

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 7, 2018

CAO File No. 0220-05473-0000

Council File No. 11-1705-S4

Council District: Citywide

To: The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Request from the Personnel and Animal Welfare Committee Relative to Motion (Huizar – Harris-Dawson)

Subject: **ADDITIONAL STAFF SUPPORT FOR THE DEPARTMENT OF BUILDING AND SAFETY FOR THE ENFORCEMENT OF OFF-SITE SIGN CODE VIOLATIONS**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, direct the Department of Building and Safety to prepare an analysis of the Code Violation Inspection Fee to determine the fee amount required to achieve full cost recovery for code violation inspections and report back to the Mayor and Council.

SUMMARY

On February 16, 2018, Motion (Huizar – Harris-Dawson) was introduced and it directed the addition of two Building Mechanical Inspector (BMI) resolution authorities for off-site sign enforcement to be supported by the General Fund with offsetting revenue from the collection of existing Code Violation Inspection Fees (CVIF) and Non-Compliance Fees (NCF). Subsequently, the Chair of the Personnel and Animal Welfare Committee requested a report from this Office to provide more information relative to the two proposed BMIs. The information provided in this report is based on a collaborative effort with staff from the Department of Building and Safety (DBS).

The two proposed BMI positions would address off-site sign complaints from the public, referrals from the existing Off-Site Sign Periodic Inspection Program (OSSPIP) survey team, and conduct investigations of a backlog of signs currently allowed to operate without a permit or in violation of City permits under the state law rebuttable presumption provision. Based on the projected workload and the revenue that is estimated to be generated from that work, this Office determined that the positions would not generate sufficient offsetting revenues from existing fees to achieve full cost recovery. This Office does not recommend the approval of the two BMI positions at this time. While the motion recommends the use of existing Department Salaries General funds for these positions, this Office recommends that they be fully fee supported to mitigate the impact on the General Fund in future years. This Office determined that in order for

the proposed positions to be fully fee supported, additional workload and an updated CVIF would be required. This Office recommends that DBS prepare a fee analysis of the CVIF to ensure full cost recovery.

Off-Site Sign Enforcement Workload

The DBS has indicated that there are four categories of off-site sign enforcement that would be addressed by the two proposed BMI positions. The estimated workload, which includes complaints, enforcement referrals from the OSSPIP survey team, altered signs backlog and no permit signs backlog, is summarized in greater detail in the Attachment.

Revenue and Cost Estimates

This Office collaborated with the DBS to formulate revenue estimates for the two proposed BMI positions based on workload projections provided by DBS. The cost estimates for these positions were formulated by this Office based on the current BMI salaries and a salary growth rate based on the provisions of the current Memoranda of Understanding with the Inspectors Unit. The indirect costs were calculated using the Cost Allocation Plan (CAP) 40 rates. As summarized in the table below, the revenue associated with the projected workload provided by DBS will be insufficient to offset the full cost to the City for the two proposed BMI positions.

Position Costs	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23
Salaries	\$ (192,716.00)	\$ (204,278.96)	\$ (216,535.70)	\$ (229,527.84)	\$ (243,299.51)
Indirect Costs	(197,360.46)	(209,202.08)	(221,754.21)	(235,059.46)	(249,163.03)
Subtotal	\$ (390,076.46)	\$ (413,481.04)	\$ (438,289.91)	\$ (464,587.30)	\$ (492,462.54)

Projected Revenue

Complaints	\$ 24,672.00	\$ 24,672.00	\$ 24,672.00	\$ 24,672.00	\$ 24,672.00
Survey Referrals for Enforcement	256,357.50	256,357.50	256,357.50	256,357.50	256,357.50
Altered Signs Backlog	42,935.25	42,607.50	42,607.50	4,916.25	4,916.25
No Permit Signs Backlog	5,440.65	5,473.43	5,473.43	0.00	0.00
Subtotal	\$ 329,405.40	\$ 329,110.43	\$ 329,110.43	\$ 285,945.75	\$ 285,945.75

NET TOTAL	\$ (60,671.06)	\$ (84,370.62)	\$ (109,179.48)	\$ (178,641.55)	\$ (206,516.79)
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Code Violation Inspection Fee (CVIF)

As part of the analysis of the projected offsetting revenue, this Office identified the amount of the CVIF as a limiting factor to achieving full cost recovery for the two proposed BMI positions. This Office prepared a preliminary analysis of the CVIF by adjusting the original fee analysis with updated cost figures and determined that the current fee and revenue would not provide full cost recovery for these positions. It is recommended that the DBS be directed to conduct a full fee analysis to determine the appropriate level for the CVIF to achieve full cost recovery for code enforcement activities.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund as a result of the recommendation of this report to direct the Department of Building and Safety to report on the appropriate level for the Code Violation Inspection Fee to achieve full cost recovery.

RHL:ACA:NSC:02180138C

Attachment: Summary of Estimated Off-Site Sign Enforcement Workload

Summary of Estimated Off-Site Sign Enforcement Workload

Category	Description	Estimated Annual Cases
Complaints	DBS receives approximately 850 complaints annually related to both on-site and off-site signs. Currently DBS does not have the staff resources to fully address the off-site sign complaints. Off-site sign complaints comprise an estimate 15 percent of all sign complaints.	128
Enforcement Referrals from OSSPIP Survey Team	Currently the OSSPIP inspectors survey approximately 5600 off-site signs annually; however, they are not able to enforce code violations found during the annual survey and complete the required survey work. The proposed BMI positions would address code violations observed by the survey team and referred for enforcement. It is estimated that 12.5 percent of signs surveyed will be referred for enforcement.	800
Altered Signs Backlog	There is an existing backlog of 391 signs which have been altered from beyond the scope of their original permits. These signs do not fall under the rebuttable presumption provision of the State Business and Professions Code (B & P) Section 5216.1 as stated in a report from the City Attorney dated February 20, 2015 (C.F. 11-1705). It is estimated that the backlog would be cleared within three years and that a small number of permitted signs would fall into this category annually thereafter.	130
No Permit Signs Backlog	An existing backlog of approximately 500 signs which have been operating without permits under the rebuttable presumption provision of the state B & P Section 5216.1. The proposed positions would conduct the necessary investigations and determine which signs the City could bring enforcement actions against.	167
ANNUAL TOTAL		1225