<b>Commissioner Romero</b>	<b>Yes</b>	<b>Commissioner Sattary</b>	<b>No</b>
<b>Commissioner Walker</b>	<b>Yes</b>		

**The motion carried on a vote of 6 to 1.**

#### **RESOLUTION NO. BIC 029-08**

Director Hasenin thanked the Commissioners, members of the public and stakeholders for their support.

#### **4. Discussion and possible action regarding the implementation plan for the Business Process Reengineering (BPR) for DBI. [Director Hasenin]**

Director Hasenin asked that Item #4 be continued until after Item #5 is heard. The Commission agreed to the change.

#### **5. Discussion and possible action regarding the Supplemental Request to the DBI budget.**

Director Hasenin said that this item has come up in the last couple of meetings and said that the Department heard the Commission loud and clear in terms of concerns about the supplemental staffing level. Director Hasenin stated that there continues to be a slow down in the economy and said that there was no point in requesting this supplemental at this time so he was proposing to remove it completely from the budget.

Commissioner Walker asked if this would mean moving forward with the proposed budget that has the \$10M deficit in hopes that the increased fees will catch up. Director Hasenin said that the Department would submit a budget through the Mayor's Office with a modification to the revenue side in anticipation of more revenues, but said that everything else would remain the same. Commissioner Walker asked if the budget included enough money for the building out at 1660 Mission Street. Director Hasenin said that it would include remodels for next year which are underway now.

The City Attorney advised that the budget would remain the same so there was no reason for the Commission to take any action on this item.

Commissioner Romero asked if there was anything in the proposed budget that could be implemented without any cost. Director Hasenin said that in terms of the BPR Implementation Plan the Department is proceeding according to the timeline and will be starting changes in a sequential or staggered manner depending on the items. Director Hasenin said that he anticipates making changes as revenues come in.

Commissioner Walker asked about open positions in the budget. Director Hasenin said that there were no open positions as there is a City rule that requires DBI to maintain an 8% vacancy rate and said that the Mayor had asked for additional cuts so the Department is very lean. Director Hasenin stated that there were only a couple of positions available.

Commissioner Mandelman asked what kind of cuts the Department had to make at the request of the Mayor.

Commissioner Romero said that an Executive Memo came out to all departments and said that he always thought that it would apply differently to an Enterprise Funded Department such as DBI rather than those under the General Fund.

Director Hasenin said that luckily for DBI the Mayor's Office has been very cooperative and in terms of staffing only seven positions were affected versus 24 which would have been 8% of the 300 DBI employees. Director Hasenin stated that the Department worked out additional savings that satisfied the Mayor's Office.

There was no public comment on this item.

#### **4. Discussion and possible action regarding the implementation plan for the Business Process Reengineering (BPR) for DBI. [Director Hasenin]**

Director Hasenin said that when the BPR plan was submitted the Commission had concerns about the staffing levels required, but due to budgetary restrictions the Department is not asking that those positions be filled at this time. Director Hasenin said that he was just asking for the Commission's support on the Implementation Plan because it is basically a blueprint on how to proceed, but has no budgetary or staffing implications.

President Lee called for public comment.

Mr. John O'Connor of the RBA said that he would support the recommendations and stated that the industry had worked very hard over the last year with the Department to make the permitting process easier for DBI and its users.

Mr. Tim Folan of the San Francisco Action Coalition said that his 75 member organization, many of who are involved in the building of residential housing in the City, support the fee increases and in particular want to support the new Director and his work for reengineering the Department. Mr. Folan stated that he wants to see DBI become the modern functioning agency that it deserves to be. Mr. Folan asked that the fee increase be grandfathered in so that projects that are in the pipeline are not unfairly penalized. Mr. Folan said that if the Department were

functioning properly there would not be a need for expeditors which would help with affordable housing.

Commissioner Walker asked about the automation in the Implementation Plan dealing with inspection scheduling and tracking and hiring temporary staff to accomplish that.

Director Hasenin said that there were concerns about outsourcing automation work, but the Department met with labor union representatives and it was determined that the solution will utilize more City resources than to buy something off of the shelf. Director Hasenin stated that DBI wants to build a system quickly and said that the Department will use DTIS if they have the resources to help.

Commissioner Romero said that to Director Hasenin's credit he is really planning things out and looking at what the resources are and utilizing internal employees, permanent civil service people, to work on the automation. Commissioner Romero stated that he was concerned because the Planning Department was not doing this and said that he hoped that the two systems would be able to work together.

***Commissioner Walker made a motion, seconded by Commissioner Murphy, to accept the BPR Implementation Plan. The motion carried unanimously.***

#### **RESOLUTION NO. BIC 030-08**

#### **6. 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.**
- 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.**

Commissioner Walker asked that an item be placed on a future agenda to have a presentation of the Memorandum of Understanding (MOU) that the Department has with the Housing Authority.

Director Hasenin said that the Department and members of the Commission were working on a having a joint meeting with the Planning Department and Planning Commission. Director Hasenin asked the Commissioners to submit any items that could be placed in the agenda for that meeting.

Secretary Aherne said that the next regular meeting would be on May 21<sup>st</sup> and asked that all items for the meeting be submitted at least a week in advance. Commissioner Romero said that he would not be present at the May meeting.

There was no public comment on this item.



**7. Adjournment.**

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

**RESOLUTION NO. BIC 031-08**

**The meeting was adjourned at 10:58 a.m.**

Respectfully submitted,

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**Ann Marie Aherne**  
**Commission Secretary**

SUMMARY OF FOLLOW-UP AND FUTURE AGENDA ITEMS	
Future agenda item - Presentation regarding MOU between DBI and the Housing Authority. - Commissioner Walker	Page 8
Joint meeting with Planning Department/Commission. - Director Hasenin	Page 8