

FILE NO: 170511

Petitions and Communications received from June 5, 2017, through June 12, 2017, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on June 20, 2017.

Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information will not be redacted.

From the Clerk of the Board, reporting that the following individual submitted a Form 700 Statement: (1)

Andres Power - Legislative Aide - Assuming

From the Department of Public Works, pursuant to Administrative Code, Section, 6.60(b), submitting notice of contract for the remodel to convert the structure at 1515 South Van Ness Street into a "Navigation Center." Copy: Each Supervisor. (2)

From the Office of the Controller's City Auditor Division, submitting the assessments of the San Francisco Employees' Retirement System. Copy: Each Supervisor. (3)

From the Office of the Controller, submitting a report on the audit of management practices and internal controls of the Wastewater Enterprise of the SFPUC. Copy: Each Supervisor. (4)

From concerned citizens, regarding the ban on flavored tobacco products. File No. 170441. 6 letters. Copy: Each Supervisor. (5)

From Diana Gable, regarding the Sanctuary City status in San Francisco. Copy: Each Supervisor. (6)

From Jordan Davis, regarding the nomination of Petra DeJesus to the Police Commission. Copy: Each Supervisor. (7)

From Mark Kessler, regarding 650 Divisadero. Copy: Each Supervisor. (8)

From Cathy Mosbrucker and Mary Jane Foran, regarding the proposed residential rent stabilization and arbitration ordinance. File No. 170349. (9)

From Dennis Hong, expressing various thoughts on File Nos. 170490, 170600, and 170555. Copy: Each Supervisor. (10)

From Auryn Zimmer, regarding the Natural Resources Management Plan. Copy: Each Supervisor. (11)

From Frances Taylor and Iris Biblowitz, regarding the Owner Move-In Reporting Requirements. File No. 170349. Copy Each Supervisor. (12)

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

MEMORANDUM

Date: June 6, 2017
To: Members, Board of Supervisors
From: Angela Calvillo, Clerk of the Board
Subject: Form 700

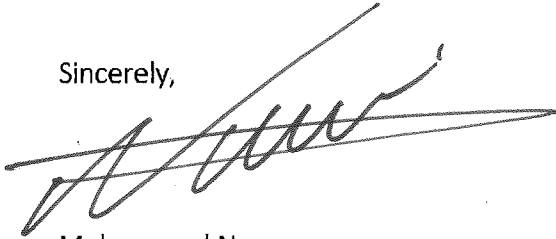
This is to inform you that the following individual has submitted a Form 700 Statement:

Andres Power - Legislative Aide - Leaving

San Francisco Public Works' internal order is attached for your reference as well as Ordinance 57-16 and 97-17, which explain the necessity for immediate action. Public Works has retained the services of Wong Construction of San Francisco to immediately begin the remodeling work.

The cost for the work is currently anticipated to be less than \$250,000.00 and thus will not require a resolution before the Board of Supervisors.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mohammed Nuru', written over a horizontal line.

Mohammed Nuru
Director of Public Works

Enclosures: Ordinance 57-16
Ordinance 97-17
Public Works Order entitled, Emergency Declared and Contracts to be awarded

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[Declaring Existence of a Shelter Crisis]

Ordinance making findings and declaring the existence of a shelter crisis in San Francisco under California Government Code Sections 8698 et seq.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in *single-underline italics Times New Roman font*. Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) A significant number of people in San Francisco cannot obtain adequate or appropriate shelter. According to the San Francisco biennial homeless count taken in January 2015, there were 6,686 individuals without a place to live, a 3.8% increase over the 6,436 people counted in 2013. In addition, there were 853 unaccompanied children and transitional-aged-youth, for a total of 7,539 homeless people. The number of homeless people rose in seven of the 11 supervisorial districts in the city.

(b) San Francisco's homeless population is aging with deteriorating health, needing more services. According to the 2015 homeless count, 22% of the homeless were between the ages of 51 and 60, up from 14% in 2013, and 8% were 61 or older, up from 3% in 2013.

(c) The inability to obtain adequate or appropriate shelter threatens the health and safety of those persons. Homelessness is an independent risk factor for a number of illnesses through its association with exposure to harsh weather, high levels of stress, sleep deprivation, general unsanitary surroundings, lack of access to hygiene facilities, and bad

1 nutrition. Sleep deprivation, for example, impairs cognitive processes and increases the risk
2 of heart disease, heart attack, heart failure, irregular heartbeat, high blood pressure, stroke
3 and diabetes.

4 (e) According to the National Health Care for the Homeless Council:

5 (1) Homelessness creates new health problems and exacerbates existing ones.
6 Living on the street or in crowded homeless shelters exposes people to communicable
7 disease (e.g., TB, respiratory illnesses, etc.), violence, malnutrition, and harmful weather
8 exposure. Behavioral health issues such as depression or alcoholism often develop or are
9 made worse. Conditions among people who are homeless are frequently co-occurring, with a
10 complex mix of severe physical, psychiatric, substance use, and social problems.

11 (2) Common conditions such as high blood pressure, diabetes, and asthma
12 become worse where there is no safe place to store medications or syringes properly. Injuries
13 that result from violence or accidents may not heal properly if bathing, keeping bandages
14 clean, and getting proper rest and recuperation are not possible due to homelessness. And
15 minor issues such as cuts or common colds may easily develop into large problems such as
16 infections or pneumonia. High stress, unhealthy and dangerous environments, and an
17 inability to control food intake often result in visits to emergency rooms and hospitalization
18 which worsen overall health.

19 (3) Research among patients using health centers demonstrates that even
20 among largely low-income populations, there are significant disparities when comparing
21 homeless and non-homeless populations. Individuals experiencing homelessness have
22 disproportionately high rates of acute and chronic illness, such as hypertension, diabetes,
23 asthma, emphysema, chronic bronchitis, heart problems, stroke, liver condition, weak/failing
24 kidneys, cancer, and HIV/AIDS. Each of these conditions is challenging to manage, even for
25

1 the general population. Absent stable housing, they may become nearly impossible to control
2 or cure.

3 (4) Those experiencing homelessness are three to four times more likely to die
4 prematurely than their housed counterparts, and experience an average life expectancy as
5 low as 41 years.

6 (f) According to studies cited by the American Psychological Association:

7 (1) People without homes have higher rates of hospitalizations for physical
8 illnesses, mental illness, and substance abuse than other populations.

9 (2) Rates of mental illness among people who are homeless in the United
10 States are twice the rate found for the general population.

11 (3) 47% of homeless women meet the criteria for a diagnosis of major
12 depressive disorder—twice the rate of women in general.

13 (4) People who are homeless and also suffer from mental illness are more likely
14 to use hospitals than regular outpatient care, which is not only more expensive but results in
15 fragmented service and less attention paid to ongoing mental health needs.

16
17 Section 2. Legal Authority.

18 (a) California Government Code sections 8698 through 8698.2 authorize the governing
19 body of a political subdivision, including a city and county such as San Francisco, to declare
20 the existence of a shelter crisis upon a finding by the governing body that a significant number
21 of persons within the jurisdiction are without the ability to obtain shelter, and that the situation
22 has resulted in a threat to the health and safety of those persons.

23 (b) Upon the declaration of a shelter crisis, the subdivision may allow persons unable
24 to obtain housing to occupy designated public facilities belonging to that subdivision while the
25 crisis lasts.

1 (c) Under the Government Code, the subdivision would be immune from liability for
2 ordinary negligence when using public facilities for emergency housing in this way. The
3 subdivision also could suspend state or local regulatory law setting housing, health, or safety
4 standards to the extent that strict compliance would prevent, hinder, or delay the mitigation of
5 the effects of the shelter crisis. The subdivision could, in place of such standards, enact its
6 own health and safety standards for the shelters consistent with ensuring basic public health
7 and safety in the facilities. These provisions would apply only to additional public facilities
8 opened to the homeless in response to the shelter crisis.

9
10 Section 3. Declaration of Shelter Crisis. The Board of Supervisors hereby finds that a
11 significant number of persons within the City are without the ability to obtain shelter, and that
12 the situation has resulted in a threat to the health and safety of those persons. The Board of
13 Supervisors therefore declares the existence of a shelter crisis in the City and County of San
14 Francisco. Any subsequent action taken by the City pursuant to this declaration shall comply
15 with all relevant requirements of the Charter.

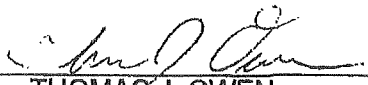
16
17 Section 4. Impact of Declaration on Applicable City Law. In adopting this Declaration,
18 the Board of Supervisors does not suspend, waive, or otherwise limit the requirements of any
19 applicable City law regulating the process for selecting and developing sites for public facilities
20 to be used as emergency housing pursuant to the Declaration. Further, the Board does not
21 suspend, waive, or otherwise limit the requirements of any applicable City law providing for
22 public notification, community outreach, and/or public input as part of that process.

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24 / / /

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1 Section 5. Effective Date. This ordinance shall become effective 30 days after
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
4 of Supervisors overrides the Mayor's veto of the ordinance.

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6
7 APPROVED AS TO FORM:
8 DENNIS J. HERRERA, City Attorney

9
10 By: 
11 THOMAS J. OWEN
12 Deputy City Attorney

13 n:\legan\as2016\1600547\01093467.docx



City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 160223

Date Passed: April 12, 2016

Ordinance making findings and declaring the existence of a shelter crisis in San Francisco under California Government Code, Sections 8698, et seq.

March 24, 2016 Public Safety and Neighborhood Services Committee - AMENDED

March 24, 2016 Public Safety and Neighborhood Services Committee - RECOMMENDED AS AMENDED

April 05, 2016 Board of Supervisors - PASSED ON FIRST READING

Ayes: 8 - Avalos, Breed, Campos, Cohen, Kim, Mar, Peskin and Yee

Noes: 3 - Farrell, Tang and Wiener

April 12, 2016 Board of Supervisors - FINALLY PASSED

Ayes: 9 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin and Yee

Noes: 2 - Tang and Wiener

File No. 160223


I hereby certify that the foregoing Ordinance was FINALLY PASSED on 4/12/2016 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Unsigned
Mayor

4/22/2016
Date Approved

I hereby certify that the foregoing ordinance, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.



Angela Calvillo
Clerk of the Board



Date

1 [Temporary Housing for Homeless People During Shelter Crisis - LMC San Francisco I
2 Holdings, LLC - 1515 South Van Ness Avenue]

3 Ordinance approving an agreement between the City and LMC San Francisco I
4 Holdings, LLC, to allow the City to use the property at 1515 South Van Ness Avenue to
5 utilize and operate a facility to provide temporary housing and services to homeless
6 persons; directing the City Administrator, Public Works, Department of Homelessness
7 and Supportive Housing, Department of Building Inspection, and other City
8 departments to make repairs or improvements, consistent with health and safety
9 standards, to use the property for temporary housing to address encampments in the
10 Mission District; authorizing Public Works, Department of Homelessness and
11 Supportive Housing, and Department of Public Health to enter into contracts without
12 adhering to competitive bidding and other requirements for construction work,
13 procurement, and personal services at the facility; and affirming the Planning
14 Department's determination under the California Environmental Quality Act.

15
16 NOTE: Unchanged Code text and uncodified text are in plain Arial font.
17 Additions to Codes are in *single-underline italics Times New Roman font*.
18 Deletions to Codes are in ~~italics Times New Roman font~~.
19 Board amendment additions are in double-underlined Arial font.
20 Board amendment deletions are in ~~Arial font~~.
21 Asterisks (* * * *) indicate the omission of unchanged Code
22 subsections or parts of tables.

23 Be it ordained by the People of the City and County of San Francisco:

24 Section 1. The Planning Department has determined that the actions contemplated in
25 this ordinance comply with the California Environmental Quality Act (California Public
Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the

1 Board of Supervisors in File No. 170467 and is incorporated herein by reference. The Board
2 affirms this determination.

3 Section 2. Background.

4 (a) California Government Code Sections 8698 through 8698.2 authorize the
5 governing body of a political subdivision, including the Board of Supervisors, to declare the
6 existence of a shelter crisis upon a finding by the governing body that a significant number of
7 persons within the jurisdiction are without the ability to obtain shelter, and that the situation
8 has resulted in a threat to the health and safety of those persons. These Government Code
9 provisions authorize the City to suspend state or local statutes, ordinances, and regulations
10 setting housing, health, or safety standards for new public facilities opened to homeless
11 persons in response to the shelter crisis, to the extent that strict compliance would prevent,
12 hinder, or delay the mitigation of the shelter crisis; and allow the City to enact its own
13 standards for the shelters that ensure basic public health and safety.

14 (b) In Ordinance No. 57-16, enacted on April 22, 2016, the Board of Supervisors
15 found that a significant number of persons within the City are without the ability to obtain
16 shelter, and that the situation has resulted in a threat to the health and safety of those
17 persons. For that reason, and based on factual findings set forth in that ordinance, the Board
18 of Supervisors declared the existence of a shelter crisis in the City and County of San
19 Francisco in accordance with California Government Code Sections 8698 through 8698.2.

20 (c) LMC San Francisco I Holdings, LLC, an affiliate of Lennar Multifamily
21 Communities ("Lennar") owns the improved property located at 1515 South Van Ness Avenue
22 (the "Property"). The Property currently contains a one-story warehouse building, which
23 Lennar intends to demolish and replace with a new project on the Property, including a mix of
24 residential housing and commercial shops. Lennar intends to begin demolition and
25 construction on or around January 15, 2018. Lennar has offered as a gift, subject to the terms

1 of the gift agreement described in Section 3 of this Ordinance, to allow the City to use the
2 Property temporarily to provide temporary housing for homeless persons before Lennar
3 begins construction work on its new project.

4 (d) In light of the ongoing shelter crisis, the tent encampment crisis in the Mission,
5 the encampment directly outside the Property, and the need of people living on the street for
6 safe and sanitary temporary shelter and services from the City, and the short-term availability
7 of the Property for use by the City to provide temporary housing, the Board finds that the City
8 must expeditiously award contracts to complete repairs or improvements to the Property and
9 to allow its use for temporary housing as described in this ordinance.

10 Section 3. Agreement to Use Property.

11 (a) Lennar and the City intend to enter one or more agreements ~~have entered an~~
12 ~~agreement~~ (collectively, the "Agreement") for the City to make repairs and improvements to
13 the Property and thereafter to operate a facility to provide temporary housing and services to
14 homeless persons. Under the Agreement, construction work will be performed by the City or
15 its contractors, at no cost to Lennar, and the City will indemnify Lennar for any losses relating
16 to the City's use of the Property. A copy of the Agreement is on file with the Clerk of the
17 Board of Supervisors in File No. 170467.

18 (b) The Board approves the Agreement in substantially the form contained in File
19 No. 170467, and authorizes the Department of Homelessness and Supportive Housing, City
20 Administrator, Department of Public Works, and Director of Real Estate to enter into any
21 amendments or modifications to the Agreement (including bifurcation into a construction
22 access agreement and an operations agreement) that those departments determine, in
23 consultation with the City Attorney, are in the best interest of the City, do not otherwise
24 materially increase the obligations or liabilities of the City, are necessary or advisable to
25 effectuate the purposes of the Agreement, and are in compliance with all applicable laws.

1 (c) Within 30 days of the Agreement being fully executed by all parties, the
2 Department of Homelessness and Supportive Housing shall submit to the Clerk of the Board
3 of Supervisors a completely executed copy for inclusion in File No. 170467.

4 Section 4. Repairs or Improvements for Temporary Shelter at 1515 South Van Ness
5 Avenue.

6 In response to the shelter crisis declared in Ordinance No. 57-16, City departments,
7 including the City Administrator, Department of Public Works, Department of Homelessness
8 and Supportive Housing, and Department of Building Inspection, shall exercise the authority
9 granted by California Government Code Sections 8698 through 8698.2, and shall take any
10 necessary or appropriate steps to repair or improve the Property to provide temporary housing
11 for homeless persons, subject to the following limitations:

12 (a) The City may only perform repairs or improvements after the City and Lennar
13 execute an agreement allowing the City to use the Property;

14 (b) The Fire Marshal and the Directors of the Department of Public Works,
15 Department of Homelessness and Supportive Housing, and Department of Building Inspection
16 shall each make a written determination, before the City commences work, that the proposed
17 repairs or improvements will satisfy basic public health and safety standards to allow for
18 human occupancy;

19 (c) The repairs or improvements shall comply with the Americans with Disabilities
20 Act and other federal health and safety requirements, and shall otherwise comply with the
21 requirements of the Agreement; and

22 (d) The City shall initiate the repairs or improvements on or before June 1, 2017.

23 Section 5. Contracting Authority.

24 (a) Notwithstanding any provision of the Municipal Code, the Department of Public
25 Works, the Department of Public Health, and the Department of Homelessness and

1 Supportive Housing may enter into contracts to provide professional and/or construction
2 services to assist the City in the repair or improvement of the Property, and contracts to
3 provide professional services or to procure goods or materials to assist in the operation of the
4 temporary housing facility at the Property, without adherence to the requirements of
5 Administrative Code Chapters 6, 12B, 14B, and 21.

6 (b) Within 30 days of any contract authorized by this Section 5 being fully executed
7 by all parties, the Department of Homelessness and Supportive Housing, Department of
8 Public Health, or the Department of Public Works shall submit to the Clerk of the Board a
9 completely executed copy for inclusion in File No. 170467.

10
11 Section 6. Effective Date; Retroactive Operation.

12 (a) This ordinance shall become effective 30 days after enactment. Enactment
13 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or
14 does not sign the ordinance within ten days of receiving it, or the Board of Supervisors
15 overrides the Mayor's veto of the ordinance.

16 (b) The ordinance shall apply to any work performed at the Property and any
17 agreements entered by the City on or after April 25, 2017.

18
19 APPROVED AS TO FORM:
20 DENNIS J. HERRERA, City Attorney

21 By: 
22 JONGIVNER
Deputy City Attorney

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City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 170467

Date Passed: May 16, 2017

Ordinance approving an agreement between the City and LMC San Francisco I Holdings, LLC, to allow the City to use the property at 1515 South Van Ness Avenue to utilize and operate a facility to provide temporary housing and services to homeless persons; directing the City Administrator, Public Works, Department of Homelessness and Supportive Housing, Department of Building Inspection, and other City departments to make repairs or improvements, consistent with health and safety standards, to use the property for temporary housing to address encampments in the Mission District; authorizing Public Works, Department of Homelessness and Supportive Housing, and Department of Public Health to enter into contracts without adhering to competitive bidding and other requirements for construction work, procurement, and personal services at the facility; and affirming the Planning Department's determination under the California Environmental Quality Act.

May 01, 2017 Land Use and Transportation Committee - RECOMMENDED AS
COMMITTEE REPORT

May 02, 2017 Board of Supervisors - PASSED ON FIRST READING

Ayes: 10 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy and
Tang
Excused: 1 - Yee

May 09, 2017 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE
BEARING SAME TITLE

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy,
Tang and Yee

May 09, 2017 Board of Supervisors - PASSED ON FIRST READING AS AMENDED


Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy,
Tang and Yee

May 16, 2017 Board of Supervisors - FINALLY PASSED


Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy,
Tang and Yee

File No. 170467

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 5/16/2017 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



Mayor



Date Approved

City and County of San Francisco

San Francisco Public Works



Edwin M. Lee, Mayor
Mohammed Nuru, Director

BUREAU OF BUILDING REPAIR
2323 Cesar Chavez Street
San Francisco CA 94124
(415) 695-2030 www.SFPublicWorks.org



Kevin Sporer, Acting Superintendent

Public Works Order No: 186024

**CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS**

EMERGENCY DECLARED AND CONTRACT AWARDED

An **Emergency** exists for a need to remodel 1515 S. Van Ness Avenue for the need of temporary housing for homeless people during a shelter crisis per **Ordinance NO. 97-17 file no. 170467 dated 05/09/17**. Public Works has the responsibility for the oversight of the construction work at the facility.

This condition constitutes an emergency involving the health, safety of the citizens of the City & County of San Francisco. Therefore, **an Emergency is declared to exist** under the provisions of Section 6.60 of the San Francisco Administrative Code, and

W. Wong Construction., Inc.
205 13th Street
San Francisco, CA 94103

is hereby awarded a contract to perform the necessary work to remodel work for: 1515 So. Van Ness Navigation Center Homeless Temporary Housing

at a cost not to exceed **\$170,000.00**.

Contractor shall indemnify and hold harmless the City & County of San Francisco, its officers, agents and employees and furnish certificates of insurance protecting himself, any sub-contractors and the City & County of San Francisco and its officers, agents and employees against claims arising out of work performed pursuant to this order with the City & County of San Francisco, its officers, agents and employees named as additional insures.

Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence
Combined Single Limit for Bodily Injury and Property Damage.

Business Automobile Liability Insurance with not less than \$1,000,000 each occurrence
Combined Single Limit for Bodily Injury and Property Damage.

Workers' Compensation, with Employers' Liability limits not less than \$1,000,000 each accident.



San Francisco Public Works
Making San Francisco a beautiful, livable, vibrant, and sustainable city.

A **Notice To Proceed** and a **Contract Purchase Order** will be issued to the Contractor.

Funds are available:

Index Code: _____, FT/F/SF: _____, P/PD: _____, SUBOBJ 02704

DISTRIBUTION:

W. Wong.

Operations: Larry Stringer, Kevin Sporer, Zaida Camacho

Public Affairs: Mindy Linetzky

Business Services: Bruce Robertson

6/6/2017

X Mohammed Nuru

Nuru, Mohammed

Director

Signed by: Nuru, Mohammed



San Francisco Public Works
Making San Francisco a beautiful, livable, vibrant, and sustainable city.

From: Mchugh, Eileen (BOS)
Sent: Thursday, June 08, 2017 9:13 AM
To: BOS-Supervisors
Subject: FW: Issued: Retirement Complied With Its Solicitation Procedures for Investment Managers and Consulting Services but Can Better Administer Its Non-Investment Services Contracts

From: Reports, Controller (CON)
Sent: Wednesday, June 07, 2017 5:04 PM
To: Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>; Mchugh, Eileen (BOS) <eileen.e.mchugh@sfgov.org>; BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Aides <bos-legislative_aides@sfgov.org>; Kawa, Steve (MYR) <steve.kawa@sfgov.org>; Leung, Sally (MYR) <sally.leung@sfgov.org>; Hussey, Deirdre (MYR) <deirdre.hussey@sfgov.org>; Canale, Ellen (MYR) <ellen.canale@sfgov.org>; Tugbenyoh, Mawuli (MYR) <mawuli.tugbenyoh@sfgov.org>; Steeves, Asja (CON) <asja.steeves@sfgov.org>; Campbell, Severin (BUD) <severin.campbell@sfgov.org>; Newman, Debra (BUD) <debra.newman@sfgov.org>; Rose, Harvey (BUD) <harvey.rose@sfgov.org>; Docs, SF (LIB) <sfdocs@sfpl.org>; CON-EVERYONE <con.everyone@sfgov.org>; Cohen, Malia (BOS) <malia.cohen@sfgov.org>; Huish, Jay (RET) <jay.huish@sfgov.org>; Bortnick, Caryn (RET) <caryn.bortnick@sfgov.org>; Shaw, Bob (RET) <bob.shaw@sfgov.org>; Fong, Jaci (ADM) <jaci.fong@sfgov.org>
Subject: Issued: Retirement Complied With Its Solicitation Procedures for Investment Managers and Consulting Services but Can Better Administer Its Non-Investment Services Contracts

The Office of the Controller's City Services Auditor Division (CSA) today issued a memorandum on its assessment of the San Francisco Employees' Retirement System (Retirement) procurement procedures.

CSA found that the San Francisco Employees' Retirement System (Retirement) properly administered the solicitation and contracting process in accordance with its policies and procedures for the ten investment managers and consulting services contracts selected for review. However, Retirement does not have policies or procedures for the administration of contracts pertaining to non-investment or related consulting services. Although the Administrative Code exempts retirement services from city acquisition rules for contracts related to investment services and administration of the Retirement System, Retirement must:

- Develop and implement procedures to document the process for determining whether contracts for non-investment services or commodities are related to the administration of the Retirement System.
- Work with the Office of Contract Administration and comply with citywide procurement rules in the development of any contract for non-investment services or commodities determined to be unrelated to the administration of the Retirement System.
- Develop written procurement policies and procedures for non-investment contracts and integrate internal control activities to ensure accountability, proper segregation of duties, and appropriate documentation of transactions.

To view the full memorandum, please visit our website at:
<http://openbook.sfgov.org/webreports/details3.aspx?id=2459>

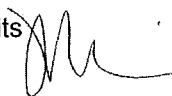
This is a send-only e-mail address. For questions about the memorandum, please contact Director of City Audits Tonia Lediju at tonia.lediju@sfgov.org or 415-554-5393 or the CSA Audits Unit at 415-554-7469.



MEMORANDUM

TO: Malia Cohen, President
Retirement Board

Jay Huish, Executive Director
San Francisco Employees' Retirement System

FROM: Tonia Lediju, Director of City Audits
City Services Auditor Division 

DATE: June 7, 2017

SUBJECT: Retirement Complied With Its Solicitation Procedures for Investment
Managers and Consulting Services but Can Better Administer Its Non-
Investment Services Contracts

EXECUTIVE SUMMARY

The Retirement Board, which governs the San Francisco Employees' Retirement System (Retirement), is granted exclusive authority to execute all contracts related to investment services by the Charter and Administrative Code of the City and County of San Francisco (City). Retirement spent \$35.5 million on investment managers and consulting services in fiscal year 2015-16. Although Retirement has defined policies and procedures for investment-type contracts, it does not have policies or procedures for the administration of contracts pertaining to non-investment or related consulting services.

According to the Office of the City Attorney (City Attorney), the Charter does not require Retirement to adhere to citywide procurement policies and procedures for investment-related services or services related to the administration of the Retirement System. The City Attorney also advised that the determination of whether contracts for non-investment services or commodities relate to the administration of the Retirement System is made on a case-by-case basis. Last, although the Administrative Code exempts retirement services from city acquisition rules for contracts related to investment services and administration of the retirement system, Retirement must:

- Develop and implement procedures to document the process for determining whether contracts for non-investment services or commodities are related to the administration of the Retirement System.

- Work with the Office of Contract Administration and comply with citywide procurement rules in the development of any contracts for non-investment services or commodities determined to be unrelated to the administration of the Retirement System.
- Develop written procurement policies and procedures for non-investment contracts and integrate internal control activities to ensure accountability, proper segregation of duties, and appropriate documentation of transactions.

BACKGROUND, OBJECTIVES & METHODOLOGY

Background

San Francisco Employees' Retirement System. Retirement is a city department, which was established by approval of San Francisco voters in 1920 and the California State Legislature in 1921. Retirement administers two benefit programs, a defined benefit plan and a defined contribution plan, for active and retired employees of the City and their survivors. Under the direction of the Retirement Board, Retirement's executive director and senior staff team manage the day-to-day activities of the retirement plans, including investments, member services, finance, actuarial services, information technology, human resources, and communications.

Governance. A seven-member Retirement Board¹ governs Retirement. The Retirement Board establishes policies governing the administration, management, and operation of the City's retirement plans, and appoints the executive director.

Statement of Economic Interests. In accordance with the San Francisco Campaign and Governmental Conduct Code, Section 3.1, designated consultants are required to provide annual filings of Statements of Economic Interests (Form 700). Retirement requires and collects the Form 700 from consultants who manage client relationships with Retirement or who prepare recommendations or reports for Retirement or present recommendations or reports to the Retirement Board.

Purchasing Authority. City departments can use many methods to procure goods and services, including citywide term contracts, departmental contracts, departmental purchase orders, purchase orders, and direct vouchers. The Administrative Code, Chapter 21, delegates the responsibility for city procurement to the City's Purchaser, who executes purchasing duties through the Office of Contract Administration (OCA). However, the Charter grants the Retirement Board exclusive authority for the investment of city pension money, and the Administrative Code specifically excludes retirement-related services from compliance with Chapter 21 acquisition rules as referenced below:

¹ The Retirement Board is to be composed of one member of the Board of Supervisors appointed by the president, three public members to be appointed by the mayor pursuant to Section 3.100, and three members elected by the active members and retired persons of the Retirement System from among their number (Charter, Section 12.100).

Charter, Section 12.100, RETIREMENT BOARD.

In accordance with Article XVI, Section 17, of the California Constitution, the Retirement Board shall have plenary authority and fiduciary responsibility for investment of monies and administration of the Retirement System.

The Board shall be the sole authority and judge, consistent with this Charter and ordinances, as to the conditions under which members of the Retirement System may receive and may continue to receive benefits under the Retirement System, and shall have exclusive control of the administration and investment of such funds as may be established.

Administrative Code, Chapter 21, Acquisition of Commodities and Services, Section 21.02.

"Services" shall mean Professional Services and General Services and shall specifically exclude...services related to employee benefits, including, without limitation, health plans, retirement or deferred compensation benefits, insurance and flexible accounts, provided by or through the San Francisco Health Service System, the Retirement Board or the Retiree Health Care Trust Fund.

Office of Contract Administration. OCA issued a memorandum in 1988 to confirm a verbal consensus of the City Attorney and Office of the Controller (Controller) that Charter Section 3.671² allows contract orders for investment consulting services to be executed "exclusively" by the Retirement Board.

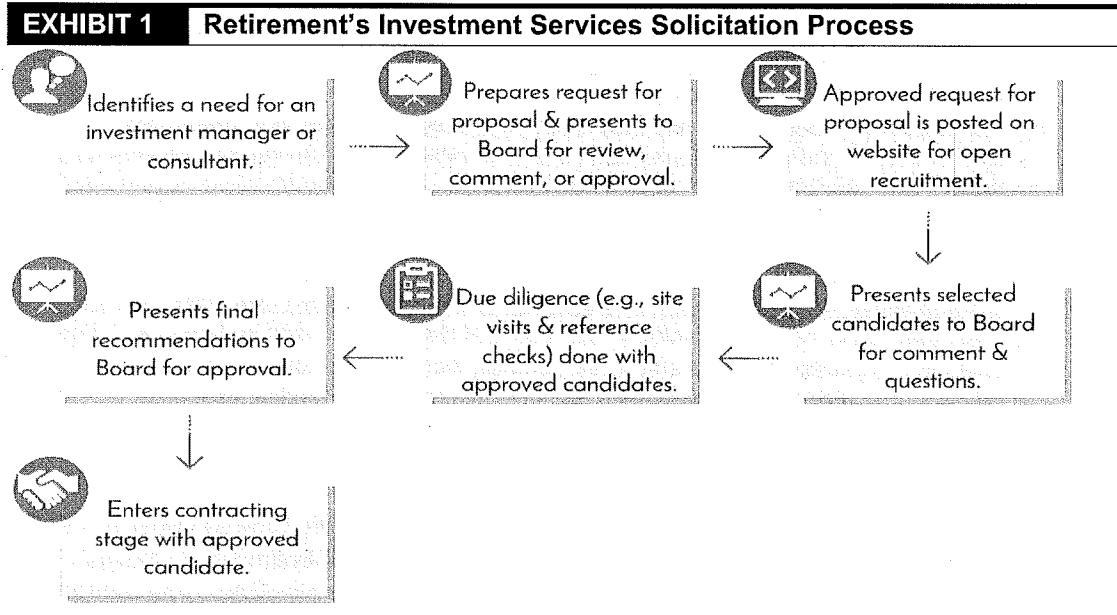
Office of the City Attorney. The City Attorney issued a memorandum in 1986 stating that, "under Charter Sections 3.671 and 6.314³, the Retirement Board has sole and exclusive responsibility for investment of city pension money." Also, the memorandum states that the "investment authority of the Retirement Board is not subject to restriction by ordinance by the Board of Supervisors."

Procurement Process. Retirement exclusively administers all of its contracts. Although the Administrative Code exempts retirement benefit services from city acquisition rules, Retirement seeks to adhere to the City's procurement process by issuing a request for proposal, soliciting bids and selecting a vendor, and using the City's standard contract language where appropriate. For investment services, Retirement administers the solicitation process of investment/money managers and consulting services, and the Retirement Board reviews and approves of the selected vendors. Retirement's executive director then processes the contract for the selected vendor. Contracts for commodities and general services do not require approval by the Retirement Board and are administered and monitored by the executive director.

² Charter Section 12.100 replaced Section 3.671.

³ Charter Section 12.100 replaced Section 3.671 and 6.314.

Exhibit 1 summarizes the solicitation process for investment contracts.



Source: San Francisco Employees' Retirement System

As of June 30, 2016, Retirement had 39 active contracts with 31 investment managers and consulting services vendors,⁴ which have a combined annual award amount of \$48.0 million.⁵ Payments made under these contracts amounted to \$35.5 million in fiscal year 2015-16. Exhibit 2 summarizes these contracts. (Attachment A lists all of Retirement's active investment contracts.)

EXHIBIT 2 Active Investment Services Contracts As of June 30, 2016

Type of Contract	Number of Contracts ^a	Number of Vendors ^a	Average Term of Contract (Years)	Combined Annual Award Amount ^b	Fiscal Year 2015-16 Payments
Investment Managers	36	29	8	\$44,785,000	\$32,281,312
Consulting Services	3	2	3	3,225,000	3,225,000
Total	39	31	N/A	\$48,010,000	\$35,506,312

Notes:

^a Some vendors may have multiple contracts with Retirement for different services.

^b According to Retirement, some contracts of investment managers it first retained in the 1990s or earlier have no annual award amounts (i.e., fee maximums) and/or contract renewal dates. The award amounts are calculated based on the investment portfolio value and a set fee schedule approved by the Retirement Board.

Source: San Francisco Employees' Retirement System and City's Accounting System

⁴ Six investment managers/consultants each have two to four contracts with Retirement for different services. For example, one investment manager provides consulting services for real assets under one contract and for private equity and other alternative investments under another contract.

⁵ This excludes 13 contracts with 9 investment managers without annual award amounts.

In addition to the \$35.5 million spent on investment managers and consulting services in fiscal year 2015-16, Retirement spent \$2.7 million for other commodities and services related to the administration of the department.

Objective & Scope

The objective of this assessment was to determine whether Retirement has special purchasing authority for contracts related to investments or not related to investments and whether Retirement complied with procurement policies and procedures. CSA performed this assessment at the request of Supervisor Malia Cohen and in consultation with OCA and the City Attorney. The assessment considered all of Retirement's contracts that were active on June 30, 2016.

Methodology

To perform this assessment, CSA:

- Interviewed key personnel at OCA, Retirement, and the City Attorney.
- Extracted payment information from the City's accounting system.
- Reviewed and assessed the adequacy of departmental contracting policies and procedures.
- Reviewed relevant sections of the Charter, Administrative Code, departmental guidelines issued by OCA, and memorandums/opinions by the City Attorney.

Government Auditing Standards do not cover nonaudit services, which are defined as professional services other than audits or attestation engagements. Therefore, Retirement is responsible for the substantive outcomes of the work performed during this assessment and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the nonaudit service.

RESULTS

Finding 1 – Retirement complied with its solicitation procedures for investment managers and consulting services.

Retirement properly administered the solicitation and contracting process in accordance with its policies and procedures for the ten investment managers and consulting services contracts selected for review. For each sampled contract, Retirement maintained adequate documentation to demonstrate that it complied with department solicitation and contracting procedures. Retirement also obtained the proper approval from the Retirement Board for each procurement step, including approvals of the request for proposal, vendor, and contract.

Exhibit 3 lists the ten contracts selected for review.

EXHIBIT 3 Contracts Selected for Review		
Vendor	Original Contract Effective Date	Annual Award Amount
Angeles Investment Advisors LLC	10/1/1994	\$232,000
Aberdeen Asset Management Inc.	6/22/2007	3,000,000
AQR Capital Management LLC	8/23/2006	4,500,000
Arrowstreet Capital LP	4/21/2015	4,000,000
Blackrock Institutional Trust Co. NA	7/22/1998	No clause*
	9/22/2011	200,000
Cambridge Associates LLC	10/31/2012	1,825,000
	1/31/2014	500,000
Income Research & Management	1/29/2016	1,000,000
NEPC LLC	6/30/2015	900,000
PIMCO	10/18/2013	1,200,000
Wellington Management Co. LLP	4/29/2005	1,650,000
	1/24/2006	3,000,000

* Note: According to Retirement, some contracts of investment managers it first retained in the 1990s or earlier have no annual award amounts (i.e., fee maximums) and/or contract renewal dates. The award amounts are calculated based on the investment portfolio value and a set fee schedule approved by the Retirement Board.

Source: San Francisco Employees' Retirement System

Finding 2 – Retirement must develop procurement procedures and implement effective internal controls for non-investment contracts.

Retirement does not have policies or procedures for the administration of contracts pertaining to non-investment or related consulting services. According to the City Attorney, the city Charter grants Retirement broad purchasing authority outside of investment-related services because contracts related to the "administration of the Retirement System" fall within the Retirement Board's Charter-granted plenary authority over the City's pension funds. This authority is not limited by the type of commodity or service if the department can relate the purchase to the administration of the Retirement System. For example, per the City Attorney, contracts with medical professionals to perform evaluations when employees retire for disability may help identify improper claims, preserve the corpus of the Retirement funds, and, therefore, relate to the administration of the system.

According to the City Attorney, whether contracts for non-investment services or commodities relate to the administration of the Retirement System is analyzed and determined on a case-by-case basis. The City Attorney recommends that Retirement work with the City's Purchaser to develop appropriate procedures in making this determination.

Although the City Attorney has found that Retirement need not adhere to citywide procurement policies and procedures for contracts related to the administration of the Retirement System, Retirement should consider developing its own written procurement policies and procedures, including those related to the vendor selection process and contract administration and monitoring. These could guide staff when, for example, the executive director is unavailable.

According to Retirement, for all non-investment contracts, the executive director solicits bids, negotiates contract terms, and administers and monitors the contract. Establishing an effective control environment with adequate written policies and procedures that are communicated to appropriate staff and management sets the tone of the organization and helps ensure that staff knows the organization's procedures. Retirement should integrate internal control activities in its policies and procedures to ensure accountability, proper segregation of duties, and appropriate documentation of transactions.

Federal regulation states that management should design control activities to achieve objectives and respond to risks.⁶ Among the control activities required is the segregation of duties. When duties are segregated, management divides key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud.

Further, written policies and procedures are essential to ensure that staff can effectively and consistently perform duties in accordance with documented guidelines. Not having complete written policies and procedures increases the risk that employees will use inconsistent practices. Without written policies and procedures specifying staff roles and responsibilities, Retirement risks allowing a lack of accountability in how it conducts its work.

Recommendations

The San Francisco Employees' Retirement System should:

1. Develop and implement procedures to document the process for determining whether contracts for non-investment services or commodities are related to the administration of the Retirement System.
2. Work with the Office of Contract Administration and comply with citywide procurement rules in the development of any contracts for non-investment services or commodities determined to be unrelated to the administration of the Retirement System.
3. Develop written policies and procedures for non-investment contracts and integrate internal control activities to ensure accountability, proper segregation of duties, and appropriate documentation of transactions.

⁶ U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government*, September 2014.

CSA extends its appreciation to you and your staff who assisted with this assessment. If you have any questions or concerns, please contact me at (415) 554-5393 or tonia.lediju@sfgov.org.

cc: Retirement

Retirement Board
Caryn Bortnick
Robert Shaw

OCA

Jaci Fong

Controller

Ben Rosenfield
Todd Rydstrom
Mamadou Gning
Amanda Sobrepeña
Elaine Wong
Winnie Woo

Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Mayor
Public Library

ATTACHMENT A: INVESTMENT CONTRACTS

Vendor	Annual Award Amount	Original Contract Award Date	Number of Contract Extensions	Last Contract Renewal Date
Advent Capital Management LLC	\$2,000,000	1/21/2003	3	6/30/2013
AFL-CIO	N/A ^a	8/14/1996	N/A ^c	N/A ^c
AQR Capital Management LLC	4,500,000	8/23/2006	2	6/30/2016
Arrowstreet Capital LP	4,000,000	4/21/2015	0	4/21/2015
Bivium Capital Partners LLC	2,500,000	12/28/2005	2	12/31/2015
Blackrock Institutional Trust Co. NA (FI)	200,000	9/22/2011	0	9/22/2011
Blackrock Institutional Trust Co. NA (R1V)	N/A ^b	7/22/1998	N/A ^c	N/A ^c
Callan Associates Inc.	135,000	1/22/2013	1	9/30/2013
Cambridge Associates LLC ^d	1,825,000	10/31/2012	0	10/31/2012
Cambridge Associates LLC ^d	500,000	1/31/2014	0	1/31/2014
Capital Guardian Trust Co. (EAFE)	N/A ^b	8/6/1997	N/A ^c	N/A ^c
Capital International (EM)	N/A ^a	10/28/2011	0	10/28/2011
Causeway Capital Management LLC	1,850,000	4/15/2003	2	6/30/2013
Dimensional Fund Advisors LP (EMC)	N/A ^a	9/16/2011	0	9/16/2011
Dimensional Fund Advisors LP (EMSC)	N/A ^a	9/16/2011	0	9/16/2011
Dimensional Fund Advisors LP (ISC)	N/A ^a	2/3/2011	0	2/3/2011
Dimensional Fund Advisors LP (US SCV)	N/A ^b	6/12/1996	N/A ^c	N/A ^c
Fidelity Institutional Asset Mgmt. Trust (FI)	1,300,000	12/5/1997	N/A ^c	N/A ^c
Fidelity Institutional Asset Mgmt. Trust (ISC)	4,000,000	6/30/2011	1	6/30/2016
GMO	N/A ^a	8/30/1996	N/A ^c	N/A ^c
Income Research & Management	1,000,000	1/29/2016	0	1/29/2016
LSV Asset Management	2,850,000	6/2/2003	2	6/30/2013
Mellon Capital Management Corp.	N/A ^b	10/30/1984	N/A ^c	N/A ^c
Mondrian Investment Partners Limited	2,000,000	1/24/2006	2	1/31/2016
NEPC LLC ^d	\$900,000	6/30/2015	0	6/30/2015
Oaktree Capital Management LP	1,750,000	9/28/1998	N/A ^c	N/A ^c
PIMCO	1,200,000	10/18/2013	0	10/18/2013
Prima Capital Advisors LLC	N/A ^b	5/9/1995	N/A ^c	N/A ^c
Quantitative Management Associates LLC	1,750,000	10/17/2008	1	12/31/2012
Robert W Baird & Co Inc.	1,000,000	1/26/2016	0	1/26/2016
Sands Capital Management LLC	2,000,000	2/14/2005	2	3/30/2015
Sankaty Advisors LLC	1,000,000	12/9/2013	0	12/9/2013
The Northern Trust Company (EAFE)	N/A ^b	2/1/2012	0	2/1/2012
The Northern Trust Company (SCG)	N/A ^b	8/13/2012	0	8/13/2012
TorreyCove Capital Partners LLC ^d	600,000	10/31/2013	0	10/31/2013
Wellington Management Co. LLP (EM)	3,000,000	1/24/2006	2	6/30/2015
Wellington Management Co. LLP (LCG)	1,650,000	4/29/2005	2	6/30/2016
William Blair & Co. LLC	2,500,000	4/14/2008	2	6/30/2016
Zazove Associates LLC	2,000,000	3/19/2003	2	6/30/2013

Source: San Francisco Employees' Retirement System

^aFirm invests through institutional mutual funds and, thus, Retirement does not receive an invoice for services and investment management agreement has no annual award provision.^bFirm was first retained by Retirement in the 1990s or earlier and contract has no annual award amount (i.e., fee maximum) and/or contract renewal date. The award amounts are calculated based on the investment portfolio value and a set fee schedule approved by the Retirement Board.^cNo clause in contract.^dIn accordance with the San Francisco Campaign and Governmental Conduct Code, Section 3.1, Retirement retained Form 700 from key personnel of designated consultants.

ATTACHMENT B: DEPARTMENT RESPONSE



SFERS
San Francisco Employees' Retirement System

City and County of San Francisco
Employees' Retirement System

April 21, 2017

Tonia Lediju, Director of City Audits
Office of the Controller, City Services Auditor Division
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Management's Response to CSA Audit Memorandum: *Retirement Complied With Its Solicitation Procedures for Investment Managers and Consulting Services but Can Better Administer its Non-Investment Services Contracts*

Dear Ms. Lediju,

Thank you for the opportunity to review and provide responses to your audit memorandum – *Retirement Complied With Its Solicitation Procedures for Investment Managers and Consulting Services but Can Better Administer its Non-Investment Services Contracts*.

We appreciate the time your staff dedicated to this review.

We are pleased with your finding that Retirement complied with the Retirement Board's policies related to procurement of investment-related services. As indicated in your memorandum, while Retirement is not required to adhere to citywide procurement policies and procedures for investment services or other services that support the administration of the Retirement System, we have patterned our procurement process, when appropriate, to the City's procurement process. Under the Retirement Board's policies, the procurement process for most investment services – investment managers and consulting services – is reported to and approved by the Retirement Board at public meetings at various points in the procurement process.

We accept your first recommendation that the department develop written policies and procedures for non-investment contracts.

As fiduciaries to the SFERS Trust and its beneficiaries, the Retirement Board and department staff are not permitted to expend trust assets for the procurement of any services or commodities that are not related to the administration of the Retirement System; therefore, the department believes that your final two recommendations are not necessary. Inherent in the managerial written approval requirement for all department expenditures is the determination that non-investment services or commodities are related to and support the administration of the Retirement System. Further, since the department cannot procure non-investment services or commodities that we determine to be unrelated to the administration of the Retirement System, your third recommendation is moot.

We will begin working on your first recommendation immediately. We would welcome further discussions on the other recommendations.

Respectfully submitted,

Jay Hugh
Executive Director

cc: Malia Cohen, President, Retirement Board, Member, Board of Supervisors

From: Reports, Controller (CON)
Sent: Thursday, June 08, 2017 10:58 AM
To: Calvillo, Angela (BOS); Mchugh, Eileen (BOS); Kawa, Steve (MYR); Howard, Kate (MYR); Whitehouse, Melissa (MYR); Hussey, Deirdre (MYR); Tugbenyoh, Mawuli (MYR); Steeves, Asja (CON); Campbell, Severin (BUD); Newman, Debra (BUD); Rose, Harvey (BUD); Docs, SF (LIB); CON-EVERYONE; gmetcalf@spur.org; Kelly, Jr, Harlan (PUC); Carlin, Michael (PUC); Hood, Donna (PUC); Moala, Tommy (CWP); Flores, Tony (CWP); Harrison, Lewis (CWP); Powell, John (CWP); Sandler, Eric (PUC); Hom, Nancy (PUC); candersson@sfwater.org; Callahan, Micki (HRD); Ponder, Steve (HRD); White, Janie (HRD)
Subject: Issued: SFPUC: The Wastewater Enterprise Should Better Manage and Monitor Work Flow, Premium Pay, Overtime, and Absenteeism

The Office of the Controller's City Services Auditor Division (CSA) today issued a report on its audit of management practices and internal controls of the Wastewater Enterprise of the San Francisco Public Utilities Commission (SFPUC). The audit objectives were to determine whether the Wastewater Enterprise complies with relevant laws and regulations and meets its mission and goals and whether its internal controls effectively ensure that operational processes are administered properly and in compliance with relevant policies, procedures, and industry best practices.

The audit found that the Wastewater Enterprise:

- Inadequately monitors and evaluates staff's completion of work orders for maintenance and repair of wastewater treatment facilities, which required more than 200,000 labor hours in fiscal year 2013-14.
- Does not require one division to track the staff hours worked on specific projects, making it difficult to analyze staff performance.
- Does not retain proper documentation of standby premium pay authorization and paid one employee \$60,229 in fiscal year 2013-14 to be on standby for almost every hour not on shift, including 259 hours while on paid leave.
- Inadequately monitors overtime pay, which increased 42 percent from fiscal year 2011-12 to 2013-14, and which does not result primarily from work during wet weather months or on high-priority work orders.
- Authorized maintenance staff to work 5,094 hours of overtime in June 2014, at a cost of \$307,354, but has no specific documentation of the work accomplished.
- Inadequately monitors sick leave pay, which increased 24 percent overall from fiscal year 2011-12 to 2013-14, and ineffectively uses existing procedures to investigate and discipline employees with excessive absences and discourage sick leave abuse.
- Incorrectly applies some premium pay codes, overpaying at least \$18,323 in premium pay to employees in fiscal year 2013-14, and does not require documentation of work performed for some premium pays.
- Inadequately monitors watch engineer training (or "t") shift activities, with only 4 percent of the 29,100 "t" shift hours used for training and no tracking of how the non-training hours are used.

The report includes 31 recommendations for SFPUC to improve management and monitoring of work flow, purchasing, watch engineer "t" shifts, premium pay, sick leave, and overtime, and to better use existing procedures to investigate and discipline employees with excessive absences and discourage sick leave abuse. The report also includes 5 recommendations for the Department of Human Resources (Human Resources) to

provide guidance for use of standby and lead worker pay and to modify provisions related to premium, overtime, and sick pay in some labor agreements during future labor negotiations.

To view the full report, please visit our website at: <http://openbook.sfgov.org/webreports/details3.aspx?id=2460>

This is a send-only e-mail address. For questions about the report, please contact Director of City Audits Tonia Lediju at tonia.lediju@sfgov.org or 415-554-5393 or the CSA Audits Unit at 415-554-7469.

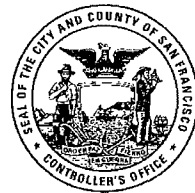
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City and County of San Francisco

Office of the Controller – City Services Auditor

SAN FRANCISCO PUBLIC UTILITIES COMMISSION:

**The Wastewater Enterprise
Should Better Manage and
Monitor Work Flow, Premium Pay,
Overtime, and Absenteeism**



June 8, 2017

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor Division (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that voters approved in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office. These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

For questions regarding the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Audit Team: Mark de la Rosa, Deputy Director of City Audits
Cherry Bobis, Audit Manager
Deric Licko, Auditor-in-Charge
Cynthia Lam, Associate Auditor
Natasha Michel, Associate Auditor
Cheryl Lam, Staff Auditor
Freddy Padilla, Staff Auditor



City and County of San Francisco

Office of the Controller - City Services Auditor

**San Francisco Public Utilities Commission:
The Wastewater Enterprise Should Better Manage and Monitor Work Flow,
Premium Pay, Overtime, and Absenteeism**

June 8, 2017

Why We Did the Audit

The audit analyzed employee pay and leave data and reviewed procedures and analyzed data for work orders, purchasing, training, and regulatory compliance to determine whether the Wastewater Enterprise of the San Francisco Public Utilities Commission (SFPUC) meets its mission and goals and whether its internal controls effectively ensure that operational processes are administered properly and comply with relevant policies, procedures, and industry best practices. The Wastewater Enterprise operates and maintains the sewer system and treatment plants of the City and County of San Francisco (City) with an operating budget of \$279 million in fiscal year 2014-15 and is implementing the \$6.9 billion Sewer System Improvement Program to upgrade aging infrastructure, so it is critical that its work flow and human resources be managed effectively.

What We Found

The Wastewater Enterprise (Wastewater) needs to better manage and monitor its work flow, premium pay, overtime, and absenteeism. The audit found that Wastewater:

- Inadequately monitors staff's completion of work orders for maintenance and repair of wastewater treatment facilities, which required more than 200,000 labor hours in fiscal year 2013-14, and does not require one division to track the staff hours worked on specific projects, making it difficult to analyze staff performance.
- Does not retain proper documentation of standby premium pay authorization and paid one employee \$60,229 in fiscal year 2013-14 to be on standby for almost every hour not on shift, including 259 hours while on paid leave.
- Inadequately monitors overtime pay, which increased 42 percent, from \$1.5 million in fiscal year 2011-12 to \$2.1 million in fiscal year 2013-14, and which does not result primarily from work during wet weather months or on high-priority work orders. For example, Wastewater authorized its maintenance staff to work 5,094 hours of overtime in June 2014, at a cost of \$307,354, with no specific documentation of the work accomplished.
- Inadequately monitors sick leave pay, which increased 24 percent overall from fiscal year 2011-12 to 2013-14, and ineffectively uses existing procedures to investigate and discipline employees with excessive absences and discourage sick leave abuse.
- Incorrectly applies premium pay codes, overpaying at least \$18,323 in premium pay to employees in fiscal year 2013-14, and does not require documentation of work performed for some premium pays.
- Inadequately monitors watch engineer training (or "t") shift activities. For example, only 4 percent of the 29,100 "t" shift hours in fiscal year 2013-14 were used for training, and Wastewater does not track how non-training hours are used.

What We Recommend

The report includes 31 recommendations for SFPUC, including that it should:

- Implement performance goals for work order completion and prepare monthly performance reports.
- Review the business need for existing levels of standby pay and better document the staff assigned to standby shifts.
- Require documentation of work for premium pay.
- Manage overtime so that it is more closely tied to demonstrated work needs.
- Track staff's use of "t" shift non-training hours.
- Better monitor sick leave use and investigate all cases of potential sick leave abuse.

The report also includes 5 recommendations for the City's Department of Human Resources to provide guidance for use of some premium pays and to revise some labor agreements that apply to SFPUC staff.

Copies of the full report may be obtained at:

*Office of the Controller • City Hall, Room 316 • 1 Dr. Carlton B. Goodlett Place • San Francisco, CA 94102 • 415.554.7500
or on the Internet at <http://www.sfgov.org/controller>*



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

June 8, 2017

San Francisco Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Mr. Harlan Kelly, Jr., General Manager
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Dear Commission President, Commissioners, and Mr. Kelly:

The Office of the Controller's City Services Auditor Division (CSA) presents its audit report of management practices and internal controls of the Wastewater Enterprise (Wastewater) of the San Francisco Public Utilities Commission (SFPUC). The audit objectives were to determine whether Wastewater complies with relevant laws and regulations and meets its mission and goals, and to determine whether its internal controls effectively ensure that operational processes are administered properly and in compliance with relevant policies, procedures, and industry best practices.

The audit found that Wastewater:

- Inadequately monitors and evaluates staff's completion of work orders for maintenance and repair of wastewater treatment facilities, which required more than 200,000 labor hours in fiscal year 2013-14.
- Does not require one division to track the staff hours worked on specific projects, making it difficult to analyze staff performance.
- Does not retain proper documentation of standby premium pay authorization and paid one employee \$60,229 in fiscal year 2013-14 to be on standby for almost every hour not on shift, including 259 hours while on paid leave.
- Inadequately monitors overtime pay, which increased 42 percent from fiscal year 2011-12 to 2013-14, and which does not result primarily from work during wet weather months or on high-priority work orders.
- Authorized maintenance staff to work 5,094 hours of overtime in June 2014, at a cost of \$307,354, but has no specific documentation of the work accomplished.
- Inadequately monitors sick leave pay, which increased 24 percent overall from fiscal year 2011-12 to 2013-14, and ineffectively uses existing procedures to investigate and discipline employees with excessive absences and discourage sick leave abuse.
- Incorrectly applies some premium pay codes, overpaying at least \$18,323 in premium pay to employees in fiscal year 2013-14, and does not require documentation of work performed for some premium pays.

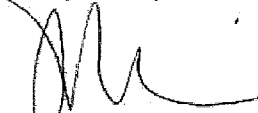
- Inadequately monitors watch engineer training (or "t") shift activities, with only 4 percent of the 29,100 "t" shift hours used for training and no tracking of how the non-training hours are used.

The report includes 31 recommendations for SFPUC to improve management and monitoring of work flow, purchasing, watch engineer "t" shifts, premium pay, sick leave, and overtime, and to better use existing procedures to investigate and discipline employees with excessive absences and discourage sick leave abuse. The report also includes 5 recommendations for the Department of Human Resources (Human Resources) to provide guidance for use of standby and lead worker pay and to modify provisions related to premium, overtime, and sick pay in some labor agreements during future labor negotiations.

The responses of SFPUC and Human Resources are attached to the report. CSA will work with SFPUC and Human Resources to follow up on the status of the recommendations made in this report.

CSA appreciates the assistance and cooperation of SFPUC and Human Resources staff during the audit. For questions about the report, please contact me at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Respectfully,



Tonia Lediju
Director of City Audits

cc: Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Mayor
Public Library

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GLOSSARY OF TERMS

Administrative Code	Administrative Code of the City and County of San Francisco
Bayside	The eastern section of the Combined Sewer System
City	City and County of San Francisco
Collections	Collection System division of the Wastewater Enterprise
Compliance	Planning and Regulatory Compliance division of the Wastewater Enterprise
CSA	City Services Auditor Division of the Office of the Controller
DCS	Distributed Control System
Engineering	Field Engineering division of the Wastewater Enterprise
eTime	Electronic time entry system used by the Wastewater Enterprise
FTE	Full-time equivalent
GAO	United States Government Accountability Office
HRS	Human Resources Services – San Francisco Public Utilities Commission
Human Resources	San Francisco Department of Human Resources
I&C Technicians	Instrumentation and Control technicians
Maintenance	Maintenance section of the Operations and Maintenance division of the Wastewater Enterprise
Maximo	Asset management system the Wastewater Enterprise uses to manage and track work orders and purchase orders
MOU	Memorandum of Understanding
NPDES	National Pollutant Discharge Elimination Systems
Oceanside	Alternate name for the western section of the Combined Sewer System
Operations	Operations section of the Operations and Maintenance division of the Wastewater Enterprise
OSP	Oceanside Water Pollution Control Plant
RWQCB	Regional Water Quality Control Board
SEP	Southeast Water Pollution Control Plant
SFPUC	San Francisco Public Utilities Commission
SFPUC Handbook	San Francisco Public Utilities Commission New Employee Orientation Handbook
“t” shift	An 8-hour daytime shift for Operations watch engineers designed to be used for training, covering another shift, or special projects
t-week	A week of Operations watch engineer “t” shifts
Wastewater	Wastewater Enterprise of the San Francisco Public Utilities Commission
Westside	The western section of the Combined Sewer System

INTRODUCTION

Audit Authority

This audit was conducted under the authority of the Charter of the City and County of San Francisco (City), Section 3.105 and Appendix F, which requires that the City Services Auditor Division (CSA) of the Office of the Controller conduct periodic, comprehensive financial and performance audits of city departments, services, and activities.

Background

The San Francisco Public Utilities Commission (SFPUC) provides retail drinking water and wastewater services to the City, wholesale water to three Bay Area counties, and green hydroelectric and solar power to city departments. SFPUC is headed by a five-member board, nominated by the Mayor and approved by the Board of Supervisors. The board provides operational oversight in areas such as rates and charges for services, approval of contracts, and organizational policy.

SFPUC employs 2,400 personnel working in seven counties and has an annual budget of almost \$940 million.

SFPUC employs approximately 2,400 personnel working in seven California counties and had a fiscal year 2014-15 budget of almost \$940 million. SFPUC consists of three enterprises (Water, Power, and Wastewater), which are supported by the Business Services, Infrastructure, and External Affairs bureaus.

The enterprises have the following functions:

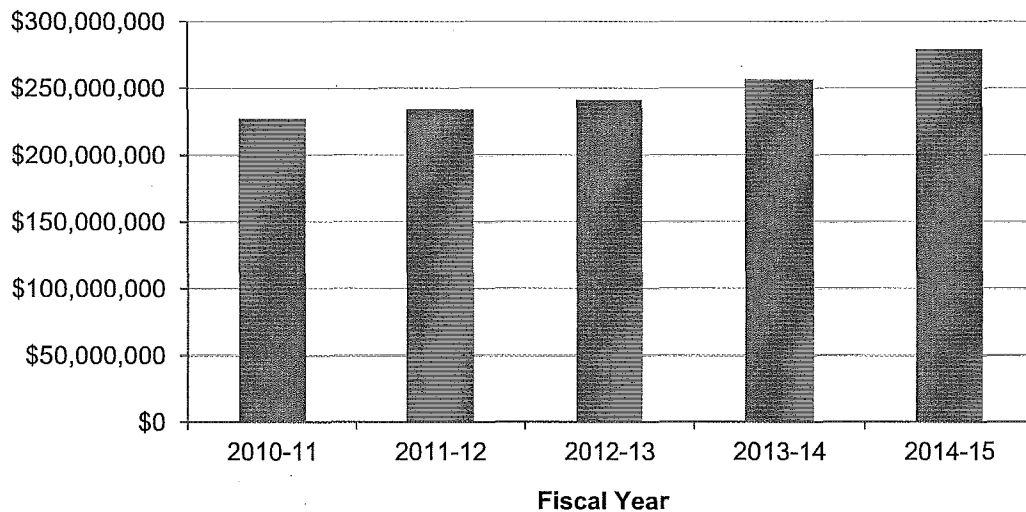
- The Water Enterprise manages the transmission, treatment, storage, and distribution of potable water to San Francisco and 27 water agencies in three San Francisco Bay Area counties.
- The Power Enterprise provides green hydroelectric power from the Hetch Hetchy Regional Water System to municipal customers and city departments in San Francisco and the Turlock and Modesto Irrigation Districts.
- The Wastewater Enterprise (Wastewater) operates and maintains 993 miles of combined sewers for homes, businesses, and street runoff, and treats sewage and storm water at three treatment plants in San Francisco.

SFPUC's Wastewater Enterprise has an operating budget of \$279 million.

Wastewater maintains and operates the City's combined sewer system and treatment plants and had a fiscal year 2014-15 operating budget of \$279 million. Wastewater is also implementing the Sewer System Improvement Program, a 20-year, \$6.9 billion, citywide capital improvement program designed to upgrade aging sewer infrastructure to ensure a reliable and seismically safe sewer system.

Exhibit 1 shows the growth of Wastewater's operating budget from fiscal year 2010-11 through 2014-15.

**EXHIBIT 1 SFPUC Wastewater Enterprise Operating Budget
Fiscal Years 2010-11 Through 2014-15**



Source: Auditor's analysis of data in the City's accounting system from SFPUC.

San Francisco's Combined Sewer System

San Francisco's combined sewer system is extensive.

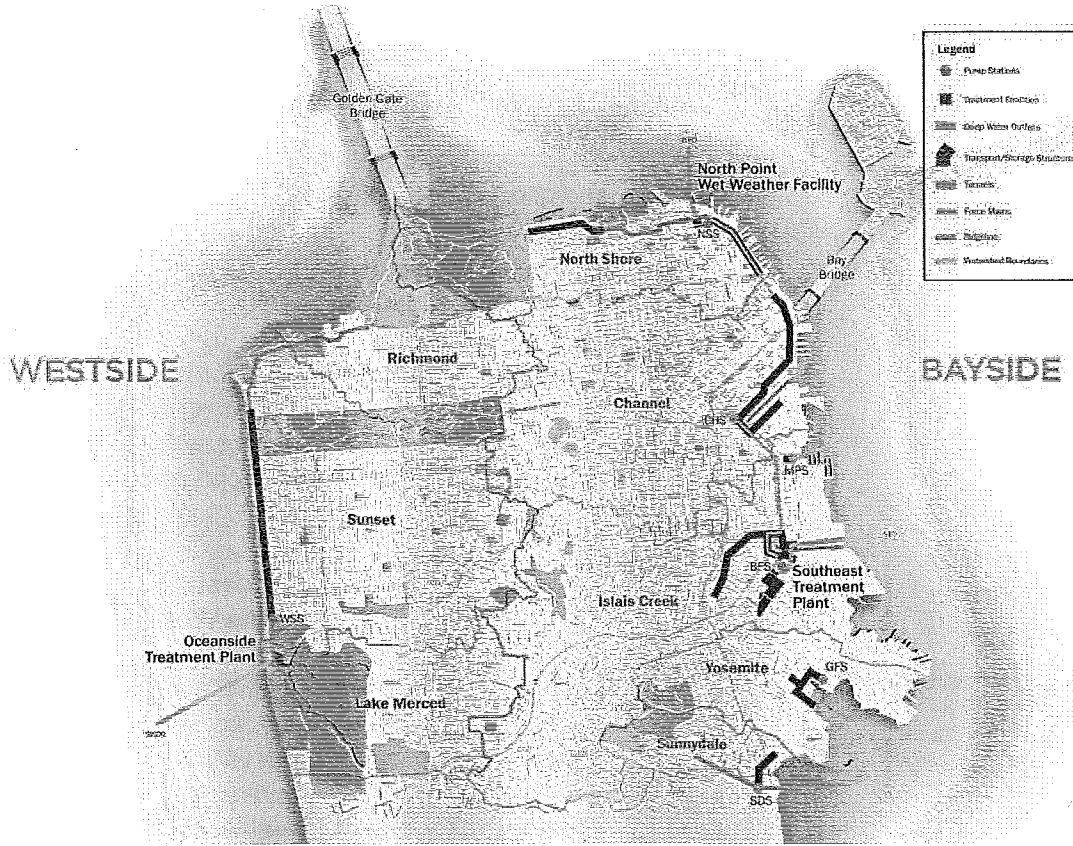
San Francisco's combined sewer system is extensive—serving more than 800,000 customers and including more than 1,000 miles of pipes. The system collects and treats both sewage and stormwater runoff, with 80 million gallons treated on a typical, non-rainy day and up to 575 million gallons treated on a rainy day. On a typical day, the system transports San Francisco's

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wastewater to one of two local treatment plants: the Southeast Treatment Plant in the Bayside section or the Oceanside Treatment Plant in the Westside section. During a storm, the North Point Wet Weather Facility is activated to treat additional flow. Each treatment facility plays an integral role in handling and treating the City's wastewater and stormwater before being discharged into San Francisco Bay or the Pacific Ocean.

The City's combined sewer system is shown in Exhibit 2.

EXHIBIT 2 San Francisco's Combined Sewer System



Source: SFPUC.

Regulatory Framework

Wastewater facilities operate under federal permits issued by the state, which sets standards, determines compliance with requirements, and takes appropriate enforcement actions when facilities are out of compliance.

The quality of water resources and pollutants discharged in California waterways are overseen by a federal permitting system known as the National Pollutant Discharge Elimination System (NPDES) program, which requires facilities that discharge pollutants from any point source into U.S. waters to obtain a permit.

The California Environmental Protection Agency's State Water Resources Control Board regulates NPDES permits in the state, and nine regional water quality control boards exercise rulemaking and regulatory activities. SFPUC is regulated by the Region 2 Board, better known as the San Francisco Regional Water Quality Control Board (RWQCB). Each regional water board:

- Regulates wastewater discharges to surface water and groundwater.
- Regulates stormwater discharges from construction, industrial, and municipal activities.
- Makes water quality decisions for its region, including setting standards, issuing waste discharge permits, determining compliance with those requirements, and taking appropriate enforcement actions.

The City owns and operates the Oceanside Water Pollution Control Plant (OSP) for the Westside section and the Southeast Water Pollution Control Plant (SEP) for the Bayside section. These plants operate under federal NPDES permits issued by the State Water Resources Control Board through RWQCB. The North Point Wet Weather Facility is a primary treatment facility that operates only during wet weather. The facility operates under the NPDES permit issued to the SEP. SFPUC also manages and operates the Treasure Island Treatment Plant, which operates under a separate NPDES permit.

Wastewater is required to monitor its operations daily, submit annual reports on performance and permit compliance, and describe incidents.

The permits held by SFPUC address water pollution by regulating sources (i.e., the plants) that discharge pollutants. Although treatment plants must monitor their operations daily, the permits require the plants to submit monthly and annual self-monitoring reports. SFPUC's reports, which are submitted to RWQCB, document treatment performance, effluent quality, and compliance with waste discharge requirements.

Wastewater Divisions

Wastewater has five divisions and more than 400 full-time equivalent positions represented by more than ten unions.

Wastewater consists of five functional divisions:

- Collection System
- Field Engineering
- Operations and Maintenance
- Planning and Regulatory Compliance
- Wastewater Laboratories

Wastewater had 469.2 full-time equivalent (FTE) positions in fiscal year 2013-14, with employees represented by more than ten labor organizations. Exhibit 3 shows the number of FTE positions represented by each labor organization.

EXHIBIT 3 Labor Organizations Representing Wastewater Employees Fiscal Year 2013-14	
Labor Organization	Full-Time Equivalent Positions
Stationary Engineers, Local 39	181.2
International Federation of Professional and Technical Engineers, Local 21	136.5
Service Employees International Union, Local 1021	36.4
Laborers International Union, Local 261	30.2
United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry, Local 38	29.7
International Brotherhood of Electrical Workers, Local 6	16.8
Teamsters, Local 853	14.0
Municipal Executives Association	8.8
Auto, Marine and Specialty Painters, Local 1176	5.7
Other	9.9
Total	469.2

Source: Auditor analysis of city accounting system data for fiscal year 2013-14.

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*The **Collection System** division cleans, inspects, and operates the City's combined sewer system and manages sewer repair services.*

The Collection System division (Collections) is responsible for ensuring that the City's combined sewer system is operated to maximize storage and transport of combined sewage and to provide source control and pollution prevention services. Also, a Sewer Operations section within Collections is responsible for sewer inspection and cleaning and for managing sewer repair services provided by the Department of Public Works. In fiscal year 2013-14 Collections had 69.6 FTE positions¹ and an operating budget of \$31.1 million.

*The **Field Engineering** division provides operations and maintenance support services to resolve operations problems at the treatment plants to maintain permit compliance.*

The Field Engineering division (Engineering) supports the other Wastewater divisions by providing engineering design and construction support, providing operations and maintenance support services to resolve problems at treatment plant facilities to maintain permit compliance, managing plant odor control programs, coordinating plant shutdowns, and providing support services to the Instrumentation & Control (I&C) and electrical maintenance groups in the Operations and Maintenance division that support plant operations. In fiscal year 2013-14 Engineering had 37.3 FTE positions and an operating budget of \$4.1 million.

*The **Operations** division manages and monitors plant operations.*

The Operations and Maintenance division is further separated into the Operations division and the Maintenance division. The Operations division (Operations) is responsible for managing and monitoring the operations of the wastewater treatment plants and associated facilities. In fiscal year 2013-14 Operations had 121.9 FTE positions and an operating budget of \$36.3 million.

Operations staff assigned as watch engineers have a rotating, five-week schedule followed by a week off.

Both SEP and OSP have personnel assigned to five watches to operate and monitor the treatment plants 24 hours per day, and a sixth watch that uses employees who work regular hours during Monday through Friday and are available for other duties. The Local 39 memorandum of understanding (MOU) states that Local 39 employees assigned as watch engineers to monitor treatment plant operations have a five-week, rotating shift schedule that includes rotating weeks of 12-hour day and 12-hour night shifts followed by seven days off

¹ The number of FTE positions in Collections and for all following divisions discussed in this report are positions budgeted in that division and do not include positions budgeted to general administration.

work. The first week of the schedule is a four-day week of eight-hour day shifts commonly referred to as a “training week” or “t-week”—the Local 39 MOU refers to these days as “t” shifts. This schedule provides eight hours of compensatory time every five weeks, which can be taken as paid overtime or compensatory time.

Operations watch engineers “bid” for their watch assignment, and, once assigned, cannot be reassigned if needs change.

Almost all Operations staff is represented by Local 39. Employees in Local 39 assigned as watch engineers must “bid” for a specific watch and, according to Wastewater management, once assigned, cannot be reassigned by management to another watch as needed to cover vacancies or for similar operational reasons. This is not the case for other Local 39 employees in the same job class, where staff can be moved as needed.

The Maintenance division maintains and repairs the treatment plants and associated facilities.

The Maintenance division (Maintenance) is responsible for maintenance and repair of the wastewater treatment plants, general facilities maintenance, purchasing, and work order scheduling. In fiscal year 2013-14 Maintenance had 143.6 FTE positions and an operating budget of \$26.4 million.

Maintenance crews include carpenters, electricians, gardeners, laborers, painters, plumbers, truck drivers, and I&C technicians. Maintenance also includes work order planners, purchasing, and the warehouse.

Maintenance sections include:

- Bayside operations support, which has crews assigned to the Bayside treatment facilities.
- Facilities maintenance for Bayside and Westside, which has crews of laborers, painters, plumbers, gardeners, and carpenters.
- Westside operations support, which has crews assigned to the Westside treatment facilities.
- Electricians, with separate crews for Bayside and Westside facilities.
- Instrumentation and Control (I&C) technicians, who support the control systems for the treatment plants at both Bayside and Westside.
- Maintenance planning crew, which manages work orders and crew scheduling.
- Purchasing crew, which processes all purchase requests for Operations and Maintenance.
- Warehouse crew that manages a centralized inventory of tools, parts, and equipment at SEP.

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Maintenance staff is occasionally assigned to be on standby after regular hours to support plant operations or for expected wet weather.

Maintenance employees generally work from 6 a.m. to 2:30 p.m. and are also occasionally assigned to be on standby, either for a known maintenance issue, plant startup, or predicted wet weather. Wastewater management stated that Operations superintendents decide whether to call for staff to be on standby and that supervisors will find staff to be available for standby and notify the planning supervisor, who then sends an e-mail listing the assigned staff and duration of the standby period. According to Wastewater management, standby service ensures that staff is available to deal with any problems and avoid potential permit violations.

The Planning and Regulatory Compliance division maintains and reports on SFPUC's compliance with the NPDES operating permits.

The Planning and Regulatory Compliance division (Compliance) is responsible for maintaining and reporting on compliance with the NPDES and other permits issued to the City's wastewater treatment facilities. According to SFPUC, in fiscal year 2013-14 Wastewater consolidated the Compliance budget (dollars and positions) into the Administration budget. In fiscal year 2012-13 Compliance had 19.7 FTE positions and an operating budget of \$6.8 million. The division had approximately 21 FTE positions in September 2014.

The Wastewater Laboratories division analyzes water samples to ensure water quality.

The Wastewater Laboratories division analyzes water samples collected by the staff of Source Control—Pretreatment in Collections to ensure water quality. In fiscal year 2013-14 Wastewater Laboratories had 21.6 FTE positions and an operating budget of \$4.4 million.

Objectives

The objectives of this audit were to determine whether:

1. Wastewater complies with relevant laws and regulations and meets its mission and goals.
2. Wastewater's internal controls effectively ensure that operational processes are administered properly and in compliance with relevant policies, procedures, and/or industry best practices, including, but not limited to, the following:
 - a. Organizational structure and culture—functional structure, staffing levels, and morale
 - b. Operational functions—work order procedures and oversight; program management;

treatment plant operations, maintenance, and repair; and special programs

- c. Payroll and human resources—absence management; overtime and premium pay review; staff performance, hiring, training, and scheduling
- d. Purchasing and contracts—purchasing process, professional and specialized services

Scope and Methodology

The scope of this audit encompasses all aspects of administration, operations, and management of the Wastewater Enterprise in fiscal years 2011-12 through 2013-14.²

To meet the audit objectives, the audit team:

- Reviewed SFPUC policies and procedures and interviewed SFPUC staff at the Bayside and Oceanside facilities to understand Wastewater business processes and operations.
- Reviewed organizational charts for each division provided by SFPUC to understand the functional areas of each division.
- Researched regulatory compliance information and reviewed SFPUC compliance data for 2009 through 2014 to determine the level of compliance with required permits.
- Visited all Wastewater facilities to observe operations and understand their functions.
- Had SFPUC staff explain and/or demonstrate specific business processes, including work order creation, purchasing, and timesheet approval to gain a more detailed understanding of Wastewater business operations.
- Reviewed and analyzed provisions in the relevant MOUs for premium pay, sick leave, and overtime for Wastewater employees.

² To effectively prioritize the available budget for this audit, the audit team focused on Wastewater's Operations and Maintenance and Collections divisions based on the internal control weaknesses identified during the survey phase. The Wastewater Enterprise is a large organization in terms of operational functions, budget, and staffing, and CSA will consider divisions within this enterprise not fully covered in this audit as part of future audit work.

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- Analyzed Maximo³ work order data for fiscal years 2012-13 and 2013-14 to identify any trends in work order completion and work order billing.
- Analyzed Maximo purchase request data for fiscal years 2011-12 through 2013-14 to identify any trends in purchase completion time across divisions.
- Analyzed employee pay data and leave data for fiscal years 2011-12 through 2013-14 to identify any trends and outliers.
- Analyzed employee training data for fiscal years 2012-13 and 2013-14 to identify any differences in the amount of training for watch engineers compared to other Wastewater employees.
- Analyzed pay code data for “t” shifts of watch engineers in fiscal years 2012-13 and 2013-14 to identify any trends in staff attendance.
- Reviewed for proper authorization in a judgmental sample of 20 timesheets for employees with the highest amounts of overtime pay and premium pay in a pay period in fiscal year 2013-14 and a random sample of timesheets for 20 employees with high amounts of overtime, premium, and sick leave pay in three pay periods in fiscal year 2013-14.
- Researched best practices in the areas of work order management, leadership, “tone at the top,” and organizational change.

Statement of Auditing Standards

This performance audit was conducted in accordance with generally accepted government auditing standards. These standards require planning and performing the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. CSA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

³ An asset management system Wastewater uses to manage and track work orders and purchase orders.

CHAPTER 1 – Wastewater Inadequately Monitors and Manages Work Flow to Ensure Productivity

Summary

Wastewater uses an asset management system, Maximo, to manage work orders to repair and maintain the equipment, facilities, and infrastructure that support wastewater operations, which required more than 200,000 labor hours in fiscal year 2013-14, but has no specific performance standards for timely work order completion. Further, because staff inconsistently enters estimated hours, actual hours, and actual finish dates, Wastewater cannot use Maximo work order data to evaluate Maintenance work crew performance. Also, Wastewater does not require Collections to track hours worked on projects to a specific work order, so cannot use Maximo data to evaluate Collections work crew performance.

Wastewater also uses Maximo to manage purchase requests, but has no detailed standard policies and procedures for completing purchase requests and does not properly communicate procedural changes to staff. Further, the purchasing policies and procedures are inconsistent among Wastewater's divisions, making it impossible to compare data on how long it takes to purchase items, known as "time to purchase."

Although time to purchase is generally declining for most purchases,⁴ some purchase requests are not completed in a timely manner. Although purchasing delays can result in additional maintenance costs or overtime work, Wastewater has no performance standards for purchase order completion.

Wastewater inadequately tracks use of watch engineer hours during "t" shifts not used for training. Only 4 percent of "t" shift hours in fiscal year 2013-14 were used for training, and Wastewater does not track watch engineer hours worked on non-training activities during "t" shifts. Consequently, it is unclear whether these hours are being used productively.

⁴ Based on auditor's analysis of purchase data for fiscal years 2011-12 through 2013-14.

Finding 1.1

Wastewater inadequately monitors and analyzes completion of work orders for maintenance and repair of treatment facilities, which required more than 200,000 labor hours in fiscal year 2013-14.

Wastewater has no processes or performance standards for evaluating timely work order completion and cannot use Maximo data to evaluate work crew performance.

Wastewater uses Maximo to schedule, track, and manage work orders for tasks to repair and maintain the equipment, facilities, and infrastructure that support wastewater treatment operations, but does not use Maximo data to monitor or analyze staff performance or productivity in completing work orders related to maintenance and repair of treatment facilities. These work orders accounted for more than 200,000 labor hours, including approximately 13,000 overtime hours, in fiscal year 2013-14. Wastewater cannot effectively use Maximo data to analyze work order completion to evaluate staff performance, identify areas where more resources may be needed and/or support the need for overtime work.

According to its management, Wastewater has no specific performance standards for work order completion and does not use Maximo data to evaluate timeliness or efficiency of work order completion. Also, Wastewater management stated that they have not conducted a staffing analysis based on work order completion analysis or measurement to determine staffing and overtime needs. Further, analysis of fiscal year 2013-14 work order data in Maximo shows that actual finish dates and estimated hours recorded in Maximo are unreliable. Thus, Wastewater cannot consistently compare estimated to actual hours billed to work orders or analyze work order data to properly evaluate work crews' performance in completing work orders.

Work order initiators are responsible for entering a priority when they create a new work order in Maximo. According to a Maintenance supervisor, Operations and Maintenance staff creates work orders in Maximo, and maintenance planners are assigned to manage work

orders and set work crew schedules.⁵ Exhibit 4 shows how Wastewater categorizes its work order priorities.

EXHIBIT 4 Wastewater Work Order Priorities	
Fiscal Year 2013-14	
Priority	Description
1	Inspected/evaluated as personnel and resources become available
2	Inspected/evaluated within the next two weeks.
3	Inspected/evaluated as soon as possible based on personnel and resource availability
9	Emergency, must be worked on immediately

Source: SFPUC

The inability of maintenance crews to complete work orders on schedule is a primary reason for overtime work, but Wastewater cannot analyze Maximo work order data to evaluate whether overtime work is justified.

According to a Maintenance supervisor, new work orders are initially entered in “waiting approval” status, pending a daily meeting with crew supervisors to prioritize the daily and weekly schedule, and work that was not completed in the prior week is reprioritized for the current week.

Wastewater management stated that the inability of maintenance crews to complete work orders on schedule is a primary reason for overtime work. However, Wastewater management cannot use Maximo to track individual crew performance due to data limitations, as discussed in more detail below. Further, Wastewater has no quantifiable performance measures or standards for work crew performance and relies on supervisors’ assessments from the annual performance review process. Thus, Wastewater ineffectively monitors and analyzes work order completion data to determine whether work crews are performing efficiently and whether overtime work is justified.

Objective 2 of the organizational excellence goal in SFPUC’s 2014-2016 Wastewater Enterprise Strategic Business Plan (Strategic Plan) is to formalize work practices that will ensure accountability across all business functions. Further, the Association of Certified Fraud Examiners recommends that organizations provide employees with well-defined job descriptions

⁵ According to a Maintenance supervisor, a planner is assigned to each of the 33 work crews and each planner is assigned to multiple crews. According to an Operations superintendent, one planner is assigned to OSP.

and performance goals that should be routinely reviewed to ensure that they do not set unrealistic standards.

The U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* state that internal control is a major part of managing an organization that comprises the plans, methods, and procedures used to meet missions, goals, and objectives, and in doing so, supports performance-based management. A component of internal control is to establish and review performance measures and indicators. Implementing work order completion metrics and targets would improve accountability for maintenance of wastewater treatment facilities.

Only 30 percent of non-emergency operations and maintenance work orders had estimated hours, making it impossible to use actual hours worked to accurately evaluate crew performance.

Of the 48,674 Wastewater work orders generated in fiscal year 2013-14:

- 21,228 (44 percent) were for routine or non-critical (priority 1 or 2) work related to operations, maintenance, and repair of the equipment, facilities, and infrastructure that support wastewater treatment operations.
- 2,227 (5 percent) were for high-priority (priority 3) work.
- 255 (1 percent) were for emergency (priority 9) work.⁶

Wastewater staff billed 187,331 regular hours and 12,959 overtime hours to these work orders. According to a Maintenance planner, all non-emergency work orders should have estimated hours. However, of the 23,445 non-emergency (priority 1, 2, or 3) operations and maintenance work orders, only 6,967 (30 percent) had estimated hours. Without an estimate of the number of hours required to complete the work, it is impossible to determine whether work is performed efficiently or to identify areas of Wastewater operations that may require additional staffing.

⁶ The remaining 24,964 work orders were either created for Collections, Engineering, Compliance, or Administration, did not indicate a division, or were canceled.

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Work orders are not always entered in Maximo in a timely manner, and the completion date and actual hours are sometimes not entered properly.

According to the same Maintenance planner, the supervisor in charge of the crew completing the work order should change the status of completed work orders to "Fieldcomp" (work is complete and time entered) in Maximo, along with the date of completion. The planners are then to review the work orders to ensure that all eTime⁷ hours have been entered and move the work order to "Comp" (complete) status. According to a Maintenance supervisor, after 90 days in "Comp" status, the work order is automatically moved to "Closed" status by Maximo.

Analysis of "Actual Finish" dates for work orders generated in fiscal year 2013-14 shows that actual hours and the date work is completed are not consistently entered properly. Of the 23,212 completed operations and maintenance work orders tested, 14,148 (61 percent) had no actual hours. Further, although only 47 (0.2 percent) of the 23,212 work orders tested did not have a completed date indicated, 2,144 priority 1 or 2 work orders (9 percent) showed an elapsed time from the date the work order was entered in Maximo to completion of less than one day.⁸

As described above, non-emergency work orders are initially placed in "waiting approval" status pending a daily meeting with crew supervisors to prioritize the daily and weekly schedule. Based on the process described by the Maintenance supervisor, it seems unreasonable for so many of these work orders to show completion in less than one day. A possible cause of unreasonably short elapsed times is that work orders are entered in Maximo after work has started. In any case, this analysis shows that Maximo data on timeliness of work order completion is unreliable.

Supervisors sometimes update work order completion dates inconsistently, resulting in poor data on work order completion time.

Analysis of work order completion dates also shows that some supervisors may not be properly updating work orders in Maximo. For example, Maximo data for fiscal year 2013-14 shows that for one of the two SEP North Maintenance crews, 70 percent of the work orders completed in the fiscal year were completed in the first quarter. Most other maintenance work crews completed

⁷ The electronic time entry system used by SFPUC staff.

⁸ Fifty-five work orders showed completion before the date the work order was entered in Maximo.

a much lower percentage of work orders in the first quarter (between 10 and 25 percent), and for the other SEP North crew, only 16 percent of annual completed work orders were completed in the first quarter.

One-quarter of work orders had no target finish date, making it impossible to determine whether they were completed on time.

Analysis of work order data shows that planners do not always enter target finish dates for work orders. Of the 23,455 non-emergency work orders, 5,849 (25 percent) did not have a target finish date in Maximo. With so many work orders lacking a target date for completing the work, it is impossible to accurately determine whether Maintenance crews are meeting performance goals for timely completion of work orders. Further, without accurate and consistent data on work order completion times, it is impossible for Wastewater management to use this data to evaluate staff performance.

According to the Signum Group, an enterprise resource planning firm with expertise in asset management for the utility industry, if a system has inaccurate work data, it can affect the history of an asset, which is especially important when performing a failure analysis. Also, the GAO internal control standards state that transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process (or life cycle) of a transaction or event from the initiation and authorization through its final classification in summary records. Further, control activities help to ensure that all transactions are completely and accurately recorded.

During the audit, Wastewater management acknowledged the lack of and need for additional performance metrics and additional data-driven reporting related to work order completion and acknowledged that the lack of standard procedures results in inconsistent data entered in Maximo. A Maintenance supervisor stated that, to address these issues, he is developing a standard operating procedures manual for planning personnel, and that Wastewater is implementing new scheduling software that will make it easier to prepare and review weekly maintenance schedules and track the completion of

work orders to ensure more efficient work order management.

Implementing processes and procedures to improve the accuracy and completeness of Maximo work order data would enable Wastewater to analyze this data in order to generate meaningful reports on crew work order completion performance and to justify the need for additional staffing and overtime work.

Recommendations

The San Francisco Public Utilities Commission should:

1. Complete and implement improved standard operating procedures for entering and updating work orders in Maximo, including:
 - a. Completing all required fields.
 - b. Indicating an estimated completion date.
 - c. Indicating estimated hours.
 - d. Entering an actual completion date and changing the status accurately and in a timely manner.
2. Use Maximo work order data to prepare monthly reports of crew performance on key performance measures related to meeting goals for work order completion time and actual versus estimated hours for work order completion.
3. Prioritize the implementation of new scheduling software to better enable maintenance planners to track and report on work order completion.
4. Conduct a staffing analysis based on work order completion analysis or measurement to determine staffing needs for the Operations and Maintenance division.

Finding 1.2

Wastewater does not require Collections to use Maximo to track hours worked on specific projects.

Collections staff bills all work hours to a generic pay period work order, not to specific tasks.

Wastewater management stated that Collections staff only bills hours to generic pay period work orders rather than to the specific work orders that are created for work tasks. Thus, management has no data on the

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number of hours worked on any individual work task and cannot use Maximo data to analyze or evaluate work crew performance. Conversely, according to a Maintenance supervisor, Operations and Maintenance staff bill hours spent on maintenance tasks to a specific work order.

According to Wastewater management, sewer operations staff had undertaken a five-year project to inspect and assess all sewer mains, laterals, catch basins, and culverts, with a goal to assess 150 miles of sewer mains every year. Wastewater management relies on a weekly production report to track staff performance, but sewer operations inspection crews also respond to wet weather emergencies and perform other tasks such as assisting with work at Treasure Island. However, none of the hours worked on these tasks would be reflected in the weekly production report for miles of sewer inspected. And because hours are not billed to specific work orders, as described above, Wastewater management cannot track hours worked on these tasks and, thus, cannot evaluate staff performance in that regard.

The GAO internal control standards state that activities must be established to monitor performance measures and indicators and that managers must compare actual performance to planned or expected results throughout the organization and analyze significant differences.

Staff is assigned overtime if progress on regular inspection work is lagging, so it is important to track hours spent on non-inspection tasks.

It is also important to track staff performance on other non-inspection tasks because, according to Wastewater management, if progress on the condition assessment is lagging, supervisors will assign crews to work overtime to catch up. The San Francisco Administrative Code (Administrative Code), Section 18.13-1, states that overtime should only be assigned if work cannot be completed within normal work schedules. Given this, Wastewater management should better understand the need for sewer operations staff overtime.

Wastewater management stated that Collections is moving toward billing hours to specific work orders in Maximo and that Collections will be required to use the same work order management processes used by the Operations and Maintenance division. This would

enable Wastewater management to track Collections staff hours billed to specific tasks and use Maximo data to better evaluate staff performance.

Recommendation

5. The San Francisco Public Utilities Commission should require the Collection System division to use the same work order management processes used by the Operations and Maintenance division at the Southeast Water Pollution Control Plant, including requiring staff to bill worked hours to a specific work order created for a specific job.

Finding 1.3

Wastewater does not have detailed standard operating procedures for initiating or completing purchase requests, and policy and procedural changes are sometimes only informally communicated to staff.

Wastewater has no detailed standard operating procedures for purchasing and does not properly communicate procedural changes to staff.

According to Wastewater management, there is no detailed standard operating procedure across divisions for initiating or completing purchase requests. Further, Wastewater staff and supervisors indicated that there are communication issues between purchasers and other Wastewater staff, and changes in policies and procedures for purchasing are sometimes communicated to staff informally rather than in writing. Thus, purchases may be processed in a variety of ways and may take longer than they should to complete.

Wastewater management stated that SEP maintains a centralized storeroom for materials and equipment, and the purchasing unit at SEP handles all aspects of purchase requests for Operations and Maintenance. Wastewater management stated that purchase requests are created in Maximo and must be approved by a superintendent or division manager. Purchase requests exceeding \$10,000 are sent to maintenance planning staff for processing. Requests for purchases of less than \$10,000 are sent to purchasing staff, where the request is assigned to a buyer who ensures that the vendor is approved, processes the request, and sends it to the accounting department for approval in the City's accounting system.

According to Collections staff, however, purchasing staff in that division prepares the initial quote and paperwork before submitting the purchase request in Maximo for

processing by SEP purchasing staff. As described in Finding 1.4, this separate process makes it impossible to compare data on time to purchase across all divisions.

According to its management, Wastewater is working on completing standard operating procedures for purchasing, with a goal to bring the separate purchasing process at Collections under the management of the purchasing unit at SEP.

The GAO internal control standards state that transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. Also, control activities help to ensure that all transactions are completely and accurately recorded.

Recommendation

6. The San Francisco Public Utilities Commission should prepare and implement standard procedures for both the Operations and Maintenance and Collection System divisions for initiating, entering, and processing purchase requests in Maximo.

Finding 1.4

Wastewater has no performance standards for completing purchases, and some purchases are not completed in a timely manner.

37 percent of Operations and Maintenance purchase requests in fiscal 2013-14 took 30 days or more to complete.

According to Wastewater management, the purchasing unit does not have performance standards for completing a certain number or percentage of purchases within a specific amount of time. CSA analyzed Maximo purchase request data for fiscal years 2011-12 through 2013-14 and found that, although the average duration to complete a purchase request and obtain a purchase order has generally decreased for the Operations, Maintenance and Collections divisions since fiscal year 2011-12, 37 percent of purchase requests for Operations and Maintenance in fiscal year 2013-14 still took 30 days or more to complete.⁹

⁹ The centralized purchasing unit at SEP processed 1,131 purchase requests for Operations and Maintenance in fiscal year 2013-14.

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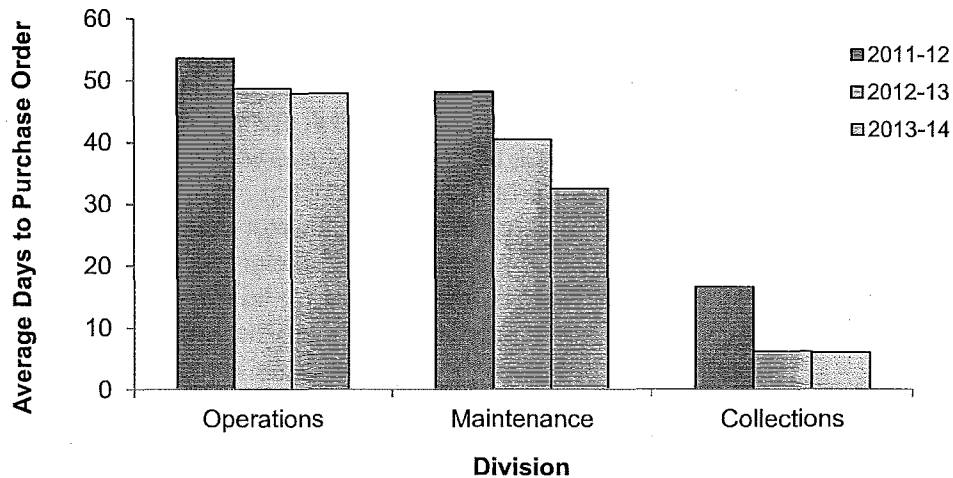
Purchasing delays can result in additional maintenance costs and extend the time to complete some work orders.

Although Wastewater's strategic plan does not include any performance goals or standards for the time to complete purchases, according to Operations and Maintenance staff, purchasing delays sometimes force staff to borrow parts from other equipment to make emergency repairs, which, according to Wastewater management, can result in additional maintenance costs due to the need for overtime and standby pay because of increased concern about possible equipment failures. Wastewater management also cited delays in purchasing as a factor that extends the time to complete some work orders. As some work orders require materials, shortening the time to purchase would allow these repairs to be completed sooner.

The GAO internal control standards state that activities need to be established to monitor performance measures and indicators and that managers need to compare actual performance to planned or expected results throughout the organization and analyze significant differences.

Exhibit 5 shows the average number of days to obtain a purchase order for Operations, Maintenance, and Collections. However, because Collections has a separate purchasing process and does not submit the purchase request in Maximo until after obtaining a quote from the vendor (as described in Finding 1.3), data on the time to purchase for Collections cannot be compared to data for Operations and Maintenance.

EXHIBIT 5 Average Days to Obtain a Purchase Order
 Fiscal Years 2011-12 Through 2013-14



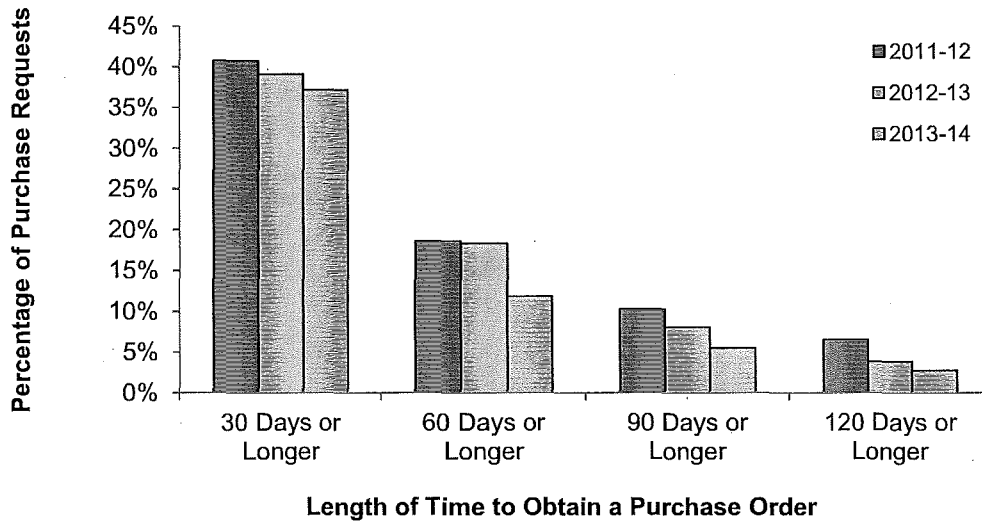
Source: Auditor's analysis of Maximo purchasing data provided by SFPUC.

13 percent of purchase requests of less than \$10,000 took 60 days or longer to complete.

Analysis of the duration to purchase for fiscal years 2011-12 through 2013-14 shows that, although purchases exceeding \$10,000 generally took longer to complete, purchases of less than \$10,000 also often took more than 30 days to complete, with 141 (13 percent) of the 1,098 purchases of less than \$10,000 in fiscal year 2013-14 taking 60 days or longer to complete.

Exhibit 6 shows the percentage of purchase requests that took 30, 60, 90, and 120 days or longer to complete, excluding purchase requests for Collections. Approximately 97 percent of these purchase requests were for amounts less than \$10,000.

EXHIBIT 6 Duration to Obtain a Purchase Order (*Excluding Collections*)
 Fiscal Years 2011-12 Through 2013-14



Source: Auditor analysis of Maximo purchasing data provided by SFPUC.

Wastewater management stated that SFPUC's accounting division rejects approximately 20 percent of purchases sent for approval and communication issues sometimes exist between purchasing staff and the accountants regarding proper purchase coding that can create delays. To investigate the delays, CSA requested information on a sample of purchases that took more than 60 days to complete, but did not receive this information from SFPUC and, thus, could not determine the reasons for the delays. Wastewater management stated that one of the goals of the purchasing unit at SEP is to improve communication with both the work crews and the accounting division.

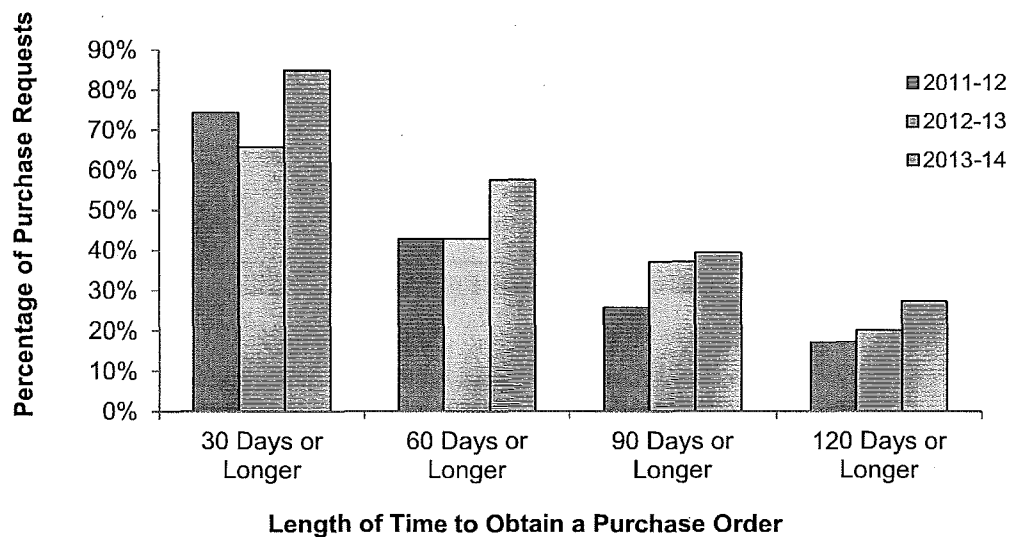
Although purchases of less than \$10,000 are generally taking less time to complete, purchases exceeding \$10,000 are taking longer to complete.

Exhibit 6 shows that, overall, fewer purchases took 60 days or longer to complete in fiscal year 2013-14 compared to prior years. However, analysis of the duration to purchase for fiscal years 2011-12 through 2013-14 shows that for purchases of more than \$10,000, the percentage of purchases taking 60, 90,

and 120 days or more to complete increased in both fiscal year 2012-13 and 2013-14.¹⁰

Exhibit 7 shows the percentage of purchase requests exceeding \$10,000 that took 30, 60, 90, and 120 days or longer, excluding purchase requests for Collections.

EXHIBIT 7 Duration to Obtain a Purchase Order of More Than \$10,000
 (Excluding Collections)
 Fiscal Years 2011-12 Through 2013-14



Source: Auditor analysis of Maximo purchasing data provided by SFPUC.

Recommendation

7. The San Francisco Public Utilities Commission should prepare monthly reports on key performance measures related to meeting goals for completing a certain percentage of purchases within a specified amount of time.

¹⁰ The purchasing unit processed 35 purchase requests of more than \$10,000 in fiscal years 2011-12 and 2012-13 and 33 such requests in fiscal year 2013-14. Purchase requests exceeding \$10,000 were only 3 percent of total purchases in fiscal year 2013-14.

Finding 1.5

Wastewater does not track watch engineer activities during “t” shifts other than training, which only accounted for 4 percent of “t” shift hours in fiscal year 2013-14.

In fiscal year 2013-14 only 4 percent of watch engineer “t” shifts were used for training, and 37 employees did not receive any training during their “t” shifts.

Wastewater does not track work assignments or hours worked for staff on “t” shifts, or how often employees on “t” shifts cover shifts for absent staff. Without tracking work performed on “t” shifts, as is done for regular maintenance tasks using Maximo work orders, Wastewater management cannot determine whether these hours are being used productively.

Analysis of staff training records for fiscal years 2012-13 and 2013-14 also shows little training occurs during Operations watch engineers’ “t” shifts. Specifically:

- Only 4.1 percent of “t” shift hours in fiscal year 2013-14 and 4.5 percent of “t” shift hours in fiscal year 2012-13 were used for training.
- 37 (40 percent) of 93 employees did not receive any training in fiscal year 2013-14, and 38 (43 percent) of 89 employees did not receive any training in fiscal year 2012-13.
- 4 employees in fiscal year 2013-14 and 2 employees in fiscal year 2012-13 only received training on non-“t” shifts.
- Watch engineers received, on average, only one additional day of training per year compared to all Wastewater employees in fiscal years 2012-13 and 2013-14.

The Local 39 MOU requires supervisors to ensure that staff schedules enough training during “t” shifts to meet minimum training requirements.

As described in the Background section of this report, watch engineers work a rotating, five-week schedule followed by seven days off and resuming with a week of four, eight-hour daytime “t” shifts. This schedule includes 333 hours per year of “t” shifts, which, per the Local 39 MOU, are designed to be day shift training

assignments. The MOU further indicates that, because fewer than 333 hours of training per employee per year are required, alternative uses of this time must be identified. Per the MOU, a “t” shift can be used for:

- Getting training—this is the highest priority for “t” shift hours.
- Covering a vacancy—an employee can cover a vacancy that occurs on a day shift or another shift.
- Working on a special project.

Due to the small amount of training provided to watch engineers during “t” shifts, these employees should have many “t” shift hours available for other tasks, even if some of the non-training “t” shift hours will be taken as sick, vacation, or holiday leave.

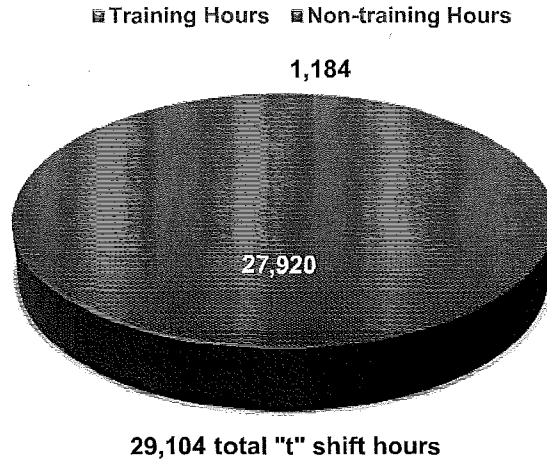
Wastewater management does not track how staff uses non-training “t” shift hours, which accounted for 96 percent of “t” shift hours in fiscal year 2013-14.

According to Wastewater management, OSP does not track shift coverage or completion of other duties by “t” shift staff when not attending training. Wastewater management stated that “t” shift assignments at SEP are not spelled out specifically, but supervisors set priorities for work tasks at various locations, including preventive maintenance and other tasks based on needs and staffing levels for the week.

Wastewater management provided an example of a calendar of duties for a specific week, but stated that records of assignments are not retained. Without such a record of assignments, and without any formal tracking of work accomplished on “t” shifts, it is difficult to determine what work was accomplished by staff on “t” shifts when not at training, such as covering a vacancy or working on a special project.

Exhibit 8 shows that approximately 29,100 watch engineer “t” shift hours occurred in fiscal year 2013-14, but only about 1,200 hours (4 percent) were used for training, while 27,920 (96 percent) were used for non-training purposes.

EXHIBIT 8 Watch Engineer "t" Shift Hours
Fiscal Year 2013-14



Source: Auditor analysis of SFPUC training records and data from the City's accounting system.

Some employees work overtime to cover the shifts of absent staff.

Wastewater management stated that unscheduled absences often create staffing shortages, requiring staff to be called in on overtime to cover shifts. For example, a sample of ten timesheets for employees with 40 hours or more of overtime in a pay period in fiscal year 2013-14 shows an instance in April 2014 in which a watch engineer worked 52 hours of overtime in a two-week pay period (in addition to his regular schedule) to cover absences of other employees, including working 12-hour shifts on six consecutive days.

Without tracking work performed on "t" shifts—as is done for regular maintenance tasks using Maximo work orders—it is unclear whether these hours are being used productively. Although they are on leave for a portion of their "t" shifts and may also have training or other assigned duties during a portion of these shifts, watch engineers clearly could accomplish additional work tasks during this time if it was used productively, potentially reducing the need for overtime. Overall, watch engineers worked 8,638 hours of overtime in fiscal year 2013-14.¹¹ Further, as described in Chapter

¹¹ This overtime total is in addition to any compensatory time earned as part of the five-week, rotating shift schedule, per the Local 39 MOU.

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3, Operations overtime increased 57 percent for the first six months of 2014-15 compared to the same period in 2013-14.

Recommendations

The San Francisco Public Utilities Commission should:

8. Ensure that training for watch engineers is scheduled during "t" shifts whenever possible.
9. Track hours used for staff activities during "t" shifts, including training, covering absences on other shifts, and working on special projects, and ensure that the hours watch engineers spend on special projects are billed to a project-specific work order in Maximo.

CHAPTER 2 – Wastewater Inadequately Monitors and Documents Authorization of Some Premium Pays

Summary

Wastewater paid \$165,325 in standby pay in fiscal year 2013-14, but its divisions do not always retain documentation of specific staff assigned to standby service or that this premium pay was authorized in advance. Further, while some employees are on standby as needed for maintenance issues or wet weather, other employees are paid to be on rotating standby shifts during every non-working hour without a documented business justification or documented standby schedule, and with no tracking of how often staff on standby was needed to perform work.

Collections paid one employee \$60,229 of standby premium pay in fiscal year 2013-14 to be on standby an average of 118 hours per week throughout the fiscal year without documented business justification, including approximately 259 hours while on paid leave.

Wastewater also overpaid at least \$18,323 in premium pay in fiscal year 2013-14 due to using premium pay codes incorrectly or inappropriately, and authorization and documentation of work performed for some premium pays is missing.

Background

Wastewater paid employees \$1.79 million in premium pay in fiscal year 2013-14, a slight increase from the \$1.75 million paid in fiscal year 2012-13. Of the fiscal year 2013-14 amount, \$1,145,541 (64 percent) was paid to stationary engineers as the multi-license premium required under the Local 39 MOU.¹² Thus, Wastewater staff earned \$643,192 in premium pay in fiscal year 2013-14 excluding the stationary engineer multi-license premium.

¹² In fiscal years 2012-13 and 2013-14, the 7.5 percent stationary engineer multi-license premium was applied to all paid hours for Local 39 employees required by the State Water Resources Control Board or by the City to possess multiple licenses and certifications. Effective October 2014, this premium pay was eliminated in favor of a 6 percent overall pay raise for all Local 39 employees.

Finding 2.1

Wastewater does not always retain proper documentation of standby pay authorization, and the need for standby is unclear in some cases.

Wastewater staff received \$165,325 in standby premium pay in fiscal year 2013-14 although Wastewater does not always retain documentation of its authorization of standby pay.

Wastewater staff in several divisions was paid a total of \$165,325 in standby pay in fiscal year 2013-14 although, contrary to requirements, the divisions do not always retain documentation that this premium pay was authorized in advance. Further, in some cases the standby duties were assigned without a documented business justification.

The exact wording differs from MOU to MOU, but in general, standby pay is to be given when employees are required to standby when normally off duty to be instantly available (on call) for immediate emergency service for the performance of their regular duties. Standby pay rates also vary, with some MOUs specifying federal minimum wage, others 10 percent of base wage, and others 20 percent of base wage.

According to Wastewater management, Operations supervisors will call for Operations and Maintenance staff to be on standby for support related to a plant startup, equipment problems, or wet weather. Operations superintendents decide by noon each day, and crew chiefs find staff to be available for standby. The standby request is authorized via e-mail, with a list of work groups and duration for a particular standby period. The maintenance planning supervisor then sends an e-mail listing the specific work groups and staff assigned to be on standby for a specified period, but this is not formally documented or retained. Operations and Maintenance staff earned \$70,746 in standby pay in fiscal year 2013-14.

Due to the lack of formal documentation, the audit could not properly test whether standby pay for a particular pay period was authorized and paid for the correct number of hours, but Wastewater staff provided examples of e-mails showing the list of staff and the standby period. CSA tested the pay amounts in the corresponding pay periods for one standby shift and found that, of the eight employees on the standby list, five recorded the correct number of hours for the full

shift, two recorded fewer hours, and one recorded more hours.¹³

Wastewater management stated that having employees on standby is necessary to ensure that staff is available to quickly address any maintenance issues that would negatively affect plant operations and potentially lead to a permit violation. Although most staff recorded standby hours properly for the shift tested, without formal documentation of authorization and the specific staff on standby, management cannot readily ensure that staff is assigned to standby shifts appropriately or that this premium is paid accurately.

Wastewater paid \$29,261 to three DCS employees to be on standby during all non-business hours in fiscal year 2013-14, although there is no documentation of the business need for this amount of standby or the standby schedule, and no tracking of how often DCS staff is called on to perform work while on standby.

Whereas maintenance and wet weather standby are called for as they are needed, according to Wastewater management, Distributed Control System (DCS) staff is paid to be on standby every non-working hour every week and, according to a Maintenance supervisor, staff assigned to the warehouse is paid to be on standby every weekend on a rotating, two-week schedule.¹⁴ This resulted in approximately 110 hours of total standby per week among three DCS employees and a total of \$29,261 in standby pay in fiscal year 2013-14 for the three staff assigned to be on standby. The three warehouse employees assigned to be on standby recorded an average of 65 standby hours per week among them and received standby pay of \$8,670 in fiscal year 2013-14.

Although DCS staff is paid to be on standby during all non-working hours to avoid permit violations, Wastewater does not track or report on the number of times DCS is called in to address a problem.

According to Wastewater management, DCS staff supports the systems that monitor treatment plant operations. A Maintenance supervisor stated that the practice of having staff on call during all non-working hours to be available to troubleshoot the system is designed to avoid any potential permit violations, and was in place when he started the position in March 2013. Although overtime reports are completed when

¹³ The weekend standby shift should have been for 63.5 hours. One employee recorded 36 hours, one recorded 47.5 hours, and one recorded more hours, although this may have been due to being on another standby shift in the pay period. In one pay period, this employee recorded 55 hours, one hour more than the five other employees who recorded the correct number of hours for the full shift, and it is unlikely that he worked only a single hour of standby on a different shift in the same pay period.

¹⁴ According to Wastewater management, the DCS staff standby schedule is from 6 p.m. to 6 a.m. on weekdays and 24 hours per day on weekends and holidays (108 hours total per week). According to a Maintenance supervisor, the warehouse staff standby schedule is from 3:30 p.m. on Friday to 7 a.m. on Saturday and 24 hours per day on weekends and holidays (63.5 hours total per week).

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DCS is called in during non-working hours to address a problem, Wastewater does not separately track or report on these incidents, so it is unknown whether this practice has been cost-effective in preventing potential permit violations.

Regardless of whether there is a business need for these routinely scheduled standby hours or whether they are effective, there is no list of staff assigned—on a rotating basis or any other basis—to be on standby in a given week. Without such a list, it is difficult for supervisors to readily verify the accuracy of employees' timesheets indicating that they earned standby premium pay.

Warehouse staff is paid to be on standby to support repair crews even when those crews are not scheduled to be on standby.

As described above, warehouse staff is on standby every weekend on a rotating, two-week schedule. According to a Maintenance supervisor, this standby is needed to enable the quick retrieval of materials for field personnel to repair equipment during an emergency. However, the schedule is not documented. Further, if Maintenance staff is on standby to provide support related to a plant startup, equipment problems, or wet weather only as they are needed, as stated by Wastewater management, then it is unclear why warehouse staff would need to be on standby to retrieve materials for the repair crews at other times.

Four employees received almost all the \$90,540 in standby pay Collections paid in fiscal year 2013-14.

Collections paid \$90,540 in standby pay in fiscal year 2013-14, with approximately \$90,000 (99 percent) received by four employees. (One employee received \$60,229, which is discussed in Finding 2.2.) The amount of standby premium pay increased 43 percent in fiscal year 2013-14, up from \$63,149 in fiscal year 2012-13.

According to Wastewater management, the Sewer Operations unit has two shifts: a day shift from 6:30 a.m. to 3 p.m. and a swing shift from 2:30 p.m. to 11 p.m. Wastewater management further stated that a supervisor is always on duty, with a rotating, on-call standby schedule for night and weekend hours. Thus, Collections builds into each weekly schedule

approximately 86 hours of standby pay for Sewer Operations.¹⁵

Wastewater does not track the number of instances in which staff is called in during non-working hours to address a problem. Therefore, it is unclear whether standby service is needed or has been effective in preventing small problems from becoming larger ones.

Wastewater management stated that Collections on-call supervisors are to be available to respond to emergencies, but that Wastewater does not track the number of instances in which staff is called in during non-working hours to address a problem. Therefore, it is unclear whether this level of standby is needed or has been effective in preventing small problems from becoming larger ones.

Sewer Operations has a daily assignment sheet that indicates crew assignments and the supervisor scheduled to be on standby. However, the sample timesheets requested for the audit show instances in which supervisors received standby pay but, per the daily assignment sheet, were not indicated as being on call. Without accurate crew assignment sheets, it is difficult to verify the accuracy of staff timesheets indicating that the standby premium was earned.

Of the various MOUs covering Wastewater employees, only the Local 38 MOU specifically requires departments to provide the City's Department of Human Resources (Human Resources) with a written business justification for the necessity of the standby service, conditions pertaining to employee availability, and the names and standby schedule of employees assigned to standby service.

Although not required by the other MOUs, Human Resources stated that it is reasonable that departments would require supervisors and managers to prepare, at a minimum, an internal business justification for assigning staff to standby service to ensure that department funds are being spent appropriately and that the standby service is necessary. To ensure that the standby service is being assigned appropriately and continues to be necessary, supervisors should periodically review the business justification for the standby service, the number of employees and overall hours assigned, and the number of times employees

¹⁵ These hours occur from 11 p.m. to 6:30 a.m. weekdays and 24 hours per day on weekends and holidays for a weekly total of 85.5 hours.

are called in to perform emergency service. Further, Human Resources should provide guidance to departments on the use of standby service, including documentation of staff assignments and business justification, retention of records of its use, and periodic review of the need for the standby service.

Recommendations

The San Francisco Public Utilities Commission should:

10. Retain documentation of authorization for Operations and Maintenance staff to be on standby service, including the times, dates, and duration of the standby and the personnel authorized to be on standby for the specified hours, and ensure that daily assignment sheets for Sewer Operations indicate the staff designated to be on standby for all shifts.
11. Document the business justification for all standby service, review the business need for the existing standby practices for Distributed Control System, Sewer Operations, and warehouse staff, and revise standby practices as warranted.
12. Document the authorized standby schedule for Distributed Control System and warehouse staff, including standby hours and personnel authorized to be on standby.
13. Track the instances in which staff assigned to be on standby is called in to perform emergency service and prepare an annual report of such instances to evaluate the continued need for the standby service.

The San Francisco Department of Human Resources should:

14. Provide guidance to departments on the use of standby service, including requiring departments to document the business justification and the names and schedules of the assigned employees, track the number of times that employees on standby are called on to perform emergency service, and periodically review the need for continued standby service.

Finding 2.2

Wastewater authorized a Collections employee to be on standby every hour not on shift for the entire fiscal year 2013-14, and paid this employee \$60,229 in standby pay, including for time on paid leave.

One sewer repair supervisor received standby premium pay for an average of 118 hours for every week in fiscal year 2013-14, totaling \$60,229.

One sewer repair supervisor in Collections was authorized to be on standby for every hour not on shift for the entirety of fiscal year 2013-14, although Collections does not have any documented record of why this level of standby was necessary or how often this employee was called on to perform service while on standby. This employee received 6,115 hours of standby pay in fiscal year 2013-14, or an average of 118 hours per week for the year, including approximately 259 hours while on paid leave. The cost of these standby hours was \$60,229.

During fiscal year 2013-14 other Collections staff also received standby pay based on the rotating standby schedule described in Finding 2.1. Thus, in some instances Collections paid at least two employees to be on standby for the same period.

According to Wastewater management, this arrangement—paying a sewer repair supervisor to be on standby almost every hour not on shift¹⁶—was a business decision driven by a management vacancy that required the supervisor to be paid standby pay to act as a second layer of after-hours support, in addition to the regularly scheduled on-call supervisor, in case of emergency. Wastewater management stated that this employee was only expected to answer phone calls while on standby service, not to be available to come to work. Further, although Wastewater management stated that this employee answered many phone calls during this time, Collections has no documented record of the number of times, if any, that the supervisor on standby was needed.

Wastewater management stated that a similar arrangement had been made with a former sewer repair

¹⁶ Per agreement with Wastewater management, this employee was on standby service from 3 p.m. to 6:30 a.m. on weekdays and 24 hours per day on weekends and holidays, for a maximum total of 125.5 hours per week and 251 hours per two-week pay period.

supervisor in fiscal year 2012-13,¹⁷ but these full-time standby arrangements were no longer needed after three manager positions were filled.¹⁸ However, a more reasonable and cost-effective arrangement may have been to have paid the sewer repair supervisors to be on standby only during periods of higher risk for problems due to potential wet weather or known issues with the sewer network, similar to the standby procedures used by Operations and Maintenance. Further, because Wastewater did not track the number of times that these supervisors were called to answer questions or perform emergency service, it is unknown whether the full-time standby was necessary or justified.

As discussed in Finding 2.1, to evaluate both cost-effectiveness and the continued need for standby service, it is reasonable to require departments that assign staff to be on standby to prepare a written business justification for the standby, including the names and standby shifts of assigned staff, and to track the instances in which staff is called on to perform emergency service while on standby.

An employee received standby pay for 81 hours more than the maximum number possible and received standby pay for 259 paid leave hours.

Regardless of the business need for the full-time standby service, the sewer repair supervisor received standby pay for more hours than the maximum possible 251 hours per pay period in 9 of 26 pay periods in fiscal year 2013-14 (approximately 81 additional hours), and received standby pay for approximately 259 non-work hours, including vacation, compensatory time, and sick leave in 15 pay periods. The total value of the standby pay exceeding the maximum 251 hours per pay period is \$790 and the total value of the standby pay while on paid leave is \$2,511.

Recommendation

15. The San Francisco Public Utilities Commission should recover the amount of standby premium paid to the sewer repair supervisor in fiscal year 2013-14 for all hours that exceeded the maximum possible in a pay period, including paid leave hours.

¹⁷ According to Wastewater management, this employee was classified as a 5130 Sewage Treatment Plant Superintendent. This employee received approximately \$24,500 of standby pay in fiscal year 2012-13. Collections has no record of the number of times this employee was needed while on standby service.

¹⁸ One 0941 Sewer Operations Manager and two 0922 Manager I positions.

Finding 2.3

Wastewater overpaid at least \$18,323 in premium pay in fiscal year 2013-14 due to incorrectly using premium pay codes and does not require documentation of work qualifying for some premium pays.

Some Wastewater employees received thousands of dollars of premium pay in fiscal year 2013-14 that they should not have.

A review of employee pay data for fiscal years 2012-13 and 2013-14 shows instances in which premium pay codes were applied incorrectly or premium pay was granted inappropriately, resulting in overpayments of at least \$18,323 in fiscal year 2013-14. In some cases, while it is impossible to quantify the amount of an overpayment, the number of premium hours Wastewater employees worked was significant, and authorization and documentation of work performed for some premium pays is missing.

Exhibit 9 lists the premium pays discussed in this finding and the amount of overpayment and presents the audit's analysis of Wastewater's application of each pay type.

EXHIBIT 9 Premium Pays Incorrectly or Inappropriately Paid Fiscal Year 2013-14		
Premium Pay	Amount Overpaid	Auditor's Explanation
Special Equipment (Vehicles)	\$16,028	Incorrectly paid
Confined Space	2,295	Inappropriately paid
Night Duty	Not Applicable	Inappropriately paid per MOU, but allowed per Human Resources practice
Lead Worker	Unknown	Possibly inappropriately paid – no documentation of work performed and unclear whether assigned duties warrant lead pay, but no specific amount overpaid
Special Tools and Epoxy	Unknown	Possibly inappropriately paid – no documentation of work performed, but no specific amount overpaid
Total Incorrectly or Inappropriately Paid	\$18,323	

Source: Auditor's analysis of employee pay data for fiscal year 2013-14 and relevant MOUs.

Special Equipment (Vehicles) Premium

Truck drivers in Collections and Maintenance were overpaid \$16,028 in fiscal year 2013-14 because they received a higher premium pay rate than warranted.

Twelve truck drivers in Collections received a \$2 per hour premium rather than the \$1.25 extra per hour they should have received for operating specialized equipment. The Local 853 MOU specifies three levels of premium pay for this purpose, depending on the type of vehicle assigned to the employee. According to Wastewater management, the 12 truck drivers identified by the audit were assigned to drive sewer cleaner trucks, a type of vehicle that qualified them for premium pay of \$1.25 per hour. Because the time was paid at \$0.75 more per hour than it should have been, SFPUC overpaid these employees \$13,072 in fiscal year 2013-14.

Besides the 12 truck drivers in Collections, 4 BioFuel crew truck drivers in Maintenance erroneously received the \$2 per hour premium. A Maintenance supervisor stated that the vehicles driven were ones that qualify for the lower, \$1.25 per hour premium. Consequently, Wastewater overpaid these four employees a total of \$2,957 in fiscal year 2013-14.

Overall, Wastewater paid \$42,743 in premium pay to truck drivers for operating specialized equipment in fiscal year 2013-14. Thus, the overpayment of \$16,028 made to the 16 employees is 38 percent of the total amount of this premium paid for the year.

Confined Space Premium

Contrary to the MOU, Collections sewer repair supervisors received \$4,340 in confined space premium pay. They received this pay for approximately half of all their work hours in fiscal years 2012-13 and 2013-14.

Two sewer repair supervisors in Collections received a total of \$2,055 of premium pay in fiscal year 2012-13¹⁹ and \$2,295 in fiscal year 2013-14 for working in a confined space, approximately half of all worked hours. Employees in Local 261 are to receive a premium of \$1.35 per hour when working in a permit-required confined space in the performance of their duties.

¹⁹ Pay data for fiscal year 2012-13 does not show the earn code for the first two fiscal months due to a change in the City payroll system effective August 23, 2012. Thus, some premium pay is coded as "No Earn Code" and, in most cases, cannot be tied to a specific premium pay, so is omitted from the totals.

A review of a sample of timesheets for employees with high premium pay showed that one of these sewer repair supervisors earned 4.5 hours of confined space premium pay on all days with regular worked hours in the sample.²⁰ According to Collections staff, a former sewer operations superintendent indicated that lifting manhole covers for inspection purposes qualified sewer repair supervisors for the confined space premium, and, thus, that these employees regularly indicated 4.5 hours per work day with this premium. When asked about this practice, Wastewater management stated that it did not make sense and should be eliminated.

Night Duty Premium

Contrary to MOUs, but consistent with city practice, Collections night shift employees received \$6,903 in night duty premium pay for non-work hours in fiscal year 2013-14.

Some Wastewater employees assigned to the night shift receive premium pay for all hours, not just hours worked on the night shift, contrary to the relevant MOUs. For example, six sewer service workers and a sewer repair supervisor in Collections received a total of \$6,903 of night duty premium paid for non-work hours in fiscal year 2013-14.²¹ Overall, Wastewater paid \$283,242 in night duty premium in fiscal year 2013-14.

According to Collections payroll staff, night duty premium is applied to all hours (including sick, vacation, and other leave) for staff regularly assigned to the night shift. The Local 38 and Local 261 MOUs, however, indicate that this premium should be applied to shifts where the employee works at least one hour during the (night) times specified in the MOU. Thus, this premium should not be applied when the employee is absent for the entire shift, such as for vacation days, sick days, or holidays.

In contrast, the Local 853 MOU specifically states that, for truck drivers only, the night duty premium must be applied to all paid hours for employees who are regularly assigned to that shift. The MOUs of other unions representing Wastewater employees (such as Local 21 and Local 1021) specify that night duty premium should only be applied to hours worked.

²⁰ This premium was not paid on the one day in the timesheet sample where the employee used eight hours of sick leave.

²¹ Worked hours here and in following sections include overtime hours.

According to Human Resources, however, it is city practice to pay night duty premium on all paid hours (worked and leave) for staff regularly assigned to night shifts, thus, Wastewater may be paying this premium appropriately. Human Resources recognizes that this practice is inconsistent with the language in many MOUs and plans to address this issue in all relevant MOUs in the next round of labor negotiations.

Lead Worker Premium

In Collections, 20 of 26 sewer service workers and 9 of 12 truck drivers received \$12,200 in lead worker pay in fiscal year 2013-14 although it is unclear in some cases that they performed work that qualifies for this pay.

Due to a lack of documentation of duties performed, some Wastewater employees may receive lead worker premium pay when they should not. For example, in fiscal year 2013-14, 20 (of the approximately 26) sewer service workers in Collections received a total of \$10,280 of lead worker pay, 9 of the 12 truck drivers in Collections received \$1,920 of lead worker pay, and 10 of 16 Maintenance electricians received a total of \$16,600 in lead electrician pay. Not only do most employees in these groups receive lead worker pay, in some cases it is unclear that the work they performed qualified for the premium.

Sewer Service Workers. The Local 38 MOU, which covers sewer service workers, states that, when approved in writing by a supervisor or foreperson, this premium is to be paid to an employee in a non-supervisory class tasked with performing any two of the following: plan, design, sketch, layout, detail, estimate, order material, or take the lead on any job when at least two employees in the same class are assigned. However, Collections payroll staff stated that lead worker pay is assigned, based on seniority, to sewer service workers on the video camera crews on an alternating basis for preparing paperwork and assignments, operating the camera (for which a 3 percent premium is already given for being certified to operate the camera), providing the video to the information technology group, and updating the asset management system, Maximo. These are among the basic job duties required for the work, so it is unclear that performing these tasks alone qualifies employees for lead worker pay.

Collections Truck Drivers. The Local 853 MOU covering Collections truck drivers states that this premium applies when employees designated in writing by their supervisor or foreman are required to plan, design, sketch, layout, detail, estimate, order materials, and take the lead on any job where at least two employees are assigned. According to Collections payroll staff, lead worker pay is assigned to drivers by seniority, with these employees responsible for preparing a daily crew report and updating data in Maximo. However, just as with the sewer service workers, it is unclear that the additional duties qualify them for lead worker pay.

Ten of 16 Maintenance electricians received lead worker pay, with 8 receiving it for at least 66 percent of worked hours, although it is unclear in some cases that they performed work that qualifies for this pay.

Maintenance Electricians. Of 16 Maintenance electricians, 10 received a total of \$16,600 in lead electrician pay in fiscal year 2013-14. Per the Local 6 MOU, which covers electricians, employees designated by their supervisor or foreman as a lead are to receive this premium when required to perform a majority of the following duties: plan, design, sketch, layout, detail, estimate, order material, or to take the lead on any job when at least two employees in the same classification are working together and one acts as the lead. Of the 10 employees, 8 received the premium for at least 66 percent of regular hours worked, 6 for at least 94 percent of regular hours worked, and 3 for more hours than regular hours worked.²²

According to a Maintenance supervisor, no employee is formally designated as a lead worker and all electricians indicate this premium on their timesheets whenever they determine for themselves that they have performed a majority of the duties indicated in the MOU. The Maintenance supervisor further stated that the staff's practice is that whenever two electricians work together, the employee with seniority indicates lead electrician premium for that shift. However, the MOU states that employees must be designated by their supervisor or foreman as a lead to receive this premium pay; employees are not to decide for

²² The extent of overpayment for these three employees is small: one 8-hour shift for two employees and seven 8-hour shifts for the third employee. This calculation excludes overtime hours, but lead worker premium is paid per day and would only be applied to overtime shifts worked on weekends or holidays, not to hours worked before or after the end of a regular shift, so it is impossible to determine from the data how many overtime hours were on weekend/holiday shifts.

themselves when they are entitled to the lead worker premium.

It is unclear whether the assigned duties in these cases qualify employees for lead worker pay, and based on the number of staff receiving this pay for such a large percentage of worked hours, it appears that, in at least some cases, multiple employees were receiving lead pay for the same assignments. For example, only one electrician each is assigned to the North Point and Treasure Island locations, yet these two employees received lead pay for all worked hours.

Wastewater management stated that the availability of the lead worker premium in an employee's timesheet authorizes the lead worker premium and that supervisors approve weekly employee timesheets indicating the premium code. However, without any documentation of the work performed to qualify the employee for the lead worker premium, Wastewater cannot reasonably ensure that staff appropriately applies the code for this premium. Further, because work qualifying for this premium is sometimes performed intermittently, unless an employee is designated in writing as a permanent lead worker, it is reasonable that the designation of an employee as a lead worker for performing specific tasks or directing the work of another employee in the same class should be documented in specific work orders.

Human Resources should consider providing guidance to departments on the use of the lead worker premium, including that they should document the business justification, employees designated as lead workers, and work performed qualifying for the premium pay.

Special Tools and Epoxy Premium

Contrary to the MOU, one Maintenance employee received a special equipment premium for every hour worked, including overtime.

Maintenance Gardener. A gardener in Maintenance received the special tools premium for all of his 1,740 worked hours in fiscal year 2013-14, for a total of \$2,349. Per the Local 261 MOU, a \$1.35 per hour premium is to be applied when employees assigned to perform work with pneumatic power tools, green machines, "chippers," or a sawmill are actually using such tools, but this employee received the premium for

working with specialized equipment for every hour of every shift, including overtime, for an entire year without documentation supporting that he worked with these special tools. Overall, Wastewater issued \$7,170 in special tools premium pay to Maintenance staff in fiscal year 2013-14.

Although the amount of the gardener's special tools premium pay is relatively small, it is unlikely that a gardener would need to use these special tools during every hour of every shift. Further, in fiscal year 2012-13 this gardener received only \$1,064 of special tools premium pay, with premium hours accounting for only 47 percent of his work hours.

In fiscal year 2013-14 three painters received a total of \$3,122 in premium pay for working with epoxy, although there are no records of the hours during which they did this work.

Maintenance Painters. In fiscal year 2013-14 three painters received a premium for working with epoxy for more than half—52 percent, 64 percent, and 69 percent—of their work hours without supporting documentation. Painters in Local 1176 are to receive a \$1 per hour premium for hours spent applying epoxy. However, Wastewater management stated that documentation of hours worked with epoxy was not maintained and that an informal agreement specified that painters would receive the epoxy premium for no more than 50 percent of worked hours. Consequently, it is unclear whether these employees were entitled to receive the epoxy premium. The total amount of epoxy premium pay for these employees was \$3,122 in fiscal year 2013-14, and the total amount of this premium paid to all employees was \$4,487.

Employees indicate premium pay hours on their timesheet for special tools or materials used in their work. According to Wastewater management, supervisors review employee timesheets for accuracy for each work crew under their supervision, and this approval is the documentation of work performed. However, supervisors should not approve premium pay unless the MOU states that the employee is entitled to the premium for the work performed. Also, supervisors must ensure that they properly approve timesheets, and employees must accurately represent the hours they worked and duties they performed.

Recommendations

The San Francisco Public Utilities Commission should:

16. Ensure that premium pays are only applied per the wording of the relevant memorandums of understanding or documented interpretation by the Department of Human Resources.
17. Require documentation of work qualifying for premium pay as appropriate and review documentation as needed to ensure that premiums are applied appropriately.
18. Recover the total amount of confined space premium pay inappropriately paid to employees in fiscal years 2012-13 through 2014-15.
19. Revise the special equipment premium pay code to reflect the correct \$1.25 per hour premium amount and recover the amount of the difference between the \$2 per hour special equipment premium and \$1.25 per hour premium incorrectly paid to truck drivers in fiscal years 2012-13 through 2014-15.

The San Francisco Department of Human Resources should:

20. Revise the relevant memorandums of understanding during the next round of labor negotiations to clarify that shift premiums should be applied to all paid hours for staff regularly assigned to night shifts.
21. Provide guidance to departments on the use of the lead worker premium, including requiring that departments document the business justification, employees designated as lead workers, and work performed qualifying for the premium pay.

CHAPTER 3 – Wastewater Inadequately Monitors and Inconsistently Documents Authorization of Overtime

Summary

Although overtime is not primarily worked during wet weather months or on high-priority or emergency work orders, Wastewater's overtime hours and pay have increased, as follows:

- Overtime pay increased 42 percent from fiscal year 2011-12 to 2013-14, although total pay only increased 11 percent during this time.
- The number of overtime hours increased 17 percent from fiscal year 2012-13 to 2013-14.
- Overtime pay for the first six months of fiscal year 2014-15 was 28 percent higher than it was for the first six months of 2013-14.

Wastewater's overtime hours in fiscal years 2012-13 and 2013-14 tended to increase toward the end of the fiscal year (during dry weather months) and drop off significantly in July, at the beginning of the next fiscal year. Further, Wastewater inadequately monitors overtime. For example, Maintenance staff worked a substantial amount of overtime in June 2014, but Wastewater has no specific reports documenting what was accomplished by paying staff more than \$300,000 in overtime in a single month. Also, in one case, 206 overtime hours were billed in June 2014 to an 18-month-old work order, with only regular hours billed before and after June 2014.

Maintenance does not consistently authorize overtime and allows employees to work more overtime hours than allowed by SFPUC policy and the Administrative Code. Also, two Collections employees received overtime pay during weeks in which they used sick leave, contrary to MOU provisions and division practice.

Finding 3.1

Wastewater's overtime pay increased 42 percent from fiscal year 2011-12 to 2013-14, but overtime is not primarily worked during wet weather months or on high-priority work orders, and why overtime is authorized or exactly what it accomplishes is not always documented.

Overtime pay increased 42 percent and median overtime pay per employee increased 61 percent from fiscal year 2011-12 to 2013-14.

Total overtime pay to Wastewater staff increased 42 percent (from \$1.5 million to \$2.1 million) and median²³ overtime pay per employee increased 61 percent (from \$3,077 to \$4,963) from fiscal year 2011-12 to fiscal year 2013-14. The increase in total overtime pay was partly due to an increase in the number of staff earning overtime pay, but overtime hours increased at a faster rate. For example, the number of Wastewater overtime hours increased 17 percent from fiscal year 2012-13 to 2013-14, while total pay increased only 11 percent during this time.²⁴ Further, the number of Wastewater employees receiving overtime pay increased only 3 percent during this time, from 296 to 306, and actually declined in 2013-14 from 314 employees in 2012-13.²⁵ Thus, the total quantity of overtime and amount of overtime worked per employee has increased substantially.

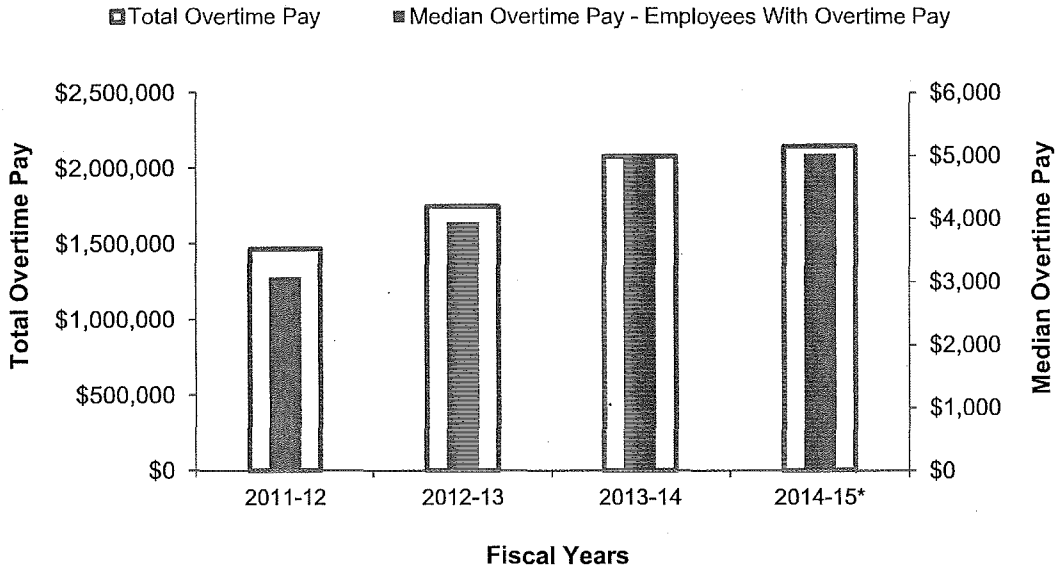
Exhibit 10 shows Wastewater's total and median overtime pay in fiscal years 2011-12 through 2014-15.

²³ Median overtime pay was analyzed rather than average overtime pay due to the presence of a few high earners that skew the average higher.

²⁴ The number of overtime hours in fiscal year 2011-12 was not available in the pay data used for this report.

²⁵ Wastewater had approximately 469 FTE positions in fiscal year 2013-14, with 65 percent earning overtime. Although Wastewater had more employees earning overtime in fiscal year 2012-13, the same percentage of employees earned overtime.

EXHIBIT 10 Wastewater's Overtime Pay Increased More Than 42 Percent
 Fiscal Years 2011-12 Through 2014-15



* Projected annual amount for fiscal year 2014-15 based on actual totals for July-December 2014.

Source: Auditor's analysis of data from the City's accounting system.

Wastewater's overtime pay for the first six months of fiscal year 2014-15 was 28 percent higher than it was for the first six months of fiscal year 2013-14, and Operations watch engineer overtime increased 57 percent for the first six months of 2014-15 compared to the same period in 2013-14.

Based on the first six months of fiscal year 2014-15, the rate of increase in Wastewater's overtime pay from fiscal year 2011-12 to fiscal year 2013-14 appeared to be leveling off.²⁶ However, as compared to the first six months of fiscal year 2013-14, the overtime pay amount for the first six months of fiscal year 2014-15 was 28 percent higher. Further, while Operations watch overtime pay increased only 4 percent from fiscal year 2012-13 to 2013-14, it increased 57 percent for the first six months of 2014-15 compared to the same period in 2013-14.

According to Wastewater management, the need for increased overtime is partly due to a lack of staff resulting from vacant positions. However, as described in Chapter 1, Wastewater inadequately analyzes and monitors work order completion data and has no specific performance measures for work order completion. Thus, it is unclear whether the need for an

²⁶ By extrapolating the amount of overtime pay during that half-year to an entire year by doubling the amount, there would be only a 3 percent increase compared to fiscal year 2013-14.

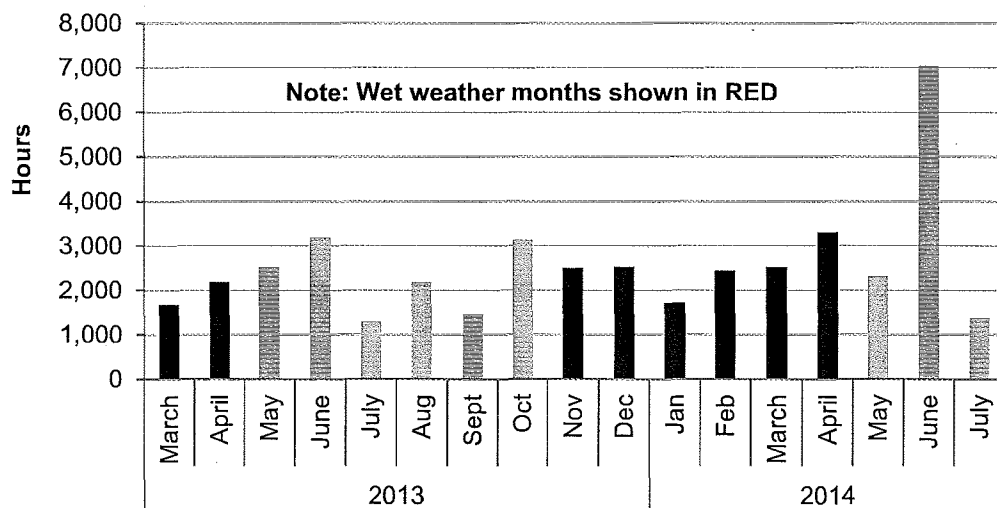
increasing amount of overtime is due to a staffing shortage—resulting in work that cannot be completed during normal work schedules, which is the criterion for assigning overtime stipulated by Administrative Code Section 18.13-1—or to other factors.

Overtime hours for all Wastewater divisions are highest at the end of the fiscal year, which occurs in dry weather.

Wastewater management stated that the winter wet weather season (October 15th to May 15th) results in more work orders and an expected increase in overtime due to the increase in work orders. However, analysis of overtime hours in fiscal years 2012-13 through 2014-15, by division and month, shows a pattern of higher overtime toward the end of the fiscal year (during dry weather) as opposed to being highest during wet weather months.

Exhibit 11 shows that, for all Wastewater divisions, overtime hours generally increased in the fourth quarter (April through June) and then dropped off sharply in July, both in 2013 and 2014.

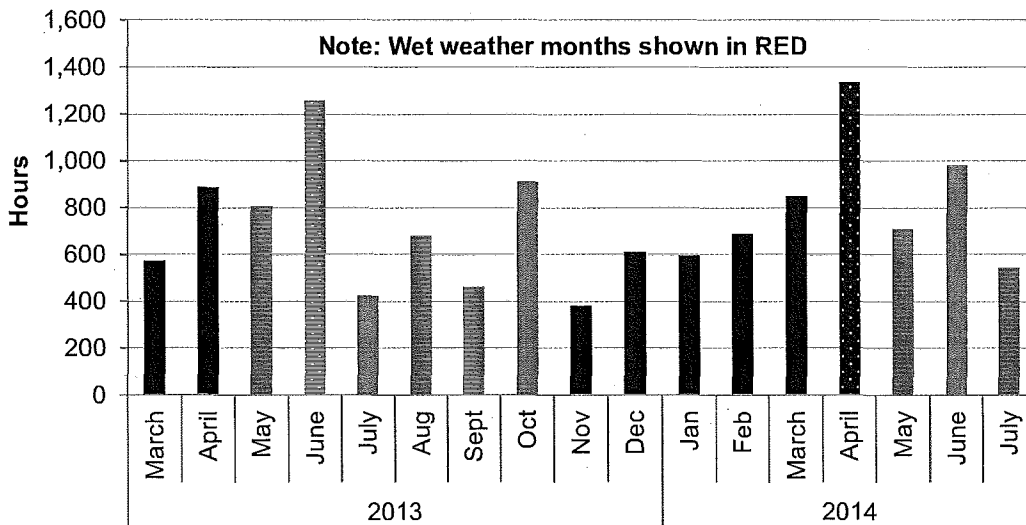
EXHIBIT 11 Wastewater’s Overtime Hours Are Not Primarily Worked During Wet Weather Months
 March 2013 Through July 2014



Source: Auditor’s analysis of data from the City’s accounting system.

Exhibit 12 shows Operations watch engineer overtime hours for March 2013 through July 2014, with a pattern of increasing overtime toward the end of the fiscal year and dropping off sharply in July.

EXHIBIT 12 Operations Watch Engineer Overtime Hours Were Highest in June 2013 and April 2014 March 2013 Through July 2014



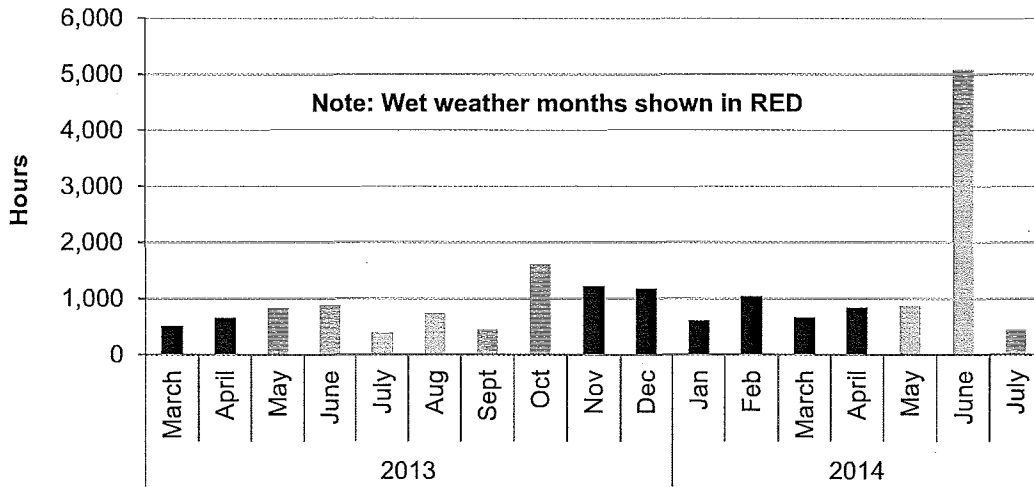
Source: Auditor's analysis of data from the City's accounting system.

Watch engineers worked 8,638 hours of overtime in fiscal year 2013-14.²⁷ As noted above, while Operations watch overtime pay increased only 4 percent from fiscal year 2012-13 to 2013-14, it increased 57 percent for the first six months of 2014-15 compared to the same period in 2013-14.

Maintenance overtime hours also show a pattern of increasing overtime toward the end of the fiscal year and dropping off sharply in July. Exhibit 13 shows the number of Maintenance overtime hours from March 2013 through July 2014, including a surge in overtime hours in June 2014.

²⁷ Operations staff assigned as watch engineers work a five-week, rotating schedule that includes eight hours of compensatory time that may be taken as leave or overtime pay. The 8,638 hours of overtime is in addition to any compensatory time accrued as part of the regular schedule.

**EXHIBIT 13 Maintenance* Overtime Hours Surged in June 2014
 March 2013 Through July 2014**



* Includes Operations staff not assigned as watch engineers.

Source: Auditor's analysis of data from the City's accounting system.

Maintenance staff worked 5,094 hours of overtime in June 2014: 35 percent of total overtime hours for the fiscal year.

Maintenance²⁸ staff worked 14,738 hours of overtime in fiscal year 2013-14, but staff worked the most overtime in June 2014, when 5,094 overtime hours were billed, for which Wastewater paid \$307,354. This quantity is:

- More than three times the amount of overtime in the next highest month (1,608 hours in October 2013) of the fiscal year.
- Almost as many overtime hours as were worked in the previous six months combined.
- 35 percent of the overtime hours for the fiscal year.
- Approximately \$250,000 more than the amount of overtime paid to Maintenance staff in June 2013.

No documentation describes what was accomplished by spending more than \$300,000 on overtime in June 2014.

The 5,094 hours of overtime billed in June 2014 was not only more than three times the amount of overtime worked in any other month going back to September 2012, but also accounts for 89 percent of the overall increase in Maintenance overtime from fiscal year 2012-13 to fiscal year 2013-14. Thus, this increase was not primarily a result of crews working overtime

²⁸ Including Operations staff not assigned as watch engineers.

throughout the year due to a staffing shortage. Further, many hours were billed during this time to general maintenance work orders to “clean and beautify treatment plants, surrounding grounds and pump stations.” For example, in June 2014 staff billed 823 hours to a single work order created for weekend overtime work on general cleanup tasks.

Wastewater management stated that there was a big push to catch up on deferred maintenance at the end of fiscal year 2013-14, but management has no reports or documentation other than the work order descriptions regarding what was accomplished by this overtime or why it was seen to be necessary. Due to the lack of reporting, it is unclear what was accomplished for the additional expenditure of more than \$300,000 in June 2014. Further, overtime hours were low in the following month of July 2014, at the start of the next fiscal year, and it is unclear whether the deferred maintenance work was completed by the end of the fiscal year.

In the last ten days of June 2014, 16 employees worked 60 hours or more of overtime. Of these, 5 worked 80 hours or more of overtime.

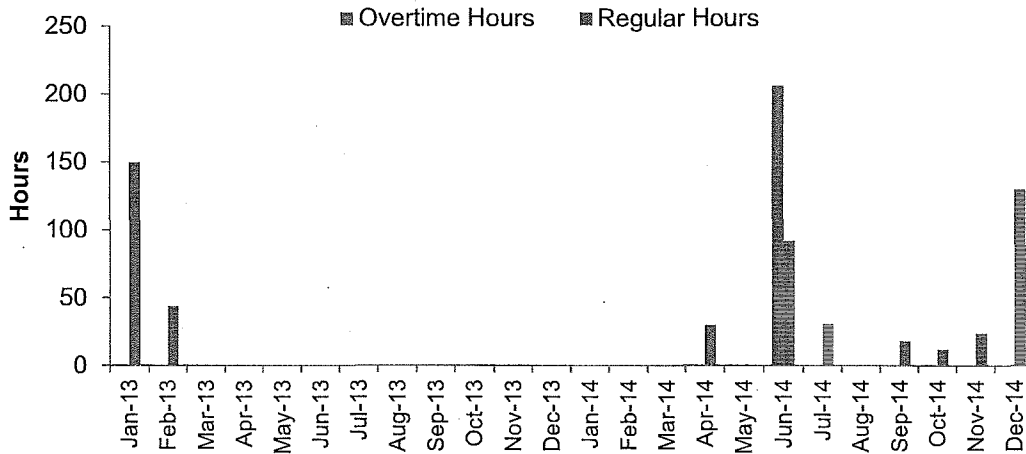
Besides the overall surge in overtime worked in June 2014, several individual Maintenance employees worked a substantial number of overtime hours during this time. During that month 16 employees worked 60 or more hours of overtime, with 5 of these employees working more than 80 hours of overtime in the pay period ending June 30, 2014, in addition to their regular schedules. As described in Finding 3.2 in more detail, these hours exceed the limits established by SFPUC policy, and in some cases, the Administrative Code.

In June 2014 Wastewater staff billed 206 hours of overtime to an 18-month-old work order although it billed only straight time to it in all other months and did not finish it until December 2014.

An example of a contributing factor to the June 2014 surge in Maintenance overtime is the time billed to a priority 1 (low-priority) work order to replace a 2-inch copper pipe with a 3-inch copper pipe at a treatment plant. This work order was created in January 2013, 18 months before the overtime was worked in June 2014. Of the 737 total hours billed to this work order, 206 (28 percent) were overtime hours billed in June 2014. The project was not completed until December 2014.

Exhibit 14 shows the number of regular and overtime hours billed to this work order, by month, from the start of the work order in January 2013 through its completion in December 2014.

EXHIBIT 14 Regular and Overtime Hours Billed to a Low-Priority Pipe-
 Replacement Work Order
 January 2013 Through December 2014



Source: Auditor's analysis of Maximo work order data from SFPUC.

Wastewater management stated that sometimes work orders like this one take a long time to complete. Although this may be generally true, for this work order all hours billed both before and after June 2014 were regular hours, but all the hours billed to it in June 2014 were overtime hours. It seems unreasonable that staff needed to work overtime on this longstanding work order only in June 2014, especially when the work was not completed until six months later. Thus, the pattern of time billed to this work order suggests that the employees working on this project in June 2014 were not working the extra hours to address an urgent need that could not be completed during normal work schedules.

According to the SFPUC New Employee Orientation Handbook (SFPUC Handbook), departmental policy is that overtime usage is closely reviewed and restricted to essential needs. The overtime billed to this pipe-replacement project brings into question whether this policy was adhered to in this instance, or regarding the overall surge in overtime worked by Maintenance staff in June 2014.

Almost all Maintenance overtime is billed to low-priority work orders, as opposed to high-priority or emergency work.

In general, Maintenance overtime hours are worked primarily on priority 1 or 2 maintenance tasks as opposed to priority 3 or emergency (priority 9) work. Analysis of overtime hours billed to the 23,710 non-canceled Maintenance²⁹ work orders in fiscal year 2013-14 shows that:

- 64 percent of overtime was billed to the 21,228 priority 1 and 2 work orders.³⁰
- 36 percent of overtime was billed to the 2,482 priority 3 or 9 work orders.

The enterprise's Strategic Plan goal to manage financial risk to Wastewater includes a strategy to implement procedures to track and communicate budget allocations and spending within the fiscal year and budget cycle and to monitor and review spending each quarter. Completing tasks indicated in this strategy, such as reviewing spending quarterly, would allow Wastewater to manage overtime so that it is more closely tied to demonstrated work needs and to ensure that overtime is only assigned for work that cannot be completed during normal work schedules.

Recommendations

The San Francisco Public Utilities Commission should:

22. Prepare and review quarterly reports of overtime hours by division, including a detailed description of work accomplished for situations in which 500 or more hours of overtime are authorized in a month to complete deferred maintenance tasks.
23. Manage overtime so that it is more closely tied to demonstrated work needs and ensure that overtime work is only assigned for essential needs, including high-priority and emergency work and routine work that cannot be accomplished within normal work schedules.

²⁹ As discussed in Chapter 1, Collections does not charge hours to specific tasks and cannot be included in this analysis.

³⁰ One work order did not have a priority assigned but had no associated overtime hours.

24. Review overtime hours billed to work orders older than a certain age—to be determined by Wastewater Enterprise management (for example, six months)—to ensure that staff bills time appropriately.

Finding 3.2

Maintenance does not always retain documentation of overtime authorization and permits employees to work more overtime hours than SFPUC policy and the Administrative Code allow, and Collections incorrectly paid two employees overtime during weeks in which they took sick leave.

Maintenance could not provide documented authorization of overtime work for a requested sample of timesheets.

Maintenance provided documentation of hours worked for 22 employee timesheets of a requested random sample of 36 employee timesheets, but was unable to provide documentation of prior authorization for the overtime hours for any of the requested timesheets. Further, a Maintenance supervisor at Oceanside stated that staff there does not typically keep a record of overtime authorization. Per the SFPUC Handbook, all overtime work requires management's approval in advance. Without a record of such approval, management cannot determine whether overtime was worked appropriately.

Ten employees exceeded the limit of 333 overtime hours in fiscal year 2013-14.

Policy in the SFPUC Handbook also limits an employee's overtime hours to 16 percent of their regularly scheduled hours unless the appointing officer approves this in advance. Thus, a full-time employee (2,080 hours per year, as defined in the Administrative Code) may not exceed 333 hours of overtime per year without such approval. According to the maintenance manager, no employees received approval to exceed this limit. Despite this, in fiscal year 2013-14:

- Ten employees exceeded the maximum 333 hours of overtime.
- Three employees worked more than 500 overtime hours.
- One employee worked 696 overtime hours (more than twice the limit).

Office of the Controller, City Services Auditor
SFPUC: The Wastewater Enterprise Should Better Manage and Monitor Work Flow,
Premium Pay, Overtime, and Absenteeism

Three employees also exceeded the maximum overtime allowed by the Administrative Code, Section 18.13-1, which states that employees may not work overtime that exceeds 25 percent of their regular hours (520 hours per year for a full-time employee), unless authorized by the director of Human Resources.

As described in Finding 3.1, Maintenance staff worked a substantial number of overtime hours in June 2014. During this time, five employees worked 80 or more total hours (regular hours plus overtime) in the week ending June 27, 2014, with one employee working 96 hours and another working 97 hours. These employees also worked 85 and 86 hours of overtime, respectively, in the pay period ending June 30, 2014. Besides working an unreasonable number of hours in some cases, these employees also exceeded the maximum of 72 hours in a regular work week allowed by the Administrative Code, Section 18.13-1.

Collections paid two employees overtime hours when paid sick leave was taken during the same week, contrary to MOU provisions.

Based on a review of a random sample of timesheets for 20 employees with high amounts of overtime, premium, or sick leave pay,³¹ two Collections employees in Local 38 were paid overtime for hours worked exceeding 40 during weeks where at least 8 hours of paid sick leave was also used. Per the Local 38 MOU, sick leave does not count toward the 40 hours worked per week for purposes of determining eligibility for overtime. Thus, for these two employees, 8 hours should not have been paid as overtime.

The amount of this overpayment is small (\$173 per incident), but the audit only reviewed a small sample of timesheets. Further, according to Collections payroll staff, it is division practice to change overtime coding to straight time when sick leave is used during the same week, except in cases of mandatory emergency overtime. Thus, procedures were not properly followed in these cases.

³¹ The audit tested timesheets in three pay periods in fiscal year 2013-14 for proper authorization.

Recommendations

The San Francisco Public Utilities Commission should:

25. Document and retain all overtime authorization.
26. Ensure that employees are not assigned to work more overtime than is allowed by departmental guidelines unless specifically approved by the appointing officer and that employees do not work more overtime than the maximum allowed by the Administrative Code unless specifically approved by the director of the Department of Human Resources.
27. Ensure that sick leave is not counted toward employees' 40 hours per week for purposes of determining eligibility for overtime unless specifically allowed by the relevant memorandum of understanding.

CHAPTER 4 – Wastewater Ineffectively Manages Employee Absenteeism

Summary

Sick leave pay for Wastewater employees increased 24 percent from fiscal year 2011-12 to 2013-14, while total pay increased only 11 percent during this time. Further, 22 percent of employees took 120 hours or more of paid sick leave in fiscal years 2012-13 and 2013-14, with 42 of these employees taking this amount of paid sick leave in both years. According to Wastewater management, unscheduled employee absences negatively affect work crew productivity and are directly related to the need for overtime.

The SFPUC Handbook and Civil Service Rules require specific circumstances for use of sick leave and provide options to management for enforcing sick leave policies and addressing excessive sick leave use, but Wastewater management ineffectively uses existing procedures to investigate and discipline employees who are excessively absent and discourage sick leave abuse. For example, in fiscal year 2013-14, 38 percent of a sample of employees who used 200 or more hours of sick leave did not have a required request for leave form on file with SFPUC's Human Resources Services (HRS) division, and HRS has no record of a request for investigation by Wastewater management for 60 percent of employees who used 150 hours or more of sick leave (excessive sick leave use as defined by the SFPUC Handbook) in fiscal year 2013-14.

Some employees who used a large quantity of sick leave also worked a large number of overtime hours. For example, in fiscal year 2013-14 eight employees who took 160 or more sick leave hours also earned \$10,000 or more in overtime pay. Although most MOUs that cover Wastewater employees do not specifically allow overtime to be restricted for employees with poor attendance, management does not have to assign a disproportionate share of overtime to these employees.

Watch engineers take a disproportionate amount of their sick leave during "t" shifts, and some watches have

much higher use of sick leave on “t” shifts than others. Staff on “t” shifts should be expected to follow the same rules regarding sick leave use as for any other shift.

Finding 4.1

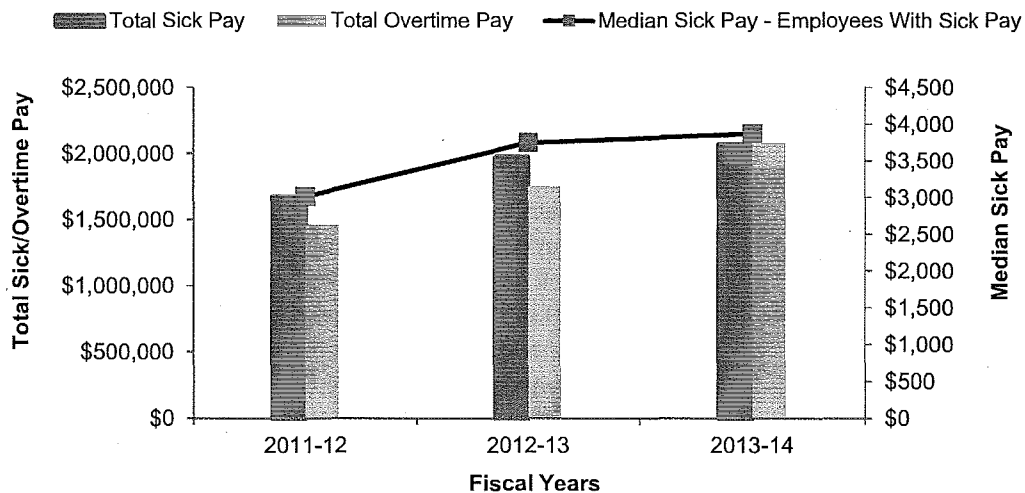
Wastewater’s sick leave pay increased 24 percent from fiscal year 2011-12 to 2013-14, while total pay only increased 11 percent, and Wastewater ineffectively uses existing procedures to investigate and discipline employees with excessive absences and discourage sick leave abuse.

Sick leave pay increased faster than the growth in total pay from fiscal year 2011-12 to 2013-14.

Wastewater staff’s sick leave pay increased 18 percent in fiscal year 2012-13 compared to 2011-12, and sick leave pay increased an additional 5 percent (reflecting a 2 percent increase in sick leave hours) in fiscal year 2013-14 compared to the prior year. Overall, sick leave pay increased 24 percent from fiscal year 2011-12 to 2013-14 compared to an 11 percent increase in total pay and a 42 percent increase in overtime pay during this time.

Total sick leave and overtime pay, and median sick leave pay per employee, are shown in Exhibit 15.

EXHIBIT 15 Total and Median Sick Pay and Total Overtime Pay Fiscal Years 2011-12 Through 2013-14



Source: Auditor’s analysis of data from the City’s accounting system.

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Premium Pay, Overtime, and Absenteeism

In fiscal year 2013-14, 23 percent of Wastewater employees took 120 hours (3 weeks) or more of sick leave.

In addition to an overall increase in sick pay, many Wastewater employees took a large quantity of paid sick leave in fiscal years 2012-13 and 2013-14. For example, in fiscal year 2012-13 128 employees (22 percent of total employees) took 120 hours (3 weeks)³² or more of paid sick leave and 20 employees (3 percent) took 200 hours (5 weeks) or more of paid sick leave. In fiscal year 2013-14 127 (23 percent of total employees) took 120 hours or more of paid sick leave and the number of employees taking 200 or more paid sick leave hours increased from 20 to 26 (5 percent of total employees). Further, some employees have a pattern of high sick leave use. For example, 42 employees took 120 or more hours of paid sick leave in both fiscal year 2012-13 and 2013-14.

The SFPUC Handbook defines excessive absenteeism as unreasonable or unacceptable use of sick leave, especially if it interferes with employees' ability to perform their duties. The handbook further provides that specific policies define "excessive" as, without reasonable justification, more than either:

- 1 day per month
- 3 to 4 days per quarter
- 13 days per year

The GAO internal control standards state that effective management of an organization's workforce is essential to achieving results and an important part of internal control and that performance evaluation should be designed to help employees understand the connection between their performance and the organization's success. HRS stated that it is working with Collections to develop an attendance policy designed to address that division's problems with excessive, unscheduled absences and recommends that other divisions adopt a similar policy.

³² Assumes a 40-hour work week.

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38 percent of a sample of 29 employees with 200 or more sick leave hours in fiscal year 2013-14 did not have a leave request form on file with HRS.

Per the SFPUC Handbook, employees requesting leave for more than five days (paid or unpaid, other than vacation or jury duty) must complete a request for leave form and have it approved by their supervisor. For medical leaves of more than five days, the form must also be signed by the employee's medical provider. Further, the handbook states that supervisors are responsible for sending the form to HRS and monitoring employee attendance and leaves of absence.

Of a sample of 29 employees who took 200 or more sick leave hours (25 or more 8-hour work days)³³ in fiscal year 2013-14, according to HRS, 11 (38 percent) did not have a request for leave form on file. Further, according to HRS, the form on file for one employee was for an 11-day leave and the form for another employee was for an 8-day leave. These employees had 203 and 176 sick leave hours, respectively, taken *beyond* their approved leave amounts.

Of a sample of 18 employees who took 200 or more sick leave hours in fiscal year 2012-13, according to HRS, 7 (39 percent) did not have an approved request for leave form on file.

SFPUC employees who are excessively absent can be investigated, but HRS has no record of a request for investigation for 60 percent of employees with 150 or more sick leave hours in fiscal year 2013-14 and 57 percent of employees with 150 or more sick leave hours in fiscal year 2012-13.

It is possible an employee could have taken 200 or more hours of sick leave in a year without having taken a leave of five or more days and, if so, would not have been required to submit a request for leave form. However, according to HRS, employees with excessive absences (more than 13 days per year without reasonable justification, as defined by SFPUC) can be given a written warning on their use of sick leave in accordance with SFPUC policies. Further, according to HRS, if their rate of absenteeism does not improve, employees can be suspended or have their use of sick leave restricted.³⁴

³³ Sick leave totals include paid and unpaid leave, but exclude any protected leave under the federal Family and Medical Leave Act.

³⁴ The SFPUC Handbook provides for suspensions in these circumstances. Sick leave restrictions are provided for by Civil Service Rule 120, which governs the use of sick leave for employees in unions not subject to the Administrative Code, Chapter 12W, and allows management to require proof of incapacitation (via a doctor's note, for example) for sick leave of any duration, if the employee had been previously notified in writing that such proof would be required for absences shorter than five working days.

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According to HRS, management must notify the unit of employees with excessive absences or patterns of sick leave use so that HRS can investigate the sick leave use and implement progressive discipline, as appropriate. In fiscal year 2013-14 192 Wastewater employees (34 percent) took more than 13 days of paid sick leave. Of a sample of 65 of these employees with 150 or more hours of sick leave,³⁵ according to HRS, no record exists of a request for investigation for 39 (60 percent).³⁶ Similarly, in fiscal year 2012-13 181 employees (32 percent) took more than 13 days of sick leave and, of a sample of 56 of these employees with 150 hours or more of sick leave, according to HRS, no record exists of a request for investigation for 32 (57 percent).³⁷

According to HRS, if no record exists, the employee was not referred to HRS for investigation. Thus, clearly many more Wastewater employees with excessive sick leave as defined by the SFPUC Handbook could have been referred to HRS by Wastewater management for investigation of possible sick leave abuse. Further, 16 employees took 150 hours or more of sick leave in both fiscal year 2012-13 and 2013-14, and, according to HRS, only one employee who took more than 150 hours of sick leave in either year was suspended, and only three employees were put on sick leave restriction.³⁸

Wastewater management incorrectly stated that city policy has no restrictions on the amount of paid sick leave an employee can use up to their available balance. Rather, the city's Department of Human Resources provides guidance for investigating and disciplining employees with excessive sick leave use. Also, the SFPUC Handbook authorizes management to take appropriate disciplinary action against employees who fail to meet department standards and/or fail to conduct themselves in accordance with the

³⁵ Sick leave totals include paid and unpaid leave, but exclude any protected leave under the federal Family and Medical Leave Act.

³⁶ Of the remaining 26 employees, according to HRS, 13 have separated and 9 were receiving an accommodation related to a workers' compensation claim or the Americans with Disabilities Act.

³⁷ Of the remaining 24 employees, according to HRS, 16 have separated and 6 were receiving an accommodation related to a workers' compensation claim or the Americans with Disabilities Act.

³⁸ In all four cases, according to HRS, the discipline was implemented in fiscal year 2014-15.

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department's rules, regulations, or policies (such as excessive absenteeism). Further, the GAO internal control standards state that one aspect of internal control is for management to provide discipline when appropriate.

According to Wastewater management, overtime is a direct result of sick leave, and unscheduled employee absences reduce work crew productivity and staff morale.

According to Wastewater management, overtime is a direct result of sick leave, and unscheduled employee absences negatively affect work crew productivity and staff morale. Further, Wastewater management stated that unscheduled absences can cause excessive overtime on short crews and no reports on employee sick leave use exist, so management is devising a way for supervisors to track sick leave. To achieve this, Wastewater could analyze the same eTime data on employee sick leave use provided to CSA for this audit.

Recommendations

The San Francisco Public Utilities Commission should:

28. Collaborate with Department of Human Resources in developing appropriate language for an employee attendance policy to be deployed in the Wastewater Enterprise that describes expectations for the use of sick leave and the process to address excessive absences, including procedures for supervisors to promptly notify the department's Human Resources Services division when an employee's absences become excessive.
29. Prepare and analyze quarterly reports of employee sick leave use to identify potential sick leave abuse and identify employees to the department's Human Resources Services division for investigation and discipline, as appropriate.
30. Require that employees get proper approval for absences of more than five days.

Finding 4.2

Wastewater allows some employees who are excessively absent to work a large number of overtime hours.

In fiscal year 2013-14 eight employees with 160 hours or more of sick leave also had \$10,000 or more in overtime pay.

In fiscal year 2013-14 eight Wastewater employees who took 160 hours or more of paid sick leave also had \$10,000 or more in overtime pay.³⁹ Two extreme examples are as follows:

- An employee with 196 hours (4.9 weeks) of paid sick leave and \$22,800 in overtime pay.
- An employee with 236 hours (5.9 weeks) of paid sick leave and \$16,500 in overtime pay.

The eight employees represent an increase from fiscal year 2012-13, when only four Wastewater employees had 160 or more hours of sick leave and \$10,000 or more in overtime pay.

The Administrative Code, Section 18.13-1, states that overtime shall only be assigned when work cannot be completed within normal work schedules, and, thus, to the extent that the need for overtime may be caused by staff being chronically or excessively absent, these circumstances may not constitute a normal work schedule.

The distribution of overtime among Wastewater staff is uneven, and management can choose not to assign a disproportionate amount of overtime to staff with excessive absences.

Comparing the overtime hours of the highest overtime earners with the average overtime hours for all those in their job class shows that Wastewater assigns some employees much more overtime than their peers. For example, the employee with 236 hours of sick leave and \$16,500 in overtime pay in fiscal year 2013-14 is in a job class represented by Local 38. Employees in the class received average overtime pay of \$5,520 in that fiscal year. In fiscal year 2012-13 the employee took 120 hours of sick leave and earned \$16,800 in overtime pay.

Although the relevant labor agreements other than the Local 261 MOU do not allow management to restrict employees with documented poor attendance from the opportunity to work an equitable share of overtime,⁴⁰

³⁹ The eight employees in fiscal year 2013-14 all had \$14,151 or more in overtime pay.

⁴⁰ The Local 261 MOU requires restriction of overtime for documented poor attendance.

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SFPUC: The Wastewater Enterprise Should Better Manage and Monitor Work Flow, Premium Pay, Overtime, and Absenteeism

most stipulate that overtime is to be distributed equitably. Thus, management can choose not to assign a disproportionate amount of overtime to an employee with documented poor attendance. Further, although none of the eight employees identified in this finding are in Local 261, Wastewater should implement a policy to restrict overtime for any employee covered by this MOU with documented poor attendance.

Of the MOUs covering Wastewater employees, only Local 39's has no provision restricting the use of sick leave from determining eligibility for overtime.

To determine eligibility for overtime pay, most MOUs covering Wastewater employees exclude sick leave from hours worked in excess of 40 in a week. The exception is the Local 39 MOU, which covers 39 percent of Wastewater's budgeted employees and does not restrict sick leave from determining hours worked in excess of 40 in a week. Although it is difficult to determine from the pay data used in the audit whether specific cases of sick leave and overtime occurred in the same week,⁴¹ of the eight employees identified with 160 or more sick leave hours and \$10,000 or more in overtime pay in fiscal year 2013-14, seven are Local 39 employees and one is a Local 38 employee. Thus, it appears that some Local 39 employees may take advantage of a provision that is unavailable to employees in other labor organizations to earn overtime pay in weeks where they also take paid sick leave.

Recommendations

The San Francisco Public Utilities Commission should:

31. Collaborate with Department of Human Resources to further explore how other relevant memorandum of understanding may align with Local 261 as it relates to implementing overtime restrictions due to poor attendance, except in emergency situations.
32. Implement overtime restrictions for any employee covered by the Local 261 memorandum of understanding with documented poor attendance, except in emergency situations.

⁴¹ Employee pay data from the City's financial accounting system is by pay period, which is two weeks.

The San Francisco Department of Human Resources should:

33. In future collective bargaining negotiations, try to add to other labor agreements the provision in the Local 261 memorandum of understanding that requires management to restrict overtime for employees with documented poor attendance.
34. In the next collective bargaining negotiations with Local 39, try to add to the memorandum of understanding a provision to exclude sick leave from determining hours worked in excess of 40 in a week for purposes of eligibility for overtime pay.

Finding 4.3

Watch engineers use a disproportionate amount of sick leave during "t" shifts.

Watch engineer "t" shifts may create an incentive for sick leave abuse.

As described in the Background section, Operations watch engineers work a rotating, five-week shift that includes a four-day week of eight-hour day shifts known as "t" shifts. The "t" shifts account for 333 (16 percent) of watch engineers' annual work hours, but watch engineers took 22 percent of their paid sick leave hours on "t" shifts.⁴² Further, some of the watch staff took significantly more sick leave on "t" shifts than others in fiscal year 2013-14. For example:

- 36 employees (40 percent) used 30 percent or more of their paid sick leave on "t" shifts.
- 10 employees (11 percent) used 50 percent or more of their paid sick leave on "t" shifts.

Analysis of fiscal year 2012-13 data shows results similar to those for fiscal year 2013-14, indicating a pattern of higher rates of paid sick leave taken during "t" shifts.

⁴² Four employees also took a combined total of 113 hours of unpaid sick leave.

Specific watches have much higher rates of sick leave use, including sick leave used during "t" shifts, than other watches.

Analysis of sick leave use on "t" shifts shows that some watches have a much higher rate of "t" shift sick leave than others. For example, in fiscal year 2013-14:

- 31 percent of the sick leave used by Oceanside Watch 2 staff occurred during "t" shifts, compared to 16 to 18 percent for the other four Oceanside watches.
- Oceanside Watch 2 staff used 56 percent more sick leave per employee, on average, during "t" shifts than did Oceanside watch staff overall.
- At Bayside, Watch 1 had the highest sick leave use during "t" shifts—26 percent compared to an average of 20 percent.
- Bayside Watch 1 staff used, on average, 53 percent more sick leave per employee during "t" shifts than did Bayside watch staff overall.

Analysis of sick leave on "t" shifts in fiscal year 2012-13 shows similar results, where some watches have significantly higher rates of sick leave use on "t" shifts than do others. These results are consistent with statements from Wastewater supervisors that they have noticed watch engineers calling in sick more frequently during "t" shifts, which creates staffing problems. Further, because of how the rotating schedule is arranged, the week of "t" shifts follows employees' scheduled week off, so they can use a combination of sick leave, vacation, and compensatory time to get two weeks off after every five weeks of work.

Per the Local 39 MOU, staff on "t" shifts and not in training should be available to cover a vacancy on another shift or to work on a special project. According to Wastewater management, if employees on "t" shifts are unavailable to cover a vacancy, it must be covered by other employees using overtime. Although taking planned leave during "t" shifts can be seen as a better option than taking leave on another shift (because the "t" shift does not need to be covered), the SFPUC's sick leave rules and expectations of employee conduct, per

the SFPUC Handbook, should be the same during "t" shifts as for any other shift.

Recommendations

The San Francisco Public Utilities Commission should:

35. Review sick leave taken during "t" shifts to identify patterns of sick leave use by specific employees or by specific watch groups and identify employees to the department's Human Resources Services for investigation, as warranted.
36. Prepare and distribute a written policy statement on expectations for employee attendance, including "t" shifts.

APPENDIX: DEPARTMENTS' RESPONSES



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Assurance and Internal Controls Bureau
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
T 415.554.3155
F 415.554.3161
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June 2, 2017

Tonia Lediju, Audit Director
Office of the Controller, City Services Auditor Division
City Hall, Room 476
One Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: Management's Response to CSA Audit Report
SFPUC: The Wastewater Enterprise Should Better Manage and
Monitor Work Flow, Premium Pay, Overtime, and Absenteeism

Dear Ms. Lediju,

Thank you for providing the opportunity to review and respond to the report, *The Wastewater Enterprise Should Better Manage and Monitor Work Flow, Premium Pay, Overtime, and Absenteeism*, as prepared by the Controller's Office, City Services Auditor (CSA). Attached are SFPUC's management responses to recommendations detailed in the audit.

We fully or partially concurred with all 31 audit recommendations attributed to our department. Our rationale is provided within the Management Responses where we provided partial concurrence with the audit recommendations.

While we generally agree with all recommendations, we have concerns regarding the audit report and its contents. These concerns are outlined, as follows:

- Despite business process improvements already underway at the time of audit field work, the auditor still made recommendations for improvements.
- Report language used to frame findings was, at times, overly broad and negative.
- There was little corroboration from the auditor when SFPUC staff provided supporting documentation and discussion to address observations and findings.
- There was little recognition of our obligations to understand, interpret, and apply federal and state law, Civil Service Commission and Administrative Code rules, and labor union Memorandums of Understanding – all involve deep complexities. Some local rules have not yet caught up to state laws (e.g., CA Kin Care).
 - SFPUC welcomes participation in larger discussions surrounding these areas, but is unable to make unilateral changes contrary to guidelines.

We appreciate the time and effort of the City Services Auditor staff utilized in this audit. The SFPUC and Wastewater Enterprise is committed to continuous improvement and will continue to explore opportunities to improve business and operational practices by working with staff, SFPUC Human Resources, and the City Department of Human Resources to implement agreed-upon recommendations provided within the report.

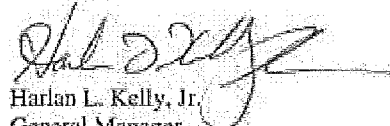
Edwin M. Lee
Mayor
Aaron Brewer
President
Ira Rubin
Vice President
Ann Miller Green
Commissioner
Francesca Vietor
Commissioner
Vince Courtney
Commissioner
Harlan L. Kelly, Jr.
Commissioner



Office of the Controller, City Services Auditor
SFPUC: The Wastewater Enterprise Should Better Manage and Monitor Work Flow,
Premium Pay, Overtime, and Absenteeism

If you have any questions or need additional information, please do not hesitate to contact me at (415) 554-1600.

Sincerely,


Harlan L. Kelly, Jr.
General Manager

cc: Michael Carlin, Deputy General Manager
Tommy Mbala, AGM Wastewater Enterprise
Eric Sandler, AGM Business Services and Chief Financial Officer
Cindy Charan, Director, Human Resources
Nancy L. Horn, Director, Assurance & Internal Controls | Accounting Services

Office of the Controller, City Services Auditor
SFPUC: The Wastewater Enterprise Should Better Manage and Monitor Work Flow,
Premium Pay, Overtime, and Absenteeism

City and County of San Francisco

Edwin M. Lee
Mayor



Department of Human Resources

Micki Callahan
Human Resources Director

April 14, 2017

Tonia Lediju
Director of City Audits
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: SAN FRANCISCO PUBLIC UTILITIES COMMISSION: The Wastewater Enterprise Should Better Manage and Monitor Work Flow, Premium Pay, Overtime, and Absenteeism

Dear Ms. Lediju,

The Department of Human Resources has received your draft audit report. We appreciate the time and effort your staff has put into the report.

Attached is our department's response to your recommendations. Please contact Steven Fonder, our department's Classification and Compensation Director, at (415) 557-4917.

Sincerely,

A handwritten signature in black ink, appearing to read "Micki Callahan", written over a horizontal line.

Micki Callahan
Human Resources Director

Attachment: Recommendation and Response Form

RECOMMENDATIONS AND RESPONSES

For each recommendation, the responsible agency should indicate in the column labeled **Agency Response** whether it concurs, does not concur, or partially concurs and provide a brief explanation. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

Recommendation	Responsible Agency	Response	CSA Use Only Status Determination*
The San Francisco Public Utilities Commission should:			
1. Complete and implement improved standard operating procedures for entering and updating work orders in Maximo, including: <ul style="list-style-type: none"> a. Completing all required fields. b. Indicating an estimated completion date. c. Indicating estimated hours. d. Entering an actual completion date and changing the status accurately and in a timely manner. 	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC will continue to implement Maximo configuration improvements that meet its business needs, including consideration of those identified in the audit recommendation. To address (a-d), current system configurations allow for the following: <ul style="list-style-type: none"> a) Generally, work orders cannot be created without entering the Maximo system-required data fields. b) The estimated completion date is not required, but is utilized for all work orders once the work order is scheduled. c) Estimated hours is not a Maximo-required data field, although SOPs require it for non-emergency jobs and jobs that roll over into the next week d) Maximo auto-fills the actual completion date based on provided data. 	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	<u>CSA Use Only</u> Status Determination*
2. Use Maximo work order data to prepare monthly reports of crew performance on key performance measures related to meeting goals for work order completion time and actual versus estimated hours for work order completion.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur The SFPUC WWE currently uses Maximo to analyze work order completion; runs and reviews bi-weekly reports of actual versus estimated hours for approximately the last year, and will continue to identify Maximo planning-related improvements.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
3. Prioritize the implementation of new scheduling software to better enable maintenance planners to track and report on work order completion.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC WWE completed implementation of the CIM Visual Planning software in July 2016 and is evaluating the utility of the software.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
4. Conduct a staffing analysis based on work order completion analysis or measurement to determine staffing needs for the Operations and Maintenance division.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC will conduct staffing analyses according to its business needs, and likely would not be limited to work order completion data.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
5. Require the Collection System division to use the same work order management processes used by the Operations and Maintenance division at the Southeast Water Pollution Control Plant, including requiring staff to bill worked hours to a specific work order created for a specific job.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur The SFPUC WWE Collections Division has used Maximo since 2015. As noted in the report, the Collections System Division is moving towards work order management practices currently used by the Operations and Maintenance divisions.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
6. Prepare and implement standard procedures for both the Operations and Maintenance and Collection System divisions for initiating, entering, and processing purchase requests in Maximo.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur The SFPUC is collaborating with the Controller's Office on the PeopleSoft Financials and Supply Chain system implementation. All SFPUC WWE Divisions follow the same requisitions processes, and have been doing so since approximately July 1, 2015.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
 Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	<u>CSA Use Only</u> Status Determination*
7. Prepare monthly reports on key performance measures related to meeting goals for completing a certain percentage of purchases within a specified amount of time.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur The SFPUC WWE prepares monthly reports that show the percentage of purchases completed within a specific amount of time.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
8. Ensure that training for watch engineers is scheduled during "t" shifts whenever possible.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur The SFPUC will provide training for WWE watch engineers when possible according to its business needs, including available resources.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
9. Track hours used for staff activities during "t" shifts, including training, covering absences on other shifts, and working on special projects, and ensure that the hours watch engineers spend on special projects are billed to a project-specific work order in Maximo.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur As of 2017, each SFPUC WWE Operations crews now document their activities through Maximo.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
10. Retain documentation of authorization for Operations and Maintenance staff to be on standby service, including the times, dates, and duration of the standby and the personnel authorized to be on standby for the specified hours, and ensure that daily assignment sheets for Sewer Operations indicate the staff designated to be on standby for all shifts.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur The SFPUC uses the eTime system to retain records of staff approved to be on standby, including names, dates and duration of standby. WWE Maintenance retains e-mails containing standby assignments; WWE Sewer Operations uses daily assignment sheets to list staff designated to be on standby.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	CSA Use Only Status Determination*
11. Document the business justification for all standby service, review the business need for the existing standby practices for Distributed Control System, Sewer Operations, and warehouse staff, and revise standby practices as warranted.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur It is the SFPUC's practice to place the WWE Distributed Control System (DCS), Warehouse, and Sewer Operations staff on standby when there is a valid business need. Standby for the DCS, Warehouse, and Sewer Operations staff is documented; has been reviewed, and, in one case, revised (Warehouse).	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
12. Document the authorized standby schedule for Distributed Control System and warehouse staff, including standby hours and personnel authorized to be on standby.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur See response to Recommendations #10 (documenting standby pay authorization) and #11 (documenting the business need for standby).	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
13. Track the instances in which staff assigned to be on standby is called in to perform emergency service and prepare an annual report of such instances to evaluate the continued need for the standby service.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC WWE documents standby authorization and the business need for standby for DCS, Warehouse, and Sewer Operations staff. Standby usage is evaluated periodically. SFPUC will explore methods to further improve monitoring of standby pay.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
14. The San Francisco Department of Human Resources should provide guidance to departments on the use of standby service, including requiring departments to document the business justification and the names and schedules of the assigned employees, track the number of times that employees on standby are called on to perform emergency service, and periodically review the need for continued standby service.	Department of Human Resources	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur DHR has developed the following document for departments that delineates the proper use of standby: http://sfdhr.org/sites/default/files/FileCenter/Documents/12143-Call%20Back%20and%20Standby%20Pay.pdf While DHR defers to departments that have the operational expertise as to how best to monitor, Appointing Officers or their designee must document the business necessity for these assignments and their use of standby pay, and ensure compliance with the applicable MOU provisions for assignment.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
 Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	<u>CSA Use Only</u> Status Determination*
15. Recover the amount of standby premium paid to the sewer repair supervisor in fiscal year 2013-14 for all hours that exceed the maximum possible in a pay period, including paid leave hours.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur The SFPUC HRS will work with the employee, the relevant labor union, and City Attorney, as applicable, to request repayment of actual overpayments beyond the maximum possible in a pay period. Original advice from the CAO noted the SFPUC was not able to garnish paid wages without a court order or employee consent. The staffing and operational constraints that contributed to this level of standby during the audit period have been resolved.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
16. Ensure that premium pays are only applied per the wording of the relevant memorandums of understanding or documented interpretation by the Department of Human Resources.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC follows MOU language to administer premium pays and, where it does not, has followed Citywide practices, as acknowledged by DHR (both verbally and in writing). Some Citywide practices or interpretations have not been documented.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
17. Require documentation of work qualifying for premium pay as appropriate and review documentation as needed to ensure that premiums are applied appropriately.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC will continue to follow applicable MOUs and payroll practices when administering premium pays. We will explore methods on how to further improve documentation of work qualifying for premium pay in eTime, our timekeeping system.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
18. Recover the total amount of confined space premium pay inappropriately paid to employees in fiscal years 2012-13 through 2014-15.	Public Utilities Commission	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur SFPUC HRS will work with the employees, the relevant labor union, and City Attorney, as applicable, to request repayment for any overpayment. Original advice from the CAO noted SFPUC was not able to garnish paid wages without a court order or employee consent.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
 Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	CSA Use Only Status Determination*
<p>19. Revise the special equipment premium pay code to reflect the correct \$1.25 per hour premium amount and recover the amount of the difference between the \$2 per hour special equipment premium and \$1.25 per hour premium incorrectly paid to truck drivers in fiscal years 2012-13 through 2014-15.</p>	<p>Public Utilities Commission</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>The SFPUC corrected the payroll coding error that led to this overpayment.</p> <p>SFPUC HRS will work with the employees, the relevant labor union, and City Attorney (CAO), as applicable, to request repayment for any overpayment. Original advice from the CAO noted the SFPUC was not able to garnish paid wages without a court order or employee consent.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>20. The San Francisco Department of Human Resources should revise the relevant memorandums of understanding during the next round of labor negotiations to clarify that shift premiums should be applied to all paid hours for staff regularly assigned to night shifts.</p>	<p>Department of Human Resources</p>	<p><input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur</p> <p>The City shall advance proposals to provide clarifying language in all of the City's MOU during the next major round of bargaining in 2019 to clearly state under what circumstances, particularly in regards to varying pay statuses, these premiums get paid.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
 Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	<u>CSA Use Only</u> Status Determination*
21. The San Francisco Department of Human Resources should provide guidance to departments on the use of the lead worker premium, including requiring that departments document the business justification, employees designated as lead workers, and work performed qualifying for the premium pay.	Department of Human Resources	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur DHR has developed the following document for departments that delineates the appropriate responsibilities of a lead worker: http://sfdhr.org/sites/default/files/FileCenter/Documents/17253-Supervisor%20v.%20Lead%20Worker.pdf While DHR defers to departments that have the operational expertise as to how best to monitor, Appointing Officers or their designee must document these assignments in writing and ensure compliance with the applicable MOU provisions for assignment. The City's MOUs have widely varying provisions for when employees are eligible to receive the lead worker premium beyond the instruction above which the City seeks to standardize in the next round of citywide bargaining in 2019. In the interim, DHR has produced the document linked below for departments to follow: http://sfdhr.org/sites/default/files/documents/Classification%20and%20Compensation/lead-pay.pdf	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
22. Prepare and review quarterly reports of overtime hours by division, including a detailed description of work accomplished for situations in which 500 or more hours of overtime are authorized in a month to complete deferred maintenance tasks.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur Reports of overtime are reviewed bi-weekly. The SFPUC will continue to prepare and review overtime reports, according to our business needs. SFPUC is unaware of the feasibility to run the specific reports recommended.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
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Recommendation	Responsible Agency	Response	CSA Use Only Status Determination*
<p>23. Manage overtime so that it is more closely tied to demonstrated work needs and ensure that overtime work is only assigned for essential needs, including high-priority and emergency work and routine work that cannot be accomplished within normal work schedules.</p>	<p>Public Utilities Commission</p>	<p><input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur</p> <p>SFPUC business needs, such as inclement weather, emergencies, vacancies, deferred maintenance, inform when overtime is appropriate.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>24. Review overtime hours billed to work orders older than a certain age—to be determined by Wastewater Enterprise management (for example, six months)—to ensure that staff bills time appropriately.</p>	<p>Public Utilities Commission</p>	<p><input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur</p> <p>The SFPUC will review overtime hours according to its business needs. SFPUC may have the capability to run such a report; however it is unclear as to the value since the work still needs to be done regardless of the age of the work order.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>25. Document and retain all overtime authorization.</p>	<p>Public Utilities Commission</p>	<p><input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur</p> <p>The SFPUC uses the eTime system, which is the formal authorization and system of record for all pay, including overtime; and follow the SFPUC Employee Handbook, which requires approval of overtime in advance (not necessarily written approval). In cases where written authorization to work overtime was provided, the writing will be retained.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>26. Ensure that employees are not assigned to work more overtime than is allowed by departmental guidelines unless specifically approved by the appointing officer and that employees do not work more overtime than the maximum allowed by the Administrative Code unless specifically approved by the director of the Department of Human Resources.</p>	<p>Public Utilities Commission</p>	<p><input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur</p> <p>The SFPUC offers overtime when appropriate, due to inclement weather, emergencies, vacancies, deferred maintenance, and other business needs.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
 Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	CSA Use Only Status Determination
<p>27. Ensure that sick leave is not counted toward employees' 40 hours per week for purposes of determining eligibility for overtime unless specifically allowed by the relevant memorandum of understanding.</p>	<p>Public Utilities Commission</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>The SFPUC has payroll processes in place to ensure sick leave is not impermissibly counted toward employees' 40 hours per week for purposes of determining eligibility for overtime, unless specifically allowed by the relevant MOU. For example, the Local 39 MOU (covering a large number of WWE employees), allows paid sick leave to be included for the purpose of determining overtime eligibility.</p>	<p><input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>28. Collaborate with the Department of Human Resources in developing appropriate language for an employee attendance policy to be deployed in the Wastewater Enterprise that describes expectations for the use of sick leave and the process to address excessive absences, including procedures for supervisors to promptly notify the department's Human Resources Services division when an employee's absences become excessive.</p>	<p>Public Utilities Commission</p>	<p><input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur</p> <p>The SFPUC, WWE and its divisions will follow any absenteeism and/or attendance policy or guidance promulgated by City and County of San Francisco Department of Human Resources.</p> <p>The SFPUC collaborates regularly with the Department of Human Resources on management of and response to incidents relating to sick leave abuse. SFPUC supervisors, alone, cannot determine whether an employee's absenteeism rises to the level of "excessive" due to the complex and evolving nature of leave of absence laws.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>29. Prepare and analyze quarterly reports of employee sick leave use to identify potential sick leave abuse and identify employees to the department's Human Resources Services division for investigation and discipline, as appropriate.</p>	<p>Public Utilities Commission</p>	<p><input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur</p> <p>SFPUC HRS will work with the city Department of Human Resources, to determine the appropriate methodologies to identify potential sick leave abuse and take appropriate action.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
 Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	<u>CSA Use Only</u> Status Determination*
30. Require that employees get proper approval for absences of more than five days.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC follows all City and County of San Francisco Civil Service Commission Rules, including those related to leaves of absence of more than five days. Additionally, the SFPUC follows all applicable federal, state, and local laws pertaining to leaves, such as the Family Medical Leave Act (FMLA).	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
31. Collaborate with the Department of Human Resources to further explore how other relevant memorandums of understanding may align with Local 261 as it relates to implementing overtime restrictions due to poor attendance, except in emergency situations.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC will participate in any effort by DHR to explore how other relevant memorandums of understanding may align with Local 261 related to overtime restrictions. The SFPUC offers overtime, and follows and continues to follow applicable MOU terms. As part of the 2014 negotiations, the City agreed to allow paid sick leave to be included when determining overtime eligibility for Local 39 members, which may result in WWE employees who are "excessively absent" being offered, and then accepting, overtime opportunities.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
32. Implement overtime restrictions for any employee covered by the Local 261 memorandum of understanding with documented poor attendance, except in emergency situations.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The SFPUC will follow any absenteeism and/or attendance policy or guidance promulgated by the City and County of San Francisco Department of Human Resources to restrict overtime for Local 261 employees with documented poor attendance according to operational needs, including emergency response.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested

Office of the Controller, City Services Auditor
**SFPUC: The Wastewater Enterprise Needs to Improve Its Management and Monitoring of
 Work Orders, Premium Pay, Overtime, and Employee Absenteeism**

Recommendation	Responsible Agency	Response	<u>CSA Use Only</u> Status Determination*
33. The San Francisco Department of Human Resources should in future collective bargaining negotiations, try to add to other labor agreements the provision in the Local 261 memorandum of understanding that requires management to restrict overtime for employees with documented poor attendance.	Department of Human Resources	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur The City shall advance proposals in the next round of citywide bargaining in 2019 that limit ability of employees to sign up for overtime assignments when sick pay is used (e.g., employees may not sign up for overtime assignments the day after they called in sick).	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
34. The San Francisco Department of Human Resources should in the next collective bargaining negotiations with Local 39, try to add to the memorandum of understanding a provision to exclude sick leave from determining hours worked in excess of 40 in a week for purposes of eligibility for overtime pay.	Department of Human Resources	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur The City has been moving towards a citywide standard that eligibility for overtime at the time-and-one-half rate is based upon hours worked (i.e., does not include paid leave hours). The City shall advance these proposals for MOUs like Local 39 that still allow paid leave to count as hours worked during the next round of citywide bargaining in 2019.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
35. Review sick leave taken during "t" shifts to identify patterns of sick leave use by specific employees or by specific watch groups and identify employees to the department's Human Resources Services for investigation, as warranted.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur See responses to Recommendations #27 and #28.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
36. Prepare and distribute a written policy statement on expectations for employee attendance, including "t" shifts.	Public Utilities Commission	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input checked="" type="checkbox"/> Partially Concur See responses to Recommendations #27 and #28.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

* Status Determination based on audit team's review of the agency's response and proposed corrective action.

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; Major, Erica (BOS)
Subject: FW: 170441

From: sbardell@aol.com [mailto:sbardell@aol.com]
Sent: Sunday, June 11, 2017 9:22 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: 170441

Honorable Supervisors:

Given that my first appearances before this honorable board on this general topic occurred in the '80s, I hope I may be forgiven for being somewhat incredulous that I'm still posting messages such as this:

Please--for all the excellent scientific reasons you already know--**vote to recommend banning all flavored tobacco products.**

Surely no one still alive argues that such a ban will "hurt the poor!"

Thank you for your kind attention. I regret being unable to appear before you in person.

Sincerely,

Serena Bardell
1922 Filbert St
San Francisco CA 94123

From: Board of Supervisors, (BOS)
To: heilig@sfmms.org
Cc: Major, Erica (BOS)
Subject: FW: Ban on Flavored Tobacco Products, Including Menhol - Support from San Francisco Marin Medical Society
Attachments: Tobacco.pdf

From: Steve Heilig [mailto:heilig@sfmms.org]
Sent: Monday, June 12, 2017 10:59 AM
To: Cohen, Malia (BOS) <malia.cohen@sfgov.org>; Breed, London (BOS) <london.breed@sfgov.org>; Farrell, Mark (BOS) <mark.farrell@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>; Kim, Jane (BOS) <jane.kim@sfgov.org>; Wiener, Scott <scott.wiener@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>; Fewer, Sandra (BOS) <sandra.fewer@SFGOV1.onmicrosoft.com>; Ronen, Hillary <hillary.ronen@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Sheehy, Jeff (BOS) <jeff.sheehy@sfgov.org>
Cc: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Ban on Flavored Tobacco Products, Including Menhol - Support from San Francisco Marin Medical Society

June 9, 2017

RE: Sale of Flavored Tobacco Products;
Sponsors: Cohen; Safai, Breed, Farrell, Sheehy, Tang and Yee.

Dear Supervisors:

The San Francisco Marin Medical Society strongly supports a ban on sale of flavored tobacco products, including menthol, being sold in San Francisco.

In fact, we have supported such a policy for years, and convinced the California Medical Association to do likewise: our proposal to them resulted in their statement that "CMA supports a full ban on menthol additives in tobacco products in order to curb smoking."

You will no doubt hear the many reasons why this is an important public health policy. We want you to know that the medical community is very much in agreement that this is a policy whose time has come.

For the health of San Franciscans, we urge you to adopt this proposed ordinance, which is firmly in line with our city's long history of minimizing harm from tobacco.

Thank you very much.

Sincerely,

Man-Kit Leung, MD
President

STEVE HEILIG, MPH
(415)561-0850x270
San Francisco Marin Medical Society
<http://www.sfmms.org>

BOS-11
P8105 cletx
File No. 170471

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2017 JUN -5 PM 3: 11

BY AK

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Dear Supervisors:

I own and operate a convenience store in the city. I am writing to express my opposition to the proposal that would ban menthol cigarettes and flavored tobacco products. Together, flavored tobacco is more than 1/3 of my overall tobacco sales. Approximately 40% of my overall business comes from tobacco sales. I carry these products because of adult customer demand. Like other retailers, I operate on a very thin profit margin. I don't make much money on these products, but they bring customers into my store and they buy other grocery items. That is why menthol cigarettes and flavored tobacco are an important part of my business and without them I would not be profitable.

Like virtually every other tobacco retailer in the city, I don't sell any tobacco products to minors and I have a perfect compliance rate. I doesn't make sense to say I am responsible enough to sell regular tobacco but not responsible enough to sell flavored tobacco. All tobacco products are behind the counter so minors don't have access to any tobacco products.

This ordinance is unnecessary. Last year the state adopted comprehensive restrictions on e-cigarettes making them equivalent to tobacco and raised the age to sell all tobacco products to 21. The county already requires a tobacco license and limits the number of licenses in each supervisorial district. Please do not penalize law-abiding retailers who are selling legal products to adults.

A vast majority of independent markets are owned by minorities and immigrants to this country. Many of us are highly skilled professionals in our home countries, but we came to the United States as entrepreneurs and found convenience stores an opportunity to invest our life savings and raise our families. We also provide jobs to other recent immigrants looking for a new life in the U.S. If your intention is to hurt big tobacco, this ordinance misses its mark. It will destroy independent and minority-owned retail businesses that generate sales tax revenue for the city and provide local jobs.

I urge you to VOTE NO on this ordinance.

Sincerely,

Abdulhak
Island Cove market
800 Ave H
San Francisco Ca 94130

415 391-2299

2015-11
MSUS clerk
File No. 170941

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2017 JUN -5 PM 3:11

BY AK

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Dear Supervisors:

I own and operate a gas station in the city. I am writing to express my opposition to the proposal that would ban menthol cigarettes and flavored tobacco products. Together, flavored tobacco is more than 1/3 of my overall tobacco sales. Approximately 40% of my overall in-store business comes from tobacco sales and it helps drive gasoline sales. I carry these products because of adult customer demand. I don't make much money on these products, but they bring customers to my gas station and they buy other grocery items. That is why menthol cigarettes and flavored tobacco are an important part of my business.

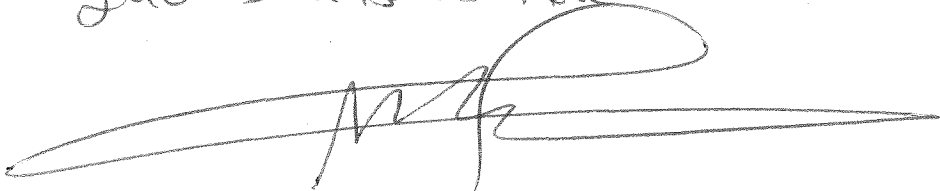
Like virtually every other tobacco retailer in the city, I don't sell any tobacco products to minors and I have a perfect compliance rate. I doesn't make sense to say I am responsible enough to sell regular tobacco but not responsible enough to sell flavored tobacco. All tobacco products are behind the counter so minors don't have access to any tobacco products.

This ordinance is unnecessary. Last year the state adopted comprehensive restrictions on e-cigarettes making them equivalent to tobacco and raised the age to sell all tobacco products to 21. The county already requires a tobacco license and limits the number of licenses in each supervisorial district. Please do not penalize law-abiding station owners who are selling legal products to adults.

My retirement and life savings are invested in my store. My family and I have sacrificed a great deal to make this business profitable and this ordinance threatens everything we have worked for. If your intention is to hurt big tobacco, this ordinance misses its mark. It will destroy minority-owned and independent gas stations that generate gas and sales tax revenue for the city and provide local jobs.

I urge you to VOTE NO on this ordinance.

Sincerely,

Silver Gas & Diesel
2400 San Bruno Ave San Francisco CA 94134


File No: 170441
PSUS Clerk
BOS-11

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2017 JUN -5 PM 3:11

BY AK

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

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Like virtually every other tobacco retailer in the city, I don't sell any tobacco products to minors and I have a perfect compliance rate. I doesn't make sense to say I am responsible enough to sell regular tobacco but not responsible enough to sell flavored tobacco. All tobacco products are behind the counter so minors don't have access to any tobacco products.

This ordinance is unnecessary. Last year the state adopted comprehensive restrictions on e-cigarettes making them equivalent to tobacco and raised the age to sell all tobacco products to 21. The county already requires a tobacco license and limits the number of licenses in each supervisorial district. Please do not penalize law-abiding retailers who are selling legal products to adults.

A vast majority of independent markets are owned by minorities and immigrants to this country. Many of us are highly skilled professionals in our home countries, but we came to the United States as entrepreneurs and found convenience stores an opportunity to invest our life savings and raise our families. We also provide jobs to other recent immigrants looking for a new life in the U.S. If your intention is to hurt big tobacco, this ordinance misses its mark. It will destroy independent and minority-owned retail businesses that generate sales tax revenue for the city and provide local jobs.

I urge you to VOTE NO on this ordinance.

Sincerely,

Antwan Dahan



Mason Liquor & Deli

*530 Mason St.
S.F., CA, 94102*

To: BOS-Supervisors; Carroll, John (BOS)
Cc: Major, Erica (BOS)
Subject: FW: Proposed Tobacco Ordinance

From: Angie Manetti [mailto:amanetti@calretailers.com]
Sent: Thursday, June 08, 2017 3:50 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Proposed Tobacco Ordinance

Good afternoon,

On behalf of the California Retailers Association, please accept our comments for the proposed tobacco ordinance for the record.

Sincerely,

--

Angie Manetti
Director of Government Affairs
California Retailers Association
980 Ninth Street, Suite 2100
Sacramento, CA 95814
P: (916) 443-1975
F: (916) 443-4218
E: amanetti@calretailers.com



June 8, 2017

San Francisco Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: Proposed Tobacco Retail License Ordinance File No. 170441

Dear Members of the Board of Supervisors:

The California Retailers Association (CRA) writes to express our concerns with the proposed tobacco retail license ordinance before the Board, which would prohibit the sale of menthol cigarettes and flavored tobacco.

The California Retailers Association is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, restaurants, convenience stores, supermarkets and grocery stores, chain drug, and specialty retail such as auto, vision, jewelry, hardware and home stores. CRA works on behalf of California's retail industry, which currently operates over 418,840 retail establishments with a gross domestic product of \$330 billion annually and employs 3,211,805 people— one fourth of California's total employment.

CRA and our members support sensible solutions to address the illegal sale of tobacco to minors. In our collective commitment to that end, our members provide training to their employees and fully support the letter of the law. The proposed ordinance inherently ignores the fact that our members provide employee training as a way of prevent youth from gaining access to tobacco. Failure to comply with these rules comes with harsh consequences. Needless to say, our members take this issue very seriously.

This ordinance also ignores the fact that there are comprehensive state and local laws, that anti-tobacco advocates support as a means to curb youth access to tobacco, that are currently enforced. Namely, a local tobacco retail license that limits the distance of tobacco retailing 500 feet of schools and a cap on the number of licensees per supervisorial district. Collectively, with the new tobacco laws

approved last year to increase the minimum legal smoking age, tobacco retail license fees for renewal and additional locations, and a \$2 tax on tobacco products, we believe there are enough sufficient regulations in place to control potential illegal sales and use of these products.

If the ordinance goes into effect, it is also our concern that the County will lose valuable sales tax revenues to neighboring jurisdictions that do not have similar product bans in place. This policy has far-reaching unintended consequences and deserves closer scrutiny, especially given the City's projected budget deficit and \$5.5 billion in pension liabilities.

As you know, the retail industry is experiencing unprecedented upheaval. According to government data, over 89,000 jobs have been lost in general merchandise stores since last October. Ordinances that imposes a ban the sale of legal products throughout the City exacerbate an already challenging economic climate facing retailers and may lead to blight, higher unemployment and create an environment that encourages the black-market sale of tobacco products.

CRA is also concerned that the ordinance, if implemented, fails to provide impacted retailers with sufficient time to adjust their business models. The Healthy Retail SF program which has been in existence for over 4 years does not have sufficient funding to help retailers begin to attempt to change their business model as suggested by proponents. The program has only helped nine retailers offer more healthy choices and it does not ban products in their stores. The City of Berkeley limited its flavor ban to retailers within 600 feet of schools and provided impacted retailers 15 months-notice before enforcement. The Berkeley ordinance also provided impacted retailers the ability to obtain an exemption from the flavor ban for up to 3 years beginning January 1, 2017 if the retailer makes a showing that the application of the flavor ban would result in a taking.

For these reasons, CRA respectfully requests that you vote no on this ordinance. Should the Board move forward with this ordinance, we ask that consideration be given to adding provisions similar to Berkeley that only prohibit the sale of flavored tobacco in near schools and provide impacted retailers with 15 - 24 months before enforcement of the flavor ban.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Manetti". The signature is fluid and cursive, with a large initial "A" and a stylized "M".

Angie Manetti
Director, Government Relations

From: Board of Supervisors, (BOS)
Sent: Wednesday, June 07, 2017 10:48 AM
To: BOS-Supervisors
Subject: FW: Sanctuary City Status

From: dianaggable@gmail.com [mailto:dianaggable@gmail.com]
Sent: Wednesday, June 07, 2017 10:45 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Sanctuary City Status

Dear Board of Supervisors:

I am writing to protest the current Sanctuary City status in San Francisco.

It is not fair to the taxpaying American citizens who will need to be taxed or lose social programs in order to compensate for the loss of Federal Funds.

I propose a compromise: Remain a sanctuary city except for those criminal illegal aliens, who will be jailed and reported to ICE to be deported at the end of their sentences, or deported if they have a criminal record.

We need to get serious about this issue. The Feds are not going to back off, and a choice between American citizens and illegal aliens should not be a hard one.

Regards,

Diana Gable
(415) 279-4618

Sent from Mail for Windows 10

From: Board of Supervisors, (BOS)
Sent: Wednesday, June 07, 2017 11:19 AM
To: BOS-Supervisors
Subject: FW: Support Of Petra DeJesus

From: Jordan Davis [mailto:jordangwendolyn712@gmail.com]
Sent: Tuesday, June 06, 2017 1:53 PM
To: Evans, Derek <derek.evans@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Sandoval, Suhagey (BOS) <suhagey.sandoval@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>; Low, Jen (BOS) <jen.low@sfgov.org>; Fewer, Sandra (BOS) <sandra.fewer@SFGOV1.onmicrosoft.com>; Pagoulatos, Nick (BOS) <nick.pagoulatos@sfgov.org>
Subject: Support Of Petra DeJesus

Hello,

For the record, I apologize for the delay in writing this, but I am in support of Petra DeJesus for another term on the Police Commission. Ms. DeJesus is a Latina queer woman who not only adds to the diversity of the commission, but has a record of getting things done, including body cameras, firings of rogue and bigoted officers, use of force reforms, and galvanizing the movement to stop tasers, among others. She always follows the community's recommendations and wants the best practices implemented.

As a transgender and autistic woman, I am often at risk for abuse by police officers and Ms. DeJesus is somebody who serves with compassion and competence, and would be a voice I can trust when lives are on the line. I also have been heartbroken by the police violence against black and Latinx folk, and we need an independent voice to make sure the police are being held responsible for misdeeds.

Furthermore, I currently serve as the Tenant Representative on the Single Room Occupancy Task Force*. SRO Tenants include many people of color, immigrants, trans, queer, disabled, seniors, youth, and poor people, and those who live in residential hotels are often subject to harassment and mistreatment by the police, and have an understandable lack of trust that Petra DeJesus is helping to address.

The police commission has gone with a vacancy for too long, and although I am glad Ms. Miranda withdrew her application, there is another applicant who is a straight white male corporate attorney who has little experience with this issue, and he must not be allowed to replace Ms. DeJesus on the police commission. Furthermore, I am dismayed at the pettiness that has delayed DeJesus' reappointment, the Rules committee needs to make appointment decisions based on qualifications, experience, diversity, and temperament, not on politics.

Please reconfirm Petra DeJesus, lives are on the line, and we cannot afford any more delays.

-Jordan Davis

*FOR IDENTIFICATION PURPOSES ONLY

Jordan Davis
Transgender/Disability/Housing Rights Advocate
415-499-2563

From: Board of Supervisors, (BOS)
Sent: Wednesday, June 07, 2017 1:12 PM
To: BOS-Supervisors; Somera, Alisa (BOS)
Subject: FW: Project at 650 Divis
Attachments: Kessler_650 Divisadero.pdf

From: Mark Kessler [mailto:mdkessler@ucdavis.edu]
Sent: Wednesday, June 07, 2017 1:09 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Project at 650 Divis

Hi:

I am attaching a letter regarding the above-mentioned development.

Would you kindly distribute it to the Board.

Thank you.

Mark Kessler
Associate Professor
Design Department, UC Davis



Mark Kessler
San Francisco, CA

June 30, 2017

San Francisco Department of City Planning
Christopher May, Planner
christopher.may@sfgov.org

Re: 650 Divisadero Street
Case No.: 2013.1037E

Dear Mr. May,

I am opposed to the proposed development at 650 Divisadero. I believe that the San Francisco Planning Department (SFPD) erred in its determination that the existing garage lacks the integrity to qualify as a historical resource. Additionally--and in consideration of the impending loss of the garage--SFPD compounded its error in settling for the required minimum of affordable housing units.

I am a San Francisco resident, California architect, and author of a book devoted to these early garages. My discussion of this garage is cited in the "Historic Resource Evaluation Response" in support of SFPD's conclusion that the garage is individually significant under California Register Criterion 3.

The SFPD finding that the building lacks integrity is attributed to facade alterations that damage original elements (Figs 1-2). I do not agree that the damage reaches this critical threshold. While the changes are visually horrific--ruining the facade's symmetry and rhythm of alternating solid and void bays--they are ultimately superficial.

The form of the head building, including its roof profile and facade subdivisions (attic story and end-bay projections), has survived. Moreover, the facade's southern end bay retains its integrity, providing intact examples of the facade's essential ornamental elements and character defining features (Fig 3). Due to this circumstance, and the symmetry of the original composition, the opposite end bay (and matching bay facing Grove) can be accurately reconstructed. The ornamental shafts of the attic pilasters--many of which are simply obscured beneath coats of paint--can be stripped and/or repaired.

The three middle bays of the original ground floor served as crucial compositional (and functional) elements, but were always plain. Two of the three bays were open voids, requiring little more than demolition to restore. (The original heads and

jambes of the storefront and south garage door opening remain inscribed on the facade.)

Beyond the details however, the strict application of the Secretary of Interior's *Standards and Guidelines* to this facade is unfortunate, as that document does not anticipate a building type like this. To judge this facade on its ability to convey its significance through a preponderance of original construction is to misunderstand the source and nature of that significance. The importance of this facade is not located in revelatory building materials, crafts, or construction technologies. Rather, its architectural and cultural/historical significance resides in Baumann's ironic application of formal, academic design to this new utilitarian building type. Material authenticity is beside the point when the design conceptualization is predicated on billboard-like simulations of other building types (train stations) and materials (stucco scored to look like masonry). It's wrongheaded to conclude that this garage lacks integrity--and is therefore disposable--because much of its stucco and stock ornamentation are not original. New or old stucco performs equally well in conveying the true significance of the facade.

While reconstructing the end bays (that form the northwest corner) is not an ideal mode of preservation, it is not difficult to convey that one end bay is original while the others are reproductions. Certainly this solution, which honestly leverages original construction, is preferable to losing the entire structure.

The rendering of the project sponsor's original 16-unit design demonstrates the staying power of the garage's architectural integrity. Despite the introduction of design modifications that accommodate the change in use, the garage maintains its form, materials, schematic composition, and general character. Implicitly, this design recognizes the presence of an historical resource. This solution is also preferable to losing the entire structure.

Realistically I know that the garage will be demolished, regardless of its designation as a historical resource. The key issue then becomes, what does the City realize in return for approving the demolition of this important building? What needs are addressed through the replacement? Elsewhere I have written, "In some instances, as in the construction of affordable housing in the Tenderloin [or in this case, NoPa], we may decide that the loss of a garage is in our best interest."¹ Affordable housing is indeed an urgent need. Enhancement of the City's supply of affordable housing is a priority of the General Plan, and a mandate of the Planning Department.

The current design calls for 66 units; 9 of these are affordable, as required by law. However, most projects that conform to this law do not hinge upon the loss of a cultural and architectural artifact. The original 16-unit project offers many relative advantages: the preservation of the garage; its adaptive reuse to retail; and, the

¹ Mark D. Kessler, *The Early Public Garages of San Francisco: An Architectural and Cultural Study, 1906 - 1929* (Jefferson, NC: McFarland & Co, 2013) 248.

Kessler, Letter to Christopher May, 5/30/17, 3

setback of the residential block, which maintains the scale, bulk and character of the architecture on Divisadero Street. If the 16-unit proposal was profitable, the 66-unit development is likely to be significantly more so. In exchange for granting this large expansion in project scope (encompassing the demolition of the garage), the City can and should act upon its mandate to enhance affordable housing and require more than the minimum number of affordable units.

I urge SFPD to reconsider its evaluation of the garage at 650 Divisadero, acknowledge its significance as a historical resource, and require additional units of affordable housing, especially in consideration of the garage's demise.

Thank you.

Sincerely,

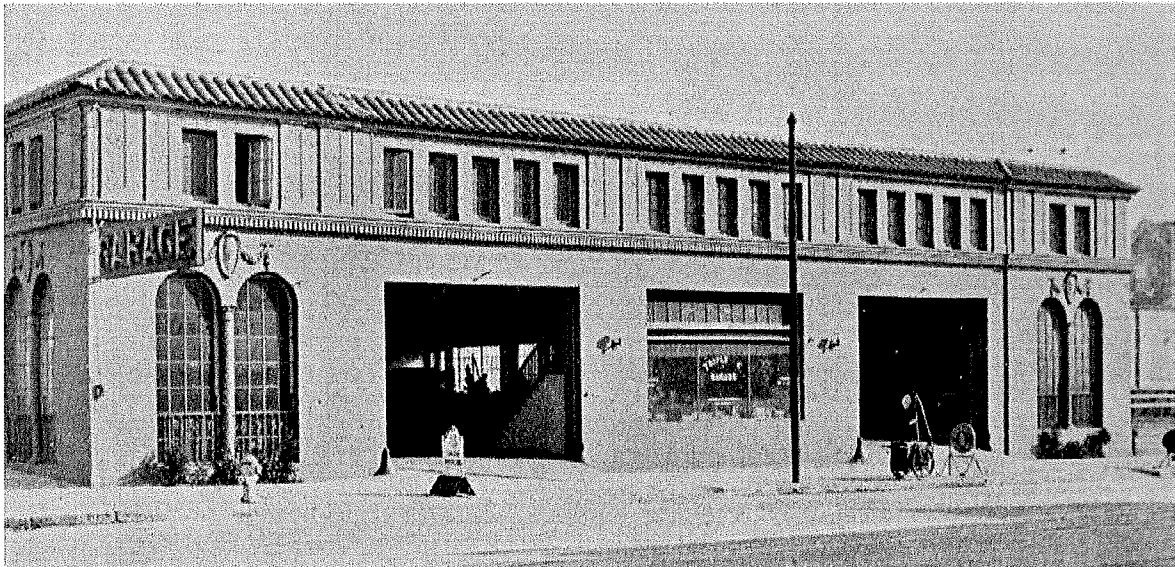
A handwritten signature in black ink, appearing to read 'Mark Kessler', with a long horizontal flourish extending to the right.

Mark Kessler
Associate Professor
Department of Design, UC Davis

Kessler, Letter to Christopher May, 5/30/17, 4



1. Front Facade, Garage at 650 Divisadero, Baumann & Jose, Architects, 1922. (Sharon Risedorph)



2. Front Facade, Garage at 650 Divisadero, from *Architect & Engineer* (January 1924).



3. Detail, southern end bay of front facade, 650 Divisadero Street.

From: Board of Supervisors, (BOS)
To: cmosbrucker@gmail.com
Cc: BOS-Supervisors; Somera, Alisa (BOS)
Subject: FW: OMI Reform Legislation

File 170349

-----Original Message-----

From: Cathy Mosbrucker [mailto:cmosbrucker@gmail.com]
Sent: Friday, June 09, 2017 3:18 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; London.Breed@sfgove.org; Cohen, Malia (BOS) <malia.cohen@sfgov.org>; Mark.Farrell@sfgove.org; Fewer, Sandra (BOS) <sandra.fewer@SFGOV1.onmicrosoft.com>; Kim, Jane (BOS) <jane.kim@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Ronen, Hillary <hillary.ronen@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Sheehy, Jeff (BOS) <jeff.sheehy@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>
Subject: OMI Reform Legislation

Dear Board of Supervisors:

We are writing to comment upon the Supervisors Farrell, Sheehey, Cohen and Breed amendment to the San Francisco Residential Rent Stabilization and Arbitration Ordinance proposed amendment which is on the agenda of the Land Use and Transportation Committee of Monday, June 12, 2017 as Item 6, No. 170349.

While we applaud Supervisor Farrell for recognizing that owner-move-in eviction abuses are a serious problem currently in the City and think that his legislation is a good start, his proposal does not go far enough to solve the problems that he has identified. We request that the legislative process be slowed slightly to consider some much needed amendments. We urge you to include the provisions and specific language proposed by Supervisor Peskins OMI Reform Legislation.

Before going into detail about our concerns, let us introduce ourselves. We have been landlord-tenant attorneys representing San Francisco tenants since the mid-1980's. We started as eviction defense attorneys with the Tenderloin Housing Clinic in 1985. In 1995 we went into private practice where many of our cases have involved representing tenants who have been victims of fraudulent owner move-in evictions. We have worked with the San Francisco Tenant's Union since the early 1980's. We are currently part of the Tenant Union's working group on OMI eviction protections.

In our experience, both for paying clients and pro bono clients, it is very difficult to defend a tenant who has received a notice to quit for OMI. It is nearly impossible to prove that the landlord does not intend to move into the property. Only after the tenant has been forced to vacate is the landlord's true intent revealed. However, this often takes more than one year to discover. Changing the statute of limitations to three years like it is in fraud actions, will alleviate this problem but only if the language is framed in a way the the Courts will understand as it is in Supervisor Peskin's proposal.

Because OMI evictions are so hard to defend, there needs to be greater disincentives to filing such actions. Although the Rent Ordinance currently requires a landlord to file the OMI notice with the Rent Board within 10 days of service, there is no penalty for failing to do so. For the last 20 years the San Francisco Superior Court has deemed that that provision as being a merely administrative function of the Rent Board and has allowed unlawful detainer to proceed even when the notice has not been filed with the Rent Board. In order to give meaning to Supervisor Farrell's amendment, the Ordinance needs clarification by making failure to file the OMI notice with the Rent Board in a timely manner a complete defense to the unlawful detainer action.

Again, we feel that the comprehensive proposals in Supervisor Peskin's OMI Reform Legislation are necessary to stem the flood of fraudulent OMI that are sweeping long term San Francisco tenants out of the City. The proposed changes will not burden landlords who are acting in good faith, but it will provide teeth to our current OMI law.

Yours truly,

Cathy Mosbrucker and Mary Jane Foran
Mosbrucker & Foran
870 Market Street, Suite 313
San Francisco, CA 94102
(415) 398-9880
cmosbrucker@gmail.com

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From: Board of Supervisors, (BOS)
To: BOS-Supervisors; Somera, Alisa (BOS); Wong, Linda (BOS)
Subject: FW: BoS Board meeting of June 13, 2017

From: Dennis Hong [mailto:dennisj.gov88@yahoo.com]
Sent: Monday, June 12, 2017 12:09 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: Lee, Mayor (MYR) <mayoredwinlee@sfgov.org>; Gibson, Lisa (CPC) <lisa.gibson@sfgov.org>
Subject: BoS Board meeting of June 13, 2017

Good morning Honorable members of the San Francisco Board of Supervisors. My name is Dennis Hong, I am a resident and a property Owner here in San Francisco of seventy plus years. I have just now seen your Agenda for the Tuesday Full Board meeting of June 13, 2017. I regret I will be unable to attend this important meeting. I may be a bit late for this email, but this coming Tuesday there are several items on the upcoming agenda and would like your support as they are important to me:

170490, proposed by Supervisor Aaron Peskin for the air rights at 530 Sansome to build Affordable Housing and then some. I would like your approval as I too support this. Given the lack of space to continue to grow in the city, this makes sense. I have reviewed and commented on a number of DEIR's - Draft Environmental Impact Reports and had often wondered why this was never an option. It may also be food for thought down the road for other projects and or other locations in the city.

170600, proposed by Supervisor Norman Yee's, 2017 Budget for district 7. I live in this district. The community has worked hard and has given our input for this budget. We need these items as proposed.



170555, I also support this. I'm an alumni of CCSF from the early 60's. I would like your support on this. The students have suffered enough and we owe this to students.

If anyone has any questions and or comments I would like to hear from you.

Finally, I appreciate everyone's continued support and working so hard together with our Housing issues. We are getting there, with everyone's continued support we will make it happen. Thanks for listening and working with the community.

Best regards,

Dennis

From: Board of Supervisors, (BOS)
Subject: FW: SF Park & Rec's "Natural Resources Management Plan"

From: Board of Supervisors, (BOS)
Sent: Monday, June 05, 2017 9:18 AM
To: BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Services <bos-legislative_services@sfgov.org>
Subject: FW: SF Park & Rec's "Natural Resources Management Plan"

From: Auryn Zimmer [<mailto:aurynzimmer@gmail.com>]
Sent: Sunday, June 04, 2017 6:40 PM
To: philip.ginsburg@sfgov.org; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Lee, Mayor (MYR) <mayoredwinlee@sfgov.org>
Subject: re: SF Park & Rec's "Natural Resources Management Plan"

Dear Mr. Lee, Mr. Ginsburg, and sf supervisors,
I am writing to voice my opinion about the Natural Resources Management Plan.
I strongly oppose use of herbicides on any land - particularly public park land where dogs are allowed.
I walk my dogs in various parks near me - like Mt. Davidson, McLaren Park, Glen Canyon.
I do not believe that this does any good for the planet - to spray poison in a misguided attempt at totalitarian control over the environment.

I do not support this ongoing and fruitless effort to 'eradicate non-native species'. Practically everyone living here is non-native.
Cutting down trees for the sake of trying to bring back some bygone era seems to be to be the height of folly when we are facing unprecedented catastrophe in global warming.
Trees, regardless of their origin are beneficial in so many ways: carbon sequestration, reducing erosion, breaking wind, providing habitat, etc.
It seems to me that this Plan is terribly short sighted, cherry-picking scientific facts to promote a narrow minded agenda. There are so many larger issues than non-native species.
We should be planting more trees, not cutting them down.
We should not be poisoning our well.

Please do not go forward with this.

Sincerely,
Auryn Zimmer
118 Circular Ave.
San Francisco, CA 94131

File No. 170349

From: Board of Supervisors, (BOS)
Sent: Monday, June 12, 2017 9:53 AM
To: BOS-Supervisors; Somera, Alisa (BOS)
Subject: FW: support strong OMI tenant protections
Attachments: supes omi, taylor-biblowitz.docx

From: Frances Taylor [mailto:duck.taylor@yahoo.com]
Sent: Saturday, June 10, 2017 5:16 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; London.Breed@sfgove.org; Cohen, Malia (BOS) <malia.cohen@sfgov.org>; Mark.Farrell@sfgove.org; Fewer, Sandra (BOS) <sandra.fewer@SFGOV1.onmicrosoft.com>; Kim, Jane (BOS) <jane.kim@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Ronen, Hillary <hillary.ronen@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Sheehy, Jeff (BOS) <jeff.sheehy@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>
Cc: Iris Biblowitz <irisbiblowitz@hotmail.com>
Subject: support strong OMI tenant protections

Dear Board of Supervisors:

Regarding the proposed agenda item 6 before the Land Use and Transportation Committee on Monday, June 12, we are writing to encourage you to listen to tenants who have been affected by owner move-in (OMI) evictions and to incorporate proposals submitted earlier in Supervisor Peskin's OMI Reform Legislation.

When the issue came up earlier this year, we submitted the letter pasted and attached below (whichever is easier for you), and we hope our personal stories help illustrate the difficulty of the problem and the necessity of consulting with actual tenants whose lives are turned upside-down, often for fraudulent reasons.

While we support any effort to remedy the problem, moving ahead too quickly without taking into consideration earlier thoughtful proposals, such as Supervisor Peskin's legislation, will do less to help tenants than will a more measured and complete process.

Thank you,
Frances Taylor
Iris Biblowitz

April 28, 2017

To: San Francisco Board of Supervisors
From: Iris Biblowitz and Frances Taylor
Re: Owner move-in evictions

We are two senior renters, a 70-year-old retired registered nurse (Biblowitz) and a 67-year-old retired medical editor (Taylor), who have been forced out of our home twice by owner move-in evictions. The circumstances differed in these two cases, but the devastation was similar.

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In 1984, we had lived at 77 Mirabel Avenue in Bernal Heights for five years when our two landladies living upstairs in the two-flat building decided they needed to live apart, one in each unit, so we had to leave with a month's notice. This was a legitimate OMI, as the party involved did move into our flat, but it still completely upended our lives. Even though we were much younger then and it was still possible to find reasonable rent in San Francisco in the 1980s, being evicted was a considerable hardship.

In 1995, after living at 2866 22nd Street in the Mission for 11 years, we received another eviction notice from one landlord who was in the process of breaking up with the other landlord and dividing up their various properties. Again, we were given one month's notice. We suspected that this OMI was bogus, as this landlord had expressed dislike for the neighborhood when he had lived upstairs from us earlier, and we had witnessed nasty exchanges between him and local youth with homophobic taunts on one side and racist insults on the other. Most unpleasant. We consulted a tenant lawyer, who put her face in her hands when she saw our landlord's name. She was already representing another tenant who had been attacked physically by this same landlord, suffering injuries. We later learned that this tenant won a substantial settlement.

Meanwhile, as we haggled over our eviction notice, the landlord tried to rescind it verbally, not in writing, saying something like "that thing I sent you is off, but I may have to do it again, maybe every month." We decided that we did not want to live with this uncertainty over our heads every month. At the same time, we learned of a vacant flat close by at similar rent and decided to move. The landlord eventually evicted all tenants in the building and sold the property. He never moved back in, so the original OMI notice was indeed fraudulent.

We were lucky to have been evicted just before the dot-com boom, but again the process was horrible. Being 11 years older didn't help, and we were disgusted to have this happen a second time. We have now lived in that new flat for 22 years and hope to be able to stay here for as long as we can handle the 30 steps. Given the current environment of frequent evictions and almost no affordable housing, we live with constant fear, just like all tenants in San Francisco.

Our personal experience tells us that any OMI eviction harms the evicted, and the bogus type adds a bitter twist to life in an unforgiving city. Lack of enforcement adds salt to the wounds.

April 28, 2017

To: San Francisco Board of Supervisors
From: Iris Biblowitz and Frances Taylor
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