

FILE NO. 150001

Petitions and Communications received from December 9, 2014, through December 30, 2014, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on January 7, 2015.

**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 concerned citizens, regarding Happy Vape. 28 letters. File No. 141291. Copy: Each Supervisor. (1)

From concerned citizens, regarding appointment of Wendy Paskin-Jordan to the Retirement Board. 33 letters. File No. 141279. Copy: Each Supervisor. (2)

From concerned citizens, submitting signatures for petition regarding appointment of Wendy Paskin-Jordan to the Retirement Board. 116 signatures. No. 141279. Copy: Each Supervisor. (3)

From San Francisco Employees' Retirement System, responding to Board of Supervisor Inquiry of review of the re-appointment of Wendy Paskin-Jordan. (4)

From concerned citizens, regarding condominiums project located at 3032, and 3038-3040 Clement Street. 6 letters. File No. 141248. (5)

From State Fish and Game Commission, providing notice of proposed regulatory action relating to ocean salmon sport fishing. 2 letters. Copy: Each Supervisor. (6)

From State Fish and Game Commission, providing notice of findings regarding the Clear Lake hitch. Copy: Each Supervisor. (7)

From State Fish and Game Commission, providing notice of proposed emergency action regarding the Tricolored Blackbird. Copy: Each Supervisor. (8)

From Mayor Lee, regarding appointment to the Rent Stabilization & Arbitration Board: (9)  
Neveo Mosser - term ending September 1, 2018.

From Treasurer, submitting Monthly Pooled Investment Report for November 2014. Copy: Each Supervisor. (10)

From Controller, submitting memo Rec and Park Did Not always Follow the Close-out Procedures for the Mission Clubhouse and Playground Renovation Project. Copy: Each Supervisor. (11)

From Controller, submitting Economic Barometer for 3<sup>rd</sup> quarter of 2014. Copy: Each Supervisor. (12)

From Budget and Legislative Analyst, submitting Analysis of Supportive Housing Programs report. (13)

From Controller, submitting Five Year Financial Plan FY2015-2016 through FY2019-2020. Copy: Each Supervisor. (14)

From Mayor Lee, regarding appointment to the Human Rights Commission: (15)  
Sheryl Evans Davis - term ending August 14, 2018.

From Michael Scarce, regarding corruption and San Francisco Ryan White Funding. Copy: Each Supervisor. (16)

From Library Users Association, regarding BiblioCommons software. Copy: Each Supervisor. (17)

From Carol Maggart, regarding Strawberry Music Festival. Copy: Each Supervisor. (18)

From Gray Panthers, regarding the Universal Declaration of Human Rights. Copy: Each Supervisor. (19)

From Mary Vallario, regarding artificial turf. Copy: Each Supervisor. (20)

From Rachel Mattovich, regarding short-term residential rentals. Copy: Each Supervisor. (21)

From James J. Ludwig, regarding Zoo Director. Copy: Each Supervisor. (22)

From Building Inspection and Planning, submitting legalization of existing dwelling units constructed without permits in San Francisco after six months of implementation status report. File No. 131148. Copy: Each Supervisor. (23)

From concerned citizens, regarding January Human Trafficking Month. 2 letters. Copy: Each Supervisor. (24)

From Wendy Heumann, regarding CleanPowerSF. Copy: Each Supervisor. (25)

From Lesley Tannahill, regarding sewer backflow. Copy: Each Supervisor. (26)

From Youth Commission, regarding proposed resolution affirming the Board of Supervisors commitment to equal justice. File No. 141234. Copy: Each Supervisor. (27)

From U.S. Fish and Wildlife, regarding public hearing. Copy: Each Supervisor. (28)

From Ethics, regarding Civil Grand Jury Report: Ethics in the City. Copy: Each Supervisor. (29)

From Emmanuel Kourkoulos, regarding Sunshine Ordinance Task Force Complaint No. 14043. Copy: Each Supervisor. (30)

From Thomas Nielsen, regarding newspaper and plastic bag waste. Copy: Each Supervisor. (31)

From Olimpia Tovar Arreola, regarding failure to obey the Sunshine Ordinance Act. Copy: Each Supervisor. (32)

From Green Party, regarding proposed implosion demolition of Candlestick Stadium. Copy: Each Supervisor. (33)

From SF Environment, submitting memo Request for Release from Reserve of Environmental Justice Funds. (34)

From Dennis J Hong, regarding Draft Environmental Impact Report for Sunnydale-Velasco Project. Copy: Each Supervisor. (35)

From O'Brien Young, regarding 312 Green Street. File No. 141244. Copy: Each Supervisor. (36)

From Weyand Law Firm, regarding joint request for continuance of hearing for Tentative Map for a 2-Unit New Construction Condominium Project at 639 Peralta Avenue. File No. 141018. Copy: Each Supervisor. (37)

From National Association of Tobacco Outlets, regarding request for documents. Copy: Each Supervisor. (38)

From Mayor's Office of Housing and Community Development, responding to Board of Supervisor Inquiry of property at 990 Union Street. (39)

From Superior Court, responding to Board of Supervisor Inquiry of documents associated with Paskin vs. Requerin. (40)

From Allen Jones, regarding protests and politics preventing progress. Copy: Each Supervisor. (41)

From Allen Jones, regarding proposed resolution affirming Board of Supervisors commitment to equal justice. Copy: Each Supervisor. (42)

From Allen Jones, regarding proposed resolution. Copy: Each Supervisor. (43)

From SF Environment, submitting notice of public hearing on pest management activities on City properties in 2014 and draft 2015 reduced-risk pesticide list. (44)

From SF Environment, submitting notice of Integrated Pest Management Technical Advisory Committee meeting. (45)

From Johnny Schenone, regarding streetscaping installation and removal of blight. Copy: Each Supervisor. (46)

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Deny the Appeal of 1963 Ocean ave. Uphold the permit  
**Attachments:** Clerk of the Board of Supervisors.docx

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**From:** [chris@gonewiththesmoke.com](mailto:chris@gonewiththesmoke.com) [mailto:[chris@gonewiththesmoke.com](mailto:chris@gonewiththesmoke.com)]  
**Sent:** Wednesday, December 17, 2014 3:10 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** Deny the Appeal of 1963 Ocean ave. Uphold the permit

Hello,

Please read my letter of support for the permit and denial of the 1963 Appeal

Thank you!  
Christopher Chin



Clerk of the Board of Supervisors: Angela Callvillo

Re: Please deny the appeal for 193 Ocean avenue and uphold the permit

Dear supervisors

I am the owner/operator of Gone with the Smoke shop, and I have been in business for over 1 year.

I would like to share with you the sentiment of many of our patrons who have successfully stopped smoking, started to vape and have had many health benefits from this switch.

A few of these patrons have actually stopped smoking AND vaping all together. This would not have been possible without the advent of vaping technology.

Since there's not a vapor shop on Ocean avenue, smokers in that region are being deprived of the opportunity to quit smoking. Please deny the appeal and uphold the permit. I am available for any questions or comments you may have regarding the vaping industry

Christopher Chin

Gone With The Smoke

569 Geary Street

SF, CA 94102

415-938-7508

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: We support the business proposed at 1963 Ocean Avenue  
**Attachments:** 2014.0206C\_CU Final Motion.pdf; Leg Ver3\_20141209.pdf

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**From:** Patrick Otellini [mailto:patrickotellini@gmail.com]  
**Sent:** Tuesday, December 23, 2014 3:45 PM  
**To:** Boudreaux, Marcelle (CPC); Yee, Norman (BOS); Board of Supervisors (BOS); BOS Legislation (BOS); Scanlon, Olivia (BOS)  
**Subject:** We support the business proposed at 1963 Ocean Avenue

To whom it may concern,

My wife and I received the notice below from our neighborhood association and I want to take this opportunity to say that **WE FULLY SUPPORT THIS BUSINESS** contrary to what the email below spells out. We are raising our children here and they both attend school in the neighborhood. We would much rather see the proposed business open and help our local economy instead of seeing yet another vacant storefront continue to fester on Ocean Ave.

Thank you,

Patrick and Marissa Otellini  
225 Ashton Ave  
San Francisco, CA 94112

----- Forwarded message -----

**From:** Robert Karis <rckaris@gmail.com>  
**Date:** Friday, December 19, 2014  
**Subject:** Letters needed to oppose the vape shop!!  
**To:** Marissa Otellini <marissaotellini@gmail.com>, patrickottellini@yahoo.com

Dear Marissa and Patrick,

We **need** emails and letters sent to the Board of Supervisors to support our appeal and oppose the vape shop selling e-cigarettes and operating a hookah lounge at 1963 Ocean Avenue! The BOS hearing is scheduled for Tuesday, January 13, 2015 at 3 P.M. In order to be entered into the packet, emails should be sent before Monday, January 5, at 5 P.M.

Send your emails to the following:

[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)

[Board.of.Supervisors@sfgov.org](mailto:Board.of.Supervisors@sfgov.org)

[Norman.Yee@sfgov.org](mailto:Norman.Yee@sfgov.org)

and please send a copy to me [rckaris@gmail.com](mailto:rckaris@gmail.com)

In addition to your own emails, please ask/request your families, friends and schools to also send emails. Mention your neighborhood and school. The number of emails is counted. The Board wants to know if the neighbors are opposed to this business, and I am sure we are opposed to it.

Some of the "Findings" (pp.2-7) in the Final Motion of the Planning Commission on 11/6/14 (attached) are as follows:

Sections 7.A. (p.4): The proposed new uses and building ... will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.

7.B. (p.5): The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity.

7.D. (p.6): *The proposal enhances the range of comparison goods and services offered by adding another specialty retail store to the District*

7.E.(p.6): The concentration of such establishments in the particular zoning district for which they are proposed does not appear to adversely impact the health, safety, and welfare of residents of nearby areas,

Please discuss how you disagree with the "Findings" and how they are mistaken.

You could also explain how this business does not meet the "Objectives" listed on pp.7-10:

#### NEIGHBORHOOD COMMERCE

Policy 1.1:(p.7): Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development that has substantial undesirable consequences that cannot be mitigated

Policy 6.1:(p.8): Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

#### BALBOA PARK STATION AREA PLAN

Policy 1.2.3: Retain and improve the neighborhood's existing businesses while also attracting new businesses that address unmet retail and service needs of the diverse local neighborhoods.

11.(p.10): The Commission hereby finds that approval of the Conditional Use authorization would promote the health, safety and welfare of the City.

Finally, I hope you are aware of the recent legislation (attached) passed unanimously by the Board of Supervisors on 12/9/14 and 12/16/14 to limit tobacco sales permits (which includes e-cigarettes). The following Grounds for Denial (p.10-11) would apply to this vape shop. [My comments are in brackets.]

*(3) No new permit shall be issued if the Applicant will be within 500 feet of the nearest point of the property line of a School.*

[1963 Ocean Ave. is 130 feet from the Voice of Pentecost Academy.][Measurements made using the Measure Distance tool in the San Francisco Property Information Map]

<http://ec2-50-17-237-182.compute-1.amazonaws.com/PIM/>



*(4) No new permit shall be issued if the Applicant will be located within 500 feet of the nearest point of the property line of an existing Establishment as measured by a straight line from the nearest point of the property line on which the Applicant's Establishment will be located..*

[1963 Ocean Ave. is 350 feet from a 7-Eleven which sells cigarettes and e-cigarettes, and less than 400 feet west of a small store on Ashton which sells cigarettes.]

*(5) No new permit shall be issued in any supervisorial district that has 45 or more Establishments with Tobacco Sales permits.*

[District 7 has "only" 37 establishments with tobacco sales permits, so it doesn't meet this criteria. However, Ocean Avenue has 8 businesses with tobacco sales permits in less than 3,600 feet, so one store selling tobacco products every 450 feet! All 8 sell cigarettes; five also sell e-cigarettes:

the liquor stores at 1015, 1521, and 1551 Ocean all sell cigarettes and e-cigarettes.

the service stations at 999, 1490, and 1799 Ocean Ave. 999 O.A. sells cigarettes and e-cigarettes, the other two sell cigarettes.

395 Ashton Ave. at Ocean Ave. sells cigarettes but not e-cigarettes.

The 7-Eleven at 2000 Ocean Avenue sells cigarettes and e-cigarettes.

Ocean Avenue is an exception in District 7. Ocean Avenue meets the criteria on p.4 of the ordinance "Higher tobacco retail density encourages smoking" and p.5 "it is in the City's interest to reduce the disproportionate exposure to tobacco outlets that exists."]

*(7) No new permit shall be issued to any Applicant for operation of a Tobacco Shop.*

*(8) No new permit shall be issued for a location not previously occupied by a permitted Establishment.*

Unfortunately, as this legislation does not take effect for 30 days, it probably does not legally apply to 1963 Ocean Ave. However, as the Supervisors unanimously voted for and agree with the Grounds for Denial, I think they should apply these criteria to the Conditional Use Application for 1963 Ocean Ave.

It would take another long email to begin to list all of the undesirable effects of e-cigarettes and hookah (even the non-tobacco steam variety of hookah that this store intends to use). Please send me any questions about this subject.

Please forward this email or suggest changes to me. I will continue sending it to everyone we know.

Thanks!

Bob and Carolyn Karis  
727 Victoria St.  
San Francisco, CA 94127  
415-239-2938



# SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- Affordable Housing (Sec. 415)
- Jobs Housing Linkage Program (Sec. 413)
- Downtown Park Fee (Sec. 412)
- First Source Hiring (Admin. Code)
- Child Care Requirement (Sec. 414)
- Other

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

## Planning Commission Final Motion No. 19271

HEARING DATE: NOVEMBER 6, 2014

*Date:* October 30, 2014  
*Case No.:* 2014.0206C  
*Project Address:* 1963 Ocean Avenue  
*Zoning:* Ocean Avenue NCT (Neighborhood Commercial Transit)  
 45-X Height and Bulk District  
*Block/Lot:* 6915/020  
*Project Sponsor:* Cong Phuong T Nguyen/Yong (Blake) He [agent]  
 948 Moscow Street  
 San Francisco, CA 94112  
*Staff Contact:* Marcelle Boudreaux – (415) 575-9140  
[marcelle.boudreaux@sfgov.org](mailto:marcelle.boudreaux@sfgov.org)  
*Recommendation:* **Approval with Conditions**

**ADOPTING FINDINGS RELATING TO THE APPROVAL OF CONDITIONAL USE AUTHORIZATION PURSUANT TO SECTIONS 303 AND 737.69 OF THE PLANNING CODE TO ALLOW ESTABLISHMENT OF A TOBACCO PARAPHERNALIA ESTABLISHMENT (D.B.A. HAPPY VAPE) WITHIN THE OCEAN AVENUE NCT (NEIGHBORHOOD COMMERCIAL TRANSIT) DISTRICT AND A 45-X HEIGHT AND BULK DISTRICT.**

### PREAMBLE

On February 7, 2014 Cong Phuong Nguyen (hereinafter "Project Sponsor") filed an application with the Planning Department (hereinafter "Department") for Conditional Use Authorization under Planning Code Section(s) 737.69 to allow establishment of a Tobacco Paraphernalia Establishment retail use (d.b.a. Happy Vape) within the Ocean Avenue NCT (Neighborhood Commercial Transit) District and a 45-X Height and Bulk District.

On November 6, 2014, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Application No. 2014.0206C.

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 1 categorical exemption.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

**MOVED**, that the Commission hereby authorizes the Conditional Use requested in Application No. 2014.0206C, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

## FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The project is located on the southern side of Ocean Avenue, between, Block 6915, Lot 020. The property is located within the Ocean Avenue NCT (Neighborhood Commercial Transit) District with 45-X height and bulk district. The property is developed with a one-story-over-partial-basement commercial building, with tenants including a travel agent, a massage/acupuncture establishment and the vacant retail space at 1963 Ocean Avenue. The street frontage of the proposed tenant space is 20 feet. The parcel is approximately 4,500 square feet. *The site is within the Balboa Park Station Plan Area.*
3. **Surrounding Properties and Neighborhood.** The length of the Ocean Avenue NCT District is approximately  $\frac{3}{4}$  mile and the City College of San Francisco anchors the southern end of the district, with approximately 35,000 students. The area surrounding the project site on Ocean Avenue is mixed-use in character. A variety of commercial establishments are located within ground floor storefronts in the Ocean Avenue NCT, including restaurants, cafes, professional services, convenience stores, liquor stores, auto service stations, and other types of retailers.

Buildings along Ocean Avenue typically range from one to five stories in height. Upper floors of buildings are generally occupied by residential units. The surrounding properties are located within the RH-1(D) (Residential House, One-Family Detached), RH-1 (Residential House, One-Family) and RH-2 (Residential House, Two-Family) Districts, with some NC-2 and NC-1 zoned districts interspersed. The area is transit-oriented with the MUNI K-Ingleside line on Ocean Avenue and several bus lines on and connecting to Ocean Avenue. The Ocean Avenue NCT District is intended to provide convenience goods and services to the surrounding neighborhoods as well as limited comparison shopping goods for a wider market. The range of comparison goods and services offered is varied and often includes specialty retail stores, restaurants, and neighborhood-serving offices.

4. **Project Description.** The project sponsor proposes to establish a Tobacco Paraphernalia Establishment retail use in a vacant retail space to be known as "Happy Vape", which will include e-cigarette sales at the ground floor and a steam stone hookah lounge at the basement

level. The existing tenant space measures approximately 1,334 square feet at ground floor and 1,054 square feet at basement level. The project also includes minor interior tenant improvements, new signage but otherwise proposed no storefront alterations.

The project sponsor proposes a business that will sell devices (e-cigarettes/vaporizers), vaping liquids/e-juices and batteries both in-store and some accessory sales on-line. In the basement level, the project sponsor proposes establishing a steam stone hookah lounge. Together, these activities have been determined as Tobacco Paraphernalia Establishment uses and account for more than 10% of the square footage of occupied floor area. The proposed hours of operation are from 11 a.m. to 12 a.m. daily. No ABC license is being sought in conjunction with this Conditional Use authorization.

E-cigarette smoking, or "vaping", is not allowed inside commercial establishments within San Francisco.

The proposed use is an independent use and locally owned, which has been encouraged throughout San Francisco. The proposed use is not a Formula Retail use. The proposal requires a Section 312-neighborhood notification, which was conducted in conjunction with the Conditional Use Authorization process.

The proposed operation will employ between 2-4 employees. The subject site is well served by public transit so that potential customers should not adversely affect the traffic flow.

5. **Public Comment.** To date, the Department has received emails and letters in opposition to the proposal from 22 individuals, and 2 letters of opposition from neighborhood groups, including the Westwood Park Association and from the Ingleside Terraces Homes Association. These individuals and groups expressed concerns regarding the safety of e-cigarettes, the safety and welfare of children in relation to e-cigarettes, possibility of odor, crime in the area, and problems with the outdoor area (which the project sponsor has since removed from the project). The Department has also received a letter of support from the Ocean Avenue Association. The project sponsor has obtained 21 signed letters of support from neighboring business owners, including a petition with two signatures.
6. **Planning Code Compliance:** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:
  - A. **Use Size.** Planning Code Section 737.21 permits use sizes up to 3,999 square feet, with a Conditional Use Authorization required for use sizes of 4,000 square feet and above, as defined by Planning Code Section 790.130.

*The proposed use size of the ground floor and basement level is approximately 2,423 square feet.*

- B. **Outdoor Activity.** Planning Code Section 737.24 states that a Conditional Use Authorization is required for an Outdoor Activity Area, as defined by Planning Code Section 790.70.

*The Project Sponsor does not intend to establish an outdoor activity area.*

- C. **Hours of Operation.** Planning Code Section 737.27 permits operation by-right from 6 a.m. to 2 a.m. Operation between the hours of 2 a.m. to 6 a.m is allowed through conditional use authorization only.

*The Sponsor does not seek to operate beyond the permitted hours of operation for the Zoning District. The proposed hours of operation for Happy Vape are 11 a.m. to 12 a.m. daily in the ground and basement levels.*

- D. **Rear Yard Requirement in the Ocean Avenue NCT District.** Planning Code Section 737.12 and 134 states that the minimum rear yard depth shall be equal to 25 percent of the total depth of a lot in which it is situated, but in no case less than 15 feet.

*The proposal does not include any structural expansion. The rear yard meets the Planning Code requirements.*

- E. **Parking.** Planning Section 151 of the Planning Code requires off-street parking for every 200 square-feet of occupied floor area, where the occupied floor area exceeds 5,000 square-feet.

*The Subject Property contains approximately 2,423 square-feet of occupied floor area and thus does not require any off-street parking.*

- F. **Street Frontage in Neighborhood Commercial Districts.** Section 145.1 of the Planning Code requires that within NC Districts space for active uses shall be provided within the first 25 feet of building depth on the ground floor. Frontages with active uses must be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level and allow visibility to the inside of the building.

*The subject commercial space has approximately 20-feet of frontage on Ocean Avenue with approximately 20 feet devoted to either the retail entrance or window space. The windows are proposed as clear and unobstructed. There are no changes proposed to the commercial frontage.*

- G. **Signage.** Any proposed signage will be subject to the review and approval of the Planning Department per Article 6 of the Planning Code.

7. **Planning Code Section 303** establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use approval. On balance, the project does comply with said criteria in that:

- A. The proposed new uses and building, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.

*The size of the proposed use is in keeping with other storefronts on the block face. The proposed Tobacco Paraphernalia Establishment will not impact traffic or parking in the District, as the use is not changing from retail. This will compliment the mix of goods and services currently available in the district by providing diverse commercial offerings and contribute to the economic vitality of the neighborhood by removing a vacant storefront.*

- B. The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity. There are no features of the project that could be detrimental to the health, safety or convenience of those residing or working the area, in that:

- i. Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

*The height and bulk of the existing building will remain the same and will not alter the existing appearance or character of the project vicinity. The proposed work will not affect the building envelope.*

- ii. The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading;

*The Planning Code does not require parking or loading for a 2,423 occupied square-foot retail use. The proposed use is designed to meet the needs of the immediate neighborhood as well as limited comparison shopping goods for a wider market. The site is easily accessible by transit for surrounding neighborhoods, and should not generate significant amounts of vehicular trips from the immediate neighborhood or citywide.*

- iii. The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;

*The proposed use is subject to conditions of approval outlined in Exhibit A. Conditions 3 and 6 specifically obligates the project sponsor to mitigate odor generated by the Tobacco Paraphernalia Use.*

- iv. Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;

*The proposed use does not require additional exterior improvements, nor does the project require parking or loading. The Department shall review all signs proposed for the new business in accordance with Article 6 of the Planning Code.*

- C. That the use as proposed will comply with the applicable provisions of the Planning Code and will not adversely affect the General Plan.

*The Project complies with all relevant requirements and standards of the Planning Code and is consistent with objectives and policies of the General Plan as detailed below.*

- D. That the use as proposed would provide development that is in conformity with the purpose of the applicable Neighborhood Commercial District.

*The proposed project is consistent with the stated purposes of the Ocean Avenue NCT District in that the intended use is located at the ground floor and below, will provide convenience goods and services to the surrounding neighborhoods as well as limited comparison shopping goods for a wider market. The proposal enhances the range of comparison goods and services offered by adding another specialty retail store to the District. The project seeks to retain an existing storefront, which will preserve the fine grain character of the district. Further, a survey conducted by the Mayor's Office of Economic and Workforce Development Invest in Neighborhoods program (February 2013) determined that more diverse commercial offerings were desired by the neighborhood.*

- E. With respect to a Tobacco Paraphernalia Establishment, as defined in Section 227(v) of the Planning Code, the Commission shall make the following findings:

- i. The concentration of such establishments in the particular zoning district for which they are proposed does not appear to contribute directly to peace, health, safety, and general welfare problems, including drug use, drug sales, drug trafficking, other crimes associated with drug use, loitering, and littering, as well as traffic circulation, parking, and noise problems on the district's public streets and lots;

*The proposal is a new establishment, which proposes to utilize a vacant retail space for an electronic cigarette retail store and steam stone hookah lounge. There are no other Tobacco Paraphernalia Establishments within the Ocean Avenue NCT that have received Conditional Use authorization. The approximate concentration of establishments that sell e-cigarettes – including as peripheral goods and the proposed business – within the Ocean Avenue NCT is 6% of commercial frontage. The project sponsor will maintain current contact information for a Community Liaison per Condition 6 in Exhibit A, will endeavor to create a safe business environment, discourage loitering and e-cigarette smoking outside the storefront, and maintain the public space in front of the storefront free from litter per Condition 4 in Exhibit A. Street parking exists along Ocean Avenue and the area is well-served by MUNI K-Ingleside lightrail line and several bus lines on and connecting to Ocean Avenue.*

- ii. The concentration of such establishments in the particular zoning district for which they are proposed does not appear to adversely impact the health, safety, and welfare of residents of nearby areas, including fear for the safety of children, elderly and disabled residents, and visitors to San Francisco;

*The proposal is a new establishment, which proposes to utilize a vacant retail space for an electronic cigarette retail store and steam stone hookah lounge. There are no other Tobacco Paraphernalia Establishments within the Ocean Avenue NCT that have received Conditional Use authorization. The approximate concentration of establishments that sell e-cigarettes –*

*including as peripheral goods and the proposed business - within the Ocean Avenue NCT is 6% of commercial frontage. The project sponsor will maintain current contact information for a Community Liaison per Condition 6 in Exhibit A, will endeavor to create a safe business environment, discourage loitering and e-cigarette smoking outside the storefront, and maintain the public space in front of the storefront free from litter per Condition 4 in Exhibit A.*

- iii. The proposed establishment is compatible with the existing character of the particular district for which it is proposed.

*The proposal is a new commercial establishment, which proposes to utilize a vacant retail space for an electronic cigarette retail store and steam stone hookah lounge. The use will remain as retail establishment, and no changes are proposed to the fine-grained, pedestrian-oriented storefront. The establishment is compatible with the existing character of particular district for which it is proposed.*

- 8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

## **NEIGHBORHOOD COMMERCE**

### **Objectives and Policies**

#### **OBJECTIVE 1:**

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

##### **Policy 1.1:**

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development that has substantial undesirable consequences that cannot be mitigated.

##### **Policy 1.2:**

Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

##### **Policy 1.3:**

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

*The proposed development will provide specialty goods and services to the neighborhood and will provide employment opportunities to those in the community. Further, the Project Site is located within a Neighborhood Commercial District and is thus consistent with activities in the commercial land use plan.*

#### **OBJECTIVE 2:**



MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

**Policy 2.1:**

Seek to retain existing commercial and industrial activity and to attract new such activity to the City.

*The Project will introduce a new commercial retail use and will enhance the diverse economic base of the City.*

**OBJECTIVE 6:**

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

**Policy 6.1:**

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

*No commercial tenant would be displaced and the project would not prevent the district from achieving optimal diversity in the types of goods and services available in the neighborhood. The proposed business seeks to occupy a vacant retail storefront with a diverse commercial use.*

**Policy 6.2:**

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to the economic and technological innovation in the marketplace and society.

*An independent entrepreneur is sponsoring the proposal. This is not a Formula Retail use.*

**BALBOA PARK STATION AREA PLAN**

**Objectives and Policies**

**OBJECTIVE 1.2:**

STRENGTHEN THE OCEAN AVENUE NEIGHBORHOOD COMMERCIAL DISTRICT.

**Policy 1.2.3:**

Retain and improve the neighborhood's existing businesses while also attracting new businesses that address unmet retail and service needs of the diverse local neighborhoods.

An independent entrepreneur is seeking to bring a new retail use to the District. No retail use is being displaced as the storefront space is currently vacant.

9. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

*The proposal would enhance the district by filling a vacant storefront and preserve a retail use. The business would be locally owned and it creates 2-4 employment opportunities for the community. The proposed alterations are within the existing building footprint.*

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

*The existing units in the surrounding neighborhood would not be adversely affected.*

- C. That the City's supply of affordable housing be preserved and enhanced,

*No housing is removed for this Project.*

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

*The site is on Ocean Avenue and is well served by transit. Street parking lines both sides of Ocean Avenue. Ocean Avenue has one MUNI light-rail (K-Ingleside) and several bus lines on and connecting to Ocean Avenue.*

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

*The Project will not displace any service or industry establishment. The project will not affect industrial or service sector uses or related employment opportunities. Ownership of industrial or service sector businesses will not be affected by this project.*

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

*This proposal will not impact the property's ability to withstand an earthquake.*

- G. That landmarks and historic buildings be preserved.

*A landmark or historic building does not occupy the Project site.*

H. That our parks and open space and their access to sunlight and vistas be protected from development.

*The project will have no negative impact on existing parks and open spaces. The Project does not have an impact on open spaces.*

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
11. The Commission hereby finds that approval of the Conditional Use authorization would promote the health, safety and welfare of the City.

**DECISION**

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Conditional Use Application No. 2014.0206C** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated October 30, 2014, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

**APPEAL AND EFFECTIVE DATE OF MOTION:** Any aggrieved person may appeal this Conditional Use Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion No. 19271. The effective date of this Motion shall be the date of this Motion if not appealed (After the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

**Protest of Fee or Exaction:** You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission **ADOPTED** the foregoing Motion on November 6, 2014.

Jonas P. Ionin  
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: November 6, 2014

## EXHIBIT A

### AUTHORIZATION

This authorization is for a conditional use to allow a Tobacco Paraphernalia Establishment (d.b.a. **Happy Vape**) located at 1963 Ocean Avenue, Block 6915, Lot 020, pursuant to Planning Code Section(s) 303, 737.69 within the **Ocean Avenue NCT** District and a **45-X** Height and Bulk District; in general conformance with plans, dated **October 30, 2014**, and stamped "EXHIBIT B" included in the docket for Case No. **2014.0206C** and subject to conditions of approval reviewed and approved by the Commission on **November 6, 2014** under Motion No **19271**. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

### RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on **November 6, 2014** under Motion No **19271**.

### PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. **19271** shall be reproduced on the Index Sheet of construction plans submitted with the site or building permit application for the Project. The Index Sheet of the construction plans shall reference to the Conditional Use authorization and any subsequent amendments or modifications.

### SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

### CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new Conditional Use authorization.

## PERFORMANCE

**Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

**Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

**Diligent pursuit.** Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

**Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

**Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

## Conditions of Approval, Compliance, Monitoring, and Reporting

1. **Enforcement.** Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code

Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

2. **Revocation due to Violation of Conditions.** Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

## DESIGN – COMPLIANCE AT PLAN STAGE

3. **Odor Control Unit.** In order to ensure any significant noxious or offensive odors are prevented from escaping the premises once the project is operational, the building permit application to implement the project shall include air cleaning or odor control equipment details and manufacturer specifications on the plans. Odor control ducting shall not be applied to the primary façade of the building.

*For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, [www.sf-planning.org](http://www.sf-planning.org)*

4. **ID Reader and Signage at Front.** In order to ensure that the business owner maintains restrictions on entry to ages 18 and older, the building permit application to implement the project shall include an Identification reader installed at the entry door and signage at the entry door(s) indicating entry by individuals ages 18 and older.

*For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, [www.sf-planning.org](http://www.sf-planning.org)*

## OPERATION

5. **Garbage, Recycling, and Composting Receptacles.** Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works.

*For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>*

6. **Sidewalk Maintenance.** The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards. Further the Project Sponsor shall ensure that e-cigarette and other Tobacco Paraphernalia is not tasted on the

sidewalk outside the establishment and that there is no loitering outside the establishment in relation to the subject business.

*For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>*

7. **Odor Control.** While it is inevitable that some low level of odor may be detectable to nearby residents and passersby, appropriate odor control equipment shall be installed in conformance with the approved plans and maintained to prevent any significant noxious or offensive odors from escaping the premises.

*For information about compliance with odor or other chemical air pollutants standards, contact the Bay Area Air Quality Management District, (BAAQMD), 1-800-334-ODOR (6367), [www.baaqmd.gov](http://www.baaqmd.gov) and Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

8. **Community Liaison.** Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Community Liaison is Yong (Blake) He, at a business address of 1963 Ocean Avenue, San Francisco, CA 94127, and phone number 415-513-2620. Should the contact information change, the Zoning Administrator shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

9. **Hours of Operation.** The subject establishment is limited to the following hours of operation: 11 a.m. – 10 p.m. daily.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

10. **ID Reader and Signage at Front.** Appropriate Identification scanning equipment should be installed and utilized at the entry for monitoring entry by individuals ages 18 and older. Appropriate code-complying signage shall be affixed to entry door(s) indicating entry by individuals ages 18 and older.

*For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, [www.sf-planning.org](http://www.sf-planning.org)*

11. **Six-Month Monitoring.** Planning Commission shall be provided an update on operations six months after approval.

*For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, [www.sf-planning.org](http://www.sf-planning.org)*



1 [Health, Business and Tax Regulations Codes - Tobacco Sales Permits and Associated Fees]

2  
3 **Ordinance amending the Health Code by adding density, proximity, and sales**  
4 **establishment limitations on the granting of new tobacco sales permits, and**  
5 **renumbering all sections in Article 19H; amending the Business and Tax Regulations**  
6 **Code by increasing the annual license and application fees; and making environmental**  
7 **findings.**

8  
9 **NOTE:** **Unchanged Code text and unmodified text** are in plain Arial font.  
10 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
11 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
12 **Board amendment additions** are in double-underlined Arial font.  
13 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
14 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
15 subsections or parts of tables.

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

17 Section 1. The Planning Department has determined that the actions contemplated in  
18 this ordinance comply with the California Environmental Quality Act (California Public  
19 Resources Code Section 21000 et seq.). Said determination is on file with the Clerk of the  
20 Board of Supervisors in File No. 141098 and is incorporated herein by reference.

21 Section 2. Article 19H of the Health Code is hereby amended by revising and  
22 renumbering (new section numbers in parentheses) Sections 1009.50 (19H.1), 1009.51  
23 (19H.2), 1009.53 (19H.4), ~~1009.55 (19H.5)~~, 1009.56 (19H.9), 1009.57 (19H.10), 1009.58  
24 (19H.11), 1009.59 (19H.12), 1009.60 (19H.13), 1009.61 (19H.14), 1009.62 (19H.15), 1009.63  
25 (19H.16), 1009.64 (19H.17), 1009.66 (19H.19), 1009.68 (19H.21), and 1009.73 (19H.25);  
renumbering (new section numbers in parentheses) Sections 1009.52 (19H.3), 1009.54

1 (19H.7), 1009.55 (19H.8), 1009.65 (19H.18), 1009.67 (19H.20), 1009.69 (19H.22), 1009.71  
2 (19H.23), 1009.72 (19H.24), 1009.74 (19H.26), 1009.75 (19H.27), 1009.76 (19H.28), and  
3 1009.77 (19H.29); and adding Sections 19H.5 and 19H.6, resulting in Sections 19H.1-19H.29,  
4 to read as follows:

5 **SEC. ~~1009.50~~19H.1. FINDINGS.**

6 The Board of Supervisors of the City and County of San Francisco hereby finds and  
7 declares as follows:

8 (a) Tobacco is the leading cause of preventable death in the United States and kills nearly 6  
9 million people each year globally (World Health Organization 2013). According to the Centers for  
10 Disease Control and Prevention (CDC), more than 400,000 deaths in the United States each year are  
11 attributable to tobacco use, including one-third of all cancer deaths.

12 (b) In addition to the obvious adverse health impact, tobacco related death and disease have an  
13 adverse economic impact. The CDC reports that tobacco use costs the United States billions of dollars  
14 each year.

15 (c) ~~A.~~ State law prohibits the sale or furnishing of cigarettes, tobacco products and  
16 smoking paraphernalia to minors, as well as the purchase, receipt, or possession of tobacco  
17 products by minors. (California Penal Code section 308.) State law also prohibits public  
18 school students from smoking or using tobacco products while on campus, attending school-  
19 sponsored activities, or under the supervision or control of school district employees.  
20 (California Education Code section 48901(a.) In addition, state law prohibits smoking in  
21 enclosed places of employment. (California Labor Code section 6404.5.) Moreover, San  
22 Francisco has adopted ordinances that ban cigarette vending machines in the City (~~San~~  
23 ~~Francisco~~ Health Code Article 19Dsection 1009.1), prohibit pharmacy sales of Tobacco Products  
24 (~~San Francisco~~ Health Code Article 19J), prohibit the self-service merchandising of Tobacco  
25 Pproducts, except in places to which access by minors is prohibited by law (~~San Francisco~~

1 Police Code section 4600.3), ~~and~~ prohibit smoking in enclosed areas and sports stadiums (~~San~~  
2 ~~Francisco~~ Health Code ~~Article 19F~~~~section 1009.22~~) ~~and prohibit the use of electronic cigarettes~~  
3 ~~where smoking is not allowed (Health Code Article 19N).~~

4 ~~(d) B.~~ Despite these state and local restrictions, minors continue to obtain cigarettes  
5 and other ~~T~~obacco ~~P~~roducts at alarming rates. ~~36.8% of California youth have smoked an entire~~  
6 ~~cigarette by age 14 according to a 2012 survey conducted by the California Department of Public~~  
7 ~~Health. The former United States Surgeon General Regina Benjamin at a February 2014 summit~~  
8 ~~emphasized that the key factor in the fight against tobacco is preventing minors from becoming~~  
9 ~~smokers. She noted, "for every smoker who dies, there are two so-called replacement smokers trying a~~  
10 ~~cigarette for the first time and getting hooked." Children under the age of 18 consume 924 million~~  
11 ~~packs of cigarettes annually in the United States. Over 29 million packs of cigarettes are sold to~~  
12 ~~California children annually. More than 60 percent of all smokers begin smoking by the age of 14, and~~  
13 ~~90 percent begin by age 19.~~

14 ~~C.~~ In a 2002 California youth buying survey, ~~19.3 percent of retailers surveyed unlawfully~~  
15 ~~sold tobacco products to minors compared to 17.1 percent in 2001.~~

16 ~~D.~~ California's rate of illegal tobacco sales to minors is steadily increasing. In 2002 the rate  
17 ~~was 19.3 percent, up from 17.1 percent in 2001, and 12.8 percent in 2000.~~

18 ~~(e)~~ Although it is unlawful to sell Tobacco Products and/or tobacco paraphernalia to minors,  
19 ~~in a 2013 California youth buying survey, 7.6% of retailers surveyed unlawfully sold Tobacco Products~~  
20 ~~to minors. These percentages are more concerning locally. San Francisco's Tobacco Sales to minors~~  
21 ~~were reported to be 13.4% of retailers in 2012. Notably, sales in the City to minors are well above the~~  
22 ~~2012 statewide sales rate of 8.7%. More aggressive policies are needed to keep San Francisco's youth~~  
23 ~~from gaining access to Tobacco Products.~~

24 ~~(f) E.~~ There are approximately ~~1,001~~ ~~970~~ outlets in San Francisco that are licensed to sell  
25 ~~tobacco, that is about 1 retailer for every 111 youth kids in the community compared to California~~

1 generally where there are approximately 36,700 licensed tobacco retail stores in California – one for  
2 every 254 youth children. The California Department of Health Services reports that 26.7 percent of  
3 California adolescents believe it is easy to buy a pack of cigarettes.

4 F. Despite active enforcement by the San Francisco Police Department, a significant number  
5 of retailers continue to sell tobacco illegally to minors. The rate of illegal tobacco sales documented by  
6 the Police Department during 2001 was 25.3 percent and 20.2 percent in 2002.

7 G. In a youth decoy operation conducted by the Police Department, 50 percent of the 12 bars  
8 visited illegally sold tobacco to a minor.

9 (g) H. San Francisco has a substantial interest in promoting compliance with State  
10 laws prohibiting sales of cigarettes and ~~T~~obacco ~~P~~roducts to minors, in promoting  
11 compliance with laws intended to discourage the purchase of ~~T~~obacco ~~P~~roducts by minors,  
12 and in protecting our children from illegally obtained tobacco.

13 (h) Social norms about smoking influence smoking rates, particularly among those not  
14 addicted. Studies have found that strong governmental regulation of smoking corresponds with and  
15 may contribute to anti-smoking norms. Social unacceptability has been repeatedly shown to be an  
16 important influence on both smoking rates and anti-smoking norms. Children and young people are  
17 particularly influenced by cues suggesting smoking is acceptable.

18 (i) Empirical research connects lower densities of retail outlets with lower consumption of  
19 tobacco, particularly among youth. Higher tobacco retail density encourages smoking by making  
20 cigarettes more accessible and available, by normalizing tobacco use, and through increasing  
21 environmental cues to smoke. Research focused on California has found a higher prevalence of  
22 current smoking and experimental smoking among students at schools in areas with a higher density of  
23 tobacco outlets. Prevalence of smoking was higher among students at schools in neighborhoods with  
24 five or more stores that sell tobacco than among students at schools in neighborhoods without any  
25 stores that sell tobacco.

1 (j) California communities in lower socio-economic areas with a higher concentration of  
2 convenience stores have significantly higher rates of smoking. Residents of these neighborhoods are  
3 more at risk for tobacco related disease and death. Likewise, San Francisco's most disadvantaged  
4 neighborhoods are disproportionately impacted by high tobacco retail density. The six supervisorial  
5 districts with the highest proportions of tobacco retail sales by population (Districts 3, 5, 6, 9, 10, and  
6 11) also have the lowest median household incomes in the City. District Six, with a median household  
7 income of \$38,610, has 270 tobacco permits while District Two, with a median household income of  
8 \$102,457, has only 51 tobacco permits. African American and Latino residents are more likely to live  
9 in districts with the highest number of tobacco retail outlets.

10 (k) As the tobacco related public health crisis affects all supervisorial districts in San  
11 Francisco, it is in the City's interest to reduce the disproportionate exposure to tobacco outlets that  
12 exists among supervisorial districts and to minimize exposure in all supervisorial districts by limiting  
13 the number of new tobacco permits issued. District Seven currently has the lowest number (37) (five) of  
14 tobacco permitted retailers per 10,000 residents in San Francisco. Setting a cap slightly above the  
15 District Seven density of permitted tobacco retailers as the maximum for each supervisorial district will  
16 begin to address the disparity of exposure to tobacco outlets among supervisorial districts and reduce  
17 the density of tobacco vendors overall.

18 (l) San Franciscans support limiting and reducing the number of permits for the sale of  
19 tobacco. In a 2012 representative survey of over 220 San Francisco residents, 88.5% felt that too  
20 many stores selling cigarettes is bad for community health; almost 74% would support a law that  
21 very gradually reduces the number of stores selling cigarettes and Tobacco Products given that the  
22 highest density of these is in low income neighborhoods; and 87% would support a policy that would  
23 reduce the amount of Tobacco Products available.

24 (m) Restaurants, and other non-traditional tobacco retailers in California are more likely to  
25 sell tobacco to minors than other retailers. 13.1% percent of restaurants and other

1 nontraditional retailers sold tobacco to minors compared to 8.7% of all other California  
2 retailers. had the highest illegal sale rate to minors, 20.3% or higher on average and nearly  
3 three times higher than traditional tobacco retailers.

4 (n) Young adult Bar patrons in one California study reported a current smoking rate of 47  
5 percent, nearly four times the 2010 state rate of smoking prevalence for young adults.

6 (o) Social environments such as Bars and clubs are important venues for public health efforts  
7 to address young adult smoking.

8 (p) ¶ This Article 19H is designed to promote the public interest in ensuring that San  
9 Francisco businesses operate in compliance with applicable laws regulating tobacco,  
10 including laws prohibiting the sale of tobacco to minors and laws regulating smoking.

11 ~~*I. Requiring tobacco vendors to obtain a tobacco sales permit will not unduly burden*~~  
12 ~~*legitimate business activities of retailers who sell or distribute cigarettes or other tobacco products to*~~  
13 ~~*adults. It will, however, allow the City to regulate those establishments selling tobacco products to*~~  
14 ~~*ensure that they comply with federal, state, and local tobacco laws.*~~

15  
16 **SEC. ~~1009.51~~19H.2. DEFINITIONS.**

17 The following words and phrases, whenever used in this Article, shall be construed as  
18 defined in this section. Words in the singular include the plural and words in the plural include  
19 the singular. Words in the present tense include the future.

20 "Application" means the application submitted under Section 19H.4 for a Tobacco Sales permit  
21 allowing the person or business to engage in the sale of tobacco products at an Establishment.

22 "Bar" means an area, whether a separate, stand-alone business or part of a larger business  
23 which is devoted to the serving of alcoholic beverages for consumption by patrons on the premises and  
24 in which the serving of food is incidental to the consumption of such beverages.

1 "Cap" means the figure set forth in Section 19H.5 and represents the total number of permitted  
2 Establishments that may operate in each supervisorial district.

3 "Change of Ownership" means a change of 50 percent or more of the ownership of the  
4 business within a 12-month period; provided, however, that if the Permittee is a corporation, transfer  
5 of 25 percent of the stock ownership of the permittee shall be deemed to be a Change of Ownership.

6 "Density Cap" has the same meaning as "Cap."

7 ~~(a)~~ "Department" means the Department of Public Health.

8 ~~(b)~~ "Director" means the Director of Health or his or her designee.

9 "District Population" means the population reported by the Department of Elections in each of  
10 the 11 supervisorial districts as required by Charter Section 13.110.

11 ~~(c)~~ "Establishment" means any store, stand, booth, concession or any other enterprise  
12 that engages in the retail sale of ~~t~~Tobacco ~~p~~Products, and includes ing stores engaged ing in  
13 the retail sale of food items.

14 ~~(d)~~ "Permittee" means a person who has obtained a ~~t~~Tobacco ~~s~~Sales permit for a  
15 specific location pursuant to this Article.

16 ~~(e)~~ "Person" means any individual, partnership, cooperative association, private  
17 corporation, personal representative, receiver, trustee, assignee, or any other legal entity.

18 "Restaurant" means a business retail food Establishment that primarily stores, packages,  
19 serves, vends, or otherwise prepares food for human consumption on the premises. "Restaurant"  
20 includes, but is not limited to businesses Establishments primarily engaged in providing (1) food  
21 services to patrons who order and are served while seated on the premises, and pay after eating, and  
22 (2) food services where patrons generally order and pay before eating on the premises, or (3) take-  
23 out food services where patrons order ready to eat food generally intended for consumption  
24 off the premises. "Restaurant" also includes separately owned food facilities that are located in a  
25 grocery store but does not include the grocery store.

1 "School" means a public or private kindergarten, elementary, middle, junior high or high  
2 school, or a school combining some or all of the above school grades.

3 ~~(f)~~ "Tobacco ~~P~~products" means tobacco and any substance containing tobacco leaf,  
4 including but not limited to cigarettes, electronic cigarettes, cigars, pipe tobacco, snuff, chewing  
5 tobacco, dipping tobacco, or any other preparation of tobacco, including the cigarettes  
6 commonly known as bidis.

7 ~~(g)~~ "Tobacco ~~s~~Sales" means sales, or any offer to sell or exchange, for any form of  
8 consideration, ~~t~~Tobacco ~~p~~Products to any person by any person who operates an  
9 ~~e~~Establishment. "Tobacco ~~s~~Sales" includes any display of ~~t~~Tobacco ~~p~~Products.

10 "Tobacco Shop" means any tobacco retailer whose principal business is selling Tobacco  
11 Products, tobacco paraphernalia, or both, as evidenced by any of the following: 50% or more of floor  
12 area and display area is devoted to the sale or exchange of Tobacco Products, tobacco paraphernalia,  
13 or both; 70% or more of gross sales receipts are derived from the sale or exchange of Tobacco  
14 Products, tobacco paraphernalia, or both; or 50% or more of completed sales transactions include a  
15 Tobacco Product or tobacco paraphernalia.

16 **SEC. ~~1009.52~~19H.3. REQUIREMENT FOR TOBACCO SALES PERMIT.**

17 \* \* \* \*

18 **SEC. ~~19H.4~~1009.53. APPLICATION PROCEDURE: INSPECTION OF PREMISES;**  
19 **ISSUANCE AND DISPLAY OF PERMIT.**

20 (a) **Application.** An ~~a~~Application for a ~~t~~Tobacco ~~s~~Sales permit shall be  
21 submitted in the name of the person(s) proposing to engage in the sale of ~~t~~Tobacco ~~p~~Products  
22 and shall be signed by each person or an authorized agent thereof. The ~~a~~Application shall be  
23 accompanied by the appropriate fees as described in section 35 of the ~~San Francisco~~ Business  
24 and Tax Regulations Code and such fees shall include any required inspections or other work  
25 performed by the Planning Department as required by the referral of the application. A separate



1 ~~a~~Application is required for each location where ~~f~~Tobacco ~~s~~Sales are to be conducted. All  
2 ~~a~~Applications shall be submitted on a form supplied by the Department and shall contain the  
3 following information:

4 1. The name, address, email address, and telephone number of the  
5 ~~a~~Applicant;

6 2. The ~~e~~ Establishment name, address, email address, and telephone  
7 number for each location for which a ~~f~~Tobacco ~~s~~Sales permit is sought;

8 3. Such other information as the Director deems appropriate, including  
9 the ~~A~~applicant's type of business, and whether the ~~a~~Applicant has previously been issued a  
10 permit under this Article that is, or was at any time, suspended or revoked. No permit shall be  
11 issued if the Application is incomplete or inaccurate.

12 (b) **Inspection by Director.** Upon receipt of a completed ~~a~~Application and  
13 fees, the Director may inspect the location at which ~~f~~Tobacco ~~s~~Sales are to be permitted. The  
14 Director may also ask the ~~a~~Applicant to provide additional information that is reasonably  
15 related to the determination whether a permit may issue.

16 (c) Referral to the Planning Department. The Director will then refer the  
17 Applications requiring inspection as to proximity to Schools and existing Establishments to the  
18 Planning Department. The Planning Department upon referral shall analyze the Application against  
19 the most recent data provided by the Department to determine whether the Applicant's location will  
20 comply with subsections (f)(3) and (f)(4) and whether the location qualifies as a Tobacco Shop.

21 ~~(d)(e)~~ **Issuance of Permit.** If the Director is satisfied that the ~~a~~Applicant has  
22 met the requirements of this Article and that issuance of the permit will not violate any law, the  
23 Department shall issue the permit. An Establishment may not sell Tobacco Products until the permit  
24 is issued. No permit shall issue if the Director finds that the Applicant is in violation of San Francisco  
25 Health Code section 1009.1 (regulating cigarette vending machines), San Francisco Police Code

1 ~~section 4600.3 (regulating the self-service merchandising of tobacco products), if the Applicant is a~~  
2 ~~pharmacy prohibited from selling tobacco products under Article 19J. No permit shall issue if the~~  
3 ~~Application is incomplete or inaccurate.~~

4 ~~(e)-(d)~~ **Display of Permit.** Each permittee shall display the permit prominently at  
5 each location where ~~Tobacco~~ ~~Sales~~ occur. No permit that has been suspended shall be  
6 displayed during the period of suspension. A permit that is revoked is void and may not be  
7 displayed.

8 **(f) Grounds for Denial.**

9 (1) No new permit shall be issued if the Director finds that the Applicant is in  
10 violation of Health Code Article 19; Police Code Section 4600.3 (regulating the self-service  
11 merchandising of tobacco products), or the California Labor Code.

12 (2) No new permit shall be issued if the Applicant does not have a valid current  
13 Tobacco Retail Permit from the State Board of Equalization where the Applicant is required to have the  
14 State Board of Equalization permit except for businesses selling only electronic cigarettes.

15 (3) No new permit shall be issued if the Applicant will be within 500 feet of the  
16 nearest point of the property line of a ~~S~~-School as measured by a straight line from the nearest point of  
17 the property line on which a ~~S~~ School is located to the nearest point of the property line on which the  
18 Applicant's Establishment will be located.

19 (4) No new permit shall be issued if the Applicant will be located within 500 feet  
20 of the nearest point of the property line of an existing Establishment as measured by a straight line  
21 from the nearest point of the property line on which the Applicant's Establishment will be located to the  
22 nearest point of the property line of the existing Establishment.

23 (5) No new permit shall be issued in any supervisorial district that has 45 or  
24 more Establishments with Tobacco Sales permits.

1                   (6) No new permit shall be issued to any Applicant whose main purpose is  
2 offering food or alcoholic beverages for sale for consumption on the premises, including Bars and  
3 Restaurants.

4                   (7) No new permit shall be issued to any Applicant for operation of a Tobacco  
5 Shop.

6                   (8) No new permit shall be issued for a location not previously occupied by a  
7 permitted Establishment.

8                   (g) Pending Applications. Applications that have been submitted to the Director for  
9 approval as of December 9, 2014 shall not be subject to the Section 19H.4(f)(2)-19H.4(f)(8)  
10 and Section 19H.5.

11  
12                   **SEC. 19H.5 DENSITY CAP**

13                   (a) The Density Cap shall be forty-five (45) permitted Tobacco Sales Establishments in a  
14 supervisory district. The Department shall assess the Density Cap every two years to evaluate  
15 whether to recommend to the Board of Supervisors an amendment to this Article to change the number  
16 of permitted Establishments as reasonably necessary to advance the public health purposes this Article  
17 seeks to achieve. The City may not issue a new permit in any supervisory district that is at or above  
18 the Density Cap at the time of submission of the Application.

19                   (b) Pursuant to its authority under Section 19H.26 to adopt rules, the Department may adopt  
20 rules governing the approval process for application submitted in a supervisory district where the  
21 number of permits has fallen below the cap, including rules on the timing for the approval process.

22                   **SEC. 19H.6. EXCEPTIONS FOR CERTAIN NEW PERMITS. INTERIM EXCEPTION**  
23 **FOR NEW PERMITS WHERE SALE OF THE ESTABLISHMENT IS PENDING.**

24                   Notwithstanding Section 19H.5 and Sections 19H.4(f)(3),(4),(5) and (7):  
25

1           (a) If an owner of a retail food store establishment as defined in the Planning Code or  
2 Tobacco Shop who holds a Tobacco Sales permit and has been in business for five years as  
3 of the effective date of this Section 19H.6, submits an affidavit to the Director that attests to  
4 ownership of the business at the same location and under the same Tobacco Sales permit for  
5 five consecutive years immediately preceding submission of the affidavit and that also states  
6 that the owner is in negotiations with a specific buyer for the retail food store establishment or  
7 Tobacco Shop at that location, then that buyer ("new buyer") may apply for, and the Director  
8 may issue, a Tobacco Sales permit to the new buyer for the retail food store establishment or  
9 Tobacco Shop at that location, on a one-time basis.

10           (b) If the new buyer submits an affidavit to the Director, stating that the new buyer has  
11 been in business continuously as a retail food store establishment or Tobacco Shop at that  
12 same location under the Tobacco Sales permit obtained in accordance with subsection (a)  
13 and also states that the new buyer has held the permit for at least 10 years, then a  
14 subsequent buyer of the retail food store establishment or Tobacco Shop at that location  
15 ("subsequent buyer") may apply for, and the Director may issue, a Tobacco Sales permit to  
16 the subsequent buyer for the retail food store establishment or Tobacco Shop on a one-time  
17 basis.

18           (c) Where the owner of a retail food store establishment or Tobacco Shop that holds a  
19 Tobacco Sales permit as of the effective date of this Section 19H.6, a child of the owner may  
20 apply for, and the Director may issue, a Tobacco Sales permit to the child for that retail food  
21 store establishment or Tobacco Shop at that location.

22           (d) An owner of a retail food store establishment or Tobacco Shop holding a Tobacco  
23 Sales permit as of the effective date of this Section 19H.6, who must relocate under Chapter  
24 34B of the Building Code may apply for, and the Director may issue, a new Tobacco Sales  
25 permit for the location of the owner's retail food store establishment or Tobacco Shop.

1           (e) An owner of a Bar or Tavern (cigar or smoking bar) who qualified for an exemption  
2 under Section 1009.23(d) of this Code who holds a Tobacco Sales permit and has been in  
3 business for five years as of the effective date of this Section 19H.6, who submits an affidavit  
4 to the Director that attests to ownership of the business at the same location and under the  
5 same Tobacco Sales permit for five consecutive years immediately preceding submission of  
6 the affidavit and that also states that the owner is in negotiations with a specific buyer for the  
7 Cigar or Smoking Bar at that location, then that buyer ("new buyer") may apply for, and the  
8 Director may issue, a Tobacco Sales permit to the new buyer for the Cigar or Smoking Bar at  
9 that location, on a one-time basis.

10           (f) If the new buyer submits an affidavit to the Director, stating that the new buyer has  
11 been in business continuously as a Cigar or Smoking Bar at that same location under the  
12 Tobacco Sales permit obtained in accordance with subsection (a) and also states that the new  
13 buyer has held the permit for at least 10 years, then a subsequent buyer of the Cigar or  
14 Smoking Bar at that location ("subsequent buyer") may apply for, and the Director may issue,  
15 a Tobacco Sales permit to the subsequent buyer for the Cigar or Smoking Bar on a one-time  
16 basis.

17           (g) If a spouse or domestic partner acquires the ownership of an Establishment  
18 through the death of, or divorce from the owner identified on the permit and submits an  
19 affidavit to the Director attesting to the acquisition of the Establishment accompanied by any  
20 documentation requested by the Director, the Director may issue a Tobacco Sales permit to  
21 the Applicant spouse or domestic partner on a one-time basis.

22  
23 ~~Applications submitted under Section 19H.4 on or before September 1, 2014 for a new permit~~  
24 ~~subject to Section 19H.5 where an Establishment has held a permit to sell Tobacco Products~~  
25 ~~for or more years at the location subject to the sale if the Establishment submits an affidavit to~~

1 accompany the Application stating that no change of ownership has occurred within the prior  
2 seven years and that the current permit holder had been in contract with a buyer of the  
3 Establishment as of September 1, 2014.  
4

5  
6 **SEC. ~~19H.71009.54~~. PERMIT AND ANNUAL LICENSE FEES.**

7 (a) The Department shall charge every applicant for a tobacco sales permit a non-  
8 refundable application fee for the initial inspection and processing of the application and an  
9 annual license fee sufficient to cover the costs of annual inspections, as determined by the  
10 Director . The application and processing fee shall be \$53 and is covered by Section 35 of  
11 the San Francisco Business and Tax Regulations Code. The annual fee is listed in Section  
12 249.16 of the San Francisco Business and Tax Regulations Code. The Fee shall be due  
13 annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the San Francisco  
14 Business and Tax Regulations Code.

15 \* \* \* \*

16 **SEC. ~~19H.81009.55~~. PERMIT MAY NOT BE TRANSFERRED TO NEW PERSONS OR**  
17 **LOCATIONS.**

18 \* \* \* \*

19 **SEC. ~~19H.91009.56~~. ENFORCEMENT AND INSPECTION.**

20 The Director may enforce all provisions of this Article. Specific grounds for  
21 enforcement are set forth in sections ~~19H.101009.57~~ through ~~19H.181009.65~~. Upon presentation  
22 of proper credentials, the Director may enter and inspect at any time during regular business  
23 hours any ~~e~~Establishment that is engaging in ~~t~~Tobacco ~~s~~Sales, or is suspected by the Director  
24 of engaging in such sales.  
25

1           **SEC. 19H.101009.57. CONDUCT VIOLATING ~~SAN FRANCISCO~~ HEALTH CODE**  
2 **ARTICLE 19DSECTION 1009.1 (REGULATING CIGARETTE VENDING MACHINES).**

3           (a) Upon a decision by the Director that the ~~p~~Permittee or the ~~p~~Permittee's agent or  
4 employee has engaged in any conduct that violates ~~San Francisco~~ Health Code Article  
5 19Dsection 1009.1 (regulating cigarette vending machines), the Director may suspend a ~~t~~  
6 Tobacco ~~s~~ales permit as set forth in section 19H.191009.66, impose administrative penalties  
7 as set forth in section 19H.201009.67, or both suspend the permit and impose administrative  
8 penalties.

9           (b) The Director shall commence enforcement of this section by serving either a  
10 notice of correction under section 19H.211009.68 of this Article or a notice of initial  
11 determination under section 19H.221009.69 of this Article.

12           **SEC. 19H.111009.58. CONDUCT VIOLATING ~~SAN FRANCISCO~~ POLICE CODE**  
13 **SECTION 4600.3 (REGULATING THE SELF-SERVICE MERCHANDISING OF TOBACCO**  
14 **PRODUCTS).**

15           (a) Upon a decision by the Director that the ~~p~~Permittee or the ~~p~~Permittee's agent or  
16 employee has engaged in any conduct that violates ~~San Francisco~~ Police Code section 4600.3  
17 (regulating the self-service merchandising of tobacco products), the Director may suspend a  
18 ~~t~~Tobacco ~~s~~ales permit as set forth in section 19H.191009.66, impose administrative penalties  
19 as set forth in section 19H.201009.67, or both suspend the permit and impose administrative  
20 penalties.

21           (b) The Director shall commence enforcement of this section by serving either a  
22 notice of correction under section 19H.211009.68 of this Article or a notice of initial  
23 determination under section 19H.221009.69 of this Article.

1           **SEC. 19H.121009.59. CONDUCT VIOLATING *SAN FRANCISCO* HEALTH CODE**  
2 **ARTICLE 19FSECTION 1009.22 (PROHIBITING SMOKING IN ENCLOSED AREAS AND**  
3 **SPORTS STADIUMS).**

4           (a) Upon a decision by the Director that the *p*Permittee or the *p*Permittee's agent or  
5 employee has engaged in any conduct that violates *San Francisco* Health Code *Article*  
6 19Fsection 1009.22 (prohibiting smoking in enclosed areas and sports stadiums), the Director  
7 may suspend a *t*Tobacco *s*Sales permit as set forth in section 19H.191009.66, impose  
8 administrative penalties as set forth in section 19H.201009.67, or both suspend the permit and  
9 impose administrative penalties.

10           (b) The Director shall commence enforcement of this section by serving either a  
11 notice of correction under section 19H.211009.68 of this Article or a notice of initial  
12 determination under section 19H.221009.69 of this Article.

13           **SEC. 19H.131009.60. CONDUCT VIOLATING TOBACCO CONTROL LAWS.**

14           (a) If the Director decides that the *p*Permittee or the *p*Permittee's agent or employee  
15 has engaged in any conduct that violates local, state, or federal law applicable to *t*Tobacco  
16 *p*Products or *t*Tobacco *s*Sales, including Administrative Code Chapter 105 (imposing Cigarette  
17 Litter Abatement Fee), the Director may suspend a *t*Tobacco *s*Sales permit as set forth in  
18 section 19H.191009.66, impose administrative penalties as set forth in section 19H.201009.67,  
19 or both suspend the permit and impose administrative penalties.

20           (b) The Director shall commence enforcement of this section by serving either a  
21 notice of correction under section 19H.211009.68 of this Article or a notice of initial  
22 determination under section 19H.221009.69 of this Article.

23           **SEC. 19H.141009.61. CONDUCT VIOLATING CALIFORNIA PENAL CODE SECTION**  
24 **308 (PROHIBITING THE SALE OF TOBACCO TO MINORS).**



1 (a) Upon a decision by the Director that the ~~p~~Permittee or the ~~p~~Permittee's agent or  
2 employee has engaged in any conduct that violates California Penal Code section 308  
3 (prohibiting the sale of tobacco to minors), the Director may suspend a tobacco sales permit  
4 as set forth in section ~~19H.191009.66~~.

5 (b) The Director shall commence enforcement of this section by serving a notice of  
6 initial determination in accordance with section ~~19H.221009.69~~ of this Article.

7 **SEC. ~~19H.151009.62~~. CONDUCT VIOLATING CALIFORNIA LABOR CODE SECTION**  
8 **6404.5 (PROHIBITING SMOKING IN ENCLOSED PLACES OF EMPLOYMENT).**

9 (a) Upon a decision by the Director that the ~~p~~Permittee or the ~~p~~Permittee's agent or  
10 employee has engaged in any conduct that violates California Labor Code section 6404.5  
11 (prohibiting smoking in enclosed places of employment), the Director may suspend a tobacco  
12 sales permit as set forth in section ~~19H.191009.66~~.

13 (b) The Director shall commence enforcement of this section by serving a notice of  
14 initial determination in accordance with section ~~19H.221009.69~~ of this Article.

15 **SEC. ~~19H.161009.63~~. FRAUDULENT PERMIT APPLICATIONS.**

16 (a) Upon a decision by the Director that the ~~p~~Permittee or the ~~p~~Permittee's agent or  
17 employee has obtained tobacco ~~s~~ales permit from the Department by fraudulent or willful  
18 misrepresentation, the Director may suspend a ~~t~~Tobacco ~~s~~Sales permit as set forth in section  
19 ~~19H.191009.66~~.

20 (b) Upon a final decision by the Director that the ~~p~~Permittee or the ~~p~~Permittee's  
21 agent or employee has obtained a ~~t~~Tobacco ~~s~~Sales permit from the Department by fraudulent  
22 or willful misrepresentation, the Director may impose administrative penalties as set forth in  
23 section ~~19H.201009.67~~.

1 (c) Upon a final decision by the Director that the *p*Permittee or the *p*Permittee's  
2 agent or employee has obtained a *t*Tobacco *s*Sales permit from the Department by fraudulent  
3 or willful misrepresentation, the Director may revoke a *t*Tobacco *s*Sales permit.

4 (d) Upon a final decision by the Director that the *p*Permittee or the *p*Permittee's  
5 agent or employee has obtained a *t*Tobacco *s*Sales permit from the Department by fraudulent  
6 or willful misrepresentation, the Director may impose administrative penalties in addition to  
7 either suspending or revoking the *t*Tobacco *s*Sales permit.

8 (e) The Director shall commence enforcement of this section by serving a notice of  
9 initial determination in accordance with section 19H.221009.69 of this Article.

10 (f) Any person who obtained a permit by fraud or misrepresentation may be  
11 prosecuted for either an infraction or a misdemeanor punishable by a fine not to exceed one  
12 hundred dollars (\$100) for a first violation, two hundred dollars (\$200) for a second violation  
13 within one year, and five hundred dollars (\$500) for a third and for each subsequent violation  
14 within one year.

15 **SEC. 19H.171009.64 SELLING TOBACCO WITHOUT A PERMIT.**

16 (a) Upon a final decision by the Director that any person has engaged in the  
17 sale of tobacco at any *Establishment* without a permit, the Director may impose administrative  
18 penalties as set forth in section 19H.201009.67.

19 (b) The Director shall commence enforcement of this section by serving a notice  
20 of initial determination in accordance with section 19H.221009.69 of this Article. This Notice of  
21 Initial Determination may require that all tobacco sales cease and may impose an  
22 administrative penalty.

23 (c) The City Attorney may maintain an action for injunction to restrain any  
24 person from selling tobacco without a valid tobacco sales permit. In any such action, the City  
25 Attorney may seek civil penalties and may seek a judicial determination that a person must

1 pay any administrative penalties. The person against whom an injunction issues also shall be  
2 liable for the costs and attorney's fees incurred by the City and County of San Francisco in  
3 bringing a civil action to enforce the provisions of the section.

4 (d) Any person who engages in tobacco sales without the required permit may  
5 be prosecuted for either an infraction or a misdemeanor punishable by a fine not to exceed  
6 one hundred dollars (\$100) for a first violation, two hundred dollars (\$200) for a second  
7 violation within one year, and five hundred dollars (\$500) for a third and for each subsequent  
8 violation within one year.

9  
10 **SEC. 19H.181009.65. OTHER ENFORCEMENT.**

11 \* \* \* \*

12 **SEC. 19H.191009.66 TIME PERIOD OF SUSPENSION OF PERMIT.**

13 When this Article allows the Director to suspend a permit, the following sanctions may  
14 be imposed:

15 (a) The Director may suspend the permit for a maximum of 90 days for the first  
16 violation.

17 (b) If a second violation occurs within twelve months of the first violation, the  
18 Director may suspend the permit for a maximum of six months.

19 (c) Upon the third violation, ~~and each subsequent violation~~, if within twelve months  
20 of the prior violation, the Director may suspend the permit for a maximum of one year.

21 (d) Each suspension is an independent sanction and is served consecutively.

22 **SEC. 19H. 201009.67. ADMINISTRATIVE PENALTY.**

23 \* \* \* \*

24 **SEC. 19H.211009.68. NOTICE OF CORRECTION.**

1           When the Director commences an enforcement action with a notice of correction, the  
2 Director shall serve the notice on the *p*Permittee or the *p*Permittee's agent. The notice shall  
3 state that the Department has determined that a violation may have occurred and that  
4 reasonable grounds exist to support this determination. The notice may require corrective  
5 action immediately or upon a schedule required by the Director. The Director may require the  
6 *p*Permittee to post the notice of correction at the location where the Department alleges that  
7 violations have occurred. If the *p*Permittee fails to obey a notice of correction, the Director may  
8 serve a notice of initial determination in accordance with section 19H.221009.69 of this Article.

9  
10  
11           **SEC. 19H.221009.69. NOTICE OF INITIAL DETERMINATION.**

12           \* \* \* \*

13           **SEC. 19H.231009.71. PAYMENT OF ADMINISTRATIVE PENALTIES.**

14           \* \* \* \*

15           **SEC. 19H.241009.72. APPEALS TO BOARD OF APPEALS.**

16           \* \* \* \*

17           **SEC. 19H.251009.73. OTHER REMEDIES.**

18           Nothing in this Article shall affect any other remedies which are available to the City  
19 and County under any law, including (1) ~~San Francisco~~ Health Code Article 19Dsection 1009.1  
20 (regulating cigarette vending machines); (2) ~~San Francisco~~ Police Code section 4600.3  
21 (regulating the self-service merchandising of tobacco products); (3) ~~San Francisco~~ Health Code  
22 Article 19Fsection 1009.22 (prohibiting smoking in enclosed areas and sports stadiums); (4)  
23 California Penal Code section 308 (regulating sales of tobacco products to minors); and (5)  
24 California Labor Code section 6404.5 (prohibiting smoking in enclosed places of  
25 employment).

1           **SEC. 19H.261009.74. AUTHORITY TO ADOPT RULES AND REGULATIONS.**

2           \* \* \* \*

3           **SEC. 19H.271009.75. CITY UNDERTAKING LIMITED TO PROMOTION OF THE**  
4 **GENERAL WELFARE.**

5           \* \* \* \*

6           **SEC. 19H.281009.76. PREEMPTION.**

7           \* \* \* \*

8           **SEC. 19H.291009.77. SEVERABILITY.**

9           \* \* \* \*

10           Section 3. The Business and Tax Regulations Code is hereby amended by revising  
11 Section 249.16, to read as follows:

12  
13           **SEC. 249.16. TOBACCO LICENSE PERMIT FEE.**

14           Every person, firm or corporation engaged in tobacco sales shall pay an annual license  
15 fee of ~~\$188~~ \$200 to the Tax Collector. The amount of the fee shall be determined and  
16 published annually by the Department of Health based on the initial amount of \$188 set in  
17 Ordinance 149-08 and adjusted thereafter under Section 76.1(c) of the Business and Tax  
18 Regulations Code. The license fee set forth in this Section shall be paid annually on or before  
19 March 31, in accordance with the provisions of Section 76.1 of the Business and Tax  
20 Regulations Code.

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

1           Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
2 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
3 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
4 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
5 additions, and Board amendment deletions in accordance with the "Note" that appears under  
6 the official title of the ordinance.

7           Section 6. No Conflict with Federal or State Law. Nothing in this ordinance shall be  
8 interpreted or applied so as to create any requirement, power, or duty in conflict with any  
9 federal or state law.

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

By: \_\_\_\_\_  
ALEETA M. VAN RUNKLE  
Deputy City Attorney

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

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**From:** Raymond Sinclair [<mailto:raymond.sinclair325@gmail.com>]  
**Sent:** Monday, December 29, 2014 1:26 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

Dear Planner,

My name is Raymond Sinclair, I am an e-cigarette user, and have found that it has really helped me remove my desire to smoke cigarettes or chew tobacco. I request that the Board of Supervisors deny the appeal and support the Planning Commission's decision to grant Happy Vape at 1963 Ocean Avenue their conditional use permit. The Happy Vape project is a great way to offer this to more smokers and tobacco users. I support the Happy Vape project and I believe that e-cigarettes are a great alternative to smoking traditional cigarettes. I believe with the current regulations in place, e-cigarettes can really begin to take a chunk out of the cigarette smoking industry, while promoting a form of smoking cessation. There has been much controversy on the subject of e-cigarette use and its benefits and dangers, however much of this has been inconclusive. Since this seems to be an effective alternative for some people to smoking cigarettes, I can see a fitting place for this type of establishment in the area.

Thank you for your time and consideration,

Signed,

Raymond Sinclair

---

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

---

**From:** Cindy Hernandez [<mailto:c.hernandez101@yahoo.com>]  
**Sent:** Monday, December 29, 2014 1:10 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

Dear San Francisco Supervisors,

My name is Cindy Hernandez, I have shopped on Ocean Avenue a long time. I request that the Board of Supervisors deny the appeal and support the Planning Commission's decision to grant Happy Vape at 1963 Ocean Avenue their conditional use permit. I used to frequent the Clean-X-Press and Java on Ocean. Lately the area seems to be dilapidated, so many stores have closed along Ocean and not many have replaced them. I long to see the Ocean Avenue I once knew many years ago, vibrant and thriving. I saw that there is a new store opening on Ocean Avenue and a notice of conditional use permit application, and I wanted to show my support for a new business. Please support new businesses that come to this area as they need some newer looking stores that will attract new people.

Thank you,

Cindy Hernandez



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**From:** Board of Supervisors (BOS)  
**To:** Carroll, John (BOS); Lamug, Joy  
**Subject:** File 141291 FW: Support Letter for Happy Vape at 1963 Ocean Avenue

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**From:** Sarah Lee [<mailto:lee.sarah055@yahoo.com>]  
**Sent:** Sunday, December 28, 2014 1:55 AM  
**To:** Yee, Norman (BOS); Avalos, John (BOS); Breed, London (BOS); Campos, David (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Mar, Eric (BOS); Tang, Katy (BOS); Wiener, Scott; Board of Supervisors (BOS)  
**Subject:** Re: Support Letter for Happy Vape at 1963 Ocean Avenue

Dear Supervisors,

I have been updated about the appeal, and would like to pledge my support of the Planning Commission's decision to grant Happy Vape @ 1963 Ocean Avenue their conditional use permit. Please support the Commission's decision and deny the appeal.

Thank you,

Sarah Lee

On Wednesday, December 3, 2014 11:05 PM, Sarah Lee <[lee.sarah055@yahoo.com](mailto:lee.sarah055@yahoo.com)> wrote:

Dear Supervisors of San Francisco,

My name is Sarah Lee, and I am a resident in the Richmond District. I was a smoker back when I was a teen, and I remember exactly how hard it was to quit. I remember the sweaty nights, the late night fiending, and the desire to find any excuse for a cigarette. I wish they had e-cigs back then as they would have made it 100 times easier to stop. I found that a lot of my co-workers are now using e-cigs as a way to stop smoking, and I can feel the air around work get little cleaner. I don't smell old stale cigarettes whenever I get in an elevator and there is less animosity towards vapors compared to smokers. I think Happy Vape has the right idea and that this is a positive trend that should be supported.

Thank you,

Sarah L.

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**From:** Board of Supervisors (BOS)  
**To:** Carroll, John (BOS); Lamug, Joy  
**Subject:** File 141291 FW: Letter of Support New Vape Shop on Ocean Avenue - Happy Vape

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**From:** Yin Lam [<mailto:dongdongdong309@mail.com>]  
**Sent:** Sunday, December 28, 2014 1:31 AM  
**To:** Yee, Norman (BOS); Avalos, John (BOS); Breed, London (BOS); Campos, David (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Mar, Eric (BOS); Tang, Katy (BOS); Wiener, Scott; Board of Supervisors (BOS)  
**Subject:** Fw: Letter of Support New Vape Shop on Ocean Avenue - Happy Vape

Dear Supervisors,

Please deny appeal for Happy Vape 1963 Ocean Avenue. Please support Planning.

Thank you  
Yin

**Sent:** Monday, December 01, 2014 at 3:02 AM  
**From:** "Yin Lam" <[dongdongdong309@mail.com](mailto:dongdongdong309@mail.com)>  
**To:** [Katy.Tang@sfgov.org](mailto:Katy.Tang@sfgov.org), [Scott.Wiener@sfgov.org](mailto:Scott.Wiener@sfgov.org), [Board.of.Supervisors@sfgov.org](mailto:Board.of.Supervisors@sfgov.org), [Norman.Yee@sfgov.org](mailto:Norman.Yee@sfgov.org), [John.Avalos@sfgov.org](mailto:John.Avalos@sfgov.org), [London.Breed@sfgov.org](mailto:London.Breed@sfgov.org), [David.Campos@sfgov.org](mailto:David.Campos@sfgov.org), [Malia.Cohen@sfgov.org](mailto:Malia.Cohen@sfgov.org), [Mark.Farrell@sfgov.org](mailto:Mark.Farrell@sfgov.org), [Jane.Kim@sfgov.org](mailto:Jane.Kim@sfgov.org), [Eric.L.Mar@sfgov.org](mailto:Eric.L.Mar@sfgov.org)  
**Subject:** Letter of Support New Vape Shop on Ocean Avenue - Happy Vape

Dear Supervisors of San Francisco,

I am Yin Lam, I am an immigrant here for the last 10 years. I work in the post office. I have walked on Ocean Avenue many times. There are only some good stores. I wish for more stores. My friend wants to open a store on Ocean and I support his project.

Thank you,  
Yin Lam

Board of Supervisors (BOS)

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Dear SF Supervisor Nornam Yee, Support Happy Vape.

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**From:** Jim simmons [<mailto:radioactiveman444@gmail.com>]  
**Sent:** Sunday, December 28, 2014 1:09 AM  
**To:** Board of Supervisors (BOS); Yee, Norman (BOS)  
**Subject:** Fwd: Dear SF Supervisor Nornam Yee, Support Happy Vape.

Dear Supervisor Yee,

I have been updated regarding the appeal for 1963 Ocean Avenue, and would like to express my support for the Happy Vape project, and request that you deny the appeal and allow Happy Vape to open.

Thank You,

Jim Simmons

----- Forwarded message -----

**From:** **Jim simmons** <[radioactiveman444@gmail.com](mailto:radioactiveman444@gmail.com)>  
**Date:** Sat, Nov 29, 2014 at 12:38 AM  
**Subject:** Dear SF Supervisor Nornam Yee, Support Happy Vape.  
**To:** [Board.of.Supervisors@sfgov.org](mailto:Board.of.Supervisors@sfgov.org), [Norman.Yee@sfgov.org](mailto:Norman.Yee@sfgov.org)

Dear District Supervisor Norman Yee,

My name is Jim Simmons, and I find E-Cigarettes useful. I have spent many days lighting away at my cigarettes in the rain and when there was a high wind and now with a E-Cig I can vape anytime at least outdoors. I have lived for some time on Ralston street, and I eagerly welcome a vapor lounge to open in the area as I would not have to travel as far to get my products. Happy Vape seems like great idea and it could use your support. Thank you for considering these thoughts.

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**From:** Board of Supervisors (BOS)  
**To:** Carroll, John (BOS); Lamug, Joy  
**Subject:** File 141291 FW: Deny Appeal and Support Conditional Use Permit Fw: Support Letter for Happy Vape at 1963 Ocean Avenue

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**From:** Ellen Park [<mailto:ellenpark3333@yahoo.com>]

**Sent:** Sunday, December 28, 2014 12:47 AM

**To:** Yee, Norman (BOS); Avalos, John (BOS); Breed, London (BOS); Campos, David (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Mar, Eric (BOS); Tang, Katy (BOS); Wiener, Scott; Board of Supervisors (BOS)

**Subject:** Deny Appeal and Support Conditional Use Permit Fw: Support Letter for Happy Vape at 1963 Ocean Avenue

Dear Supervisors,

I have been updated regarding the appeal and would like to show my support for Happy Vape and their Conditional Use Permit. Please deny the appeal and support the Planning Commissions decision.

Thank you again,

Ellen

On Tuesday, December 2, 2014 11:30 PM, Ellen Park <[ellenpark3333@yahoo.com](mailto:ellenpark3333@yahoo.com)> wrote:

Dear Supervisors of San Francisco,

My name is Ellen Park, and I support Happy Vape due to its promotion of a cigarette free environment. I believe that with less cigarette smokers we will find that our beaches, streets, and sidewalks will reduce cigarette butt waste tremendously. Studies show that cigarette butts contribute to at least a third of the current road waste on America's roadways. The emissions of the e-cigarette has been found to be 7 to 150 times less harmful than that of cigarettes. One drag from a vaporizer pen has also been found to be equivalent to a breath of air in a major metropolis. With these statistics I feel comfortable in support of e-cigarette use and Happy Vape as a responsible vendor.

Thank you for your time and consideration.

-Ellen

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

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**From:** argw aerw [<mailto:ajsk1006@yahoo.com>]  
**Sent:** Monday, December 29, 2014 1:50 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

Dear SF Supervisors,

My name is A.J. Skimmer, I was a heavy smoker, and am currently vaping low nicotine content e-liquids to slowly ween myself off of nicotine. I request that the Board of Supervisors deny the appeal and support the Planning Commission's decision to grant Happy Vape at 1963 Ocean Avenue their conditional use permit. I have been to many corner and liquor stores that sell vape pens however, you never really know what your gonna get. Due to this, in the past I stayed away from this product, however, after my first experience in a vape shop, I could safely choose the right device and dose for my needs. These types of services are necessary and I believe extremely beneficial to fellow smokers such as myself. I support Happy Vape as a new vendor of these great products and possible help to stop cigarette smoking and addiction.

Thanks,  
A.J.

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Carroll, John (BOS); Lamug, Joy  
**Subject:** File 141291 FW: Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

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**From:** Catherine Pinzon [<mailto:cpinzon901@yahoo.com>]  
**Sent:** Monday, December 29, 2014 2:15 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

Dear SF Supervisors,

My name is Catherine Pinzon and I truly believe a human's choice of recreational activity should be regulated up to a certain extent and be allowed to thrive when possible. I request that the Board of Supervisors deny the appeal and support the Planning Commission's decision to grant Happy Vape at 1963 Ocean Avenue their conditional use permit. Litter in the city is a major problem, cigarettes and their butts are some of the leading causes. Happy Vape is a venue attempting to promote greener living and getting the cigarette butts off our streets. When choices such as where one retail establishment opens in comparison to another is determined by neighborhood demands and their willingness to thwart the incoming new businesses owners plans, society is doomed to repeat a lot of mistakes, as we no longer listen to innovators. Some activities in life must have regulations, however there are many other consensual activities that are largely disturbing and/or confusing to many but accepted by some.

Thank you,  
Catherine

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

**From:** Sean Scotts [<mailto:sfforever1219@gmail.com>]  
**Sent:** Monday, December 29, 2014 2:28 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

Dear San Francisco Supervisors,

My name is Sean Scotts and I am a concerned citizen and have found that the Ocean avenue area seems to be taking a down turn. I request that the Board of Supervisors deny the appeal and support the Planning Commission's decision to grant Happy Vape at 1963 Ocean Avenue their conditional use permit. The area is looking grayer with each passing month. There needs to be more new stores opening, I think Happy Vape will shine some new color on Ocean Avenue. I support Happy Vape as it breathes culture into an area left complacent for too long. The city is going through many changes and I believe the Ocean Avenue area is being left behind based on the many different evolving views and cultures that make the current San Francisco so great. This area could use a fresh start to begin the transformation, I believe Happy Vape can open these doors. Many new dwellers of this city are looking for more sociable activities to peak their interest, for instance the current growth in the biking culture seen through "Critical Mass" events, and the rise in young adults moving to the area due to demand of tech companies across the Bay Area. Happy Vape provides a congregational area with many outlets in which to allow individuals to choose to spend their well-earned time and money.

Thank you for your time and consideration,

Signed,

Sean Scotts

**From:** Tang, Katy (BOS)  
**Sent:** Monday, December 29, 2014 11:55 AM  
**To:** Gosiengfiao, Rachel (BOS)  
**Subject:** FW: Letter to Supervisor of San Francisco in Support of Happy Vape at 1963 Ocean Avenue.

For the Board's records

**Katy Tang**  
District 4 Supervisor  
San Francisco Board of Supervisors  
City Hall, Room 264  
Phone: (415) 554-7460

*Office website:*  
[www.sfbos.org/Tang](http://www.sfbos.org/Tang)

*View our Sunset District Blueprint:*  
[www.sfbos.org/SunsetBlueprint](http://www.sfbos.org/SunsetBlueprint)

**From:** Muhammad Hadiar [<mailto:eastbeast617@gmail.com>]  
**Sent:** Sunday, December 28, 2014 12:30 AM  
**To:** Yee, Norman (BOS); Avalos, John (BOS); Breed, London (BOS); Campos, David (BOS); Chiu, David (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Mar, Eric (BOS); Tang, Katy (BOS); Wiener, Scott  
**Subject:** Re: Letter to Supervisor of San Francisco in Support of Happy Vape at 1963 Ocean Avenue.

Dear Supervisors,

I have since been updated that an appeal has been filed and would like to pledge my support of Happy Vape. Please uphold the Planning Commission's decision and deny the appeal for the conditional use permit at 1963 Ocean Avenue.

Thank you,

Muhammad Hadiar

On Sun, Nov 16, 2014 at 12:27 PM, Muhammad Hadiar <[eastbeast617@gmail.com](mailto:eastbeast617@gmail.com)> wrote:

Dear City Supervisors,

My name is Muhammad Hadiar, I am a citizen of this San Francisco City. I have been to Ocean Avenue on numerous occasions, such as attending City College when I first arrived in the US about 10 years ago. I believe this area lacks unique and diverse business. I support Happy Vape due to its offering of diverse, new products that can bring a new dimension to the Ocean Avenue area. The introduction of vapor shop will follow a trend stemming from the Southern California area of e-cigarette use as regularly seen activity and a means of smoking cessation. Hookah use which will also be offered at Happy Vape can also promote an already ancient activity done widely in the Middle East and seen extensively in many metropolises. Happy Vape will be



offering an even better alternative than these with Steam Stone Hookah. Such diversity can bring brighten up a dull neighborhood that is losing its light.

Thank you for your time and consideration,

Muhammad Hadiar

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File 141291 FW: Proposal Vape and Hookah Business

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

From: Linda Chan-Lau [<mailto:linda138@yahoo.com>]  
Sent: Friday, December 19, 2014 1:53 PM  
To: Board of Supervisors (BOS)  
Cc: [rckaris@gmail.com](mailto:rckaris@gmail.com)  
Subject: RE: Proposal Vape and Hookah Business

MY FAMILY AND APTOS MIDDLE SCHOOL FAMILIES REFUSE TO HAVE THIS BUSINESS TO OPEN ON OCEAN AVENUE. WE WANT TO APPEAL TO MAKE SURE THIS DOESN'T HAPPEN IN OUR NEIGHBORHOOD. WE NEED TO SECURE OUR NEIGHBORHOOD A BETTER SURROUNDING FOR OUR STUDENTS.

AGAIN WE WILL FIGHT TILL THE END TO MAKE SURE THIS NOT GOING TO HAPPEN.

SINCERELY,  
NEIGHBOR AND APTOS MIDDLE SCHOOL FAMILIES

(BOS)  

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Writing to strongly object to vape/hookah business at 1963 Ocean Ave

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**From:** Sarah Wentker [mailto:sarah.wentker@gmail.com]  
**Sent:** Friday, December 19, 2014 11:09 AM  
**To:** Yee, Norman (BOS); BOS Legislation (BOS); Board of Supervisors (BOS)  
**Cc:** rckaris@gmail.com  
**Subject:** Writing to strongly object to vape/hookah business at 1963 Ocean Ave

I am writing to urge you to please block the opening of a vape & hookah business at 1963 Ocean Avenue. I live in this neighborhood, and my daughter attends Aptos Middle School. We DO NOT need this kind of business in our neighborhood. There are tons of children walking up and down the Ocean Ave corridor, all the way from Commodore Sloat Elementary, to Aptos Middle School, and down to Denman Middle School & Balboa High School at the other end of Ocean. Our kids do NOT need to walk past this business, and they do not need to be exposed to this kind of culture. Plenty of kids end up smoking (legal substances and otherwise) at a young age. We do not need further encouragement. The whole vape culture is being portrayed as safe and cool, but it is not proven safe. Please please please keep businesses like this out of our neighborhood, and away from schools!!!!

Thanks for your consideration.

Sarah Wentker  
307 Santa Ana Ave.  
415-623-4375

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Proposed Vape Hookah Lounge at 1963 Ocean - Opposition

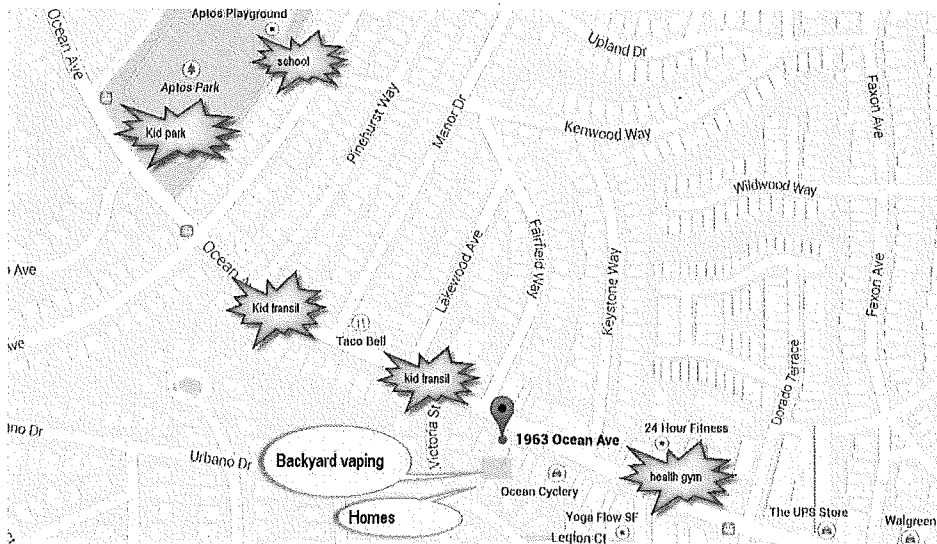
**From:** deltabear [mailto:deltabear88@gmail.com]  
**Sent:** Friday, December 19, 2014 10:47 AM  
**To:** BOS Legislation (BOS); Board of Supervisors (BOS); Yee, Norman (BOS)  
**Cc:** Robert Karis  
**Subject:** Proposed Vape Hookah Lounge at 1963 Ocean - Opposition

I continue to be opposed to this project, and I am shocked that the Planning Commission thinks that it's OK. I am hoping that the Board will be more rationale.

The owner has emailed me, trying to allay our concerns. But I am now even more concerned. Excerpt below:

"Our diversity of products and services will stimulate pedestrian traffic. **The Vaping will be designated to our outdoor backyard area enclosed by a tent...**"

Does the Planning Commission/Board realize that the owner plans to BUILD A TENT in the backyard area for vaping activity?



Planning Commission was incorrect in their finding that this development is " necessary or desirable, and compatible with, the neighborhood or the community."

The Commission issued a ruling that "approval of the Conditional Use authorization would promote the health, safety and welfare of the City." Given proximity to kids, park, school, how is this conclusion possible?

Adrienne Go

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: 1963 Ocean Ave San Francisco

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**From:** Nancy Lewellen [<mailto:NYL@PalladianLawGroup.com>]  
**Sent:** Monday, December 22, 2014 12:40 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** 1963 Ocean Ave San Francisco

I would like to go on record as opposing the proposed e-cigarette and vapor shop at the above address. I have lived in Ingleside Terraces for 40 years and have watched this block of Ocean Ave go to the dogs with a massage parlor, tattoo parlor, billiards hall and now this. This is a wealthy neighborhood, NOT THE TENDERLOIN, that needs regular merchants.

It is close to 2 schools, and I understand a new ordinance would make the vicinity of this cigarette shop illegal. There are more vacancies going up on this block with the closing of In Style and Kimura Gallery. Surely other businesses would be a better fit for this family neighborhood. What were you thinking?

Sincerely,

Nancy Lewellen, Esq.  
Palladian Law Group  
605 Market Street Suite 505  
San Francisco, CA 94105  
Tel: (415) 399-0993 Fax: (415) 202-6474

<http://www.palladianlawgroup.com>

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Opposition to vape shop on Ocean Avenue

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**From:** Linda McGilvray [mailto:linda.mcgilvray@gmail.com]  
**Sent:** Tuesday, December 23, 2014 2:03 PM  
**To:** Board of Supervisors (BOS); Yee, Norman (BOS); BOS Legislation (BOS)  
**Cc:** Robert Karis  
**Subject:** Opposition to vape shop on Ocean Avenue

Dear Board of Supervisors,

The neighbors in Ingleside Terraces are very concerned about the final motion of the Planning Commission regarding the proposed vape shop at 1963 Ocean Avenue. Many feel that this business does not meet the objectives listed within the final motion. Even though some studies say the vapors are not harmful, others disagree. There's even the real chance that these e-cigarettes could lead to a smoking addiction. The neighbors with adjoining properties are certainly opposed to such activities that would pollute the air right outside the back of their homes. There also are a couple of private schools and Aptos school students in the area that might be influenced by the wares. They walk home down Ocean Ave. Trying to improve the quality of retail establishments on Ocean Avenue has been the focus, even though a few questionable shops have opened. It's one thing to have diversity in the shops but another to have unsuitable ones for youth and the neighborhood welfare. There are other stores selling e-cigarettes in the immediate vicinity within the 500 feet limit of the proposed vape shop, making neighbors wonder why another one is needed. Please consider the plight of the neighbors and welfare of the neighborhood in considering licensing this shop.

Thanks for your consideration.

Linda McGilvray  
Ingleside Terraces resident

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: OBJECTION TO HOOKAH LOUNGE OCEAN ST, SF

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**From:** [RUSSIANFOK@aol.com](mailto:RUSSIANFOK@aol.com) [mailto:[RUSSIANFOK@aol.com](mailto:RUSSIANFOK@aol.com)]  
**Sent:** Tuesday, December 23, 2014 5:07 PM  
**To:** BOS Legislation (BOS); Board of Supervisors (BOS); Yee, Norman (BOS)  
**Cc:** [rckaris@gmail.com](mailto:rckaris@gmail.com)  
**Subject:** OBJECTION TO HOOKAH LOUNGE OCEAN ST, SF

*PLEASE MAKE A NOTE THAT WE, RESIDENTS OF INGLESIDE TERRACES OBJECT  
AND STRONGLY REQUEST  
THAT THERE WOULD BE NO HOOKAH LOUNGE/STORE ON OCEAN STREET, IN SAN  
FRANCISCO!  
THANK YOU.  
HAPPY HOLIDAYS!  
NIKOLAI, DOUCE ANN, MASSENKOFF  
735 URBANO DRIVE  
SAN FRANCISCO, CA 94127*



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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Opposition to 1963 Ocean Avenue business establishment

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**From:** Dan Hambali [<mailto:dahambali@gmail.com>]  
**Sent:** Sunday, December 28, 2014 8:52 AM  
**To:** BOS Legislation (BOS); Board of Supervisors (BOS); Yee, Norman (BOS)  
**Subject:** Opposition to 1963 Ocean Avenue business establishment

To whom it may concern,

My name is Daniel Hambali, and my family of five (which includes 3 children under 5) live at 715 Victoria St. in the Ingleside Terraces neighborhood. We moved here in 2005 as we intended to start a family because we found the homes large, the neighborhood safe, clean, and quiet, and Ocean Avenue offered nearby services that we found desirable. Due to the economic down turn, many businesses that we patronized ceased operation, and have since been replaced with less wholesome businesses. On the 1900 block of Ocean Avenue alone, we have now added two tattoo parlors (within 100 feet of each other), a pool hall, and a medical marijuana dispensary.

We have lost Franciscan Hobbies (a 68 year old SF institution when it came to models, model trains, and other similar hobbies), Aquatic Central (aquarium hobby store), and Ocean Taqueria. The tone of the immediate neighborhood businesses on Ocean Avenue has changed to suit unmarried young singles despite the immediate neighborhood being the contrary.

I oppose the addition of the new vape shop and hookah lounge at 1963 Ocean Ave for the following reasons.

- 1) The proposed establishment is within 500 feet from the Voice of Pentacost school at 1970 Ocean Avenue. Just looking at the street address will indicate that these two locations are very close in proximity.
- 2) E-cigarettes are sold elsewhere on Ocean Avenue near to the proposed location. This does not constitute a differentiation of goods and services for the neighborhood—it's more of the same.

The 7-11 at 2000 Ocean Avenue sells these. This is within 500 feet.

The following street addresses on Ocean Avenue also sell e-cigarettes: 999, 1015, 1490, 1521, 1551.

One hardly needs to leave their own block in order to purchase.

- 3) The proposed establishment isn't consistent with the Ingleside Terraces demographics. The neighborhood is comprised of households with children or senior citizens. See: [http://www.realtor.com/local/Ingleside-Terrace-Sub\\_San-Francisco\\_CA/lifestyle](http://www.realtor.com/local/Ingleside-Terrace-Sub_San-Francisco_CA/lifestyle) The proposed establishment seems more consistent of a neighborhood with young singles.

Please consider these factors, and deny the proposed establishment at 1963 Ocean Avenue.

Best Regards,

Dan Hambali

(BOS)

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Case No. 2014.0206C, 1963 Ocean Avenue, letter of opposition  
**Attachments:** appeal\_letter\_si.pdf

**From:** Robert Karis [<mailto:rckaris@gmail.com>]  
**Sent:** Sunday, December 28, 2014 11:01 AM  
**To:** BOS Legislation (BOS); Board of Supervisors (BOS); Yee, Norman (BOS)  
**Subject:** Case No. 2014.0206C, 1963 Ocean Avenue, letter of opposition

Dear Clerk of the Board,

Please enter the attached letter, written and signed by a neighbor, in opposition to the proposed vape shop at 1963 Ocean Ave.

Thank you,  
Robert Karis

December 26, 2014

Case No. 2014.0206C, 1963 Ocean Avenue  
Letter to support the appeal of Conditional Use Authorization for 1963  
Ocean Avenue

Dear Board of Supervisors:

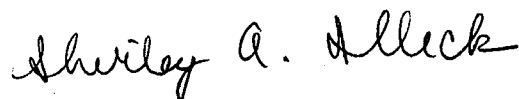
I am writing in regard to the proposed Tobacco Paraphernalia establishment at 1963 Ocean Avenue between the cross streets of Ashton and Victoria. This business intends to sell e-cigarette, e-liquids and operate a steam stone hookah lounge in the basement. Everyone in our neighborhood is furious about this; surely you won't give your approval.

Nationally, for the sake of everyone's health, we are attempting to stamp out smoking. Now this group is trying to encourage it, especially among young people – and this location is almost adjacent to a church-run school and is only a few blocks from Aptos Middle School. It is indefensible!

There are already eight other locations on Ocean Avenue that sell cigarettes and/or e-cigarettes – and the fumes can be harmful to anyone, even passersby.

Please realize that this Establishment is an affront to the neighborhood and our young people as this atmosphere can lead to substance abuse and addiction. Surely San Francisco city planners and supervisors should work to protect its citizens.

Sincerely,



Ingleside Terraces resident

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: 1963 Ocean Ave. Proposed Vape Shop - Opposition

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

From: Vuksich Alexandra [<mailto:alexandravuksich@sbcglobal.net>]  
Sent: Sunday, December 28, 2014 5:05 PM  
To: BOS Legislation (BOS); Board of Supervisors (BOS); Yee, Norman (BOS)  
Cc: [rckaris@gmail.com](mailto:rckaris@gmail.com)  
Subject: 1963 Ocean Ave. Proposed Vape Shop - Opposition

Dear Supervisors,

A "Vape" Shop has been proposed for 1963 Ocean Avenue – a business type to which I object as a resident of Balboa Terrace and the greater Ocean Avenue corridor. This portion of Ocean Avenue gradually becomes more residential and already has a 7-Eleven, Pool Hall, two Medical Marijuana Dispensaries (another has been proposed at the other end of Ocean Avenue nearer to the public library) and is really not reflective of the needs of this neighborhood which is predominantly comprised of single family residential houses with actual, factual families living in them. I grew up in the neighborhood and have seen this portion of the corridor turn from an integral part of family life with the El Rey Theatre, Zim's, toy and pet shops, dry cleaners and Mom & Pop markets to a street I avoid. Given that the Board has adopted a moratorium on new permits to sell "vape" and tobacco products in the city which does not take effect until late in January, I would hate to see this permit slip by simply due to luck in timing. I would also hope that Ocean Avenue's landlords and the Ocean Avenue Merchants Association can work together to attract the types of business that make other neighborhood corridors in the city so successful.

I urge you to oppose the Conditional Use Application for 1963 Ocean Avenue.

Thank you for your time and consideration,

Alexandra Vuksich  
177 San Aleso Ave.

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File 141291 FW: Case No. 2014.0206C; 1963 Ocean Avenue; 'Happy Vape'

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**From:** Susanne DeRisi [<mailto:sderisi@gmail.com>]  
**Sent:** Saturday, December 20, 2014 4:56 PM  
**To:** BOS Legislation (BOS); Board of Supervisors (BOS); Yee, Norman (BOS); Boudreaux, Marcelle (CPC)  
**Cc:** [rckaris@gmail.com](mailto:rckaris@gmail.com)  
**Subject:** Re: Case No. 2014.0206C; 1963 Ocean Avenue; 'Happy Vape'

Dear Board of Supervisors:

I am writing to oppose establishment of a tobacco retailer and hookah lounge, 'Happy Vape', at 1963 Ocean Avenue. I understand that you have a hearing scheduled for Tuesday, January 13, 2015 at 3 P.M.

As a parent of school age children, I am opposed to establishment of this tobacco/e-cigarette retailer and hookah lounge at a location near to so many schools. The Voice of Pentecost Academy (PreK-12<sup>th</sup> grade) at 1970 Ocean Avenue is only 130 feet from 1936 Ocean Avenue. There are altogether 14 educational institutions along the Ocean Avenue corridor, including Commodore Sloat elementary, Aptos Middle School, Stratford School, City College of San Francisco, and San Francisco State University. The Board of Supervisors very recently (12/9/2014 and 12/16/2014) voted unanimously to limit tobacco sales permits "if the Applicant will be within 500 feet of the nearest point of the property line of a School". Although this legislation does not take effect for 30 days and may not legally apply to this case, it seems to me that the Board of Supervisors should apply these same criteria in evaluating the appeals opposing establishment of the tobacco retailer at 1963 Ocean Avenue.

I disagree with the following "Findings" in the Planning Commission Final Motion No. 19271:

"Sections 7.A. (p.4): The proposed new uses and building ... will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community."

“7.B. (p.5): The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity.”

“7.D. (p.6): *The proposal enhances the range of comparison goods and services offered by adding another specialty retail store to the District*”

“7.E. (p.6): The concentration of such establishments in the particular zoning district for which they are proposed does not appear to adversely impact the health, safety, and welfare of residents of nearby areas,”

The proposed e-cigarette/vaporizer retailer and steam stone hookah lounge is not desirable and is not compatible with this community. Smoking e-cigarettes and using vaporizers and being exposed to carcinogens in the second hand smoke from e-cigarettes and vaporizers will be detrimental to the health of the persons living in, working in, and attending school in the community. Furthermore, the retail sale of e-cigarettes does not enhance the range of comparison goods and services offered because there are already two tobacco retailers within 400 feet: a 7-Eleven at 2000 Ocean Avenue that sells e-cigarettes and cigarettes and a store on Ashton Avenue that sells cigarettes.

Thank you for your consideration of this matter. I hope you will side with those of us who oppose establishment of a tobacco retailer and hookah lounge, ‘Happy Vape’, at 1963 Ocean Avenue

Regards,

Susanne DeRisi

415 Chenery St

San Francisco, CA 94131

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: re Conditional Use Application for 1963 Ocean Ave.

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**From:** Mary Sherwood [mailto:mshersf@gmail.com]  
**Sent:** Thursday, December 18, 2014 2:10 PM  
**To:** BOS Legislation (BOS); Board of Supervisors (BOS); Yee, Norman (BOS)  
**Subject:** re Conditional Use Application for 1963 Ocean Ave.

Hello,

As a long time resident of the Ingleside Terraces I am writing to you to voice my opposition to the opening of a e-cigarette shop at 1963 ocean ave. Many children (including my own) walk down ocean avenue on their way to and from the many schools located along this corridor . Recent research has shown that while there is a decline in the use of tobacco cigarettes among young people, there is an increase in e-cigarette use and that those that try it are more inclined to continue to smoke.

<http://www.cdc.gov/media/releases/2014/p0825-e-cigarettes.html>

[http://www.nytimes.com/2014/12/17/science/national-institute-on-drug-abuse-e-cigarette-study.html?\\_r=0](http://www.nytimes.com/2014/12/17/science/national-institute-on-drug-abuse-e-cigarette-study.html?_r=0)

This addiction as well as the known negative affects of nicotine on developing brains makes me opposed to allowing this e-cigarette establishment in this location. My hopes are that you will please take into consideration the many children that travel this corridor each day and make a decision to provide them with the best possible opportunities to be healthy and successful individuals.

Thank you,

Mary Sherwood  
874 Urbano Drive  
SF

**The New York Times** | <http://nyti.ms/1A4zPul>



SCIENCE

# E-Cigarettes Top Smoking Among Youths, Study Says

By SABRINA TAVERNISE DEC. 16, 2014

WASHINGTON — A new federal survey has found that e-cigarette use among teenagers has surpassed the use of traditional cigarettes as smoking has continued to decline. Health advocates say the trend for e-cigarette use is dangerous because it is making smoking seem normal again. They also worry it could lead to an increase in tobacco smoking, though the new data do not show that.

The survey, released Tuesday by the National Institute on Drug Abuse, measured drug and alcohol use this year among middle and high school students across the country. More than 41,000 students from 377 public and private schools participated. It is one of several such national surveys, and the most up-to-date.

It was the first time this survey measured e-cigarette use, so there were no comparative data on the change over time. Other surveys have shown e-cigarette use among middle and high school students to be much lower, but increasing fast.

“The numbers are stunning,” said Matthew L. Myers, president of the Campaign for Tobacco Free Kids, an advocacy group.

The survey found that 17 percent of 12th graders reported using an e-cigarette in the last month, compared with 13.6 percent who reported having a traditional cigarette. Among 10th graders, the reported use of e-cigarettes was 16 percent, compared with 7 percent for cigarettes. And among eighth graders, reported e-cigarette use was 8.7 percent, compared with just 4 percent who said they had smoked a cigarette in the last month.



A 2013 youth tobacco survey by the federal Centers for Disease Control and Prevention released in November found that the share of American high school students who used e-cigarettes rose to 4.5 percent in 2013 from 2.8 percent in 2012. The share of middle school students who used e-cigarettes remained flat at 1.1 percent over the same period.

The gap between the two sets of findings was substantial, and researchers struggled to explain it. Both are broad, reliable federal surveys that go back years, and their methodologies do not differ greatly. The drug abuse institute uses individual school grades, while the disease centers combine grades, which may account for some of the difference.

Some experts said the new data suggested that the rate might have increased substantially since 2013, though it will be impossible to know for sure until the C.D.C. releases its 2014 data sometime next year.

E-cigarettes have split the public health world, with some experts arguing that they are the best hope in generations for the 18 percent of Americans who still smoke to quit. Others say that people are using them not to quit but to keep smoking, and that they could become a gateway for young people to take up real cigarettes.

But that does not seem to be happening, at least so far. Daily cigarette use among teenagers continued to decline in 2014, the survey found, dropping across all grades by nearly half over the past five years. Among high school seniors, for example, 6.7 percent reported smoking cigarettes daily in 2014, compared with 11 percent five years ago.

Most experts agree that e-cigarettes are far less harmful than traditional cigarettes. But they contain nicotine, an addictive substance that some experts contend is potentially harmful for brain development. Some experts also warn that nicotine use can establish patterns that leave young people more vulnerable to addiction to other substances.

The survey found significant declines in the use of other drugs. Among high school seniors, about 6 percent reported having taken a prescription drug, substantially down from the peak of 9.5 percent in 2004. Abuse of Vicodin, the opioid pain reliever, declined by nearly half among 12th graders over five years.

In states with medical marijuana laws, 40 percent of high school seniors

**who reported using marijuana in the past year said they had consumed it in food, compared with 26 percent in states without such laws.**

A version of this article appears in print on December 17, 2014, on page A19 of the New York edition with the headline: E-Cigarettes Top Smoking Among Youths, Study Says.

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Centers for Disease Control and Prevention  
CDC 24/7: Saving Lives, Protecting People™

## More than a quarter-million youth who had never smoked a cigarette used e-cigarettes in 2013

Study finds youth who have used e-cigarettes are almost twice as likely to have intentions\* to smoke conventional cigarettes

### Press Release

For Immediate Release: Monday, August 25, 2014

Contact: [Media Relations \(http://www.cdc.gov/media\)](http://www.cdc.gov/media)

(404) 639-3286

More than a quarter of a million youth who had never smoked a cigarette used electronic cigarettes in 2013, according to a CDC study published in the journal *Nicotine and Tobacco Research*. This number reflects a three-fold increase, from about 79,000 in 2011, to more than 263,000 in 2013.

The data, which comes from the 2011, 2012, and 2013 National Youth Tobacco surveys of middle and high school students, show that youth who had never smoked conventional cigarettes but who used e-cigarettes were almost twice as likely to have intentions\* to smoke conventional cigarettes as those who had never used e-cigarettes. Among non-smoking youth who had ever used e-cigarettes, 43.9 percent said they have intentions\* to smoke conventional cigarettes within the next year, compared with 21.5 percent of those who had never used e-cigarettes.

There is evidence that nicotine's adverse effects on adolescent brain development could result in lasting deficits in cognitive function. Nicotine is highly addictive. About three out of every four teen smokers become adult smokers, even if they intend to quit in a few years.

The analysis also looked at the association between tobacco advertisements and smoking intentions among middle and high school students. Students were asked about whether they had seen tobacco ads on the



In 2013, more than a quarter million middle school and high school students never smoked regular cigarettes but had used e-cigarettes three times as many as 2011.

internet, in magazines and newspapers, in retail stores, and in television programs and movies. Consistent with previous studies, this study found that youth who reported exposure to tobacco ads had higher rates of intention to smoke than those who weren't exposed to such ads.

The researchers also found the greater the number of advertising sources to which young people were exposed, the greater their rate of intention to smoke cigarettes. Thirteen percent of students who said they had no exposures to such ads had intentions to smoke, compared to 20.4 percent among those who reported exposures from one to two ad sources and 25.6 percent among those who reported exposures from three to four of the sources.

More than 50 years since the landmark Surgeon General's Report linking cigarette smoking to lung cancer, smoking remains the leading cause of preventable death and disease in the United States. Smoking kills nearly half a million Americans every year. More than 16 million Americans live with a smoking-related disease. Smoking-related diseases cost Americans \$132 billion a year in direct health care expenses, much of which comes in taxpayer-supported payments. Each day, more than 3,200 American youth smoke their first cigarette. The Surgeon General has concluded that unless the smoking rate is rapidly reduced, 5.6 million American children alive today – about one in every 13—will die prematurely from a smoking-related disease.

**\*EDITOR'S NOTE:**

Researchers used established methods to identify youth who are at risk of future cigarette smoking. In this approach, only youth who have a firm intention to not smoke, that is they reported they would "definitely not" smoke in the next year and reported they would "definitely not" smoke if offered a cigarette by a friend are classified as not having smoking intentions. All others were classified as having smoking intentions. Previous research has demonstrated that even youth who believe they probably will not smoke in the next year, are at heightened risk of initiating smoking in the future. For this reason, they are traditionally included by researchers as having smoking intentions and were in this study as well.

In addition to the primary analysis, the authors performed multiple analyses using alternative classifications of smoking intentions among youth. Even when using a more restrictive classification, which only includes those youth with strongest smoking intentions (responses of "definitely" or "probably" will smoke), the results continue to show that never smoking youth who smoked e-cigarettes are nearly two times more likely to have intentions to smoke conventional cigarettes than those who had never used e-cigarettes.

###

[U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES \(http://www.hhs.gov/\)](http://www.hhs.gov/)

Page last reviewed: September 8, 2014

Page last updated: September 8, 2014

Content source: Centers for Disease Control and Prevention (/)

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Does SF Need Any More "Vape shops?"

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**From:** Serena Chen [<mailto:Serena.Chen@lung.org>]  
**Sent:** Thursday, December 18, 2014 12:56 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** Does SF Need Any More "Vape shops?"

Board President Tang and Members of the Board,

We received a request from a San Francisco resident today asking us to assist her in stopping a business selling electronic smoking devices and paraphernalia from locating on Ocean Ave. While we are not familiar with the particulars of this specific case, we are concerned in general as to the proliferation of "vape" shops all over the country and in our communities as they encourage use of a product that is completely unregulated. Electronic cigarette use by youth has now surpassed the use of conventional cigarettes by minors as covered in this [New York Times](#) article.

Earlier this year, the American Lung Association spoke in favor of Supervisor Mar's legislation to restrict the use and sale of these devices. In [19N](#), free sampling of tobacco products including electronic cigarettes is clearly prohibited and we hope that the City will affirm this provision since these shops often provide free samples to customers.

In the past year, we are aware of three East Bay cities that moved to stop any additional "vape" shops from locating in their cities by passing urgency moratoriums to give the cities the time to develop zoning laws that would limit where they could be located. In the case of one of the cities -- Union City which had no such shops -- the city council voted to add vapor shops and hookah bars to their list of uses not allowed within city limits. Hayward, which saw the number of "vape" shops triple in a few months, put a halt to any additional ones, and then adopted strong restrictions on where such shops could be located. The third city, Fremont, is in the process of developing a strong tobacco retailer licensing ordinance which would include where such businesses could be located.

Please let us now if you have any questions.

*Serena*

**Serena Chen** | Regional Advocacy Director  
American Lung Association in California  
333 Hegenberger Rd, Suite 450  
Oakland, CA 94621  
Phone: 510.982.3191  
Fax: 510.638.8984  
[Serena.Chen@lung.org](mailto:Serena.Chen@lung.org) | <http://www.lung.org/california>

**Lagunte, Richard (BOS)**

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: The vape shop selling e-cigarettes and a hookah lounge at 1963 Ocean Avenue

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**From:** George Cattermole [<mailto:georgecattermole@earthlink.net>]  
**Sent:** Monday, December 29, 2014 12:52 PM  
**To:** BOS Legislation (BOS)  
**Cc:** Board of Supervisors (BOS); Yee, Norman (BOS); [rckaris@gmail.com](mailto:rckaris@gmail.com)  
**Subject:** The vape shop selling e-cigarettes and a hookah lounge at 1963 Ocean Avenue

To: Those with authority to stop the vape shop selling e-cigarettes and a hookah lounge at 1963 Ocean Avenue:

Given that:

- Ocean Avenue has 8 businesses with tobacco sales permits in less than 3,600 feet, so one store selling tobacco products every 450 feet! All 8 sell cigarettes; five also sell e-cigarettes:
- the liquor stores at 1015, 1521, and 1551 Ocean all sell cigarettes and e-cigarettes.
- the service stations at 999, 1490, and 1799 Ocean Ave. 999 O.A. sells cigarettes and e-cigarettes, the other two sell cigarettes.
- 395 Ashton Ave. at Ocean Ave. sells cigarettes but not e-cigarettes.
- The 7-Eleven at 2000 Ocean Avenue sells cigarettes and e-cigarettes.
- Ocean Avenue is an exception in District 7. Ocean Avenue meets criteria on p.4 of the ordinance "Higher tobacco retail density encourages smoking" and p.5 "it is in the City's interest to reduce the disproportionate exposure to tobacco outlets that exists."]

It is clear that there exist more than enough shops selling tobacco products to meet the needs of those in the vicinity of Ocean Avenue. Given that it is recognized that higher tobacco retail density encourages smoking and that smoking is bad for one's health, it follows that this establishment should not be permitted.

Thanks for your attention to this matter,

George Cattermole, Ph.D.

**Lagunte, Richard (BOS)**

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: It's about vape shop

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

**From:** Shengyu [<mailto:shenglovejanice@gmail.com>]  
**Sent:** Monday, December 29, 2014 6:36 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** It's about vape shop

This type of business is unnecessary as there are already several stores on ocean ave that sell E-cigarettes, we live in a residential neighborhood with nearby school including middle school and high schools, and the city college San Francisco, a vape shop will encourage new young users and other to use E-cigarette that contain additive nicotine and other harmful chemicals in their fumes, we do not want ourselves, our neighbors, or our children to use or to be exposed to this type of product.

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**Lagunte, Richard (BOS)**

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** File 141291 FW: Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

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**From:** Jules Haubenschmit [<mailto:julesh717@aol.com>]  
**Sent:** Tuesday, December 30, 2014 1:21 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** Deny the Appeal, Support the Planning Commission's decision to grant Happy Vape @1963 Ocean Avenue their Conditional Use Permit

Dear Board of Supervisors,

My name is Jules Haubenschmit and I was a student of CCSF for the last 4 years. I have spend a lot of my time on Ocean Avenue searching for a venue to frequent and keep myself entertained between activities. I have found that the block of Ocean Avenue seems to be really lacking in it's entertainment and activities sector. This are has plenty of conveniences and services but is still missing that consistent color.I support Happy Vape as it breathes culture into an area left complacent for too long. The city is going through many changes and I believe the Ocean Avenue area is being left behind based on the many different evolving views and cultures that make the current San Francisco so great. This area could use a fresh start to begin the transformation, I believe Happy Vape can open these doors. Many new dwellers of this city are looking for more sociable activities to peak their interest, for instance the current growth in the biking culture seen through "Critical Mass" events, and the rise in young adults moving to the area due to demand of tech companies across the Bay Area. Happy Vape provides a congregational area with many outlets in which to allow individuals to choose to spend their well-earned time and money. Please deny the appeal and uphold the Planning Commissions decision.

Thank you for your time and consideration,  
Signed,  
Jules Haubenschmit



**Lagunte, Richard (BOS)**

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors; Lamug, Joy; Carroll, John (BOS)  
**Subject:** FW: Opposition to vape shop at 1963 Ocean Ave.

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**From:** Robert Karis [<mailto:rckaris@gmail.com>]  
**Sent:** Tuesday, December 30, 2014 11:52 AM  
**To:** BOS Legislation (BOS); Board of Supervisors (BOS); Yee, Norman (BOS)  
**Subject:** Opposition to vape shop at 1963 Ocean Ave.

Letter in support of appeal of Planning Commission decision  
Case No. 2014.0206C

----- Forwarded message -----

**From:** Shengyu <[shenglovejanice@gmail.com](mailto:shenglovejanice@gmail.com)>  
**Date:** Mon, Dec 29, 2014 at 6:37 PM  
**Subject:** It's about vape shop  
**To:** "[rckaris@gmail.com](mailto:rckaris@gmail.com)" <[rckaris@gmail.com](mailto:rckaris@gmail.com)>

This type of business is unnecessary as there are already several stores on ocean ave that sell E-cigarettes, we live in a residential neighborhood with nearby school including middle school and high schools, and the city college San Francisco, a vape shop will encourage new young users and other to use E-cigarette that contain additive nicotine and other harmful chemicals in their fumes, we do not want ourselves, our neighbors, or our children to use or to be exposed to this type of product.

发自我的 iPad

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**From:** Charles Byrne [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:42 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

In April 2013, the Board of Supervisors unanimously called on the Retirement Board of the San Francisco Employees' Retirement System to divest the pension fund from fossil fuels. Since then, we've been working hard to make that happen -- both to safeguard retirees' pensions from dangerously overvalued carbon assets and to conserve a stable and healthy climate future for the retirees of today and tomorrow. Despite your resolution in favor of divestment, it has been surprisingly difficult to convince the SFERS Board to do their fiduciary duty and divest.

On December 4th, Mayor Lee swore in 20 appointments and re-appointments to various boards within the city government, including re-appointing Wendy Paskin-Jordan to the Retirement Board. Ms. Paskin-Jordan is not right for the Retirement Board for a number of reasons, and I urge you to reject this appointment at your next meeting! (Your January meeting will apparently come too late for you to take action.)

Ms. Paskin-Jordan was serving as President of the Retirement Board when the Supervisors passed the divestment resolution, yet she proceeded to ignore the resolution for the entirety of her tenure. She is also the only member of the Board who has refused to meet with advocates in the 18 months they have been working with the Retirement Board on the divestment issue. That is not the kind of responsiveness and accountability we expect from our civil servants.

This summer, the Retirement Board came together for a "Special Informational Session" on carbon risk and fossil fuel divestment. The board heard from Bloomberg, Morgan-Stanley, a former SEC commissioner, and other financial professionals on why these issues are so critical to the health of the pension fund. Wendy Paskin-Jordan did not even show up for the meeting. She has been dismissive of the issue and of the pensioners who have presented concerns.

Paskin-Jordan has made it clear that she favors a business-as-usual approach and has not supported the Board even examining the portfolio's carbon risk. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund. She thus seems to be acting in breach of her fiduciary duty.

Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Charles Byrne  
San Francisco, CA

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**From:** Teresa McFarland [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:42 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Paskin-Jordan has made it clear that she favors a business-as-usual approach and has not supported the Board even examining the portfolio's carbon risk. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund. She thus seems to be acting in breach of her fiduciary duty.

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Teresa McFarland  
San Francisco, CA

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**From:** Jordan Pellew-Harvey [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:43 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

In April 2013, the Board of Supervisors unanimously called on the Retirement Board of the San Francisco Employees' Retirement System to divest the pension fund from fossil fuels. Since then, we've been working hard to make that happen -- both to safeguard retirees' pensions from dangerously overvalued carbon assets and to conserve a stable and healthy climate future for the retirees of today and tomorrow. Despite your resolution in favor of divestment, it has been surprisingly difficult to convince the SFERS Board to do their fiduciary duty and divest.

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Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Jordan Pellew-Harvey  
San Francisco, CA

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**From:** Donna LoCicero [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:47 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Donna LoCicero  
San Francisco, CA

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**From:** Martha Hawthorne [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:46 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

In April 2013, the Board of Supervisors unanimously called on the Retirement Board of the San Francisco Employees' Retirement System to divest the pension fund from fossil fuels. Since then, we've been working hard to make that happen -- both to safeguard retirees' pensions from dangerously overvalued carbon assets and to conserve a stable and healthy climate future for the retirees of today and tomorrow. Despite your resolution in favor of divestment, it has been surprisingly difficult to convince the SFERS Board to do their fiduciary duty and divest.

On December 4th, Mayor Lee swore in 20 appointments and re-appointments to various boards within the city government, including re-appointing Wendy Paskin-Jordan to the Retirement Board. Ms. Paskin-Jordan is not right for the Retirement Board for a number of reasons, and I urge you to reject this appointment at your next meeting! (Your January meeting will apparently come too late for you to take action.)

Ms. Paskin-Jordan was serving as President of the Retirement Board when the Supervisors passed the divestment resolution, yet she proceeded to ignore the resolution for the entirety of her tenure. She is also the only member of the Board who has refused to meet with advocates in the 18 months they have been working with the Retirement Board on the divestment issue. That is not the kind of responsiveness and accountability we expect from our civil servants.

This summer, the Retirement Board came together for a "Special Informational Session" on carbon risk and fossil fuel divestment. The board heard from Bloomberg, Morgan-Stanley, a former SEC commissioner, and other financial professionals on why these issues are so critical to the health of the pension fund. Wendy Paskin-Jordan did not even show up for the meeting. She has been dismissive of the issue and of the pensioners who have presented concerns.

Paskin-Jordan has made it clear that she favors a business-as-usual approach and has not supported the Board even examining the portfolio's carbon risk. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund. She thus seems to be acting in breach of her fiduciary duty.

Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Martha Hawthorne  
San Francisco, CA

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**From:** Kimberly Pikul [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:47 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

In April 2013, the Board of Supervisors unanimously called on the Retirement Board of the San Francisco Employees' Retirement System to divest the pension fund from fossil fuels. Since then, we've been working hard to make that happen -- both to safeguard retirees' pensions from dangerously overvalued carbon assets and to conserve a stable and healthy climate future for the retirees of today and tomorrow. Despite your resolution in favor of divestment, it has been surprisingly difficult to convince the SFERS Board to do their fiduciary duty and divest.

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Paskin-Jordan has made it clear that she favors a business-as-usual approach and has not supported the Board even examining the portfolio's carbon risk. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund. She thus seems to be acting in breach of her fiduciary duty.

Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Kimberly Pikul  
San Francisco, CA

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**From:** Peggy da Silva [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:49 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Peggy da Silva  
San Francisco, CA



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**From:** Brett Taurog Fleishman [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:49 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.  
Brett Fleishman  
350.org

Brett Taurog Fleishman  
Berkeley, CA

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**From:** Todd Snyder [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:50 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Todd Snyder  
San Francisco, CA

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**From:** Zachary Wettstein [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:50 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Zachary Wettstein  
San Francisco, CA

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**From:** Dan J Richman [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:54 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Dan J Richman  
San Francisco, CA, CA

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**From:** Jerre Allen [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:54 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Jerre Allen  
San Francisco, CA

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**From:** Markos Major [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:56 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Markos Major  
San Francisco, CA

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**From:** Karen Kirschling [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:58 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Karen Kirschling  
San Francisco, CA

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**From:** Lisa Stanziano [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:58 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Lisa Stanziano  
San Francisco, CA



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**From:** Stephanie Ellis [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:59 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Stephanie Ellis  
san francisco, CA

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**From:** Mike Kappus [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:59 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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On December 4th, Mayor Lee swore in 20 appointments and re-appointments to various boards within the city government, including re-appointing Wendy Paskin-Jordan to the Retirement Board. Ms. Paskin-Jordan is not right for the Retirement Board for a number of reasons, and I urge you to reject this appointment at your next meeting! (Your January meeting will apparently come too late for you to take action.)

Ms. Paskin-Jordan was serving as President of the Retirement Board when the Supervisors passed the divestment resolution, yet she proceeded to ignore the resolution for the entirety of her tenure. She is also the only member of the Board who has refused to meet with advocates in the 18 months they have been working with the Retirement Board on the divestment issue. That is not the kind of responsiveness and accountability we expect from our civil servants.

This summer, the Retirement Board came together for a "Special Informational Session" on carbon risk and fossil fuel divestment. The board heard from Bloomberg, Morgan-Stanley, a former SEC commissioner, and other financial professionals on why these issues are so critical to the health of the pension fund. Wendy Paskin-Jordan did not even show up for the meeting. She has been dismissive of the issue and of the pensioners who have presented concerns.

Paskin-Jordan has made it clear that she favors a business-as-usual approach and has not supported the Board even examining the portfolio's carbon risk. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund. She thus seems to be acting in breach of her fiduciary duty.

Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Mike Kappus  
San Francisco, CA

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**From:** jane calame [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:01 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

In April 2013, the Board of Supervisors unanimously called on the Retirement Board of the San Francisco Employees' Retirement System to divest the pension fund from fossil fuels. Since then, we've been working hard to make that happen -- both to safeguard retirees' pensions from dangerously overvalued carbon assets and to conserve a stable and healthy climate future for the retirees of today and tomorrow. Despite your resolution in favor of divestment, it has been surprisingly difficult to convince the SFERS Board to do their fiduciary duty and divest.

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Paskin-Jordan has made it clear that she favors a business-as-usual approach and has not supported the Board even examining the portfolio's carbon risk. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund. She thus seems to be acting in breach of her fiduciary duty.

Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

jane calame  
San Francisco, CA

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**From:** Matthew I [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:01 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Matthew I  
San Francisco, CA

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**From:** Kathy Setian [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:02 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Paskin-Jordan has made it clear that she favors a business-as-usual approach and has not supported the Board even examining the portfolio's carbon risk. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund. She thus seems to be acting in breach of her fiduciary duty.

Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Kathy Setian  
SAN FRANCISCO, CA

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**From:** Glen Van Lehn [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:03 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Glen Van Lehn  
San Francisco, CA

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**From:** Ben E Lauffer PhD [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:10 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Ben E Lauffer PhD  
San Francisco, CA

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**From:** Blair Sandler [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:14 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Blair Sandler  
San Francisco, CA



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**From:** Esperanza Martinez [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:18 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Esperanza Martinez  
San Francisco, CA

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**From:** Geoff Ruth [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:21 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Geoff Ruth  
San Francisco, CA

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**From:** Cynthia Crews [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:23 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Cynthia Crews  
San Francisco, CA

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**From:** Kenneth Kron [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:28 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Kenneth Kron  
San Francisco, CA

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**From:** Ashlyn Ruga [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:31 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Thank you for your consideration.

Ashlyn Ruga  
San Francisco, CA

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**From:** Kristina Pappas [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 12:35 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

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Ms. Paskin-Jordan was serving as President of the Retirement Board when the Supervisors passed the divestment resolution, yet she proceeded to ignore the resolution for the entirety of her tenure. She is also the only member of the Board who has refused to meet with advocates in the 18 months they have been working with the Retirement Board on the divestment issue. That is not the kind of responsiveness and accountability we expect from our civil servants.

This summer, the Retirement Board came together for a "Special Informational Session" on carbon risk and fossil fuel divestment. The board heard from Bloomberg, Morgan-Stanley, a former SEC commissioner, and other financial professionals on why these issues are so critical to the health of the pension fund. Wendy Paskin-Jordan did not even show up for the meeting. She has been dismissive of the issue and of the pensioners who have presented concerns.

Paskin-Jordan has made it clear that she favors a business-as-usual approach and has not supported the Board even examining the portfolio's carbon risk. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund. She thus seems to be acting in breach of her fiduciary duty.

Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Kristina Pappas  
San Francisco, CA

**Lagunte, Richard (BOS)**

BOS-10, C, page,

**From:** Jed Holtzman [bounce@list.350.org]  
**Sent:** Thursday, December 11, 2014 11:09 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** I urge you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

File No. 141279

In April 2013, you unanimously called on the Retirement Board of the San Francisco Employees' Retirement System to divest the pension fund from fossil fuels. Since then, we've been working hard to make that happen -- both to safeguard retirees' pensions from dangerously overvalued carbon assets and to conserve a stable and healthy climate future for the retirees of today and tomorrow. Despite your resolution in favor of divestment, it has been surprisingly difficult to convince the SFERS Board to do their fiduciary duty and divest.

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I urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Jed Holtzman  
San Francisco, CA

~~Securimage~~  

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File 141278 FW: Re-Appointment of SFERS Board Member

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

**From:** Dennis O'Rorke [<mailto:daororke@aol.com>]  
**Sent:** Monday, December 15, 2014 12:40 PM  
**To:** Board of Supervisors (BOS)  
**Cc:** Diane Palacio  
**Subject:** Re-Appointment of SFERS Board Member

Dear Members,  
Please do not approve the re-appointment of Wendy Paskin-Jordan to the SFERS Board.  
The reason for this should be obvious to you by now.  
Thank you for your consideration. Dennis O'Rorke, San Francisco.



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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File 141278 FW: December 16, 2014 BOS Meeting

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**From:** Jackie Brown [mailto:[rbelle888@gmail.com](mailto:rbelle888@gmail.com)]  
**Sent:** Monday, December 15, 2014 1:18 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** December 16, 2014 BOS Meeting

Dear Board of Supervisors:

I am asking the Board of Supervisors to reject the nomination of Wendy Paskin-Jordan for SFERS Board. Ms. Paskin's nomination is a conflict of interest and does not provide transparency regarding recommendations to the Board. Why should a millionaire capitalist serve on a Board for civil service employees pension? Ms. Paskin has previously served on the Board and someone else should be allowed the opportunity to serve on the Board. Someone who has not previously served on the Board would bring new and different ideas. I am also requesting that my e-mail be included in the official minutes of December 16, 2014 Board of Supervisors meeting.

Thank you,

Anonymous

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File: 141278 Help stop the re-appointment of SFERS Board member Wendy Paskin-Jordan; Two Ethics Commission Whistleblower Complaints Against Her; 12/13/14 David Sirota Article "Investment By San Francisco Pension Official Raises Questions About Favors"  
**Attachments:** Flier Opposing Paskin-Jordan Re-Appointment to SFERS.pdf

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**From:** pmonette-shaw [mailto:Pmonette-shaw@earthlink.net]  
**Sent:** Saturday, December 13, 2014 5:05 PM  
**Subject:** Urgent: Help stop the re-appointment of SFERS Board member Wendy Paskin-Jordan; Two Ethics Commission Whistleblower Complaints Against Her; 12/13/14 David Sirota Article "Investment By San Francisco Pension Official Raises Questions About Favors"

Enclosed is a new flier describing why urgent e-mail testimony is needed at the Board of Supervisors to stop the re-appointment of SFERS Board member Wendy Paskin-Jordan. Please circulate this flier as widely as possible, and encourage your constituents to submit opposition to Paskin-Jordan's reappointment to the Board of Supervisors quickly.

The text of the flier reads:

## **Wanted — Urgent Need: E-mails to Board of Supervisors**

### **Hedge Fund Advocate Wendy Paskin-Jordan: SF Employees' Retirement System Board Member's Conflict of Interests**

SFERS Commissioner Paskin-Jordan was a managing partner/owner of Paskin & Kahr Capital Management, LLC when appointed to SFERS in 2010. By 2012, she became the Chief Executive Officer/Owner of Paskin Capital Advisors, LLC. As a known supporter of hedge fund investing, there are reports she may either sell hedge fund investments, or may advise her clients to invest in hedge funds other so-called "alternative investments". As such, she has no business encouraging SFERS to invest in risky hedging.

On Monday, December 8, 2014, **Mayor Ed Lee** forwarded his nomination to re-appoint Paskin-Jordan to the San Francisco Employees' Retirement System (SFERS). On Tuesday, December 9, Supervisor John Avalos introduced a motion to have the full San Francisco Board of Supervisors sit as a "Committee of the Whole" on Tuesday, December 16 to consider whether the City Supervisors should approve of the Mayor's re-appointment of Paskin-Jordan to the SFERS Board, or to reject her re-nomination.

**Paskin-Jordan's Link to BlackRock ... and Failure to Recuse Herself From a Key SFERS Vote**

Paskin-Jordan most likely should have recused herself from a key SFERS vote involving BlackRock Investments, but didn't, during a full SFERS Board meeting on May 8, 2013, when the Board entertained a motion to terminate BlackRock Investments from a currency overlay program that may, or may not, have involved hedge funds.

As the illustration above shows, Mayor Lee claimed on behalf of Paskin-Jordan in her biography attached to his re-appointment letter that she served on Barclays Global Investors' board of directors until it was acquired by BlackRock. The Mayor claims she serves as a Trustee of various funds of BlackRock Funds. Although she cast a vote to terminate BlackRock, she shouldn't have voted at all, given her probable conflict of interest. *Why is a millionaire capitalist on a Board for civil service employee pensions?*

### **Troubling Form 700's (Statements of Economic Interest)**

Paskin-Jordan's Form 700's reveal two gifts totaling \$31,599.95 for foreign travel. Paskin-Jordan's "assuming office" Form 700 filed in September 2010 listed a November 21, 2009 trip paid for by the City's **San Francisco–Bangalore Sister City Initiative**. The "gift" included hotel, meals, and *airfare for two* at a cost of \$16,500 on a trip admittedly performed before she took office.

Also on her "assuming office" Form 700, she listed a second trip on June 16, 2010 paid for by the City's **San Francisco–Shanghai Sister City** project dubbed as the "San Francisco Week World Expo in Shanghai," another "gift" worth \$15,099.95 that again included hotel and *airfare for two*. It's unclear whether Paskin-Jordan was invited along on both Sister City trips to solicit investments in SFERS' portfolio, investments in the City, or her business investments.

### **Two Ethics Commission Whistleblower Complaints Involving Form 700's**

Two formal whistleblower complaints about Paskin-Jordan's Form 700's were filed. One complaint dated September 2, 2014 alleging a violation of an applicable *Statement of Incompatible Activities* over **Paskin-Jordan's investments in GMO's Quality Fund** was forwarded by SFERS Executive Director Jay Huish to San Francisco Ethics Commission Executive Director, John St. Croix also on December 8. An April 2014 complaint alleges Paskin-Jordan made a business trip to New York City in 2013 to further her private business; SFERS reportedly paid for her NYC trip. The Board of Supervisors received copies of both Ethics complaints. E-mail the Supervisors today opposing Paskin-Jordan's re-appointment!

**Your Pension Funds Are at Stake! Attend the Board of Supervisors Meeting Tuesday December 16 at 3:30 p.m. to Testify Against Paskin-Jordan's Re-Appointment During This "Committee of the Whole" Agenda Item!**

Please see an article by *International Business Times* reporter David Sirota published today, Saturday, December 13, 2014:

**<http://www.ibtimes.com/investment-san-francisco-pension-official-raises-questions-about-favors-1752550>**

Patrick Monette-Shaw

To unsubscribe, send me an e-mail

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: 116 San Franciscans are urging you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

**From:** Brett Fleishman - GoFossilFree.org [mailto:350@350.org]  
**Sent:** Friday, December 12, 2014 3:25 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** 116 San Franciscans are urging you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board

Dear Supervisors,

116 constituents are urging you to block the appointment of Wendy Paskin-Jordan to the SF Retirement Board. In addition to the emails you've already received, you can download additional messages here:

<https://act.350.org/constituents/163.gYFSjm/>

In April 2013, you unanimously called on the Retirement Board of the San Francisco Employees' Retirement System to divest the pension fund from fossil fuels. Since then, we've been working to make that happen -- both to safeguard retirees' pensions from dangerously overvalued carbon assets and to conserve a stable and healthy climate future for the retirees of today and tomorrow. We've had some progress, but still have a ways to go to convince the Retirement Board that oversees the pension fund to do their fiduciary duty and divest.

On December 4th, Mayor Lee swore in 20 appointments and re-appointments to various boards within the city government, including re-appointing Wendy Paskin-Jordan to the Retirement Board. Ms. Paskin-Jordan is not right for the Retirement Board for a number of reasons, and we urge you to reject this appointment at your next meeting! (Your January meeting will apparently come too late for you to take action.)

Ms. Paskin-Jordan was serving as President of the Retirement Board when your unanimous fossil fuel divestment resolution passed, and she ignored the resolution for the entirety of her tenure. She is also the only member of the Board who has refused to meet with advocates in the 18 months they have been working with the Retirement Board on the divestment issue. That is not the kind of responsiveness and accountability we expect from a civil servant.

This summer, the Retirement Board came together for a "Special Informational Session" on carbon risk and fossil fuel divestment. The board heard from Bloomberg, Morgan-Stanley, a former SEC commissioner, and other financial professionals on why these issues are so critical to the health of the pension fund. Wendy Paskin-Jordan did not even show up for the meeting. She has been dismissive of the issue and the pensioners who have presented concern.

Paskin-Jordan has made it clear that she favors a business-as-usual approach and--even worse--has not supported the due diligence of the Board to explore carbon risk to the portfolio. She is ignoring an issue that is not only morally important to the people of the city but also a material risk for the pension fund and thus seems to be acting in breach of her fiduciary duty.

3

Wendy Paskin-Jordan is a barrier to protecting the long-term health of our pension fund. We need a new Retirement Board Commissioner who is more in tune with the values of the City and County -- as well as with the reality of the climate crisis and the trend lines of energy transformation.

We urge you to reject Wendy Paskin-Jordan's re-appointment to the Retirement Board on Tuesday.

Thank you for your consideration.

Sincerely,

Brett Fleishman

Senior Analyst, 350.org

sup. Avalos  
cc: Avalos Staff  
c Page



# SFERS

San Francisco Employees' Retirement System

## City and County of San Francisco Employees' Retirement System Office of the Executive Director

**To:** Angela Calvillo  
Clerk of the Board

**From:** Jay Huish *JH*  
Executive Director

**Date:** December 12, 2014

**Re:** Board of Supervisors Inquiry Reference No. 20141209-004

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2014 DEC 15 PM 3:36

Responses to request for information from Supervisor Avalos:

Requesting the San Francisco Employees' Retirement System to inform their review of the re-appointment of Wendy Paskin-Jordan, including the following:

**A history of the Retirement System's business with Grantham Mayo van Otterloo (GMO) since Paskin-Jordan was appointed to the Retirement Board.**

Commissioner Paskin-Jordan was appointed to the Retirement Board in August 2010. In approximately 1996, SFERS engaged GMO as a discretionary investment manager in its GMO Emerging Country Debt Fund. GMO has managed SFERS assets in that fund continuously since 1996. No investment decision regarding GMO has been brought before the Retirement Board since Commissioner Paskin-Jordan was appointed to the Board.

**A review to determine if the Retirement System does or has done business with any of the individuals or entities that Wendy Paskin-Jordan invests in or has received gifts from, as listed on her Form 700 Statements of Economic Interests.**

SFERS reviewed Commissioner Paskin-Jordan's Form 700 Statements of Economic Interests since her appointment in August 2010. The Retirement Board has or had investments in three of the companies identified on her Form 700s: Bank of America; Barclays Global Investors; and GMO Quality. SFERS owns Bank of America public equity and fixed income securities in its index funds. SFERS purchased Barclays Global Investors in 1998. Blackrock acquired Barclays Global Investors in approximately December 2009. SFERS purchased GMO Emerging Country Debt Fund in approximately 1996. Commissioner Paskin-Jordan invested in GMO Quality, a publicly traded mutual fund.

**Paskin-Jordan's attendance record at Retirement Board meetings.**

The Retirement Board has held 59 full Board meetings since Commissioner Paskin-Jordan's appointment in August 2010. The Commissioner attended 54 meetings. She was absent on the following dates: December 14, 2010; February 8, 2012; February 19, 2014; May 21, 2014; and June 18, 2014.

4

**A list of votes that Paskin-Jordan was recused from.**

At the April 10, 2013 Retirement Board meeting, the Board considered the following item: "Consideration of Level I and Level II Engagement of Certain Bank Mortgage Servicing Companies Under the SFERS Social Investment Policies and Procedures". Commissioner Paskin-Jordan recused herself from this vote because she owned bank stock (Bank of America).



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**From:** Karl Nakamura [karlnak@yahoo.com]  
**Sent:** Monday, December 15, 2014 8:23 PM  
**To:** Mar, Eric (BOS); Mar, Eric (BOS); Avalos, John (BOS); Wiener, Scott; Yee, Norman (BOS); Kim, Jane (BOS); Tang, Katy (BOS); Farrell, Mark (BOS); Cohen, Malia (BOS); Campos, David (BOS); Breed, London (BOS); Board of Supervisors (BOS); Pagoulatos, Nickolas (BOS); Lauterborn, Peter (BOS)  
**Subject:** Appeal of Project at 3032, 3038-3040 Clement Street; BOS File # 141248  
**Attachments:** 3038-3040 Clement appeal.docx

12/15/2014

To: Board President Katy Tang, Supervisor Eric Mar, Supervisor Mark Farrell, Supervisor London Breed, Supervisor Jane Kim, Supervisor Norman Yee, Supervisor Scott Weiner, Supervisor David Campos, Supervisor Malia Cohen, Supervisor John Avalos, and Clerk of the Board of Supervisors, Angela Calvillo

1 Dr. Carlton B. Goodlett Place, Room 244 San Francisco, CA 94102

Re: Appeal of Project at 3032, 3038-3040 Clement Street  
BOS File # 141248

Dear Honorable Members of the San Francisco Board of Supervisors:

I am writing this letter to appeal the approval of the construction of a new building as planned at 3032, 3038-3040 Clement Street (Block 1402, Lot 022 and 023). I am writing and will be appearing on behalf of my neighbors who could not attend the hearing on Tuesday, December 16, 2014 at 3:00PM.

We oppose to the project as it is designed for the following reasons:

The building is too large for the neighborhood.

- The scale of the building is not typical of the neighborhood. The block is comprised mainly of 2 story single family homes and 3 story flats. The 4 story buildings are the exception rather than the rule. This particular 4 story building would dwarf the adjacent pair of two story buildings. • While we can appreciate the need to increase the housing stock in San Francisco, the quiet livability of the Outer Richmond district is due to its careful balance of high density apartments, medium density flats, and low density single family homes. This project will bring 6 new units and 15 new bedrooms to this block. A careful examination of the floor plans reveals that the three rooms labeled as "den" are, in fact, identical in size and configuration to the rooms labeled as "bedroom" in the adjacent unit. Therefore, in reality, 18 new bedrooms are being added to this block. Our block already has problems with noise and parking from the existing 4 story apartments nearby.
- While the project provides one off-street parking space for each unit, our observations suggest that a more realistic calculation is 1 car per bedroom. Every morning I see my neighbors leaving their homes to go to their cars parked in the street. They do not pull their cars out of their garages. With this new building, we can expect up to twelve cars competing for parking in the neighborhood. With no parking left on Clement Street, we can expect more people to start parking on the adjacent blocks and in the Sea Cliff neighborhood just a block away.
- We applaud the Mayor's drive to bring more affordable housing to San Francisco. However, these units are not rental units but condominiums selling for about 1.5 million dollars each. That is hardly affordable housing.

5

The Rear Yard Modification Variance presents problems for the neighbors and was not sufficiently announced to the neighbors.

- This project is not compliant with Planning Code Section 134(a)(1) that requires a rear yard equal to 25% of Lot Depth. It is also not compliant with Section 134(a)(1)(A) that requires a yard at ground level and on each succeeding story of the building. We understand that a variance was granted to exempt this building from the code.
- The first problem is that patio for the 2nd floor unit comes to the level of the 2nd floor bedroom of 380 32nd Avenue. When that roof patio is extended all the way to the property line, as allowed in the variance, it comes within feet of the 2nd floor bedroom window of 380 32nd Avenue. A person leaning over the deck railing can easily touch the bedroom window. The owner of 380 32nd Avenue is greatly upset by this potential invasion of privacy.
- The 3rd and 4th floors do not have an open space set back and instead depend on a roof patio for their open space. The roof patio, being a required and regularly used part of the dwellings and not just used for maintenance, includes 3 penthouses and stucco walls that significantly exceed the 40 foot height limit of the building. The stairs and elevator penthouses bring the total height of the building to 48 feet.
- Because the 3rd and 4th floors are not set back, the building rises straight up past 40 feet and casts a dominating shadow over the much smaller neighboring homes. We will lose sunlight in our bedrooms starting earlier in the year and in the day. One of our neighbors is a graphic artist who depends on natural light to do her work. If this light is blocked, it may affect her livelihood.
- The vague plans for roof top mechanicals will potentially expose the neighbors to excess noise 24 hours a day.
- No other building in the neighborhood other than a 100 year old Church has been exempted from this open space requirement.

The details of this project were poorly communicated to the immediate neighbors.

- I am appealing this project at this stage with these reasons because I was ignorant of the appeals process. I received notice of the February meeting, but I could not make the meeting in time. I am not an attorney or an architect. I work a full time job and take care of my 3 children. My neighbors are just like me and cannot take off work to come down to City Hall to observe a process that to them is of unknown impact. When I saw the final appeals notice after the demolition of the Store, I took the opportunity to write in and state my case. • In speaking with my neighbors, some also received the notice but could not take off work to come to City Hall in the day. They said they received or read the notice just days before the hearing and could not make arrangements in time. Others saw the notice but did not realize the purpose of the hearing or the impact of the decision. • However, most of the neighbors said they did not receive any notice at all. Most did not have any idea of the size and scale of the building going up and most did not know about the Rear Yard Variance. They were shocked at the lack of outreach as some of them have participated in construction projects of their own and knew the importance of neighborhood outreach.
- There was no attempt to contact the neighbors beyond a sign board and a notice to some in the mail. • One neighbor said he was invited to a meeting in the store before it was torn down. He was the only neighbor who knew about this meeting. At the meeting, there was no information on the building going up or of the rear yard variance being planned.
- Though there may not have been any perceived opposition at earlier meetings, we are now more familiar with the project going up. We have not been able to contact many of our neighbors given the limited time we have, but those we contacted were supportive of our position. If we have more time, we should be able to produce many more letters.
- In reading the obviously prewritten letters of support in the original draft motion for Case #2012.0990CUEV, none are from the immediate neighbors who have to live and sleep by this new building.

I want to emphasize that we are not in opposition to a building going up in this location. We are just asking for more outreach and transparency with this project. Those of us who are directly affected by the sheer size of the building request that it be scaled back a bit so that it will have less of an impact on our daily lives. We are taking a stand now because we all plan to stay here for the rest of our lives.

Thank you for your consideration in my appeal,

Karl Nakamura  
371 31st Avenue  
San Francisco, CA 94121  
415-752-7944

12/15/2014

To: Board President Katy Tang, Supervisor Eric Mar, Supervisor Mark Farrell, Supervisor London Breed, Supervisor Jane Kim, Supervisor Norman Yee, Supervisor Scott Weiner, Supervisor David Campos, Supervisor Malia Cohen, Supervisor John Avalos, and Clerk of the Board of Supervisors, Angela Calvillo

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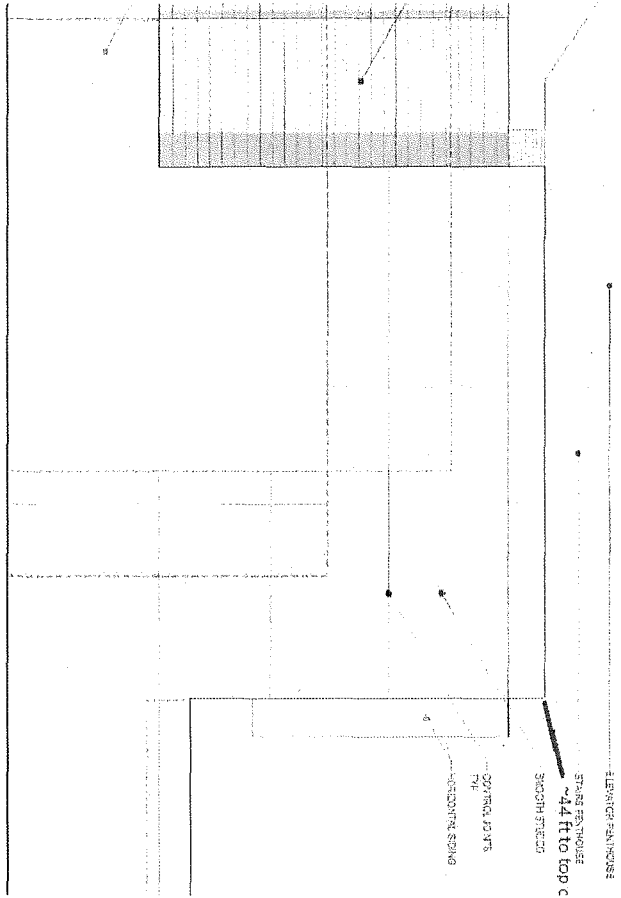
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- In speaking with my neighbors, some also received the notice but could not take off work to come to City Hall in the day. They said they received or read the notice just days before the hearing and could not make arrangements in time. Others saw the notice but did not realize the purpose of the hearing or the impact of the decision.
- However, most of the neighbors said they did not receive any notice at all. Most did not have any idea of the size and scale of the building going up and most did not know about the Rear Yard Variance. They were shocked at the lack of outreach as some of them have participated in construction projects of their own and knew the importance of neighborhood outreach.
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- In reading the obviously prewritten letters of support in the original draft motion for Case #2012.0990CUEV, none are from the immediate neighbors who have to live and sleep by this new building.

I want to emphasize that we are not in opposition to a building going up in this location. We are just asking for more outreach and transparency with this project. Those of us who are directly affected by the sheer size of the building request that it be scaled back a bit so that it will have less of an impact on our daily lives. We are taking a stand now because we all plan to stay here for the rest of our lives.

Thank you for your consideration in my appeal,

Karl Nakamura  
371 31<sup>st</sup> Avenue  
San Francisco, CA 94121  
415-752-7944



FLOOR PLAN  
 ROOM NO. 1000  
 11/10/00

TABLE  
 CHAIRS  
 DESK  
 DOOR

---

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File: 141248 FW: Condo construction at 3032-3040 Clement Street  
**Attachments:** appeal letter.pdf

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**From:** Cynthia Yu [<mailto:cyu@lwhs.org>]  
**Sent:** Monday, December 15, 2014 2:48 PM  
**To:** Avalos, John (BOS); Breed, London (BOS); [David.compos@sfgov.org](mailto:David.compos@sfgov.org); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); [Ericl.Mar@sfgov.org](mailto:Ericl.Mar@sfgov.org); Tang, Katy (BOS); Wiener, Scott; Yee, Norman (BOS); Board of Supervisors (BOS)  
**Subject:** Condo construction at 3032-3040 Clement Street

Good Afternoon Supervisors,

I have attached the letter to appeal for the condo construction at 3032-3040 Clement Street. We are respectfully ask your consideration on this appeal.

Thank You.

Cynthia & Keith Yu  
380 32<sup>nd</sup> Avenue  
San Francisco, CA 94121



12/14/2014

San Francisco Department of Public Works

c/o:

The Clerk of the Board of Supervisors

1 Dr Carlton B Goodlett Place, Room 244

San Francisco CA 94102

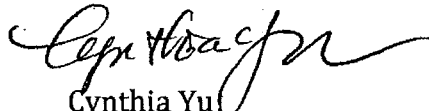
Dear Clerk of the Board of Supervisors and SF Department of Public Works

I am writing this letter to appeal the approval of the construction a new building at 3032, 3038 and 3040 Clement Street (Block 1402, Lot 022, and 023). I am writing on behalf of my family who oppose the building as designed for the following reasons.

- The building is too large for the neighborhood.
- The building is designed to the very limits of the lot with no open space at ground level. As a resident of over 25 years, I have never seen a residential building, built to the limits of the lot and do not foresee positive ramifications only negative ones (Increased noise pollution, invasion of privacy, etc.)
- The increased residential density will impact the parking and noise for the immediate neighbors, including our family. One parking space per unit is not enough for one-unit apartments or for a single family anymore. The proposed building will not allow enough parking spaces for their tenants/owners and this will further perpetuate the lack of parking problem that already exist in this neighborhood.
- Placing residential units at the very back of the lot and at the upper levels will allow new residents to live very close to the bedrooms of our house. We have serious concerns about the noise and our privacy. These potential new neighbors will be able to see into our homes or potentially use their roof to break into our home or even trespass onto our property.
- While there are apartment buildings already large and at four stories we do not wish for another 4 story building adjacent to our lot and blocking out the sunlight we have. With this new proposed buildings height, it will block out any sunlight that our yard/garden will see
- The prewritten letters of support in the original Draft motion for Case #2012.0990CUEV do not represent us and our concerns, my family and I have to live and sleep by the new building. The vague plans for rooftop mechanical equipment will potentially have severe impact on the peace and quiet of our home. My bedroom is less than 5 feet away from the new building and the constant noise of potential tenants and construction is disruptive. My husband works for the city of San Francisco and works the night shift. He sleeps in during the day so that he is alert and can function at night.

- The proposed plan for the buildings height and bulk will not allow sunlight into our homes and disrupt the natural light that we already receive so little of. Lowering the buildings height will solve this problem.
- Lastly, my family and I were not aware or notified of the various hearings on this project. This letter of appeal was written in a day so that it could be submitted in consideration.

Please take into account our concerns and we respectfully ask your consideration on this appeal.



Cynthia Yu  
380 32<sup>nd</sup> Ave  
San Francisco, CA 94121

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File 141248 FW: Condominium units being built at 3032, 3038-3040 Clement Street

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

From: Sheldon M. [[mailto:sheldon\\_medicoff@hotmail.com](mailto:sheldon_medicoff@hotmail.com)]

Sent: Monday, December 15, 2014 3:54 PM

To: Avalos, John (BOS); Breed, London (BOS); Campos, David (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Mar, Eric (BOS); Tang, Katy (BOS); Wiener, Scott; Yee, Norman (BOS); Board of Supervisors (BOS)

Cc: [pnutgalry1@gmail.com](mailto:pnutgalry1@gmail.com)

Subject: Condominium units being built at 3032, 3038-3040 Clement Street

Greetings

Is it possible to schedule a community meeting regarding the new bldg on Clement?

My neighbors and I are very concerned that the size of the bldg impacts the neighborhood drastically, and we'd like to have the opportunity to voice our concerns.

Thank you for your consideration

Sheldon Medicoff  
362 31st Ave  
(415)244-1661

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File 141248 FW: Property at 3037-2040 Clement St. Meeting on Dec. 16

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**From:** janet mcnerny [[mailto:j\\_mcnerny@hotmail.com](mailto:j_mcnerny@hotmail.com)]  
**Sent:** Monday, December 15, 2014 2:46 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** Property at 3037-2040 Clement St. Meeting on Dec. 16

Dear Supervisors,

I am writing regarding a planned building on Clement between 31st & 32nd Avenues. We neighbors were not

I live on 31st, around the corner from where a 4 story bldg. is being proposed. Apart from being taller & notified of neighborhood meetings regarding these plans. I found out yesterday that at least one had taken place. I understand there is to be a meeting tomorrow regarding this and I hope you will vote to have the developers make some changes to their plans regarding height, depth & parking. deeper than the surrounding buildings, and thus keeping our view of the sky & sun limited, I am concerned regarding the additional noise coming from the back condos, which will be close to my bedroom. Another problem is the additional cars looking for parking places, as there has only been one space per condo available in the plans. This neighborhood is already saturated with resident's cars, as most families have two. I walk to the Geary bus and notice people are forced to park on the sidewalk in front of their houses. My friends who are close to or over 80, have to park blocks away and then walk up a hill or tow to get here.

Again, I hope you vote to make some changes. I realize the housing problem we have here, but please consider those of us who have lived in the city for many, many years and don't make life more difficult as we age.

Sincerely,  
Janet McNerny

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File 141248 FW: Questions regarding legality of construction project at 3032 - 3040 Clement Street

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**From:** Jeff Shaw [<mailto:jeff.shaw@yahoo.com>]

**Sent:** Sunday, December 14, 2014 11:31 PM

**To:** Mar, Eric (BOS)

**Cc:** Avalos, John (BOS); Breed, London (BOS); Campos, David (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Tang, Katy (BOS); Wiener, Scott; Yee, Norman (BOS); Board of Supervisors (BOS); Kris Toscanini; [Karl.Nakamura@ucsfmedctr.org](mailto:Karl.Nakamura@ucsfmedctr.org)

**Subject:** Questions regarding legality of construction project at 3032 - 3040 Clement Street

Hello Supervisor Mar,

I have learned from some of my neighbors that the condominiums under construction at 3032-3040 Clement between 31st and 32nd Streets may not meet city ordinances regarding building height and depth. Apparently the building as currently planned also does not provide adequate parking for the anticipated number of new residents. Neighborhood representatives plan to attend a meeting with the Board of Supervisors concerning the construction scheduled for this Tuesday, 16 December 2014.

I will be unable to attend the meeting, but I understand the design needs careful review and revision to ensure it complies with legal restrictions that are meant to protect the entire neighborhood, and I urge you to carefully consider the concerns of the neighborhood.

Thank you,

Jeff Shaw  
396 31st Avenue  
San Francisco, CA 94121

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** File 141248 FW: Condo construction at 3032-3040 Clement Street

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**From:** Kris Toscanini [<mailto:pnutgalry1@gmail.com>]

**Sent:** Monday, December 15, 2014 9:37 AM

**To:** Avalos, John (BOS); Breed, London (BOS); Campos, David (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Mar, Eric (BOS); Tang, Katy (BOS); Wiener, Scott; Yee, Norman (BOS); Board of Supervisors (BOS)

**Cc:** Nakamura, Karl; Jeremy Toscanini

**Subject:** Condo construction at 3032-3040 Clement Street

Good Morning Supervisors,

My name is Christine Toscanini and I am writing in regards to the new construction being built at 3032-3040 on Clement between 32nd and 31st Avenue.

My family and I live at 377 31st Avenue and the height and length of the new construction will directly affect our house and back yard and that of my neighbors. The reason that I am writing to you so late in the game is that I just recently found out about how tall and long this new building will be. We never received any notification or were never contacted in any way about the design of this new building. We were never given architectural design plans on the building and the only way I found out about it was through my neighbor, Karl Nakamura. He had to dig to find the information. No one from the City let us know and by no means did anyone who owns the new building let us know of these plans. We do want the new building, but we want it built to the proper codes that have been set up by the City. There are many things about this new building that are deceiving to the neighborhood and we would like to set up a community meeting to discuss what is really going on.

The way that the building is designed, we will have a lack of sunlight, lack of privacy, and lack of a sight line because the building exceeds the 40 ft. height limit and the rear yard modification decision where 25% of the lot depth must be open space.

We already are having a problem with parking here in our neighborhood. The new building has 3 living spaces, each with 3 full bedrooms. That is the **minimum** potential of 9 people. That will affect the parking here even with the one parking spot per unit. Most full units will have at least 2 cars.

Not only will there be a parking problem and a lack of privacy, but there will be a noise problem. With large complexes comes large noise. We do not want the additional noise in our neighborhood. The woman who live behind us will have the new patio butted right up to her bedroom window. She also was not notified of the design of the building and is sending an email as well.

So as you can see, we have many complaints about how this new building is designed and how we were never properly notified about it. My husband and his family own the building that we live in and we are all very upset about how this is being handled.

We know there is a meeting tomorrow at 3pm and our neighbor, Karl Nakamura will be there to represent the neighborhood. I could not get off of work because you chose to have the meeting in the middle of the day when most people are at work.

I really hope we can come to some sort of agreement on this issue. It is not fair how this whole process has taken place and we would like to have the chance to represent ourselves.

Thank you,

Christine and Jeremy Toscanini  
37731st Avenue  
San Francisco, Ca. 94121

BOS 11 CPref

**Commissioners**  
Michael Sutton, President  
Monterey  
Jack Baylis, Vice President  
Los Angeles  
Jim Kellogg, Member  
Discovery Bay  
Richard Rogers, Member  
Santa Barbara  
Jacque Hostler-Carmesin, Member  
McKinleyville

STATE OF CALIFORNIA  
Edmund G. Brown Jr., Governor

**Fish and Game Commission**



Sonke Mastrup, Executive Director  
1416 Ninth Street, Room 1320  
Sacramento, CA 95814  
(916) 653-4899  
(916) 653-5040 Fax  
www.fgc.ca.gov

December 26, 2014

RECEIVED  
BOARD OF SUPERVISORS  
SACRAMENTO  
2014 DEC 26 PM 2:20

TO ALL INTERESTED AND AFFECTED PARTIES:

This is to provide you with a copy of the notice of proposed regulatory action relative to sections 1.73 and 27.75, and subsection (c) of Section 27.80, Title 14, California Code of Regulations, relating to ocean salmon sport fishing, which will be published in the California Regulatory Notice Register on December 26, 2014.

This is the first of two notices relating to ocean salmon sport fishing and pertains to the ocean salmon sport fishing regulations for April 2015(subsection 27.80(c)), recovery of coded-wire tags from salmon heads (Section 1.73) and coordinates of ocean salmon fishery closures around river mouths (Section 27.75). A separate notice pertaining to the remainder of the 2015 ocean salmon sport fishing regulations will also be published in the California Regulatory Notice Register on December 26, 2014.

Please note the dates of the public hearings related to this matter and associated deadlines for receipt of written comments.

**Dr. Craig Shuman, Regional Manager of the Marine Region, at (805) 568-1246, has been designated to respond to questions on the substance of the proposed regulations.**

Sincerely,

Sherrie Fonbuena  
Associate Governmental Program Analyst

Attachment

6



**TITLE 14. Fish and Game Commission  
Notice of Proposed Changes in Regulations**

**NOTICE IS HEREBY GIVEN** that the Fish and Game Commission (Commission), pursuant to the authority vested by sections 200, 202, 205, 220, 240, 316.5, and 2084 of the Fish and Game Code, and to implement, interpret or make specific sections 200, 202, 205, 215, 220, 316.5, 2084, and 7060 of said Code, proposes to amend sections 1.73 and 27.75, and subsection (c) of Section 27.80, Title 14, California Code of Regulations, relating to ocean salmon recreational fishing – April season, recovery of coded-wire tag from salmon heads, and ocean salmon fishery closures around river mouths.

**Informative Digest/Policy Statement Overview**

The Pacific Fishery Management Council (PFMC) coordinates west coast management of recreational and commercial ocean salmon fisheries in the federal fishery management zone (three to 200 miles offshore) along the coasts of Washington, Oregon and California. The annual PFMC ocean salmon regulation recommendations are subsequently implemented by the National Marine Fisheries Service (NMFS) effective on May 1 of each year.

California's recreational salmon fishing regulations need to conform to the federal regulations to achieve optimum yield in California under the Federal Salmon Fishery Management Plan. The Fish and Game Commission (Commission) adopts regulations for the ocean salmon recreational fishery in State waters (zero to three miles offshore) which are consistent with these federal fishery management goals.

**Present Regulations**

Regulations for 2014 [subsections 27.80 (c) and (d)] authorized ocean salmon recreational fishing seven days per week north of Horse Mountain including Humboldt Bay from May 10 to September 7, 2014. Between Horse Mountain and Pigeon Point, ocean salmon recreational fishing was authorized seven days per week from April 5 to November 9, 2014. Areas south of Pigeon Point had an ocean salmon recreational fishing season seven days per week from April 5 to October 5, 2014. The bag limit for all areas in 2014 was two fish per day (all species except coho). The area north of Horse Mountain and the areas south of Pigeon Point had a minimum size limit of 24 inches total length. The area between Horse Mountain and Point Arena had a minimum size limit of 20 inches total length. The area between Point Arena and Pigeon Point had a minimum size limit of 24 inches total length through June 30, 2014 and 20 inches total length thereafter

On May 1, 2014, NMFS implemented the 2014 federal ocean salmon regulations, which included the PFMC's recommendation to open the California ocean salmon recreational fishing season south of Horse Mountain on April 4, 2015. While federal waters south of Horse Mountain will open on April 4, 2015, State waters in this area will not open unless the Commission takes regulatory action to do so.

Present regulations in Section 1.73 define salmon, at the species level, as Chinook, coho, pink, chum and sockeye.

Present regulations in Section 27.75 specify that salmon may not be taken within 3 nm north, south and west of the mouths the Smith and Klamath rivers; that salmon may not be taken in August and September within 2 nm north, south and west of the mouth of the Eel River; and that

salmon may not be taken in August within 6 nm north and south and 3 nm west of the mouth of the Klamath River.

### **Proposed Regulations**

Two separate Commission actions are necessary to conform the State regulations to federal rules that will apply in 2015. The current proposed action would amend subsection 27.80 (c), establishing salmon fishing regulations for the month of April 2015. Recreational salmon fishing regulations for May 1 through the end of 2015 will be considered in the second rulemaking action, tentatively scheduled for adoption in April 2015.

For public notice purposes to facilitate Commission discussion, the Department of Fish and Wildlife (Department) is proposing the following regulations to encompass the range of federal ocean salmon regulations that are expected to be in effect April 4 through April 30, 2015. This approach will allow the Commission to adopt State ocean salmon recreational fishing regulations to conform to those in effect in federal ocean waters.

- (1) North of Horse Mountain and in Humboldt Bay: The fishery shall remain closed in this area during April. The remainder of the 2015 season will be decided in April by the PFMC and Commission and the section will be amended pursuant to the regulatory process.
- (2) South of Horse Mountain: The season, if any, may open on a date within the range of April 4 through April 30, 2015. The proposed daily bag limit will be from zero to two fish, and the proposed minimum size will be from 20 to 26 inches total length. The exact opening dates, along with daily bag limit, minimum size, and days of the week open may be different for each subarea and will be determined by the Commission, considering federal regulations applicable to each subarea for April 2015.

The proposed regulations in Section 1.73 will add a requirement to relinquish the head of any recreationally caught salmon, upon request by an authorized agent or employee of the Department.

The proposed regulations in Section 27.75 will include specific latitude and longitude coordinates that define existing river mouth area closures of the Smith, Klamath, and Eel rivers to ocean salmon fishing.

Other changes are proposed to clarify the existing regulations.

The benefits of the proposed regulations are concurrence with federal law, sustainable management of ocean salmon resources, regulatory clarity, and promotion of businesses that rely on recreational ocean salmon fishing.

The proposed regulations are neither inconsistent nor incompatible with existing State regulations. The legislature has delegated authority to the Commission to adopt sport fishing regulations in general (Sections 200, 202 and 205, Fish and Game Code) and salmon sport fishing regulations specifically (Section 316.5, Fish and Game Code). The proposed regulations are consistent with regulations for sport fishing in marine protected areas (Section 632, Title 14, CCR) and with general sport fishing regulations in chapters 1 and 4 of subdivision 1 of Division 1, Title 14, CCR. Commission staff has searched the California Code of Regulations and has found no other State regulations related to the recreational take of salmon in the ocean.

**NOTICE IS GIVEN** that any person interested may present statements, orally or in writing, relevant to this action at a hearing to be held in the Resources Building Auditorium, 1416 Ninth Street, Sacramento, California, on Wednesday, February 11, 2015, at 8:00 a.m., or as soon thereafter as the matter may be heard.

**NOTICE IS ALSO GIVEN** that any person interested may present statements, orally or in writing, relevant to this action at a teleconference originating in the Fish and Game Commission conference room, 1416 Ninth Street, Suite 1320, Sacramento, California, on Monday, March 16, 2015, at 8:30 a.m., or as soon thereafter as the matter may be heard. Interested persons may also participate at the following locations: Department of Fish and Wildlife, Conference Room, 50 Ericson Court, Arcata, California; Department of Fish and Wildlife, Conference Room, 20 Lower Ragsdale Drive, Suite 100, Monterey, California; Department of Fish and Wildlife, Conference Room, 1933 Cliff Drive, Suite 9, Santa Barbara, California; and Department of Fish and Wildlife, Conference Room, 4665 Lampson Avenue, Los Alamitos, California. Written comments may be submitted at the address given below, or by fax at (916) 653-5040, or by e-mail to [FGC@fgc.ca.gov](mailto:FGC@fgc.ca.gov). Written comments mailed, faxed or e-mailed to the Commission office, must be received before 5:00 p.m. on March 13, 2015. All comments must be received no later than March 16, 2015, at one of the teleconference hearing locations listed above. If you would like copies of any modifications to this proposal, please include your name and mailing address.

The regulations as proposed in ~~strikeout~~-underline format, as well as an initial statement of reasons, including environmental considerations and all information upon which the proposal is based (rulemaking file), are on file and available for public review from the agency representative, Sonke Mastrup, Executive Director, Fish and Game Commission, 1416 Ninth Street, Box 944209, Sacramento, California 94244-2090, phone (916) 653-4899. Please direct requests for the above mentioned documents and inquiries concerning the regulatory process to Sonke Mastrup or Sherrie Fonbuena at the preceding address or phone number. **Dr. Craig Shuman, Region Manager of the Marine Region, Department of Fish and Wildlife, phone (805) 568-1246, has been designated to respond to questions on the substance of the proposed regulations.** Copies of the Initial Statement of Reasons, including the regulatory language, may be obtained from the address above. Notice of the proposed action shall be posted on the Fish and Game Commission website at <http://www.fgc.ca.gov>.

#### Availability of Modified Text

If the regulations adopted by the Commission differ from but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of adoption. Circumstances beyond the control of the Commission (e.g., timing of federal regulation adoption, timing of resource data collection, timelines do not allow, etc.) or changes made to be responsive to public recommendation and comments during the regulatory process may preclude full compliance with the 15-day comment period, and the Commission will exercise its powers under Section 202 of the Fish and Game Code. Regulations adopted pursuant to this section are not subject to the time periods for adoption, amendment or repeal of regulations prescribed in sections 11343.4, 11346.4 and 11346.8 of the Government Code. Any person interested may obtain a copy of said regulations prior to the date of adoption by contacting the agency representative named herein.

If the regulatory proposal is adopted, the final statement of reasons may be obtained from the address above when it has been received from the agency program staff.

**Impact of Regulatory Action/Results of the Economic Impact Analysis**

The potential for significant statewide adverse economic impacts that might result from the proposed regulatory action has been assessed, and the following initial determinations relative to the required statutory categories have been made:

- (a) Significant Statewide Adverse Economic Impact Directly Affecting Business, Including the Ability of California Businesses to Compete with Businesses in Other States:

The proposed action will not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The Commission anticipates status quo fishing levels for April 2015 as compared to the April 2014 ocean salmon sport fishing season.

- (b) Impact on the Creation or Elimination of Jobs Within the State, the Creation of New Businesses or the Elimination of Existing Businesses, or the Expansion of Businesses in California; Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State's Environment:

The Commission does not anticipate that the proposed regulations will have any impact on the creation or elimination of jobs, the creation or elimination of businesses or the expansion of businesses in California.

The Commission anticipates benefits to the health and welfare of California residents. Salmon sport fishing contributes to increased mental health of its practitioners, provides opportunities for multi-generational family activities and promotes respect for California's environment by the future stewards of California's natural resources.

The Commission anticipates benefits to the State's environment in the sustainable management of salmon resources.

Additional benefits of the proposed regulations are concurrence with federal law, and promotion of businesses that rely on recreational ocean salmon fishing.

The Commission does not anticipate benefits to worker safety.

- (c) Cost Impacts on a Representative Private Person or Business:

The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

- (d) Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None.

- (e) Nondiscretionary Costs/Savings to Local Agencies: None.

- (f) Programs Mandated on Local Agencies or School Districts: None.
- (g) Costs Imposed on any Local Agency or School District that is Required to be Reimbursed Under Part 7 (commencing with Section 17500) of Division 4, Government Code: None.
- (h) Effect on Housing Costs: None.

Effect on Small Business

It has been determined that the adoption of these regulations may affect small business. The Commission has drafted the regulations in Plain English pursuant to Government Code sections 11342.580 and 11346.2(a)(1).

Consideration of Alternatives

The Commission must determine that no reasonable alternative considered by the Commission, or that has otherwise been identified and brought to the attention of the Commission, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

FISH AND GAME COMMISSION

Dated: December 16, 2014

Sonke Mastrup  
Executive Director

BUS 11, 0 page

**Commissioners**  
Michael Sutton, President  
Monterey  
Jack Baylis, Vice President  
Los Angeles  
Jim Kellogg, Member  
Discovery Bay  
Richard Rogers, Member  
Santa Barbara  
Jacque Hostler-Carmesin, Member  
McKinleyville

STATE OF CALIFORNIA  
Edmund G. Brown Jr., Governor

Sonke Mastrup, Executive Director  
1416 Ninth Street, Room 1320  
Sacramento, CA 95814  
(916) 653-4899  
(916) 653-5040 Fax  
www.fgc.ca.gov

### Fish and Game Commission



December 26, 2014

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2014 DEC 26 PM 2:20

#### TO ALL INTERESTED AND AFFECTED PARTIES:

This is to provide you with a copy of the notice of proposed regulatory action relative to subsection (d) of Section 27.80, Title 14, California Code of Regulations, relating to ocean salmon sport fishing, which will be published in the California Regulatory Notice Register on December 26, 2014.

This is the second of two notices relating to ocean salmon sport fishing and pertains only to the ocean salmon sport fishing regulations for May through November 2015. A separate notice pertaining to the April 2015 ocean salmon sport fishing regulations, recovery of coded-wire tags from salmon heads, and ocean salmon fishery closures around river mouths will also be published in the California Regulatory Notice Register on December 26, 2014.

Please note the dates of the public hearings related to this matter and associated deadlines for receipt of written comments.

**Dr. Craig Shuman, Regional Manager of the Marine Region, at (805) 568-1246, has been designated to respond to questions on the substance of the proposed regulations.**

Sincerely,

Sherrie Fonbuena  
Associate Governmental Program Analyst

Attachment

**TITLE 14. Fish and Game Commission  
Notice of Proposed Changes in Regulations**

**NOTICE IS HEREBY GIVEN** that the Fish and Game Commission (Commission), pursuant to the authority vested by sections 200, 202, 205, 220, 240, 316.5, and 2084 of the Fish and Game Code, and to implement, interpret or make specific sections 200, 202, 205, 316.5, and 2084 of said Code, proposes to amend subsection (d) of Section 27.80, Title 14, California Code of Regulations, relating to ocean salmon recreational fishing on and after May 1, 2015.

**Informative Digest/Policy Statement Overview**

The Pacific Fishery Management Council (PFMC) coordinates west coast management of recreational and commercial ocean salmon fisheries in the federal fishery management zone (three to 200 miles offshore) off Washington, Oregon and California. The annual PFMC ocean salmon regulation recommendations are subsequently implemented by the National Marine Fisheries Service (NMFS) effective on May 1 of each year.

California's recreational salmon fishing regulations need to conform to the federal regulations to achieve optimum yield in California under the Federal Salmon Fishery Management Plan. The Fish and Game Commission (Commission) proposes to adopt regulations for the ocean salmon recreational fishery in State waters (zero to three miles offshore) which are consistent with these federal fishery management goals.

**Present Regulations**

Regulations for 2014 [subsections 27.80 (c) and (d)] authorized ocean salmon recreational fishing seven days per week north of Horse Mountain including Humboldt Bay from May 10 to September 7, 2014. Between Horse Mountain and Pigeon Point, ocean salmon recreational fishing was authorized seven days per week from April 5 to November 9, 2014. Areas south of Pigeon Point had an ocean salmon recreational fishing season seven days per week from April 5 to October 5, 2014. The bag limit for all areas in 2014 was two fish per day (all species except coho). The area north of Horse Mountain and the areas south of Pigeon Point had a minimum size limit of 24 inches total length. The area between Horse Mountain and Point Arena had a minimum size limit of 20 inches total length. The area between Point Arena and Pigeon Point had a minimum size limit of 24 inches total length through June 30, 2014 and 20 inches total length thereafter.

**Proposed Regulations**

Two separate Commission actions are necessary to conform the State regulations to federal rules that will apply in 2015. This proposed regulation would amend subsection 27.80 (d), establishing salmon fishing regulations for May 1 through the end of 2015. Recreational salmon fishing regulations for the month of April 2015 will be considered in a separate rulemaking action, tentatively scheduled for adoption in March 2015.

For public notice purposes and to facilitate Commission discussion, the Department of Fish and Wildlife is proposing the following regulations to encompass the range of options for federal ocean salmon regulations that are expected to be in effect on or after May 1, 2015. This approach will allow the Commission to adopt State ocean salmon recreational fishing regulations to conform to those in effect in federal ocean waters.

- (1) North of Horse Mountain and in Humboldt Bay: The season, if any, may occur within the range of May 1 through September 30, 2015.

- (2) Between Horse Mountain and Pigeon Point: The season, if any, may occur within the range of May 1 to November 8, 2015.
- (3) South of Pigeon Point: The season, if any, may occur within the range of May 1 to October 4, 2015.
- (4) For all areas, the proposed daily bag limit will be from zero to two fish, and the proposed minimum size will be from 20 to 26 inches total length.

The exact opening and closing dates, along with daily bag limit, minimum size, and days of the week open will be determined in April by the Commission considering federal regulations and may be different for each subarea.

Other changes are proposed for clarity and consistency.

The benefits of the proposed regulations are concurrence with federal law, sustainable management of ocean salmon resources, and promotion of businesses that rely on recreational ocean salmon fishing.

The proposed regulations are neither inconsistent nor incompatible with existing State regulations. The legislature has delegated authority to the Commission to adopt sport fishing regulations in general (sections 200, 202 and 205, Fish and Game Code) and salmon sport fishing regulations specifically (Section 316.5, Fish and Game Code). The proposed regulations are consistent with regulations for sport fishing in marine protected areas (Section 632, Title 14, CCR) and with general sport fishing regulations in chapters 1 and 4 of subdivision 1 of Division 1, Title 14, CCR. Commission staff has searched the California Code of Regulations and has found no other State regulations related to the recreational take of salmon in the ocean.

**NOTICE IS GIVEN** that any person interested may present statements, orally or in writing, relevant to this action at a hearing to be held in the Resources Building Auditorium, 1416 Ninth Street, Sacramento, California, on Wednesday, February 11, 2015, at 8:00 a.m., or as soon thereafter as the matter may be heard.

**NOTICE IS ALSO GIVEN** that any person interested may present statements, orally or in writing, relevant to this action at a teleconference originating in the Fish and Game Commission conference room, 1416 Ninth Street, Suite 1320, Sacramento, California, on Friday, April 17, 2015, at 8:30 a.m., or as soon thereafter as the matter may be heard. Interested persons may also participate at the following locations: Department of Fish and Wildlife, Conference Room, 50 Ericson Court, Arcata, California; Department of Fish and Wildlife, Conference Room, 20 Lower Ragsdale Drive, Suite 100, Monterey, California; Department of Fish and Wildlife, Conference Room, 1933 Cliff Drive, Suite 9, Santa Barbara, California; and Department of Fish and Wildlife, Conference Room, 4665 Lampson Avenue, Los Alamitos, California. Written comments may be submitted at the address given below, or by fax at (916) 653-5040, or by e mail to [FGC@fgc.ca.gov](mailto:FGC@fgc.ca.gov). Written comments mailed, faxed or e-mailed to the Commission office, must be received before 5:00 p.m. on April 16, 2015. All comments must be received no later than April 17, 2015, at one of the teleconference hearing locations listed above. If you would like copies of any modifications to this proposal, please include your name and mailing address.



The regulations as proposed in ~~strikeout~~underline format, as well as an initial statement of reasons, including environmental considerations and all information upon which the proposal is based (rulemaking file), are on file and available for public review from the agency representative, Sonke Mastrup, Executive Director, Fish and Game Commission, 1416 Ninth Street, Box 944209, Sacramento, California 94244-2090, phone (916) 653-4899. Please direct requests for the above mentioned documents and inquiries concerning the regulatory process to Sonke Mastrup or Sherrie Fonbuena at the preceding address or phone number. **Dr. Craig Shuman, Region Manager of the Marine Region, Department of Fish and Wildlife, phone (805) 568-1246, has been designated to respond to questions on the substance of the proposed regulations.** Copies of the Initial Statement of Reasons, including the regulatory language, may be obtained from the address above. Notice of the proposed action shall be posted on the Fish and Game Commission website at <http://www.fgc.ca.gov>.

#### Availability of Modified Text

If the regulations adopted by the Commission differ from but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of adoption. Circumstances beyond the control of the Commission (e.g., timing of federal regulation adoption, timing of resource data collection, timelines do not allow, etc.) or changes made to be responsive to public recommendation and comments during the regulatory process may preclude full compliance with the 15-day comment period, and the Commission will exercise its powers under Section 202 of the Fish and Game Code. Regulations adopted pursuant to this section are not subject to the time periods for adoption, amendment or repeal of regulations prescribed in Sections 11343.4, 11346.4 and 11346.8 of the Government Code. Any person interested may obtain a copy of said regulations prior to the date of adoption by contacting the agency representative named herein.

If the regulatory proposal is adopted, the final statement of reasons may be obtained from the address above when it has been received from the agency program staff.

#### Impact of Regulatory Action/Results of the Economic Impact Analysis

The potential for significant statewide adverse economic impacts that might result from the proposed regulatory action has been assessed, and the following initial determinations relative to the required statutory categories have been made:

- (a) Significant Statewide Adverse Economic Impact Directly Affecting Business, Including the Ability of California Businesses to Compete with Businesses in Other States:

Although the recommendations of the PFMC for the 2015 ocean salmon season are unknown at this time, the Department anticipates that recreational salmon fishing effort will remain within ten percent of the 2014 season. For the purpose of evaluating potential economic impacts of the 2015 ocean salmon regulations, the Commission analyzed possible reductions in ocean salmon recreational effort ranging from zero to ten percent. The following projections cover this expected range.

For the three projections for 2015, representing 100-percent (150,000 angler days), 95-percent (142,500 angler days), and 90-percent (135,000 angler days) levels of ocean salmon angling effort, there are no significant statewide adverse economic impacts

directly affecting businesses, including the ability of California businesses to compete with businesses in other states. Moreover, the proposed changes are to ensure the health of the resource and thus prevent long term adverse economic impacts.

Department data indicate that during the 2013 salmon season, recreational fishermen participated in approximately 144,000 angler days of ocean salmon fishing and generated an estimated \$23.7 million (2013\$) in total economic output to the State. The projected levels of fishing effort for the 2015 salmon season are 150,000 angler days, 142,500 angler days, and 135,000 angler days, equivalent to 100-, 95-, and 90-percent levels of effort, respectively. At the projected 2015 levels of angler effort, the associated fishing expenditures by fishermen would generate an estimated \$24.7, \$23.5, and \$22.2 million (2013\$) in total economic output for the State, respectively. Thus, relative to the 2013 salmon season, the total incremental effects (direct, indirect, and induced) of the 2015 proposed options on State economic output range from a 4-percent increase (\$1 million) to a 6-percent decrease (\$1.5 million) in total economic output. The projected incremental effects are detailed in the Economic Impact Analysis.

- (b) Impact on the Creation or Elimination of Jobs Within the State, the Creation of New Businesses or the Elimination of Existing Businesses, or the Expansion of Businesses in California; Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State's Environment:

Approximately 193 jobs were indirectly supported by recreational ocean salmon angling during the 2013 salmon season. Thus, relative to the 2013 salmon season, the 2015 projections (100-, 95-, and 90-percent levels of effort) represent potential incremental effects on employment ranging from an increase of 8 jobs to a loss of 12 jobs statewide. The projected incremental employment effects are detailed in the Economic Impact Analysis.

The Commission anticipates benefits to the health and welfare of California residents. Salmon sport fishing contributes to increased mental health of its practitioners, provides opportunities for multi-generational family activities and promotes respect for California's environment by the future stewards of California's natural resources.

The Commission anticipates benefits to the State's environment in the sustainable management of salmon resources.

Additional benefits of the proposed regulations are concurrence with federal law, and promotion of businesses that rely on recreational ocean salmon fishing.

The Commission does not anticipate benefits to worker safety.

- (c) Cost Impacts on a Representative Private Person or Business:

The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

- (d) Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None.

- (e) Nondiscretionary Costs/Savings to Local Agencies: None.
- (f) Programs Mandated on Local Agencies or School Districts: None.
- (g) Costs Imposed on any Local Agency or School District that is Required to be Reimbursed Under Part 7 (commencing with Section 17500) of Division 4, Government Code: None.
- (h) Effect on Housing Costs: None.

#### Effect on Small Business

It has been determined that the adoption of these regulations may affect small business. The Commission has drafted the regulations in Plain English pursuant to Government Code sections 11342.580 and 11346.2(a)(1).

#### Consideration of Alternatives

The Commission must determine that no reasonable alternative considered by the Commission, or that has otherwise been identified and brought to the attention of the Commission, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

FISH AND GAME COMMISSION

Dated: December 16, 2014

Sonke Mastrup  
Executive Director

BOS 11, C page

**Commissioners**  
**Michael Sutton**, President  
Monterey  
**Jack Bayliss**, Vice President  
Los Angeles  
**Jim Kellogg**, Member  
Discovery Bay  
**Richard Rogers**, Member  
Santa Barbara  
**Jacque Hostler-Carmesin**, Member  
McKinleyville

STATE OF CALIFORNIA  
Edmund G. Brown Jr., Governor

**Sonke Mastrup**, Executive Director  
1416 Ninth Street, Room 1320  
Sacramento, CA 95814  
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(916) 653-5040 Fax  
www.fgc.ca.gov

**Fish and Game Commission**



December 23, 2014

TO ALL AFFECTED AND INTERESTED PARTIES:

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SAN FRANCISCO  
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P2

This is to provide you with a Notice of Findings regarding the Clear Lake hitch which will be published in the California Regulatory Notice Register on December 26, 2014.

Sincerely,

*Sheri Tiemann*  
Sheri Tiemann  
Associate Governmental Program Analyst

Attachment

7

## NOTICE OF FINDINGS

### Clear Lake Hitch

#### *(Lavinia exilicaudachi chi)*

**NOTICE IS HEREBY GIVEN** that the California Fish and Game Commission (“Commission”), at its August 6, 2014 meeting in San Diego, California, made a finding pursuant to Fish and Game Code section 2075.5, that the petitioned action to add the Clear Lake hitch (*Lavinia exilicaudachi chi*) (“CLH”) to the list of threatened species under the California Endangered Species Act (“CESA”) (Fish & G. Code, § 2050 et seq.) is warranted. (See also Cal. Code Regs., tit. 14, § 670.1, subd. (i).)

#### **I. Background and Procedural History**

On September 25, 2012, the Commission received the “Petition to List the Clear Lake Hitch (*Lavinia exilicaudachi chi*) as Threatened under the California Endangered Species Act” (September 25, 2012; hereafter, the “Petition”), as submitted by the Center for Biological Diversity (“Petitioners”). Commission staff transmitted the Petition to the Department of Fish and Wildlife (“Department”) pursuant to Fish and Game Code section 2073 on September 26, 2012, and the Commission published formal notice of receipt of the Petition on October 12, 2012 (Cal. Reg. Notice Register 2012, Vol. 41-Z, p.1502). The Commission granted a 30-day extension to the Department for completion of the Department’s initial review of the Petition. After evaluating the Petition on its face and in relation to other relevant information it possessed or received, the Department prepared its January 2013 “Report to the Fish and Game Commission: Evaluation of the Petition from the Center for Biological Diversity to List Clear Lake Hitch (*Lavinia exilicauda chi*) as a Threatened Species under the California Endangered Species Act” (“Petition Evaluation Report”) and, pursuant to Fish and Game Code section 2073.5, recommended to the Commission, based on the information in the Petition, that there was sufficient scientific information to indicate the petitioned action may be warranted, and that the Petition should be accepted. At a noticed public hearing in Mount Shasta, California on March 6, 2013, the Commission determined the petitioned action may be warranted and accepted the Petition for further review. (Fish & G. Code, § 2074.2, subd. (e)(2).) The Commission published notice of the designation of CLH as a candidate species under CESA on March 22, 2013. (Cal. Reg. Notice Register 2013, Vol. 12-Z p. 488; see also Fish & G. Code, §§ 2068, 2080, 2085.)

Following the Commission’s designation of the CLH as a candidate species, the Department notified affected and interested parties, and solicited data and comments on the petitioned action pursuant to Fish and Game Code section 2074.4. (See also Cal. Code Regs., tit. 14, § 670.1(f)(2).) Subsequently, the Department commenced its review of the status of the species in California. On May 28, 2014 the Department

Director submitted its "Report to the Fish and Game Commission: A Status Review of the Clear Lake Hitch (*Lavinia exilicauda chi*)," dated May 2014 ("Status Review"), to the Commission pursuant to Fish and Game Code section 2074.6, including a recommendation based upon the best scientific information available that, in the Department's independent judgment, the petitioned action was warranted. The Department's report also included a preliminary identification of habitat that may be essential to the continued existence of CLH and management recommendations. In preparing its report the Department sought independent and competent peer review on its draft Status Review from scientists with acknowledged relevant expertise. An appendix to the final Status Review contains the specific input provided to the Department by the individual peer reviewers, a brief explanation and evaluation of that input by the Department, and a description of related revisions included in the final Status Review transmitted to the Commission. (See generally Fish & G. Code § 2074.6; Cal. Code Regs., tit. 14, § 670.1(f)(2).)

On August 6, 2014, at a noticed meeting in San Diego, California, the Commission held a public hearing regarding the Petition after receiving related testimony and other information, and began its deliberations regarding the petitioned action.

### **Species Description**

CLH is a member of the cyprinid family, growing to 35 centimeters (cm) standard length (SL), and with laterally compressed bodies, small heads and upward pointing mouths (Moyle et al. 1995). They are separated from other California minnows by their long anal fin consisting of 11 to 14 rays. The dorsal fin (10 to 12 rays) originates behind the origin of the pelvic fins. Juvenile CLH are silvery with a black spot at the base of the tail. As CLH grow older the spot is lost and they appear yellow-brown to silvery-white on the back. The body becomes deeper in color as the length increases (Hopkirk 1973; Moyle 2002). CLH show little change in pigmentation during the breeding season (Hopkirk 1973). The deep, compressed body, small upturned mouth, and numerous long slender gill rakers (26 to 32) reflect the zooplankton-feeding strategy of a limnetic (well-lit, surface waters away from shore) forager (Moyle 2002). This lake adapted subspecies also has larger eyes and larger scales than other hitch subspecies.

### **Federal Status**

On September 25, 2012 the Center for Biological Diversity petitioned the U.S. Fish and Wildlife Service (USFWS) to list CLH as endangered or threatened under the federal Endangered Species Act (ESA). As of the preparation of these Findings, there has been no action taken on the petition by USFWS.

The U.S. Forest Service (USFS) lists CLH as a sensitive species. USFS sensitive species are those plant and animal species identified by a regional forester that are not

listed or proposed for listing under the federal ESA for which population viability is a concern.

## II. STATUTORY AND LEGAL FRAMEWORK

The Commission, as established by the California Constitution, has exclusive statutory authority under California law to designate endangered, threatened, and candidate species under CESA (Cal. Const., art. IV, § 20, subd. (b); Fish & G. Code, § 2070). The CESA listing process for CLH began in the present case with the Petitioners' submittal of the Petition to the Commission on September 25, 2012. Pursuant to Fish and Game Code section 2073, on September 26, 2012 the Commission transmitted the petition to the Department for review pursuant to Fish and Game Code section 2073.5. The regulatory process that ensued is described in some detail in the preceding section above, along with related references to the Fish and Game Code and controlling regulation. The CESA listing process generally is also described in some detail in published appellate case law in California, including:

- *Mountain Lion Foundation v. California Fish and Game Commission* (1997) 16 Cal.4<sup>th</sup> 105, 114-116;
- *California Forestry Association v. California Fish and Game Commission* (2007) 156 Cal.App.4th 1535, 1541-1542;
- *Center for Biological Diversity v. California Fish and Game Commission* (2008) 166 Cal.App.4th 597, 600; and
- *Natural Resources Defense Council v. California Fish and Game Commission* (1994) 28 Cal.App.4th 1104, 1111-1116.

The "is warranted" determination at issue here for CLH stems from Commission obligations established by Fish and Game Code section 2075.5. Under this provision, the Commission is required to make one of two findings for a candidate species at the end of the CESA listing process; namely, whether the petitioned action is warranted or is not warranted. Here, with respect to CLH, the Commission made the finding under Fish and Game Code section 2075.5, subdivision (e)(2), that the petitioned action is warranted.

The Commission was guided in making this determination by statutory provisions and other controlling law. The Fish and Game Code, for example, defines an endangered species under CESA as "a native species or subspecies of a bird, mammal, fish, amphibian, reptile or plant which is in serious danger of becoming extinct throughout all, or a significant portion, of its range due to one or more causes, including loss of habitat, change in habitat, over exploitation, predation, competition, or disease." (Fish & G. Code, § 2062.) Similarly, the Fish and Game Code defines a threatened species under CESA as "a native species or subspecies of a bird, mammal, fish, amphibian, reptile or

plant that, although not presently threatened with extinction, is likely to become an endangered species in the foreseeable future in the absence of the special protection and management efforts required by this chapter.” (*Id.*, § 2067.)

The Commission also considered Title 14 of the California Code of Regulations, section 670.1, subdivision (i)(1)(A), in making its determination regarding CLH. This provision provides, in pertinent part, that a species shall be listed as endangered or threatened under CESA if the Commission determines that the species’ continued existence is in serious danger or is threatened by any one or any combination of the following factors:

1. Present or threatened modification or destruction of its habitat;
2. Overexploitation;
3. Predation;
4. Competition;
5. Disease; or
6. Other natural occurrences or human-related activities.

Fish and Game Code section 2070 provides similar guidance. This section states that the Commission shall add or remove species from the list of endangered and threatened species under CESA only upon receipt of sufficient scientific information that the action is warranted. Similarly, CESA provides policy direction not specific to the Commission per se, indicating that all state agencies, boards, and commissions shall seek to conserve endangered and threatened species and shall utilize their authority in furtherance of the purposes of CESA (Fish & G. Code, § 2055). This policy direction does not compel a particular determination by the Commission in the CESA listing context. Nevertheless, as the Court of Appeal for the Third Appellate District underscored in the CESA listing context specifically, “[l]aws providing for the conservation of natural resources’ such as the CESA ‘are of great remedial and public importance and thus should be construed liberally.” (*California Forestry Association v. California Fish and Game Commission, supra*, 156 Cal. App.4th at pp. 1545-1546, citing *San Bernardino Valley Audubon Society v. City of Moreno Valley* (1996) 44 Cal.App.4th 593, 601; Fish & G. Code, §§ 2051, 2052.)

Finally in considering these factors, CESA and controlling regulations require the Commission to actively seek and consider related input from the public and any interested party (see, e.g., *Id.*, §§ 2071, 2074.4, 2078; Cal. Code Regs., tit. 14, § 670.1, subd. (h)). The related notice obligations and public hearing opportunities before the Commission are also considerable. (Fish & G. Code, §§ 2073.3, 2074, 2074.2, 2075, 2075.5, 2078; Cal. Code Regs., tit. 14, § 670.1, subds. (c), (e), (g), (i); see also Gov. Code, § 11120 et seq.) All of these obligations are in addition to the requirements



prescribed for the Department in the CESA listing process, including its initial evaluation of the petition and a related recommendation regarding candidacy, and a review of the candidate species' status in California culminating with a report and recommendation to the Commission as to whether listing is warranted based on the best available science. (Fish & G. Code, §§ 2073.4, 2073.5, 2074.4, 2074.6; Cal. Code Regs., tit. 14, § 670.1, subds. (d), (f), (h).)

### **III. Factual and Scientific Bases for the Commission's Final Determination**

The factual and scientific bases for the Commission's determination that designating CLH as a threatened species under CESA is warranted are set forth in detail in the Commission's record of proceedings including the Petition, the Department's 2013 Petition Evaluation Report, the Department's 2014 Status Review, written and oral comments received from members of the public, the regulated community, members and representatives of Clear Lake Native American tribes, the scientific community and other evidence included in the Commission's record of proceedings as it exists up to and including the Commission meeting in San Diego, California on August 6, 2014. The administrative record also includes these findings.

The Commission determines that substantial evidence highlighted in the preceding paragraph, along with other evidence in the administrative record, supports the Commission's determination that CLH in the State of California, while not presently threatened with extinction, is likely to become an endangered species in the foreseeable future, absent the special protections and management efforts required by CESA, and that it is in serious danger or threatened by one or a combination of the following factors as required by the California Code of Regulations, Title 14, section 670.1, subdivision (i)(1)(A):

1. Present or threatened modification or destruction of its habitat;
2. Predation;
3. Competition; or
4. Other natural occurrences or human-related activities.

The Commission also determines that the information in the Commission's record constitutes the best scientific information available and establishes that designating CLH as a threatened species under CESA is warranted. Similarly, the Commission determines that the CLH is likely to be in serious danger of becoming extinct throughout all, or a significant portion, of its range within the foreseeable future in the absence of CESA's protections, due to one or more causes.

The following sections highlight in more detail some of the scientific and factual information and other evidence in the administrative record of proceedings that support the Commission's determination that designating CLH as a threatened species under CESA is warranted. The issues addressed in these findings represent some, but not all of the evidence, issues, and considerations affecting the Commission's final determination. Other issues aired before and considered by the Commission are addressed in detail in the record before the Commission, which record is incorporated herein by reference.

## **Background**

### **Threats**

#### ***Present or Threatened Modification or Destruction of Habitat***

Beginning with the arrival of European settlers in the mid-1800s, alterations to habitats in the watershed have directly impacted the ability of CLH to survive. Habitats necessary for both spawning and rearing have been reduced or severely decreased in suitability in the past century resulting in an observable decrease in the overall abundance of CLH and its habitat. Throughout the expansion of European settlement around the lake, wetland habitat was drained and filled to provide urban and agricultural lands. Wetland habitat provides critical rearing habitat for juvenile fishes native to the lake. Comparisons of historical versus current wetland habitat reveal a loss of approximately 85 percent, from 9,000 acres in 1840 to 1,500 acres by 1977. Spawning tributaries have been physically altered by a combination of dams, diversions, and mining operations that have altered the course and timing of spring flows and the amount and quality of spawning habitat available for CLH. Dams create barriers to CLH passage that reduce the amount of available spawning habitat while altering the natural flow regime of tributaries. Water diversions on tributaries have resulted in decreased flows during critical spawning migrations for CLH. Loss of eggs, juvenile, and adult fish due to desiccation and stranding from water diversions are likely a significant impact on CLH populations. Gravel mining removed large amounts of spawning substrate during peak operations in the mid-1900s. Spawning substrate has been restored slowly after gravel mining was discontinued in the majority of the watershed.

Water quality impacts to the watershed have resulted in Clear Lake being listed as an impaired water body and led to the establishment of Total Maximum Daily Load (TMDL) limits for both mercury and nutrients for the lake. It is unclear to what extent the water quality impacts are affecting CLH populations. The increase in nutrient loads entering the lake has led to significant cyanobacteria blooms that plague the lake during warmer months. Primary producers such as epiphyton, benthic algae, and rooted vascular

plants form the base of the food chain in the lake. The cyanobacteria blooms reduce the amount of light penetration in the water column and cause a reduction in producers because they cannot reposition themselves to gain more light. The loss of function for primary producers results in significant alterations to the nutrient cycle and food web for the lake. The lake's food web continued to be altered as Clear Lake gnats were targeted for control with various pesticides. Clear Lake gnat, once the primary food source for CLH, were reduced through the use of pesticides from a population estimated in the millions to only a few thousand.

Modification and destruction of habitat is a significant threat to the continued existence of CLH.

### ***Overexploitation***

Harvest of CLH has occurred by both Native American tribes and commercial fishery operators at Clear Lake. Historical accounts from tribal members indicate that significant amounts of CLH were harvested during spawning runs. In recent years, the amount of harvest by the Pomo has been minimal, and the CLH are primarily used for educational and cultural reasons. Since the early 1990s commercial fishery operations have been required to return all CLH captured to the lake. Prior to that, CLH had not been regularly harvested for sale. It is likely that incidental catch during commercial harvest operations resulted in mortality of some CLH. However, there is no information indicating that overexploitation threatens the continued existence of CLH. There are currently no commercial fishing permits issued for operations on Clear Lake. The last commercial fishing operation was discontinued in 2007.

### ***Predation***

Direct predation of CLH by fish, birds, and mammals is known to occur in occupied habitats within the watershed. Spawning runs are vulnerable to predation from birds and mammals as fish migrate upstream and become stranded at various locations. Stranding occurs both naturally and as a result of habitat modifications described above. Non-native fishes prey directly on different life stages of CLH and represent an introduced impact to the population. CLH have been found during stomach content analyses of largemouth bass. Incidental observations indicate that largemouth bass may target CLH as they stage at the entrance to spawning tributaries in early spring. Other introduced fishes, such as catfish, also prey on CLH. A detailed diet study on selected introduced fishes is necessary to determine the extent of predation from introduced fishes. There is evidence suggesting that predation by introduced fishes threatens the continued existence of CLH.

### ***Competition***

The extent of impacts on CLH from competition with other aquatic species is poorly understood. Studies conducted on diet analysis of CLH indicate that there is competition between CLH and other zooplankton consuming fish species, primarily Mississippi silversides and threadfin shad. Observations by Department biologists and others indicate that CLH populations fluctuate on alternating cycles with Mississippi silverside and threadfin shad populations with CLH being more abundant in years with decreased Mississippi silverside and threadfin shad abundance. CLH directly compete with other native and non-native fishes for juvenile rearing habitat. Many fishes in Clear Lake utilize near shore wetland habitat as juveniles and adults. With the decrease in wetland habitat over the past century, there is increased competition for the remaining habitat. Although no formal studies have been completed, it is likely that competition for resources threatens the continued existence of CLH.

### ***Disease***

There are no known diseases that are significant threats to the continued existence of CLH.

### ***Other Natural Occurrences or Human-related Activities***

Numerous recreational activities such as angling, water skiing, wakeboarding, jet skiing, kayaking, and canoeing take place in Clear Lake each year. The majority of recreational activities pose no significant threat to the survival of CLH. It is believed that recreational and tournament anglers' capture CLH incidentally, however the occurrence is considered rare. The significance of the impact to CLH from angling is unknown, but likely does not threaten the continued existence of CLH.

## **IV. ADDITIONAL CONSIDERATIONS INFORMING THE COMMISSION'S FINAL DETERMINATION**

Various additional considerations inform the Commission's determination that designating CLH as a threatened species under CESA is warranted. In general, the Fish and Game Code contemplates a roughly twelve-month long CESA listing process before the Commission, including multiple opportunities for public and Department review and input and peer review (see generally Fish & G. Code, § 2070 et seq.; Cal. Code Regs., tit. 14, § 670.1.). From the initial receipt of the Petition in September 2012 through the Commission's decision on August 6, 2014 that listing is warranted, the Department and the Commission received numerous comments and other significant public input regarding the status of CLH from biological, scientific and cultural resources

standpoints and with respect to the petitioned action under CESA. The Commission, as highlighted below, was informed by and considered all of these issues, among others, in making its final determination that designating CLH as a threatened species under CESA is warranted. (See Fish & G. Code, § 2075.5, subd. (e)(1); Cal. Code Regs., tit. 14, § 670.1, subd. (i)(2).).

#### **V. FINAL DETERMINATION BY THE COMMISSION**

The Commission has weighed and evaluated the information for and against designating CLH as a threatened species under CESA. This information includes scientific and other general evidence in the Petition; the Department's Petition Evaluation Report; the Department's Status Review; the Department's related recommendations; written and oral comments received from members of the public, members and representatives of Clear Lake Native American tribes, the regulated community, various public agencies, and the scientific community; and other evidence included in the Commission's record of proceedings. Based upon the evidence in the record the Commission has determined that the best scientific information available indicates that the continued existence of the CLH is in serious danger or threatened by present or threatened modifications or destruction of the species' habitat, predation, competition, or other natural occurrences or human-related activities, where such factors are considered individually or in combination. (See generally Cal. Code Regs., tit. 14, § 670.1, subd. (i)(1)(A); Fish & G. Code, §§ 2062, 2067.) The Commission determines that there is sufficient scientific information to indicate that designating the CLH as a threatened species under CESA is warranted at this time and that with adoption and publication of these findings the CLH for purposes of its legal status under CESA and further proceedings under the California Administrative Procedure Act, shall be listed as threatened.

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**Commissioners**  
Michael Sutton, President  
Monterey  
Jack Baylis, Vice President  
Los Angeles  
Jim Kellogg, Member  
Discovery Bay  
Richard Rogers, Member  
Santa Barbara  
Jacque Hostler-Carmesin, Member  
McKinleyville

STATE OF CALIFORNIA  
Edmund G. Brown Jr., Governor

**Sonke Mastrup, Executive Director**  
1416 Ninth Street, Room 1320  
Sacramento, CA 95814  
(916) 653-4899  
(916) 653-5040 Fax  
www.fgc.ca.gov

## Fish and Game Commission



December 12, 2014

### NOTICE OF PROPOSED EMERGENCY ACTION List the Tricolored Blackbird as an Endangered Species

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2014 DEC 16 PM 2:38

Pursuant to the requirements of Government Code section 11346.1(a)(1), the Fish and Game Commission (Commission) is providing notice of proposed emergency action with regards to the above-entitled emergency regulation.

#### SUBMISSION OF COMMENTS

Government Code section 11346.1(a)(2) requires that, at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law (OAL), the adopting agency provide a Notice of the Proposed Emergency Action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency to OAL, OAL shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code Section 11349.6.

Any interested person may present statements, arguments or contentions, in writing, submitted via U.S. mail, e-mail or fax, relevant to the proposed emergency regulatory action. Written comments submitted via U.S. mail, e-mail or fax must be received at OAL within five days after the Commission submits the emergency regulations to OAL for review.

Please reference submitted comments as regarding "Tricolored Blackbird" addressed to:

Mailing Address: Reference Attorney  
Office of Administrative Law  
300 Capitol Mall, Suite 1250  
Sacramento, CA 95814

California State  
Fish and Game Commission  
Attn: Sheri Tiemann  
1416 Ninth Street, Rm. 1320  
Sacramento, CA 95814

E-mail Address: [staff@oal.ca.gov](mailto:staff@oal.ca.gov)  
Fax No.: 916-323-6826

[fgc@fgc.ca.gov](mailto:fgc@fgc.ca.gov)  
916-653-5040

For the status of the Commission's submittal to OAL for review, and the end of the five-day written submittal period, please consult OAL's website at <http://www.oal.ca.gov> under the heading "Emergency Regulations."

8

CALIFORNIA FISH AND GAME COMMISSION  
STATEMENT OF PROPOSED EMERGENCY REGULATORY ACTION

Emergency Action to Amend Section 670.5  
Title 14, California Code of Regulations  
Re: Animals of California Declared to be Endangered or Threatened

I. **Statement of Facts Constituting the Need for Emergency Regulatory Action**

The population of tricolored blackbirds (*Agelaius tricolor*), which occur mainly in California, is diminishing rapidly and the decline is accelerating due to many factors causing direct mortality and preventing the birds from reproducing successfully.

The Fish and Game Commission (Commission) therefore finds that a biological emergency exists that justifies our immediate action to list the tricolored blackbird as endangered under the California Endangered Species Act.

This action is based on the following findings of fact:

**Rapid Population Decline:** Recent statewide tricolored blackbird population surveys have documented a steep decline in abundance. The approximately 145,000 birds counted in 2014 represented a 44 percent decline from 2011 and a 64 percent decline from 2008.

Along the coast, the numbers of tricolored blackbirds are down 91 percent in six years, to less than 700 individuals in a six county region stretching from San Francisco to Santa Barbara. The numbers are down 78 percent in six years in the San Joaquin Valley, where the birds used to breed in greatest numbers.

This year, no breeding colonies were found in Colusa County, likely the first time in the species' evolutionary history that no breeding occurred there. As recently as 2008 there were colonies of 80,000 breeding birds in Colusa County, which illustrates just how quickly the birds have declined.

These population declines were documented despite an increase in survey effort in terms of volunteers participating and sites visited this year.

**Diminishing Colony Size:** The tricolored blackbird has evolved to breed in large colonies for reproductive success but its colony sizes have declined dramatically in the past 10 years. The ten largest colonies now represent a lower proportion of the overall population as a result of this decline.

The species last produced enough young to replace dying adults in 2006, and has experienced far greater mortality than recruitment each year since then. The past three breeding seasons have been the worst for recruitment ever recorded.

**Habitat Destruction:** The species has declined largely as a result of land conversions to agricultural crops, primarily nut orchards and vineyards in the Central Valley.

Land conversion has reduced and eliminated wetlands habitat the species needs for breeding and foraging, particularly in the San Joaquin Valley, causing widespread, chronic reproductive failures.

In Southern California, the biggest threats are urbanization and alternative energy development. There are no more than a few thousand birds left in Southern California, where the species was reported to be the most abundant bird a century ago.

This year, approximately 40 percent of the state's population of tricolored blackbirds nested in dairy wheat fields (triticale), where nestlings are at risk because harvest can occur before fledging.

**Ineffective Voluntary Programs:** While voluntary incentive programs have compensated farmers for delaying harvest, not all farmers with tricolored blackbird colonies on their lands elect to participate, resulting in significant mortality of nestlings.

**Other Threats:** Concerns exist about potential mortality from shooting of depredating blackbirds on rice fields in early fall and the effects of insecticide use on the species' food sources, although these sources of mortality are not yet well documented.

**Identification of Reports or Documents Supporting Regulation Change:** A petition was submitted by the Center for Biological Diversity and the Wild Nature Institute to take emergency action to list the Tricolored Blackbird as an endangered species.

**Benefits of Listing:** CESA listing will provide much needed protections for this declining species and will direct agency focus towards its recovery.

Without protections from harvest-caused mortality the tricolored blackbird could experience declines that further reduce its range in the State, further diminish its abundance, and drop its colony sizes to levels that cannot be successful.

## **II. Impact of Regulatory Action**

The potential for significant statewide adverse economic impacts that might result from the proposed regulatory action has been assessed, and the following determinations relative to the required statutory categories have been made:

- (a) Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:



None.

- (b) Nondiscretionary Costs/Savings to Local Agencies:

None.

- (c) Programs Mandated on Local Agencies or School Districts:

None.

- (d) Costs Imposed on Any Local Agency or School District that is Required to be Reimbursed Under Part 7 (commencing with Section 17500) of Division 4, Government Code:

None.

### **III. Authority and Reference**

The Fish and Game Commission proposes this emergency action pursuant to the authority vested by sections 240, 2070, 2075.5 and 2076.5 of the Fish and Game Code and to implement, interpret, or make specific sections 1755, 2055, 2062, 2067, 2070, 2074.6, 2075.5, 2077, 2080, 2081 and 2835, of said Code.

### **IV. Section 240 Finding**

Pursuant to Section 240 of the Fish and Game Code, the Commission made the finding that the adoption of this regulation is necessary for the immediate conservation, preservation, or protection of birds, mammals, reptiles, or fish, including, but not limited to, any nests or eggs thereof.

## Informative Digest (Plain English Overview)

Under existing law the Fish and Game Commission (Commission) may designate an animal species as threatened or endangered. The Commission has authority to add or remove a species from the list if the Commission finds, upon the receipt of sufficient scientific information, that the action is warranted. Further, Section 2076.5 provides that the Commission may adopt a regulation which adds a species to the list of endangered or threatened species as an emergency regulation if the Commission finds that there is any emergency posing a significant threat to the continued existence of the species. The proposed regulation would provide that tricolored blackbirds (*Agelaius tricolor*) are listed as endangered. CESA defines an "endangered species" as a native species or subspecies of a bird, mammal, fish, amphibian, reptile, or plant which is in serious danger of becoming extinct throughout all, or a significant portion, of its range due to one or more causes. (Fish & G. Code § 2062.)

The population of tricolored blackbirds, which occur mainly in California, is diminishing rapidly and the decline is accelerating due to many factors causing direct mortality and preventing the birds from reproducing successfully.

The Commission therefore finds that a biological emergency exists that justifies our immediate action to list the tricolored blackbird as endangered under the California Endangered Species Act.

This action is based on the following findings of fact:

**Rapid Population Decline:** Recent statewide tricolored blackbird population surveys have documented a steep decline in abundance. The approximately 145,000 birds counted in 2014 represented a 44 percent decline from 2011 and a 64 percent decline from 2008.

Along the coast, the numbers of tricolored blackbirds are down 91 percent in six years, to less than 700 individuals in a six county region stretching from San Francisco to Santa Barbara. The numbers are down 78 percent in six years in the San Joaquin Valley, where the birds used to breed in greatest numbers.

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These population declines were documented despite an increase in survey effort in terms of volunteers participating and sites visited this year.

**Diminishing Colony Size:** The tricolored blackbird has evolved to breed in large colonies for reproductive success but its colony sizes have declined dramatically in the past 10 years. The ten largest colonies now represent a lower proportion of the overall population as a result of this decline.

The species last produced enough young to replace dying adults in 2006, and has experienced far greater mortality than recruitment each year since then. The past three breeding seasons have been the worst for recruitment ever recorded.

**Habitat Destruction:** The species has declined largely as a result of land conversions to agricultural crops, primarily nut orchards and vineyards in the Central Valley. Land conversion has reduced and eliminated wetlands habitat the species needs for breeding and foraging, particularly in the San Joaquin Valley, causing widespread, chronic reproductive failures.

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This year, approximately 40 percent of the State's population of tricolored blackbirds nested in dairy wheat fields (triticale), where nestlings are at risk because harvest can occur before fledging.

**Ineffective Voluntary Programs:** While voluntary incentive programs have compensated farmers for delaying harvest, not all farmers with tricolored blackbird colonies on their lands elect to participate, resulting in significant mortality of nestlings.

**Other Threats:** We are also concerned about potential mortality from shooting of depredating blackbirds on rice fields in early fall and the effects of insecticide use on the species' food sources, although these sources of mortality are not yet well documented.

**Benefits of Listing:** The regulations will benefit the environment in that it will provide much needed protections for this declining species and will direct agency focus towards its recovery.

Without protections from harvest-caused mortality the tricolored blackbird could experience declines that further reduce its range in the state, further diminish its abundance, and drop its colony sizes to levels that cannot be successful.

The Commission has reviewed its own regulations and finds that the proposed regulations are neither inconsistent nor incompatible with existing state regulations. The Commission has searched the California Code of Regulations and finds no other state agency regulations pertaining to animals of California declared to be endangered or threatened.

## Regulatory Language

Subsection (a)(5) of Section 670.5, Title 14, CCR is amended to read:

### **§670.5. Animals of California Declared to Be Endangered or Threatened.**

The following species and subspecies are hereby declared to be endangered or threatened, as indicated:

... [No changes to subsection (a)(1) through (a)(4)]

#### (5) Birds:

- (A) California condor (*Gymnogyps californianus*)
- (B) Bald eagle (*Haliaeetus leucocephalus*)
- (C) California clapper rail (*Rallus longirostris obsoletus*)
- (D) Light-footed clapper rail (*Rallus longirostris levipes*)
- (E) California least tern (*Sterna antillarum browni*)
- (F) Western yellow-billed cuckoo (*Coccyzus americanus occidentalis*)
- (G) Elf owl (*Micrathene whitneyi*)
- (H) Great gray owl (*Strix nebulosa*)
- (I) Least Bell's vireo (*Vireo bellii pusillus*)
- (J) Inyo California towhee (*Pipilo crissalis eremophilus*)
- (K) Willow flycatcher (*Empidonax traillii*)
- (L) Arizona Bell's vireo (*Vireo bellii arizonae*)
- (M) Gila woodpecker (*Melanerpes uropygialis*)
- (N) Gilded northern flicker (*Colaptes auratus chrysoides*)
- (O) Belding's savannah sparrow (*Passerculus sandwichensis beldingii*)
- (P) Marbled murrelet (*Brachyramphus marmoratus*)
- (Q) Tricolored blackbird (*Agelaius tricolor*)

#### (6) Mammals:

- (A) Riparian brush rabbit (*Sylvilagus bachmani riparius*)
- (B) Morro Bay kangaroo rat (*Dipodomys heermanni morroensis*)
- (C) Giant kangaroo rat (*Dipodomys ingens*)
- (D) Tipton kangaroo rat (*Dipodomys nitritoides nitratoides*)
- (E) Fresno kangaroo rat (*Dipodomys nitritoides exilis*)
- (F) Salt-marsh harvest mouse (*Reithrodontomys raviventris*)
- (G) Amargosa vole (*Microtus californicus scirpensis*)
- (H) California bighorn sheep (*Ovis canadensis californiana*)

... [No changes to subsection (b)]

Note: Authority cited: Sections 240, 2070, 2075.5 and 2076.5 Fish and Game Code.

Reference: Sections 1755, 2055, 2062, 2067, 2070, 2074.6, 2075.5, 2077, 2080, 2081 and 2835, Fish and Game Code.

OFFICE OF THE MAYOR  
SAN FRANCISCO



Orig: Rules Clerk, COB  
EDWIN M. LEE  
MAYOR  
0: BOS-10  
Leg Clerks  
CIA, CPage, AC File

### Notice of Appointment

December 16, 2014

San Francisco Board of Supervisors  
City Hall, Room 244  
1 Carlton B. Goodlett Place  
San Francisco, California 94102

Honorable Board of Supervisors:

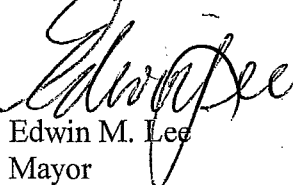
Pursuant to Section 3.100(18) of the Charter of the City and County of San Francisco, I hereby make the following appointment:

Neveo Mosser, to the Residential Rent Stabilization & Arbitration Board, for a term ending September 1, 2018.

I am confident that Mr. Mosser, an elector of the City and County, will serve our community well. Attached herein for your reference are his qualifications to serve.

Should you have any questions related to this appointment, please contact my Director of Appointments, Nicole Wheaton, at (415) 554-7940.

Sincerely,

  
Edwin M. Lee  
Mayor

RECEIVED  
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OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

December 16, 2014

Angela Calvillo  
Clerk of the Board, Board of Supervisors  
San Francisco City Hall  
1 Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Ms. Calvillo,

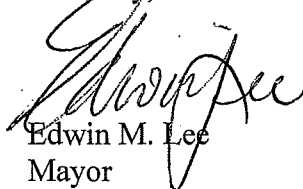
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Should you have any questions related to this appointment, please contact my Director of Appointments, Nicole Wheaton, at (415) 554-7940.

Sincerely,

  
Edwin M. Lee  
Mayor

**NEVEO MOSSER****Co-Founder and Principal - CEO of Mosser Companies**

As Principal, Mr. Mosser will lead in sourcing and closing new investment opportunities, developing strategic capital partners, and providing asset management services for investors. Mr. Mosser will lead in managing the SF local operating partner Mosser co. and the synergistic relationship between the affiliated entities.

Mr. Mosser has successfully owned and added value to multifamily properties in San Francisco through the operational expertise he has developed over 30 years. As CEO of Mosser Companies, he has successfully managed a large portfolio of assets including apartments, hotels, commercial property, restaurants, and music studios - all located in San Francisco. While an executive at Mosser, he has generated outstanding returns through direct equity and debt financings on rent controlled SF multifamily properties. Prior to his role as CEO, he was a director of operations and focused on the acquisition of value add and opportunistic investments in San Francisco Multifamily properties for a period of over 20 years.

Mr. Mosser studied Hospitality at the University of Las Vegas, and his wide range of civic duties have included but are not limited to the following roles: Past President of the San Francisco Apartment Association, Current appointed member of the SF Rent Board (17th consecutive year), Past President and current Board Member of The Coalition for Better Housing.

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: November 2014 Monthly Report  
**Attachments:** CCSF Monthly Pooled Investment Report for November 2014.pdf

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**From:** Durgy, Michelle (TTX)  
**Sent:** Tuesday, December 16, 2014 2:47 PM  
**To:** [amee.brown@mac.com](mailto:amee.brown@mac.com); Board of Supervisors (BOS); Perl, Charles (PUC); Cisneros, Jose (TTX); [cynthia.fong@sfcta.org](mailto:cynthia.fong@sfcta.org); Grazioli, Joseph; Lediju, Tonia (CON); Marx, Pauline (TTX); Morales, Richard (PUC); Pereira Tully, Marisa (MYR); Ronald Gerhard; Rosenfield, Ben (CON); Rydstrom, Todd (CON); SF Docs (LIB)  
**Subject:** November 2014 Monthly Report

Hello All -

Please find the CCSF Monthly Pooled Investment Report for November 2014 attached for your use.

Regards,  
Michelle

Michelle Durgy  
Chief Investment Officer  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place, Room 140  
San Francisco, CA 94102  
415-554-5210

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Office of the Treasurer & Tax Collector  
City and County of San Francisco



José Cisneros, Treasurer

Pauline Marx, Chief Assistant Treasurer  
Michelle Durgy, Chief Investment Officer

Investment Report for the month of November 2014

December 15, 2014

The Honorable Edwin M. Lee  
Mayor of San Francisco  
City Hall, Room 200  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4638

The Honorable Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4638

Ladies and Gentlemen,

In accordance with the provisions of California State Government Code, Section 53646, we forward this report detailing the City's pooled fund portfolio as of November 30, 2014. These investments provide sufficient liquidity to meet expenditure requirements for the next six months and are in compliance with our statement of investment policy and California Code.

This correspondence and its attachments show the investment activity for the month of November 2014 for the portfolios under the Treasurer's management. All pricing and valuation data is obtained from Interactive Data Corporation.

**CCSF Pooled Fund Investment Earnings Statistics \***

<i>(in \$ million)</i>	<u>Current Month</u>		<u>Prior Month</u>	
	<u>Fiscal YTD</u>	<u>November 2014</u>	<u>Fiscal YTD</u>	<u>October 2014</u>
Average Daily Balance	\$ 5,724	\$ 5,940	\$ 5,672	\$ 5,740
Net Earnings	18.81	3.66	15.16	3.87
Earned Income Yield	0.78%	0.75%	0.79%	0.79%

**CCSF Pooled Fund Statistics \***

<i>(in \$ million)</i>	<u>% of Portfolio</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Wtd. Avg. Coupon</u>	<u>Wtd. Avg. YTM</u>	<u>WAM</u>
<b>Investment Type</b>						
U.S. Treasuries	10.80%	\$ 659.9	\$ 664.2	1.10%	1.05%	658
Federal Agencies	67.27%	4,134.3	4,137.3	0.91%	0.81%	777
State & Local Government						
Agency Obligations	2.02%	125.0	124.2	1.69%	1.01%	727
Public Time Deposits	0.01%	0.5	0.5	0.46%	0.46%	100
Negotiable CDs	5.13%	315.5	315.4	0.42%	0.43%	636
Commercial Paper	2.44%	150.0	150.0	0.00%	0.07%	1
Medium Term Notes	11.93%	738.0	733.6	1.09%	0.43%	248
Money Market Funds	0.41%	25.1	25.1	0.03%	0.03%	1
<b>Totals</b>	<u>100.0%</u>	<u>\$ 6,148.2</u>	<u>\$ 6,150.2</u>	<u>0.91%</u>	<u>0.75%</u>	<u>671</u>

In the remainder of this report, we provide additional information and analytics at the security-level and portfolio-level, as recommended by the California Debt and Investment Advisory Commission.

Very truly yours,

**José Cisneros**  
Treasurer

cc: Treasury Oversight Committee: Aimee Brown, Ronald Gerhard, Joe Grazioli, Charles Perl  
Ben Rosenfield, Controller, Office of the Controller  
Tonia Lediju, Internal Audit, Office of the Controller  
Cynthia Fong, Deputy Director for Finance & Administration, San Francisco County Transportation Authority  
Carol Lu, Budget Analyst  
San Francisco Public Library

\* Please see last page of this report for non-pooled funds holdings and statistics.

## Portfolio Summary Pooled Fund

As of November 30, 2014

<i>(in \$ million)</i>							
<b>Security Type</b>	<b>Par Value</b>	<b>Book Value</b>	<b>Market Value</b>	<b>Market/Book Price</b>	<b>Current % Allocation</b>	<b>Max. Policy Allocation</b>	<b>Compliant?</b>
U.S. Treasuries	\$ 660.0	\$ 659.9	\$ 664.2	100.65	10.80%	100%	Yes
Federal Agencies	4,126.7	4,134.3	4,137.3	100.07	67.27%	100%	Yes
State & Local Government							
Agency Obligations	123.1	125.0	124.2	99.32	2.02%	20%	Yes
Public Time Deposits	0.5	0.5	0.5	100.00	0.01%	100%	Yes
Negotiable CDs	315.5	315.5	315.4	99.97	5.13%	30%	Yes
Bankers Acceptances	-	-	-	-	0.00%	40%	Yes
Commercial Paper	150.0	150.0	150.0	100.00	2.44%	25%	Yes
Medium Term Notes	731.9	738.0	733.6	99.41	11.93%	25%	Yes
Repurchase Agreements	-	-	-	-	0.00%	10%	Yes
Reverse Repurchase/ Securities Lending Agreements	-	-	-	-	0.00%	\$75mm	Yes
Money Market Funds	25.1	25.1	25.1	100.00	0.41%	10%	Yes
LAIF	-	-	-	-	0.00%	\$50mm	Yes
<b>TOTAL</b>	<b>\$ 6,132.8</b>	<b>\$ 6,148.2</b>	<b>\$ 6,150.2</b>	<b>100.03</b>	<b>100.00%</b>	<b>-</b>	<b>Yes</b>

The City and County of San Francisco uses the following methodology to determine compliance: Compliance is pre-trade and calculated on both a par and market value basis, using the result with the lowest percentage of the overall portfolio value. Cash balances are included in the City's compliance calculations.

Please note the information in this report does not include cash balances. Due to fluctuations in the market value of the securities held in the Pooled Fund and changes in the City's cash position, the allocation limits may be exceeded on a post-trade compliance basis. In these instances, no compliance violation has occurred, as the policy limits were not exceeded prior to trade execution.

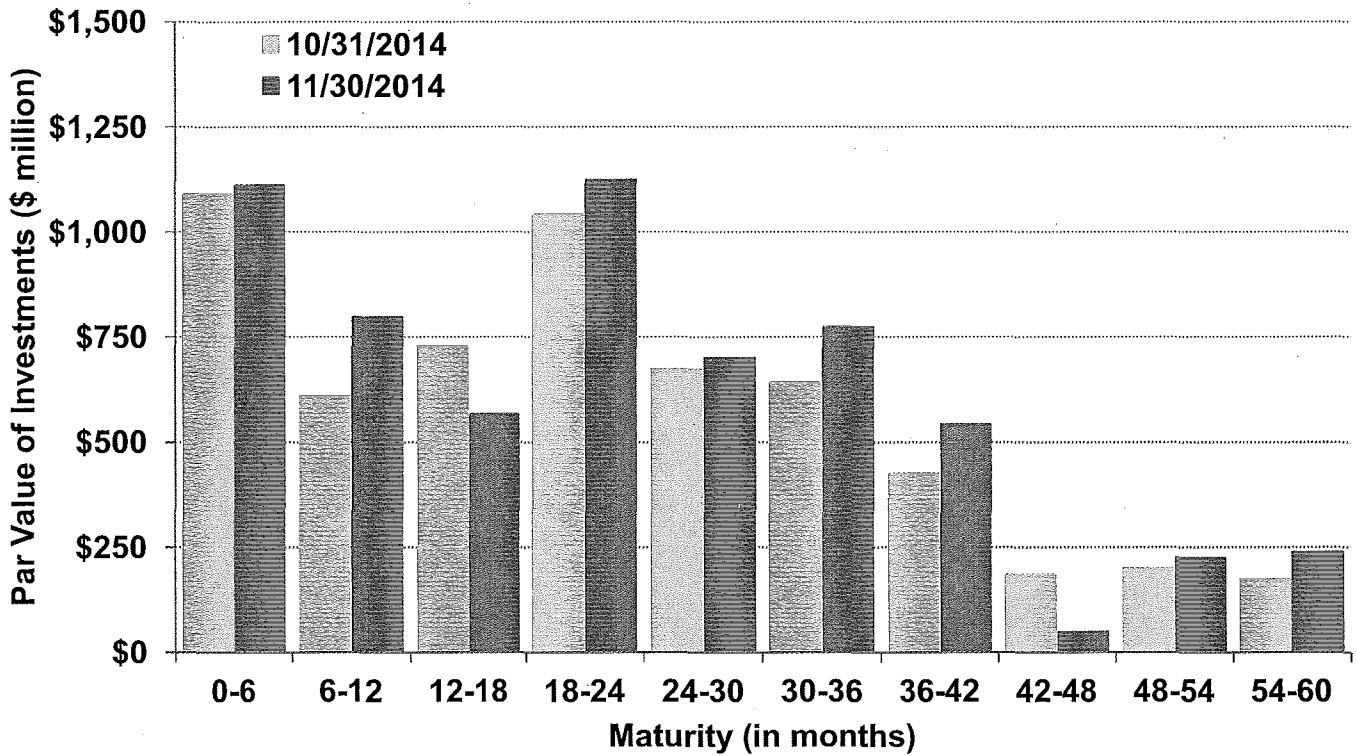
The full Investment Policy can be found at <http://www.sftreasurer.org/>, in the Reports & Plans section of the About menu.

Totals may not add due to rounding.

# Portfolio Analysis

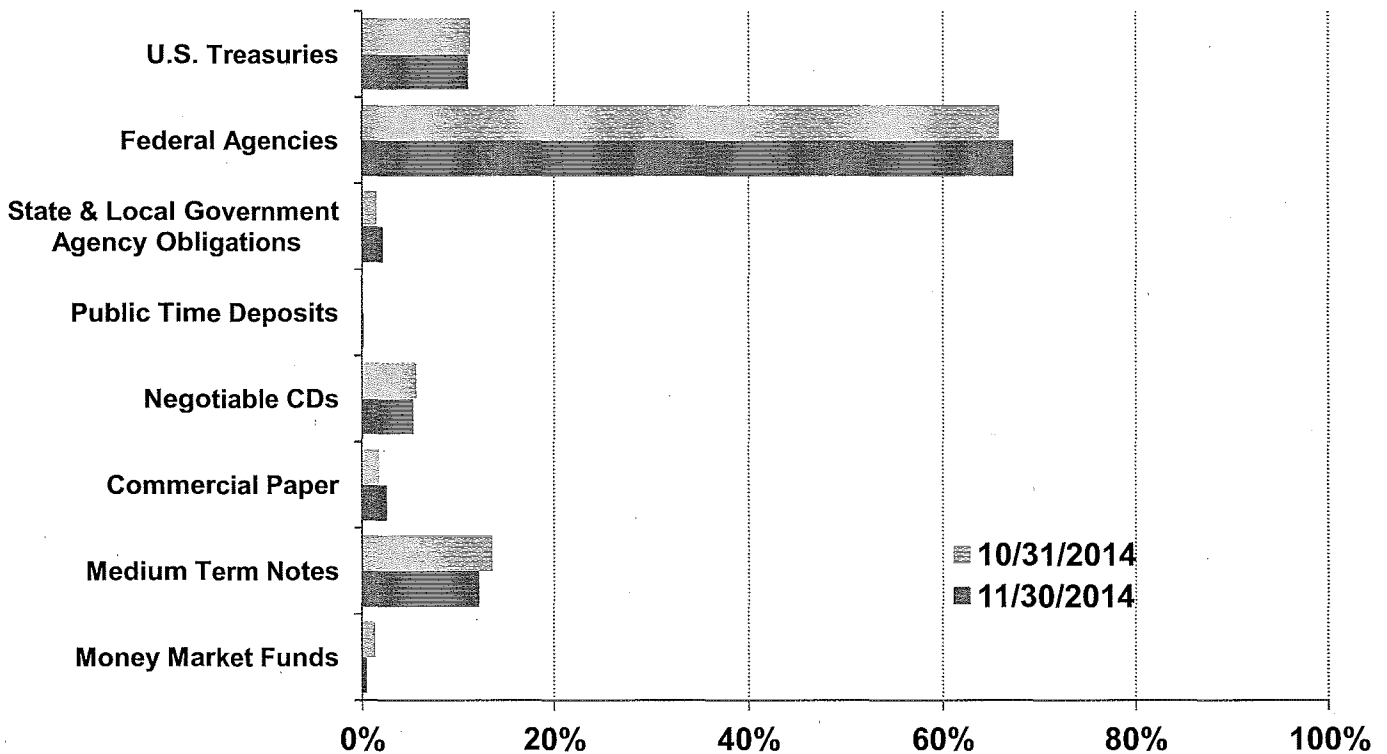
## Pooled Fund

### Par Value of Investments by Maturity

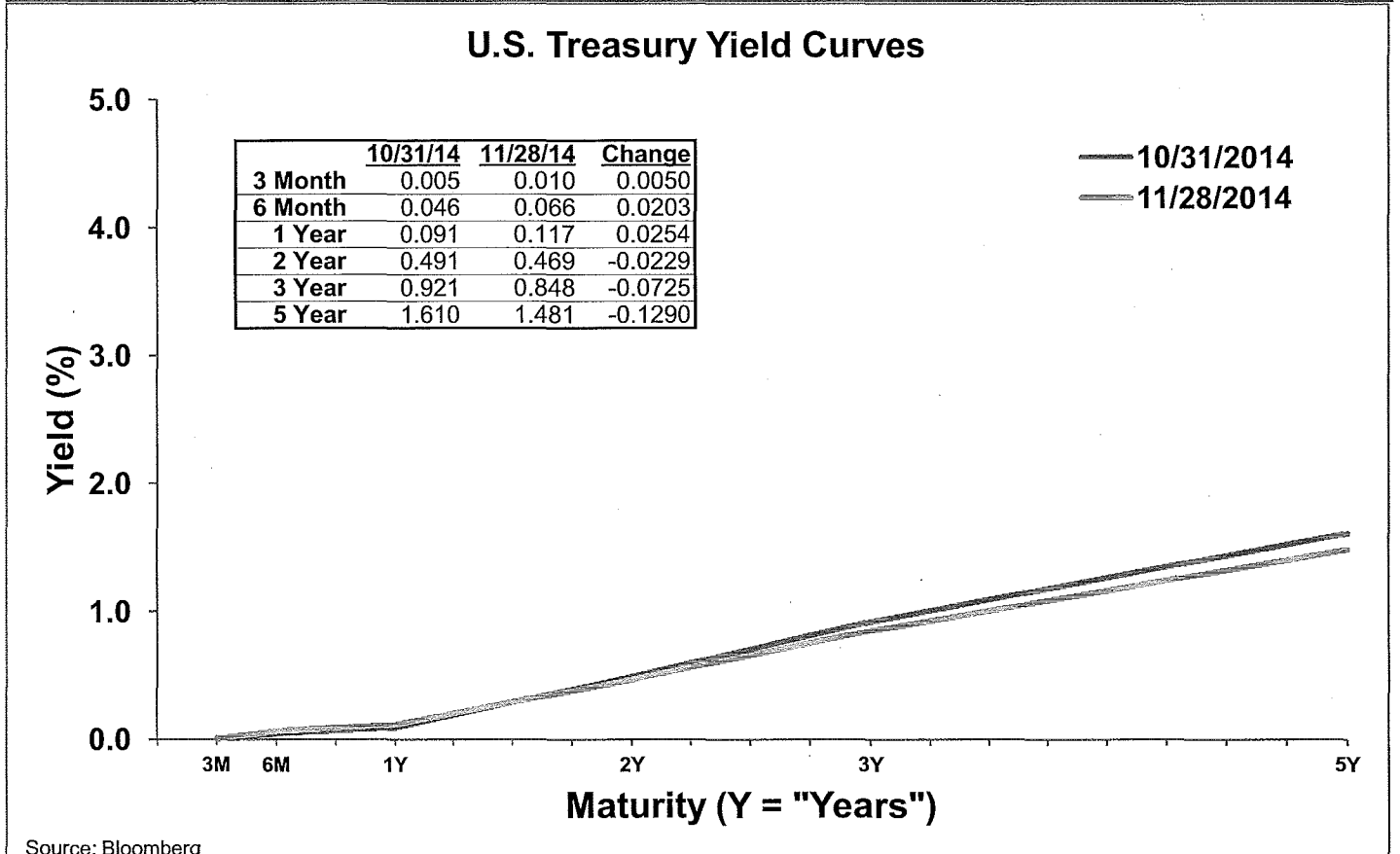
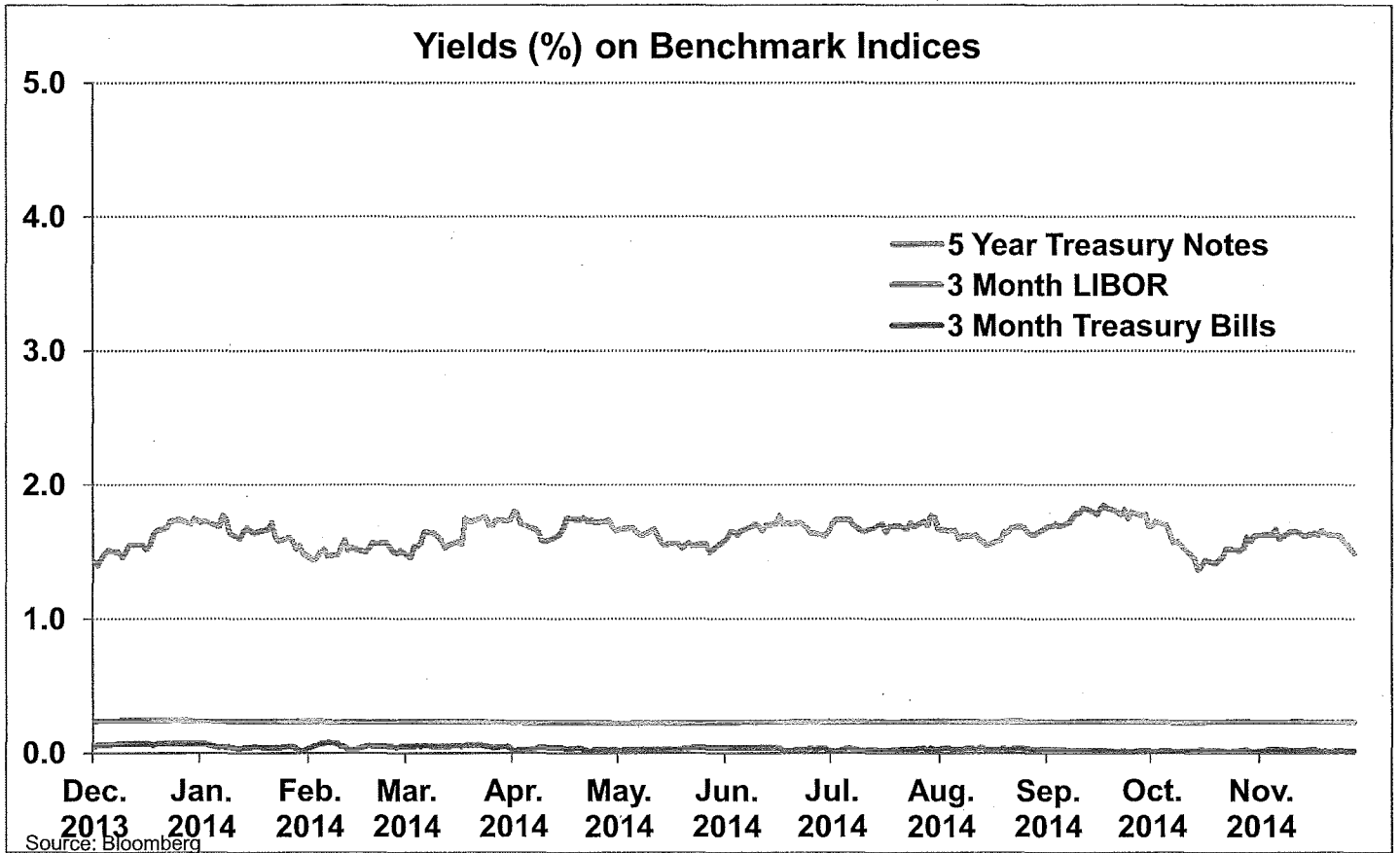


Callable bonds shown at maturity date.

### Asset Allocation by Market Value



# Yield Curves



# Investment Inventory

## Pooled Fund

As of November 30, 2014

Type of Investment	CUSIP	Issue Name	Settle	Maturity	Duration	Coupon	Par Value	Book Value	Amortized	
			Date	Date					Book Value	Market Value
U.S. Treasuries	912828MW7	US TSY NT	2/24/12	3/31/15	0.33	2.50	\$ 50,000,000	\$ 53,105,469	\$ 50,329,493	\$ 50,398,500
U.S. Treasuries	912828PE4	US TSY NT	12/23/11	10/31/15	0.91	1.25	25,000,000	25,609,375	25,144,553	25,255,750
U.S. Treasuries	912828PJ3	US TSY NT	12/16/10	11/30/15	1.00	1.38	50,000,000	49,519,531	49,903,375	50,601,500
U.S. Treasuries	912828PJ3	US TSY NT	12/16/10	11/30/15	1.00	1.38	50,000,000	49,519,531	49,903,375	50,601,500
U.S. Treasuries	912828PJ3	US TSY NT	12/23/10	11/30/15	1.00	1.38	50,000,000	48,539,063	49,705,058	50,601,500
U.S. Treasuries	912828RJ1	US TSY NT	10/11/11	9/30/16	1.82	1.00	75,000,000	74,830,078	74,937,402	75,791,250
U.S. Treasuries	912828RM4	US TSY NT	12/26/13	10/31/16	1.90	1.00	25,000,000	25,183,594	25,123,573	25,265,750
U.S. Treasuries	912828F88	US TSY NT	11/6/14	10/31/16	1.91	0.38	25,000,000	24,928,312	24,930,837	24,963,000
U.S. Treasuries	912828RX0	US TSY NT	2/25/14	12/31/16	2.06	0.88	25,000,000	25,145,508	25,106,473	25,175,750
U.S. Treasuries	912828SJ0	US TSY NT	3/14/12	2/28/17	2.23	0.88	75,000,000	74,771,484	74,896,588	75,468,750
U.S. Treasuries	912828SJ0	US TSY NT	3/21/12	2/28/17	2.23	0.88	25,000,000	24,599,609	24,818,105	25,156,250
U.S. Treasuries	912828SJ0	US TSY NT	3/21/12	2/28/17	2.23	0.88	25,000,000	24,599,609	24,818,105	25,156,250
U.S. Treasuries	912828SM3	US TSY NT	4/4/12	3/31/17	2.31	1.00	50,000,000	49,835,938	49,923,371	50,398,500
U.S. Treasuries	912828TM2	US TSY NT	9/17/12	8/31/17	2.73	0.63	60,000,000	59,807,813	59,893,335	59,671,800
U.S. Treasuries	912828UE8	US TSY NT	1/4/13	12/31/17	3.04	0.75	50,000,000	49,886,719	49,929,992	49,683,500
<b>Subtotals</b>					<b>1.61</b>	<b>1.03</b>	<b>\$ 660,000,000</b>	<b>\$ 659,881,632</b>	<b>\$ 659,363,636</b>	<b>\$ 664,189,550</b>
Federal Agencies	31331J4S9	FFCB	12/16/10	12/8/14	0.02	1.40	\$ 24,000,000	\$ 23,988,000	\$ 23,999,942	\$ 24,006,000
Federal Agencies	31331J4S9	FFCB	12/8/10	12/8/14	0.02	1.40	19,000,000	18,956,680	18,999,792	19,004,750
Federal Agencies	3133XVNU1	FHLB	11/23/10	12/12/14	0.03	2.75	25,400,000	26,848,308	25,410,764	25,420,320
Federal Agencies	3133XVNU1	FHLB	11/23/10	12/12/14	0.03	2.75	2,915,000	3,079,668	2,916,224	2,917,332
Federal Agencies	3133XVNU1	FHLB	12/8/10	12/12/14	0.03	2.75	50,000,000	52,674,000	50,020,078	50,040,000
Federal Agencies	313371W93	FHLB	12/15/10	12/15/14	0.04	1.34	75,000,000	75,000,000	75,000,000	75,036,000
Federal Agencies	31331J6Q1	FFCB	12/29/10	12/29/14	0.08	1.72	27,175,000	27,157,065	27,174,656	27,208,697
Federal Agencies	31331J6Q1	FFCB	12/29/10	12/29/14	0.08	1.72	65,000,000	64,989,600	64,999,801	65,080,600
Federal Agencies	3135G0HG1	FNMA GLOBAL	1/13/14	3/16/15	0.29	0.38	9,399,000	9,418,089	9,403,694	9,406,049
Federal Agencies	3133EAJP4	FFCB FLT NT 1ML+1.5	4/30/12	4/27/15	0.07	0.17	50,000,000	49,992,600	49,999,004	50,020,500
Federal Agencies	31315PWJ4	FARMER MAC FLT NT FF+26	5/3/12	5/1/15	0.18	0.35	50,000,000	50,000,000	50,000,000	50,050,000
Federal Agencies	3133EAQC5	FFCB FLT NT 1ML+1	6/8/12	5/14/15	0.04	0.16	50,000,000	49,985,500	49,997,778	50,019,500
Federal Agencies	3133EAVE5	FFCB FLT NT 1ML+2	12/5/12	6/22/15	0.06	0.18	50,000,000	49,987,300	49,997,225	50,026,500
Federal Agencies	31315PDZ9	FAMCA	11/22/13	7/22/15	0.64	2.38	15,000,000	15,511,350	15,196,284	15,208,950
Federal Agencies	3133ECVW1	FFCB FLT NT T-BILL+14	8/5/13	8/5/15	0.18	0.16	62,500,000	62,487,500	62,495,771	62,519,375
Federal Agencies	313383V81	FHLB	12/12/13	8/28/15	0.75	0.38	9,000,000	9,014,130	9,006,114	9,013,590
Federal Agencies	3137EACM9	FHLMC BONDS	12/15/10	9/10/15	0.77	1.75	50,000,000	49,050,000	49,844,595	50,610,500
Federal Agencies	313370JB5	FHLB	12/15/10	9/11/15	0.78	1.75	75,000,000	73,587,000	74,768,173	75,899,250
Federal Agencies	31315PGT0	FARMER MAC	9/15/10	9/15/15	0.79	2.13	45,000,000	44,914,950	44,986,586	45,673,200
Federal Agencies	3133ECJB1	FFCB FLT NT QTR T-BILL+16	4/24/13	9/18/15	0.05	0.18	16,200,000	16,198,073	16,199,360	16,208,262
Federal Agencies	31398A3T7	FNMA EX-CALL NT	10/14/11	9/21/15	0.80	2.00	25,000,000	25,881,000	25,180,121	25,370,750
Federal Agencies	3133EAJF6	FFCB FLT NT 1ML+2.5	11/30/12	9/22/15	0.06	0.18	27,953,000	27,941,120	27,949,584	27,972,847
Federal Agencies	31398A4M1	FNMA	12/15/10	10/26/15	0.90	1.63	25,000,000	24,317,500	24,873,568	25,314,250
Federal Agencies	31398A4M1	FNMA	12/23/10	10/26/15	0.90	1.63	42,000,000	40,924,380	41,799,842	42,527,940
Federal Agencies	31331J2S1	FFCB	12/15/10	11/16/15	0.96	1.50	25,000,000	24,186,981	24,841,649	25,300,250
Federal Agencies	3133ECLZ5	FFCB FLT NT MONTHLY 1ML+0	5/8/13	11/19/15	0.05	0.15	25,000,000	24,997,000	24,998,855	25,012,750
Federal Agencies	313371ZY5	FHLB	12/3/10	12/11/15	1.02	1.88	25,000,000	24,982,000	24,996,320	25,418,250
Federal Agencies	313371ZY5	FHLB	12/14/10	12/11/15	1.02	1.88	50,000,000	49,871,500	49,973,567	50,836,500
Federal Agencies	3133ED5A6	FFCB FLT	12/12/13	1/20/16	0.05	0.16	50,000,000	50,000,000	50,000,000	50,024,000
Federal Agencies	31315P3B3	FARMER MAC MTN	1/27/14	1/25/16	1.15	0.42	30,000,000	30,000,000	30,000,000	30,047,400
Federal Agencies	313375RN9	FHLB NT	4/13/12	3/11/16	1.27	1.00	22,200,000	22,357,620	22,251,436	22,392,252
Federal Agencies	3133XXP43	FHLB	12/12/13	3/11/16	1.26	3.13	14,000,000	14,848,400	14,482,140	14,498,680

# Investment Inventory

## Pooled Fund

Type of Investment	CUSIP	Issue Name	Settle	Maturity	Duration	Coupon	Par Value	Book Value	Amortized	Market Value
			Date	Date					Book Value	
Federal Agencies	3133EAJU3	FFCB NT	4/12/12	3/28/16	1.32	1.05	25,000,000	25,220,750	25,073,736	25,229,250
Federal Agencies	3135G0VA8	FNMA GLOBAL NT	12/13/13	3/30/16	1.33	0.50	25,000,000	25,022,250	25,012,877	25,076,250
Federal Agencies	31315PTF6	FAMCA FLT MTN 1ML+0	4/1/13	4/1/16	0.00	0.16	50,000,000	50,000,000	50,000,000	50,019,500
Federal Agencies	3133792Z1	FHLB NT	4/18/12	4/18/16	1.38	0.81	20,000,000	19,992,200	19,997,309	20,111,800
Federal Agencies	3133ECWT7	FFCB NT	11/20/13	5/9/16	1.44	0.65	22,650,000	22,746,489	22,706,223	22,748,528
Federal Agencies	3133EDB35	FFCB FLT NT 1ML+3	1/15/14	6/2/16	0.01	0.19	50,000,000	49,991,681	49,994,745	50,037,000
Federal Agencies	31315PB73	FAMCA NT	2/9/12	6/9/16	1.51	0.90	10,000,000	10,000,000	10,000,000	10,071,400
Federal Agencies	313373SZ6	FHLB	10/23/14	6/10/16	1.50	2.13	28,000,000	29,010,287	28,958,562	28,719,600
Federal Agencies	313771AA5	FHLB SUB NT	5/20/13	6/13/16	1.46	5.63	16,925,000	19,472,890	18,198,945	18,246,166
Federal Agencies	313771AA5	FHLB SUB NT	5/30/13	6/13/16	1.46	5.63	14,195,000	16,259,095	15,236,345	15,303,062
Federal Agencies	313771AA5	FHLB SUB NT	9/4/14	6/13/16	1.46	5.63	8,620,000	9,489,812	9,386,505	9,292,877
Federal Agencies	3133EDDP4	FFCB NT	2/11/14	6/17/16	1.54	0.52	50,000,000	50,062,000	50,040,803	49,990,000
Federal Agencies	3130A1BK3	FHLB EX-CALL NT	3/24/14	6/24/16	1.56	0.50	25,000,000	25,000,000	25,000,000	25,002,750
Federal Agencies	3135G0XP3	FNMA GLOBAL NT	3/25/14	7/5/16	1.59	0.38	50,000,000	49,753,100	49,827,496	49,994,000
Federal Agencies	31315PA25	FAMCA MTN	7/27/11	7/27/16	1.63	2.00	15,000,000	14,934,750	14,978,429	15,367,350
Federal Agencies	31315PA25	FAMCA MTN	3/26/13	7/27/16	1.63	2.00	14,100,000	14,735,205	14,414,737	14,445,309
Federal Agencies	31315PA25	FAMCA MTN	3/26/13	7/27/16	1.63	2.00	11,900,000	12,440,498	12,167,810	12,191,431
Federal Agencies	31315PA25	FAMCA MTN	3/26/14	7/27/16	1.63	2.00	20,000,000	20,643,350	20,455,016	20,489,800
Federal Agencies	3134G4UC0	FHLMC CALL NT	11/20/14	7/29/16	1.65	0.65	15,000,000	15,052,563	15,052,161	15,019,650
Federal Agencies	3135G0YE7	FNMA GLOBAL NT	3/17/14	8/26/16	1.73	0.63	50,000,000	50,124,765	50,088,579	50,098,500
Federal Agencies	31315PQB8	FAMCA NT	10/29/13	9/1/16	1.73	1.50	7,000,000	7,156,240	7,096,333	7,112,980
Federal Agencies	313370TW8	FHLB BD	10/11/11	9/9/16	1.75	2.00	25,000,000	25,727,400	25,262,593	25,642,250
Federal Agencies	313370TW8	FHLB	11/5/14	9/9/16	1.75	2.00	25,000,000	25,739,903	25,714,361	25,642,250
Federal Agencies	3133EDH21	FFCB FLT NT 1ML+2	3/14/14	9/14/16	0.04	0.17	50,000,000	49,993,612	49,995,441	50,030,500
Federal Agencies	3134G4XW3	FHLMC EX-CALL MTN	3/26/14	9/26/16	1.81	0.60	25,000,000	25,000,000	25,000,000	24,993,250
Federal Agencies	3134G3P38	FHLMC NT CALL	12/14/12	10/5/16	1.84	0.75	75,000,000	75,071,250	75,003,316	75,037,500
Federal Agencies	3133EDJA1	FFCB FLT NT 1ML+2	4/11/14	10/11/16	0.03	0.18	25,000,000	24,993,750	24,995,350	25,015,000
Federal Agencies	313378UB5	FHLB	10/23/14	10/11/16	1.85	1.13	5,000,000	5,062,083	5,058,818	5,047,900
Federal Agencies	3137EADS5	FHLMC GLOBAL NT	3/3/14	10/14/16	1.86	0.88	25,000,000	25,200,250	25,143,066	25,139,500
Federal Agencies	3130A3CE2	FHLB	11/3/14	10/14/16	1.86	0.63	40,000,000	40,045,194	40,043,934	40,044,400
Federal Agencies	3136G1WP0	FNMA CALL NT	11/4/13	11/4/16	1.91	1.50	18,000,000	18,350,460	18,162,268	18,203,580
Federal Agencies	3134G5LS2	FHLMC CALL MTN	11/17/14	11/17/16	1.96	0.60	25,000,000	25,000,000	25,000,000	24,981,000
Federal Agencies	3130A3J70	FHLB	11/17/14	11/23/16	1.97	0.63	25,000,000	24,990,000	24,990,190	25,025,250
Federal Agencies	313381GA7	FHLB NT	11/30/12	11/30/16	1.99	0.57	23,100,000	23,104,389	23,102,193	23,070,201
Federal Agencies	313371PV2	FHLB	11/6/14	12/9/16	1.99	1.63	25,000,000	25,678,885	25,662,099	25,525,250
Federal Agencies	3130A12F4	FHLB CALL NT	3/19/14	12/19/16	2.04	0.70	20,500,000	20,497,950	20,498,474	20,506,150
Federal Agencies	313381KR5	FHLB NT CALL	12/28/12	12/28/16	2.06	0.63	13,500,000	13,500,000	13,500,000	13,500,810
Federal Agencies	313381KR5	FHLB NT CALL	12/28/12	12/28/16	2.06	0.63	9,000,000	9,000,000	9,000,000	9,000,540
Federal Agencies	3134G33C2	FHLMC NT	1/3/13	1/3/17	2.08	0.60	50,000,000	50,000,000	50,000,000	50,024,000
Federal Agencies	3133ECB37	FFCB NT	12/20/12	1/12/17	2.10	0.58	14,000,000	14,000,000	14,000,000	13,980,120
Federal Agencies	31315PWW5	FARMER MAC MTN	5/4/12	1/17/17	2.11	1.01	49,500,000	49,475,250	49,488,798	49,873,725
Federal Agencies	3133786Q9	FHLB NT	1/10/13	2/13/17	2.18	1.00	67,780,000	68,546,456	68,192,707	68,184,647
Federal Agencies	3133EDFW7	FFCB FLT NT 1ML+5.5	2/27/14	2/27/17	0.07	0.21	50,000,000	50,000,000	50,000,000	50,061,500
Federal Agencies	3133EDP30	FARMER MAC FLT NT 1ML+4	10/3/14	3/24/17	0.07	0.20	26,000,000	26,009,347	26,008,736	26,022,360
Federal Agencies	3134G4XM5	FHLMC CALL MTN	3/28/14	3/28/17	2.31	0.78	25,000,000	25,000,000	25,000,000	25,016,000
Federal Agencies	3136G1ZB8	FNMA CALL NT	3/28/14	3/28/17	2.31	0.88	25,000,000	25,000,000	25,000,000	25,043,500
Federal Agencies	3133EDZW5	FFCB FLT NT 1ML+2	10/29/14	3/29/17	0.08	0.18	25,000,000	24,999,750	24,999,759	25,009,750
Federal Agencies	31315PTQ2	FARMER MAC MTN	4/10/12	4/10/17	2.33	1.26	12,500,000	12,439,250	12,471,355	12,619,750
Federal Agencies	3133ECLL6	FFCB NT	4/17/13	4/17/17	2.37	0.60	10,000,000	10,000,000	10,000,000	9,971,100
Federal Agencies	31315PUQ0	FARMER MAC MTN	4/26/12	4/26/17	2.38	1.13	10,500,000	10,500,000	10,500,000	10,581,900

# Investment Inventory

## Pooled Fund

Type of Investment	CUSIP	Issue Name	Settle	Maturity	Duration	Coupon	Par Value	Book Value	Amortized	
			Date	Date					Book Value	Market Value
Federal Agencies	3137EADF3	FHLMC NT	5/14/12	5/12/17	2.42	1.25	25,000,000	25,133,000	25,065,115	25,260,500
Federal Agencies	3136FTR27	FNMA CALL NT	9/4/14	5/24/17	2.46	1.02	17,000,000	16,995,750	16,996,127	17,025,840
Federal Agencies	31315PZQ5	FARMER MAC MTN	12/28/12	6/5/17	2.47	1.11	9,000,000	9,122,130	9,069,132	9,026,550
Federal Agencies	3130A1ZR2	FHLB STEP NT	6/12/14	6/12/17	0.03	0.50	50,000,000	50,000,000	50,000,000	50,005,000
Federal Agencies	3133EAUW6	FFCB FLT NT FF+22	6/19/12	6/19/17	0.05	0.31	50,000,000	50,000,000	50,000,000	50,088,500
Federal Agencies	3137EADH9	FHLMC GLOBAL NT	3/25/14	6/29/17	2.54	1.00	25,000,000	24,920,625	24,937,339	25,125,500
Federal Agencies	3133ECV92	FFCB FLT NT 1ML+4	7/24/13	7/24/17	0.07	0.20	50,000,000	50,000,000	50,000,000	50,032,500
Federal Agencies	3134G3ZH6	FHLMC EX-CALL MTN	4/15/14	7/25/17	2.62	1.00	19,000,000	18,995,250	18,996,163	19,054,720
Federal Agencies	3133ECVG6	FFCB FLT NT 3ML+0	8/5/13	7/26/17	0.16	0.23	23,520,000	23,520,000	23,520,000	23,538,110
Federal Agencies	3136G0B59	FNMA STEP NT	9/20/12	9/20/17	2.78	0.70	64,750,000	64,750,000	64,750,000	64,761,008
Federal Agencies	3134G5HS7	FHLMC CALL MTN	9/25/14	9/25/17	2.78	1.13	20,100,000	20,079,900	20,081,129	20,165,325
Federal Agencies	3136G0D81	FNMA STEP NT	9/27/12	9/27/17	2.80	0.72	100,000,000	100,000,000	100,000,000	100,034,000
Federal Agencies	3137EADL0	FHLMC GLOBAL NT	3/25/14	9/29/17	2.79	1.00	25,000,000	24,808,175	24,845,674	25,005,250
Federal Agencies	3136G0Y39	FNMA STEP NT	11/8/12	11/8/17	2.92	0.80	50,000,000	50,000,000	50,000,000	49,908,500
Federal Agencies	3133EEBRO	FFCB FLT NT 1ML+3	11/18/14	11/13/17	0.04	0.18	25,000,000	24,989,430	24,989,564	25,001,250
Federal Agencies	3134G44F2	FHLMC CALL MTN	5/21/13	11/21/17	2.95	0.80	50,000,000	50,000,000	50,000,000	49,522,000
Federal Agencies	3134G5NE1	FHLMC CALL STEP	11/24/14	11/24/17	2.96	0.50	25,000,000	25,000,000	25,000,000	25,005,000
Federal Agencies	3134G5NE1	FHLMC CALL STEP	11/24/14	11/24/17	2.96	0.50	11,200,000	11,191,600	11,191,654	11,202,240
Federal Agencies	3136G13T4	FNMA STEP NT	12/26/12	12/26/17	3.03	0.75	39,000,000	39,000,000	39,000,000	39,015,600
Federal Agencies	3136G13Q0	FNMA STEP NT	12/26/12	12/26/17	3.03	0.75	29,000,000	29,000,000	29,000,000	29,011,600
Federal Agencies	3134G32M1	FHLMC CALL NT	12/28/12	12/28/17	3.03	1.00	50,000,000	50,000,000	50,000,000	49,635,000
Federal Agencies	3133EEEA0	FFCB FLT NT 1ML+4	11/5/14	2/5/18	0.01	0.20	25,000,000	25,000,000	25,000,000	25,003,500
Federal Agencies	3133EEEA0	FFCB FLT NT 1ML+4	11/5/14	2/5/18	0.01	0.20	25,000,000	24,991,750	24,991,931	25,003,500
Federal Agencies	3133EEEA0	FFCB FLT NT 1ML+4	11/5/14	2/5/18	0.01	0.20	50,000,000	49,983,560	49,983,919	50,007,000
Federal Agencies	3135G0UN1	FNMA GLOBAL NT CALL	2/26/14	2/28/18	3.19	1.15	19,000,000	18,877,450	18,900,737	18,991,640
Federal Agencies	3135G0UN1	FNMA GLOBAL NT CALL	2/26/14	2/28/18	3.19	1.15	8,770,000	8,713,434	8,724,182	8,766,141
Federal Agencies	3130A35B6	FHLB FLT CALL NT 1ML+3	10/2/14	4/2/18	0.01	0.39	50,000,000	50,000,000	50,000,000	50,000,000
Federal Agencies	3136G1KN8	FNMA NT CALL	4/24/13	4/24/18	3.32	1.50	50,000,000	50,903,000	50,178,126	50,140,500
Federal Agencies	3136G1K81	FNMA NT STEP	4/30/13	4/30/18	3.38	0.75	12,600,000	12,600,000	12,600,000	12,601,638
Federal Agencies	31315PZM4	FARMER MAC STEP NT	5/3/13	5/3/18	3.39	0.70	24,600,000	24,600,000	24,600,000	24,616,728
Federal Agencies	313382XK4	FHLB STEP NT	5/7/13	5/7/18	3.41	0.75	25,000,000	25,000,000	25,000,000	25,028,250
Federal Agencies	3133ECPB4	FFCB NT	5/23/13	5/14/18	3.41	0.88	10,000,000	9,934,600	9,954,648	9,959,400
Federal Agencies	3135G0WJ8	FNMA NT	5/23/13	5/21/18	3.43	0.88	25,000,000	24,786,500	24,851,697	24,756,250
Federal Agencies	3133834P3	FHLB STEP NT	5/22/13	5/22/18	3.45	0.50	50,000,000	50,000,000	50,000,000	49,984,500
Federal Agencies	31315P4W6	FARMER MAC FLT CALL	6/6/14	6/6/18	0.02	0.36	25,000,000	25,000,000	25,000,000	25,068,000
Federal Agencies	3134G52D6	FHLMC CALL MTN	4/17/14	7/17/18	3.52	1.64	25,000,000	25,000,000	25,000,000	25,177,500
Federal Agencies	3134G4LZ9	FHLMC CALL STEP	12/10/13	12/10/18	3.95	0.88	50,000,000	50,000,000	50,000,000	50,366,000
Federal Agencies	3134G4MB1	FHLMC CALL MULTI-STEP	12/18/13	12/18/18	3.92	1.50	25,000,000	25,000,000	25,000,000	25,016,750
Federal Agencies	3130A1B98	FHLB STEP CALL NT	3/27/14	3/27/19	4.23	1.00	75,000,000	75,000,000	75,000,000	75,031,500
Federal Agencies	31315PQ69	FARMER MAC FLT CALL NT 3ML+15	4/3/14	4/3/19	0.09	0.38	50,000,000	50,000,000	50,000,000	50,057,000
Federal Agencies	31315PE47	FARMER MAC FLT CALL NT 1ML+31	11/3/14	5/3/19	0.01	0.47	25,000,000	25,000,000	25,000,000	25,153,750
Federal Agencies	31315P3W7	FARMER MAC FLT CALL	6/3/14	6/3/19	0.01	0.38	50,000,000	50,000,000	50,000,000	50,100,000
Federal Agencies	31315PS91	FARMER MAC FLT CALL NT 3ML+12	8/12/14	8/12/19	0.20	0.35	50,000,000	50,000,000	50,000,000	50,030,500
Federal Agencies	3130A2UF1	FHLB FLT CALL NT 3ML+20	8/27/14	8/27/19	0.24	0.44	25,000,000	25,000,000	25,000,000	25,108,250
Federal Agencies	3130A35A8	FHLB FLT CALL NT 1ML+40	10/2/14	10/2/19	0.01	0.56	50,000,000	50,000,000	50,000,000	50,000,000
Federal Agencies	313586RC5	FNMA 0 CPN	11/21/14	10/9/19	4.86	0.00	29,675,000	26,700,081	26,716,766	26,809,879
Federal Agencies	313586RC5	FNMA 0 CPN	11/24/14	10/9/19	4.86	0.00	25,000,000	22,498,750	22,508,586	22,586,250
Federal Agencies	313586RC5	FNMA 0 CPN	11/24/14	10/9/19	4.86	0.00	10,000,000	9,005,200	9,009,112	9,034,500
<b>Subtotals</b>					<b>1.08</b>	<b>0.81</b>	<b>\$ 4,126,727,000</b>	<b>\$ 4,134,280,604</b>	<b>\$ 4,127,704,593</b>	<b>\$ 4,137,269,047</b>

# Investment Inventory

## Pooled Fund

Type of Investment	CUSIP	Issue Name	Settle	Maturity	Duration	Coupon	Par Value	Book Value	Amortized	
			Date	Date					Book Value	Market Value
State/Local Agencies	13063BN65	CALIFORNIA ST TAXABLE GO BD	3/27/13	2/1/15	0.17	0.85	\$ 10,000,000	\$ 10,038,000	\$ 10,003,485	\$ 10,010,400
State/Local Agencies	649791JS0	NEW YORK ST TAXABLE GO	3/21/13	3/1/15	0.25	0.39	4,620,000	4,619,076	4,619,883	4,620,693
State/Local Agencies	91412GPW9	UNIV OF CALIFORNIA REVENUE BO	3/14/13	5/15/15	0.45	0.39	5,000,000	5,000,000	5,000,000	4,999,600
State/Local Agencies	612574DQ3	MONTEREY COMM COLLEGE GO	5/7/13	8/1/15	0.67	0.63	315,000	315,000	315,000	315,680
State/Local Agencies	13063BH28	CALIFORNIA ST TAXABLE GO BD	8/19/14	11/1/15	0.91	3.95	5,000,000	5,215,300	5,164,295	5,159,400
State/Local Agencies	64966GXS6	NEW YORK CITY TAXABLE GO	4/1/13	12/1/15	0.97	5.13	12,255,000	13,700,477	12,796,683	12,802,921
State/Local Agencies	13063BN73	CALIFORNIA ST TAXABLE GO BD	3/27/13	2/1/16	1.16	1.05	11,000,000	11,037,180	11,015,251	11,063,910
State/Local Agencies	91412GUT0	UNIV OF CALIFORNIA REVENUE	4/10/14	5/15/16	1.45	0.63	2,500,000	2,500,000	2,500,000	2,497,975
State/Local Agencies	612574DR1	MONTEREY COMM COLLEGE GO	5/7/13	8/1/16	1.66	0.98	2,670,000	2,670,000	2,670,000	2,676,168
State/Local Agencies	91412GUU7	UNIV OF CALIFORNIA REVENUE BD	4/10/14	5/15/17	2.43	1.22	3,250,000	3,250,000	3,250,000	3,257,995
State/Local Agencies	13063CFC9	CALIFORNIA ST GO BD	11/5/13	11/1/17	2.86	1.75	16,500,000	16,558,905	16,543,097	16,626,390
State/Local Agencies	13063CPN4	CALIFORNIA ST GO BD	11/25/14	11/1/17	2.88	1.25	50,000,000	50,121,500	50,120,820	50,142,500
<b>Subtotals</b>					<b>1.96</b>	<b>1.69</b>	<b>\$ 123,110,000</b>	<b>\$ 125,025,438</b>	<b>\$ 123,998,514</b>	<b>\$ 124,173,632</b>
Public Time Deposits		TRANS PACIFIC NATIONAL BANK P	2/7/14	2/7/15	0.19	0.46	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
Public Time Deposits		BANK OF SAN FRANCISCO PTD	4/9/14	4/9/15	0.36	0.45	240,000	240,000	240,000	240,000
<b>Subtotals</b>					<b>0.27</b>	<b>0.46</b>	<b>\$ 480,000</b>	<b>\$ 480,000</b>	<b>\$ 480,000</b>	<b>\$ 480,000</b>
Negotiable CDs	78009NGU4	ROYAL BANK OF CANADA NY YCD	5/19/14	6/25/15	0.07	0.33	\$ 5,500,000	\$ 5,497,250	\$ 5,498,591	\$ 5,492,761
Negotiable CDs	78009NSA5	ROYAL BANK OF CANADA NY YCD	9/16/14	3/10/16	0.03	0.32	25,000,000	25,000,000	25,000,000	24,995,250
Negotiable CDs	06417HHL3	BANK OF NOVA SCOTIA FLT 3ML+2:	4/3/14	3/22/16	0.06	0.46	10,000,000	10,000,290	10,000,192	9,997,370
Negotiable CDs	96121TWJ3	WESTPAC FLT YCD 3ML+15	4/24/14	4/25/16	0.16	0.38	25,000,000	25,000,000	25,000,000	24,992,875
Negotiable CDs	96121TWK0	WESTPAC FLT YCD 1ML+22	4/24/14	4/25/16	0.07	0.38	50,000,000	50,000,000	50,000,000	49,985,950
Negotiable CDs	06417HKT2	BANK OF NOVA SCOTIA YCD 3ML+1	5/9/14	5/9/16	0.19	0.42	50,000,000	49,979,050	49,984,954	49,984,350
Negotiable CDs	06417HUW4	BANK OF NOVA SCOTIA FLT 3ML+1	9/25/14	9/23/16	0.06	0.43	50,000,000	50,000,000	50,000,000	49,981,850
Negotiable CDs	06417HVR4	BANK OF NOVA SCOTIA YCD 3ML+2	10/7/14	10/7/16	0.10	0.43	50,000,000	50,000,000	50,000,000	49,981,400
Negotiable CDs	06417HUR5	BANK OF NOVA SCOTIA YCD 3ML+2	9/25/14	9/25/17	0.08	0.50	50,000,000	50,000,000	50,000,000	49,971,950
<b>Subtotals</b>					<b>0.10</b>	<b>0.42</b>	<b>\$ 315,500,000</b>	<b>\$ 315,476,590</b>	<b>\$ 315,483,737</b>	<b>\$ 315,383,756</b>
Commercial Paper	62478YM13	MUFG UNION BANK NA	11/26/14	12/1/14	0.00	0.00	\$ 100,000,000	\$ 99,999,306	\$ 99,999,306	\$ 100,000,000
Commercial Paper	06538CM24	BANK OF TOKYO-MITSUBISHI UFJ C	11/25/14	12/2/14	0.02	0.00	50,000,000	49,998,833	49,998,833	49,999,819
<b>Subtotals</b>					<b>0.01</b>	<b>0.00</b>	<b>\$ 150,000,000</b>	<b>\$ 149,998,139</b>	<b>\$ 149,998,139</b>	<b>\$ 149,999,819</b>
Medium Term Notes	89233P7B6	TOYOTA MTN 3ML+17	1/28/13	12/5/14	0.01	0.40	\$ 10,000,000	\$ 10,004,700	\$ 10,000,028	\$ 10,000,100
Medium Term Notes	36962G6T6	GE FLT NT 3ML+38	1/10/13	1/9/15	0.11	0.61	25,000,000	25,000,000	25,000,000	25,011,000
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	7/12/13	1/9/15	0.11	2.15	87,824,000	89,617,366	87,952,098	87,984,718
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	8/7/13	1/9/15	0.11	2.15	4,820,000	4,926,667	4,828,000	4,828,821
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	12/16/13	1/9/15	0.11	2.15	27,743,000	28,291,202	27,797,961	27,793,770
Medium Term Notes	46625HHP8	JP MORGAN CHASE MTN	2/18/14	1/20/15	0.14	3.70	16,935,000	17,431,196	17,008,839	17,014,595
Medium Term Notes	46625HHP8	JP MORGAN CHASE MTN	3/17/14	1/20/15	0.14	3.70	22,580,000	23,190,112	22,678,724	22,686,126
Medium Term Notes	78008SVS2	RBC MTN FIX-TO-FLT	1/22/13	1/22/15	0.15	0.33	100,000,000	100,000,000	100,000,000	99,954,000
Medium Term Notes	89233P7H3	TOYOTA MTN 3ML+17	1/23/13	1/23/15	0.15	0.40	35,000,000	35,000,000	35,000,000	35,010,500
Medium Term Notes	89233P7L4	TOYOTA MTN FIX-TO-FLOAT	2/4/13	2/4/15	0.18	0.33	25,000,000	25,000,000	25,000,000	24,998,500
Medium Term Notes	717081DA8	PFIZER MTN	12/9/13	3/15/15	0.29	5.35	3,000,000	3,185,850	3,041,927	3,040,050
Medium Term Notes	89236TAG0	TOYOTA MOTOR CREDIT CORP 3M	4/12/13	4/8/15	0.11	0.38	50,000,000	50,000,000	50,000,000	50,028,500
Medium Term Notes	64952WAW3	NEW YORK LIFE MTN	9/22/14	5/4/15	0.42	3.00	5,000,000	5,084,250	5,057,922	5,057,300
Medium Term Notes	459200HD6	IBM MTN	12/19/13	5/11/15	0.44	0.75	5,425,000	5,460,859	5,436,365	5,437,044
Medium Term Notes	36962G5Z3	GE CAPITAL CORP MTN	8/19/13	7/2/15	0.59	1.63	5,000,000	5,075,250	5,023,502	5,038,900
Medium Term Notes	36962G4M3	GE CAPITAL CORP FLT MTN 3ML+7:	11/25/13	7/9/15	0.11	0.98	8,565,000	8,624,955	8,587,318	8,585,899
Medium Term Notes	89233P6J0	TOYOTA MTN	11/15/13	7/17/15	0.63	0.88	10,000,000	10,072,000	10,026,956	10,033,500



# Investment Inventory

## Pooled Fund

Type of Investment	CUSIP	Issue Name	Settle	Maturity	Duration	Coupon	Par Value	Book Value	Amortized	
			Date	Date					Book Value	Market Value
Medium Term Notes	89233P6J0	TOYOTA MTN	3/4/14	7/17/15	0.63	0.88	6,100,000	6,147,885	6,121,836	6,120,435
Medium Term Notes	594918AG9	MICROSOFT MTN	10/30/13	9/25/15	0.82	1.63	3,186,000	3,260,266	3,217,843	3,220,887
Medium Term Notes	961214BW2	WESTPAC NT	9/15/14	9/25/15	0.82	1.13	10,152,000	10,232,201	10,215,733	10,211,491
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	3/5/14	10/9/15	0.86	0.85	10,000,000	10,069,000	10,036,926	10,043,800
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	5/7/14	10/9/15	0.86	0.85	8,000,000	8,043,680	8,026,208	8,035,040
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	5/19/14	10/9/15	0.86	0.85	9,300,000	9,358,311	9,335,813	9,340,734
Medium Term Notes	06366RJH9	BANK OF MONTREAL MTN	3/27/14	11/6/15	0.93	0.80	8,500,000	8,532,470	8,518,743	8,521,760
Medium Term Notes	36962G4T8	GE CAPITAL CORP MTN	5/12/14	11/9/15	0.94	2.25	7,000,000	7,183,890	7,115,521	7,119,980
Medium Term Notes	742718DS5	PROCTER & GAMBLE MTN	3/7/14	11/15/15	0.95	1.80	23,025,000	23,588,652	23,343,308	23,352,416
Medium Term Notes	742718DS5	PROCTER & GAMBLE MTN	3/12/14	11/15/15	0.95	1.80	10,000,000	10,231,900	10,132,028	10,142,200
Medium Term Notes	459200GU9	IBM CORP NT	2/11/14	1/5/16	1.08	2.00	19,579,000	20,139,743	19,902,661	19,913,018
Medium Term Notes	064255AK8	BTMUFJ FLT MTN 3ML+45	3/17/14	2/26/16	1.24	0.68	10,000,000	10,035,800	10,022,759	10,018,200
Medium Term Notes	36962G2V5	GE FLT MTN 3ML+20	5/19/14	5/11/16	1.44	0.43	17,689,000	17,703,328	17,699,444	17,693,068
Medium Term Notes	89236TBU8	TOYOTA MOTOR CREDIT CORP 3MI	9/23/14	9/23/16	1.81	0.33	50,000,000	50,000,000	50,000,000	49,946,000
Medium Term Notes	89236TBV6	TOYOTA MOTOR CREDIT CORP FF+	9/25/14	9/23/16	1.81	0.34	47,500,000	47,500,000	47,500,000	47,465,800
Medium Term Notes	9612E0DB0	WESTPAC FLT MTN 1ML+25	10/10/14	10/7/16	1.85	0.41	50,000,000	50,000,000	50,000,000	49,981,500
<b>Subtotals</b>					<b>0.65</b>	<b>1.09</b>	<b>\$ 731,923,000</b>	<b>\$ 737,991,531</b>	<b>\$ 733,628,461</b>	<b>\$ 733,629,649</b>
Money Market Funds	61747C707	MS INSTL GOVT FUND	11/28/14	12/1/14	0.01	0.04	\$ 10,087,012	\$ 10,087,012	\$ 10,087,012	\$ 10,087,012
Money Market Funds	09248U718	BLACKROCK T-FUND INSTL	11/28/14	12/1/14	0.01	0.03	10,000,098	10,000,098	10,000,098	10,000,098
Money Market Funds	316175108	FIDELITY INSTL GOVT PORT	11/28/14	12/1/14	0.01	0.01	5,003,712	5,003,712	5,003,712	5,003,712
<b>Subtotals</b>					<b>0.01</b>	<b>0.03</b>	<b>\$ 25,090,822</b>	<b>\$ 25,090,822</b>	<b>\$ 25,090,822</b>	<b>\$ 25,090,822</b>
<b>Grand Totals</b>					<b>1.02</b>	<b>0.84</b>	<b>\$ 6,132,830,822</b>	<b>\$ 6,148,224,756</b>	<b>\$ 6,135,747,903</b>	<b>\$ 6,150,216,276</b>

# Monthly Investment Earnings

## Pooled Fund

For month ended November 30, 2014

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM <sup>1</sup>	Settle Date	Maturity Date	Earned Interest	Amort Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
U.S. Treasuries	912828MW7	US TSY NT	\$ 50,000,000	2.50	0.48	2/24/12	3/31/15	\$ 103,022	\$ (82,373)	\$ -	\$ 20,649
U.S. Treasuries	912828PE4	US TSY NT	25,000,000	1.25	0.61	12/23/11	10/31/15	25,898	(12,984)	-	12,914
U.S. Treasuries	912828PJ3	US TSY NT	50,000,000	1.38	1.58	12/16/10	11/30/15	56,363	7,964	-	64,326
U.S. Treasuries	912828PJ3	US TSY NT	50,000,000	1.38	1.58	12/16/10	11/30/15	56,363	7,964	-	64,326
U.S. Treasuries	912828PJ3	US TSY NT	50,000,000	1.38	2.00	12/23/10	11/30/15	56,363	24,308	-	80,671
U.S. Treasuries	912828RJ1	US TSY NT	75,000,000	1.00	1.05	10/11/11	9/30/16	61,813	2,807	-	64,620
U.S. Treasuries	912828F88	US TSY NT	25,000,000	0.38	0.52	11/6/14	10/31/16	6,474	2,526	-	9,000
U.S. Treasuries	912828RM4	US TSY NT	25,000,000	1.00	0.74	12/26/13	10/31/16	20,718	(5,296)	-	15,422
U.S. Treasuries	912828RX0	US TSY NT	25,000,000	0.88	0.67	2/25/14	12/31/16	17,833	(4,197)	-	13,636
U.S. Treasuries	912828SJ0	US TSY NT	75,000,000	0.88	0.94	3/14/12	2/28/17	54,385	3,783	-	58,169
U.S. Treasuries	912828SJ0	US TSY NT	25,000,000	0.88	1.21	3/21/12	2/28/17	18,128	6,655	-	24,783
U.S. Treasuries	912828SJ0	US TSY NT	25,000,000	0.88	1.21	3/21/12	2/28/17	18,128	6,655	-	24,783
U.S. Treasuries	912828SM3	US TSY NT	50,000,000	1.00	1.07	4/4/12	3/31/17	41,209	2,701	-	43,910
U.S. Treasuries	912828TM2	US TSY NT	60,000,000	0.63	0.69	9/17/12	8/31/17	31,077	3,187	-	34,265
U.S. Treasuries	912828UE8	US TSY NT	50,000,000	0.75	0.80	1/4/13	12/31/17	30,571	1,865	-	32,436
<b>Subtotals</b>			<b>\$ 660,000,000</b>					<b>\$ 598,346</b>	<b>\$ (34,436)</b>	<b>\$ -</b>	<b>\$ 563,910</b>
Federal Agencies	31331J4S9	FFCB	\$ 24,000,000	1.40	1.41	12/16/10	12/8/14	\$ 28,000	\$ 248	\$ -	\$ 28,248
Federal Agencies	31331J4S9	FFCB	19,000,000	1.40	1.46	12/8/10	12/8/14	22,167	890	-	23,056
Federal Agencies	3133XVNU1	FHLB	25,400,000	2.75	1.30	11/23/10	12/12/14	58,208	(29,358)	-	28,851
Federal Agencies	3133XVNU1	FHLB	2,915,000	2.75	1.31	11/23/10	12/12/14	6,680	(3,338)	-	3,342
Federal Agencies	3133XVNU1	FHLB	50,000,000	2.75	1.37	12/8/10	12/12/14	114,583	(54,758)	-	59,826
Federal Agencies	313371W93	FHLB	75,000,000	1.34	1.34	12/15/10	12/15/14	83,750	-	-	83,750
Federal Agencies	31331J6Q1	FFCB	27,175,000	1.72	1.74	12/29/10	12/29/14	38,951	368	-	39,319
Federal Agencies	31331J6Q1	FFCB	65,000,000	1.72	1.72	12/29/10	12/29/14	93,167	214	-	93,380
Federal Agencies	3135G0HG1	FNMA GLOBAL	9,399,000	0.38	0.20	1/13/14	3/16/15	2,937	(1,341)	-	1,596
Federal Agencies	3133EAJP4	FFCB FLT NT 1ML+1.5	50,000,000	0.17	0.21	4/30/12	4/27/15	6,982	203	-	7,185
Federal Agencies	31315PWJ4	FARMER MAC FLT NT FF+26	50,000,000	0.35	0.35	5/3/12	5/1/15	14,794	-	-	14,794
Federal Agencies	3133EAQC5	FFCB FLT NT 1ML+1	50,000,000	0.16	0.22	6/8/12	5/14/15	6,783	407	-	7,190
Federal Agencies	3133EAVE5	FFCB FLT NT 1ML+2	50,000,000	0.18	0.22	12/5/12	6/22/15	7,312	410	-	7,722
Federal Agencies	31315PDZ9	FAMCA	15,000,000	2.38	0.32	11/22/13	7/22/15	29,688	(25,273)	-	4,415
Federal Agencies	3133ECVW1	FFCB FLT NT T-BILL+14	62,500,000	0.16	0.19	8/5/13	8/5/15	8,307	514	-	8,820
Federal Agencies	313383V81	FHLB	9,000,000	0.38	0.28	12/12/13	8/28/15	2,813	(679)	-	2,133
Federal Agencies	3137EACM9	FHLMC BONDS	50,000,000	1.75	2.17	12/15/10	9/10/15	72,917	16,474	-	89,391
Federal Agencies	313370JB5	FHLB	75,000,000	1.75	2.31	12/15/10	9/11/15	109,375	24,489	-	133,864
Federal Agencies	31315PGT0	FARMER MAC	45,000,000	2.13	2.17	9/15/10	9/15/15	79,688	1,397	-	81,085
Federal Agencies	3133ECJB1	FFCB FLT NT QTR T-BILL+16	16,200,000	0.18	0.20	4/24/13	9/18/15	2,428	66	-	2,494
Federal Agencies	31398A3T7	FNMA EX-CALL NT	25,000,000	2.00	1.08	10/14/11	9/21/15	41,667	(18,380)	-	23,287
Federal Agencies	3133EAJF6	FFCB FLT NT 1ML+2.5	27,953,000	0.18	0.23	11/30/12	9/22/15	4,204	347	-	4,552
Federal Agencies	31398A4M1	FNMA	25,000,000	1.63	2.22	12/15/10	10/26/15	33,854	11,529	-	45,383
Federal Agencies	31398A4M1	FNMA	42,000,000	1.63	2.19	12/23/10	10/26/15	56,875	18,251	-	75,126
Federal Agencies	31331J2S1	FFCB	25,000,000	1.50	2.20	12/15/10	11/16/15	31,250	13,573	-	44,823
Federal Agencies	3133ECLZ5	FFCB FLT NT MONTHLY 1ML+0	25,000,000	0.15	0.17	5/8/13	11/19/15	3,246	97	-	3,343
Federal Agencies	313371ZY5	FHLB	25,000,000	1.88	1.89	12/3/10	12/11/15	39,063	294	-	39,357
Federal Agencies	313371ZY5	FHLB	50,000,000	1.88	1.93	12/14/10	12/11/15	78,125	2,115	-	80,240
Federal Agencies	3133ED5A6	FFCB FLT	50,000,000	0.16	0.16	12/12/13	1/20/16	6,511	-	-	6,511
Federal Agencies	31315P3B3	FARMER MAC MTN	30,000,000	0.42	0.42	1/27/14	1/25/16	10,500	-	-	10,500
Federal Agencies	313375RN9	FHLB NT	22,200,000	1.00	0.82	4/13/12	3/11/16	18,500	(3,311)	-	15,189
Federal Agencies	3133XXP43	FHLB	14,000,000	3.13	0.41	12/12/13	3/11/16	36,458	(31,039)	-	5,419
Federal Agencies	3133EAJU3	FFCB NT	25,000,000	1.05	0.82	4/12/12	3/28/16	21,875	(4,580)	-	17,295
Federal Agencies	3135G0VA8	FNMA GLOBAL NT	25,000,000	0.50	0.46	12/13/13	3/30/16	10,417	(797)	-	9,620

# Monthly Investment Earnings

## Pooled Fund

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM <sup>1</sup>	Settle	Maturity	Earned	Amort.	Realized	Earned Income
						Date	Date	Interest	Expense	Gain/(Loss)	/Net Earnings
Federal Agencies	31315PTF6	FAMCA FLT MTN 1ML+0	50,000,000	0.16	0.16	4/1/13	4/1/16	6,529	-	-	6,529
Federal Agencies	313379Z21	FHLB NT	20,000,000	0.81	0.82	4/18/12	4/18/16	13,500	160	-	13,660
Federal Agencies	3133ECWT7	FFCB NT	22,650,000	0.65	0.48	11/20/13	5/9/16	12,269	(3,213)	-	9,056
Federal Agencies	3135G0RZ8	FNMA CALL NT	-	0.55	0.55	11/30/12	5/26/16	8,609	-	-	8,609
Federal Agencies	3133EDB35	FFCB FLT NT 1ML+3	50,000,000	0.19	0.20	1/15/14	6/2/16	7,779	287	-	8,066
Federal Agencies	31315PB73	FAMCA NT	10,000,000	0.90	0.90	2/9/12	6/9/16	7,500	-	-	7,500
Federal Agencies	313373SZ6	FHLB	28,000,000	2.13	0.39	10/23/14	6/10/16	49,583	(39,789)	-	9,795
Federal Agencies	313771AA5	FHLB SUB NT	16,925,000	5.63	0.65	5/20/13	6/13/16	79,336	(68,247)	-	11,089
Federal Agencies	313771AA5	FHLB SUB NT	14,195,000	5.63	0.77	5/30/13	6/13/16	66,539	(55,786)	-	10,753
Federal Agencies	313771AA5	FHLB SUB NT	8,620,000	5.63	0.62	9/4/14	6/13/16	40,406	(35,218)	-	5,188
Federal Agencies	3133EDDP4	FFCB NT	50,000,000	0.52	0.46	2/11/14	6/17/16	21,667	(2,170)	-	19,496
Federal Agencies	3130A1BK3	FHLB EX-CALL NT	25,000,000	0.50	0.50	3/24/14	6/24/16	10,417	-	-	10,417
Federal Agencies	3135G0XP3	FNMA GLOBAL NT	50,000,000	0.38	0.59	3/25/14	7/5/16	15,625	8,892	-	24,517
Federal Agencies	31315PA25	FAMCA MTN	15,000,000	2.00	2.09	7/27/11	7/27/16	25,000	1,071	-	26,071
Federal Agencies	31315PA25	FAMCA MTN	14,100,000	2.00	0.63	3/26/13	7/27/16	23,500	(15,633)	-	7,867
Federal Agencies	31315PA25	FAMCA MTN	11,900,000	2.00	0.62	3/26/13	7/27/16	19,833	(13,302)	-	6,532
Federal Agencies	31315PA25	FAMCA MTN	20,000,000	2.00	0.61	3/26/14	7/27/16	33,333	(22,600)	-	10,733
Federal Agencies	3134G4UC0	FHLMC CALL NT	15,000,000	0.65	0.56	11/20/14	7/29/16	2,979	(401)	-	2,578
Federal Agencies	3135G0YE7	FNMA GLOBAL NT	50,000,000	0.63	0.52	3/17/14	8/26/16	26,042	(4,191)	-	21,850
Federal Agencies	31315PQB8	FAMCA NT	7,000,000	1.50	0.70	10/29/13	9/1/16	8,750	(4,516)	-	4,234
Federal Agencies	313370TW8	FHLB BD	25,000,000	2.00	1.39	10/11/11	9/9/16	41,667	(12,157)	-	29,510
Federal Agencies	313370TW8	FHLB	25,000,000	2.00	0.55	11/5/14	9/9/16	36,111	(25,542)	-	10,569
Federal Agencies	3133EDH21	FFCB FLT NT 1ML+2	50,000,000	0.17	0.18	3/14/14	9/14/16	7,200	209	-	7,409
Federal Agencies	3134G4XW3	FHLMC EX-CALL MTN	25,000,000	0.60	0.60	3/26/14	9/26/16	12,500	-	-	12,500
Federal Agencies	3134G3P38	FHLMC NT CALL	75,000,000	0.75	0.72	12/14/12	10/5/16	46,875	(2,842)	-	44,033
Federal Agencies	313378UB5	FHLB	5,000,000	1.13	0.51	10/23/14	10/11/16	4,708	(2,512)	-	2,197
Federal Agencies	3133EDJA1	FFCB FLT NT 1ML+2	25,000,000	0.18	0.19	4/11/14	10/11/16	3,662	205	-	3,867
Federal Agencies	3130A3CE2	FHLB	40,000,000	0.63	0.58	11/3/14	10/14/16	19,444	(1,260)	-	18,184
Federal Agencies	3137EADS5	FHLMC GLOBAL NT	25,000,000	0.88	0.57	3/3/14	10/14/16	18,229	(6,284)	-	11,945
Federal Agencies	3136G1WP0	FNMA CALL NT	18,000,000	1.50	0.84	11/4/13	11/4/16	22,500	(14,402)	-	8,098
Federal Agencies	3134G5LS2	FHLMC CALL MTN	25,000,000	0.60	0.60	11/17/14	11/17/16	5,833	-	-	5,833
Federal Agencies	3130A3J70	FHLB	25,000,000	0.63	0.64	11/17/14	11/23/16	6,076	190	-	6,266
Federal Agencies	313381GA7	FHLB NT	23,100,000	0.57	0.57	11/30/12	11/30/16	10,973	(90)	-	10,882
Federal Agencies	313371PV2	FHLB	25,000,000	1.63	0.64	11/6/14	12/9/16	28,212	(16,787)	-	11,425
Federal Agencies	3130A12F4	FHLB CALL NT	20,500,000	0.70	0.70	3/19/14	12/19/16	11,958	61	-	12,019
Federal Agencies	313381KR5	FHLB NT CALL	13,500,000	0.63	0.63	12/28/12	12/28/16	7,031	-	-	7,031
Federal Agencies	313381KR5	FHLB NT CALL	9,000,000	0.63	0.63	12/28/12	12/28/16	4,688	-	-	4,688
Federal Agencies	3134G33C2	FHLMC NT	50,000,000	0.60	0.60	1/3/13	1/3/17	25,000	-	-	25,000
Federal Agencies	3133ECB37	FFCB NT	14,000,000	0.58	0.58	12/20/12	1/12/17	6,767	-	-	6,767
Federal Agencies	31315PWW5	FARMER MAC MTN	49,500,000	1.01	1.02	5/4/12	1/17/17	41,663	432	-	42,094
Federal Agencies	3133786Q9	FHLB NT	67,780,000	1.00	0.72	1/10/13	2/13/17	56,483	(15,380)	-	41,103
Federal Agencies	3133EDFW7	FFCB FLT NT 1ML+5.5	50,000,000	0.21	0.21	2/27/14	2/27/17	8,649	-	-	8,649
Federal Agencies	3133EDP30	FARMER MAC FLT NT 1ML+4	26,000,000	0.20	0.18	10/3/14	3/24/17	4,192	(311)	-	3,881
Federal Agencies	3134G4XM5	FHLMC CALL MTN	25,000,000	0.78	0.78	3/28/14	3/28/17	16,250	-	-	16,250
Federal Agencies	3136G1ZB8	FNMA CALL NT	25,000,000	0.88	0.88	3/28/14	3/28/17	18,229	-	-	18,229
Federal Agencies	3133EDZW5	FFCB FLT NT 1ML+2	25,000,000	0.18	0.18	10/29/14	3/29/17	3,597	9	-	3,606
Federal Agencies	31315PTQ2	FARMER MAC MTN	12,500,000	1.26	1.36	4/10/12	4/10/17	13,125	998	-	14,123
Federal Agencies	3133ECLL6	FFCB NT	10,000,000	0.60	0.60	4/17/13	4/17/17	5,000	-	-	5,000
Federal Agencies	31315PUQ0	FARMER MAC MTN	10,500,000	1.13	1.13	4/26/12	4/26/17	9,844	-	-	9,844
Federal Agencies	31315PV89	FARMER MAC FLT CALL NT 3ML+10	-	0.34	0.34	5/1/14	5/1/17	-	-	-	-
Federal Agencies	3137EADF3	FHLMC NT	25,000,000	1.25	1.14	5/14/12	5/12/17	26,042	(2,188)	-	23,854
Federal Agencies	3136FTR27	FNMA CALL NT	17,000,000	1.02	1.03	9/4/14	5/24/17	14,507	128	-	14,635

# Monthly Investment Earnings

## Pooled Fund

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM <sup>1</sup>	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Federal Agencies	31315PZQ5	FARMER MAC MTN	9,000,000	1.11	0.80	12/28/12	6/5/17	8,325	(2,262)	-	6,063
Federal Agencies	3130A1ZR2	FHLB STEP NT	50,000,000	0.50	0.50	6/12/14	6/12/17	20,833	-	-	20,833
Federal Agencies	3133EAUW6	FFCB FLT NT FF+22	50,000,000	0.31	0.31	6/19/12	6/19/17	13,097	-	-	13,097
Federal Agencies	3137EADH9	FHLMC GLOBAL NT	25,000,000	1.00	1.10	3/25/14	6/29/17	20,833	1,998	-	22,831
Federal Agencies	3133ECV92	FFCB FLT NT 1ML+4	50,000,000	0.20	0.20	7/24/13	7/24/17	8,061	-	-	8,061
Federal Agencies	3134G3ZH6	FHLMC EX-CALL MTN	19,000,000	1.00	1.01	4/15/14	7/25/17	15,833	119	-	15,952
Federal Agencies	3133ECVG6	FFCB FLT NT 3ML+0	23,520,000	0.23	0.23	8/5/13	7/26/17	4,579	-	-	4,579
Federal Agencies	3136G0B59	FNMA STEP NT	64,750,000	0.70	0.70	9/20/12	9/20/17	37,771	-	-	37,771
Federal Agencies	3134G5HS7	FHLMC CALL MTN	20,100,000	1.13	1.16	9/25/14	9/25/17	18,844	550	-	19,394
Federal Agencies	3136G0D81	FNMA STEP NT	100,000,000	0.72	0.72	9/27/12	9/27/17	60,000	-	-	60,000
Federal Agencies	3137EADL0	FHLMC GLOBAL NT	25,000,000	1.00	1.22	3/25/14	9/29/17	20,833	4,482	-	25,315
Federal Agencies	3136G0Y39	FNMA STEP NT	50,000,000	0.80	0.80	11/8/12	11/8/17	32,361	-	-	32,361
Federal Agencies	3133EEBR0	FFCB FLT NT 1ML+3	25,000,000	0.18	0.20	11/18/14	11/13/17	1,655	134	-	1,788
Federal Agencies	3134G44F2	FHLMC CALL MTN	50,000,000	0.80	0.80	5/21/13	11/21/17	33,333	-	-	33,333
Federal Agencies	3134G5NE1	FHLMC CALL STEP	25,000,000	0.50	0.50	11/24/14	11/24/17	2,431	-	-	2,431
Federal Agencies	3134G5NE1	FHLMC CALL STEP	11,200,000	0.50	0.53	11/24/14	11/24/17	1,089	54	-	1,143
Federal Agencies	3136G13Q0	FNMA STEP NT	29,000,000	0.75	0.75	12/26/12	12/26/17	18,125	-	-	18,125
Federal Agencies	3136G13T4	FNMA STEP NT	39,000,000	0.75	0.75	12/26/12	12/26/17	24,375	-	-	24,375
Federal Agencies	3134G32M1	FHLMC CALL NT	50,000,000	1.00	1.00	12/28/12	12/28/17	41,667	-	-	41,667
Federal Agencies	3133EEAN0	FFCB FLT NT 1ML+4	25,000,000	0.20	0.20	11/5/14	2/5/18	3,530	-	-	3,530
Federal Agencies	3133EEAN0	FFCB FLT NT 1ML+4	25,000,000	0.20	0.21	11/5/14	2/5/18	3,530	181	-	3,710
Federal Agencies	3133EEAN0	FFCB FLT NT 1ML+4	50,000,000	0.20	0.21	11/5/14	2/5/18	7,060	360	-	7,420
Federal Agencies	3135G0UN1	FNMA GLOBAL NT CALL	19,000,000	1.15	1.32	2/26/14	2/28/18	18,208	2,513	-	20,721
Federal Agencies	3135G0UN1	FNMA GLOBAL NT CALL	8,770,000	1.15	1.32	2/26/14	2/28/18	8,405	1,160	-	9,565
Federal Agencies	3130A35B6	FHLB FLT CALL NT 1ML+23	50,000,000	0.39	0.39	10/2/14	4/2/18	16,125	-	-	16,125
Federal Agencies	3136G1KN8	FNMA NT CALL	50,000,000	1.50	1.13	4/24/13	4/24/18	62,500	(37,110)	-	25,390
Federal Agencies	3136G1K81	FNMA NT STEP	12,600,000	0.75	0.75	4/30/13	4/30/18	7,875	-	-	7,875
Federal Agencies	31315PZM4	FARMER MAC STEP NT	24,600,000	0.70	0.70	5/3/13	5/3/18	14,350	-	-	14,350
Federal Agencies	313382XK4	FHLB STEP NT	25,000,000	0.75	0.75	5/7/13	5/7/18	15,625	-	-	15,625
Federal Agencies	3133ECPB4	FFCB NT	10,000,000	0.88	1.01	5/23/13	5/14/18	7,292	1,080	-	8,371
Federal Agencies	3135G0WJ8	FNMA NT	25,000,000	0.88	1.05	5/23/13	5/21/18	18,229	3,512	-	21,741
Federal Agencies	3133834P3	FHLB STEP NT	50,000,000	0.50	0.50	5/22/13	5/22/18	20,833	-	-	20,833
Federal Agencies	31315P4W6	FARMER MAC FLT CALL	25,000,000	0.36	0.36	6/6/14	6/6/18	7,565	-	-	7,565
Federal Agencies	3134G52D6	FHLMC CALL MTN	25,000,000	1.64	1.64	4/17/14	7/17/18	34,167	-	-	34,167
Federal Agencies	3134G4LZ9	FHLMC CALL STEP	50,000,000	0.88	0.88	12/10/13	12/10/18	36,458	-	-	36,458
Federal Agencies	3134G4MB1	FHLMC CALL MULTI-STEP	25,000,000	1.50	1.50	12/18/13	12/18/18	31,250	-	-	31,250
Federal Agencies	3130A1B98	FHLB STEP CALL NT	75,000,000	1.00	1.00	3/27/14	3/27/19	62,500	-	-	62,500
Federal Agencies	31315PQ69	FARMER MAC FLT CALL NT 3ML+15	50,000,000	0.38	0.38	4/3/14	4/3/19	15,942	-	-	15,942
Federal Agencies	31315PE47	FARMER MAC FLT CALL NT 1ML+31	25,000,000	0.47	0.47	11/3/14	5/3/19	9,075	-	-	9,075
Federal Agencies	31315P3W7	FARMER MAC FLT CALL	50,000,000	0.38	0.38	6/3/14	6/3/19	15,983	-	-	15,983
Federal Agencies	31315PS91	FARMER MAC FLT CALL NT 3ML+12	50,000,000	0.35	0.35	8/12/14	8/12/19	14,743	-	-	14,743
Federal Agencies	3130A2UF1	FHLB FLT CALL NT 3ML+20	25,000,000	0.44	0.44	8/27/14	8/27/19	9,119	-	-	9,119
Federal Agencies	3130A35A8	FHLB FLT CALL NT 1ML+40	50,000,000	0.56	0.56	10/2/14	10/2/19	23,208	-	-	23,208
Federal Agencies	313586RC5	FNMA 0 CPN	29,675,000	0.00	2.18	11/21/14	10/9/19	-	16,685	-	16,685
Federal Agencies	313586RC5	FNMA 0 CPN	25,000,000	0.00	2.17	11/24/14	10/9/19	-	9,836	-	9,836
Federal Agencies	313586RC5	FNMA 0 CPN	10,000,000	0.00	2.16	11/24/14	10/9/19	-	3,912	-	3,912
<b>Subtotals</b>			<b>\$ 4,126,727,000</b>					<b>\$ 3,045,900</b>	<b>\$ (425,942)</b>	<b>\$ -</b>	<b>\$ 2,619,958</b>
State/Local Agencies	64966DPC7	NEW YORK CITY GO	\$ -	4.75	0.68	6/7/12	11/1/14	\$ -	\$ -	\$ -	\$ -
State/Local Agencies	13063BN65	CALIFORNIA ST TAXABLE GO BD	10,000,000	0.85	0.64	3/27/13	2/1/15	7,083	(1,686)	-	5,397
State/Local Agencies	649791JS0	NEW YORK ST TAXABLE GO	4,620,000	0.39	0.40	3/21/13	3/1/15	1,502	39	-	1,541
State/Local Agencies	91412GPW9	UNIV OF CALIFORNIA REVENUE BO	5,000,000	0.39	0.39	3/14/13	5/15/15	1,633	-	-	1,633

# Monthly Investment Earnings

## Pooled Fund

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM <sup>1</sup>	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
State/Local Agencies	612574DQ3	MONTEREY COMM COLLEGE GO	315,000	0.63	0.63	5/7/13	8/1/15	165	-	-	165
State/Local Agencies	13063BHZ8	CALIFORNIA ST TAXABLE GO BD	5,000,000	3.95	0.35	8/19/14	11/1/15	16,458	(14,713)	-	1,745
State/Local Agencies	64966GXS6	NEW YORK CITY TAXABLE GO	12,255,000	5.13	0.66	4/1/13	12/1/15	52,390	(44,522)	-	7,868
State/Local Agencies	13063BN73	CALIFORNIA ST TAXABLE GO BD	11,000,000	1.05	0.91	3/27/13	2/1/16	9,625	(1,071)	-	8,554
State/Local Agencies	91412GUT0	UNIV OF CALIFORNIA REVENUE	2,500,000	0.63	0.63	4/10/14	5/15/16	1,321	-	-	1,321
State/Local Agencies	612574DR1	MONTEREY COMM COLLEGE GO	2,670,000	0.98	0.98	5/7/13	8/1/16	2,185	-	-	2,185
State/Local Agencies	91412GUU7	UNIV OF CALIFORNIA REVENUE BD	3,250,000	1.22	1.22	4/10/14	5/15/17	3,310	-	-	3,310
State/Local Agencies	13063CFC9	CALIFORNIA ST GO BD	16,500,000	1.75	1.66	11/5/13	11/1/17	24,063	(1,213)	-	22,850
State/Local Agencies	13063CPN4	CALIFORNIA ST GO BD	50,000,000	1.25	1.17	11/25/14	11/1/17	10,417	(680)	-	9,737
<b>Subtotals</b>			<b>\$ 123,110,000</b>					<b>\$ 130,152</b>	<b>\$ (63,847)</b>	<b>\$ -</b>	<b>\$ 66,305</b>
Public Time Deposits		TRANS PACIFIC NATIONAL BANK P <sup>r</sup>	\$ 240,000	0.46	0.46	2/7/14	2/7/15	\$ 92	\$ -	\$ -	\$ 92
Public Time Deposits		BANK OF SAN FRANCISCO PTD	240,000	0.45	0.45	4/9/14	4/9/15	90	-	-	90
<b>Subtotals</b>			<b>\$ 480,000</b>					<b>\$ 182</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 182</b>
Negotiable CDs	78009NGU4	ROYAL BANK OF CANADA NY YCD	\$ 5,500,000	0.33	0.40	5/19/14	6/25/15	\$ 1,531	\$ 205	\$ -	\$ 1,737
Negotiable CDs	78009NSA5	ROYAL BANK OF CANADA NY YCD	25,000,000	0.32	0.32	9/16/14	3/10/16	6,654	-	-	6,654
Negotiable CDs	06417HHL3	BANK OF NOVA SCOTIA FLT 3ML+2 <sup>r</sup>	10,000,000	0.46	0.46	4/3/14	3/22/16	3,859	(12)	-	3,847
Negotiable CDs	96121TWJ3	WESTPAC FLT YCD 3ML+15	25,000,000	0.38	0.38	4/24/14	4/25/16	7,992	-	-	7,992
Negotiable CDs	96121TWK0	WESTPAC FLT YCD 1ML+22	50,000,000	0.38	0.38	4/24/14	4/25/16	15,561	-	-	15,561
Negotiable CDs	06417HKT2	BANK OF NOVA SCOTIA YCD 3ML+1	50,000,000	0.42	0.45	5/9/14	5/9/16	17,585	860	-	18,445
Negotiable CDs	06417HUW4	BANK OF NOVA SCOTIA FLT 3ML+2 <sup>r</sup>	50,000,000	0.43	0.43	9/25/14	9/23/16	18,088	-	-	18,088
Negotiable CDs	06417HVR4	BANK OF NOVA SCOTIA YCD 3ML+2	50,000,000	0.43	0.43	10/7/14	10/7/16	17,983	-	-	17,983
Negotiable CDs	06417HUR5	BANK OF NOVA SCOTIA YCD 3ML+2	50,000,000	0.50	0.50	9/25/14	9/25/17	21,004	-	-	21,004
<b>Subtotals</b>			<b>\$ 315,500,000</b>					<b>\$ 110,258</b>	<b>\$ 1,053</b>	<b>\$ -</b>	<b>\$ 111,311</b>
Commercial Paper	62478YL30	MUFG Union Bank NA CP	\$ -	0.00	0.05	10/31/14	11/3/14	\$ 278	\$ -	\$ -	\$ 278
Commercial Paper	62478YL55	MUFG Union Bank NA CP	-	0.00	0.06	11/3/14	11/5/14	167	-	-	167
Commercial Paper	06538CLH2	BANK OF TOKYO MITSUBISHI UFJ C	-	0.00	0.13	11/3/14	11/17/14	1,264	-	-	1,264
Commercial Paper	06538CLQ2	BANK OF TOKYO MITSUBISHI UFJ C	-	0.00	0.14	11/3/14	11/24/14	3,022	-	-	3,022
Commercial Paper	06538CLR0	BANK OF TOKYO-MITSUBISHI UFJ C	-	0.00	0.13	11/18/14	11/25/14	1,264	-	-	1,264
Commercial Paper	62478YM13	MUFG UNION BANK NA	100,000,000	0.00	0.05	11/26/14	12/1/14	694	-	-	694
Commercial Paper	06538CM24	BANK OF TOKYO-MITSUBISHI UFJ C	50,000,000	0.00	0.12	11/25/14	12/2/14	1,000	-	-	1,000
<b>Subtotals</b>			<b>\$ 150,000,000</b>					<b>\$ 7,688</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,688</b>
Medium Term Notes	36962G4G6	GE CAPITAL CORP MTN	\$ -	3.75	0.52	8/7/13	11/14/14	\$ 3,954	\$ (3,344)	\$ -	\$ 611
Medium Term Notes	07385TAJ5	JP MORGAN CHASE MTN	-	5.70	0.52	12/18/13	11/15/14	25,492	(22,744)	-	2,748
Medium Term Notes	07385TAJ5	JP MORGAN CHASE MTN	-	5.70	0.52	12/19/13	11/15/14	56,866	(50,716)	-	6,151
Medium Term Notes	89233P7B6	TOYOTA MTN 3ML+17	10,000,000	0.40	0.22	1/28/13	12/5/14	3,368	(209)	-	3,159
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	87,824,000	2.15	0.77	7/12/13	1/9/15	157,351	(98,537)	-	58,815
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	4,820,000	2.15	0.59	8/7/13	1/9/15	8,636	(6,154)	-	2,482
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	27,743,000	2.15	0.29	12/16/13	1/9/15	49,706	(42,278)	-	7,428
Medium Term Notes	36962G6T6	GE FLT NT 3ML+38	25,000,000	0.61	0.61	1/10/13	1/9/15	12,731	-	-	12,731
Medium Term Notes	46625HHP8	JP MORGAN CHASE MTN	16,935,000	3.70	0.51	2/18/14	1/20/15	52,216	(44,303)	-	7,913
Medium Term Notes	46625HHP8	JP MORGAN CHASE MTN	22,580,000	3.70	0.48	3/17/14	1/20/15	69,622	(59,234)	-	10,388
Medium Term Notes	78008SVS2	RBC MTN FIX-TO-FLT	100,000,000	0.33	0.33	1/22/13	1/22/15	27,675	-	-	27,675
Medium Term Notes	89233P7H3	TOYOTA MTN 3ML+17	35,000,000	0.40	0.40	1/23/13	1/23/15	11,684	-	-	11,684
Medium Term Notes	89233P7L4	TOYOTA MTN FIX-TO-FLOAT	25,000,000	0.33	0.33	2/4/13	2/4/15	6,933	-	-	6,933
Medium Term Notes	717081DA8	PFIZER MTN	3,000,000	5.35	0.44	12/9/13	3/15/15	13,375	(12,094)	-	1,281
Medium Term Notes	89236TAG0	TOYOTA MOTOR CREDIT CORP 3M <sup>r</sup>	50,000,000	0.38	0.38	4/12/13	4/8/15	15,942	-	-	15,942
Medium Term Notes	64952WAW3	NEW YORK LIFE MTN	5,000,000	3.00	0.26	9/22/14	5/4/15	12,500	(11,283)	-	1,217
Medium Term Notes	459200HD6	IBM MTN	5,425,000	0.75	0.27	12/19/13	5/11/15	3,391	(2,118)	-	1,273

# Monthly Investment Earnings

## Pooled Fund

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM <sup>1</sup>	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Medium Term Notes	36962G5Z3	GE CAPITAL CORP MTN	5,000,000	1.63	0.81	8/19/13	7/2/15	6,771	(3,310)	-	3,461
Medium Term Notes	36962G4M3	GE CAPITAL CORP FLT MTN 3ML+7:	8,565,000	0.98	0.05	11/25/13	7/9/15	7,003	(3,043)	-	3,959
Medium Term Notes	89233P6J0	TOYOTA MTN	10,000,000	0.88	0.44	11/15/13	7/17/15	7,292	(3,547)	-	3,745
Medium Term Notes	89233P6J0	TOYOTA MTN	6,100,000	0.88	0.30	3/4/14	7/17/15	4,448	(2,873)	-	1,575
Medium Term Notes	594918AG9	MICROSOFT MTN	3,186,000	1.63	0.39	10/30/13	9/25/15	4,314	(3,206)	-	1,109
Medium Term Notes	961214BW2	WESTPAC NT	10,152,000	1.13	0.35	9/15/14	9/25/15	9,518	(6,416)	-	3,101
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	10,000,000	0.85	0.42	3/5/14	10/9/15	7,083	(3,551)	-	3,533
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	8,000,000	0.85	0.46	5/7/14	10/9/15	5,667	(2,520)	-	3,147
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	9,300,000	0.85	0.40	5/19/14	10/9/15	6,588	(3,444)	-	3,144
Medium Term Notes	06366RJH9	BANK OF MONTREAL MTN	8,500,000	0.80	0.56	3/27/14	11/6/15	5,667	(1,654)	-	4,013
Medium Term Notes	36962G4T8	GE CAPITAL CORP MTN	7,000,000	2.25	0.48	5/12/14	11/9/15	13,125	(10,104)	-	3,021
Medium Term Notes	742718DS5	PROCTER & GAMBLE MTN	23,025,000	1.80	0.34	3/7/14	11/15/15	34,538	(27,362)	-	7,176
Medium Term Notes	742718DS5	PROCTER & GAMBLE MTN	10,000,000	1.80	0.41	3/12/14	11/15/15	15,000	(11,349)	-	3,651
Medium Term Notes	459200GU9	IBM CORP NT	19,579,000	2.00	0.48	2/11/14	1/5/16	32,632	(24,275)	-	8,357
Medium Term Notes	064255AK8	BTMUFJ FLT MTN 3ML+45	10,000,000	0.68	0.40	3/17/14	2/26/16	5,707	(1,511)	-	4,196
Medium Term Notes	36962G2V5	GE FLT MTN 3ML+20	17,689,000	0.43	0.38	5/19/14	5/11/16	6,384	(595)	-	5,790
Medium Term Notes	89236TBU8	TOYOTA MOTOR CREDIT CORP 3M	50,000,000	0.33	0.33	9/23/14	9/23/16	13,879	-	-	13,879
Medium Term Notes	89236TBV6	TOYOTA MOTOR CREDIT CORP FF-	47,500,000	0.34	0.34	9/25/14	9/23/16	13,630	-	-	13,630
Medium Term Notes	9612E0DB0	WESTPAC FLT MTN 1ML+25	50,000,000	0.41	0.41	10/10/14	10/7/16	16,865	-	-	16,865
<b>Subtotals</b>			<b>\$ 731,923,000</b>					<b>\$ 747,550</b>	<b>\$ (461,770)</b>	<b>\$ -</b>	<b>\$ 285,780</b>
Money Market Funds		CITI SWEEP	\$ -	0.02	0.02	11/28/14	12/1/14	\$ 22	\$ -	\$ -	\$ 22
Money Market Funds	09248U718	BLACKROCK T-FUND INSTL	10,000,098	0.03	0.03	11/28/14	12/1/14	287	-	-	287
Money Market Funds	316175108	FIDELITY INSTL GOVT PORT	5,003,712	0.01	0.01	11/28/14	12/1/14	41	-	-	41
Money Market Funds	61747C707	MS INSTL GOVT FUND	10,087,012	0.04	0.04	11/28/14	12/1/14	529	-	-	529
<b>Subtotals</b>			<b>\$ 25,090,822</b>					<b>\$ 879</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 879</b>
<b>Grand Totals</b>			<b>\$ 6,132,830,822</b>					<b>\$ 4,640,954</b>	<b>\$ (984,942)</b>	<b>\$ -</b>	<b>\$ 3,656,012</b>

<sup>1</sup> Yield to maturity is calculated at purchase

# Investment Transactions

## Pooled Fund

For month ended November 30, 2014

Transaction	Settle	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Purchase	11/3/2014	11/5/2014	Commercial Paper	MUFG UNION BANK NA CP	62478YL55	\$ 50,000,000	0.00	0.06	\$ 100.00	\$ -	\$ 49,999,833
Purchase	11/3/2014	11/17/2014	Commercial Paper	BANK OF TOKYO MITSUBISHI	06538CLH2	25,000,000	0.00	0.13	99.99	-	24,998,736
Purchase	11/3/2014	11/24/2014	Commercial Paper	BANK OF TOKYO MITSUBISHI	06538CLQ2	37,000,000	0.00	0.14	99.99	-	36,996,978
Purchase	11/3/2014	12/1/2014	Money Market Funds	BLACKROCK T-FUND INSTL	09248U718	98	0.04	0.03	100.00	-	98
Purchase	11/3/2014	10/14/2016	Federal Agencies	FHLB	3130A3CE2	40,000,000	0.63	0.58	100.08	13,194	40,045,194
Purchase	11/3/2014	5/3/2019	Federal Agencies	FARMER MAC FLT CALL NT 1	31315PE47	25,000,000	0.46	0.46	100.00	-	25,000,000
Purchase	11/5/2014	9/9/2016	Federal Agencies	FHLB	313370TW8	25,000,000	2.00	0.55	102.65	77,778	25,739,903
Purchase	11/5/2014	2/5/2018	Federal Agencies	FFCB FLT NT 1ML+4	3133EEAN0	25,000,000	0.15	0.15	100.00	-	25,000,000
Purchase	11/5/2014	2/5/2018	Federal Agencies	FFCB FLT NT 1ML+4	3133EEAN0	25,000,000	0.15	0.16	99.97	-	24,991,750
Purchase	11/5/2014	2/5/2018	Federal Agencies	FFCB FLT NT 1ML+4	3133EEAN0	50,000,000	0.20	0.21	99.97	-	49,983,560
Purchase	11/6/2014	10/31/2016	U.S. Treasuries	US TSY NT	912828F88	25,000,000	0.38	0.52	99.71	1,554	24,928,312
Purchase	11/6/2014	12/9/2016	Federal Agencies	FHLB	313371PV2	25,000,000	1.63	0.64	102.05	165,885	25,678,885
Purchase	11/17/2014	12/1/2014	Money Market Funds	CITI SWEEP		38,740,599	0.02	0.02	100.00	-	38,740,599
Purchase	11/17/2014	11/17/2016	Federal Agencies	FHLMC CALL MTN	3134G5LS2	25,000,000	0.60	0.60	100.00	-	25,000,000
Purchase	11/17/2014	11/23/2016	Federal Agencies	FHLB	3130A3J70	25,000,000	0.63	0.64	99.96	-	24,990,000
Purchase	11/18/2014	11/25/2014	Commercial Paper	BANK OF TOKYO-MITSUBISHI	06538CLR0	50,000,000	0.00	0.13	100.00	-	49,998,736
Purchase	11/18/2014	11/13/2017	Federal Agencies	FFCB FLT NT 1ML+3	3133EEBR0	25,000,000	0.18	0.20	99.96	636	24,989,430
Purchase	11/20/2014	7/29/2016	Federal Agencies	FHLMC CALL NT	3134G4UC0	15,000,000	0.65	0.56	100.15	30,063	15,052,563
Purchase	11/21/2014	10/9/2019	Federal Agencies	FNMA 0 CPN	313586RC5	29,675,000	0.00	2.18	89.98	-	26,700,081
Purchase	11/24/2014	11/24/2017	Federal Agencies	FHLMC CALL STEP	3134G5NE1	25,000,000	0.50	0.50	100.00	-	25,000,000
Purchase	11/24/2014	11/24/2017	Federal Agencies	FHLMC CALL STEP	3134G5NE1	11,200,000	0.50	0.53	99.93	-	11,191,600
Purchase	11/24/2014	10/9/2019	Federal Agencies	FNMA 0 CPN	313586RC5	25,000,000	0.00	2.17	90.00	-	22,498,750
Purchase	11/24/2014	10/9/2019	Federal Agencies	FNMA 0 CPN	313586RC5	10,000,000	0.00	2.16	90.05	-	9,005,200
Purchase	11/25/2014	12/2/2014	Commercial Paper	BANK OF TOKYO-MITSUBISHI	06538CM24	50,000,000	0.00	0.12	100.00	-	49,998,833
Purchase	11/25/2014	11/1/2017	State/Local Agencies	CALIFORNIA ST GO BD	13063CPN4	50,000,000	1.25	1.17	100.24	-	50,121,500
Purchase	11/26/2014	12/1/2014	Commercial Paper	MUFG UNION BANK NA	62478YM13	100,000,000	0.00	0.05	100.00	-	99,999,306
Purchase	11/28/2014	12/1/2014	Money Market Funds	MS INSTL GOVT FUND	61747C707	529	0.04	0.04	100.00	-	529
Purchase	11/28/2014	12/1/2014	Money Market Funds	FIDELITY INSTL GOVT PORT	316175108	41	0.01	0.01	100.00	-	41
<b>Subtotals</b>						<b>\$ 831,616,267</b>	<b>0.34</b>	<b>0.47</b>	<b>\$ 99.37</b>	<b>\$ 289,110</b>	<b>\$ 826,650,418</b>
Sale	11/5/2014	12/1/2014	Money Market Funds	MS INSTL GOVT FUND	61747C707	\$ 45,000,000	0.04	0.04	\$ 100.00	\$ -	\$ 45,000,000
Sale	11/18/2014	12/1/2014	Money Market Funds	CITI SWEEP		38,740,599	0.02	0.02	100.00	-	38,740,599
<b>Subtotals</b>						<b>\$ 83,740,599</b>	<b>0.03</b>	<b>0.03</b>	<b>\$ 100.00</b>	<b>\$ -</b>	<b>\$ 83,740,599</b>
Call	11/1/2014	5/1/2017	Federal Agencies	FARMER MAC FLT CALL NT 3	31315PV89	\$ 50,000,000	0.34	0.34	\$ 100.00	\$ -	\$ 50,000,000
Call	11/26/2014	5/26/2016	Federal Agencies	FNMA CALL NT	3135G0RZ8	22,540,000	0.55	0.55	100.00	-	22,540,000
<b>Subtotals</b>						<b>\$ 72,540,000</b>	<b>0.41</b>	<b>0.40</b>	<b>\$ 100.00</b>	<b>\$ -</b>	<b>\$ 72,540,000</b>

# Investment Transactions

## Pooled Fund

Transaction	Settle	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Maturity	11/1/2014	11/1/2014	State/Local Agencies	NEW YORK CITY GO	64966DPC7	\$ 8,000,000	4.75	0.68	\$ 100.00	\$ 190,000	\$ 8,190,000
Maturity	11/3/2014	11/3/2014	Commercial Paper	MUFG Union Bank NA CP	62478YL30	100,000,000	0.00	0.05	100.00		100,000,000
Maturity	11/5/2014	11/5/2014	Commercial Paper	MUFG Union Bank NA CP	62478YL55	50,000,000	0.00	0.06	100.00		50,000,000
Maturity	11/14/2014	11/14/2014	Medium Term Notes	GE CAPITAL CORP MTN	36962G4G6	2,920,000	3.75	0.52	100.00	54,750	2,974,750
Maturity	11/15/2014	11/15/2014	Medium Term Notes	JP MORGAN CHASE MTN	07385TAJ5	11,500,000	5.70	0.52	100.00	327,750	11,827,750
Maturity	11/15/2014	11/15/2014	Medium Term Notes	JP MORGAN CHASE MTN	07385TAJ5	25,654,000	5.70	0.52	100.00	731,139	26,385,139
Maturity	11/17/2014	11/17/2014	Commercial Paper	BANK OF TOKYO MITSUBISHI	06538CLH2	25,000,000	0.00	0.13	100.00		25,000,000
Maturity	11/24/2014	11/24/2014	Commercial Paper	BANK OF TOKYO MITSUBISHI	06538CLQ2	37,000,000	0.00	0.14	100.00		37,000,000
Maturity	11/25/2014	11/25/2014	Commercial Paper	BANK OF TOKYO-MITSUBISHI	06538CLR0	50,000,000	0.00	0.13	100.00		50,000,000
<b>Subtotals</b>						<b>\$ 310,074,000</b>	<b>0.84</b>	<b>0.16</b>	<b>\$ 100.00</b>	<b>\$ 1,303,639</b>	<b>\$ 311,377,639</b>

Interest	11/1/2014	11/1/2015	State/Local Agencies	CALIFORNIA ST TAXABLE GO	13063BHZ8	\$ 5,000,000	3.95	0.35	\$ -	\$ -	\$ 98,750
Interest	11/1/2014	4/1/2016	Federal Agencies	FAMCA FLT MTN 1ML+0	31315PTF6	50,000,000	0.15	0.15	-	-	6,566
Interest	11/1/2014	5/1/2017	Federal Agencies	FARMER MAC FLT CALL NT 3	31315PV89	50,000,000	0.34	0.34	-	-	42,450
Interest	11/1/2014	11/1/2017	State/Local Agencies	CALIFORNIA ST GO BD	13063CFC9	16,500,000	1.75	1.66	-	-	144,375
Interest	11/2/2014	6/2/2016	Federal Agencies	FFCB FLT NT 1ML+3	3133EDB35	50,000,000	0.19	0.20	-	-	8,030
Interest	11/2/2014	4/2/2018	Federal Agencies	FHLB FLT CALL NT 1ML+23	3130A35B6	50,000,000	0.39	0.39	-	-	16,125
Interest	11/2/2014	10/2/2019	Federal Agencies	FHLB FLT CALL NT 1ML+40	3130A35A8	50,000,000	0.56	0.56	-	-	23,208
Interest	11/3/2014	12/1/2014	Money Market Funds	BLACKROCK T-FUND INSTL	09248U718	10,000,000	0.04	0.03	-	-	98
Interest	11/3/2014	5/1/2015	Federal Agencies	FARMER MAC FLT NT FF+26	31315PWJ4	50,000,000	0.36	0.36	-	-	44,111
Interest	11/3/2014	5/3/2018	Federal Agencies	FARMER MAC STEP NT	31315PZM4	24,600,000	0.70	0.70	-	-	86,100
Interest	11/4/2014	2/4/2015	Medium Term Notes	TOYOTA MTN FIX-TO-FLOAT	89233P7L4	25,000,000	0.34	0.34	-	-	21,194
Interest	11/4/2014	5/4/2015	Medium Term Notes	NEW YORK LIFE MTN	64952WAW3	5,000,000	3.00	0.26	-	-	75,000
Interest	11/4/2014	11/4/2016	Federal Agencies	FNMA CALL NT	3136G1WP0	18,000,000	1.50	0.84	-	-	135,000
Interest	11/5/2014	8/5/2015	Federal Agencies	FFCB FLT NT T-BILL+14	3133ECVW1	62,500,000	0.16	0.18	-	-	25,283
Interest	11/6/2014	11/6/2015	Medium Term Notes	BANK OF MONTREAL MTN	06366RJH9	8,500,000	0.80	0.56	-	-	34,000
Interest	11/7/2014	2/7/2015	Public Time Deposits	TRANS PACIFIC NATIONAL B		240,000	0.46	0.46	-	-	282
Interest	11/7/2014	10/7/2016	Medium Term Notes	WESTPAC FLT MTN 1ML+25	9612E0DB0	50,000,000	0.40	0.40	-	-	15,626
Interest	11/7/2014	5/7/2018	Federal Agencies	FHLB STEP NT	313382XK4	25,000,000	0.75	0.75	-	-	93,750
Interest	11/8/2014	11/8/2017	Federal Agencies	FNMA STEP NT	3136G0Y39	50,000,000	0.70	0.70	-	-	175,000
Interest	11/9/2014	11/9/2015	Medium Term Notes	GE CAPITAL CORP MTN	36962G4T8	7,000,000	2.25	0.48	-	-	78,750
Interest	11/9/2014	5/9/2016	Federal Agencies	FFCB NT	3133ECWT7	22,650,000	0.65	0.48	-	-	73,613
Interest	11/10/2014	3/10/2016	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NSA5	25,000,000	0.32	0.32	-	-	6,820
Interest	11/10/2014	5/9/2016	Negotiable CDs	BANK OF NOVA SCOTIA YCD	06417HKT2	50,000,000	0.42	0.45	-	-	53,475
Interest	11/11/2014	5/11/2015	Medium Term Notes	IBM MTN	459200HD6	5,425,000	0.75	0.27	-	-	20,344
Interest	11/11/2014	10/11/2016	Federal Agencies	FFCB FLT NT 1ML+2	3133EDJA1	25,000,000	0.17	0.19	-	-	3,718
Interest	11/12/2014	5/11/2016	Medium Term Notes	GE FLT MTN 3ML+20	36962G2V5	17,689,000	0.43	0.38	-	-	19,791
Interest	11/12/2014	5/12/2017	Federal Agencies	FHLMC NT	3137EADF3	25,000,000	1.25	1.14	-	-	156,250



## Investment Transactions Pooled Fund

Transaction	Settle	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Interest	11/12/2014	8/12/2019	Federal Agencies	FARMER MAC FLT CALL NT 3	31315PS91	50,000,000	0.36	0.36	-	-	44,388
Interest	11/14/2014	5/14/2015	Federal Agencies	FFCB FLT NT 1ML+1	3133EAQC5	50,000,000	0.16	0.22	-	-	7,009
Interest	11/14/2014	9/14/2016	Federal Agencies	FFCB FLT NT 1ML+2	3133EDH21	50,000,000	0.17	0.18	-	-	7,440
Interest	11/14/2014	5/14/2018	Federal Agencies	FFCB NT	3133ECPB4	10,000,000	0.88	1.01	-	-	43,750
Interest	11/15/2014	5/15/2015	State/Local Agencies	UNIV OF CALIFORNIA REVEN	91412GPW9	5,000,000	0.39	0.39	-	-	9,800
Interest	11/15/2014	11/15/2015	Medium Term Notes	PROCTER & GAMBLE MTN	742718DS5	23,025,000	1.80	0.34	-	-	207,225
Interest	11/15/2014	11/15/2015	Medium Term Notes	PROCTER & GAMBLE MTN	742718DS5	10,000,000	1.80	0.41	-	-	90,000
Interest	11/15/2014	5/15/2016	State/Local Agencies	UNIV OF CALIFORNIA REVEN	91412GUT0	2,500,000	0.63	0.63	-	-	9,466
Interest	11/15/2014	5/15/2017	State/Local Agencies	UNIV OF CALIFORNIA REVEN	91412GUU7	3,250,000	1.22	1.22	-	-	23,719
Interest	11/16/2014	11/16/2015	Federal Agencies	FFCB	31331J2S1	25,000,000	1.50	2.20	-	-	187,500
Interest	11/19/2014	11/19/2015	Federal Agencies	FFCB FLT NT MONTHLY 1ML+	3133ECLZ5	25,000,000	0.16	0.17	-	-	3,380
Interest	11/20/2014	1/20/2016	Federal Agencies	FFCB FLT	3133ED5A6	50,000,000	0.16	0.16	-	-	6,760
Interest	11/21/2014	11/21/2017	Federal Agencies	FHLMC CALL MTN	3134G44F2	50,000,000	0.80	0.80	-	-	200,000
Interest	11/21/2014	5/21/2018	Federal Agencies	FNMA NT	3135G0WJ8	25,000,000	0.88	1.05	-	-	109,375
Interest	11/22/2014	6/22/2015	Federal Agencies	FFCB FLT NT 1ML+2	3133EAVE5	50,000,000	0.18	0.21	-	-	7,565
Interest	11/22/2014	9/22/2015	Federal Agencies	FFCB FLT NT 1ML+2.5	3133EAJF6	27,953,000	0.18	0.23	-	-	4,350
Interest	11/22/2014	5/22/2018	Federal Agencies	FHLB STEP NT	3133834P3	50,000,000	0.50	0.50	-	-	125,000
Interest	11/24/2014	4/25/2016	Negotiable CDs	WESTPAC FLT YCD 1ML+22	96121TWK0	50,000,000	0.37	0.37	-	-	16,060
Interest	11/24/2014	3/24/2017	Federal Agencies	FARMER MAC FLT NT 1ML+4	3133EDP30	26,000,000	0.19	0.18	-	-	4,321
Interest	11/24/2014	5/24/2017	Federal Agencies	FNMA CALL NT	3136FTR27	17,000,000	1.02	1.03	-	-	87,040
Interest	11/24/2014	7/24/2017	Federal Agencies	FFCB FLT NT 1ML+4	3133ECV92	50,000,000	0.19	0.19	-	-	8,310
Interest	11/26/2014	2/26/2016	Medium Term Notes	BTMUFJ FLT MTN 3ML+45	064255AK8	10,000,000	0.69	0.45	-	-	17,503
Interest	11/26/2014	5/26/2016	Federal Agencies	FNMA CALL NT	3135G0RZ8	22,540,000	0.55	0.55	-	-	61,985
Interest	11/27/2014	4/27/2015	Federal Agencies	FFCB FLT NT 1ML+1.5	3133EAJP4	50,000,000	0.17	0.20	-	-	7,190
Interest	11/27/2014	2/27/2017	Federal Agencies	FFCB FLT NT 1ML+5.5	3133EDFW7	50,000,000	0.21	0.21	-	-	8,913
Interest	11/27/2014	8/27/2019	Federal Agencies	FHLB FLT CALL NT 3ML+20	3130A2UF1	25,000,000	0.44	0.44	-	-	27,375
Interest	11/28/2014	12/1/2014	Money Market Funds	MS INSTL GOVT FUND	61747C707	10,087,012	0.04	0.04	-	-	529
Interest	11/28/2014	12/1/2014	Money Market Funds	FIDELITY INSTL GOVT PORT	316175108	5,003,712	0.01	0.01	-	-	41
Interest	11/29/2014	3/29/2017	Federal Agencies	FFCB FLT NT 1ML+2	3133EDZW5	25,000,000	0.17	0.17	-	-	3,714
Interest	11/30/2014	11/30/2015	U.S. Treasuries	US TSY NT	912828PJ3	50,000,000	1.38	1.58	-	-	343,750
Interest	11/30/2014	11/30/2015	U.S. Treasuries	US TSY NT	912828PJ3	50,000,000	1.38	1.58	-	-	343,750
Interest	11/30/2014	11/30/2015	U.S. Treasuries	US TSY NT	912828PJ3	50,000,000	1.38	2.00	-	-	343,750
Interest	11/30/2014	11/30/2016	Federal Agencies	FHLB NT	313381GA7	23,100,000	0.57	0.57	-	-	65,835
<b>Subtotals</b>						<b>\$ 1,798,562,724</b>	<b>0.41</b>	<b>0.41</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,884,498</b>
<b>Grand Totals</b>		<b>28</b>	<b>Purchases</b>								
		<b>(2)</b>	<b>Sales</b>								
		<b>(11)</b>	<b>Maturities / Calls</b>								
		<b>15</b>	<b>Change in number of positions</b>								

# Non-Pooled Investments

As of November 30, 2014

Type of Investment	CUSIP	Issue Name	Settle	Maturity	Duration	Coupon	Par Value	Book Value	Amortized	
			Date	Date					Book Value	Market Value
State/Local Agencies	797712AD8	SFRDA SOUTH BEACH HARBOR	1/20/12	12/1/16	2.00	3.50	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000
<b>Subtotals</b>					<b>2.00</b>	<b>3.50</b>	<b>\$ 3,270,000</b>	<b>\$ 3,270,000</b>	<b>\$ 3,270,000</b>	<b>\$ 3,270,000</b>
<b>Grand Totals</b>					<b>2.00</b>	<b>3.50</b>	<b>\$ 3,270,000</b>	<b>\$ 3,270,000</b>	<b>\$ 3,270,000</b>	<b>\$ 3,270,000</b>

## NON-POOLED FUNDS PORTFOLIO STATISTICS

	Current Month		Prior Month	
	Fiscal YTD	November 2014	Fiscal YTD	October 2014
Average Daily Balance	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000
Net Earnings	\$ 47,688	\$ 9,538	\$ 38,150	\$ 9,538
Earned Income Yield	3.48%	3.55%	3.46%	3.43%

Note: All non-pooled securities were inherited by the City and County of San Francisco as successor agency to the San Francisco Redevelopment Agency. Book value and amortized book value are derived from limited information received from the SFRDA and are subject to verification.

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**To:** BOS-Supervisors  
**Subject:** FW: Issued: Rec and Park Did Not Always Follow the Close-out Procedures for the Mission Clubhouse and Playground Renovation Project

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**From:** Reports, Controller (CON)  
**Sent:** Thursday, December 11, 2014 12:00 PM  
**To:** Calvillo, Angela (BOS); Gosiengfiao, Rachel (BOS); Kawa, Steve (MYR); Howard, Kate (MYR); Falvey, Christine (MYR); Elliott, Jason (MYR); Campbell, Severin (BUD); Newman, Debra (BUD); Rose, Harvey (BUD); Ajike, Toks (REC); Kamalanathan, Dawn (REC); CON-EVERYONE; Ko, Albert J; Tigbao, Robert; Ginsburg, Phil (REC)  
**Subject:** Issued: Rec and Park Did Not Always Follow the Close-out Procedures for the Mission Clubhouse and Playground Renovation Project

The Office of the Controller's City Services Auditor Division (CSA) today issued a memorandum on its assessment of the Recreation and Park Department's construction contract close-out for its Mission Clubhouse and Playground Renovation project. The assessment found that the department generally complied with close-out requirements but did not adhere to all provisions.

To view the full memorandum, please visit our Web site at:  
<http://openbook.sfgov.org/webreports/details3.aspx?id=1861>

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](mailto:tonia.lediju@sfgov.org) or 415-554-5393 or the CSA Audits Unit at 415-554-7469.

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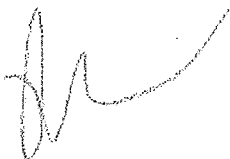
CITY AND COUNTY OF SAN FRANCISCO  
OFFICE OF THE CONTROLLER

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

## MEMORANDUM

TO: Phil Ginsburg, General Manager  
Recreation and Park Department

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

DATE: December 11, 2014

SUBJECT: The Recreation and Park Department Adequately Oversaw the Close-out Phase of the Mission Clubhouse and Playground Renovation Project but Did Not Always Follow the Contract's Close-out Procedures

### EXECUTIVE SUMMARY

The Recreation and Park Department (Rec and Park) of the City and County of San Francisco (City) generally complied with required close-out provisions in its contract with D.F.P.F. Corporation, doing business as Fine Line Construction, (the contractor) for the Mission Clubhouse and Playground Renovation project. However, Rec and Park did not adhere to all contract close-out provisions.

### BACKGROUND, OBJECTIVES & METHODOLOGY

#### Background

Basis for Assessment. In accordance with its work plan for fiscal year 2014-15, the Office of the Controller's City Services Auditor Division (CSA) assessed Rec and Park's compliance with contract close-out procedures as part of CSA's ongoing program of assessing compliance with construction contract close-out procedures in various city departments. The focus of this assessment was the Mission Clubhouse and Playground Renovation project, executed under Contract No. 3030V.

Rec and Park. Rec and Park's history can be traced back to the 1870's, when city officials established a Park Commission in response to residents' demands for a large public park. Over the years, many parks were added under the auspices of the Recreation Commission. In 1950 the two commissions were merged and the modern Recreation and Park Department was born. According to its Web site, Rec and Park manages more than 220 parks, playgrounds, and open spaces, including two outside the city.

2008 Clean and Safe Neighborhood Parks Bond. In February 2008 San Francisco voters approved the 2008 Clean and Safe Neighborhood Parks General Obligation Bond. The bond provided \$150 million in funding to Rec and Park for specific, voter-approved parks and open space recreation projects.

Mission Clubhouse and Playground Renovation. \$7.5 million of the 2008 Clean and Safe Neighborhood Parks Bond was allocated to the Mission Clubhouse and Playground Renovation project. The scope of work for the project included:

- Renovated athletic courts
- Seismic upgrades to the clubhouse
- Renovated pathways
- Improvements to the swimming pool filter system
- Site irrigation and lighting
- Removal of ADA accessibility barriers<sup>1</sup>
- The addition of shading devices
- Overall reconditioning of the park landscape

Also, through the generosity of the City Fields Foundation, the Mission Playground had a new, synthetic soccer field installed. The original project scope was completed and the playground was reopened to the public in September 2012. A second phase of the project, which included repairs to the pool building and systems, was completed and opened to the public in August 2013. The original contract amount was \$7.5 million. However, the final contract amount was \$9.3 million. The costs for Phase One and Phase Two of the project were \$8.2 million and \$1.1 million, respectively.

Close-out Defined. Contract close-out formally ends the construction phase of a capital project and ensures the fulfillment of all contractual and legal obligations before final payment is released to the contractor. Ensuring compliance with all close-out procedures assures that the contractor has used city resources appropriately and that the contractor has completed the work in accordance with contract terms. Prompt completion of close-out procedures limits the administrative costs that continue to accrue during the close-out period.

## **Objectives**

The objectives of the assessment were to determine whether Rec and Park adequately oversaw compliance with the close-out procedures in the contract for the Mission Clubhouse and Playground Renovation project and whether the general contractor complied with the contract's close-out procedures.

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<sup>1</sup>The American with Disabilities Act (ADA) prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communication, and government activities.

## Methodology

To achieve the objectives, CSA:

- Reviewed Rec and Park's procedures for contract close-out.
- Developed a checklist of requirements for all phases of close-out based on Rec and Park's required procedures.
- Reviewed close-out documentation provided by Rec and Park.
- Determined whether Rec and Park complied with each applicable requirement.
- Researched relevant best practices.

CSA discussed the close-out process and specific close-out requirements with key Rec and Park employees. CSA also obtained documentation from Rec and Park verifying that procedures were followed for the project's substantial completion, final acceptance, and close-out meeting requirements.

This construction close-out assessment is a nonaudit service. Government Auditing Standards do not cover nonaudit services, which are defined as professional services other than audits or attestation engagements.

## RESULTS

**Finding 1 – Rec and Park did not obtain a Consent of Surety to Final Payment from the contractor's bonding company.**

Rec and Park did not enforce the contract's close-out provision, Section 01700 – 1.4.A.6, requiring that the contractor submit a Consent of Surety as one of the prerequisites for Rec and Park's final acceptance of the work. Rec and Park issued final payment, less retention, to the contractor on February 15, 2013, without obtaining a Consent of Surety to Final Payment. Although the department obtained Conditional and Unconditional Waiver and Release on Progress Payment forms, believing that they would suffice for the Consent of Surety to Final Payment, these forms are not equivalent. According to a representative from the Port of San Francisco (Port), a Consent of Surety is significant because it provides the bonding company an opportunity to raise any issues or concerns before distribution of final payment. Further, according to the Port, the Consent of Surety to Final Payment also states that final payment does not relieve the surety of its bond obligations to the owner, in this case Rec and Park.<sup>2</sup>

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<sup>2</sup> The Consent of Surety to Final Payment form is the standard form used by the American Institute of Architects.

## Recommendations

The Recreation and Park Department should ensure that:

- 1 For all present and future contracts, it secures a Consent of Surety to Final Payment before making the final payment.
- 2 Its construction staff is thoroughly familiar with the terms of its contracts to ensure that the necessary provisions are properly enforced.

## Finding 2 – Rec and Park did not strictly adhere to some minor close-out procedures in the contract.

In the following two instances, Rec and Park did not adhere to the contract's close-out provisions.

- a. Rec and Park did not require the contractor to adhere to the contract, Section 01700 – 1.2.A.1, which requires that the contractor submit all outstanding change orders before the work is 95 percent complete. The purpose of this requirement is to ensure that there is sufficient funding available to complete the project.

According to Rec and Park, there is no evidence that all change orders were submitted before the project was 95 percent complete. The assessment found that some change orders were settled after substantial completion. Substantial completion was achieved on September 28, 2012, and there were 16 change orders submitted after that date, with the last change order approved on November 9, 2012.

- b. Rec and Park did not require the contractor to adhere to the following contract close-out provisions related to substantial completion:
  - Section 01700 – 1.3.A.1: Submit to the Rec and Park representative a statement of all change orders, modifications, claims, and time extension requests just before substantial completion.
  - Section 01700 – 1.3.A.4: Submit to the Rec and Park representative written certification that contract documents were reviewed, work was inspected, and work is complete and conforms to requirements.

Although it maintained a change order log to track the progress of change orders, Rec and Park stated that the contractor did not submit a statement before substantial completion, due to the pending claims.

Regarding Section 01700 – 1.3.A.4, Rec and Park marked the provision as not applicable and referred to the definition of substantial completion. However, the contractor's request for substantial completion and its definition does not exempt Rec

and Park from satisfying this close-out provision. Substantial completion is defined as the stage when the work or designated portion thereof is sufficiently complete, in accordance with the contract documents, so that the owner can use the work for its intended purpose. The definition of substantial completion or the contractor's request for substantial completion does not preclude Rec and Park from satisfying this close-out provision. It is important that written certification is submitted as required by the contract to ensure that all work is complete and conforms to project requirements. Although written certification was not submitted by the contractor, Rec and Park conducted an inspection of the work and determined the project was completed and accepted in accordance with project plans and specifications.

### **Recommendation**

3. For all present and future contracts, the Recreation and Park Department should carefully review all close-out provisions to ensure that applicable close-out requirements are met.

Rec and Park's response is attached. CSA extends its appreciation to you and your staff who assisted with this project. If you have any questions or concerns, please contact me at (415) 554-5393 or [tonia.lediju@sfgov.org](mailto:tonia.lediju@sfgov.org).

cc: Rec and Park  
Toks Ajike  
Public Works  
Albert Ko  
Lourdes Nicomedes  
Controller  
Ben Rosenfield  
Todd Rydstrom  
Mark de la Rosa  
Nicholas Delgado  
Terrance McDowell  
Freddy Padilla



## ATTACHMENT: DEPARTMENT RESPONSE

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Edwin M. Lee, Mayor  
Philip A. Ginsburg, General Manager

November 26, 2014

Tonia Lediju, Director of Audits  
City Hall, Room 477  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Ms. Lediju,

This letter is in response to the report prepared by the Controller's Office for the close-out phase of the Mission Clubhouse and Playground Renovation from the 2008 Clean and Safe Neighborhood Parks Bond which includes comments from both the Recreation and Park Department (RPD) and the Department of Public Works, Bureau of Construction Management Division (DPW).

We would like to thank the Controller's Office for the opportunity to respond to the report regarding close-out procedures documentation. RPD and DPW are committed to providing quality projects for the City and County of San Francisco. As the actual response to the close out procedure checklist, indicates, RPD and DPW were able to document adherence to over 96% of the requested items in the checklist.

In response to the specific findings and recommendations, RPD and DPW will continue to work tenaciously to ensure compliance and further improvements.

Sincerely,

  
Philip A. Ginsburg  
General Manager

CC: Dawn Kamalanathan, RPD Director of Capital & Planning  
Toks Ajike, RPD Project Manager  
Albert Ko, DPW-BCM

For each recommendation, the responsible agency should indicate whether it concurs, does not concur, or partially concurs. If the responsible agency concurs, it should indicate the expected implementation date and implementation plan. If the responsible agency partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

## RECOMMENDATIONS AND RESPONSES

Recommendation	Response
The Recreation and Park Department should:	
1. For all present and future contracts, ensure that it secures the Consent of Surety to Final Payment before making the final payment.	Partially concurs; Construction management staff did in fact secure the Consent of Surety to Final Payment, although it was secured later. The City has already secured Unconditional Waivers from all vendors, from any claims from the contractors on the project. The City conducted Final Inspections, confirming that all completed work by the contractor met the contractual expectations of Rec and Park. As such, the contractor has met all of their contractual obligations, and the contractor's purpose is aligned with the City's, there should be no concerns from them, since the City would be the source of any concerns raised. In the future the City will request the Contractor to provide written certification, in addition to the punch list.
2. Ensure that its construction staff is thoroughly familiar with the terms of its contracts to ensure that the necessary provisions are properly enforced.	Partially concurs; In this comment, the auditors reference "the City is required to ensure that all change orders are processed after 95% progress." The purpose of the requirement is to ensure that funding is already secured through the strict enforcement of the change order log where we document the exposure of change orders are outstanding because the City is negotiating on an agreed cost. Some change order approvals are delayed because there is a disagreement on the disputed amount. In circumstances in the field, the City also requested additional funding that was ongoing to ensure the successful delivery of the project in a timely manner. In addition, and industry standard, implicit in the completion letter and an attached punch list guarantees that the contractor will prosecute per the contract documents. In the future, the City will request written certification, in addition to the punch list.

<b>Recommendation</b>	<b>Response</b>
3. For all present and future contracts, carefully review all close-out provisions to ensure that applicable close-out requirements are met.	RPD Concur.

---

**From:** Reports, Controller (CON) [controller.reports@sfgov.org]  
**Sent:** Monday, December 15, 2014 11:24 AM  
**To:** Calvillo, Angela (BOS); BOS-Supervisors; BOS-Legislative Aides; Kawa, Steve (MYR); Howard, Kate (MYR); Falvey, Christine (MYR); Tsang, Francis; Elliott, Jason (MYR); Steeves, Asja (CON); Campbell, Severin (BUD); Newman, Debra (BUD); Rose, Harvey (BUD); sfdocs@sfpl.info; gmetcalf@spur.org; bob@sfchamber.com; jballesteros@sanfrancisco.travel; Rosenfield, Ben (CON); CON-EVERYONE  
**Subject:** Issued: Economic Barometer Update: 3rd Quarter

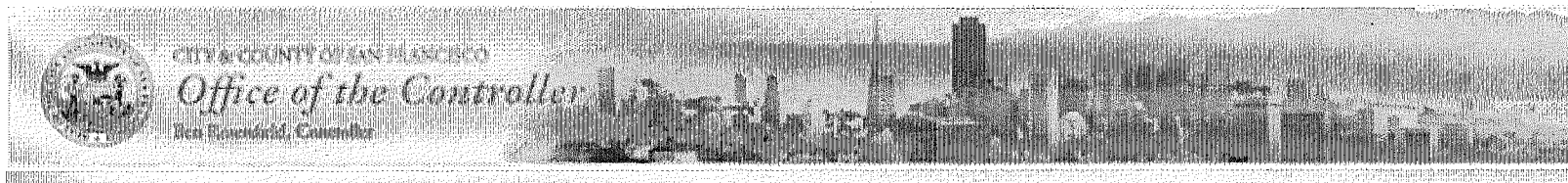
The Controller's Office has issued an Economic Barometer with data through the 3<sup>rd</sup> quarter (July – Sep) of 2014. The website can be accessed at <http://sfbarometer.weebly.com>

**Highlights:**

- The city's jobless rate (seasonally adjusted) remained unchanged at 4.4% in October, which is the lowest level since April 2008. The average unemployment rate for the city during the third quarter of 2014 was 4.4%, down from 4.6% in the second quarter. The third quarter rate remains the lowest since the first quarter of 2008.
- Across the San Francisco metropolitan division (including Marin and San Mateo counties), the Construction industry experienced the fastest year-over-year employment growth of 9.4% in October 2014. Other fast-growing industries include Professional and Business Services (5.9%), Information (5.7%), and Leisure and Hospitality (4.4%).
- Several key indicators of the City's real estate market continue to exhibit strong commercial demand. Average commercial Class A asking rents rose to \$63.5 per square foot in the third quarter, according to Jones Lang LaSalle. This represents a 28% increase above the pre-recession peak established in 2008.
- The residential real estate market also remains among the hottest in the nation on the heels of strong job market performance. Combination of strong housing demand and tight supply continue to put pressure upward pressure on home prices. Median home prices reached close to a million dollars in October. Average asking rents rose to \$3,400 in the third quarter of 2014, up from \$3,229 in the second quarter and compared to \$3,096 a year ago (a 9.8% increase).

This is a send-only e-mail address.

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[Economy-Wide \(/economy-wide.html\)](#)

[Real Estate \(/real-estate.html\)](#)

[Visitors \(/visitors.html\)](#)

## Office of Economic Analysis Economic Barometer

### About the Economic Barometer:

The purpose of the Economic Barometer is to provide the public, elected officials, and City staff with a current snapshot of San Francisco's economy. The Economic Barometer reviews general economy-wide employment indicators, as well as major sectors of the City's economy, including:

Issuance of the Economic Barometer will be on a quarterly basis. Indicators will be updated at [sfbarometer.weebly.com](http://sfbarometer.weebly.com) (<http://sfbarometer.weebly.com>) include data visualizations of the economic indicators along with a PDF of the quarterly summary. Data on the website will be updated as it becomes available.

### Highlights:

- The city's jobless rate (seasonally adjusted) remained unchanged at 4.4% in October, which is the lowest level since April 2008. The third quarter rate for the city during the third quarter of 2014 was 4.4%, down from 4.6% in the second quarter. The third quarter rate in the third quarter of 2008.
- Across the San Francisco metropolitan division (including Marin and San Mateo counties), the Construction industry experienced employment growth of 9.4% in October 2014. Other fast-growing industries include Professional and Business Services (8.4%), Leisure and Hospitality (4.4%).
- Several key indicators of the City's real estate market continue to exhibit strong commercial demand. Average commercial rents were \$63.5 per square foot in the third quarter, according to Jones Lang LaSalle. This represents a 28% increase above the price in the third quarter of 2008.
- The residential real estate market also remains among the hottest in the nation on the heels of strong job market performance. Housing demand and tight supply continue to put upward pressure on home prices. Median home prices reached a record high in October. Average asking rents rose to \$3,400 in the third quarter of 2014, up from \$3,229 in the second quarter and compared to the same quarter in 2013 (increase).

### Program Team:

For more information, contact:

Ted Egan, Chief Economist  
(415) 554-5268  
[ted.egan@sfgov.org](mailto:ted.egan@sfgov.org) (<mailto:ted.egan@sfgov.org>)

Asim Khan, Principal Economist  
(415) 554-5369  
[asim.khan@sfgov.org](mailto:asim.khan@sfgov.org) (<mailto:jay.liao@sfgov.org>)

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Links to more data

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City and County of San Francisco  
 Controller's Office  
 Economic Barometer - Quarter 3, 2014



Economic Indicator	Period	Value	Period-to-Period % Change <sup>a,b</sup>	Year-to-Year % Change <sup>b</sup>	Five-Year Trend <sup>c</sup>
<b>Economy-Wide</b>					
San Francisco Unemployment Rate	October 2014	4.3%	0.0%	-1.1%	
Total Employment, San Francisco MD	October 2014	1,127,600	0.6%	3.5%	
Temporary Employment, San Francisco MD	October 2014	20,200	1.9%	12.8%	
Consumer Price Index, San Francisco MSA	October 2014	255	0.4%	3.2%	
County Adult Assistance Program Caseload	October 2014	5,614	-2.6%	-7.9%	
<b>Real Estate</b>					
Residential Asking Rent	Q3 2014	\$3,400	0.0%	0.0%	
Zillow Home Price Index	October 2014	\$979,400	0.7%	10.6%	
Office Vacancy Rate	Q3 2014	10.4%	0.0%	-0.8%	
Office Average Class A Asking Lease Rate	Q3 2014	\$63	0.9%	8.3%	
<b>Visitors</b>					
Domestic Air Passengers	October 2014	3,215,793	1.8%	5.2%	
International Air Passengers	October 2014	843,209	-2.0%	0.6%	
Hotel Revenue Per Average Room	September 2014	\$269	-0.1%	16.1%	
Powell St. BART Average Saturday Exits	October 2014	27,223	6.3%	37.5%	

Notes:

- a) Period-to-Period % Change uses seasonally-adjusted data
- b) % Change for Unemployment Rate and Office Vacancy Rate represent percentage point difference
- c) Five-Year Trend uses seasonally-adjusted data and the SF 20 Index sparkline is a 2-year trend due to availability of data

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**From:** Loeza, Gabriela (BUD)  
**Sent:** Tuesday, December 16, 2014 9:25 AM  
**To:** Bohannon Jones, Ambi (BOS); Caldeira, Rick (BOS); Calvillo, Angela (BOS); Carroll, John (BOS); BOS Legislation (BOS); Gosiengfiao, Rachel (BOS); Somera, Alisa (BOS); Wong, Linda (BOS); Young, Victor  
**Cc:** Campbell, Severin (BUD); Rabari, Chirag (DSS)  
**Subject:** December 15, 2014 Analysis of Supportive Housing Programs  
**Attachments:** Supportive Housing.Final.121514.pdf

Attached please find a copy of the Budget and Legislative Analyst's report, *Analysis of Supportive Housing Programs*, prepared for Supervisor Farrell. For further information about this report, please contact Severin Campbell at the Budget and Legislative Analyst's Office: 553-4647 or [severin.campbell@sfgov.org](mailto:severin.campbell@sfgov.org).

*Gabriela Loeza*  
*Budget & Legislative Analyst's Office*  
*1390 Market Street, Suite 1150*  
*San Francisco, CA 94102*  
*(415) 553-4622 direct*  
*(415) 552-9292 main*  
*(415) 252-0461 fax*

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**CITY AND COUNTY OF SAN FRANCISCO  
BOARD OF SUPERVISORS  
BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102  
(415) 552-9292 FAX (415) 252-0461

**Policy Analysis Report**

To: Supervisor Farrell  
From: Budget and Legislative Analyst's Office  
Re: Analysis of Supportive Housing Programs  
Date: December 15, 2014



**Summary of Requested Action**

Your office requested that the Budget and Legislative Analyst conduct an analysis of supportive housing in San Francisco. In particular, you requested an examination of the cost and subsidy variations in supportive housing programs and buildings citywide, with a specific focus on the difference between master leased and non-profit owned units; and a review of DPH and HSA contracts with supportive housing providers to identify and compare procedures for client intake, assessment, compliance, and outcomes.

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**Executive Summary**

The San Francisco Plan to Abolish Chronic Homelessness (Ten Year Plan) developed the City's "Housing First" policy, finding that "permanent supportive housing has been proven to be the most effective and efficient way to take chronically homeless off the streets". Supportive housing combines housing with on-site support services, such as case management and mental health interventions.

The Human Services Agency (HSA) and the Department of Public Health (DPH) oversee the City's major supportive housing programs, including:

- Master Lease Program, in which HSA contracts with non-profit organizations to enter into master leases with private owners of Single Room Occupancy (SRO) hotels, and to provide property management and supportive services.
- Local Operating Subsidy Program (LOSP), in which the Mayor's Office of Housing (MOH), on behalf of DPH and HSA, enters into 15-year agreements with nonprofit affordable housing providers to subsidize operating costs at supportive housing sites.
- Direct Access to Housing (DAH), in which DPH provides permanent supportive housing through master leases and non-profit providers, targeting homeless adults with special needs or disabilities. Direct Access to Housing includes sites funded by LOSP.

**FY 2013-14 Budget for Supportive Housing**

In FY 2013-14 the City supportive housing programs mentioned above accounted for \$57,225,474 in spending on property management, leasing costs, and resident

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*Budget and Legislative Analyst*

support services, consisting of 4620 housing units at 70 distinct housing sites, with 26 different vendors providing services. These City programs have three basic types, or models, of supportive housing:

- Master Lease SROs, in which the City contracts with nonprofit providers that lease and manage residential SRO hotels that are mostly privately owned;
- Non-Profit Supportive Housing, which consists of 100% supportive housing for the formerly homeless; and
- Other Affordable Housing, which include supportive housing set-asides within larger affordable housing developments.

Budget per Unit of Supportive Housing

DPH's average annual expenditure per unit was \$14,170 in FY 2013-14 compared to HSA's average expenditure of \$11,418, as shown in the table below, reflecting the diagnosed medical and behavioral health needs of the DPH population and associated higher housing and service costs.

*FY 2013-14 Budget for Supportive Housing by Department*

Department	FY 2013-14 Budget	Units	Budget per Unit
Human Services	\$34,185,765	2994	\$11,418
Public Health	23,039,709	1626	\$14,170
<b>Total</b>	<b>\$57,225,474</b>	<b>4620</b>	<b>\$12,386</b>

The average FY 2013-14 budget per non-profit owned supportive housing unit is \$12,925, as shown in the table below, which is only 2 percent more than the average FY 2013-14 budget per Master Lease unit of \$12,678.

*FY 2013-14 Budget for Supportive Housing by Type of Housing*

Type of Housing	FY 2013-14 Budget	Units	Budget per Unit
Master Lease SRO	\$37,691,800	2973	\$12,678
Non-profit SH	13,415,810	1038	\$12,925
Affordable Housing	6,117,864	609	\$10,046
<b>Total</b>	<b>\$57,225,474</b>	<b>4620</b>	<b>\$12,386</b>

However, while annual budgeted expenditures for Master Lease units reflect all costs to the City for the supportive housing unit, annual budgeted expenditures for non-profit owned supportive housing units do not reflect financing costs to develop the units. The Budget and Legislative Analyst estimates average annual development costs of \$11,000<sup>1</sup>, based on case studies of two non-profit owned supportive housing developments. These estimated development costs increase the average annual cost for non-profit owned supportive housing unit from \$12,925 to \$23,925.

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<sup>1</sup> Financing costs include City financing such as affordable housing loans, other public financing such as low-income housing tax credits, and private financing.

#### Expenditures by Type of Resident

Expenditures at sites for single adults accounted for 82 percent of all spending for supportive housing in FY 2013-14, compared to 11 percent for senior-only sites, 6 percent at mixed sites that include units for adults, families, and youth, and 2 percent at family-only sites.

#### Expenditures to Nonprofit Providers

Six nonprofit providers accounted for 73 percent of all DPH and HSA budgeted expenditures for supportive housing in FY 2013-14, and provided 81 percent of supportive housing units. DPH and HSA's average per unit expenditure in FY 2013-14 for these six providers was \$11,181 per unit, which is more than 10 percent less than program-wide average expenditures of \$12,386. Factors that drive differences in costs among providers include different program models within each provider's portfolio, variations in staffing levels, and differing resident service needs.

#### **Both Master Lease and non-profit owned supportive housing are necessary components of the City's supportive housing program because the existing need for supportive housing exceeds the availability**

Although the City has created more than 3,000 supportive housing units since adoption of the Ten Year Plan in 2004, the number of homeless individuals has remained largely unchanged, increasing slightly from 6,248 in January 2005 to 6,436 in January 2013.

Master Lease housing, which makes up 64% of the City's supportive housing portfolio, is both less expensive and more available than non-profit owned supportive housing. Although Master Lease supportive housing is considered less desirable because the buildings are often older with few amenities, they represent a considerable supply of lower-income housing that might not otherwise be available. In contrast, non-profit supportive housing and other affordable housing sites were developed more recently at significant cost, with substantial support from City, state, or federal sources.

#### **Supportive housing is generally acknowledged as cost-effective, but escalating land and property costs in San Francisco will significantly increase supportive housing costs**

Past analyses by the City and other sources have generally provided evidence for the cost-effectiveness of supportive housing. The City is also undertaking several evaluations and reorganizations of its supportive housing program. These include a November 2014 Controller's Office analysis of HSA's client outcomes and service utilization in supportive housing, and a DPH evaluation of health care services utilization rates.

While the cost effectiveness of supportive housing will likely continue, the actual costs of operating supportive housing in San Francisco will escalate. The rent per housing unit per month of \$1,190 in the most recent Master Lease approved by

the Board of Supervisors for 250 Kearny Street is more than 50 percent higher than the rent per housing unit per month of \$791 in the next highest cost Master Lease between DPH and the landlord for Le Nain Hotel at 730 Eddy Street. The costs to develop non-profit owned supportive housing is also high, at \$300,000 to \$350,000 per unit, and is expected to increase.

**The City's existing performance measures and outcome metrics limit the City's ability to evaluate the effectiveness of supportive housing programs**

There are numerous practical limitations with currently available data and program procedures. In the case of HSA's Master Lease units, for example, key data on high-level categories of spending is simply unavailable.

Contract performance and outcome measures are not sufficiently detailed to track the actual outcomes of supportive housing residents and whether supportive housing programs are effective. For example, an outcome measure might track the percentage of residents who leave supportive housing and obtain other housing but not track the type of housing that they obtain, such as publicly-funded housing, housing with family or friends, or relocation to another city or state. Having a better understanding of these outcomes is important, as they all indicate differing levels of service needs and therefore have differing implications in terms of the emphasis of City policy.

In general, both HSA and DPH are heavily oriented towards internal contractual compliance rather than comprehensive contractual comparison, such as assessing which programs, buildings, and vendors are leading to outcomes desired by the City. Moving towards more comprehensive contract evaluation should be an explicit component of City policy.

**The City Needs to Develop a New Ten Year Plan**

The Ten Year Plan considers supportive housing to be permanent, and does not discuss whether residents can become more self-sufficient and transition out of intensive housing into other living environments that provide less or no support. The City does not currently assess whether residents of supportive housing can move from housing with a high level of support services into other types of housing. The City needs to consider whether intensive supportive housing should always be permanent housing or whether residents can transition from more intensive to less intensive housing.

The Board of Supervisors should consider convening a working group consisting of representatives from HSA, DPH, Mayor's Office of Housing, other City agencies, and community organizations<sup>2</sup>, to update the City's policies on supportive housing.

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<sup>2</sup> In June 2014, Mayor Lee and Supervisor Farrell announced the creation of the San Francisco Inter-Agency Council on Homeless, consisting of City department heads and elected officials to coordinate the City's response to homelessness, which could be the working group to develop the new Ten Year Plan.

## The City's Supportive Housing Programs

The City offers several housing options and services in its supportive housing portfolio. For the purposes of this report we looked at the City's largest permanent supportive housing programs:

- Master Lease Program: The Human Services Agency (HSA) enters into master leases in which non-profit providers under contract with HSA lease Single Room Occupancy (SRO) hotels from private landlords. Master Lease SRO units are part of the City's "Housing First" strategy, and include the Care Not Cash program, where homeless adults who qualify for the County Adult Assistance Program (CAAP) are offered housing and support services as part of their benefit package.
- Local Operating Subsidy Program (LOSP): The Mayor's Office of Housing (MOH) enters into 15-year agreements with nonprofit affordable housing providers on behalf of the Department of Public Health (DPH) and HSA, to subsidize operating costs at supportive housing sites. DPH and HSA request General Fund monies in their annual budgets for these subsidies, which are paid through the Mayor's Office of Housing (MOH) and cover only the operating and maintenance costs of the supportive housing units. Direct funding is provided by HSA and DPH for supportive services.
- Direct Access to Housing: Direct Access to Housing (DAH) is permanent supportive housing administered by DPH targeting homeless adults with special needs, including mental health, alcohol and substance abuse problems and/or complex medical conditions. The DAH program includes Master Lease SRO units, LOSP sites, and other non-profit supportive housing.

The Budget and Legislative Analyst focused on these programs because they cast the widest nets in terms of their eligible service populations, and because approximately 98% of their funding support comes from the City. Our primary analysis ("DPH and HSA Expenditures for Supportive Housing", see below) did not review programs that provide services to more specific populations, such as the federally-funded Shelter Plus Care program, which is limited to persons with disabilities, or Housing Opportunities for People with AIDS (HOPWA), which is limited to persons living with disabling HIV.

In FY 2013-14 these programs accounted for \$57,225,474 in spending, supporting 4620 housing units, as specified in Table 1 below. Please note that DPH's LOSP sites and services fall under the umbrella of the Direct Access to Housing program and budget.

**Table 1: FY 2013-14 Expenditures and Units by Supportive Housing Program**

Program	Budget	Total Units
<b>DPH</b>		
Direct Access to Housing <sup>1</sup>	<b>\$23,039,709</b>	<b>1626</b>
<b>HSA</b>	<b>\$34,185,765</b>	<b>2994</b>
Master Lease Program	27,022,537	2523
LOSP & LOSP Services	\$7,163,228	471
<b>Total</b>	<b>\$57,225,474</b>	<b>4620</b>

<sup>1</sup> The DAH budget includes LOSP funds. Excludes Broderick Street Residential Care facility.

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

These programs incorporate 70 distinct permanent supportive housing sites between HSA and DPH. Of the 70 sites, 37 are HSA, and 33 are DPH<sup>3</sup>. There are 26 different vendors across the 70 sites providing property management or supportive services to the City’s homeless.

The City may fund three different categories of spending at a supportive housing site:

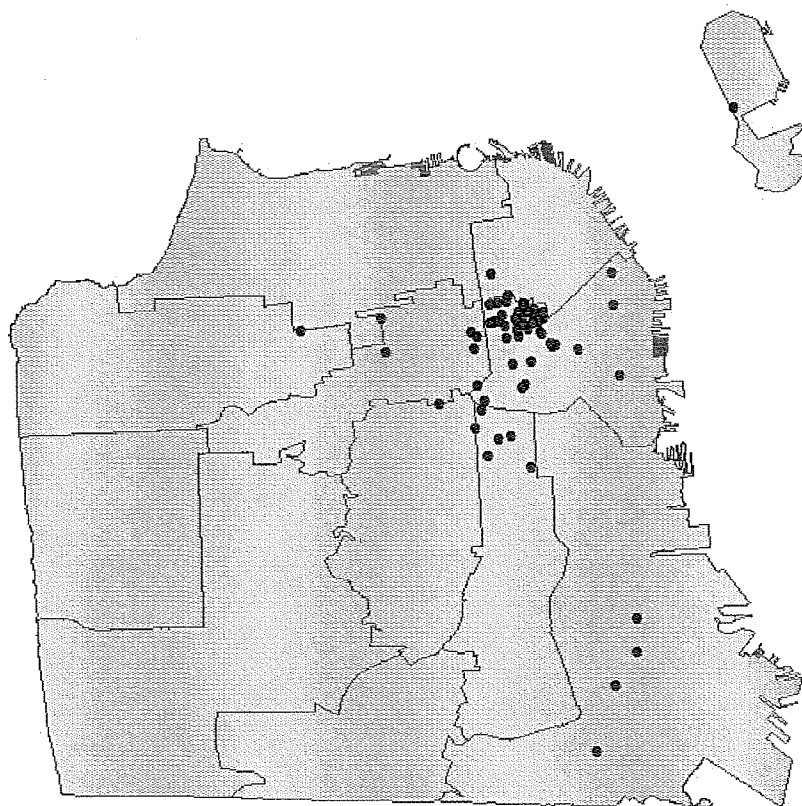
- Property Management: includes utilities, security, and other building management costs, such as tenant rental agreements, communications, rent collection and record keeping, janitorial work, maintenance, compliance, trash pickup, and front desk staffing;
- Leasing: City funds paid to building owners by housing providers or directly by the department for use of housing units; and
- Support services: may include but not limited to: outreach, intake and assessment, case management, benefits advocacy and assistance, and behavioral health interventions. These support services are voluntary. DPH also provides money management and third party rent payment services for residents.

Below is a map of HSA and DPH sites in the Master Lease Program, Local Operating Subsidy Program, and Direct Access to Housing. As can be seen, sites are heavily clustered in supervisorial District 6.

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<sup>3</sup> DPH has a number of multi-site contracts; discrete buildings are accounted for in this list.

**Chart 1: Location of Master Lease, Local Operating Subsidy Program, and Direct Access to Housing Sites**



**Legend**

- Supportive Housing & Services Locations

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

The programs that form the basis of this analysis fund three types, or models, of supportive housing:

- Master Lease SROs, in which the City provides permanent housing with supportive services to homeless adults by contracting with nonprofit providers that lease and manage residential SRO hotels that are mostly privately owned;
- Non-profit Supportive Housing, which are owned and operated by nonprofit providers, providing 100% supportive housing for formerly homeless residents; and
- Other Affordable Housing, which include supportive housing set-asides within larger affordable housing developments.

Chart 2 below details the number of supportive housing sites funded by each program, broken out by the type of housing. As can be seen, DPH's Direct Access to Housing program has a more diverse housing portfolio and funds all three types

of housing. The Local Operating Subsidy Program exclusively funds non-profit and other affordable housing.

**Chart 2: Number of Housing Sites by Type that Receive Funding from City Supportive Housing Programs**

Housing Program	Housing Type	Master Lease SRO	Non-Profit Supportive Housing	Other Affordable Housing
<b>Master Lease Program (HSA)</b>		28 buildings		
<b>LOSP &amp; LOSP Services<sup>1</sup> (HSA +DPH)</b>			12 buildings	10 buildings
<b>Direct Access to Housing (DPH)</b>		6 buildings	2 buildings	12 buildings

<sup>1</sup> Includes DPH’s Direct Access to Housing LOSP sites. Of the 12 non-profit supportive housing sites, 7 are HSA buildings and 5 are DPH; of the 10 other affordable housing sites, 2 are HSA and 8 are DPH.

**History of the City’s Supportive Housing Buildings**

San Francisco’s SROs were built primarily in the early 20<sup>th</sup> century to provide temporary accommodations to the City’s transient workforce. Although a limited number of SROs have seen major recent renovations, and the SROs in DPH’s portfolio offer a high level of services, the majority of these buildings have not been significantly improved over the years and their overall quality is generally regarded as low. They do, however, represent a considerable supply of lower-income housing that might not otherwise be available.

In contrast, many of the non-profit supportive housing and other affordable housing sites were developed more recently as part of various initiatives associated with the City’s Ten Year Plan to Abolish Chronic Homelessness, established in 2004. Generally speaking these sites were developed at significant cost to complex, multi-firm development teams, with substantial support from City, State, or Federal sources. The quality of these facilities and their associated services are generally regarded as high, although their supply is more limited.

**Current Evaluations and Initiatives in the City’s Supportive Housing Programs**

HSA is currently evaluating and restructuring its supportive housing programs, including a Controller’s Office evaluation of existing programs and a new Notice of Funding Availability (NOFA) for supportive housing providers. DPH is also



undertaking an evaluation of the impact of supportive housing on health care utilization at one DAH site.

#### Controller's Office Analysis

For a variety of reasons including how reporting requirements are structured in contracts, incompatible databases, and measurement limitations, HSA has limited information on client service utilization (how often clients seek and receive voluntary supportive services), client trajectories in supportive housing (whether and how client needs change over time), and tenant outcomes (how many exit supportive housing to other stable housing versus returning to homelessness). The Controller's Office undertook a year-long study of HSA's supportive housing program, evaluating service utilization, client trajectories, and tenant outcomes; the report was released in November 2014<sup>4</sup>. The purpose of this study was to "ensure clients have access to the appropriate amount and types of services, and to better understand whether the permanent supportive housing model is effective at helping clients address the barriers and needs that led to previous episodes of homelessness."

#### HSA's Move to a New Tiered Contract System

HSA recently issued a NOFA to all its supportive housing providers announcing a new "tiered" structure for supportive housing sites. HSA's purpose is to organize supportive housing sites based on the characteristics of the units and service needs of the residents (the higher the tier, the greater the service needs). These tiers will have specific funding, service and outcome targets<sup>5</sup>, and eligibility and referral processes. The new system will contain the following five tiers:

- Tier 1: Step-Up Master Lease and Non-Placement Units provide housing units to adults referred from other HSA-funded buildings. HSA will provide funding for leasing, housing operations/property management and supportive services. Eligible tenants must be existing HSA tenants with a successful housing history in other master lease buildings. The Tier 1 sites offer minimal supportive services and have fewer site staff.
- Tier 2: Master Lease – Moderate Support Services provides housing units to adults. HSA manages the referral and placement process with the provider to fill vacancies, and provides funding for leasing, housing operations/property management, and supportive services. The supportive service staff ratio is approximately 1:50.
- Tier 3: Master Lease – Stronger Support Services provides housing to adults. HSA manages the referral and placement process with the provider to fill vacancies, and provides funding for leasing, housing

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<sup>4</sup> <http://sfcontroller.org/Modules/ShowDocument.aspx?documentid=6014>

<sup>5</sup> These targets have not yet been determined; they will be established once sufficient baseline data has been gathered.

operations/property management, and supportive services. The supportive service staff ratio is approximately 1:35.

- Tier 4: Local Operating Subsidy Program and U.S. Housing and Urban (HUD) Supportive Housing – Moderate Need Adult and / or Families serves families and single adults. Eligibility criteria do not require that all referrals be chronically homeless or have a disability, and not all units at the site fit the criteria of this tier. HSA manages the referral and placement process with the provider to fill vacancies, and provides funding for leasing, housing operations/property management, and supportive services.
- Tier 5: Local Operating Subsidy Program, and HUD Supportive Housing and Shelter Plus Care Programs – High Need Adult and / or Families serves families and single adults. Eligibility criteria require that all referrals be chronically homeless or have a disability, and all units at the site must fit the criteria of this tier. HSA manages the referral and placement process with the provider to fill vacancies, and provides funding for leasing, housing operations/property management, and supportive services. Supportive services staff have a higher level of education and experience versus other tiers.

Providers will have three years to transition to the new requirements. The new contracts will run from July 1, 2014 to June 30, 2018.

#### Limited Move to Coordinated Assessment

All federally-funded permanent supportive housing units administered by DPH and HSA are participating in a two-year pilot program for coordinated assessment. The purpose is to target individuals with the longest histories of homelessness by leveraging several data sources that are not currently shared. Goals of the coordinated assessment pilot program include:

- Reducing the length of homelessness;
- Improving assessment so clients receive the best possible placement;
- Using existing data instead of redundant or intrusive interviews;
- Ensuring equitable treatment among clients, instead of favoring case management connections;
- Providing client choice; and
- Improving data about level of need, length of homelessness, and housing preferences.

DPH and HSA plan to implement coordinated assessment system-wide for all federally supported populations by 2017. Both agencies are evaluating the feasibility of moving to coordinated assessment for all homeless populations, not just federally-supported ones.

### Improved Contract Monitoring

Although performance data at the individual contract level is reviewed regularly by contract monitors, HSA does not currently have any way to easily summarize and compare performance by supportive housing vendors across contracts. HSA is currently in the process of building a new contract monitoring database that will allow easier comparison of contract performance measures. This functionality is expected to be available sometime in FY 2014-15.

The Budget and Legislative Analyst will summarize and evaluate the efficacy of existing contract performance measures in the below section, "In-Take, Assessment, Compliance, and Outcomes".

### DPH Evaluation of Health Care Services Utilization Rates

DPH, in partnership with the Tenderloin Neighborhood Development Corporation, is participating in an evaluation supported by the Corporation for Supportive Housing and the Corporation for National and Community Services. A two-year evaluation has started at Kelly Cullen Community, one of four sites nation-wide to receive the grant. According to Margot Antonetty, Interim Director of Housing and Urban Health, the evaluation is investigating tenant utilization of health care services both before and after housing, and in comparison to a control group. The data will be assessed across the four sites to determine how permanent supportive housing impacts health care services utilization rates.

### **Past Analyses of the Cost-Effectiveness of Supportive Housing**

In 2011 the Controller's Office performed a literature review on the costs and benefits of supportive housing. The review found wide support for the benefits of supportive housing, including:

- Significant public cost savings by reducing chronically homeless participants' incarceration rates and use of emergency services
- Net public costs savings when comparing the cost of supportive housing programs with the public cost savings they generate, although these savings are generally not transferable between public service systems

More recent investigations, such as an April 2014 report produced by the Canadian government, found that for every \$1 spent on housing for mentally ill homeless adults, there is a \$2.50 reduction in other government spending. The project was the largest trial of permanent supportive housing ever performed.

There have also been several San Francisco-specific studies led by Dr. Joshua Bamberger, which showed roughly similar results. Dr. Bamberger was the Medical Director at SF DPH, Housing and Urban Health, at the time and is now the Medical Consultant for the DAH program.

## **Methodology**

To take a closer look at average costs and enable general comparisons between Master Lease and non-profit owned supportive housing, the Budget and Legislative Analyst developed a matrix of supportive housing sites administered by HSA and DPH, classifying sites according to the following criteria: housing type (master lease, non-profit owned, other affordable), operating and funding agency, funding program, target population, target subpopulation, number of units, number of tenants, building owner, vendor(s), overall budget, cost details (property management, leasing, and support), and building location.

There are, however, several factors that must be considered when assessing the findings presented in this report on expenditure variations ("DPH and HSA Expenditures for Supportive Housing").

### **Limitations in Identifying HSA Master Lease Budget Allocations**

There were limitations in determining some cost details, specifically for buildings within HSA's Master Lease program. The master lease contracts do not distinguish between cost categories such as operating and leasing versus supportive services expenditures, therefore looking at the contract budgets alone did not allow us to determine exactly how current year budgets are allocated. The last time HSA determined these costs details was in FY 2011-12 through a special information request to contractors by the Single Adult Supportive Housing (SASH) working group.

In order to provide general comparisons of itemized spending on operating, leasing, and supportive services costs, the Budget and Legislative Analyst used previously determined FY 2011-12 cost breakdowns for the 28 sites in HSA's Master Lease portfolio. Any use of SASH data in this report has been noted as appropriate. All other figures are based upon FY 2013-14 data.

### **Accounting for Development Costs: Non-Profit Supportive and Other Affordable Housing**

As previously noted, many non-profit supportive and other affordable housing sites were recently developed or renovated, often at significant cost. Although development costs incurred by the City are tracked through the Mayor's Office of Housing and Community Development, these expenses are not captured when assessing annual spending by the City's supportive housing programs.

Although it is possible to develop an accurate picture of how ongoing spending is allocated and thereby compare between programs, this will not provide insight into the role played by past and future investment in creating the housing itself. The Budget and Legislative Analyst therefore performed a case-study analysis of two non-profit affordable housing sites, to illustrate how development expenses may be considered when assessing cost-effectiveness of different supportive housing models. See the section below ("Case Study Analysis") for further details.

### Rental Revenues and Subsidy Variations

All residents of the City's permanent supportive housing programs must pay rent for their units. The required rent payment varies by program, as described in Chart 3 below. Rental payments are collected by the housing provider and are generally directed to help cover property operating costs. In addition, at Other Affordable Housing sites there are non-homeless residents whose rental payments also contribute to site operating costs. These revenues are not, however, directly reflected in the program and site budgets analyzed by the Budget and Legislative Analyst's Office. Because revenues and expenses vary by building, our analysis of average annual expenditures reflects only budgeted City expenditures, and not total actual spending per housing site.

#### Chart 3: Required Rent Payments and Subsidy Variations

<p style="text-align: center;"><u>Master Lease Program (HSA)</u></p> <p>Rent is subsidized by contracts with hotel owners; Care Not Cash clients receive an additional subsidy. Most residents pay a \$503 flat rate for their unit while Care Not Cash clients will pay either \$278 or \$318 per month depending on their precise benefit package. A small number of SRO buildings have their own specific requirements, generally 30% of income or a sliding scale.</p> <p style="text-align: center;"><u>Local Operating Subsidy Program (HSA)</u></p> <p>Residents of HSA's LOSP sites pay 30% of their monthly income in rent. LOSP projects develop annual operating budgets that describe the project's income and shortfall for nine years. HSA provides the Mayor's Office of Housing with funding to cover the shortfall via operating subsidies, which keeps units affordable to very low-income residents.</p> <p style="text-align: center;"><u>Direct Access to Housing (DPH)</u></p> <p>DAH residents must pay 30% to 50% of their monthly income in rent, including DAH LOSP sites. According to DPH, the average rent received from residents is approximately \$350 a month. DAH covers the balance to provide housing and support services for the resident.</p>
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The Section below ("Case Study Analysis") briefly addresses how rental revenues can be incorporated into an analysis of site costs.

#### Other Financial Support

As noted earlier, this analysis is focused on DPH and HSA budgeted expenditures within the City's most comprehensive supportive housing programs. There are, however, other sources of funding that may be supporting particular buildings.

The most significant source of non-City funds to support the homeless are federal monies through Housing and Urban Development's (HUD) McKinney-Vento programs, which provide for a range of homeless services, including operating subsidies and supportive services.

In the case of DPH, a limited amount of HUD funds are included in DAH operating budgets.

In the case of HSA, however, federal funds and their associated housing units and services are administered separately from the SRO Master Lease Program and the Local Operating Subsidy Program. Some of these federally funded units and services are co-located at HSA and DPH-funded housing sites.

For example, of the seventy total supportive housing sites analyzed in this report, seven, or 10%, also receive federal funding through HUD McKinney's Shelter Plus Care program, which is administered by HSA and provides operating subsidies for homeless persons with disabilities. These sites, and the impact of including federal funding in average expenditure calculations, are noted below in the Section, "DPH and HSA Expenditures for Supportive Housing". Additionally, the Section below ("Case Study Analysis") assesses the impact of including federal funding in calculating total costs at one supportive housing site.

In addition to Federal funds not included in DPH or HSA budgets, affordable housing sites in particular may receive additional funding to support overall (as opposed to homeless-specific) building expenses, such as Section 8 vouchers. Other sites and providers may receive additional grants from other federal, state, or non-profit sources in order to provide enhanced services to their residents.

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## **DPH and HSA Expenditures for Supportive Housing**

In FY 2013-14, DPH and HSA's primary supportive housing programs funded 4620 units, totaling \$57.2 million in budgeted expenditures for annual operations, leasing, and supportive services.

DPH and HSA contracts for Master Lease SROs made up 64 percent of total supportive housing units, or 2973, and 66 percent of budgeted expenditures in FY 2013-14, or about \$37.7 million, as shown in Table 2 below. Non-Master Lease units (Non-Profit and Other Affordable) totaled 1176, or 36 percent of total housing units, and 35 percent of budgeted expenditures, or about \$19.5 million.

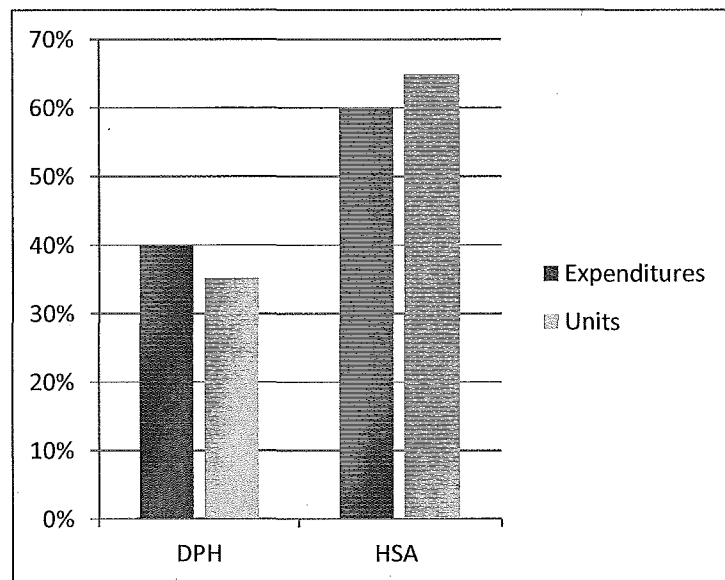
**Table 2: FY 2013-14 Expenditures and Units by Type of Supportive Housing**

Type of Housing	Human Services		Public Health		Total	
	Expenditure	Percent	Expenditure	Percent	Expenditure	Percent
Master Lease SRO	\$27,022,537	79%	\$10,669,263	46%	\$37,691,800	66%
Non-Profit Owned	5,975,038	18%	7,440,772	32%	13,415,810	24%
Other Affordable	1,188,190	4%	4,929,674	21%	6,117,864	11%
<b>Total</b>	<b>\$34,185,765</b>	<b>100%</b>	<b>\$23,039,709</b>	<b>100%</b>	<b>\$57,225,474</b>	<b>100%</b>
	Units	Percent	Units	Percent	Units	Percent
Master Lease SRO	2523	84%	450	28%	2973	64%
Non-Profit Owned	407	14%	631	39%	1038	23%
Other Affordable	64	2%	545	34%	609	13%
<b>Total</b>	<b>2994</b>	<b>100%</b>	<b>1626</b>	<b>100%</b>	<b>4620</b>	<b>100%</b>

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

As shown in Chart 4 below, DPH's \$23 million budget comprises 40 percent of overall supportive housing expenditures, compared to 60 percent for HSA's \$34.2 million budget. DPH's share of overall supportive housing units is 35 percent at 1626 units, compared to HSA's share of 65 percent at 2994 units.

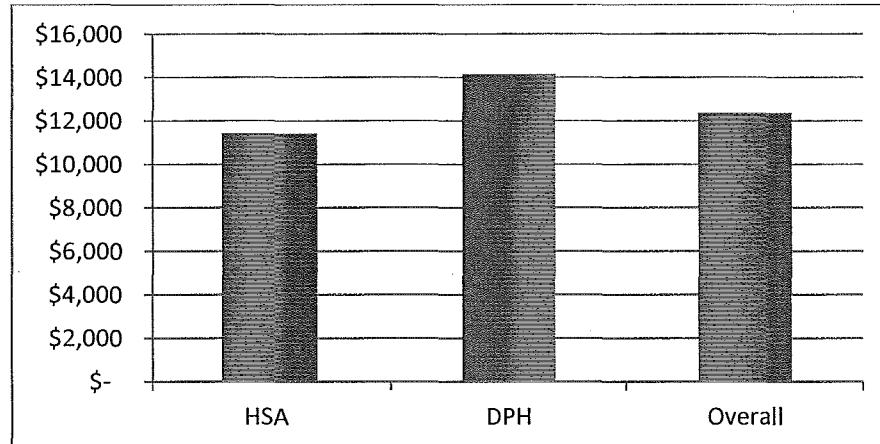
**Chart 4: HSA and DPH Share of Expenditures**



Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

DPH and HSA's average annual budgeted expenditure per supportive housing unit for all housing types was \$12,386 in FY 2013-14, as shown in Chart 5 below, or \$1,032 per month. DPH's average annual expenditure per unit was \$14,170 in FY 2013-14 compared to HSA's average expenditure of \$11,418, reflecting the diagnosed medical and behavioral health needs of the DPH population and associated higher housing and service costs.

**Chart 5: Average Annual Expenditure per Supportive Housing Unit**



Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

### Variations in Supportive Housing Expenditures

DPH and HSA's average FY 2013-14 budget per supportive housing unit varied by department and type of housing, as shown in Chart 6 below. The average FY 2013-14 budget for:

- All Master Lease housing was \$12,678 per unit: DPH's average FY 2013-14 budget was \$23,709 per unit, and HSA's average FY 2013-14 budget was \$10,710 per unit.
- All non-profit owned supportive housing was \$12,925 per unit: DPH's average FY 2013-14 budget was \$11,792 per unit, and HSA's average FY 2013-14 budget was \$14,681 per unit.<sup>6</sup>
- All other affordable housing that incorporated supportive housing units within the affordable housing development was \$10,046: DPH's average FY 2013-14 budget was \$9,045 per unit<sup>7</sup>, and HSA's average FY 2013-14 budget was \$18,565.

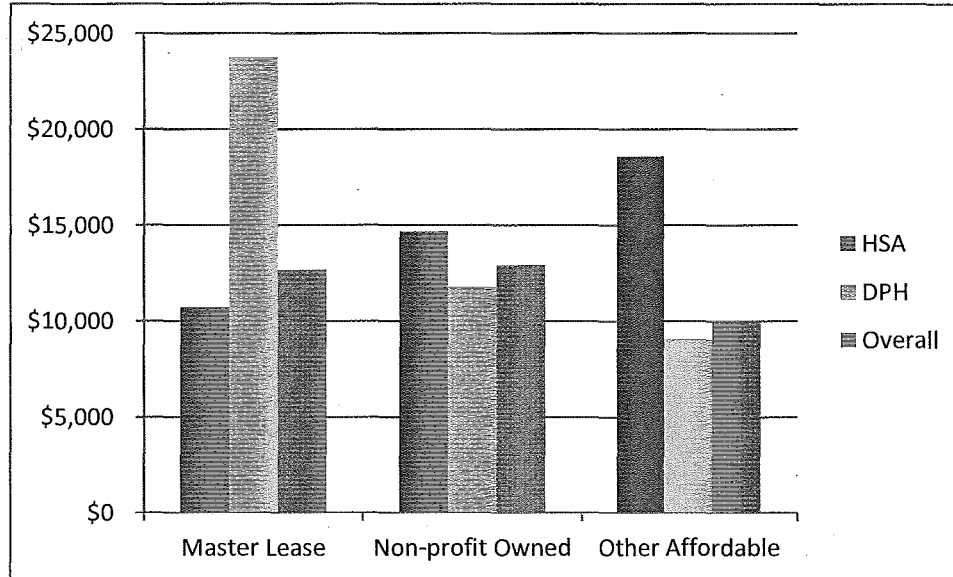
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<sup>6</sup> As previously noted, our analysis excluded federally-funded supportive housing programs. Of the seven HSA-funded Non Profit Owned sites, four (Arendt House, Arnett Watson, Bayview Hill, Bishop Swing) received federal Shelter Plus Care funding for a limited number disabled residents. If these operating funds had been included, overall average expenditure per unit would have increased to \$16,513. Including these funds would not have impacted the relative ranking of HSA's Non-Profit Owned sites as compared to other housing types.

<sup>7</sup> As previously noted, our analysis excluded federally-funded supportive housing programs. However, of the 20 DPH-funded Other Affordable sites, three (Folsom/Dore, Mary Helen Rogers, and Parkview Terraces) received Shelter Plus Care funding for a limited number of disabled residents. If these operating funds had been included, overall average expenditure per unit would have increased to \$10,403. Including these funds would not have impacted the relative ranking of DPH's Other Affordable sites as compared to other housing types.



**Chart 6: FY 2013-14 Average DPH and HSA Budget per Housing Unit**



Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

There is additional variation in the composition of expenditures, that is, in how monies are allocated amongst the three main categories of spending supported by City funds (leasing, property management, and supportive services).

For example, DPH’s average expenditures for leasing and operations at Master Lease units total \$17,477 per year compared to \$11,284 per year in HSA’s Master Lease units<sup>8</sup>. According to Ms. Antonetty, the FY 2013-14 budgeted leasing and operating expenditures for DPH Master Lease buildings are high compared to other types of supportive housing due to the amount of maintenance and upgrades required at these older buildings. Additionally, DPH has absorbed rent losses and other costs as building owners and property managers have replaced elevators at four of the six DAH Master Lease sites; the property managers also update units as they turnover to address “bed-bug vulnerable” features.

In addition, DPH’s average expenditures per eligible tenant for supportive services are much higher at the Master Lease units at \$6,232 per year, compared to \$1,859<sup>9</sup> for HSA Master Lease units. As noted earlier, this reflects the diagnosed medical and behavioral health needs of the DPH population, which requires that DPH licensed social workers, registered nurses, and case managers staff the six DAH Master Lease sites. In contrast, HSA’s Master Lease units provide the lowest level of supportive services and the fewest amenities of any supportive housing type.

By contrast, for non-Master Lease units (Non-Profit Owned and Other Affordable) DPH has lower average annual expenditures: \$6,739 per unit for property

<sup>8</sup> This figure is based on HSA’s 2011-12 SASH analysis.

<sup>9</sup> This figure is based on HSA’s 2011-12 SASH analysis.

management and \$4,855 per eligible tenant for supportive services. The low average annual expenditures for property management at DPH's Other Affordable sites is partly due to the fact that there are other, non-homeless residents in the buildings whose rental payments are also contributing to on-site property management.

At HSA's non-Master Lease units the figure is \$8,975 per unit per year for property management and \$3,812 per eligible tenant for supportive services. The higher spending on property management at HSA's Non-Master Lease sites is partly due to the fact that many of these buildings are targeted to Families and Seniors, who have higher costs on average compared to Adults (see below for further details, "Resident Profile and Access to Supportive Services").

As noted earlier, there are also several other factors to be considered when assessing the average budgeted expenditures for non-Master Lease units, which will be discussed below in the Section, "Case Study Analysis".

Table 3 below contains additional detail on how overall funding is allocated between different expenditure categories for the primary housing types. As can be seen, Non-Master lease units spend relatively larger portions of their budgets on Supportive Services, while Master Lease units pay a larger portion in leasing costs and property management. DPH's Master Lease Units allocate a greater percentage of spending on supportive services compared to HSA's Master Lease units.

**Table 3: Expenditure Allocations by Housing Type**

**Master Lease**

<u>Expenditure Category</u>	<u>DPH</u>	<u>HSA<sup>1</sup></u>
Leasing	36%	35%
Property management	37%	51%
Supportive services	26%	14%

<sup>1</sup> based on HSA 2011-12 SASH analysis

**Non-Profit Owned & Other Affordable**

<u>Expenditure Category</u>	<u>DPH</u>	<u>HSA</u>
Property management	62%	59%
Supportive services	38%	41%

**Resident Profile and Access to Supportive Services**

While no resident is required to utilize services in order to qualify for supportive housing, most contracts between HSA or DPH and the service provider generally require the provider to take affirmative steps to reach out to residents. All residents of supportive housing have access to services, including family members who are part of a household.

Neither DPH nor HSA collects detailed information on the nature of client service utilization or the number of residents participating. See the below section, "Intake, Assessment, Compliance and Outcomes", for additional details on contract performance requirements.

Services to Individuals and Families

Expenditures at sites for single adults accounted for 82 percent of all spending for supportive housing and 84 percent of all units in FY 2013-14, as shown in Table 4 below.

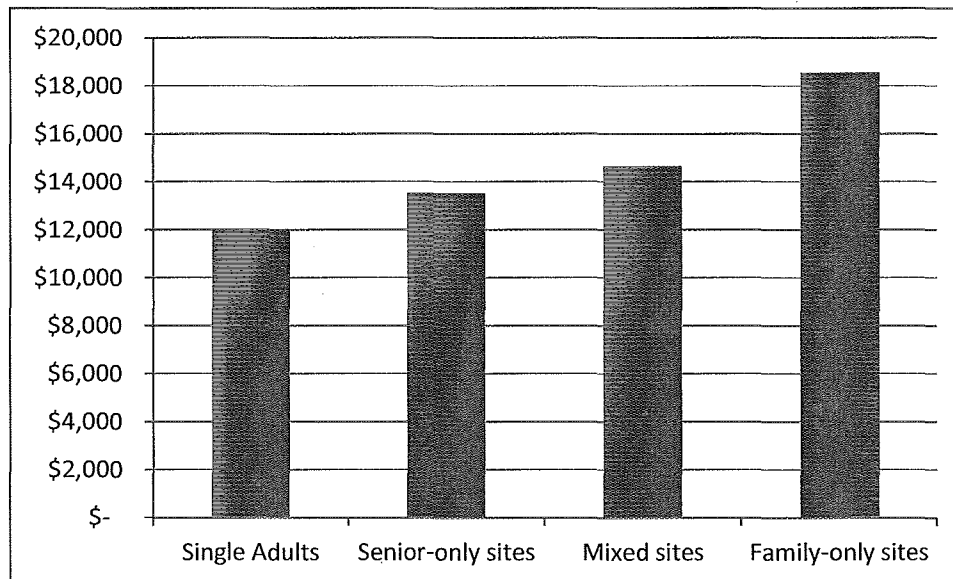
**Table 4: Expenditures and Units by Population**

	<b>Expenditures</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
Single Adults	\$46,783,653	82%	3890	84%
Senior-only Sites	6,057,034	11%	448	10%
Mixed Sites: Adults, Families, & Youth	3,196,597	6%	218	5%
Family-only Sites	1,188,190	2%	64	1%
<b>Total</b>	<b>\$57,225,474</b>	<b>100%</b>	<b>4620</b>	<b>100%</b>

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

DPH and HSA's average budgeted expenditure per supportive housing unit for a single adult in FY 2013-14 was \$12,027. Housing units at family-only and mixed sites including families and youth have the highest average costs, as shown in Chart 7 below. These sites have higher average costs because they must accommodate a larger number of tenants per unit.

**Chart 7: Average Expenditures per Housing Unit by Population<sup>1</sup>**

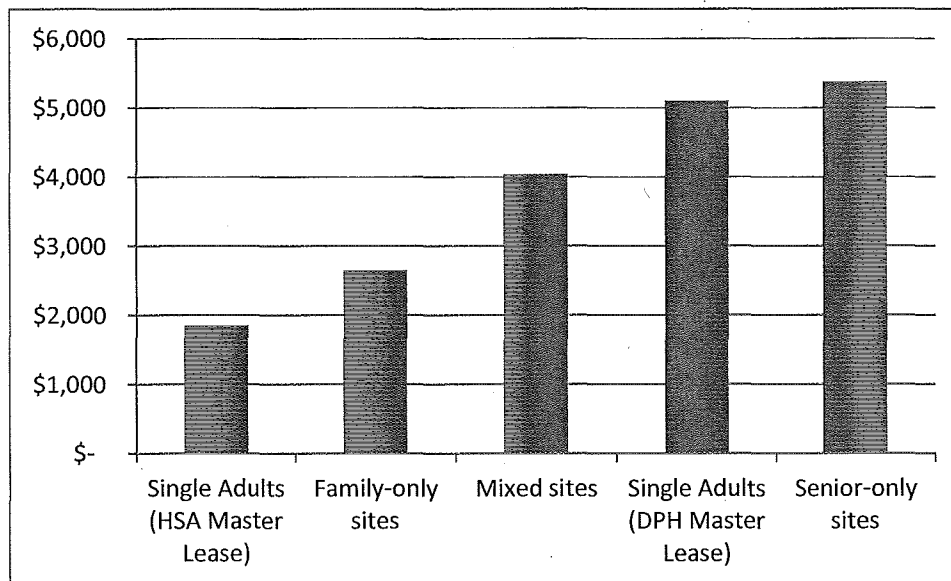


<sup>1</sup> These figures are budgeted expenditures and do not include other potential funding sources

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

As noted previously, Single Adults in HSA's Master Lease units have the lowest average budgeted expenditure for supportive services per eligible resident, at \$1,859 per year. Senior-only sites, due to their greater need for care and support, had the highest average annual budgeted expenditure of \$5,381 per eligible resident, as shown in Chart 8 below. Family-only sites also have relatively lower average supportive service expenditures because there are a larger number of eligible tenants per family unit.

**Chart 8: Average Supportive Services Expenditures per Eligible Resident<sup>1</sup>**



<sup>1</sup> These figures are budgeted expenditures and do not include other potential funding sources. Averages were calculated based on available building tenant counts. HSA Master Lease data based on HSA 2011-12 SASH Analysis.

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

### Variation in Housing and Service Costs among Providers

Six nonprofit providers accounted for 73 percent of all DPH and HSA budgeted expenditures for supportive housing in FY 2013-14, and provided 81 percent of supportive housing units, as shown in Table 5 below.

**Table 5: Budgeted Expenditures by Provider<sup>1</sup>**

<b>Provider</b>	<b>Expenditures</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
Tenderloin Housing Clinic	\$15,488,713	27%	1,580	34%
DISH (Innovation in Supportive Housing) <sup>2</sup>	7,864,702	10%	450	10%
Episcopal Community Services	6,916,180	12%	582	13%
Community Housing Partnership	5,274,569	9%	482	10%
Conard House	3,553,917	6%	253	5%
Tenderloin Neighborhood Development <sup>3</sup>	2,952,637	5%	414	9%
<b>Subtotal</b>	<b>42,050,718</b>	<b>73%</b>	<b>3,761</b>	<b>81%</b>
All Other Providers (n=20)	15,174,756	27%	859	19%
<b>Total</b>	<b>\$57,225,474</b>	<b>100%</b>	<b>4,620</b>	<b>100%</b>

<sup>1</sup> An individual provider may receive funding from one or several City programs and may support a range of housing types, expenditure categories, and residents.

<sup>2</sup> These are property management and leasing expenses only; supportive services at these sites are funded separately and provided by DPH-HUH.

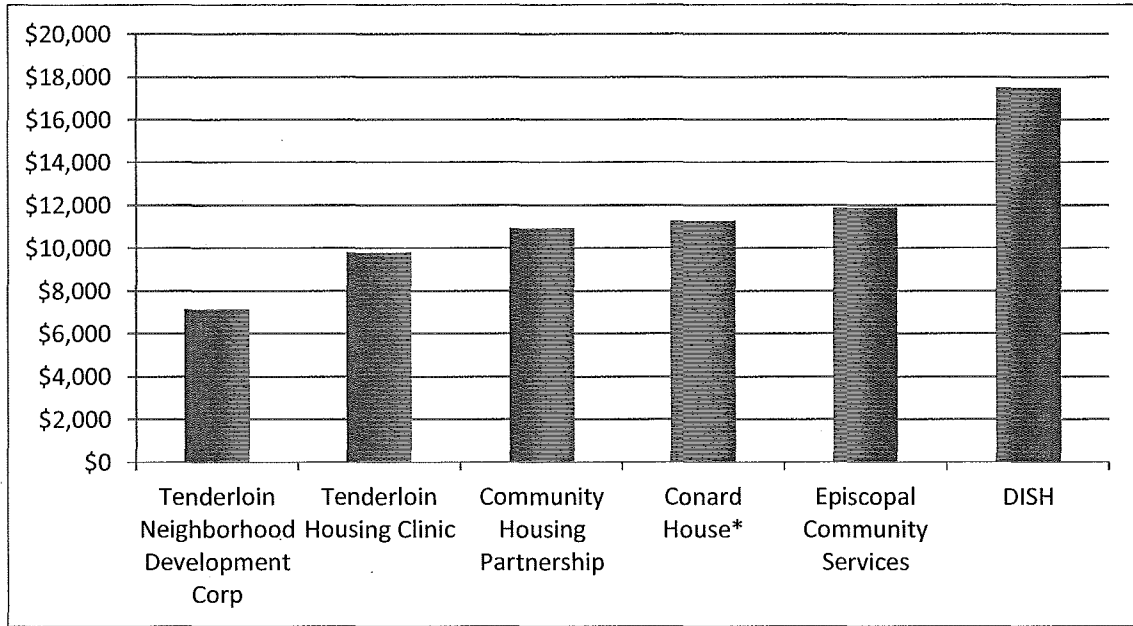
<sup>3</sup> This figure excludes \$479,387 for the DPH-managed Housing and Urban Health Clinic at Kelly Cullen Community

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

Of these six providers, the Tenderloin Housing Clinic receives the most funding, accounting for 27 percent of all expenditures and 34 percent of all units. These units are located entirely within HSA's Master Lease SRO portfolio.

DPH and HSA's average per unit expenditure in FY 2013-14 for these six providers was \$11,181 per unit. As shown in Chart 9 below, these expenditures range by provider from \$7,132 per unit at the Tenderloin Neighborhood Development Corp to \$17,477 per unit for Delivering Innovation in Supportive Housing (DISH). DISH is the sole property management provider for the Master Lease units in DPH's portfolio.

**Chart 9: Average per Unit Expenditures for Six Largest Providers**



*\*This figure excludes a supportive service-only contract at the DPH-managed Plaza Apartments*  
Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

Additional factors that can drive differences in costs among providers include the different program models within each provider’s portfolio, variations in staffing levels, and variations in the service needs of different resident populations.

Although data might indicate that larger providers are able to provide more housing at lower average cost, in fact the variance is due to the fact that several smaller vendors are more likely to receive funding for supportive services only – and there is therefore no funding associated with the operation of a supportive housing unit.

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## Case Study Analysis

Our analysis above suggests that variations in supportive service, property management, and leasing expenditures per unit are due largely to differing building characteristics, unit characteristics, population served, and level of services available.

However, as noted in the above Section (“Methodology”) certain costs, expenses, and sources of financial support are not fully captured when looking exclusively at supportive housing budgets. This is especially true for Non-Profit Owned and Other Affordable Housing sites. While for the most part expenditures for Master Lease units can be interpreted “as is” once rental revenues are accounted for, non-Master Lease units incur development costs that are not captured in supportive housing budgets. Also, as noted above, supportive housing units may receive sources of funding (tenant rents, federal grants) that are not included in the supportive housing budgets.

### Impact of Development Costs and Other Funding

In this section we evaluated total supportive housing costs for two Non-Master Lease sites (one HSA and one DPH) that include the impact of development costs, Federal funding, and rental revenues, and compared these two sites to similar Master Lease supportive housing sites.

#### Arendt House

Table 6 below provides project details on Arendt House, a 47-unit Non-Profit Supportive Housing site in HSA's portfolio which opened in 2010. The site had a total FY 2013-14 HSA budget of \$836,532 and a per-unit annual expenditure of \$17,799. This figure is higher than the overall HSA Non-Profit Supportive Housing average of \$14,681.

Arendt House is also one of seven supportive housing sites in our analysis (10% of total sites reviewed) that received Federal Shelter + Care funding in the amount of \$219,648. Including these funds in the total homeless services budget in turn raises the per unit annual expenditure to \$22,472.

**Table 6: Arendt House Project Details**

Housing Type	Non-profit Supportive Housing
Funding Agency	HSA
Target Population	Seniors
Total Units	47
Total Homeless Units	46
FY '13-14 Total Homeless Services	
Budget (including Federal S+C funds)	\$1,056,180
Per Unit Annual Expenditure	\$22,472
Total Project Development Cost	\$16,457,421
Per Unit Development Cost	\$350,158

Source: HSA

As noted in the above table, total development costs for Arendt House were \$16,457,421<sup>10</sup>, yielding a per unit development cost of \$350,158. Amortized over 30 years, this yields an annual development cost of \$11,672 per unit.<sup>11</sup>

Public financing equals \$11,313,632 of total development costs of \$16,457,421 (excludes private bank loans and investor equity), yielding annual per unit

<sup>10</sup> Sources of funds for Arendt House's development costs were City loans and grants, bank loans, Low Income Housing Tax Credits, investor equity and deferred developer fees.

<sup>11</sup> The federal Low Income Housing Tax Credit Program requires that the private developer maintain the development as affordable housing for 30 years. California requires that the housing development remain affordable for 55 years if state tax credits are used in conjunction with federal tax credits. Amortizing development costs over 55 years results in an annual development cost of \$6,367 and estimated annual per-unit expenditures of \$28,839.

publicly-financed development cost of \$8,024. When combined with budgeted expenditures, estimated annual public expenditures are \$30,496 per unit.

990 Polk Senior Housing

Table 7 below provides project details on 990 Polk Senior Housing, a 110-unit affordable housing development with 50 units dedicated for homeless seniors. The site, which opened in 2008, had a total FY 2013-14 DPH budget of \$971,075 and a per-unit annual expenditure of \$19,422, which was significantly higher than the DPH average for comparable affordable housing developments of \$9,045, likely due to the increased costs to serve frail seniors with medical and behavioral health issues.

In FY 2013-14, the site’s DPH budget for operating costs was \$632,206. However, according to a 2010 report by the Tenderloin Neighborhood Development Corporation, 72 percent of property operating costs are funded by residents’ rent payments, with the remainder coming via City funds. The site’s actual operating budget was therefore likely closer to \$2.3 million. As previously noted, the amount of rental revenue available to cover property operating costs will vary by program and building, however at Affordable Housing sites there are residents in non-homeless units who pay larger portions of their income in rent.

**Table 7: 990 Polk Senior Housing Project Details**

Housing Type	Affordable Housing
Funding Agency	DPH
Target Population	Seniors
Total Units	110
Total Homeless Units	50
FY '13-14 Homeless Services Budget	\$971,075
Per Unit Annual Expenditure	\$19,422
Total Project Development Cost	\$36,600,000
Per Unit Development Cost	\$309,112

Source: DPH

As noted in the above Table, this project required financing of approximately \$36,600,000, yielding a per unit development cost of \$309,112.<sup>12</sup> Amortized over 30 years, this yields an annual development cost of \$11,303 per unit. When combined with budgeted expenditures, estimated annual public expenditures are \$30,725.

**Non-Profit Housing versus Master Lease Units**

Based on the two case studies noted here, expenditures per unit of non-profit housing exceed per unit expenditures for Master Lease housing when

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<sup>12</sup> This development project is wholly publicly-financed, including City loans, Low Income Housing Tax Credits, and federal loans and grants.



development costs for non-profit housing are included<sup>13</sup>. The average DPH and HSA FY 2013-14 budget for Master Lease housing was \$12,678 per unit, while the average DPH and HSA FY 2013-14 budget for non-profit owned supportive housing was \$12,925 per unit. However, when development costs of approximately \$11,000 per unit per year are included, non-profit owned supporting housing has an average cost of \$23,925 per unit per year, which is \$11,247 more than the average Master Lease housing of \$12,678 per unit per year.

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## **In-take, Assessment, Compliance and Outcomes**

### **Eligibility, In-take, & Assessment**

The City's supportive housing programs are available to homeless adults and families. HSA's Master Lease program serves formerly homeless single adults and some seniors, while the non-profit owned housing at HSA's LOSP sites serves formerly homeless single adults and families. DPH's Direct Access to Housing, which includes both Master Lease SROs and non-profit owned housing, serves formerly homeless adults with behavioral health and/or serious medical conditions. Table 8 below details each program's primary eligibility, referral, and assessment protocols. DPH's DAH program, which includes DPH's LOSP sites, has the most stringent requirements, followed by the family units in HSA's portfolio. For all programs there may be significant variety at the site- and unit-level.

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<sup>13</sup> Development costs include City-financed costs such as affordable housing loans, other public financing such as low-income housing tax credits, and private financing.

**Table 8: Eligibility, Referral, and Assessment by Program**

	Human Services Agency		Department of Public Health
	Master Lease Program	LOSP	Direct Access to Housing (includes LOSP sites)
<b>Eligibility</b>	Homeless Adults  Proof of income sufficient to support subsidized rent rates  Additional site- and unit-specific requirements, which vary	Homeless Adults & Families  Additional site- and unit-specific requirements, which vary	Homeless, "extremely low income" adults with serious medical condition and/or behavioral health diagnosis  Willing to pay up to 50% of monthly income in rent via approved third part rent payment provider.  Additional site- and unit-specific requirements, which vary depending on the funding source
<b>Referral</b>	Housing First buildings: Referral Access Point Agencies submit applications on behalf of eligible adults  Care Not Cash buildings: referrals come through CAAP workers, CAAP clients in shelter, or the SF Homeless Outreach Team  No waiting lists	Referral Access Point Agencies submit applications on behalf of eligible families and adults  No waiting lists	Potential tenants are referred by service providers, including institutional, acute, and transitional treatment settings  HUH works with referring agencies to create a pool of applicants prioritized for housing based on level of acuity, need, and match with site amenities
<b>Assessment</b>	No formal agency evaluation	Adults: No formal agency evaluation  Families: Formal evaluation, must be classified as "moderate-to-high" need	Formal clinical evaluation performed by Nurse Practitioner at the DAH Access and Referral Team (DART)

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

### Compliance

In general, the rules for staying in City-funded supportive housing concern two broad areas: 1.) maintaining good behavior and not breaking the law, and 2.) paying rent and maintaining the appropriate level of income.

For example, below are some of the subsidy rules that can cause a resident to be out of compliance for DPH's Direct Access to Housing program:

- Failing to notify property management of income increases
- Failing to maximize income
- Termination of Third Party Rent Payment services

- Vacating the unit for extended periods (more than 30 days) without requesting authorization in advance

Beyond compliance criteria at the program level, there are also “house rules” at supportive housing sites. These property management house rules are related to the maintenance of units, use of common areas, quiet hours, visitor and pet policies, and criminal or unreasonable behavior in the unit, community space, or property area.

It is unclear, however, to what extent these rules are enforced, the resources leveraged by building staff to enforce standards, or whether violations are accurately recorded and tracked.

### **Contract Outcomes and Performance Measures**

Historically there has been some variation in individual contracts between HSA or DPH and the non-profit housing provider in terms of outcome, process, and service objectives, even for providers delivering similar services. DPH and HSA have recently implemented changes to standardize contracts: DPH standardized objectives for supportive housing providers in the fall of 2013, and HSA is moving to standardized objectives with the aforementioned NOFA.

#### DPH

DPH categorizes its outcome and process objectives by the type of services offered or facilitated by the vendor, for example “Supportive Housing”, “Supportive Services”, “Third Party Rent Payment”, or “Rental Subsidy / Operating Subsidy”. A particular contract may contain all of these service modalities or just one. DPH contracts will typically specify a performance target based on the type of service, although actual numbers will vary on a contract-by-contract basis depending on the program size.

Table 9 below lists some of DPH’s primary outcome and process objectives. The list is not comprehensive, but is instead meant to highlight central features. The list does not, for example, include performance targets regarding unit inspections, property management, or rental payment processes.

**Table 9: DPH Contract Outcome and Process Objectives**

	Supportive Housing	Supportive Services	Rental / Operating Subsidy	Third Party Rent Payment
<b>Outcome Objectives</b>				
Housing Retention	X	X	X	
Participants Meet Service Goals	X	X		X
Service Retention Target				X
Appropriate Housing Secured on Exit	X	X	X	
Income and Benefit Maximization	X	X		
<b>Process Objectives</b>				
Staff Outreach to Clients	X	X		
Individualized Service Plans	X	X		X
Annual Updates to Client Financial Plans				X
Move-In Targets for Referred Clients				X
Client Assessment: Benefits, Medical Care, Mental Health & Substance Abuse	X	X		
Mediation Services	X	X		
Discharge Plans for Residents with Planned Exits	X	X		

Source: Budget and Legislative Analyst, based on data provided by DPH

DPH reports that the DAH program has produced the following high-level outcomes since the program's inception in 1999:

- Approximately 2/3 of residents have remained housed in DAH
- Of the 1/3 who exited, half moved to other permanent housing
- 4 percent were evicted
- 4 percent died

DPH also reports evidence of significant decreases in emergency room visits as well as inpatient and skilled nursing days following placement in the DAH program. One study of the Plaza Apartment showed health care costs dropped from approximately \$3 million a year prior to entry into supportive housing to \$1 million a year post-placement. DPH does not, however, measure changes in health care utilization costs as part of the performance metrics and outcome measures tracked at the contractual level.

HSA

As noted above, HSA's new Tiered system will standardize service and outcome objectives depending on the type of housing and client need. The higher Tiers will have more stringent objectives. Actual performance targets have not been determined yet but will be established after baseline data has been collected in the first year (FY 2014-15).

Table 10 below lists HSA's outcome and service objectives according to the recently developed Tier system.

**Table 10: HSA Contract Outcome and Service Objectives by Tier**

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
<b>Outcome Objectives</b>					
Housing Stability	X	X	X	X	X
Program Exits & Placements	X	X	X	X	X
<b>Service Objectives</b>					
Client Participation in Activities		X	X	X	X
Staff Outreach to Clients		X	X	X	X
Client Participation in Services			X	X	X
Service & Goal Targets			X	X	X
Health and Well-being Targets				X	X

Source: Budget and Legislative Analyst, based on data provided by HSA and DPH

Separate from the new objectives provided above, Table 11 below details the three high-level performance measures that HSA tracks and reviews on an annual basis. The table provides actual measures from FY 2012-13 and projections for FY 2013-14.

**Table 11: HSA Housing and Homeless Performance Measures – FY 2013-14 Six Month Report**

Metric	FY 2012-13 Actuals	FY 2013-14 Six Month Actuals	FY 2013-14 Projected	FY 2013-14 Target	Notes
Percent of formerly homeless single adults still in supportive housing or other appropriate placements after one year	94%	94%	94%	90%	This measure is only computed annually at the close of each fiscal year. Therefore, it does not change for July to December. The stability measure for single adults across all HSA housing programs (Master Lease, LOSP and Shelter Plus Care) for FY12-13 is 94.0%.
Percent of families exiting shelter who have stayed for 30 days or more not permanent housing, transitional housing, or a residential treatment program	61%	78%	70%	65%	
Number of CAAP clients leaving homelessness due to obtaining housing through Care Not Cash	280	122	244	275	There is no funding for additional Care Not Cash housing, so housing placements can only be made when there is turnover within the existing portfolio of permanent supportive housing. Turnover is extremely low, and thus the number of placements has declined.

Source: HSA

## Findings

**Both Master Lease and non-profit owned supportive housing are necessary components of the City's supportive housing program because the existing need for supportive housing exceeds the availability**

As noted above in our Case Study analysis, Master Lease housing is both less expensive and more available than non-profit supportive housing. 2973 or 64% of 4620 supportive housing units are Master Lease units, as shown in Table 2 above. However, Master Lease supportive housing is considered less desirable because the buildings are often older and the rooms are smaller, generally without a private bathroom and never with a private kitchen. Master Lease supportive housing is primarily for single adults while non-profit supportive housing also serves families, youth and seniors.

The Master Lease supportive housing model developed largely because SRO hotels were an available housing supply for low-income San Franciscans. The City has subsidized SRO hotels since at least 1993, when the City entered into a Memoranda of Understanding with 25 SRO hotels. The Master Lease model was implemented by DPH in 1998 and by HSA in 1999. Currently, more than one half of the Master Lease hotels and Master Lease units are funded by Care Not Cash funds<sup>14</sup>.

Non-profit supportive housing units are less available because of the cost and length of time necessary to develop this housing. While the City assists in financing supportive housing developments through the Affordable Housing Fee, assessed on large residential developments, and the Housing Trust Fund, these funds comprise a small portion of the total costs of housing development.

Although the City has created more than 3000 supportive housing units since adoption of the Ten Year Plan in 2004, the number of homeless individuals has remained largely unchanged, increasing slightly from 6248 in January 2005 to 6436 in January 2013. Overall, those who are entering supportive housing are remaining housed instead of returning to homelessness, but the number of chronically homeless adults has not decreased and the need for additional supportive housing remains high.

**Supportive housing is generally acknowledged as cost-effective, but escalating land and property costs in San Francisco will significantly increase supportive housing costs**

Several studies have shown that the costs of housing and support services were outweighed by the cost savings from reduced emergency room visits, incarceration, and other costs. While the cost effectiveness of supportive housing

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<sup>14</sup> Care Not Cash, which was adopted by San Francisco voters in November 2002, cut cash aid to adults in general assistance (County Adult Assistance Program or CAAP) in exchange for services and shelter.

will likely continue, the actual costs of operating supportive housing in San Francisco will escalate. The rent per housing unit per month of \$1,190 in the most recent Master Lease approved by the Board of Supervisors for 250 Kearny Street is more than 50 percent higher than the rent per housing unit per month of \$791 in the next highest cost Master Lease between DPH and the landlord for Le Nain Hotel at 730 Eddy Street. The costs to develop non-profit owned supportive housing is also high, at \$300,000 to \$350,000 per unit, and is expected to increase.

**The City's existing performance measures and outcome metrics limit the City's ability to evaluate the effectiveness of supportive housing programs**

As noted previously in the Methodology section, there are numerous practical limitations with currently available data and program procedures.

In the case of HSA's Master Lease units, for example, key data on high-level categories of spending is simply unavailable. For these buildings there should be much more comprehensive reporting requirements built into provider contracts so that data on how public dollars are spent is more easily accessible.

Furthermore, existing contracts and their related outcome and process objectives are heavily oriented towards high-level outcomes such as retention – ensuring that those who enter into supportive housing remain housed. While this is central to any effort in assisting the homeless off the streets, finer-grained detail would be helpful in assessing the effectiveness of City programs.

For example, outcome objectives that reference exits from supportive housing state “**of those clients exiting supportive housing** [emphasis added], x% will transition to other care, or move with family, etc.” Such a metric fails to make important distinctions: for example, clients who transition to other points of care within city, state, or federal purview compared to those who move in with local family or friends or those who have become self-sufficient, or left the region entirely. Having a better understanding of these distinctions is important, as they all indicate differing levels of service needs and therefore have differing implications in terms of the emphasis of City policy.

Where individual contracts look at details such as voluntary client service objectives, the figures are typically caveated. For example, an objective might specify, “**of those clients participating in services** [emphasis added], 80% meet their service objectives”.

In practice, this makes it difficult to gauge how many residents are actually engaging in services, how services are utilized by supportive housing residents, how engagement in services helps residents move toward greater self-sufficiency or other long-term outcomes, or whether there are meaningful performance differences between service providers. There are a limited number of providers who provide client service engagement data in their contracts; this client service engagement data should be incorporated into all HSA and DPH contracts for supportive services.

In general, both HSA and DPH are heavily oriented towards internal contractual compliance rather than comprehensive contractual comparison, such as assessing which programs, buildings, and vendors are leading to outcomes desired by the City. Moving towards more comprehensive contract evaluation should be an explicit component of City policy.

Even with all this said, there will remain major difficulties in attempting to assess the cost-effectiveness of issues like housing and services for the homeless. The availability of more comprehensive data won't necessarily assist the City in determining the best methods for addressing complex concerns about equity, fairness, and the utility of public spending. Estimating a precise financial value for the differential levels of qualitative effort required to engage and support hard-to-reach individuals and populations, for example, will likely continue to prove difficult and inexact.

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## Conclusion

### **The City Needs to Develop a New Ten Year Plan**

When the Ten Year Plan was adopted in 2004, it was a step forward in the City's policies to end chronic homelessness. Previously the City's model to provide services to the chronically homeless population was the "continuum of care", in which services, such as substance abuse treatment, were provided to the individual prior to providing housing. Under the Ten Year Plan, the model is "housing first", in which the City provides permanent supportive housing designed to accommodate the homeless independent of prior history, and support services are provided at the housing site.

The Ten Year Plan considers supportive housing to be permanent and does not discuss whether and how residents may become more self-sufficient, to transition out of intensive housing into other living environments that provide less or no support. The City does not currently assess whether residents of supportive housing can move from housing with a high level of support services into other types of housing. As noted above, residents of supportive housing have access to but are not required to use on-site services, nor do existing performance measures identify the overall improvement in residents' well-being and self-sufficiency. Existing performance measures also do not adequately track residents' transition to less-intensive housing, including publicly-funded housing, housing with family or friends, or other types of housing.

The City needs to consider whether intensive supportive housing should always be permanent housing or whether residents can transition from more intensive to less intensive housing. As discussed above, HSA has issued a NOFA for different tiers of supportive housing, suggesting that at least in some instances, residents can move from a more intensive tier to a less intensive tier.



The Board of Supervisors should consider convening a working group consisting of representatives from HSA, DPH, Mayor's Office of Housing, other City agencies, and community organizations<sup>15</sup>, to update the City's policies on supportive housing, including:

- The feasibility of moving to a City-wide coordinated assessment system;
- More comprehensive performance measures to better understand client outcomes, trajectories, and service utilization, and to enable greater comparison of performance between providers;
- The permanency of supportive housing;
- The availability and cost of alternative housing; and
- The projected future costs of maintaining and expanding the City's supportive housing portfolio.

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<sup>15</sup> In June 2014, Mayor Lee and Supervisor Farrell announced the creation of the San Francisco Inter-Agency Council on Homeless to coordinate the City's response to homelessness, create consistent and transparent data metrics to share progress, and to maximize the effectiveness of federal, state, and private contributions to end homelessness. The San Francisco Inter-Agency Council on Homeless, consisting of City department heads and elected officials, could be the working group to develop the new Ten Year Plan.

---

**To:** BOS-Supervisors  
**Subject:** FW: Five Year Financial Plan 2015-16 through 2019-20

**From:** [jenessa.rozier@sfgov.org](mailto:jenessa.rozier@sfgov.org) [mailto:[jenessa.rozier@sfgov.org](mailto:jenessa.rozier@sfgov.org)]  
**Sent:** Tuesday, December 09, 2014 5:40 PM  
**To:** Gosiengfiao, Rachel (BOS)  
**Subject:** Five Year Financial Plan 2015-16 through 2019-20

The Five Year Financial Plan is required under Proposition A, a Charter amendment approved by voters in November 2009. The City Charter requires the plan to forecast expenditures and revenues during the five year period, propose actions to balance revenues and expenditures during each year of the plan, and discuss strategic goals and corresponding resources for City departments.

The Five Year Financial Plan shows that the cost of City services is projected to outpace revenue growth during the five year period. Total expenditures are growing by \$984.7 million over the next five years, which represents an increase of 23 percent. Over the next five years, employee salary, pension, and fringe benefit costs are growing by \$340.6 million (35 percent of total expenditure growth) and Citywide operating costs are growing by \$402.0 million (41 percent of total expenditure growth). In contrast to this expenditure growth, available General Fund sources are projected to grow \$566.9 million over the same period, for an overall growth of 13 percent. If the City does not take corrective action, the gap between revenues and expenditures will rise from \$15.9 million to approximately \$417.9 million from Fiscal Year (FY) 2015 – 16 to FY 2019 – 20.

To view the full report, please visit the Controller's website (<http://www.sfcontroller.org/>) under the News & Events section.

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CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

# Proposed Five Year Financial Plan

Fiscal Years 2015-16 through 2019-20



DECEMBER 9, 2014

## Acknowledgements

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# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

## Executive Summary

### PURPOSE OF THE PLAN

The Five Year Financial Plan is required under Proposition A, a Charter amendment approved by voters in November 2009. The City Charter requires the plan to forecast expenditures and revenues during the five year period, propose actions to balance revenues and expenditures during each year of the plan, and discuss strategic goals and corresponding resources for City departments.

### ECONOMIC OVERVIEW

Presented in this Plan is an overview of the economic context which informs the revenue projections in the Five Year Outlook.

### FIVE YEAR OUTLOOK

Over the next five years, the Financial Plan expects that the City will experience continued economic growth which will in turn support continued but slower growth in tax revenues. In addition, the Five Year Financial Plan shows that the cost of City services is projected to outpace revenue growth during the five year period. If the City does not take corrective action, the gap between revenues and expenditures will rise from \$15.9 million to approximately \$417.9 million from Fiscal Year (FY) 2015-16 to FY 2019-20.

**Table 1: Base Case – Summary of General Fund-Supported Projected Budgetary Surplus/(Shortfall) FY 2016-20 (\$ in millions)**

Sources	Savings/ (Cost) Change from Prior Year, \$ Million				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Use of One-Time Sources, Prior Year Fund Balance & Reserves	(60.8)	6.9	(123.2)	-	-
Regular Revenues, Transfers, & Other	200.7	106.0	164.3	136.8	136.1
<b>Subtotal - Sources</b>	<b>139.9</b>	<b>112.9</b>	<b>41.2</b>	<b>136.8</b>	<b>136.1</b>
<b>Uses</b>					
Salaries & Benefits	(33.9)	(58.5)	(76.1)	(72.1)	(100.0)
Other Expenditures, Reserves & Transfers	(122.0)	(126.8)	(151.6)	(155.9)	(87.9)
<b>Subtotal - Uses</b>	<b>(155.9)</b>	<b>(185.2)</b>	<b>(227.7)</b>	<b>(228.0)</b>	<b>(187.9)</b>
Total Net General Fund Impact (from Prior Year)	(15.9)	(72.3)	(186.6)	(91.2)	(51.8)
<b>Projected Cumulative Surplus / (Shortfall)</b>	<b>(15.9)</b>	<b>(88.3)</b>	<b>(274.8)</b>	<b>(366.1)</b>	<b>(417.9)</b>

Total expenditures are growing by \$984.7 million over the next five years, which represents an increase of 23%. During the five years of the Plan, baselines and reserves are growing by \$158.1 million (16% of total expenditure growth), employee salary, pension, and fringe benefit costs are growing by \$340.6 million (35% of total expenditure growth), citywide operating costs are growing by \$402.0 million (41% of total expenditure growth), and departmental costs are growing by \$84.0 million (8% of total expenditure growth).

In contrast to this expenditure growth, available General Fund sources are projected to grow \$566.9 million over the same period, for an overall growth of 13%. As required, the City will need to implement strategies to close the gap between sources and uses and preserve and strengthen fiscal stability.

## FISCAL STRATEGIES

Despite the fact that the City projects deficits over the next five years if proactive steps aren't taken to address the imbalance between revenues and expenditures, the City is in a much better fiscal position than it was in four years ago. In 2011 when Mayor Lee took office, the City's deficit was projected at \$382 million and the unemployment rate was 9.4%; today, projected deficits over the next two years are both below \$100 million and unemployment has fallen to 4.4%. It is important in these better economic times to be responsible stewards of the City's growth, ensuring that new expenditures are added only at a rate commensurate with growing revenues. This will reduce the need for more drastic actions if the economic cycle takes a downward turn in the future. The following fiscal strategies show how the City can continue to grow but at a more sustainable pace ensure projected deficits are closed each year:

**Table 2: Proposed Fiscal Strategies (\$ in millions)**

<b>Base Case Outlook (\$ millions)</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
<i>Cumulative Projected Surplus (Shortfall)</i>	(16)	(88)	(275)	(366)	(418)
<b>Proposed Financial Strategies - Savings</b>					
Capital Spending and Debt Restructuring	-	37	43	46	50
Manage Employee Wage and Benefit Costs	-	4	30	60	90
Taxes, Fees & Other Revenues	5	10	88	94	99
Limit Non-Personnel Inflation	-	8	17	25	35
On-Going Departmental Revenues & Savings Initiatives	-	16	31	46	61
All Other Revenues and Savings	11	13	67	96	83
<b>Adjusted Outlook</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

These strategies represent achievable targets, which seek to slow projected growth while the City develops additional revenue, savings, and operational proposals that may require multi-year planning efforts.

New to the Plan this year is a more detailed focus on the potential impact of an economic downturn on the City's five year outlook. The base case does not assume an economic downturn due to the difficulty of predicting recessions; however, the City has historically not experienced more than six consecutive years of expansion and the current economic expansion began over five years ago, rendering the likelihood of a slowdown or a decline in revenue growth increasingly likely during the period that this Plan addresses. If an economic slowdown were to occur, the fiscal strategies shown above would be insufficient to close broader gaps between revenues and expenditures. In such an event, the City would be required to take more significant measures to bring budgets back into balance, which are discussed in the "Planning Scenario: Economic Recession" section of this report.

Detailed projections regarding the base case, fiscal strategies and recession scenario are included starting on page 15 of this report.

## STRATEGIC ISSUES BY MAJOR SERVICE AREA

The Five Year Financial Plan also includes discussion of departments by major service area. Significant departmental issues identified in the Plan include:



- **Public Protection:** Multi-year hiring plans at the Department of Emergency Management and the Police, Fire, and Sheriff's departments; and the continued planning and construction of large capital projects through the City's G.O. bond and General Fund debt programs, as well as the on-going costs associated with these large one-time investments.
- **Public Works, Transportation & Commerce:** Planning and construction of large-scale development and capital projects, including implementation of the new Transportation and Road Improvement G.O. bond; maintaining and improving the condition of the City's streets and public right-of-way; improving services to businesses; and investing in vibrant, diverse neighborhoods.
- **Human Welfare & Neighborhood Development:** Continued expansion of Medi-Cal under the Affordable Care Act; the implementation of the newly renewed and amended Children and Youth Fund and Public Education Enrichment Fund; and continuing to monitor and adapt to large fiscal and policy changes enacted at the state and federal levels.
- **Community Health:** Managing the implementation of the Affordable Care Act; completing the SF General Hospital rebuild project in addition to planning for other capital projects; and modernizing legacy IT systems.
- **Culture & Recreation:** Preserving and improving recreational and cultural assets, including the implementation and completion of projects like the Veterans Building seismic upgrade and improvements project, the Branch Library Improvement Plan, and capital projects tied to the Clean and Safe Parks Bond; and aligning services and operations to match growing demand at parks and libraries.
- **General Administration & Finance:** Continuing to implement major housing initiatives through the Mayor's Office of Housing and Community Development and City Administrator's Office; implementing major technology system replacements and improvements in a number of departments; and strengthening in-house capacity of investment staff at the Retirement System.

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# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

## Economic Overview

### ECONOMIC OVERVIEW

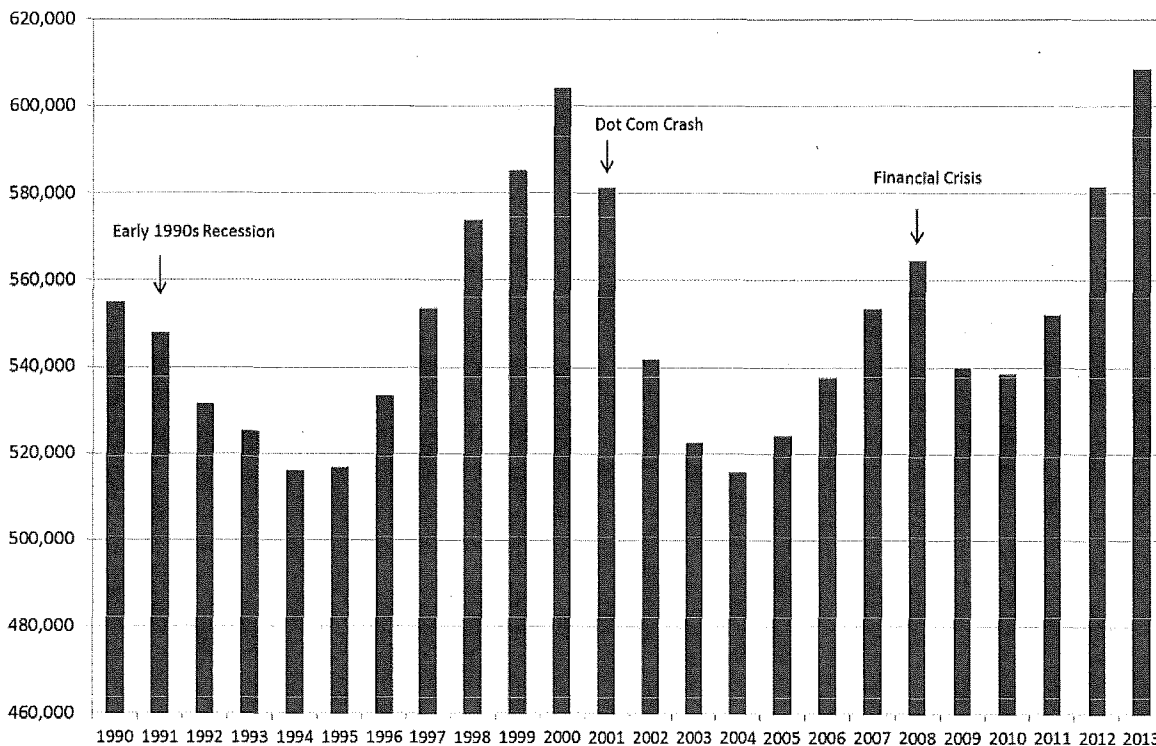
The FY 2015-16 through FY 2019-20 Five Year Financial Plan is the third such plan produced by the City and County of San Francisco. The first Five Year Financial Plan covered fiscal years 2011-12 through 2015-16 and was released in March 2011. Significant changes have occurred since that time. The local and regional economies recovered from the 2008 financial crisis more rapidly than projected, particularly when compared to the state and nation. However, signs of an economic slowdown have emerged. This overview summarizes the City's economic history, current recovery, and impending slowdown, which informs both the base case revenue growth and recession scenario presented in this Plan.

### LOOKING BACK

#### San Francisco's Economic Recovery: 2010-2013

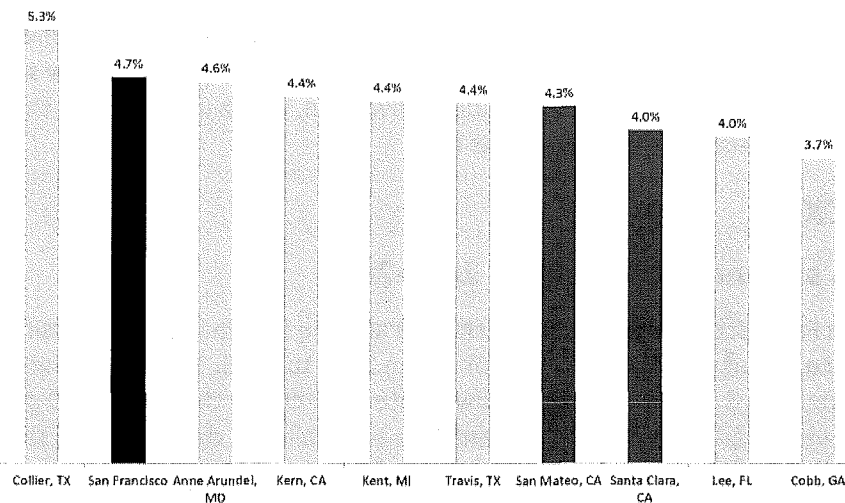
**Employment.** San Francisco's employment reached its all-time high in 2013, surpassing the previous peak in 2000. San Francisco added more than 70,000 jobs from 2010 to 2013. The 4.2% annual job growth rate during this period exceeded the 3.2% employment growth rate seen during the 1995-2000 growth period. During the entire period for which county-level employment data are available, dating back to the 1960s, the City has never seen a more rapid period of expansion in jobs than the 2010-2013 period.

**Figure 1: Total San Francisco Employment, 1990-2013**



This rate of economic recovery was rapid not just by San Francisco standards. During the 2011-13 period, San Francisco was the second-fastest growing large county in the United States, behind only Collier County, Texas, a suburban county outside of Dallas. Average annual total employment grew 4.7% in San Francisco, compared to 5.3% in Collier County. The City was joined in the top ten by two other Bay Area counties, San Mateo and Santa Clara counties, which also experienced strong economic recoveries and employment growth rates during the 2011-2013 period of 4.3% and 4.0%, respectively.

**Figure 2: Total Employment, Average Annual Growth 2011-2013:  
10 Fastest Growing Large U.S. Counties**



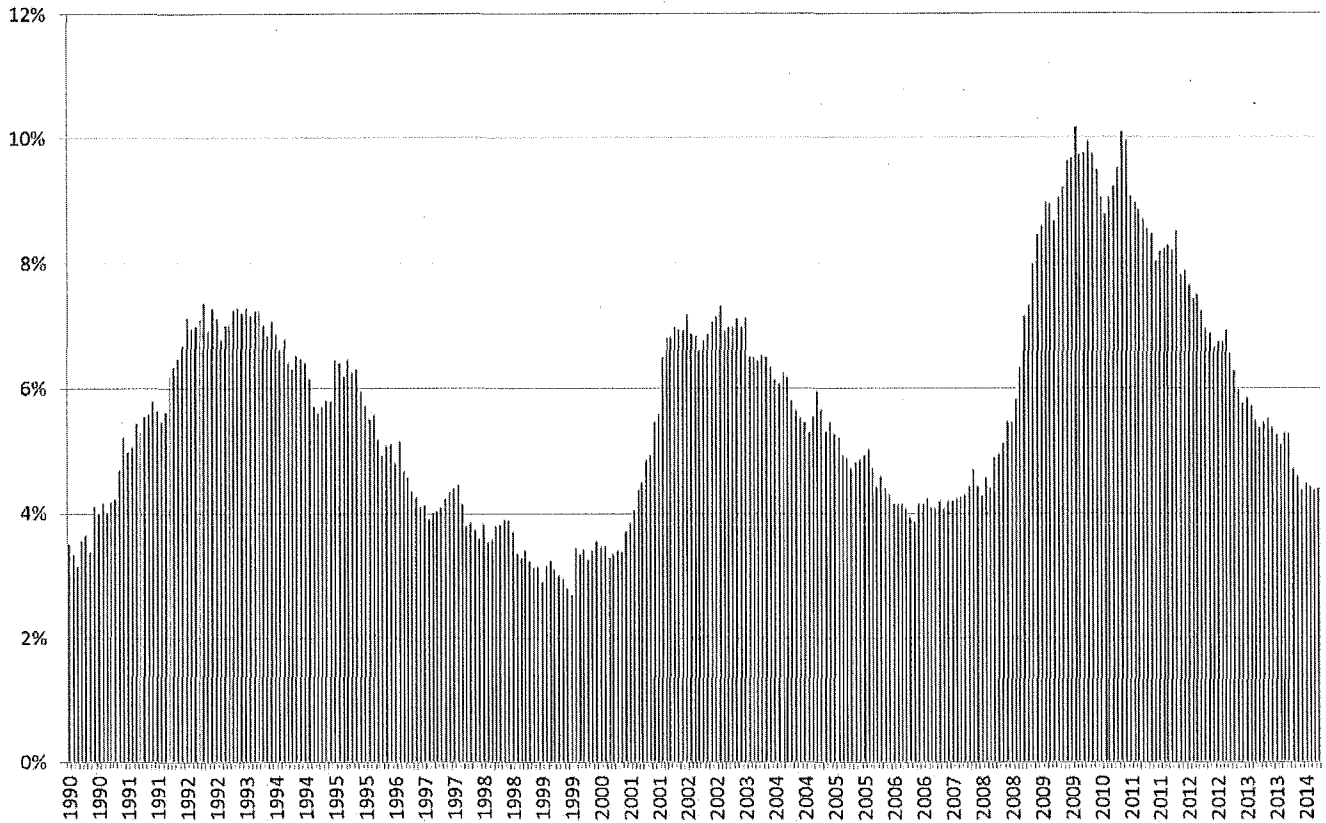
According to the most recent county-level employment data, the City's recovery has continued to be broad-based through 2013. Every industry in the City added jobs on a net basis during 2013, with the exception of financial activities and traditional, non-tech manufacturing.

While the City's economic recovery was clearly led by the tech sector, which continued to grow by close to 16% during 2013, the majority of jobs created in the City have been in other industries. The tech sector accounts for approximately 34% of the private sector job growth in the City from 2010 to 2013.

**Unemployment.** The City's unemployment rate for resident workers has dropped as employment has grown. Unemployment reached 10% in 2010, but has dropped to 4.4%, on a seasonally-adjusted basis, by June 2014 and has remained at that level at the time of writing.

The City's unemployment rate has dropped below 4% during the three previous economic peaks, but only consistently reached below 3.5% between 1998 and 2000. In the 2008 economic peak, unemployment never reached below 3.9% on a seasonally-adjusted basis. Given this experience, it seems unlikely that the City's unemployment rate can continue to decline at the rate that it has for much longer.

**Figure 3: San Francisco Unemployment Rate, January 1990 – September 2014 (Seasonally-Adjusted)**



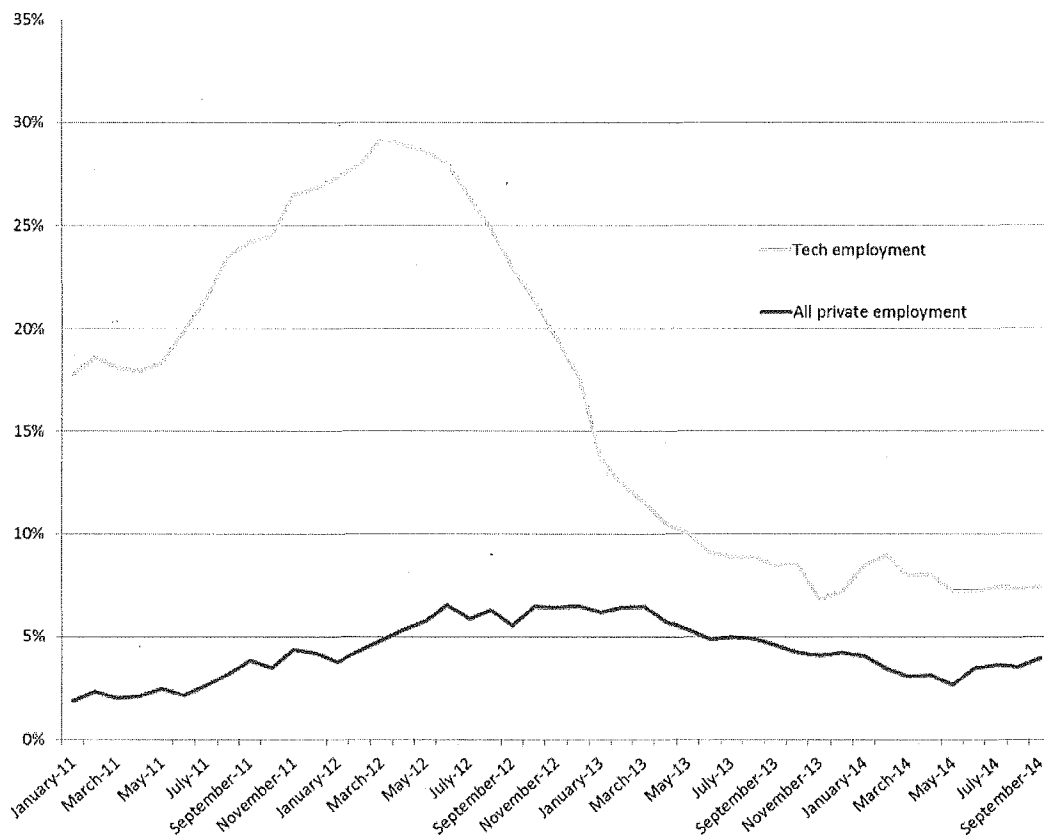
### **Signs of Slower Growth: 2013-14**

**Employment.** Although the City grew rapidly from 2010 to 2013, an analysis of monthly data for the metropolitan division (San Francisco, San Mateo, and Marin counties) shows a clear slowdown in growth in the second half of 2013, and through most of 2014. Total private employment was growing faster than 6% per year through the second half of 2012 and into 2013, but has grown at less than 4% per year since February 2014.

As the technology industry has been the primary driver of employment growth in both the region and the City, it is not surprising that that the slowdown in total employment was preceded by a slowdown in technology employment – albeit only from an annual growth rate exceeding 20% through 2012 to one between 7-8% in 2014.

Monthly job data for 2014 are not yet available for San Francisco itself. However, the City contains 60% of the employment of the three-county region, and it is likely that the general trend in the City mirrors that of the region.

**Figure 4: Percent Change in Employment from Prior Year, Tech Employment and Total Private Employment January 2011 – September 2014, San Francisco Metropolitan Division**



**Commercial Space.** A limiting factor behind the employment slowdown is available commercial space. Based on estimates from Moody's Analytics, 40,000 of the 70,000 jobs San Francisco has added since 2010 have been office jobs. However, according to data provided by Cushman & Wakefield, the City has added only 1.6 million square feet of office space between 2010 and 2014 – enough to contain only 6,000 – 8,000 new jobs at typical employment densities.

In this context, the commercial vacancy rate fell quickly from close to 18% in 2010 to below 12% by the end of 2012. Since then, it has fallen much more slowly, corresponding to the time of slower employment growth discussed earlier. Since commercial vacancy is unlikely to fall further – it never fell below 9% in the 2008 peak period, for example – and the City is supply-constrained, office availability is likely to limit employment growth for the remainder of this economic cycle.

It is also possible that rising office rents and diminishing supply will lead to some industries growing at the expense of others while overall employment remains relatively steady. This is a pattern the City has seen in past periods of economic expansion.

**Housing Prices.** Housing prices are an indicator that may be both a cause and an effect of the slowdown in employment growth. San Francisco's average housing value (according to Zillow) began to show year-over-year growth in early 2012, and by the end of 2013 values were 20% higher than the year before. This period of growth in housing prices accompanied the growth in employment examined earlier.

In the same way that the City helped lead the state out of recession, San Francisco's housing prices grew sooner than the rest of the state. However, in 2014, housing prices have eased somewhat, though less in the City than in the state as a whole.

The continued price pressure on housing in the City is likely to continue to dampen employment growth in the years to come unless accompanied by faster-than-average wage growth.

## **LOOKING FORWARD**

The base case projections, detailed in the next chapter, assume the economic recovery that began in FY 2009-10 will continue through the forecast period, resulting in continued growth in tax revenues during the next five years. As noted above, the rapid growth rates seen in the early stages of recovery have slowed. This trend is expected to continue, with growth rates for the most economically sensitive revenues, such as business, sales, hotel, parking and property transfer taxes, lower in the final three years of the Plan. The base case does not assume an economic downturn. However, the City has historically not experienced more than six consecutive years of expansion, yet the current economic expansion began over five years ago. The pace of growth will depend heavily on how shifts in the national economy and local technology industry shape employment, income, investment options, and other factors discussed above.

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## City and County of San Francisco FIVE YEAR FINANCIAL PLAN

### Five Year Base Case Projections

#### PURPOSE OF THE PLAN

The Five Year Financial Plan is part of a comprehensive effort by the City to improve its long-range financial management and planning. This section, the base case projection, is a joint effort by the Mayor's Office, the Controller's Office, and the Board of Supervisors Budget and Legislative Analyst's Office to forecast the impact of existing service levels and policies on revenues and expenditures over the next five years.

The City is currently implementing the following strategies as part of its long-range financial management and planning:

- **The Five Year Financial Plan:** The City is forecasting and analyzing revenues and expenses for the next five years on a Citywide basis, including changes in major service areas, departmental operations, facilities, debt management, capital and technology.
- **Two-Year Budgeting:** The FY 2012-13 and FY 2013-14 budget was the first Citywide two-year budget adopted by the Mayor and the Board of Supervisors. The City will continue to adopt two-year rolling budgets unless the Mayor and the Board adopt a resolution determining that all departments adopt a fixed two-year budget; however, there were seven departments with fixed two-year budgets for the FY 2014-15 and FY 2015-16 adopted budget.
- **Citywide Capital and Technology Plans:** These plans, which are released by March 1 every other year, include detailed financial information and project descriptions outlining the City's planned spending on capital over the next ten years and technology over the next five years.
- **Formal Financial Policies:** To date, the City has adopted policies to create a Budget Stabilization Reserve, to build its General Reserve up to 2% of General Fund revenues, and to restrict the use of one-time revenues. Additionally, the Controller's Office recently proposed to continue to increase the City's General Reserve to 3% of General Fund revenues between now and FY 2019-20 while reducing the required deposit to 1.5% of General Fund revenues during economic downturns. This policy is currently under consideration by the Board of Supervisors. These approaches will strengthen the City's financial position and ensure that San Francisco is more resilient during the next economic downturn.

Multi-year budgeting and forecasting are best practices for all governments. The Five Year Financial Plan is designed to enhance the City's ability to identify the key drivers of its revenues, expenditures, and needed public services. In an era of constantly changing funding from the State and federal government, this planning process will enable San Francisco to thoughtfully plan for revenue changes and adapt its programs accordingly. Overall, the City will minimize volatility by looking beyond the typical budget horizon, putting in place more stable public service delivery that citizens can expect and rely on.

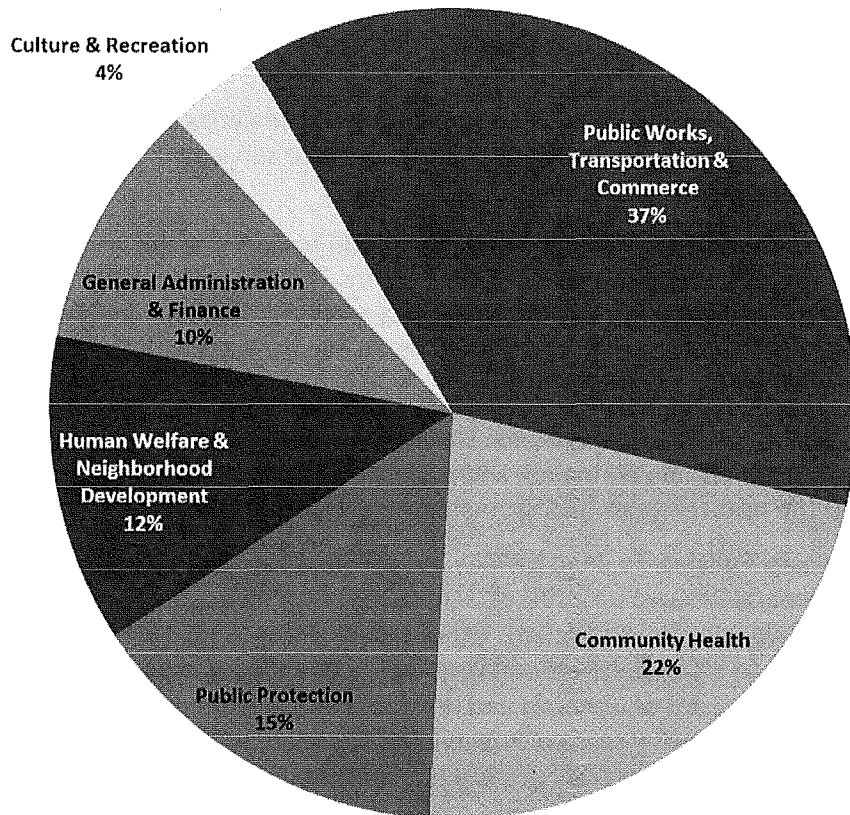
#### BUDGET OVERVIEW

The City and County of San Francisco's budget for FY 2014-15 is \$8.6 billion. Roughly half of the budget, \$4.3 billion, is comprised of self-supporting activities at the City's enterprise departments, which focus on City-related business operations and include the Port, the Municipal Transportation Agency, the Airport, the Public Utilities Commission, and others. The remaining 50%, or \$4.3 billion, is comprised of General Fund monies, which support public services such as Public Health, Police and Fire Services, and Recreation and Parks. The City's budget can be broken down into six major service areas: Public Protection; Public Works, Transportation &

Commerce; Human Welfare & Neighborhood Development; Community Health; Culture & Recreation; and General Administration & Finance.

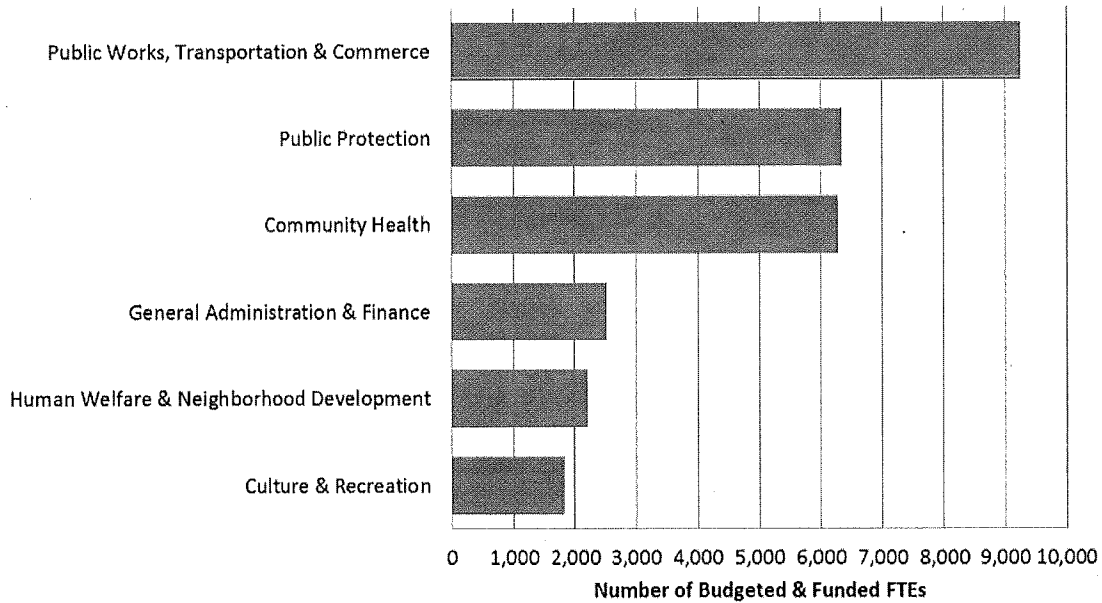
Figure 5 shows the total \$8.6 billion City budget by major service area. The Public Works, Transportation and Commerce major service area has the largest overall budget, due primarily to the budgets for large enterprise departments.

**Figure 5: Total Budget by Major Service Area FY 2014-15**



There are 28,436 full-time equivalent positions (FTEs) budgeted and funded between all six major service areas in FY 2014-15. As shown in Figure 6, the Public Works, Transportation, and Commerce service area also has the largest share of FTEs, which is largely driven by the Metropolitan Transportation Agency.

**Figure 6: Full Time Equivalent (FTE) Positions by Major Service Area FY 2014-15**



**FIVE YEAR OUTLOOK FOR GENERAL FUND-SUPPORTED OPERATIONS**

San Francisco Administrative Code Section 3.6(b) requires that in each odd-numbered year, the City must submit a Five Year Financial Plan; in even-numbered years, a similar report, called the Joint Report, must be issued with an update to the remaining four years of the previous year’s Five Year Financial Plan. In both the Five Year Financial Plan and the Joint Report, the Mayor, the Controller, and the Board of Supervisors Budget Analyst must forecast expenditures and revenues during the projection period. In the Five Year Financial Plan, the Mayor’s Office must also propose actions to balance revenues and expenditures during each year of the plan and discuss strategic goals and corresponding resources for City departments. This Five Year Financial Plan provides expenditure and revenue projections for FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20.

**Summary of ‘Base Case’ Projections and Findings**

This Five Year Financial Plan describes the ‘base case,’ which means that the revenue and expenditure projections included in this Plan reflect current service levels adjusting for adopted or proposed policy changes as of the fall of 2014, where noted. Significant changes include known revenue and expenditure changes in all areas where there is reasonable information or basis for a projection. Key assumptions are also detailed below.

Table 3 summarizes the projected changes in General Fund supported revenues and expenditures over the next four years. As shown in Table 1, this report projects shortfalls of \$15.9 million in FY 2015-16, \$88.3 million in FY 2016-17, \$274.8 million in FY 2017-18, \$366.1 million in FY 2018-19, and \$417.9 million in FY 2019-20.

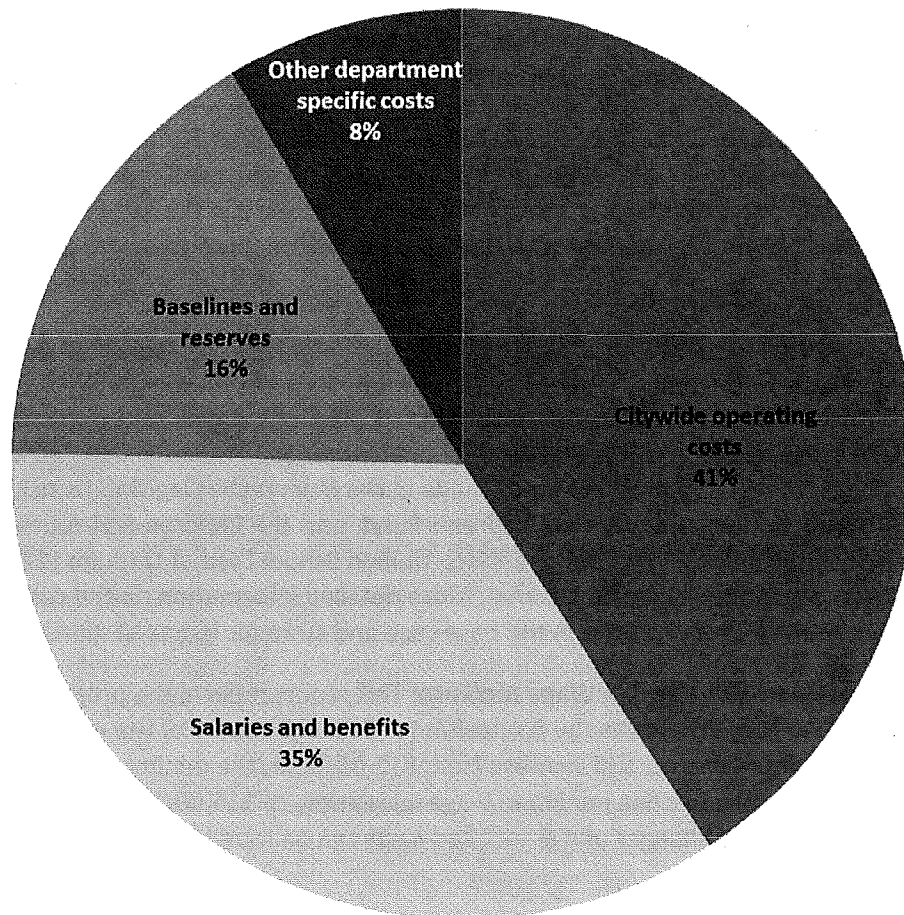
**Table 3: Base Case – Summary of General Fund-Supported  
Projected Budgetary Surplus/(Shortfall) FY 2016-20 (\$ in millions)**

<b>Sources</b>	<b>Savings/ (Cost) Change from Prior Year, \$ Million</b>				
	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Use of One-Time Sources, Prior Year Fund Balance & Reserves	(60.8)	6.9	(123.2)	-	-
Regular Revenues, Transfers, & Other	200.7	106.0	164.3	136.8	136.1
<b>Subtotal - Sources</b>	<b>139.9</b>	<b>112.9</b>	<b>41.2</b>	<b>136.8</b>	<b>136.1</b>
<b>Uses</b>					
Salaries & Benefits	(33.9)	(58.5)	(76.1)	(72.1)	(100.0)
Other Expenditures, Reserves & Transfers	(122.0)	(126.8)	(151.6)	(155.9)	(87.9)
<b>Subtotal - Uses</b>	<b>(155.9)</b>	<b>(185.2)</b>	<b>(227.7)</b>	<b>(228.0)</b>	<b>(187.9)</b>
Total Net General Fund Impact (from Prior Year)	(15.9)	(72.3)	(186.6)	(91.2)	(51.8)
<b>Projected Cumulative Surplus / (Shortfall)</b>	<b>(15.9)</b>	<b>(88.3)</b>	<b>(274.8)</b>	<b>(366.1)</b>	<b>(417.9)</b>

This projection demonstrates that although revenues are growing each year, they are not growing fast enough to keep pace with the increase in projected expenditures. As a result, a gap remains even with the improving economy. The City currently projects revenue growth of \$566.9 million, or 13% over the five year period of this Plan, and expenditure growth of \$984.7 million, or 23%.

Total expenditure growth is shown below in Figure 7, which illustrates that Citywide Operating Costs represent the largest area of expenditure growth at 41%, or \$402.0 million. The next largest drivers of expenditure growth are: salary and benefit costs of \$340.6 million (35%); Charter-mandated baseline and reserve changes of \$158.1 million (16%), and other department specific cost increases of \$84.0 million (8%).

Figure 7: General Fund-Supported Expenditure Increases by Expenditure Type FY 2016-20



While the projected shortfalls shown in the above table reflect the difference in projected revenues and expenditures over the next five years if current service levels and policies continue, San Francisco's Charter requires that each year's budget be balanced. Balancing the budgets will require some combination of expenditure reductions and additional revenues. These projections assume no ongoing solutions are implemented. To the extent that budgets are balanced with ongoing solutions, future shortfalls will decrease.

### KEY ASSUMPTIONS AFFECTING THE FY 2015-16 THROUGH FY 2019-20 PROJECTIONS

- **No major changes to service levels and number of employees:** This projection assumes no major changes to policies, service levels, or the number of employees from previously adopted FY 2014-15 and FY 2015-16 budgeted levels unless specified below.
- **Continued economic recovery:** These projections assume the economic recovery and expansion that began in FY 2009-10 will continue through the forecast period and will be reflected in tax revenue increases. The rapid rates of growth experienced in the early part of the recovery (FY 2010-11 and FY 2011-12) have continued through FY 2013-14 but have begun to slow in FY 2014-15 and are expected to continue to slow in the forecast period. Economic growth, and the revenue derived from it, is heavily dependent on changes in employment, business activity and tourism. These are expected to increase at a slower pace in the first two years of the forecast. This report does not assume any economic downturns or large changes in

macroeconomic conditions; however, the City has historically not experienced more than six consecutive years of expansion, and the final three years of this report assume slower rates of revenue growth.

- **Outcome of the November 2014 Election:** This report recognizes the passage of several measures from the November 2014 election, including several that have a material impact on the City's General Fund:
  - **Proposition B – Population-Based Adjustment to General Fund Appropriation to Transportation Fund:** Starting in FY 2015-16, the City is required to adjust the baseline to the Municipal Transportation Agency annually by the percent increase in the San Francisco population. Additional information on Proposition B can be found later in the base case and strategic issues sections of this report.
  - **Proposition C – Children and Families First Initiative:** Voters approved the renewal of the Public Education Enrichment Fund (PEEF) and the Children's Amendment (The Children's Fund and the Children's Baseline) through Proposition C. PEEF and the Children's Amendment are local legislation that set-aside General Fund dollars for services for San Francisco children and families. This report reflects the changes to both funds made in the most recent legislation including an increased property tax set-aside for the Children's Fund, now the Children and Youth Fund, the removal of in-kind contributions to the San Francisco Unified School District through PEEF, and the bifurcation of the existing City Rainy Day Reserve. More detailed information on the costs associated with these changes can be found later in the base case and strategic issues sections of this report.
  - **Proposition J - Minimum Wage Increase:** This report reflects the projected increases to the City's minimum wage mandated by Proposition J. Over the course of the next five years, the minimum wage in San Francisco will increase from \$11.05/hour, the minimum wage as of January 1, 2015 pursuant to the existing minimum wage legislation, to \$15.00/hour on July 1, 2018. More detail on the schedule of changes and associated costs can be found later in the base case section of this report.
- **Preliminary estimate of state and federal budget changes:** This report does not assume significant changes in funding at the state and federal levels, although many uncertainties exist, particularly with the Department of Public Health. These uncertainties include the Medi-Cal Waiver, which is currently being negotiated; the State's Coordinated Care Initiative; potential changes to the State re-alignment take-back; and take-back of federal Disproportionate Share Hospital (DSH) payments. Additional information about these uncertainties can be found in the Strategic Issues section of the report. The City will continue to monitor the state and federal budget process. Given the growth in the General Reserve and past improvement in the state's budget, this projection does not assume a reserve for state or federal budget changes.
- **Assumes negotiated rates through FY 2016-17 for most employees and through FY 2017-18 for police officers and firefighters. Inflationary increases assumed on labor agreements thereafter:** This projection assumes the negotiated rates for most labor unions of a 3% increase in October 2014, an additional 3.25% in October 2015 and an additional 2.28% in July 2016, given formulae contained in most adopted bargaining agreements. Beginning in FY 2017-18, open contracts are assumed to have salary increases equal to the change in the Consumer Price Index (CPI-U). This is projected by the California Department of Finance to be 2.75% for FY 2017-18 through FY 2019-20. The City will negotiate 24 open Memoranda of Understanding (MOUs) in FY 2016-17, and it will negotiate for police officers and fire fighters in FY 2017-18. For police officers and firefighters, this report assumes negotiated wage increases of 1% in FY 2015-16 and 2% in both FY 2016-17 and FY 2017-18, and increases of CPI (2.75%) for Fiscal Years 2018-19 and 2019-20.

- **Retirement plan employer contribution rates begin to decline after FY 2014-15:** This report assumes total retirement costs begin to decline starting in FY 2015-16 and continue to decline through FY 2019-20. This is due to three main factors:
  - Several small propositions implemented from 1994 through 1998 have now become fully amortized;
  - Asset losses in the San Francisco Employees' Retirement System (SFERS) and California Public Employees' Retirement System (CalPERS) from the 2008 economic downturn have now been fully recognized; and
  - Unrecognized asset gains from the last few years are smoothed in over the coming five year period.

SFERS employer contribution rates are based on projections prepared by the Retirement System's actuary in August 2014. They assume continuation of the SFERS Board adopted investment returns of 7.58%; however, final rates for FY 2015-16 will be adopted by the Retirement Board in the coming months. Projections reflect employee contributions to retirement required under Proposition C. For CalPERS members, this report includes rate increases starting in FY 2015-16 due to adjusted mortality assumptions adopted by the CalPERS Board in February 2014. Employer contribution rates in each year for both SFERS and CalPERS members are detailed later in the base case section of this report.

- **Health and dental insurance cost increases:** This projection assumes that the employer share of health and dental insurance costs will increase by approximately 5.0% per year. The Health Service System anticipates negotiating rates for calendar year 2016 in late spring 2015, to be adopted by July 2015. The 2017 rates will be approved by the Health Service Board in spring 2016 with adoption by July 2016. For retiree health benefits, this report assumes that the City will continue its pay-as-you-go practice of funding the amounts currently due for retirees. The growth in the retiree obligation has been estimated based on projected cost increases of approximately 9.0% per year.
- **Inflationary increase on non-personnel operating costs:** This projection assumes that the cost of materials and supplies, professional services, contracts with community-based organizations and other non-personnel operating costs will increase by the CPI-U (as projected by the California Department of Finance) rate of 2.75% per year FY 2016-17 through FY 2019-20. The projection reflects the adopted FY 2015-16 budget.
- **Ten-Year Capital Plan and inflationary increases on equipment and IT funding:** This projection assumes the adopted FY 2015-16 funding levels for capital, equipment and information technology. For capital in the remaining four out years, the report assumes funding will increase based on the levels assumed in the City's FY 2015-25 Ten-Year Capital Plan, which will be released in March 2015. For equipment, starting in FY 2016-17, the report assumes that the equipment budget will increase by CPI-U in each year from the adopted FY 2014-15 funding level. The Information Technology investment projection includes full funding of the City's FY 2016-20 Information and Communications Technology Plan, which will also be released in March 2015, beginning in FY 2016-17 and continuing through FY 2019-20. This report also contains assumptions around the separate funding for major City IT investments. In the FY 2014-15 and FY 2015-16 adopted budget, the allocation for FY 2015-16 was split over the two years. This report assumes the FY 2015-16 adopted funding level, and then a return to full funding with a 10% growth factor FY 2016-17 through FY 2019-20.
- **Deposits and Withdrawals from Reserves:** This projection makes several key assumptions regarding deposits to and withdrawals from major General Fund reserves. First, given the base case revenue projections, no deposits to or withdrawals from the Rainy Day Reserve are assumed. Second, the base case projection assumes adoption of the Controller's recommended amendment to the City's General Reserve policy to increase the Reserve to 3.0% of General Fund revenues during periods of extended growth. This

policy is currently pending at the Board of Supervisors. Lastly, various reserves allocated for particular one-time uses are assumed drawn down for those uses, as detailed later in the base case.

- **Office of Community Investment and Infrastructure (OCII) Tax Increment:** Under redevelopment dissolution law, the Office of Community Investment and Infrastructure has much more limited authority to issue debt compared to the former San Francisco Redevelopment Agency. The base case projection assumes that OCII may issue debt to finance infrastructure improvements for the Mission Bay and Hunters Point Shipyard Phase 2/Candlestick Point major development projects, and will fund on a pay-as-you-go basis other infrastructure and affordable housing obligations. The City and OCII will explore alternative solutions to the pay-as-you-go model, but at this time the availability of other options is not certain.
- **Public Safety Multi-Year Hiring Plans:** This report assumes a policy to implement multi-year hiring plans at several public safety departments, including:
  - three Police Academy classes (50 police officers per class) each year through FY 2017-18, followed by 2 classes a year onwards to address retirements and keep the Police Department at the Charter authorized level;
  - an annual Fire Academy class (48 firefighters per class) each year over the next five years and an additional 36 firefighter academy class in FY 2016-17 and FY 2017-18 to keep up with the level of anticipated retirements;
  - annual classes at the Fire Department's Ambulance Division to replace separations and promotions, as well as a class of 16 new Emergency Medical Technicians and Paramedics in FY 2014-15 that will annualize in the FY 2015-16 budget;
  - two classes in FY 2015-16 to hire 22 dispatchers at the Department of Emergency Management, and then one class annually thereafter in the four out years.

## KEY FACTORS THAT COULD AFFECT THESE FORECASTS

As with all projections, uncertainties exist regarding key factors that could affect the City's financial condition. These include:

- **Economy:** Historically, periods of economic expansion are followed by economic contraction, or recession. Since the end of the Great Depression there have been 13 recessions, or approximately one every six years on average. The current economic expansion began over five years ago. It would be an historic anomaly to not experience a recession within the projection period of this report. Because of the difficulty of projecting the timing of a recession, this report assumes slower rates of growth, rather than declines, in revenue in the final three years of the report; however, it is important for the City to closely monitor the economic conditions over the coming years.
- **Outcome of state and federal budget-balancing efforts:** At the time of report issuance, state and federal budget deliberations have not yet begun. Thus, uncertainty remains around the local effects of state and federal budget-balancing efforts.
- **Collective bargaining agreement negotiations:** Other than approved wage increases in collective bargaining agreements and inflation on open contracts in FY 2017-18, FY 2018-19 and FY 2019-20, this report does not assume any contract changes due to labor negotiations. Wage or benefit changes above or below these assumptions would increase or decrease the City's projected deficit.
- **Pending or Proposed Legislation – Potential Fee / Departmental Revenue Increases:** Fee increases may be proposed to the Board of Supervisors before the end of the year or as part of the FY 2015-16 and FY 2016-17 budget. No increases above those budgeted in the adopted FY 2014-15 and FY 2015-16 budget are assumed in this projection.



- **Planning for Growth:** The City is currently experiencing growth in both employment and population. As the City's population increases, there may be a need for additional services for the public such as more parks, transportation, first responders, health care providers, and street infrastructure improvements to accommodate more users of the public right-of-way. This report does not assume increased costs to specifically address future growth; however, this represents a risk and could increase projected deficits in the future.
- **Deficits will differ if new budget commitments made:** If voters approve additional increases to existing baselines, set-asides, or other mandatory spending increases without commensurate revenue increases from new funding sources, this will grow the projected deficits shown in this report.
- **Affordable Care Act Implementation:** The Department of Public Health, along with other affected City agencies, is approaching its second year federal health care reform implementation, known as the Affordable Care Act (ACA). The net fiscal effect of this significant policy change continues to be uncertain, including state and federal take-backs of funds for indigent care, the revenue impact of transitioning from a fee-for-service payment model to a capitated payment model, and insurance enrollment and facility utilization levels. This report continues to assume modest revenue growth as formerly uninsured patients continue to obtain insurance coverage through the State's Medi-Cal expansion program.
- **Excise Tax:** One of the provisions from the Affordable Care Act that has not yet been implemented is the Excise Tax on High Cost Employer Health Care Coverage (Excise Tax). This tax is intended to end high cost benefit rich coverage plans, slow the rate of growth in healthcare costs, and finance the nationwide expansion of health coverage. Beginning in 2018, a 40% excise tax will be imposed on the amount that the premiums for employer healthcare benefits are above a preset threshold. The premium thresholds are based on membership group (Active, Early Retiree and Retiree) and coverage level (single and family).

The Health Service System (HSS) is currently analyzing the potential impact on the City. In 2010, HSS premium trends predicted all coverage except Kaiser would exceed the excise tax threshold in 2018. However, the City's slower growth trend for employee healthcare costs over the past few years has potentially lengthened the time under which the tax will not apply to HSS premiums. Because this policy change is still being analyzed and is difficult to project, this report assumes no change to City costs from the Excise Tax.

Table 4 and the following narrative explain revenue and expenditure changes in the Citywide deficit in detail. First, revenue changes will be discussed, then expenditures changes, including: changes to baselines and reserves; salary and benefit costs; Citywide operating costs; and department specific changes.

**Table 4: Base Case – Key Changes to General Fund-Supported Sources & Uses FY 2016-20 (\$ in millions)**

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>SOURCES Increase / (Decrease)</b>					
General Fund Taxes, Revenues and Transfers net of items below	209.6	101.9	157.2	116.4	119.4
Change in One-Time Sources	(60.8)	6.9	(123.2)	-	-
Department of Public Health Revenues	5.7	6.6	6.9	7.4	6.8
OCII Tax Increment	(7.8)	(6.8)	(3.9)	8.5	5.6
Other General Fund Support	(6.8)	4.3	4.1	4.5	4.3
<b>TOTAL CHANGES TO SOURCES</b>	<b>139.9</b>	<b>112.9</b>	<b>41.2</b>	<b>136.8</b>	<b>136.1</b>
<b>USES Decrease / (Increase)</b>					
<b>Baselines and Reserves</b>					
Municipal Transportation Agency (MTA) Baselines *	(40.6)	(12.7)	(16.8)	(13.8)	(14.8)
Children's Fund and Public Education Enrichment Fund *	(16.0)	(8.9)	(10.8)	(9.9)	(6.2)
All Other Baselines	(7.0)	(5.2)	(6.4)	(5.6)	(5.8)
Deposits to General Reserve	3.9	3.3	(5.0)	(0.5)	(0.5)
Other Contributions to Reserves	13.8	8.9	(0.4)	(0.4)	(0.4)
<b>Subtotal Baselines and Reserves</b>	<b>(46.1)</b>	<b>(14.6)</b>	<b>(39.4)</b>	<b>(30.3)</b>	<b>(27.7)</b>
<b>Salaries &amp; Benefits</b>					
Annualization of Partial Year Positions	(12.1)	-	-	-	-
Previously Negotiated Closed Labor Agreements	(62.9)	(71.5)	(7.4)	-	-
Projected Costs of Open Labor Agreements	-	-	(57.5)	(68.7)	(70.4)
Health & Dental Benefits - Current Employees	(2.4)	(11.7)	(12.3)	(12.9)	(13.6)
Health & Dental Benefits - Retired Employees	(5.6)	(12.9)	(13.5)	(13.9)	(14.6)
Retirement Benefits - Employer Contribution Rates	58.2	29.2	12.2	23.4	9.2
Other Salaries and Benefits Savings / (Costs)	(9.0)	8.5	2.3	-	(10.8)
<b>Subtotal Salaries &amp; Benefits</b>	<b>(33.9)</b>	<b>(58.5)</b>	<b>(76.1)</b>	<b>(72.1)</b>	<b>(100.0)</b>
<b>Citywide Operating Budget Costs</b>					
Minimum Wage *	(11.3)	(11.0)	(15.5)	(17.2)	(9.5)
Capital, Equipment, & Technology	(5.0)	(42.3)	(37.3)	(40.4)	(2.8)
Inflation on non-personnel costs and grants to non-profits	(2.7)	(36.3)	(33.1)	(33.9)	(34.7)
Debt Service & Lease Financings	(15.2)	(12.6)	(5.3)	(10.4)	1.0
Sewer, Water, and Power Rates	(3.3)	(3.1)	(2.2)	(2.3)	(2.5)
Other Citywide Costs	2.1	(2.9)	(4.3)	(4.9)	(3.0)
<b>Subtotal Citywide Operating Budget Costs</b>	<b>(35.4)</b>	<b>(108.2)</b>	<b>(97.6)</b>	<b>(109.1)</b>	<b>(51.6)</b>
<b>Departmental Costs</b>					
City Administrator's Office - Convention Facilities Subsidy	-	(4.5)	(3.6)	(1.2)	-
Elections - Number of Scheduled Elections	(5.0)	5.1	-	-	(5.1)
Ethics Commission - Public Financing of Elections	0.6	(0.6)	(0.0)	0.4	(1.8)
Fire and Police - Opening of the Public Safety Building	(2.5)	-	-	-	-
Public Safety Hiring Plans	(16.0)	(10.4)	(11.4)	1.3	3.9
Mayor's Office of Housing - HOPE SF and Local Operating Subsidy	(1.6)	(0.5)	(2.1)	(5.6)	(0.7)
Municipal Transportation Agency - Central Subway Opening	-	-	-	(6.8)	(2.3)
Human Services Agency - Aid	(3.0)	(2.1)	(3.3)	(3.3)	(3.2)
Public Health - SFGH One-Time and Operating Costs for New Hospital	(17.9)	13.0	(0.9)	(0.9)	(0.9)
Treasurer-Tax Collector - Gross Receipts Tax Implementation	1.9	(1.8)	2.0	-	-
All Other Departmental Savings / (Costs)	2.9	(2.1)	4.6	(0.4)	1.5
<b>Subtotal Departmental Costs</b>	<b>(40.5)</b>	<b>(3.9)</b>	<b>(14.6)</b>	<b>(16.5)</b>	<b>(8.6)</b>
<b>TOTAL CHANGES TO USES</b>	<b>(155.9)</b>	<b>(185.2)</b>	<b>(227.7)</b>	<b>(228.0)</b>	<b>(187.9)</b>
<b>Projected Surplus (Shortfall) vs. Prior Year</b>	<b>(15.9)</b>	<b>(72.3)</b>	<b>(186.6)</b>	<b>(91.2)</b>	<b>(51.8)</b>
<b>Cumulative Projected Surplus (Shortfall)</b>	<b>(15.9)</b>	<b>(88.3)</b>	<b>(274.8)</b>	<b>(366.1)</b>	<b>(417.9)</b>

\* Reflects passage of Propositions B, C, and J from November 2014 ballot.

## DETAIL BASE CASE PROJECTION

### CITYWIDE REVENUE PROJECTIONS

The projections outlined in this section highlight changes in the City's key revenues over the next five years. For details on the macroeconomic context, please see the Economic Overview chapter above. For more detail on specific revenues, please see below.

### General Fund Taxes, Revenues & Transfers

#### General Context Underlying Revenue Estimates

These projections assume continued modest growth in tax revenues during the next five years. With the exception of property tax revenues, which did not decline during the last recession, local tax revenues bottomed out in FY 2008-09 and FY 2009-10, and returned to pre-recessionary levels by FY 2011-12, one to two years earlier than projected at the start of the recovery. The pace of revenue growth during the projection period will depend heavily on the strength of the national economy and local technology industry.

Below are details on specific revenue streams included in the General Fund Taxes, Revenues and Transfers line of Table 4.

#### Property Tax

General Fund property tax revenues are expected to grow from a budget of \$1,233 million in FY 2014-15 to an estimated \$1,460 million in FY 2019-20. General Fund property tax revenue assumptions include:

- **Roll growth:** The locally assessed secured roll typically grows based upon an annual statewide inflation factor capped at 2.0% and new property value assessments triggered by changes in ownership or new construction.

The assumed change in the California CPI (measured October-to-October of the previous two years) is 1.9% for FY 2015-16 and the maximum 2.0% for FY 2016-17 through FY 2019-20.

For changes in ownership and new construction, it is assumed that an additional 2.0% of secured roll growth occurs at minimum each fiscal year. Current construction of new, large residential and commercial buildings are expected to add \$1.2 billion in FY 2015-16, \$1 billion in FY 2016-17, and \$1.9 billion in FY 2017-18 to the secured roll. Changes in ownership of large office buildings and other high-value parcels are expected to add another \$924 million in FY 2015-16 and approximately \$1 billion in FY 2016-17 to the secured roll.

The state assessed board roll and the unsecured roll comprise about 7.3% of the overall taxable property values in San Francisco and tend to change in less predictable manners. In this Plan, the board roll value is assumed to remain at the FY 2014-15 value of \$2.7 billion, and the unsecured roll is assumed to grow at an annual rate of 1% from the FY 2014-15 value of \$10.7 billion through FY 2019-20.

- **Supplemental and escape assessments:** Supplemental assessments capture changes in value for the portion of the tax year remaining following a trigger date that results in a change in the base year assessed value of a property. The escape assessment captures a full year's increase in assessed value up to four years after the trigger date occurred. This Plan assumes supplemental and escape assessment revenue of \$55.3 million in FY 2015-16, declining 10% per year through FY 2019-20 as the volume of escape assessments potentially decreases. Supplemental and escape assessments have traditionally been a significant source of variance in property tax revenues.

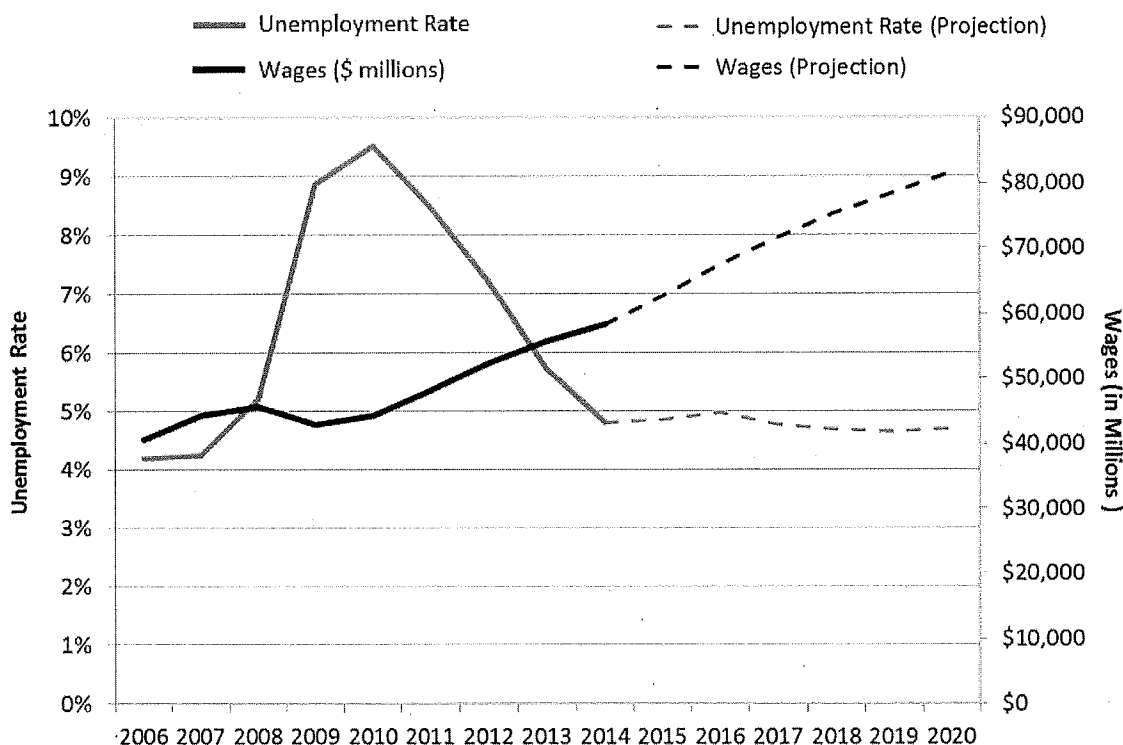
- **Reduced reserve requirements:** Property tax revenue set-aside to fund Assessment Appeals Board (AAB) decisions in FY 2014-15 through FY 2019-20 is assumed at FY 2013-14 levels of \$15 million per year. While the number of assessment appeals filed in FY 2014-15 decreased significantly from the prior year, the total number of open cases remains at 6,639 and represent total assessed values of \$32.3 billion.
- **Sales tax in-lieu (Triple Flip) expiration:** Beginning July 1, 2004, the State of California decreased the general purpose sales and use tax rate for local governments from 1% to 0.75%, and shifted the 0.25% to the State to pay debt service on Economic Recovery Bonds. In exchange, local governments were allowed to replace the lost local sales tax dollar-for-dollar from property tax revenues apportioned to the County's Educational Revenue Augmentation Fund (ERAF). This shift of sales and property tax revenue, also known as the Triple Flip, will expire after FY 2014-15. The 0.25% of sales tax will revert back to local governments in FY 2015-16 and the sales tax in-lieu revenue reflected in property tax revenues will be eliminated, resulting in a shift of \$46 million in FY 2015-16 from property tax to local sales tax. A \$5 million true-up settlement for FY 2014-15 is projected in FY 2015-16, but the amount goes to zero thereafter. See the discussion of Sales Taxes for additional details.
- **Change in San Francisco Children's Fund property tax allocation factor:** San Francisco voters approved Proposition C on November 4, 2014. Proposition C renews and increases the property tax set-aside for the San Francisco's Children and Youth Fund. The Children and Youth Fund allocation factor increases from \$0.0300 in FY 2014-15 to \$0.0325 in FY 2015-16, to \$0.0350 in FY 2016-17, to \$0.0375 in FY 2017-18, and to \$0.0400 in FY 2018-19 on each \$100.00 valuation of taxable property. The allocation to the General Fund of property taxes decreases by the same factor.

### Business Taxes

Business taxes include payroll, business registration fees, and gross receipts taxes. Revenues from business taxes and registration fees follow economic conditions in the City and grew strongly from FY 2010-11 to FY 2013-14 reflecting underlying gains in City employment and wages during the period as seen in Figure 8. Business tax revenues are sensitive to changes in the economic condition of the City. The two main factors that determine the level of revenue generated by the business tax are employment and wages. As shown in Figure 8, wages are projected to grow steadily between 2016 and 2020 while unemployment is projected to flat-line. Overall, business taxes are projected to grow over the five year time period.

In November 2012, Proposition E was passed to replace a 1.5% payroll tax on businesses with a tax on a business's gross receipts at rates that vary by size and type of business. During this five year period, the new tax structure is being phased-in as the payroll tax is phased out. The phase-in is designed to adjust tax rates in order to generate the same amount of revenue as the original 1.5% payroll tax. The gross receipts tax applies only to businesses with \$1 million or more in gross receipts. Revenue collected from gross receipts tax will vary based on implementation factors and any policy changes. The City is beginning to implement a new and far more complex tax structure and revenues may be sensitive to the administrative burdens of the new system. The projections include an assumption of administrative and implementation risk associated with the transition to a new business tax structure, diminishing as it is implemented. A large component of the 8.2% growth from FY 2016-17 to FY 2017-18 is an assumed full phase-out of these risks; underlying growth is projected to be 5.0% in that year.

**Figure 8: San Francisco Unemployment and Wages, 2006-2020 Actuals and Projected**



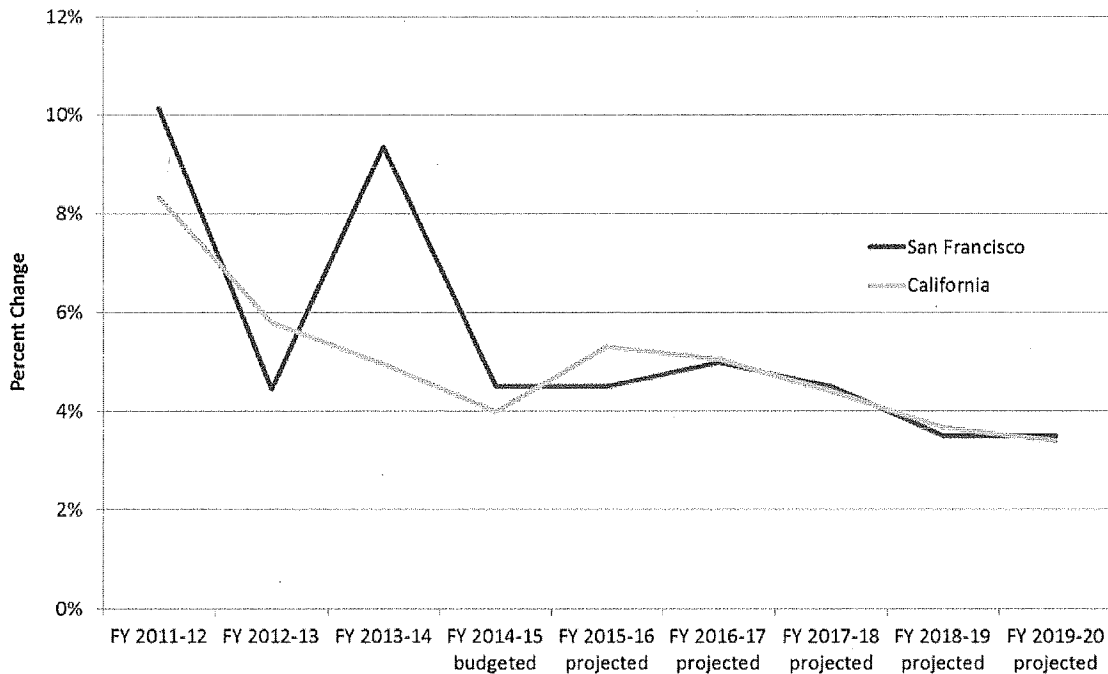
Source: US Bureau of Labor Statistics, US Bureau of Economic Analysis, Moody's Analytics Forecast

**Sales Tax**

Local sales tax is projected to grow slightly faster than inflation, with the exception of a one-time increase of \$46 million in FY 2015-16 due to the end of the Triple Flip. As described in the Property Tax section, the Triple Flip is a funding shift beginning in FY 2004-05 under which the State withheld 0.25% of the local 1% portion of sales tax to pay debt service on the \$15.0 billion in bonds authorized under the California Economic Recovery Bond Act (Proposition 57). In return, local governments retained an equivalent amount of property tax that they would otherwise have shifted to schools. These bonds will be retired in FY 2015-16 and \$46.0 million which had previously been recognized as property tax revenue will shift to sales tax revenue. Sustained growth in sales tax revenue will depend on changes to state and federal law and order fulfilment strategies for online retailers. Projections assume no changes from state laws affecting sales tax reporting for online retailers.

Figure 9 displays historical and projected changes in local and state sales tax revenues. Sales and use tax revenue is generated from six major business groups, plus a county and state pool category that captures select countywide activity. When a sale cannot be identified with a permanent place of business in the state, the local sales tax is allocated to the local jurisdictions through countywide or statewide pools. Accordingly, certain sellers are authorized to report their local sales tax either on a countywide or statewide basis. Recent growth in sales tax is in large part attributable to increases in county pool receipts and the majority of this growth came from increased online purchasing activity.

**Figure 9: Changes in Local and State Sales Tax Revenues  
FY 2011-12 through FY 2019-20**

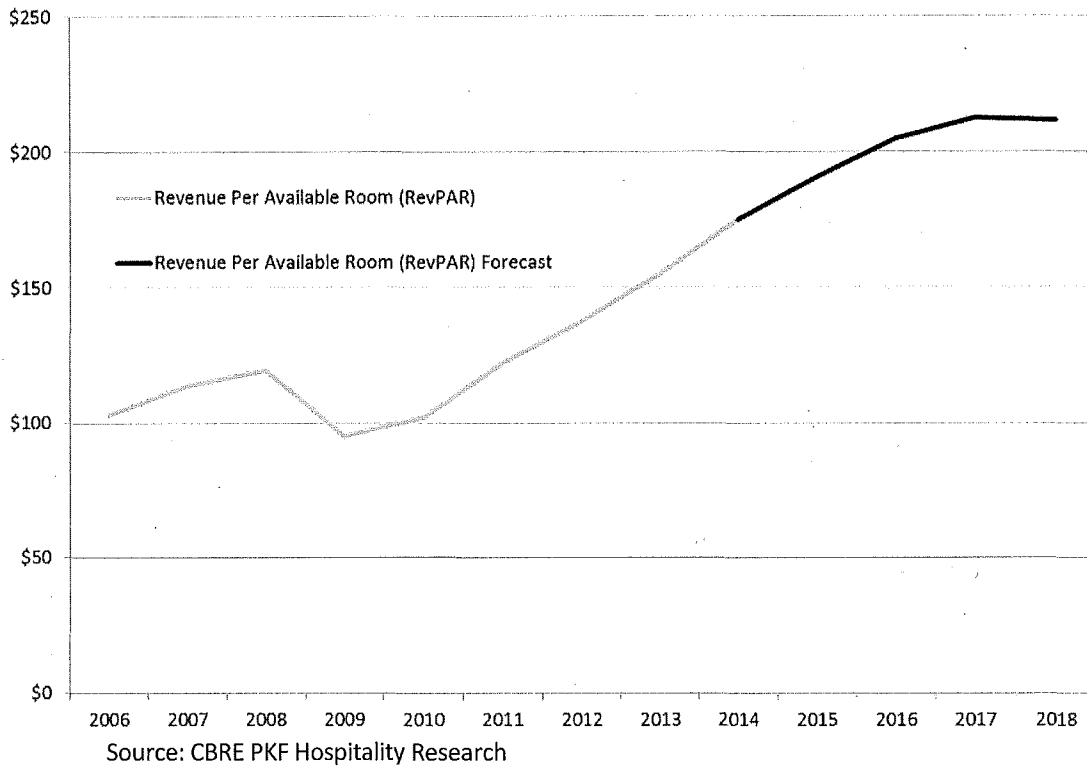


### Hotel Tax

Hotel Tax is projected to grow, but at a somewhat slower pace than in prior years. Hotel Tax revenue is influenced by three factors – average daily room rates (ADR), occupancy rate, and supply of available rooms – represented by revenue per available room (RevPAR). Revenue per available room is projected to grow in the five year period, but at a somewhat slower pace mostly due to lower expected occupancy rates. Recent growth has been fueled broadly by generally strong demand from all segments of the market (tourist, convention, and business) as a result of San Francisco’s strong local economy, and more specifically by completion of the Moscone Convention Center renovations in July 2012, which boosted growth from convention-related business. Constrained hotel room supply has resulted in large increases in the average daily room rate. Figure 10 provides a recent history of RevPAR levels and projections for the five year period.

San Francisco and a number of other jurisdictions in California and the U.S. are currently involved in litigation with online travel companies regarding the companies’ duty to remit hotel taxes on the difference between whole sale and retail prices paid for hotel rooms. Hotel tax revenue will be impacted by the timing and direction of any resolution to this litigation.

**Figure 10: San Francisco Revenue Per Available Room (RevPAR) Growth  
2006 – 2018 Actual and Projected**



### Real Property Transfer Tax

Real property transfer tax (RPTT) revenue is projected to decrease from a budgeted level of \$235.0 million in FY 2014-15 to a ten-year policy adjusted average level of \$200.0 million in FY 2019-20. This revenue is one of the most volatile of all sources and is highly sensitive to economic cycles and interest rates. Transfer taxes are assessed at different rates according to the amount of the transaction. The highest tier is 2.5% of transaction value for transactions of more than \$10 million. While the number of transactions in this tax tier are small (1% in FY 2013-14), the proportion of total transfer tax revenue they generate is quite large (63% in FY 2013-14), contributing to the volatility of the revenue source.

Recent growth in RPTT revenue has largely been a function of the lack of more attractive alternative investment opportunities as demonstrated by historically low US Treasury Bond rates. According to recent Korpacz survey results, commercial real estate investment yields are at a ten year low. However, it is anticipated that in FY 2015-16 investors will continue to see higher yields in commercial real estate over other investments, which means the City will expect continued RPTT revenue growth that year. Beginning in FY 2016-17, declining yields for real estate investments are projected to reduce revenue to the ten year policy adjusted average of \$200 million in FY 2018-19 and FY 2019-20.

**Table 5: General Fund Revenue Actuals and Projections FY 2014-20**  
**(\$ in millions)**

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	Year-End	Original					
	Actuals	Budget	Projection	Projection	Projection	Projection	Projection
Property Taxes	\$ 1,177.4	\$ 1,232.9	\$ 1,257.0	\$ 1,303.0	\$ 1,356.0	\$ 1,404.0	\$ 1,460.0
Business Taxes	562.9	572.4	623.6	663.4	717.7	746.5	772.6
Sales Tax	133.7	136.1	193.7	203.4	212.5	220.0	227.7
Hotel Room Tax	310.1	318.4	357.1	373.5	388.8	401.4	417.1
Utility Users Tax	86.8	91.7	89.6	89.8	90.1	90.3	90.9
Parking Tax	83.5	84.9	88.1	90.8	93.0	94.9	96.5
Real Property Transfer Tax	261.9	235.0	232.0	205.0	200.0	200.0	200.0
Stadium Admission Tax	2.4	1.3	1.4	1.4	1.4	1.4	1.4
Access Line Tax	43.8	43.1	45.6	46.5	47.0	47.4	47.9
<b>Subtotal - Local Tax Revenues</b>	<b>2,662.5</b>	<b>2,715.7</b>	<b>2,888.2</b>	<b>2,976.8</b>	<b>3,106.5</b>	<b>3,205.7</b>	<b>3,314.1</b>
Licenses, Permits & Franchises	27.0	27.1	26.9	27.1	27.2	27.4	27.6
Fines, Forfeitures & Penalties	5.3	4.2	4.3	4.3	4.3	4.3	4.3
Interest & Investment Income	10.1	6.9	10.7	11.7	12.1	12.4	12.7
Rents & Concessions	26.9	22.7	18.7	18.7	18.7	18.7	18.7
<b>Subtotal - Licenses, Fines, Interest, Rent</b>	<b>69.3</b>	<b>60.9</b>	<b>60.6</b>	<b>61.8</b>	<b>62.3</b>	<b>62.8</b>	<b>63.3</b>
Social Service Subventions	218.5	229.5	233.6	233.6	233.6	233.6	233.6
Other Grants & Subventions	(1.3)	5.4	4.9	4.9	4.9	4.9	4.9
<b>Subtotal - Federal Subventions</b>	<b>217.2</b>	<b>234.9</b>	<b>238.5</b>	<b>238.5</b>	<b>238.5</b>	<b>238.5</b>	<b>238.5</b>
Social Service Subventions	164.3	197.1	200.9	203.8	206.4	209.1	211.8
Health & Welfare Realignment - Sales Tax	133.4	133.0	141.1	143.9	151.9	156.8	160.3
Health & Welfare Realignment - VLF	32.2	29.9	34.1	34.5	34.8	35.2	35.5
Health & Welfare Realignment - CalWORKs MOE	20.1	26.7	28.2	28.2	28.2	28.2	28.2
Health/Mental Health Subventions	83.9	97.2	97.2	97.2	97.2	97.2	97.2
Public Safety Sales Tax	87.5	91.4	96.7	101.5	106.1	110.0	113.9
Motor Vehicle In-Lieu (County & City)	0.7	-	-	-	-	-	-
Public Safety Realignment (AB109)	33.5	31.8	34.4	36.7	38.5	40.0	41.2
Preliminary State Budget Assumption	-	-	-	-	-	-	-
<b>Subtotal - State Subventions</b>	<b>583.0</b>	<b>624.4</b>	<b>647.5</b>	<b>660.6</b>	<b>677.9</b>	<b>691.3</b>	<b>703.0</b>
General Government Service Charges	46.8	52.7	50.7	50.7	50.7	50.7	50.7
Public Safety Service Charges	32.7	33.6	33.2	33.2	33.2	33.2	33.2
Recreation Charges - Rec/Park	17.2	19.3	17.0	17.0	17.0	17.0	17.0
MediCal, MediCare & Health Svc. Chgs.	60.5	79.5	72.4	72.8	73.2	73.7	74.1
Other Service Charges	14.6	15.7	15.7	15.7	15.7	15.7	15.7
<b>Subtotal - Charges for Services</b>	<b>171.8</b>	<b>200.8</b>	<b>188.9</b>	<b>189.3</b>	<b>189.8</b>	<b>190.2</b>	<b>190.6</b>
<b>Recovery of General Government Costs</b>	<b>9.4</b>	<b>9.1</b>	<b>9.1</b>	<b>9.1</b>	<b>9.1</b>	<b>9.1</b>	<b>9.1</b>
<b>Other General Fund Revenues</b>	<b>7.8</b>	<b>24.2</b>	<b>12.7</b>	<b>18.7</b>	<b>18.7</b>	<b>18.7</b>	<b>18.7</b>
<b>TOTAL REVENUES</b>	<b>3,721.0</b>	<b>3,870.0</b>	<b>4,045.3</b>	<b>4,154.7</b>	<b>4,302.6</b>	<b>4,416.2</b>	<b>4,537.2</b>
<b>Transfers in to General Fund</b>							
Airport	38.0	38.4	39.6	40.6	43.2	44.6	45.7
Other Transfers	175.7	140.9	140.9	140.9	140.9	140.9	140.9
<b>Total Transfers-In</b>	<b>213.6</b>	<b>179.3</b>	<b>180.5</b>	<b>181.5</b>	<b>184.1</b>	<b>185.5</b>	<b>186.6</b>
<b>TOTAL GF Revenues and Transfers-In</b>	<b>3,934.7</b>	<b>4,049.2</b>	<b>4,225.8</b>	<b>4,336.2</b>	<b>4,486.7</b>	<b>4,601.7</b>	<b>4,723.8</b>



Table 6 shows the percent change in General Fund revenues projected over the next five years.

**Table 6: Percent Changes in General Fund Revenue Projections FY 2016-20**

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	% Chg from	% Chg from	% Chg from	% Chg from	% Chg from
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	Original	Projection	Projection	Projection	Projection
	Budget				
Property Taxes	2.0%	3.7%	4.1%	3.5%	4.0%
Business Taxes	9.0%	6.4%	8.2%	4.0%	3.5%
Sales Tax	42.3%	5.0%	4.5%	3.5%	3.5%
Hotel Room Tax	12.2%	4.6%	4.1%	3.2%	3.9%
Utility Users Tax	-2.3%	0.2%	0.2%	0.2%	0.7%
Parking Tax	3.8%	3.1%	2.5%	1.9%	1.8%
Real Property Transfer Tax	-1.3%	-11.6%	-2.4%	0.0%	0.0%
Stadium Admission Tax	2.0%	0.0%	0.0%	0.0%	0.0%
Access Line Tax	5.9%	2.0%	1.0%	1.0%	1.0%
<b>Subtotal - Tax Revenues</b>	<b>6.3%</b>	<b>3.1%</b>	<b>4.4%</b>	<b>3.2%</b>	<b>3.4%</b>
Licenses, Permits & Franchises	-0.9%	0.6%	0.6%	0.6%	0.6%
Fines, Forfeitures & Penalties	0.5%	0.0%	0.0%	0.0%	0.0%
Interest & Investment Income	55.8%	10.0%	2.8%	2.8%	2.8%
Rents & Concessions	-17.4%	0.0%	0.0%	0.0%	0.0%
<b>Subtotal - Licenses, Fines, Interest, Rent</b>	<b>-0.6%</b>	<b>2.0%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.8%</b>
Social Service Subventions	1.8%	0.0%	0.0%	0.0%	0.0%
Other Grants & Subventions	-9.3%	0.0%	0.0%	0.0%	0.0%
<b>Subtotal - Federal Subventions</b>	<b>1.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Social Service Subventions	1.9%	1.4%	1.3%	1.3%	1.3%
Health & Welfare Realignment - Sales Tax	6.1%	2.0%	5.5%	3.2%	2.2%
Health & Welfare Realignment - VLF	14.0%	1.0%	1.0%	1.0%	1.0%
Health & Welfare Realignment - CalWORKs MOE	5.6%	0.0%	0.0%	0.0%	0.0%
Health/Mental Health Subventions	0.0%	0.0%	0.0%	0.0%	0.0%
Public Safety Sales Tax	5.8%	5.0%	4.5%	3.8%	3.5%
Motor Vehicle In-Lieu (County & City)	0.0%	0.0%	0.0%	0.0%	0.0%
Public Safety Realignment (AB109)	8.2%	6.5%	5.1%	3.8%	3.0%
<b>Subtotal - State Subventions</b>	<b>3.7%</b>	<b>2.0%</b>	<b>2.6%</b>	<b>2.0%</b>	<b>1.7%</b>
General Government Service Charges	-3.8%	0.0%	0.0%	0.0%	0.0%
Public Safety Service Charges	-1.1%	0.0%	0.0%	0.0%	0.0%
Recreation Charges - Rec/Park	-12.0%	0.0%	0.0%	0.0%	0.0%
MediCal, MediCare & Health Svc. Chgs.	-9.0%	0.6%	0.6%	0.6%	0.6%
Other Service Charges	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Subtotal - Charges for Services</b>	<b>-5.9%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>
<b>Recovery of General Government Costs</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other Revenues</b>	<b>-47.5%</b>	<b>46.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TOTAL REVENUES</b>	<b>4.5%</b>	<b>2.7%</b>	<b>3.6%</b>	<b>2.6%</b>	<b>2.7%</b>
<b>Transfers in to General Fund</b>					
Airport	3.1%	2.6%	6.4%	3.2%	2.5%
Other Transfers	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Transfers In</b>	<b>0.7%</b>	<b>0.6%</b>	<b>1.4%</b>	<b>0.7%</b>	<b>0.6%</b>
<b>TOTAL GF Revenues and Transfers-In</b>	<b>4.4%</b>	<b>2.6%</b>	<b>3.5%</b>	<b>2.6%</b>	<b>2.7%</b>

## CHANGE IN USE OF ONE-TIME SOURCES

The change in use of one-time sources consists of a combination of the change in use of starting fund balance and use of reserves as described below.

### Change in Starting Fund Balances

This Plan assumes available fund balance of \$217 million including \$136.8 million previously appropriated in FY 2015-16 by the FY 2014-15 and FY 2015-16 adopted budget in addition to anticipated surpluses from FY 2013-14 and FY 2014-15 of \$21.7 million and \$58.5 million, respectively. The report assumes use of this fund balance to be split evenly across the two upcoming budget years as a one-time starting source of \$108.5 million in each year. This results in a year over year reduction in General Fund-supported starting fund balances of \$25.3 million in FY 2015-16, \$0.0 million in FY 2016-17, and a loss of \$108.5 million in FY 2017-18.

### Changes in Use of Reserves

The net change to use of one-time reserves is estimated to be a loss of \$35.4 million in FY 2015-16, a gain of \$6.9 million in FY 2016-17, and a loss of \$14.7 million in FY 2017-18. Please see Table 8 below for detail on reserve balances. Reserve uses assumed in this Plan are:

- **Budget Savings Incentive Fund:** The Citywide Budget Savings Incentive Fund receives 25% of year-end departmental expenditure savings to be available for one-time expenditures. This report assumes withdrawals of \$0.0 million, and \$3.7 million in FY 2015-16 and FY 2016-17, respectively, exhausting the balance of the reserve.
- **Rainy Day One-Time Reserve:** Charter Section 9.113.5 establishes a Rainy Day One-Time Reserve funded by 25% of revenue growth over 5%, which can be used towards one-time expenses. This report assumes withdrawals of \$2.7 million and \$8.0 million in FY 2015-16 and FY 2016-17, respectively, exhausting the balance of the reserve.
- **Rainy Day Economic Stabilization Reserve:** Charter Section 9.113.5 establishes the Rainy Day Reserve Economic Stabilization Fund, an economic stabilization reserve funded by 50% of revenue growth over 5% and can be used to support the General Fund and SFUSD operating budgets in years when revenue declines. Proposition C passed by the voters in November 2014, divided the existing Rainy Day Economic Stabilization Reserve into a City Rainy Day Reserve (City Reserve) and a School Rainy Day Reserve (School Reserve) with each reserve account receiving 50% of the existing balance. Beginning in FY 2015-16, 25% of Rainy Day deposits will go to the School Reserve and 75% will go to the City Reserve. No withdrawals or deposits from the City Reserve are projected in this report.
- **Recreation & Park Budget Savings Incentive Reserve:** The Recreation and Park Savings Incentive Reserve, established by Charter Section 16.107(c), is funded by the retention of year-end net expenditure savings by the Recreation and Park Department and must be dedicated to one-time expenditures. This report assumes withdrawals of \$1.8 million and \$5.2 million in FY 2015-16 and FY 2016-17, respectively, exhausting the balance of the reserve.
- **Prior Year Expenditure Savings.** This report assumes that \$6.7 million of prior year expenditure savings will offset FY 2015-16 minimum wage cost increases. In FY 2016-17, this one-time source is reduced by \$5.5 million and the remaining \$1.2 million will expire in FY 2017-18.

## Department of Public Health Revenues

The Department of Public Health (DPH) projects a revenue increase of \$5.7 million in FY 2015-16, \$6.6 million in FY 2016-17, \$6.9 million in FY 2017-18, \$7.4 million in FY 2018-19, and \$6.8 million in FY 2019-20. The increases are due to patient revenues at the San Francisco Health Network. Revenue estimates for DPH's San Francisco Health Network (which includes two hospitals and many clinics) are based on projections from a study commissioned in 2013 to evaluate the effects of the Affordable Care Act (ACA). These projections have been updated based on the August 2014 Medi-Cal Expansion population served by the network. Because of continued uncertainty about the effects of ACA, which began implementation in January 2014, these projections will continue to change as the healthcare landscape shifts in the City and the region.

## Office of Community Investment and Infrastructure Tax Increment

Under Redevelopment dissolution law, the Office of Community Investment and Infrastructure (OCII) has much more limited authority to issue debt compared to the former San Francisco Redevelopment Agency. The base case projection assumes that OCII may issue debt to finance infrastructure improvements for the Mission Bay and Hunters Point Shipyard Phase 2/Candlestick Point major development projects, and will fund on a pay-as-you-go basis other infrastructure and affordable housing obligations. This results in a General Fund impact of \$7.8 million in FY 2015-16, \$6.8 million in FY 2016-17, and \$3.9 million in FY 2017-18. Starting in FY 2018-19, the needed tax increment falls by \$8.5 million and then an additional \$5.6 million in FY 2019-20; the reduction is due to lower outstanding debt service payments and also the completion of some OCII projects over the five year period. The City and OCII will explore alternative solutions to the pay-as-you-go model, but at this time the availability of other options is not certain.

## Other General Fund-Supported Revenues

Other General Fund supported revenues are projected to decrease by \$6.8 million in FY 2015-16, and then increase incrementally by \$4.3 million in FY 2016-17, \$4.1 million in FY 2017-18, \$4.5 million by FY 2018-19, and \$4.3 million in FY 2019-20. These revenues include Fire Department revenues, Human Services Agency revenues and Airport revenues as well as other small changes.

- **Fire Emergency Medical Services Revenue:** The Fire Department's revenues from ambulance transport billings are projected to decrease by \$7.4 million in FY 2015-16 primarily because of the loss of a one-time \$5.9 million payment that is expected in FY 2014-15. A further reduction of \$1.5 million in State Ground Emergency Medical Transport (GEMT) payments starting in FY 2015-16 is projected based on recent trends and changes to State repayment practices. Revenues are assumed to rise with CPI thereafter, by \$0.4 million in FY 2016-17 through FY 2018-19 and by \$0.5 million in FY 2019-20. Though this report assumes additional staffing at the Fire Department's Ambulance Division, it projects no additional revenue due to ongoing uncertainty related to State and Medi-Cal reimbursement practices.
- **Human Services Agency Revenues:** The Human Services Agency (HSA) is projected to draw incremental state and federal revenues to pay for additional salaries and fringe benefit costs. The Department estimates they will draw revenues for approximately 38% of salary and benefit costs in each year, resulting in incremental revenue increases of \$2.9 million in FY 2016-17, \$2.6 million in FY 2017-18, \$2.7 million in FY 2018-19, and \$2.8 million in FY 2019-20.
- **Airport Revenues:** The General Fund receives a portion of Airport concessions revenue annually. For FY 2015-16 through FY 2019-20, the Airport projects these revenues to increase by \$1.2 million, \$1.0 million, \$2.6 million, \$1.4 million, and \$1.1 million, respectively.

## DETAIL OF BASE CASE CITYWIDE EXPENSE PROJECTIONS

### Uses – Baselines & Reserves

The Charter specifies baseline-funding levels for various programs or functions that are generally linked to changes in discretionary General Fund revenues, though some are a function of Citywide expenditures or base-year program expenditure levels.

As a result of growing discretionary revenue, the City's mandated contributions to baselines and set-asides is increasing by \$46.1 million, \$14.6 million, \$39.4 million, \$30.3 million, and \$27.7 million in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20, respectively. Key changes to baseline contributions are summarized below and in Table 7.

The City's current baselines include:

- **MTA Baselines (including Prop B):** Charter section 8A.105 establishes a minimum level of funding for the Municipal Transportation Agency (MTA) and the Parking and Traffic Commission within the MTA to provide predictable, stable and adequate level of funding for MTA. Consistent with the Charter, the funding for these two baselines is adjusted annually by the percent increase or decrease in General Fund Aggregate Discretionary Revenues (ADR). Also included in the MTA baseline total is an amount equal to 80% of annual parking tax revenue as mandated by Charter Section 16.110.

Proposition B, passed by the voters in November 2014, additionally adjusts these baselines by the growth in population; first, in FY 2015-16 by the cumulative growth in population during the most recent ten year period, and subsequently by the annual growth in population. This results in \$22.7 million in additional funding per year for the MTA starting in FY 2015-16, and increasing each year by the percent increase in the San Francisco population as calculated by the Controller's Office.

The funds provided through Proposition B must be appropriated as follows:

- 75% of funds for transit system improvements to the Municipal Railway to improve the system's reliability, frequency of service, capacity and state of good repair; and
- 25% of funds for transportation capital expenditures to improve street safety for all users.

Combining all required Muni baselines and parking tax transfers, the MTA is expected to receive additional incremental base line revenue each year over the next five years of \$40.6 million, \$12.7 million, \$16.8 million, \$13.8 million, and \$14.8 million.

- **Public Education Enrichment Fund Annual Contribution:** Proposition C passed by the voters in November 2014 extended the Public Education Enrichment Fund Annual Contribution (PEEF) for 26 years, until June 30, 2041, eliminated a provision that allowed the City to defer up to a quarter of the contribution to PEEF in any year the City had a budget shortfall of \$100 million or more, and eliminated a credit for in-kind services allowed as an offset against the contribution.

The PEEF contribution is projected to increase by \$9.6 million, \$2.7 million, \$4.2 million, \$3.2 million, and \$3.5 million in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20, respectively. These increases reflect the loss of the in-kind credit beginning in FY 2015-16 (equal to approximately \$4 million annually), and the percentage increase in the City's aggregate discretionary revenue over the next four years, as prescribed by Charter Section 16.123-2.

- **Children's Fund Property Tax Set-aside:** Proposition C extended the Children's Fund and the property tax set-aside for 25 years, until June 30, 2041 and increased the property tax set-aside from \$.03 for

each \$100 of assessed property value in FY 2014-15 growing to \$.04 by FY 2018-19. In addition, Proposition C added a new priority population to benefit Transitional Aged Youth (TAY). Without the legislation, the Fund would have grown due to the projected growth in property tax revenue. Combining the planned growth with the new growth due to the policy change, the overall value of the Children and Youth Fund will increase from \$51.6 million in FY 2014-15 to \$59.3 million in FY 2015-16, \$66.7 million in FY 2016-17, \$74.7 million in FY 2017-18, \$82.9 million in FY 2018-19, and \$86.2 million in FY 2019-20. Overall the Children's Fund set-aside is projected to increase by \$7.7 million, \$7.4 million, \$8.0 million, \$8.2 million, and \$3.3 million in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20 respectively. However, the impact to the General Fund of this set-aside increase is offset by reductions to other baselines, which is reflected in Table 4. Isolating the policy change of the increased percentage of property taxes dedicated to the Children's Fund, the additional General Fund support that is needed each year is \$3.8 million in FY 2015-16, \$4.1 million in FY 2016-17, \$4.4 million in FY 2017-18, \$4.9 million in FY 2018-19, and \$0.7 million in FY 2019-20.

- **Children's Baseline:** This report assumes that the required expenditure appropriation for the Children's Baseline is more than exceeded in each year, therefore, no net budgetary impact is projected.
- **Housing Trust Fund:** This report assumes that the Housing Trust Fund will continue to grow by \$2.8 million in each year, as prescribed by Charter.
- **Other Baseline and Mandate Requirements:** In addition to those listed above the Charter specifies baseline-funding levels for various programs or functions, including the Public Library, Public Education, Children's Services, the Human Services Care Fund, and the City Services Auditor. Baseline amounts are generally linked to changes in discretionary City revenues, though some are a function of Citywide expenditures or base-year program expenditure levels.

Table 7 shows the City's projected baseline contribution and the change from the prior year over the next five years; it also shows FY 2014-15 budgeted contributions for the City's baselines.

**Table 7: Projected Baselines and Mandated Expenditures FY 2015-20 (\$ in millions)**

Total Contribution	FY 14-15					
	Budget	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Public Education Enrichment Fund	82.1	91.7	94.4	98.6	101.8	105.2
Children's Fund Property Tax Setaside*	51.6	59.3	66.7	74.7	82.9	86.2
Housing Trust Fund	22.8	25.6	28.4	31.2	34.0	36.8
MTA Baselines (Including Prop B)	315.8	356.4	369.1	385.9	399.7	414.5
Library Preservation Baseline	61.6	65.5	67.4	70.4	72.7	75.1
Controller- City Services Auditor	14.9	15.2	15.6	16.1	16.6	17.0
Municipal Symphony Baseline	2.3	2.4	2.5	2.6	2.7	2.8
	<b>551.0</b>	<b>616.0</b>	<b>644.1</b>	<b>679.5</b>	<b>710.3</b>	<b>737.7</b>
Change from Prior Year	FY 15-16					
Public Education Enrichment Fund		9.6	2.7	4.2	3.2	3.5
Children's Fund Property Tax Setaside*		7.7	7.4	8.0	8.2	3.3
Housing Trust Fund		2.8	2.8	2.8	2.8	2.8
MTA Baselines (Including Prop B)		40.6	12.7	16.8	13.8	14.8
Library Preservation Baseline		3.8	1.9	3.0	2.3	2.5
Controller- City Services Auditor		0.3	0.4	0.5	0.5	0.4
Municipal Symphony Baseline		0.1	0.1	0.1	0.1	0.1
		<b>64.9</b>	<b>28.1</b>	<b>35.4</b>	<b>30.8</b>	<b>27.4</b>

\* The impact to the General Fund of the Children's Fund Property Tax setaside increase is partially offset by reductions to other baselines.

The City has a number of reserves that are available to insulate the City's budget and services from a dramatic event and soften the impact of economic shocks.

Projected deposits to City's Reserves include:

- **General Reserve:** Consistent with the financial policies adopted by the Board of Supervisors in April 2010 and codified in Administrative Code Section 10.60(b), this report anticipates the General Reserve rising from 1.75% of regular General Fund revenues in FY 2015-16 to 2.0% in FY 2016-17. For fiscal years FY 2017-18 through FY 2019-20, this report assumes the General Reserve will additionally increase to 2.33%, 2.67%, and 3.00% in FY 2017-18, FY 2018-19, and FY 2019-20 respectively, consistent with proposed Controller's Financial Policies that were introduced at the October 7, 2014 Board of Supervisors meeting.

Projections for deposits to the General Reserve are \$15.4 million, \$12.1 million, \$17.1 million, \$17.6 million, and \$18.2 million in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20 respectively. This report also assumes no withdrawals and that unspent monies at the end of each fiscal year will be carried forward to the subsequent year.

- **Rainy Day One-Time Reserve:** Charter Section 9.113.5 establishes a Rainy Day One-Time Reserve funded by 25% of revenue growth over 5%, which can be used towards one-time expenses. This report projects withdrawals of \$2.7 million, and \$8.0 million in FY 2015-16 and FY 2016-17, respectively, exhausting the balance of this reserve.
- **Budget Stabilization Reserve:** Consistent with the financial policies adopted by the Board of Supervisors in April 2010 and codified in Administrative Code Section 10.60(b), this report anticipates a deposit of \$4.3 million into the Budget Stabilization Reserve in FY 2015-16 related to projected Real Property Transfer Tax revenues above their five year average. No additional withdrawals or deposits are projected.

- **Salary and Benefits Reserve:** In each of the five years, this Plan projects increasing the Salary and Benefits Reserve by CPI from the \$14.0 million level appropriated in FY 2015-16 to support costs related to labor agreements not budgeted in individual departments, and assumes the entire reserve will be fully spent each year.
- **Litigation Reserve:** This reserve supports annual City liabilities related to claims, settlements, and judgments. This Plan assumes \$16.0 million in FY 2015-16, as previously appropriated. In the following four years, the reserve is projected to return to \$11.0 million, consistent with historic levels and is assumed to be fully spent each year.

Table 8 outlines the projected uses, deposits, and balances of all reserves discussed above and in the Sources section of this Plan.

**Table 8: Projected Uses, Deposits & Balances of Reserves FY 2015-20 (\$ in millions)**

Reserve (Deposits) / Uses	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	(Deposit)/ Use	(Deposit)/ Use	(Deposit)/ Use	(Deposit)/ Use	(Deposit)/ Use
General Fund Reserve	(15.4)	(12.1)	(17.2)	(17.6)	(18.2)
Budget Savings Incentive Fund	-	3.7	-	-	-
Recreation & Parks Budget Savings Incentive Reserve	1.8	5.2	-	-	-
Rainy Day Economic Stabilization Reserve	-	-	-	-	-
Rainy Day One-Time Reserve	2.7	8.0	-	-	-
Budget Stabilization Reserve	(4.3)	-	-	-	-
Salary and Benefits Reserve*	(14.0)	(14.5)	(14.9)	(15.3)	(15.7)
Litigation Reserve*	(16.0)	(11.0)	(11.0)	(11.0)	(11.0)
<b>TOTAL</b>	<b>(45.3)</b>	<b>(20.7)</b>	<b>(43.0)</b>	<b>(43.9)</b>	<b>(44.9)</b>

Reserve Balances	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Ending Balance	Ending Balance	Ending Balance	Ending Balance	Ending Balance	Ending Balance
General Fund Reserve	55.6	71.0	83.1	100.3	117.9	136.1
Budget Savings Incentive Fund	3.7	3.7	-	-	-	-
Recreation & Parks Budget Savings Incentive Reserve	6.9	5.2	-	-	-	-
Rainy Day Economic Stabilization Reserve	24.6	24.6	24.6	24.6	24.6	24.6
Rainy Day One-Time Reserve	10.7	8.0	-	-	-	-
Budget Stabilization Reserve	151.4	147.1	147.1	147.1	147.1	147.1
Salary and Benefits Reserve*	-	-	-	-	-	-
Litigation Reserve*	-	-	-	-	-	-
<b>TOTAL</b>	<b>252.9</b>	<b>259.5</b>	<b>254.8</b>	<b>272.0</b>	<b>289.6</b>	<b>307.8</b>

\* These reserves are assumed to either be spent or closed to fund balance at the end of each fiscal year.

## Uses – Salaries & Benefits

This report projects General Fund supported salaries and fringe benefits to increase by \$33.9 million in FY 2015-16, \$58.5 million in FY 2016-17, \$76.1 million in FY 2017-18, \$72.1 million in FY 2018-19, and \$100.0 million in FY 2019-20. These increases, discussed in greater detail below, reflect the annualization of partial year positions approved in the current fiscal year, provisions in collective bargaining agreements, health and dental benefits for current and retired employees, retirement benefit costs, and other salary and benefit costs.

**Annualization of Partial Year Positions:** In FY 2015-16, the City is projected to incur \$12.1 million in additional costs to annualize positions funded for only a partial year in the FY 2014-15 budget.

**Previously Negotiated Closed Labor Agreements:** The additional salary and benefit costs of closed labor agreements are projected to be \$62.9 million for FY 2015-16, \$71.5 million for FY 2016-17, and \$7.4 million for FY 2017-18. In February 2014, the City began negotiations with 27 of its employee organizations to craft new labor contracts. The new contracts cover more than 28,000 employees through FY 2016-17. With a few exceptions, the negotiated agreements include raises of 3.0% in October 2014, 3.25% in October 2015, and between 2.25-3.25% (depending on inflation) in July of 2016; this report assumes an increase of 2.28% based on the latest inflation projections from the California Department of Finance for FY 2016-17. The Memorandum of Understanding (MOU) for police officers and firefighters is closed one additional year through FY 2017-18; these MOU include negotiated wage increases of 1.0%, 2.0% and 2.0% over the next three years.

**Projected Costs of Open Labor Agreements:** Beginning in FY 2017-18, this report assumes that most bargaining units receive salary increases equivalent to the change in the Consumer Price Index (CPI-U), which is projected by the California Department of Finance to be 2.75% through FY 2019-20. For police officers and firefighters, the report also assumes increases of 2.75% in FY 2018-19 and FY 2019-20. The additional salary and benefit costs for open collective bargaining agreements, using these assumptions, are projected to be \$57.5 million, \$68.7 million, and \$70.4 million in FY 2017-18, FY 2018-19 and FY 2019-20, respectively. These increases are provided for projection purposes only; actual costs will be determined in labor negotiations to be conducted in FY 2016-17 for most employees and FY 2017-18 for police officers and firefighters.

**Health and Dental Benefits for Current Employees:** Each year, the Health Service System (HSS) negotiates subsequent year rates in the spring, the HSS Board adopts these rates in July, and then HSS holds open enrollment for employees every October.

In order to ensure competition between health plans by minimizing migration, the Health Service Board has used one-time and ongoing strategies to reduce the price gap between plan rates. In order to continue this trend, the health plans will also need to be more efficient and reduce their costs. Industry predictions anticipate that the medical and pharmacy inflation rates will increase at a rate which is greater than the Health Service Board negotiated trends. Therefore projections in this report assume average increases of approximately 5.0% in health and dental rates in each year. Given these assumptions, health and dental insurance premium costs paid by the employer related to current employees are projected to increase by \$2.4 million in FY 2015-16, \$11.7 million in FY 2016-17, \$12.3 million in FY 2017-18, \$12.9 million in FY 2018-19, and \$13.6 million in FY 2019-20.

The key uncertainty at this time last year was the impact of the federal taxes and fees levied on employer based health plans as part of the implementation of the Affordable Care Act. The initial fees and taxes are taken into account in the 2015 rates; however, the Excise Tax on High Cost Plans will not be effective until 2018, and the impacts on health rates from this policy change are not yet known. No change is assumed in this Plan from the Excise Tax since the outcomes are too uncertain at this time, and challenges in projecting these costs remain. While a new percentage based contribution cost-sharing model was negotiated between the City and the unions, which will go into effect for many employees in January of 2015, the impact on migration among plans including shifting of cost between plans due to demographic changes, plan design, utilization and other factors remain uncertain.

**Health and Dental Benefits for Retired City Employees:** Charter Section A8.428 mandates health coverage for retired City employees. The cost of medical benefits for retirees is projected to increase General Fund support by \$2.1 million, \$8.7 million, \$9.5 million, \$10.3 million, and \$11.3 million in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20, respectively. Proposition B, passed by voters in June of 2008, began to address this unfunded liability by requiring employees hired after January 10, 2009 and the City to pay 2.0% and 1.0% of pre-tax compensation, respectively, into a Retiree Health Care Trust Fund. Proposition C, passed by voters in November of 2011, enhanced Proposition B's effects by requiring all remaining employees and the employer to begin contributing to this fund beginning in FY 2016-17. Starting July 1, 2016, employees hired before January



10, 2009 will begin contributing 0.25% of pre-tax compensation into the retiree health care trust fund with additional 0.25% of each subsequent year, up to a maximum of 1.0%, and the City will match the contribution commensurately. As a result, this report also assumes General Fund support will grow \$3.6 million, \$4.2 million, \$4.0 million, \$3.6 million, and \$3.3 million each year FY 2015-16 through FY 2019-20, respectively.

**Retirement Plan Employer Contribution Rates are beginning to decline.** The majority of City employees are part of the San Francisco Employees Retirement System (SFERS), and some public safety personnel are part of the California Public Employees Retirement System (CalPERS). In November 2011, Proposition C changed the way the City and employees share in funding pension benefits. The base employee contribution rate remains at 7.5% for most employees when the City contribution rate is 11% of payroll. When the City contribution rate is above 11%, employees pay an additional amount based on the salary band in which their wages fit.

This report assumes total retirement costs begin to decline after FY 2014-15 and continue to decline through FY 2019-20. This is due to three main factors:

- Several small propositions implemented from 1994 through 1998 have now become fully amortized;
- Asset losses in the San Francisco Employees' Retirement System (SFERS) and California Public Employees' Retirement System (CalPERS) during the prior recession in 2008/2009 have now been fully recognized; and
- Unrecognized asset gains from the last few years are being smoothed in over the coming five year period.

SFERS employer contribution rates are based on projections prepared by the Retirement System's actuary in August 2014. They assume continuation of the SFERS Board adopted investment return of 7.58%; however, final rates for FY 2015-16 will be adopted by the Retirement Board in the coming months. Projections reflect employee contributions to retirement required under Proposition C. The maximum employer contribution rate for non-safety employees in salary band 2 is 22.4% in the current fiscal year. This rate is projected to decrease to 18.5%, 17.5%, 16.6%, 15.0%, and 14.3% in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20, respectively. Rates for Police and Fire safety employees vary based on date of hire. This report assumes the maximum employer contribution rate for FY 2014-15 for police officers and fire fighters was 21.6%; declining to 17.7%, 16.6%, 15.8%, 14.2%, and 13.9% over the next five years.

For CalPERS members, this report includes rate increases starting in FY 2015-16 due to adjusted mortality assumptions adopted by the CalPERS Board in February 2014. The CalPERS rate in the current year is 22.0% and is projected to increase to 23.7%, 26.3%, 28.0%, 29.8% and 31.5% in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20.

The net result of these changes to the employer share for SFERS and CalPERS contribution rates is a decrease in total General Fund support of \$58.2 million, \$29.2 million, \$12.2 million, \$23.4 million and \$9.2 million in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20, respectively.

Table 9 below reflects the total contribution rate, the portion of the rate that employees contribute, and the City's portion.

**Table 9: Estimated Employer Contribution Rates for the Retirement System**  
**San Francisco Employees Retirement System (SFERS)**

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>Estimated Total Contribution Rates</b>	30.2%	28.1%	26.7%	25.1%	23.8%
<b>Non-Safety Employees</b>					
<b>Employee Contribution (1)</b>					
Band 1, < \$26.17/hour	7.5%	7.5%	7.5%	7.5%	7.5%
Band 2, < \$51.33/hour	11.0%	10.0%	9.5%	9.5%	9.0%
Band 3, >\$51.33/hour	11.5%	10.5%	10.0%	10.0%	9.5%
<b>Additional rate factors</b>					
Band 1, < \$26.17/hour	0.8%	0.7%	0.7%	0.6%	0.6%
Band 2, < \$51.33/hour	0.7%	0.6%	0.6%	0.6%	0.5%
Band 3, >\$51.33/hour	0.7%	0.6%	0.6%	0.5%	0.5%
<b>Estimated Net Employer Contribution (1)</b>					
Band 1, < \$26.17/hour	21.9%	19.9%	18.5%	17.0%	15.7%
Band 2, < \$51.33/hour	18.5%	17.5%	16.6%	15.0%	14.3%
Band 3, >\$51.33/hour	18.0%	17.0%	16.1%	14.6%	13.8%
<b>Police and Fire Safety Employees (2)</b>					
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>Estimated Total Contribution Rates</b>	30.4%	28.3%	26.9%	25.3%	24.0%
Employee Contribution & additional rate factors	12.7%	11.7%	11.1%	11.1%	10.1%
Estimated Net Employer Contribution	17.7%	16.6%	15.8%	14.2%	13.9%
<b>California Public Employees Retirement System (CalPERS)</b>					
<b>Total Estimated Contribution Rate</b>	24.7%	27.4%	29.1%	30.9%	32.6%
Employee Contribution & additional rate factors	1.1%	1.1%	1.1%	1.1%	1.1%
Net Employer Contribution	23.7%	26.3%	28.0%	29.8%	31.5%

(1) Employees are divided into three bands based on wages. The wages shown are based on the FY 2014-15 wage floors.

(2) Employee base contribution rates vary depending on hire date.

**Other Salaries and Fringe Benefits Costs:** Other salary and benefit cost changes are expected to be modest, with the biggest changes occurring due to the changing number of work days in a given fiscal year. Most fiscal years consist of 261 workdays for regularly scheduled shifts and 365 days for 24/7 operations. FY 2014-15 is a normal year; however, FY 2015-16 is a leap year and contains 366 days for 24/7 operations and 262 workdays for regularly scheduled shifts; therefore, the City incurs additional General Fund costs of \$8.5 million in that year, which go away in FY 2016-17. FY 2017-18 again contains only 260 regularly scheduled workdays and the City expects to see savings in that year of \$2.3 million. FY 2018-19 is the same as FY 2017-18, and FY 2019-20 is another leap year, which means the City incurs additional General Fund costs in that year of \$10.8 million compared to the prior year. Other salary and benefit changes include changes to costs for unemployment insurance, Long Term Disability, and any changes to the FICA income cap, as well as other small salary and fringe adjustments and MOU-related agreements. The combined effect of these changes is a General Fund cost

increase of \$9.0 in FY 2015-16, followed by decreases of \$8.5 million and \$2.3 million in FY 2016-17 and FY 2017-18, no change in FY 2018-19, and finally an increase of \$10.8 million in FY 2019-20.

## Uses – Citywide Operating Costs

Over the next five years, the City will also incur increasing non-salary operating costs. Citywide non-salary operating costs are projected to increase by \$35.4 million, \$108.2 million, \$97.6 million, \$109.1 million, and \$51.6 million in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20, respectively. The impacts and costs associated with these increases span multiple departments and are described in more detail below.

**Minimum Wage (Proposition J):** In November 2014, the voters adopted a Charter amendment increasing local minimum wage from \$11.05 to \$15.00/hour by 2018. After reaching \$15.00, the wage will increase by CPI on July 1 of every subsequent year. This report assumes a CPI-U increase of 2.75% in the FY 2019-20.

**Table 10: Schedule of Minimum Wage Increases Pursuant to Proposition J**

(start date)	FY 14-15 (January 1, 2015)	FY 14-15 (May 1, 2015)	FY 15-16	FY 16-17 (July 1, 2016)	FY 17-18 (July 1, 2017)	FY 18-19 (July 1, 2018)	FY 19-20 (July 1, 2019)
New Wage	\$11.05	\$12.25	\$12.25	\$13.00	\$14.00	\$15.00	\$15.41

The major cost driver of the policy change for the city is the In-Home Supportive Services (IHSS) program which employs over 19,000 individuals at a current hourly wage of \$12.00. IHSS is a State and County supported program housed within the budget of the Human Services Agency. In addition, there are some City contracts which directly pay for staff and a limited group of city employees whose wages are below \$15.00/hour.

**Table 11: Impact of Minimum Wage Increases to the General Fund (in millions)**

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Annual Cost	1.3	12.6	23.6	39.1	56.3	65.9
Incremental Change		11.3	11.0	15.5	17.2	9.5

Overall these changes to the City's minimum wage result in an increase in General Fund support of \$11.3 million in FY 2015-16, an additional \$ 11.0 million in FY 2016-17, \$15.5 million in FY 2017-18, \$17.2 million in FY 2018-19, and \$9.5 million in FY 2019-20. Although \$1.3 million was budgeted in FY 2014-15, the final legislation adopted by the voters will cost the General Fund \$2.6 million in FY 2014-15; the difference will be covered by other expected current year savings. Outside of the projection period in this Plan, these increases are expected to be partially offset by increased State realignment allocations contingent on state sales tax revenue growth.

## Citywide – Capital, Equipment & Technology

Changes in funding for capital, equipment, and technology will result in an increase in General Fund support of \$5.0 million in FY 2015-16, \$42.3 million in FY 2016-17, \$37.3 million in FY 2017-18, \$40.4 million in FY 2018-19 and \$2.8 million in FY 2019-20.

**Table 12: Capital, Equipment and Technology**

	Projected Levels					
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Capital Plan Budget	114.1	102.2	138.1	151.9	167.0	183.7
Capital FF&E, Move, Operating Costs	2.0	11.9	4.4	15.9	35.3	16.4
Equipment	16.2	11.3	16.4	16.9	17.4	17.8
Information & Communication Technology Budget	5.6	3.8	8.6	9.7	10.9	12.2
Major IT Investments	5.4	7.5	16.9	18.6	20.5	22.5
<b>Total One-time Costs</b>	<b>143.3</b>	<b>136.7</b>	<b>184.5</b>	<b>212.9</b>	<b>251.1</b>	<b>252.7</b>

	Year-Over-Year Change				
	2015-16	2016-17	2017-18	2018-19	2019-20
Capital Plan Budget	11.9	(35.9)	(13.8)	(15.2)	(16.7)
Capital FF&E, Move, Operating Costs	(9.9)	7.5	(11.4)	(19.9)	19.4
Equipment	4.9	(5.2)	(0.5)	(0.5)	(0.5)
Information & Communication Technology Budget	1.8	(4.9)	(1.1)	(1.2)	(1.3)
Major IT Investments	(2.2)	(9.4)	(1.7)	(1.9)	(2.0)
Capital One-Time Bond Reimbursements *	(11.6)	7.2	(7.2)	-	-
Department of Technology Rates *	(0.0)	(1.7)	(1.6)	(1.9)	(1.7)
<b>Year-Over Year Change</b>	<b>(5.0)</b>	<b>(42.3)</b>	<b>(37.3)</b>	<b>(40.4)</b>	<b>(2.8)</b>

\* Capital One-Time Bond Reimbursements are excluded from the "Projected Levels" table above because they are a source.

\* Department of Technology rates are excluded from the "Projected Levels" table above they represent an on-going cost, rather than a one-time cost.

This report assumes that capital budget funding will increase based on preliminary levels assumed in the City's FY 2015-25 Draft Ten-Year Capital Plan for FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20 which represents an increase in General Fund support of \$35.9 million, \$13.8 million \$15.2 million and \$16.7 million, respectively in each year. For FY 2015-16, the capital projection reflects the previously adopted FY 2015-16 budget, which did not include full funding of the Capital Plan.

This report also assumes \$7.2 million in one-time bond reimbursements in FY 2016-17 from a future Department of Public Health bond for planning dollars funded through the City's pay-as-you-go General Fund capital budget. The FY 2015-16 budget includes the loss of one-time revenue of \$11.6 million from the second Earthquake Safety and Emergency Response bond.

Additionally, the City is experiencing changing costs related to furniture, fixture and equipment (FF&E) associated with new and upgraded City facilities in the amounts of \$9.9 million in FY 2015-16, a decrease of \$7.5 million in FY 2016-17, an increase of \$11.4 million in FY 2017-18, \$19.9 million in FY 2018-19, and a decrease of \$19.4 million in FY 2019-20. These costs are related to projects including: the ESER 1 and 2 bonds (for the Police Department, the Medical Examiner's Office, and the Fire Department); the next Department of Public Health bond (seismic upgrade to San Francisco General Hospital Building 5); fund lease rental payments for Animal Care and Control seismic rebuild; City proposal to consolidate permitting staff and one-stop permit shop from various leased and City-owned properties into one building; and other large Certificates of Participation and General Obligation bond capital projects.

Citywide equipment costs are projected to decrease by \$4.9 million in FY 2015-16, as reflected in the previously adopted FY 2015-16 budget. To reach previous levels of investment as well as projected need, equipment costs are projected to increase by \$5.2 million in FY 2016-17. Increased cost assumptions based on CPI result in annual \$0.5 million increases in FY 2017-18, FY 2018-19, and FY 2019-20. Equipment is defined as an item costing \$5,000 or more with an expected life span of three years or more. This projection assumes that no equipment purchases will be funded through the use of lease revenue bonds in any of the next five years. By using cash instead of debt financing, the City saves on financing costs, reducing the overall cost of equipment purchases over the long term.

Citywide technology costs are projected to decrease by \$1.8 million in FY 2015-16, as reflected in the previously adopted FY 2015-16 budget. Technology costs are projected to increase by \$4.9 million in FY 2016-17, \$1.1 million in FY 2017-18, \$1.2 million in FY 2018-19, and \$1.3 million in FY 2019-20, consistent with the forthcoming City's Information and Communication Technology (ICT) Plan for FY 2015-16 through FY 2019-20. These costs are related to infrastructure and security improvements, as well as department-specific technology updates.

This report also assumes an increase in funding for major Information Technology investments in the amount of \$2.2 million starting in FY 2015-16 and increasing by \$9.4 million in FY 2016-17, \$1.7 million in FY 2017-18, \$1.9 million in FY 2018-19, and \$2.0 million in FY 2019-20. The \$9.4 million increase in FY 2016-17 is the result of a decision to split the previously assumed FY 2015-16 amount between FY 2014-15 and FY 2015-16. The remaining increases reflect 10% growth on the prior year, consistent with ICT Plan assumptions to grow funding for IT as time goes on. This increase in funding is also assumed to reflect the risk the City faces with replacing the City's aging information and communication technology systems over the coming several years – specifically, the continued replacement of the Citywide financial system and the public safety radio system – as discussed in the prior ICT plan.

Finally, the Department of Technology's rates are projected to stay flat in FY 2015-16 as included in the adopted budget. Rates are projected to increase by \$1.7 million in FY 2016-17, \$1.6 million in FY 2017-18, \$1.9 million in FY 2018-19, and \$1.7 million in FY 2019-20 due to inflationary increases on salaries and benefits.

#### **Citywide – Inflation on Non-Personnel Costs and Grants to Non-Profit Contractors**

Over the next four years, this report assumes that the cost of materials and supplies, professional services, contracts with Community-Based Organizations and other non-personnel operating costs will rise by Consumer Price Index (CPI-U) increases of 2.75% for FY 2016-17 through FY 2019-20, respectively. The projection reflects the adopted FY 2015-16 budget spending levels in the first year of the report. This generates an increase in costs to the City of \$2.7 million, \$36.3 million, \$33.1 million, \$33.9 million, and \$34.7 million in FY 2015-16, FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20, respectively.

#### **Citywide – Debt Service & Lease Financings**

Over the next five years, total debt service and lease financing costs are projected to increase by \$15.2 million in FY 2015-16, \$12.6 million in FY 2016-17, \$5.3 million in FY 2017-18, \$10.4 million in FY 2018-19 and then to decrease by \$1.0 million in FY 2019-20. These projections are based on current debt repayment requirements and projected debt service costs for investments anticipated in the Capital Plan. These projections do not include debt service related to the Moscone Convention Center, which is reflected in the Convention Facilities Fund subsidy projection. The increases over the next several years are primarily due to the repayment of Certificates of Participation (COPs) for the War Memorial Veterans Building seismic upgrade, equipment leases for SF General Hospital, HOPE SF, and the Jail Replacement project. Decreases in cost in the out years can be attributed to the full refunding of the General Fund's equipment and lease finance debt accrued over the last decade, along with smaller COP project debts becoming fully paid off.

#### **Citywide – Sewer, Water and Power Rates**

The base case assumes increased General Fund transfers to the Public Utilities Commission (PUC) for the cost of sewer, water, and power expenses. Sewer and water rates have been adopted by the PUC Commission through FY 2017-18 and will cover the cost of planned capital improvement projects, including the Water System Improvement and the Sewer System Improvement Programs. The final two years of sewer and water rate projections are PUC financial plan assumptions and have not been adopted as approved rate increases. The power rate charged to General Fund rate city departments will increase by one cent per kilowatt hour (kWh) in 2015-16 due to an increase in projected annual costs resulting from the expiration of the PG&E interconnection

agreement; additional regulatory mandates from the regional council governing power utilities; increased capital costs related to the Mountain Tunnel rehabilitation project; and revenue reductions due to drought conditions. In FY 2016-17 and beyond, this projection uses PUC financial plan assumptions. In FY 2016-17, the plan assumes a one cent per kWh increase followed by half cent per kWh increases for the final three years. If these increases are implemented, the total General Fund impact resulting from increased sewer, water, and power rates is a cost of \$3.3 million, \$3.1 million, \$2.2 million, \$2.3 million, and \$2.5 million each year over the next five years.

### Other Citywide Costs

This category includes assumed costs of real estate transactions for the City’s General Fund departments; increases in the City’s workers’ compensation costs; the expiration of one-time costs from the prior year budget; and other minor changes. These items together result in General Fund savings of \$2.1 million in FY 2015-16, and then increased costs of \$2.9 million, \$4.3 million, \$4.9 million and \$3.0 million in the remaining four years of the report.

### Uses – Departmental Costs

This section provides a high-level overview of significant departmental costs over the next five years. Table 4 displays departmental cost increases of \$40.5 million in FY 2015-16, \$3.9 million in FY 2016-17, \$14.6 million in FY 2017-18, \$16.5 million in FY 2018-19, and \$8.6 million in FY 2019-20. More details on departmental costs are provided in the major service area sections of this report.

#### City Administrator’s Office – Convention Facilities Subsidy

This Plan assumes the Convention Facilities Fund will need a General Fund subsidy increase of \$4.5 million ongoing starting in FY 2016-17, increasing by another \$3.6 million in FY 2017-18 and \$1.2 million in FY 2018-19. These cost increases are due to expected lower operating revenue at the facilities due to its partial closure during planned expansions and loss of one-time prior year fund balance.

#### Elections – Number of Scheduled Elections

The number of elections, and the associated costs for holding elections, vary annually. Currently, two elections are projected in FY 2015-16 (a Municipal Election and a June Presidential Primary,) one Presidential General Election in FY 2016-17, one Gubernatorial Primary Election in FY 2017-18, one Gubernatorial General Election in FY 2018-19, and two elections (a Municipal Election and a June Presidential Primary,) in FY 2019-20. This schedule results in a projected incremental cost of \$5.0 million in FY 2015-16, a savings of \$5.1 million in FY 2016-17, and an additional cost of \$5.1 million in FY 2019-20. Any special election not included in this projection would result in increased General Fund costs dependent on the complexity of the ballot and the size of the electorate.

**Table 13: Number of Scheduled Elections FY 2015-16 through FY 2019-20**

Fiscal Year	Date	Type
2015-16	November 2015	Municipal Election
2015-16	June 2016	Consolidated Presidential Primary Election
2016-17	November 2016	Consolidated Presidential General Election
2017-18	June 2018	Consolidated Gubernatorial Primary Election
2018-19	November 2018	Consolidated Gubernatorial General Election
2019-20	November 2019	Municipal Election
2019-20	June 2020	Consolidated Presidential Primary Election

### **Ethics Commission – Public Financing of Elections**

The Ethics Commission administers the Election Campaign Fund. Annual General Fund deposits to the Campaign Fund are governed by ordinance and equal \$2.75 per resident with 15% of the amount available for administrative costs in most years. In the fiscal year of a Mayoral election, the fund is required to contain \$7.50 per resident plus an additional 15% for administrative costs. Funds not used in one election are carried over for use in the following election and at no time shall the total amount in the Fund exceed \$7.0 million.

The following projection assumes: General Fund deposits in all five years of the forecast; eligible candidates will qualify and accept disbursements each fiscal year based on historical actuals; and that Mayoral elections will be held in FY 2015-16 and FY 2019-20. Under these assumptions, the Ethics Commission assumes a savings of \$0.6 million in FY 2015-16, a cost of \$0.6 million in FY 2016-17, no change in FY 2017-18, a savings of \$0.4 million in FY 2018-19, and a cost of \$1.8 million in FY 2019-20. This future cost is highly sensitive to the actual amount of funds disbursed in Mayoral and Supervisorial campaigns.

### **Fire and Police – Opening of the Public Safety Building**

The City is scheduled to open the new Public Safety Building at 3<sup>rd</sup> Street and Mission Rock in 2015. This new facility will house the Police Headquarters, the Southern District Station, and a new fire station (Fire Station 4). The total project budget, including development and construction costs, is \$243 million. Construction began in October of 2011 with a move-in expected to be complete by the Spring of 2015. Opening of the facility will allow the Police Department to transition critical functions into a seismically safe new building, while the new fire station will provide additional fire suppression capacity in a fast-growing neighborhood. The projected increase in cost related to the opening of the new facilities include \$0.6 million in FY 2015-16 for the Police Department and \$1.9 million for the Fire Department to annualize expenses added in FY 2014-15 budget.

### **Public Safety Hiring Plans**

Over the next five years, this report assumes a policy to implement multi-year hiring plans for several of the City's public safety departments. Mostly, these plans are meant to backfill retirements to ensure no loss of service, and in some cases to increase capacity and service to the public.

The base case assumes funding to hold three Police classes of 50 officers over the next three years for a total of 150 hires a year until FY 2017-18, which will allow the Police Department to reach its Charter mandated full duty sworn level of 1,971 officers. Then starting in FY 2018-19, the report assumes there will be two classes per year for the Police Department to backfill retirements and ensure staffing levels stay at this new higher level. The increasing cost for these classes are \$10.1 million, \$10.6 million, \$10.6 million, \$0.7 million and \$0.6 million over the next five years.

For the Fire Department, this report includes an assumption of one class in FY 2015-16, two classes in FY 2016-17 and FY 2017-18, and then one class per year in FY 2018-19 and FY 2019-20 for fire fighters. This will allow the Fire Department to keep pace with an expected surge in retirements and ensure no loss of service. These classes result in an additional cost in FY 2015-16 of \$2.6 million, a savings in \$0.9 million FY 2016-17, a cost of \$0.6 million in FY 2017-18, and then an incremental savings in FY 2018-19 of \$2.1 million and \$4.7 million in FY 2019-20. The decrease in costs in the out years is the result of the Fire Department costs overall falling since new incoming fire fighters are hired at a lower step and therefore cost less than the fire fighters that are retiring.

The base case also includes increasing costs in FY 2015-16 associated with the addition of 16 Emergency Medical Technicians (EMTs) and Paramedic positions added in FY 2014-15. This additional class will allow the Fire Department to ensure sufficient staffing capacity to meet minimum response time goals. This report assumes an increase in General Fund support at the Fire Department related to these additional EMTs of \$2.6 million in FY 2015-16 as these positions annualize in the budget and then increasing slightly by CPI-U in the out years.

Finally, the Department of Emergency Management's 9-1-1 Dispatch Center will hold an annual class of 10 dispatchers to replace retirements and other separations each year over the next five years. Also, this report assumes one additional class in FY 2015-16 of 12 dispatchers to return it to historical staffing levels and ensure the department is keeping pace with retirements; costs related to these classes will require an increase in General Fund support of \$0.7 million, \$0.5 million, \$0.0 million, \$0.1 million and \$0.1 million over the next five years.

#### **Mayor's Office of Housing and Community Development - HOPE SF and the Local Operating Subsidy Program**

Over the next five years, costs related to HOPE SF and the Local Operating Subsidy Program will require an increase in General Fund support of \$1.6 million in FY 2015-16, \$0.5 million in FY 2016-17, \$2.1 million in FY 2017-18, \$5.6 million in FY 2018-19, and \$0.7 million in FY 2019-20.

#### **Municipal Transportation Agency – Central Subway**

Charter section 8A.105 states that contributions to the Municipal Transportation Agency (MTA) must be adjusted when new ongoing transit services are added above the base year (2000-01). In 2019, the Central Subway project will be complete, extending the T Third light rail service to Chinatown and nearly doubling current T Third service levels. This report assumes increasing General Fund baseline contributions to the MTA of \$6.8 million in FY 2018-19 and an additional increase of \$2.3 million in FY 2019-20 due to the opening of the Central Subway.

#### **Human Services Agency – Aid**

The Human Services Agency projects that aid payments (including programs such as IHSS, CalWORKS, Care Not Cash, and others) will require increases in General Fund support of \$3.0 million in FY 2015-16, \$2.1 million in FY 2016-17, \$3.3 million in FY 2017-18, \$3.3 million in FY 2018-19, and \$3.2 million in FY 2019-20. These changes are primarily due to the Maintenance of Effort (MOE) of the In-Home Support Services program, which mandates that local support for the IHSS program increase by 3.5% each year. In addition, there are changes in support related to state policy changes in the Foster Care program, as well as projected changes in caseloads.

#### **Public Health – SFGH Rebuild on-going and one-time FF&E Costs**

The San Francisco General Hospital (SFGH) Rebuild on-going and one-time costs are projected to increase by \$17.9 million in FY 2015-16, decrease by \$13.0 million in FY 2016-17, and increase by \$0.9 million each year in FY 2017-18, FY 2018-19, and FY 2019-20. The projected FY 2015-16 cost is consistent with the previously adopted FY 2015-16 budget.

The new San Francisco General Hospital is expected to open in December 2015. The on-going and one-time costs associated with the rebuild include one-time expenditures for furniture, fixtures, and equipment (FF&E); one-time costs for transition; and on-going costs for a supplemental operating budget:

- Total expenditures for furniture, fixtures and equipment (FF&E) are expected to total \$170.0 million, which is already appropriated between FY 2013-14 and FY 2014-15. In FY 2015-16, a \$20.0 million decrease in General Fund support is projected as these one-time costs expire.
- Transition costs for moving operations from the old facility to the new facility are estimated to total \$26.0 million, already appropriated between FY 2014-15 and FY 2015-16. In FY 2014-15, General Fund support increases by \$10.0 million, then decreases by \$18.5 million as these one-time costs expire.
- SFGH will require new ongoing operating funds to support additional staff and expanded services in the new facility. This will cost \$26.9 million in FY 2015-16, an additional \$5.5 million due to annualization of positions in FY 2016-17, and inflationary increases of \$0.9 million in FY 2017-18, \$0.9 million in FY 2018-19, and \$0.9 million in FY 2019-20.



### **Treasurer-Tax Collector – Gross Receipts Tax Implementation**

In November of 2012, the citizens of San Francisco passed Proposition E, mandating the transition of the City's primary business tax from the current payroll tax structure to a new tax based on gross receipts. The Office of the Treasurer-Tax Collector projects costs to decrease for Gross Receipts tax implementation by \$1.9 million in FY 2015-16, reflecting the expiration of one-time technology costs in FY 2014-15; increase \$1.8 million in FY 2016-17, to accommodate additional staff needed for the implementation; and finally to decrease by \$2.0 million in FY 2017-18, and holding flat in FY 2018-19 and FY 2019-20, as the project moves from implementation to on-going operations.

### **All Other Departmental Savings/(Costs)**

This section includes other smaller departmental changes including the expiration of limited-term project costs; costs and savings associated with the closure of Candlestick Park, and several other small changes.

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# Fiscal Strategies

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# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

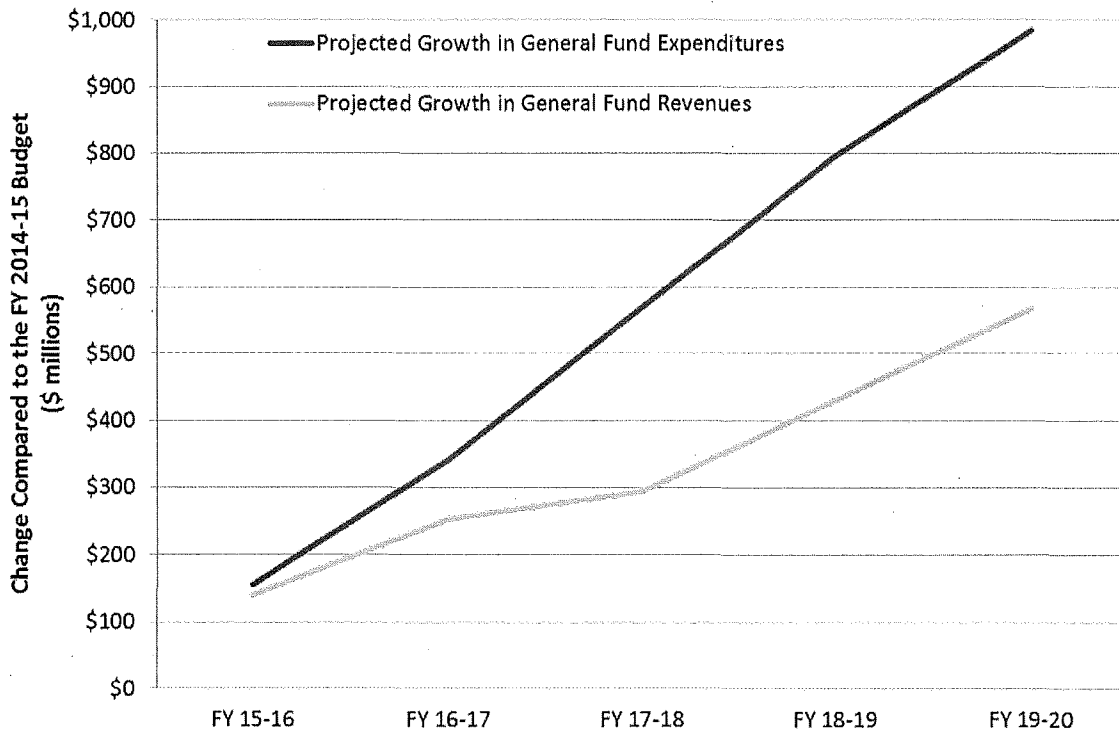
## Fiscal Strategies

### Responsible Stewardship in a Time of Moderating Growth

When Mayor Lee first came into office in 2011, the City's financial outlook was very different than it is today. The unemployment rate was 9.4%, revenues were mostly stagnant, and the City faced budget deficits of nearly \$400 million. Many decisions were made during those challenging economic times to balance the City's budget, and as a result the City's financial condition has greatly improved. The unemployment rate has dropped to 4.4%, and the next two budget years show deficits of under \$100 million. Now that the City is in a relatively improved economic time, it is important to be responsible stewards of the City's growth, ensuring that new expenditures are added only at a rate commensurate with growing revenues. This will reduce the need for more drastic actions if the economic cycle takes a downward turn in the future.

Financial stability is central to the City's ability to provide services to the public. The projections in this Plan illustrate the importance of developing and implementing multi-year strategies to correct the projected imbalance between expenses and revenues. Figure 11 demonstrates that even in good economic times, if the City does not take corrective action each year, the City's structural deficit will grow larger, making it more challenging to develop a balanced two-year budget that does not require significant operational changes.

**Figure 11: Expenditures Growth Projected to Outpace Growth in General Fund Revenues**



Actions taken in earlier years of the planning horizon can play a significant role in reducing projected future year deficits, particularly if the actions are on-going in nature. The financial strategies outlined below provide a framework intended to meet two key financial goals for the City during the coming five years: to sustain and

enhance the City's fiscal stability and to increase the City's financial resilience in anticipation of future economic downturns. A significant amount of work and planning by City departments and policy makers remains to develop more detailed plans to implement these strategies. The goal of the proposed strategies that follow is to set achievable targets, so the City can begin developing more refined revenue, savings, and operational proposals that may require multi-year planning.

New to the Plan this year is a more detailed focus on the potential impact of an economic downturn on the City's five year outlook. Just as the City plans for an earthquake or other natural disaster, this Plan offers the recession scenario as a planning tool that details how a downturn in the economic cycle might change the City's proposed fiscal strategies.

The base case does not assume an economic downturn due to the difficulty of predicting recessions; however, the City has historically not experienced more than six consecutive years of expansion and the current economic expansion began over five years ago, rendering the likelihood of a slowdown or a decline in revenue growth likely during the period that this Plan addresses. If an economic slowdown were to occur, the fiscal strategies (described below) would be insufficient to close broader gaps between revenues and expenditures. In such an event, the City would be required to take more significant measures to bring budgets back into balance.

Understanding the potential impacts of a downturn in the economic cycle allows policy makers to plan for the unexpected, and to understand the impact of choices made today on the future financial resilience of our City.

**Fiscal Strategies - Overview**

The City must continue to take a balanced approach to solving the City's structural deficit over the next five years. This requires identifying revenue growth as well as expenditure savings over the base case assumptions. The proposed Fiscal Strategies of this Plan are a roughly equal blend of revenue growth and cost constraining ideas. The proposed solutions are shown in Table 14 below.

**Table 14: Fiscal Strategies (\$ in millions)**

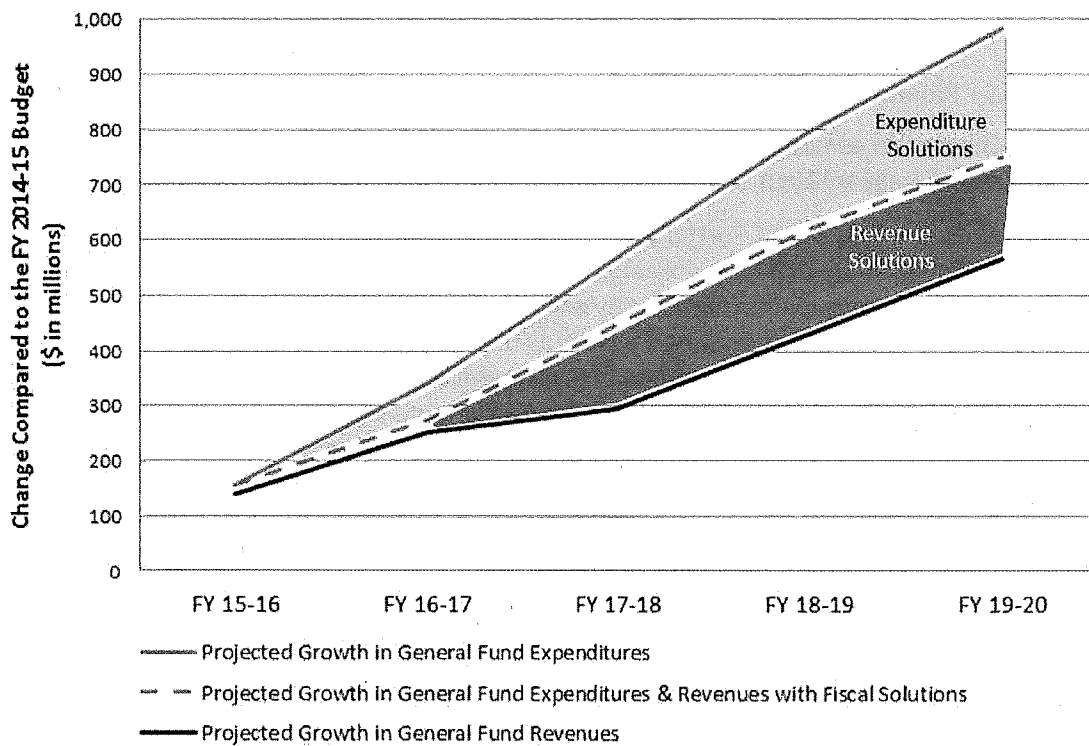
<b>Base Case Outlook (\$ millions)</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
<i>Cumulative Projected Surplus (Shortfall)</i>	(16)	(88)	(275)	(366)	(418)
<b>Proposed Financial Strategies - Savings</b>					
Capital Spending and Debt Restructuring	-	37	43	46	50
Manage Employee Wage and Benefit Costs	-	4	30	60	90
Taxes, Fees & Other Revenues	5	10	88	94	99
Limit Non-Personnel Inflation	-	8	17	25	35
On-Going Departmental Revenues & Savings Initiatives	-	16	31	46	61
All Other Revenues and Savings	11	13	67	96	83
<b>Adjusted Outlook</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

If the strategies outlined in Table 14 are implemented, the City will continue to experience significant growth over the next five years, but at a slower pace than the base case projects: expenditure growth will increase by \$749 million as opposed to the \$985 million assumed in the base case. The proposed solutions to the City's

structural imbalance assume more moderate growth in capital spending, personnel expenses, and non-salary expenses while also assuming additional revenue and some departmental solutions. Taken together, these solutions would allow City government to grow by 18% over the next five years.

Figure 12 illustrates the gap between revenues (lower line) and expenditures (top line) in the base case outlook. The middle line shows the growth trend for the City’s budget should the fiscal strategies be implemented as described: significant growth from where the City budget is today, but moderated to ensure it is affordable.

**Figure 12: General Fund Expenditures can grow by 18% over next 5 years if fiscal strategies are implemented**



These financial strategies provide a framework for the City to continue to provide excellent services for the public while remaining fiscally prudent over the coming five years. The remainder of this section discusses the options available to the Mayor and the Board of Supervisors to balance the budget over the five year planning horizon, and provides a recession scenario for planning purposes that details how a downturn in the economic cycle might change the City’s proposed fiscal strategies.

**Fiscal Strategies: Capital Spending and Debt Restructuring**

- Capital Spending: Since its inception in 2007, the City’s Capital Plan has called for an annual 10% increase in the level of General Fund cash investment in City-owned infrastructure. This level of investment is included in the Plan’s base case projected costs, with the exception of the first year of the Plan, which assumes a lower level of investment consistent with the adopted FY 2015-16 budget. For the first time in many years, the FY 2014-15 capital budget matched the Capital Plan recommended funding level of \$114 million.

The next iteration of the Ten-Year Capital Plan, which will be released in March 2015, will mark the 8th year that the City has been developing this long range planning document. The Capital Plan's funding approach has not been revisited since the inception of the plan, and it makes sense for the Capital Planning Committee to review and potentially revise its policy based on present day spending and updated information about capital needs.

Some ways this policy could be altered include:

- Change the rate of inflation for the fully funded level. For example, the Capital Plan currently uses 5% as the inflation factor on its projects and most of the City's other expenditures are projected to increase by CPI-U each year (approximately 2.75%), including employee costs and non-salary spending.
- Identify an increased goal for other non-City funds to comprise a portion of the pay-as-you-go capital funding; or
- Identify new one-time sources to fund future G.O. bond planning work.

The City should continue to make significant investments in capital spending that continue to allow growth annually through the plan's horizon.

- Managing the City's Debt Portfolio: In recent years, the City has successfully pursued refinancing and restructuring of existing debt obligations, resulting in lower annual debt service costs. This element of the fiscal strategy expects that the City will continue to proactively manage and restructure planned debt to achieve additional savings, as well as use debt restructuring and bonding capacity to complete obligations of the Office of Community Investment and Infrastructure instead of cash funding a pay-as-you-go capital program. In addition, the City has adopted a policy to limit the General Fund Certificates of Participation Program (COP) debt program to 3.25% of aggregate discretionary revenue, and each year the City's Capital Plan assumes that the City fully expends this program and uses all available capacity. However, this does not mean that the City must fund projects using debt. The fiscal strategies shown above assume that the City will use 75% of the available debt capacity, or 3.1% of aggregate discretionary revenue, through the COP program starting in FY 2016-17.

Taken together, these strategies could comprise \$37 million in General Fund savings in FY 2016-17, rising to \$50 million by FY 2019-20. This still allows for growth in expenditures, but just at a slower rate than currently proposed in the base case projection.

#### **Fiscal Strategies: Manage Employee Wage and Benefit Costs**

The five year outlook anticipates that, absent change, the rate of growth in employee salary and fringe benefit costs will rise significantly during the coming five years, representing 35% of all projected expenditure growth. In order to minimize service reductions and impacts on the City's workforce, this Plan assumes that the City will take actions to reduce the growth in employee costs through a combination of approaches, including negotiation of future labor contracts, management of health benefit costs, and implementation of a wellness plan for City employees.

- Labor Costs: The majority of City employees are covered by labor contracts that expire at the end of FY 2016-17 and the remainder, mostly police officers and fire fighters, by contracts that expire at the end of FY 2017-18. The base case assumes the implementation of previously negotiated closed labor agreements, which include cost-of-living adjustments in FY 2014-15 through FY 2016-17 for most employees, and cost-of-living adjustments from FY 2013-14 through FY 2017-18 for police officers and fire fighters.



The base case outlook also assumes additional cost-of-living adjustments commencing in FY 2017-18 for most employees, and for all employees for FY 2018-19 through FY 2019-20. However, given the gap between revenue and expenditure growth, it is unlikely the City can afford these increases without additional service reductions beyond those assumed in this Plan. Over the next five years, the City will need to set goals for labor contract agreements that reduce costs relative to the projections assumed above. For example, each one percentage point reduction in the rate of wage growth would result in approximately \$25 million in General Fund savings in FY 2018-19.

- **Pension Costs:** The City has made significant progress in recent years in managing employee benefit costs through responsible fiscal practices as well as reforms passed by the voters. This effort is largely visible through the reductions in the City's employer contribution rates assumed in the base case for retirement benefits. As mentioned earlier in this report, the City hit the peak year of employer contribution rates in FY 2014-15, and is seeing a reduction in rates over the next five years. Additionally, if the economy continues to improve and the retirement system sees annual returns greater than 7.58%, mandatory employer contribution rates will be further reduced.
- **Health Benefits:** Employer contributions for active and retiree health benefits are expected to grow over the next five years. Reducing this rate of growth is a top priority for the Health Service Board and the City. The Health Service System (HSS) continues to explore innovative ways to promote competition between plans by reducing the gap between premium rates, thereby reducing costs while maintaining quality care. Strategies have included: the development of accountable care organizations to decrease unnecessary utilization; conversion of Blue Shield to a flex funded plan; and recently negotiated changes to employee contribution levels. These changes have yielded the lowest overall rate increases of any city in the Bay Area and are expected to maintain a lower cost trend. If the City reduced the employer share of health benefit growth for active employees and retirees by one percentage point per year starting in FY 2016-17, this would result in \$4 million in savings in FY 2016-17, rising to \$20 million a year by FY 2019-20.
- **Employee Wellness:** Starting in FY 2012-13, the City began to explore ways to control rising health care costs by focusing on employee health. The Strategic Wellness Plan developed by the Controller's Office, HSS, the Department of Human Resources, the Mayor's Office, and labor leaders was released in 2014. The Plan addresses key health risk factors that can be modified through behavior change and is intended to support choices that improve the health, well-being, and morale of City employees, dependents, and retirees. Over the next five years HSS will continue to create a culture of wellness through the departments and individual Wellness Champions, and continue to promote individual services available to employees through the health plans and HSS. These initiatives seek to increase awareness, facilitate access to wellness services, support interpersonal connections, build environments conducive to wellness, and implement policies to support wellness with the ultimate goal of decreasing chronic illness and injuries while improving productivity.

General Fund savings resulting from these strategies are estimated to generate approximately \$4 million in FY 2016-17, growing to \$90 million by FY 2019-20. These proposals represent planning goals, and many of these solutions will require agreements with employee unions and health care providers, as well as a continued strong economic outlook. To the extent the City is unable to constrain the growth in wages and benefits costs, it will need to make up the difference through other means such as holding positions vacant as employees move on or retire.

## **Fiscal Strategies: Taxes, Fees & Other Revenues**

The most significant factor impacting City revenue growth is economic activity. In the base case projections, the Five Year Financial Plan assumes revenue growth of \$567 million over the coming five years as the economy continues to expand. This projected growth plays a significant role in balancing revenue and expenditures over the Plan's five year horizon.

In addition to the revenue growth generated by increasing economic activity, the City should develop options to increase revenues over and above the base projection by \$5 million beginning in FY 2015-16, growing to \$99 million in the last year of the Plan. This assumption is consistent with the addition of a new revenue source, such as the recommendation by the Transportation 2030 Task Force, which called for the City to pursue a sales tax or vehicle license fee (VLF) in 2016. Either of these sources could generate between \$70 million to \$80 million annually beginning in Fiscal Year 2017-18.

The City also has some degree of control over existing revenues through its ability to adjust rates for permits, fees, and other revenues. However, there are significant restrictions in State law on the City's ability to adjust the rates of taxes and many other revenues. Property taxes are the City's single largest General Fund revenue source, but authority to adjust property tax rates is highly restricted in the State Constitution. Proposition 26, approved by State voters in 2010, places limits on local governments' ability to establish new fees and increase existing fee rates. Where tax rate increases are allowed, voter approval is generally required. Over the horizon of the Five Year Financial Plan, only two elections (November 2016 and November 2018) will provide an opportunity to adjust tax rates with a simple majority vote under State law. In each of the other elections, a two-thirds majority vote would be required.

#### **Fiscal Strategies: Limit Non-Personnel Inflation**

The base case of this Plan assumes inflationary increases on most non-salary costs for the City, including spending on contracts, materials and supplies, and services provided by other City departments. Given the projected deficits facing the City, this Plan's fiscal strategies assume some growth in non-salary costs; however, this growth in the final four years of the Plan is assumed to be more modest than the rate of inflation (CPI-U). This will likely require continual reevaluation by City departments of priority purchasing needs and an improved focus on effective purchasing practices to ensure the lowest possible price.

Similar to assumptions for capital and employee cost spending levels, the Plan assumes no inflationary increases in non-salary expenses during FY 2015-16 that were not included in the adopted FY 2014-15 and FY 2015-16 budget. Included in this category are a large portion of community-based health and human services, which are provided through non-profit organizations. The Mayor included a 1.5% on-going cost-of-doing business increase to non-profit contractors in the adopted FY 2014-15 budget, which is reflected in the base case of this report.

Given cost increases assumed in the base case, General Fund savings resulting from growing non-personnel inflationary costs more slowly are estimated to be \$8 million in FY 2016-17, increasing to \$35 million by FY 2019-20.

#### **Fiscal Strategies: On-Going Departmental Revenues and Savings Initiatives**

Given the depth and duration of the last economic downturn, the City has actively employed a number of strategies in recent years to balance the budget. This Five Year Financial Plan relies much less heavily on departmental savings initiatives to balance projected deficits than prior Plans. This is in recognition of the continued improvement in the City's economy, and the need to maintain services to the public while also ensuring that services are provided in the most efficient method possible.

This section assumes no additional departmental solutions in FY 2015-16, and solutions equal to 1% of General Fund support per year from departmental revenues and savings initiatives over the remaining four years of the Plan, which will generate savings of \$16 million starting in FY 2016-17 and increasing to \$61 million by FY 2019-

20. This is significantly more modest than department targets in the five years following the 2008 downturn, which ranged from 5-25% each year. The goals set forth in this Financial Plan will allow departments to anticipate the size of likely future year reduction targets and plan accordingly for this gradual phase-in over the next five years; it will also allow departments to prioritize revenue increases and efficiencies as opposed to service reductions.

#### **Fiscal Strategies: All Other Revenues and Savings**

The financial strategies outlined above will not be sufficient to fully restore structural balance to the City's budget during the Plan period, even assuming additional improvement in the local economy versus the current forecast. Accordingly, the Mayor and Board of Supervisors through the annual budget development process will be required to implement program changes, develop alternate funding strategies, prioritize services, and adjust service levels to balance each year's budget. These choices will require detailed analysis and work, and in many cases, more than a single year to implement. This Plan assumes the City will be able to continue to utilize these strategies to draw additional projected savings of \$11 million in FY 2015-16, increasing to \$83 million by FY 2019-20.

#### **Other Factors that Could Affect the Forecast**

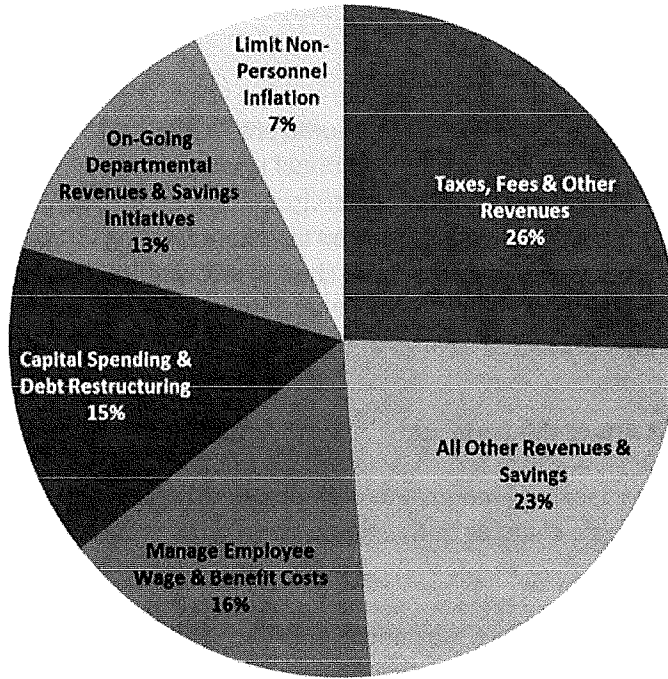
As noted earlier in the base case projection, uncertainties exist regarding key factors that could affect the City's financial condition, for example changes to the economic cycle or impacts from state and federal policy changes.

#### **A Balanced Approach**

The strategies outlined above represent a balanced approach to correcting the structural imbalance between the City's projected revenues and expenditures. If these strategies are implemented over the five year period, the City will be in a more stable financial position and better able to weather any potential economic downturns.

No single approach to reducing the City's structural imbalance will be sufficient to eliminate the projected shortfalls. However, by constraining growth across multiple categories of expenses, developing revenue solutions, and focusing on departmental revenue and efficiency measures, San Francisco will be able to meet this challenge and provide excellent services for the public into the future.

**Figure 13: Fiscal Strategies – Each Strategy as a Percent of Total Solution**



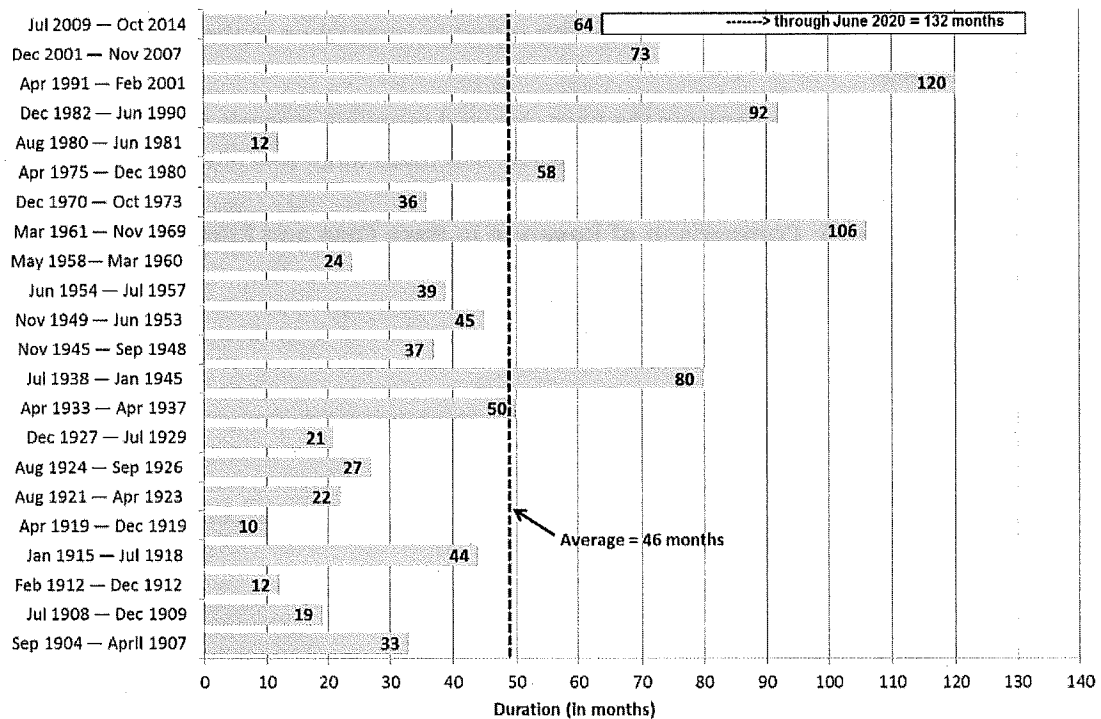
The projections in this Plan illustrate that the City can still grow by approximately 18% over the next five years; however, this is slower than the expenditure growth rate of 23% currently projected in the base case. The fiscal strategies are almost equally split between revenue solutions (49%) and expenditure reductions (51%). These strategies represent more modest expenditure reduction proposals than in past years; specifically, the projection assumes limited growth in capital spending, personnel expenses, and non-salary expenses. Also, additional on-going and one-time revenue represents a significant part of the balancing plan, while departmental expenditure reductions represent a modest part of this balancing plan as compared to past Five Year Financial Plans. These fiscal strategies provide a framework for the City to continue to provide excellent services to the and remain fiscally prudent during the coming five years.

## Planning Scenario: Economic Recession

Due to the difficulty of predicting recessions, the base case of this report does not anticipate a decline in the economy in any of the next five years. However, it would be an historical anomaly if the City did not experience an economic downturn over the next five years.

As Figure 14 shows, since 1900, the average length of time between recessions in the United States has been 46 months. The current economic expansion has lasted over 64 months. The base case in this Plan assumes sustained rates of revenue growth in FY 2015-16 and FY 2016-17, and then lower rates of growth in the succeeding three years. At no time during the forecast period are revenues projected to decline. If there is indeed no recession through FY 2019-20, as the projection assumes, it will mark the longest economic expansion since 1900.

**Figure 14: Number of months between recessions in the U.S. (1904 to 2014)**



Source: National Bureau of Economic Research (NBER)

Based on the historical length of economic expansions as discussed above, it is likely that a significant economic slowdown or recession will occur prior to FY 2019-20.

The biggest impact on the City’s budget deficits in a time of recession come from reduced revenue and increased employer contribution rates for employee retirement benefits. The City’s revenues are affected by the overall business cycle; the international, national, and regional economies; consumer confidence and spending; employment rates; and travel and tourism. Historically, projection variances follow the economic cycle, and revenues tend to outperform expectations in times of expansion and underperform in times of recession: actual revenues exceeded budgeted revenues by over 6% in FY 2005-06 and FY 2010-11, both years of rapid revenue growth; while actual revenues were more than 4% below budgeted revenues in FY 2002-03 and FY 2008-09, years of sharp economic contractions.

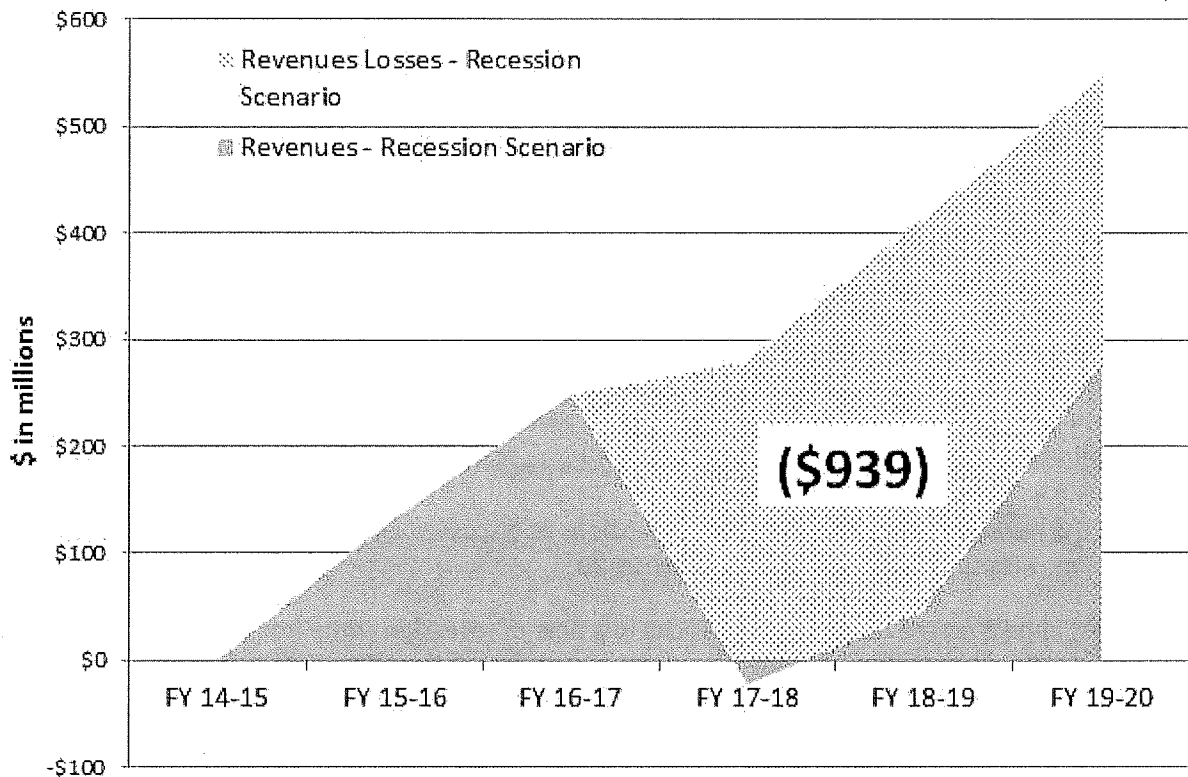
To illustrate the effect of a hypothetical slowdown on San Francisco’s budget condition, this section describes a recession scenario that assumes weakness in the California and San Francisco economies beginning in FY 2016-17.

**Economic Assumptions included in the Recession Scenario**

Recession Scenario – Impacts on Revenue Projections: To develop a recession scenario for financial planning purposes, this report assumes reductions to major local tax sources consistent with the averaged impact of the City’s actual revenue performance during the last two major economic downturns - from FY 2001-02 through FY 2003-04 (the dot-com / September 11th recession) and FY 2008-09 through FY 2010-11 (the 2008 Financial Crisis). Declines in the City’s projected aggregate discretionary revenue will result in reduced contributions to baselines and set-asides, which is also assumed in the recession scenario (affecting the MTA, DCYF, the Library, Recreation and Parks, First Five Commission, and the School District). If the City were to experience a recession similar in magnitude to either of the last two recessions during FY 2016-17, it would lose approximately \$939 million in revenue over the three final years of this report in comparison to the recession-free base case described in this Plan.

Figure 15 shows the difference between the base case and recession scenario revenue projections. In the latter, revenue drops below current year (FY 2014-15) value, and takes three years to recover.

**Figure 15: Comparison of Revenue in Base Case and Recession Scenarios**



In addition to a reduction in the revenue projected in the base case, it is also unlikely that the additional revenue solutions assumed in this Plan’s fiscal strategies would be available in a recession. Therefore, this scenario also reflects the loss of revenue as a solution to close the imbalance between revenues and expenditures.

Recession Scenario – Impacts on Pension Contributions: An economic recession will also likely result in a significant increase in the employer share of retirement contribution rates. The recession scenario therefore

assumes a shock to the Retirement System’s (SFERS) assets during FY 2016-17, which first impacts contribution rates in FY 2018-19 as the valuation at 7/1/2017 determines the contribution rates for the fiscal year beginning 7/1/2018. The FY 2016-17 asset loss is then smoothed into the July 1, 2017 actuarial value of assets and employer contribution rates would increase over a five year period beginning in FY 2018-19. In this scenario, employer contribution rates would rise by 3.8% in FY 2018-19 and by 8% in FY 2019-20, greatly reducing the savings from projected rate decreases anticipated in the base case scenario. This estimate is intended to demonstrate sensitivity to a large negative return and should not be relied upon for any other purpose.

This Plan projects that if an economic downturn similar to the two most recent recessions were to begin in FY 2016-17, it would increase the City’s projected deficits by \$281 million, \$407 million, and \$403 million in FY 2017-18, FY 2018-19, and FY 2019-20, respectively.

**Table 15: Projected General Fund Shortfall in Recession Scenario**

<b>Recession Scenario - Five Year Forecast</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
<b>Base Case Deficit Projection</b>	<b>(16)</b>	<b>(88)</b>	<b>(275)</b>	<b>(366)</b>	<b>(418)</b>
<b>Updated Projection - Savings/(Cost)</b>					
Reduction in base case revenue available	-	-	(303)	(369)	(268)
Reduction in mandatory baseline spending	-	-	44	54	39
Fiscal strategies no longer available (i.e., additional revenue)	-	-	(22)	(37)	(76)
Increase employer share cost of retirement rates	-	-	-	(55)	(99)
<b>Updated Deficit Projection</b>	<b>(16)</b>	<b>(88)</b>	<b>(556)</b>	<b>(773)</b>	<b>(821)</b>
<b>Amount of New Fiscal Strategies Needed:</b>	<b>-</b>	<b>-</b>	<b>(281)</b>	<b>(407)</b>	<b>(403)</b>

San Francisco’s Charter requires that each year’s budget be balanced. Balancing the budget in each year with this recession scenario would require an even greater combination of expenditure reductions and/or additional revenues as compared to the fiscal strategies discussed earlier in this Plan.

**Fiscal Strategies in Recession Scenario**

Under the recession scenario, the City’s cumulative deficit in FY 2019-20 would increase from \$418 million to \$821 million. If this were to happen, the fiscal strategies offered earlier in this report would not be sufficient to close the projected gaps between revenues and expenditures; additional more drastic expenditure reductions would be required to balance, as shown in Table 16 below.

**Table 16: Fiscal strategies in a Recession Scenario (\$ in millions)**

<b>Recession Scenario Outlook (\$ millions)</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
<i>Change in Projected Surplus/(Shortfall)</i>	-	-	(281)	(407)	(403)
<b>Proposed Financial Strategies - Savings</b>					
Use of reserves and reduction to reserve deposits	-	-	101	81	72
Capital Spending and Debt Restructuring	-	-	67	83	51
Manage Employee Wage and Benefit Costs	-	-	35	87	107
Taxes, Fees & Other Revenues	-	-	-	-	-
Limit Non-Personnel Inflation	-	-	20	38	55
Departmental Revenues & Savings Initiatives	-	-	59	119	119
All Other Revenues and Savings	-	-	-	-	-
<b>Adjusted Outlook</b>	-	-	<b>0</b>	<b>0</b>	<b>0</b>

As shown in Table 16, a recession scenario would require the City to adjust the fiscal strategies outlined earlier in this Plan in order to balance. What follows is a high level overview of what some of the required solutions might look like in comparison to the base case fiscal strategies:

- Use of reserves and reduction to reserve deposits:** The City has adopted a number of financial policies in recent years to reduce the impact of economic volatility on City revenues and expenditures, including the creation of stabilization reserves that capture a portion of peak revenues for use in downturns. These reserves serve as the first solution in the recession scenario, as year-over-year declines in revenues would allow the City to withdraw from the Budget Stabilization and Rainy Day Reserves. In addition, should the Board of Supervisors adopt a proposed change to the City’s General Reserve policy later this year, as assumed in the base case, the City would be able to reduce its required deposit to the General Reserve in FY 2017-18. As shown in Table 16, reserves alone are not sufficient to address the entire shortfall in the recession scenario; however, they would bridge \$254 million over the last three years, likely preventing further cuts to critical services. In recent years since the 2008 recession, the City has improved its long range fiscal outlook as a result of stronger reserve balances. For example, the City withdrew \$34.1 million from the Rainy Day Reserve in FY 2009-10 in the aftermath of the 2008 financial crisis, which bridged approximately 8% of the \$438 million shortfall projected in the May, 2009 Joint Report. By comparison, the \$84 million in solutions projected to be available in FY 2017-18 solves approximately 15% of the \$556 million deficit projected in the recession scenario.
- Capital spending and debt restructuring:** As in prior downturns, the City will likely need to reduce one-time expenditures such as expenditures on capital, equipment and IT in any future downturn as part of our balancing approach. In this Plan’s base case fiscal strategies, the City continues to increase spending on these important infrastructure needs throughout the Five Year planning period. If a recession were to occur; however, the City would need to consider reducing these expenditures. In addition, the City may also need to utilize the lease finance program instead of cash funding equipment and fleet needs.
- Manage employee wage and benefit costs:** This Plan’s base case fiscal strategies continue to assume expenditure growth to allow for employee cost-of-living increases after current contracts expire. However, in the recession scenario with significant revenue losses, it is more likely the City will need to



implement a variety of measures to constrain employee wage and benefit costs in order to correct the greater imbalance between revenues and expenditures. These measures could include freezing wages, eliminating vacant positions, implementing a hiring freeze and/or instituting layoffs if necessary.

- **Taxes, fees, and other revenues:** During a downturn, it will be more difficult for the City to rely on new revenue as a solution due to underlying weakness in economic activity in the recession scenario.
- **Limit non-personnel inflation:** This Plan's base case fiscal strategies assume slower but moderate growth in non-personnel expenditures. However, under the recession scenario, it is likely that the City would need to constrain or entirely eliminate growth on non-personnel expenditures in order to close the imbalance between revenues and expenditures.
- **On-going departmental revenues and savings initiatives:** In the event of a recession, the City will likely rely more heavily on departmental solutions to correct the imbalance between revenues and expenditures than currently planned. This Plan's base case fiscal strategies assume departments reduce General Fund support by 1% per year during the final four years of the Plan. In the recession scenario; however, these reductions would likely fall in the range of 5% per year.
- **All other revenues and savings:** In the recession scenario, one-time revenue sources will likely decrease and not be available as a solution to correct the imbalance between revenues and expenditures.

At a high level, the recession scenario would necessitate much larger reductions in expenditures than the base case fiscal strategies section of the report. In the base case projection, the report assumes expenditure growth of 23%; in the fiscal strategies section a more modest growth rate of 18% over the next five years is assumed, which contains both revenue and expenditure solutions. In the recession scenario, expenditures grow by 9% over the next five years to match the slower projected rate of revenue growth.

As is not possible to predict an economic slowdown, the recession scenario detailed in this Plan is hypothetical. However, it is wise to consider the implications of this scenario, as it would be an historical anomaly not to experience a slowdown in the economy over the next five years. The recession scenario detailed in this Plan was modeled after the City's financial experience during the last two recessions; future economic slowdowns could be less or more severe than the scenario developed for this hypothetical exercise. No matter how large or small the next change in the economic cycle, continuing to improve reserve balances and investment in critical one-time capital, equipment, and IT needs during good economic times will help the City better weather the next economic downturn.

## Conclusion

Financial stability is central to the City's ability to provide services to the public. Although the City is currently experiencing an improved economic climate, it is important that the City continue to be responsible stewards of public resources. The projections in this Plan illustrate the significant value of developing and implementing multi-year strategies to correct the projected imbalance between expenses and revenues. This Plan suggests strategies to bring expenses and revenues into alignment that balance the need for responsible growth with fiscal prudence and accountability to the citizens of San Francisco.

In addition, this Plan recognizes that while it is impossible to predict the time and magnitude of an economic recession, the number of consecutive months of revenue growth that the City has currently experienced renders an economic downturn at some point over the next five years likely. The City has adopted a number of financial policies in recent years to reduce the impact of economic volatility on City revenues and expenditures, including the creation of stabilization reserves that capture a portion of peak revenues for use in downturns. While these reserves will be the City's first line of defense against a recession, it will also be likely that, in the event of a large economic slowdown, policymakers will have to make difficult decisions to constrain expenditure growth.

By continuing to follow responsible financial policies outlined in this and previous Five Year Financial Plans, the City is in a strong position to continue to provide quality, effective services to the citizens of San Francisco.

# Strategic Issues

Public Protection

Public Works, Transportation & Commerce

Human Welfare & Neighborhood Development

Community Health

Culture & Recreation

General Administration & Finance

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# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

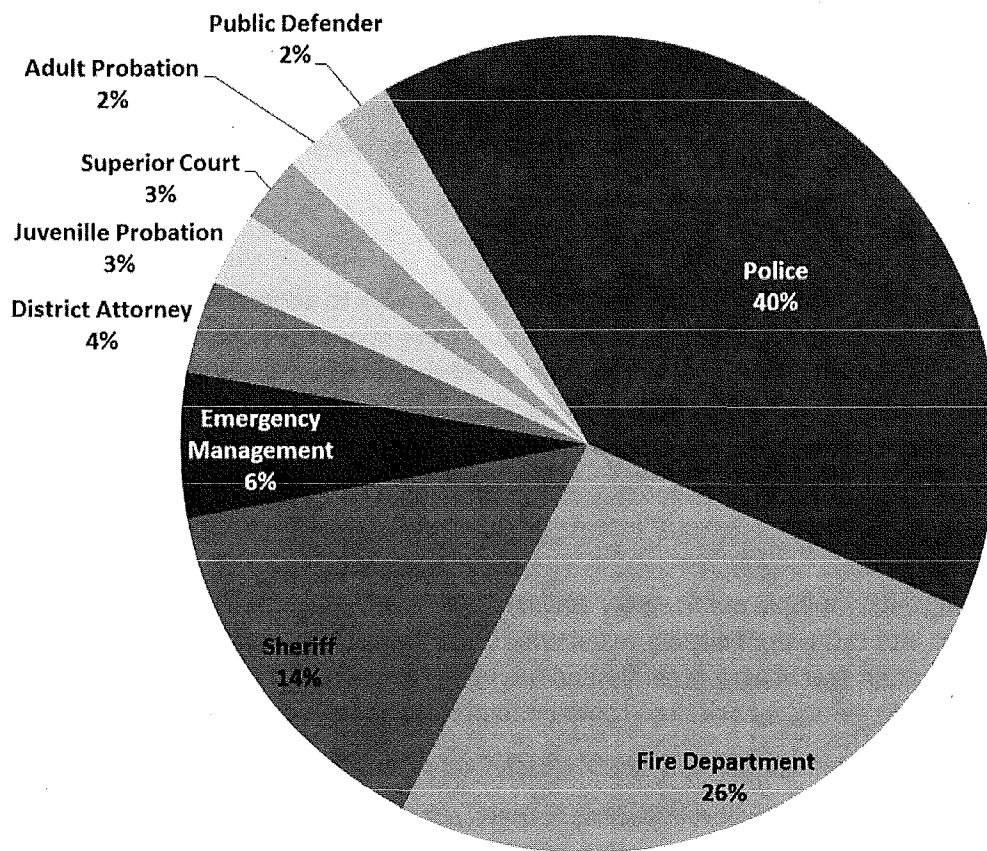
## Public Protection

### OVERVIEW

The Public Protection major service area includes the Police Department, the Sheriff's Department, the Superior Court, the District Attorney's Office, the Public Defender's Office, the Juvenile Probation Department, the Adult Probation Department, the Fire Department and the Department of Emergency Management. These departments ensure that our City is safe, secure, and prepared for unforeseen emergencies. Most of the departments in this major service area are funded through an annual allocation of General Fund revenues. Several departments, including the Fire Department and the Police Department, have mandated levels of staffing that are key factors influencing their budget development each year.

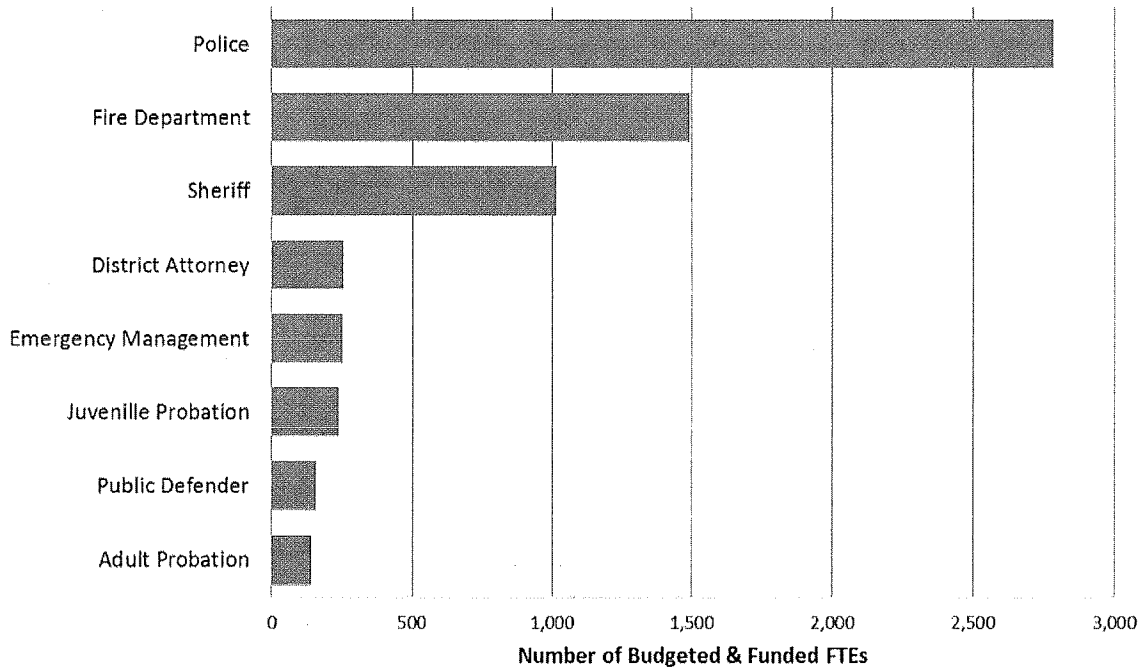
Together these nine departments have a total budget of \$1.3 billion in FY 2014-15 and represent 15% of total Citywide expenditures.

**Figure 16: Public Protection Total Budget by Department FY 2014-15**



The Public Protection departments have 6,341 full-time equivalent positions (FTEs) in FY 2014-15; this represents 22.3% of FTEs Citywide.

**Figure 17: Public Protection Full-time Equivalent Positions by Department FY 2014-15**



## STRATEGIC ISSUES

In addition to the base case projection in this report, the City will work to address a number of strategic issues faced by departments over the coming five years. The major issues related to public protection are discussed in detail below, and include hiring plans to either maintain or enhance staffing levels at four public safety departments and strengthen the City’s emergency medical ambulance transport system. Additional investments are being made to replace aging public safety facilities and equipment while seismically reinforcing critical infrastructure.

### Public Safety Staffing

Over the past several years, multiple public safety departments have been grappling with the aging of their respective workforces into retirement eligible years. While each department requires a specific, detailed analysis of their hiring and retention practices, a general trend has been to develop and implement multi-year hiring plans to ensure that public safety agencies can continue to provide the same level of service to a growing city.

#### Department of Emergency Management – 9-1-1 Dispatch Center Staffing and Hiring Plan

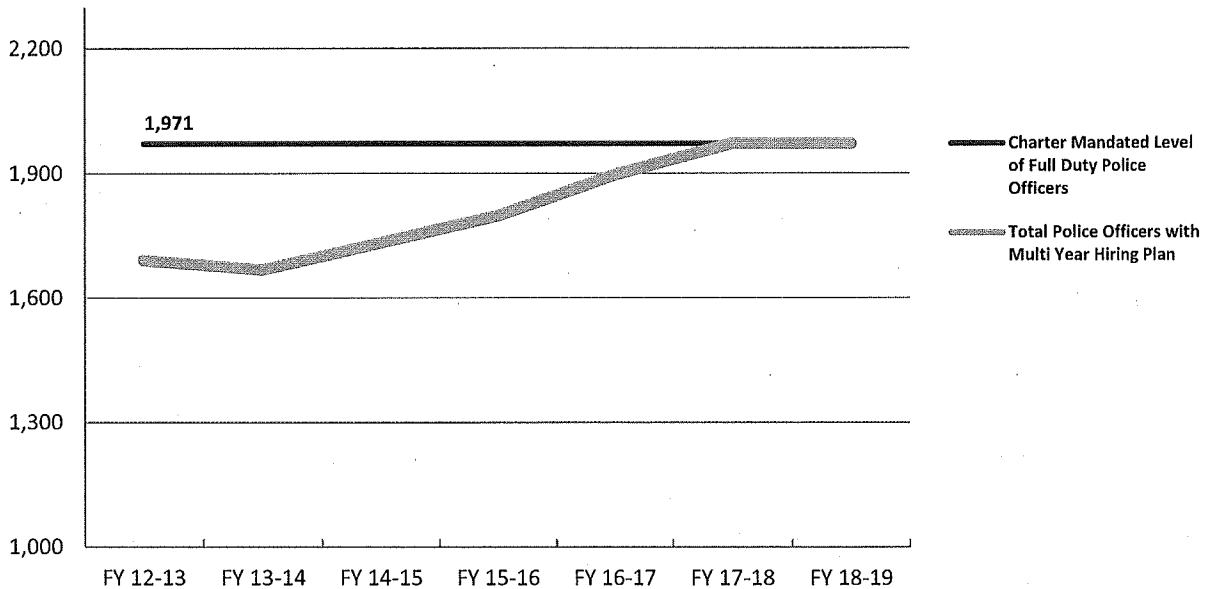
The City has seen increases in 9-1-1 call volume that outpace population growth while the Department is projecting a number of retirements due to an aging workforce. In addition to replacing retiring employees through annual dispatcher classes, the Department will need to hire at least 10 additional dispatchers to meet rising service demands while maintaining call answering time standards. The Department will also work to better manage employee leave.

### Police Department – Multi-Year Hiring Plan

In FY 2011-12, the City identified a surge of retirements slated to occur in the Police department due to the aging of the force and the expiration of the Deferred Retirement Option Program. With over 517 officers projected to retire by 2018, the City began a comprehensive Police Hiring plan, which funded three 50-recruit Police Academy Classes per year beginning in FY 2012-2013, continuing until FY 2017-2018, with two classes of recruits per year to reach and maintain the Charter mandated staffing level of 1,971 full duty sworn officers.

Additionally, over the past five years the Police Department has continued its yearly assessment of sworn officers working in potential civilian positions. Work between the Police and Controller’s departments in FY 2011-12 and FY 2012-13 resulted in a list of 53 positions that could be civilianized, starting in FY 2012-13. Since that report the City has funded all 53 positions, which will be filled by the end of FY 2014-15; this supports the Police Department staffing plan and moves the department closer to the 1,971 level at a faster rate. The Police Department will continue to pursue civilianization as part of its budget analysis and submission over the next five years to return more police officers to the street.

**Figure 18: Police Department – Multi-Year Staffing Plan FY 2012-13 through FY 2019-20**



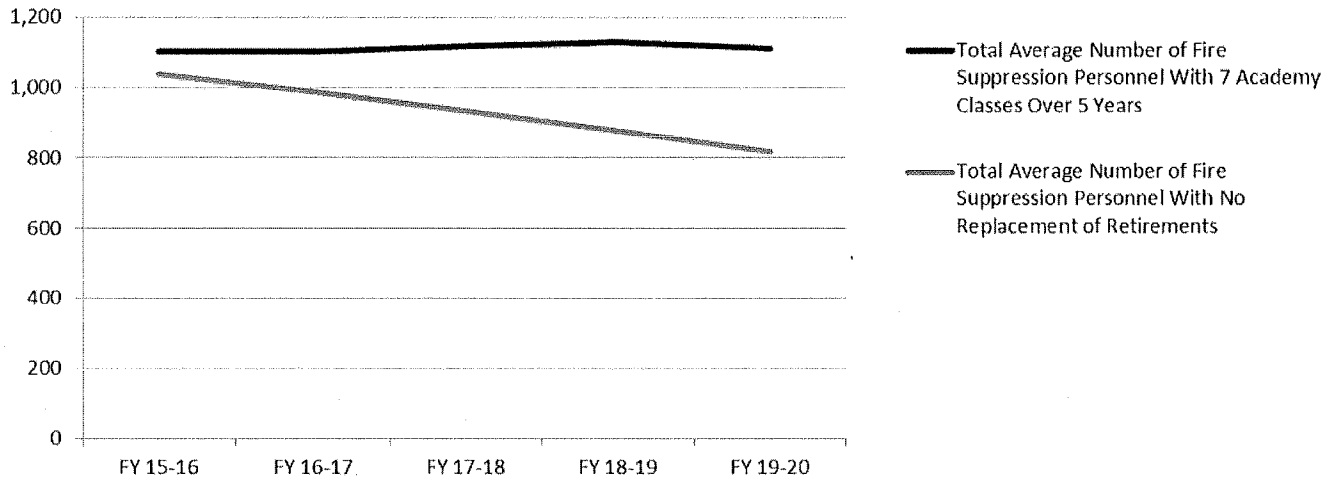
### Sheriff’s Department – Hiring Plan

The Sheriff’s Department is projected to hire a class of 20 recruits yearly to ensure the backfilling of deputies retiring. The Department is also working closely with the Health Services System and the Controller’s office on addressing its higher number of employees on long term disability.

### Fire Department – Multi-Year Hiring Plan

The FY 2013-14 through 2017-18 Five Year Financial Plan assumed funding for one 42-person fire academy class each year. An additional academy class was funded in FY 2013-14, resulting in a total of 126 new hires to date. These classes have enabled the Department to backfill retirements, reduce dependence on overtime, and staff the new Fire Station 4 in Mission Bay. Due to a large hiring initiative in the mid-1980’s, above-average numbers of employees are expected to retire in the next several years. The Department plans to maintain its current staffing level of 1,070 firefighters by hiring between 42 and 74 new firefighters a year between FY 2015-16 and FY 2019-20.

**Figure 19: Fire Department – Multi-Year Staffing Plan FY 2015-16 through FY 2019-20**



**Fire Department Ambulance Service**

The next five years will see the continued development of Emergency Medical Service (EMS) system protocols and rules outlining the role of the Fire Department and private ambulances in the City. In addition to meeting minimum response requirements, the Department must maintain market share levels for volume of emergency transports. Beginning in the Summer of 2014, a working group consisting of numerous stakeholders began meeting to address two key issues: ambulance transport response times and rebuilding the Fire Department’s share of those transports in the City from 74% to 80% of the total in order to comply with State-mandated Exclusive Operating Area (EOA) requirements. The working group was tasked with developing a multi-year staffing, deployment, capital, and fleet plan to address these issues by January 31, 2015. It is likely that the adopted recommendations will result in increased expenditures for the Fire Department’s Ambulance Division.

Uncertainty in revenues from EMS service is an additional issue facing the Fire Department over the coming five years. Historically, revenues have not matched projections, and payments from the State to the Department for transport of Medi-Cal patients have been reduced and received late. Additional uncertainty in the overall health care market stemming from the Affordable Care Act is expected to have an effect on the Department’s revenues, especially as the share of uninsured patients declines and reimbursement models are modified.

The Department is also beginning the planning process to incorporate a new facility for the Emergency Medical Services (EMS) division (known as Station 49) in the City’s Capital Plan.

**Public Safety Capital & Equipment**

**Investments in Emergency Communications and Public Safety 800MHz Radio Replacement**

The Department of Emergency Management continues to move forward with its multi-year initiative to update and upgrade the City’s emergency communications systems. In FY 2013-14, the Department switched over to its new Computer Aided Dispatch (CAD) system, which is being fully implemented over the course of FY 2014-15. The new system replaced an outdated legacy system and offers improved dispatching of emergency responders and better logging capabilities. The Department will also replace its aging 9-1-1 phone system in FY 2014-15 and its phone logging recorder system in FY 2015-16.

The Department has also received funding through the Committee on Information Technology (COIT) to lead the Public Safety Radio Replacement project, which will upgrade the Citywide Radio Communications System for public safety departments. This system is used primarily by the City’s public safety agencies for emergency, push-to-talk voice communications between the 9-1-1 Dispatch Center and officers in the field to relay incident information, as well as day-to-day communications between units. The current system was installed in 2000,



and is nearing the end of its service life. The replacement of this system, phased in over a number of years, is estimated to cost \$69.0 million. Identified as a major IT investment in the City's Five Year ICT Plan, an initial COIT allocation for project development was made in FY 2013-14, while additional funding to replace end-of-life radios was made in FY 2014-15. The project is planned to be fully implemented by FY 2020-21.

### **Facility Master Plan for the Juvenile Probation Department**

The Juvenile Probation Department has multiple aging physical assets with significant capital needs in order to function safely, securely, and effectively. Additionally, the Department is adapting to a smaller, but higher need, client population. The currently adopted FY 2014-15 and FY 2015-16 budget included funding to the Department to develop a Master Plan around the Department's future facilities needs including its Administration and Court Building, Log Cabin Ranch, and Hidden Valley Ranch. Over the next five years, the Department will work closely with the Capital Planning Program and the Department of Public Works to ensure that its facilities support its programmatic goals and future population needs.

### **The Justice Facilities Improvement Plan**

From February 2006 through January 2009 a comprehensive planning effort was undertaken to analyze the Hall of Justice, located at 7<sup>th</sup> and Bryant Street, and determine the best way forward to replace the seismically unsafe facility. The resulting Justice Facilities Improvement Plan (JFIP) serves as the guiding document for the drawdown of departments at the seismically unsafe Hall of Justice (HOJ) into newly built or leased facilities.

The units departing the Hall of Justice include the Police Department Headquarters, Southern District Police Station, Police Investigations Unit, Police Traffic Company, Police Forensic Services Division, Adult Probation's Offices, District Attorney's Office, Office of the Medical Examiner, and County Jails 3 and 4. The report recommended the use of both General Obligation Bond and Certificate of Participation debt to be issued by the City to finance new facilities for these building occupants.

Since 2009, much progress has been made in implementing the JFIP. The Earthquake Safety and Emergency Services bond of 2010 (ESER 1) is providing for the delivery of a new Public Safety Building (PSB) to be located in Mission Bay. The first units departing the Hall of Justice will move in Spring 2015, when the Police Department's Headquarters and Southern District Station move to the new Public Safety Building.

In June 2014, San Francisco voters approved the \$400 million Earthquake Safety and Emergency Response Bond (ESER 2) to continue the vital work of the ESER and JFIP programs. ESER 2 will provide funding for replacement facilities for the Office of the Medical Examiner and for the Police Department's Traffic and Forensic Services units opening in FY 2016-17 and FY 2018-19, respectively.

As a part of the JFIP, the City also plans to replace County Jails 3 and 4. Subject to the funding approval, construction is scheduled to begin in 2017, with completion and occupancy in late 2019. The project size, scope and budget are currently under development. Recent analysis suggests that the overall size of the replacement jail will likely reduce the overall housing capacity of the City's jail system, in line with a general trend of reduced incarceration seen across the State. The replacement facility will be a podular design for increased safety of inmates and staff and will include program space for classrooms, computer and vocational training to foster Sheriff's department rehabilitative programs, and medical and mental health units for inmates.

Finally, as the final part of the JFIP, the Adult Probation Department and the District Attorney's Office will be relocated from the Hall of Justice to a seismically safe facility.

### **Earthquake Safety and Emergency Response Bond Program**

Over the past five years, the Fire Department has used proceeds from the 2010 Earthquake Safety and Emergency Response (ESER) 1 bond to renovate 23 of the City's 43 neighborhood fire stations, made improvements to the Emergency Firefighting Water System (formally called the Auxiliary Water Supply System, or AWSS), and fund the construction of Fire Station 4. The Department is in the process of closing out the 2010 ESER 1 bond. The 2014 ESER 2 bond, passed in June 2014, provides an additional \$140 million in capital funding for further improvements to neighborhood stations and the AWSS.



# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

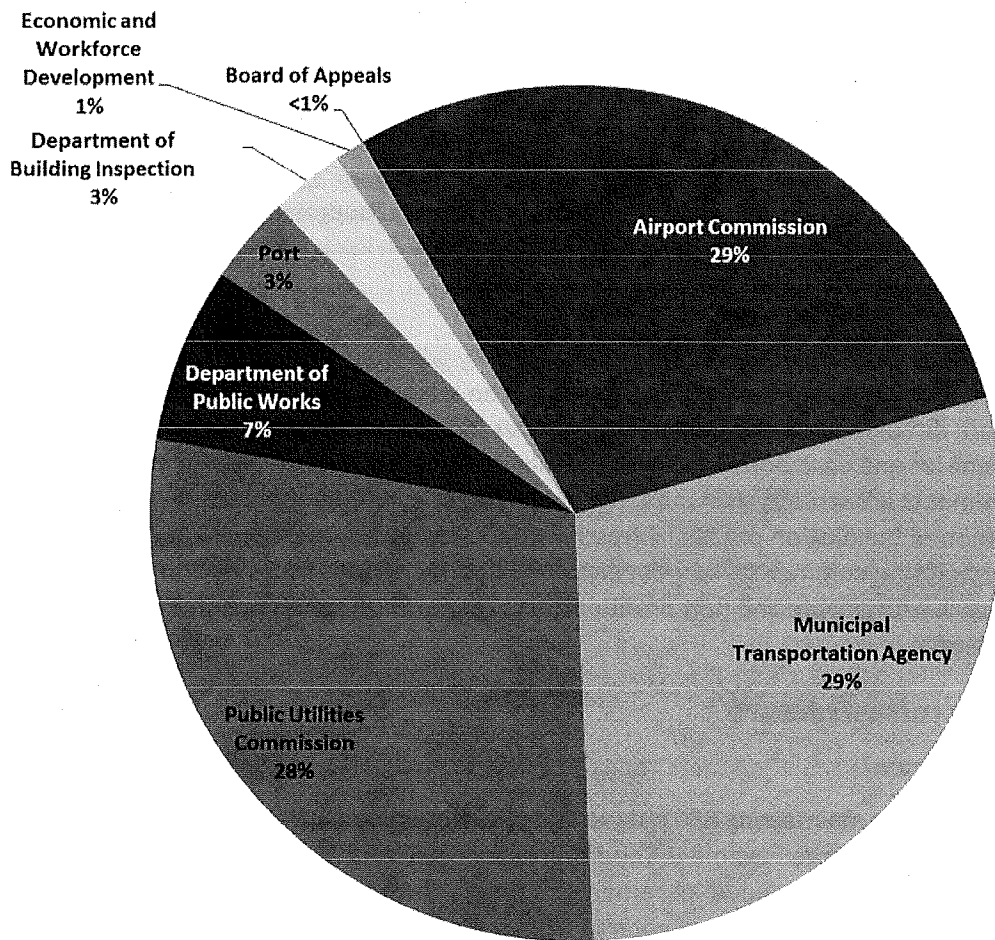
## Public Works, Transportation & Commerce

### OVERVIEW

The Public Works, Transportation and Commerce major service area includes the Airport, the Board of Appeals, the Department of Building Inspection, the Office of Economic and Workforce Development, the General Services Agency – Department of Public Works, the Municipal Transportation Agency, the Port, and the Public Utilities Commission. Most of the departments in this service area are funded by operating revenues and payments from customers. However, the Department of Public Works and the Office of Economic and Workforce Development, also receive a General Fund allocation. The Municipal Transportation Agency also receives the largest Charter mandated set-aside from the General Fund.

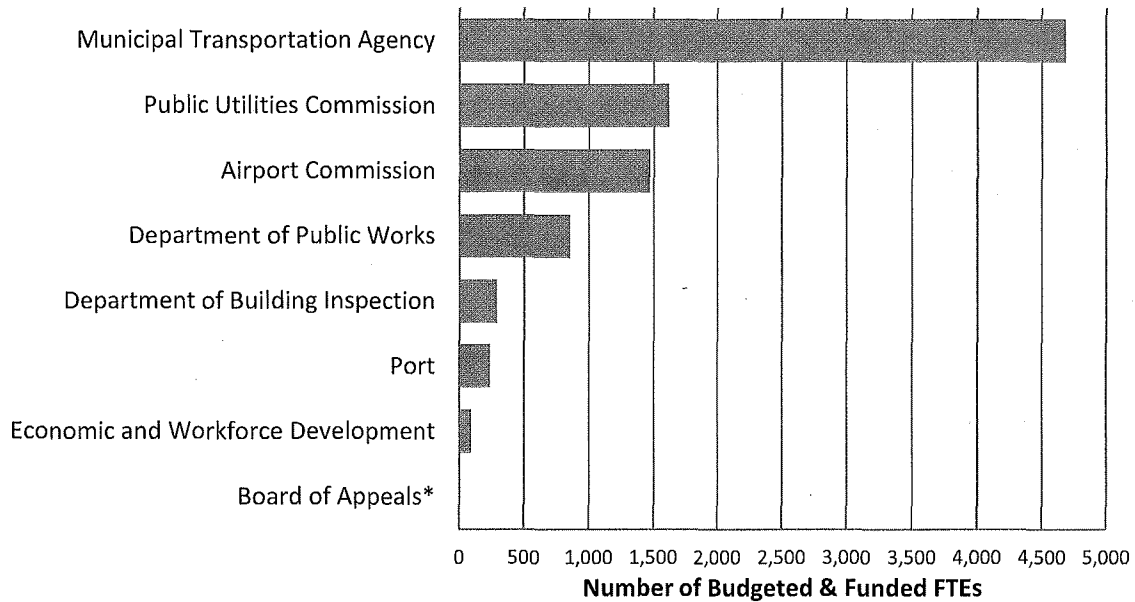
Together these eight departments have a total budget of \$3.3 billion in FY 2014-15 and represent 37% of total Citywide expenditures.

**Figure 20: Public Works, Transportation and Commerce Total Budget by Department FY 2014-15**



The Public Works, Transportation, and Commerce departments have 9,254 full-time equivalent positions (FTEs) in FY 2014-15; this represents 32.5% of FTEs Citywide.

**Figure 21: Public Works, Transportation and Commerce Full-time Equivalent Positions by Department FY 2014-15**



*\*The Board of Appeals has less than 10 FTE, which do not show up on this chart.*

## STRATEGIC ISSUES

In addition to the base case projection in this report, the City will work to address a number of strategic issues faced by these departments over the coming five years. The major issues related to public works, transportation, and commerce are discussed in detail below. These issues include preserving and improving key infrastructure to facilitate commerce and ease of transportation while improving the urban environment. The primary targets of these improvements are streets, sidewalks, the urban forest, public transportation, and the water and sewer systems. In addition to building on physical infrastructure investments, additional efforts will be taken to strengthen neighborhood commercial corridors, streamline the business licensing and permitting process, and collaboratively work with private and non-profit partners to maximize public benefits from important development projects.

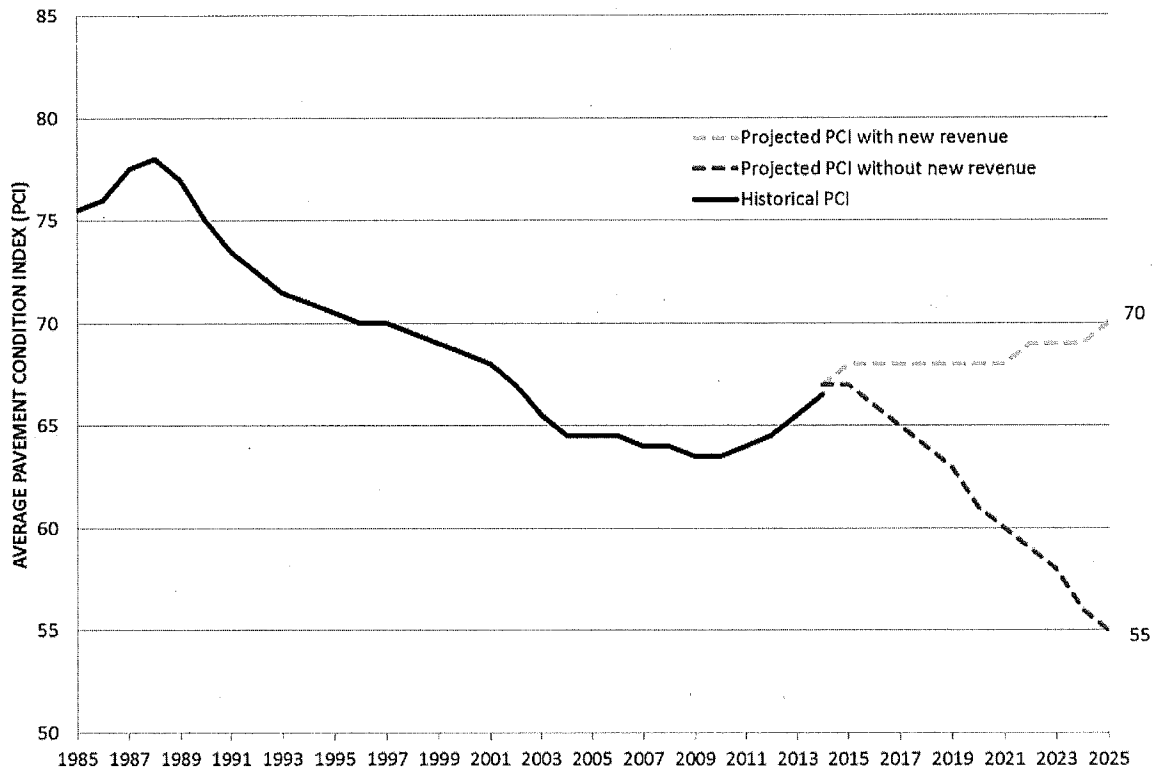
### Preserving Key Infrastructure

#### Street Repaving Program

The City is responsible for maintaining 850 miles of streets containing 12,857 block segments. As of 2011, the City's streets were at an average Pavement Condition Index (PCI) level of 63 and declining, which is 7 points below the 70 score that indicates 'good' pavement condition. Since taking office, the Mayor has made street funding a top priority. With the support of voters through the passage of the Road Repaving and Streets Safety Bond, by the end of FY 2015-16 the City's overall PCI will reach 68. The FY 2014-15 and FY 2015-16 adopted budget included \$41.5 million and \$42 million, respectively, to continue to fully fund the road repaving program after the expiration of the Road Repaving and Street Safety bond. Total street repaving funding will pay for an average of 800 blocks of paving and maintenance to occur on an annual basis Citywide.

San Francisco is now achieving its first continual improvements in PCI since scores started to decline two decades ago from underinvestment. Today’s investment will save the City millions on future street repaving costs, save Muni on fleet repairs, and reduce citizens’ annual car maintenance costs. It also improves safety for bicyclists and increases accessible paths of travel at intersections.

**Figure 22: Pavement Condition Index, 1985-2025 (projected past FY 2014-15)**



This report assumes full funding of the street repaving program in every year between now and FY 2019-20 through the Capital Planning General Fund pay-as-you-go program. Through this level of commitment, the City is continuing to move the overall PCI score toward its goal of 70, or a “good” pavement condition index, Citywide by 2025. This is a change from the past goal of PCI 70 by 2020; due a recent change in federal regulation, it is now mandatory to upgrade curb ramps when doing micro-surfacing (DPW’s primary method of roadway maintenance).

**Sea Level Rise**

As a consequence of rising sea levels due to climate change, San Francisco is at risk of more frequent and severe coastal flooding over the next several decades. As new infrastructure projects are planned along the shoreline, or existing assets are modified or improved, flooding due to rising sea levels – in combination with storm surge and wave run up – must be evaluated. A Citywide, multi-departmental committee has developed guidance on how to incorporate sea level rise into new construction, capital improvement, and maintenance projects. This guidance identifies and describes four key steps for assessing and adapting to the effects of sea level rise in capital planning:

- Sea Level Rise Science Review: What does the science tell us today?
- Vulnerability Assessment: Which assets are vulnerable to sea level rise?
- Risk Assessment: Of the vulnerable assets, which are at greatest risk to sea level rise?

- **Adaptation Planning:** For those assets at risk, what can we do to increase their resilience to sea level rise?

Although sea level rise is not expected to impact the City's budget for many years, this guidance is a first step toward understanding how the City can adapt in the future as our climate changes.

### **The City's Street Lights**

In September 2014, the San Francisco Public Utilities Commission (PUC) conducted a baseline street light pole assessment study to determine the condition and repair needs of the approximately 25,000 PUC owned streetlights. Based on the study, it is estimated that urgent repair needs for City street lights and poles range between \$1.5 and \$5.7 million. In FY 2014-15 funding was increased by \$5.1 million to help fund urgent repairs of lights and poles in poor and critical condition. An additional \$1.6 million was added in FY 2014-15 to help fund the repair and maintenance of existing street lights as well as the addition of new street lights in areas where lighting is insufficient or none is in place. Informed by sample data from the assessment study and with the increased budget for street light repairs, the PUC is better equipped to repair and replace City street lights in need of urgent repairs and to improve the reliability and performance of City street lights. Further, the PUC now has the assessment methodology established to inform the funding program and where to concentrate resources for the best outcomes.

Additionally, Pacific Gas and Electric (PG&E) owns and operates approximately 19,000 street lights in the City. In August 2014, PG&E's General Rate Case went before the California Public Utilities Commission (CPUC). Part of the CPUC proceedings focused attention on street light reliability issues for PG&E owned lights and as a result, PG&E is now required to annually produce formal, written performance goals related to street light burnouts and replacements. Additionally, the CPUC will hold PG&E responsible for adhering to improved and timelier service level goals for repairs. The City will follow up on the new performance goals and annual reporting of PG&E service levels to help ensure overall performance and reliability of street lights Citywide.

With increased City funding dedicated to street light repairs coupled with new reporting and performance goals for PG&E, the City is poised to significantly improve the reliability and effectiveness of street lights Citywide over the coming five years.

### **Water System Improvement Program (WSIP)**

As the largest infrastructure project ever undertaken by the San Francisco Public Utilities Commission (PUC), and one of the largest in the nation, WSIP is composed of 83 projects to upgrade, repair, and replace aging water infrastructure. Currently 84% complete, the \$4.6 billion program has employed 11,000 workers since 2007, and repaired or replaced more than 280 miles of pipeline. WSIP objectives include:

- Improving the system to provide high-quality water that reliably meets all current and foreseeable local, State, and Federal requirements;
- Reducing vulnerability of the water system to damage from earthquakes;
- Increasing system reliability to deliver water by providing the redundancy needed to accommodate outages;
- Providing improvements related to water supply/drought protection; and
- Enhancing sustainability through improvements that optimize protection of the natural and human environment.

WSIP is funded by revenue bonds authorized according to Propositions A and E, which were approved by San Francisco voters in November 2002. Revenues to pay off the bonds come from retail customers in San Francisco and 27 wholesale customers that serve Alameda, San Mateo, and Santa Clara counties.

## **Sewer System Improvement Program (SSIP)**

After eight years of public input and feedback along with in-depth analysis of long-term sewer capital projects, the PUC is now moving forward with a plan to upgrade, replace, and seismically retrofit the City's sewer system, parts of which are over 100 years old. This system consists of 1,000 miles of pipes which collect sanitary sewage from homes, businesses, and stormwater runoff, large transport storage box facilities, 27 pump stations that transport wastewater, three treatment plants and 8 deep water outfalls that discharge treated water into San Francisco Bay and the Pacific Ocean.

The PUC plans to implement the comprehensive \$6.9 billion Sewer System Improvement Program (SSIP) over the next 20 years. This series of major capital improvement projects are intended to bring the City's wastewater and stormwater system into a state of good repair, and meet SFPUC Commission-endorsed levels of service goals. SSIP is funded by revenue bonds authorized according to Proposition E, approved by San Francisco voters in November 2002.

## **Improving Neighborhoods and the Urban Environment**

### **Street Trees and Urban Forest**

Currently, the Department of Public Works (DPW) is in the process of implementing the Tree Maintenance Transfer Plan, under which responsibility for about half of the approximately 40,000 trees it has maintained will be transferred to private property owners. Developed as a cost savings measure after the economic downturn in 2008, the City's long term maintenance costs will be reduced by this program, though the transfer entails significant short term inspection, pruning, and sidewalk repair costs before transfers can occur.

Recently, the City Planning Department released a number of recommendations designed to reduce costs of the urban forest while expanding it. The study recommends that DPW take control of all 105,000 street trees in the City under a comprehensive street tree plan/program. The report states that a routine maintenance plan would allow for block-level pruning, instead of only responding to emergency calls on specific trees, driving down per tree maintenance costs and increasing overall tree health. Benefits would include more tree plantings by property owners, who would not be burdened with the trees' direct maintenance costs, as well as a reduction in liability stemming from broken and uneven sidewalk pavement, which would be better maintained.

The Mayor's Office plans to review the findings of this report and work with DPW and the City Planning Department to determine how the City can best maintain and improve the urban forest. At this time, the cost of taking back ownership and maintaining the 105,000 trees as contemplated in the urban forest study are not yet accounted for in this plan, and without new revenue to cover this cost would increase the City's projected budgetary deficits. Additionally, the City will also need to analyze and include in this process the trees located throughout the City's open space and public parks.

### **Transportation and Road Improvement Bond (Proposition A)**

In 2013, Mayor Lee convened the Transportation 2030 Task Force, which identified the need to invest \$10 billion in the City's transportation infrastructure over the next 15 years; \$4 billion of this funding was already identified and the Task Force recommended several new revenue sources to fund an additional \$3 billion of the remaining \$6 billion gap. The first revenue source the Transportation Task Force recommendations is a \$500 million General Obligation bond to improve transit and make streets safer for all users. The Transportation and Road Improvement bond passed with 71.3% of the vote in November 2014. The following is an overview of the large projects included:

- **Muni Forward Rapid Network Improvement Projects:** These projects will restructure transit service on Muni's high ridership lines to improve efficiency and connectivity. This program consists of targeted engineering improvements designed to minimize transit service delays at key intersections and along

the busiest transit corridors in the City. These improvements include lane modifications, traffic signal and stop sign changes, transit stop changes, parking and turn restrictions, and pedestrian improvements. The Rapid Network Improvements will make Muni approximately 20% faster and significantly more reliable.

- **Market Street Improvements:** San Francisco's vision for a better Market Street is a comprehensive program to reconstruct the City's premier cultural, civic, and commercial center and the region's most important transportation corridor from Octavia Boulevard to the Embarcadero. Key goals include bringing new life to the sidewalks, providing more opportunities for adjacent neighborhoods to influence the look and feel of Market Street, enabling faster and more reliable surface transit, and improving safety, accessibility, and mobility for everyone – pedestrians, bicyclists, and buses. Market Street improvements are currently in the environmental review phase. Construction is estimated to begin in 2018.
- **Vision Zero:** Vision Zero is a long-term continuing effort to improve safety on City streets. Over the next 24 months and as part of the Citywide commitment to Vision Zero, the MTA will implement 24 near-term engineering projects that will improve safety for all road users. These projects include initiatives such as slowing down vehicle speeds, installing signals at intersections, and while building new bikeways and enhancing existing ones.

The MTA currently projects that all funds from the G.O. bond will be expended by FY 2020-21.

### **Service Expansion at the Municipal Transportation Agency**

Muni Forward service changes have been legislated by the MTA's Board to include a 12% increase in service over existing levels. The Board of Supervisors recently approved a two year budget that identifies a 10% service increase in FY 2014-15 and FY 2015-16. The remaining 2% service increase is anticipated to be advanced in the subsequent two-year budget cycle. Examples include increasing the 28L 19th Avenue Limited from a school tripper to all day service, 10 minute service; providing Sunday service on the 38L Geary Limited; initiating a new route called the 11 Line to provide a connection between North Beach, Chinatown, and SoMa; and increasing the 10 Townsend from its current 20 minute frequency to 6 minutes.

### **New Cruise Terminal and Increased Capacity**

The new James R. Herman Cruise Terminal at Pier 27 opened in September of 2014, becoming the primary berth for the Port of San Francisco. The 91,000 square foot building has the capacity to serve the increased length and passenger capacity of new cruise ships. The renovated Pier 27 also includes a new 2.5 acre public park. Over the next five years, the Port of San Francisco anticipates higher volumes of passenger visitors due to its increased capacity and the continuing strong economy. This will lead to additional revenue of \$1.3 million in the first full year of use, FY 2015-16, with continued growth each year in the foreseeable future.

### **Invest in Neighborhoods**

The Invest in Neighborhoods (IIN) Initiative, which started in 2012, provides focused, customized assistance to meet the specific needs of San Francisco's neighborhood commercial districts by leveraging existing programs from across departments and nonprofit partners. The 25 pilot participating neighborhood commercial districts have received an initial corridor assessment, an assigned staff person at City Hall, an opportunity to apply for small project grants, and access to a range of other services aimed at strengthening neighborhood commercial corridors. Additionally, customized business assistance programs, beautification and greening projects, business attraction and retention campaigns, and safety and cleanliness programs have been developed and deployed in each district based on the findings of the corridor assessment, resource availability, and community engagement. In neighborhoods demonstrating high need, opportunity for economic growth, and community capacity, the City provides operational support for a community-based organization that will engage community stakeholders and help implement programs. Over the next five years, IIN will continue to accomplish



measurable economic outcomes related to job creation, increased sales tax revenues, increased private investment, and lower vacancy rates. IIN will continue to build relationships among community members, cultivate local leaders, and create stronger connections between City staff and programs and the communities they serve.

### **Business License Portal**

The San Francisco Business Portal is a collaborative effort between the Mayor's Office, Department of Technology, Office of Economic and Workforce Development, and Office of Small Business. The project team began in December 2013, and set out to build an online resource for starting, running, and growing a business in San Francisco. With comprehensive information and tailored tools, the Portal helps business owners navigate the complex processes and access resources that can help them every step of the way. The Portal officially launched in November 2014, with over 1,000 unique users in its first two days. The majority of users are local but some come from other major US cities such as Seattle, New York, and Washington DC, as well as foreign countries like the UK, India, and New Zealand. Feedback from business owners and City departments has been overwhelmingly positive.

The collaborative effort to build the Business Portal demonstrates that departments can work together to achieve a common goal of improving the way the City interacts with its constituents. The Portal is only the first step to improving the business experience in the City. Over the next five years, further phases are in the planning stages to add functionality, including online form submission, individual profile generation, customized dashboards for business owners, and automated processes to further streamline the business permitting and licensing process and ensure that the City is providing the best possible service to the public.

### **Joint Development Projects**

In recent years, the City has actively sought out and promoted a number of joint development opportunities. These include valuable, but under-utilized federal, State and City-owned parcels, as well as large privately owned parcels whose owners wish to develop them in exchange for benefits to the public. Through the vehicle of lease or sale disposition agreements (for publicly-owned parcels) or development agreements (for privately-owned sites), the City is able to leverage the opportunity to create needed public benefits without diverting scarce public resources.

The Office of Economic and Workforce Development's Joint Development Division is tasked with realizing the promise of these important development projects, and over the next five years will guide the return of the Golden State Warriors to San Francisco in a state-of-the-art multipurpose arena in Mission Bay, facilitate the opening of new California Pacific Medical Center hospitals on Cathedral Hill and in the Mission District, and oversee the rise of new mixed use neighborhoods in Park Merced, Bayview Hunter's Point, the former Schlage Lock industrial site, on Pier 70, in the parking lot south of AT&T Park, along mid-Market, in India Basin, and on small City-owned parcels throughout the City. Together these projects will leverage private investment to create dozens of acres of new publicly accessible open space, build thousands of market rate, middle income, and affordable housing units, modernize aging utility infrastructure, generate thousands of local construction and end use jobs, and enable transformative public transit improvements such as Van Ness and Geary Bus Rapid Transit, the M-Oceanview realignment, BART and Caltrain capacity improvements, new light rail vehicle acquisition, trackway improvements, and the reconstruction of formerly industrial streets.

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# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

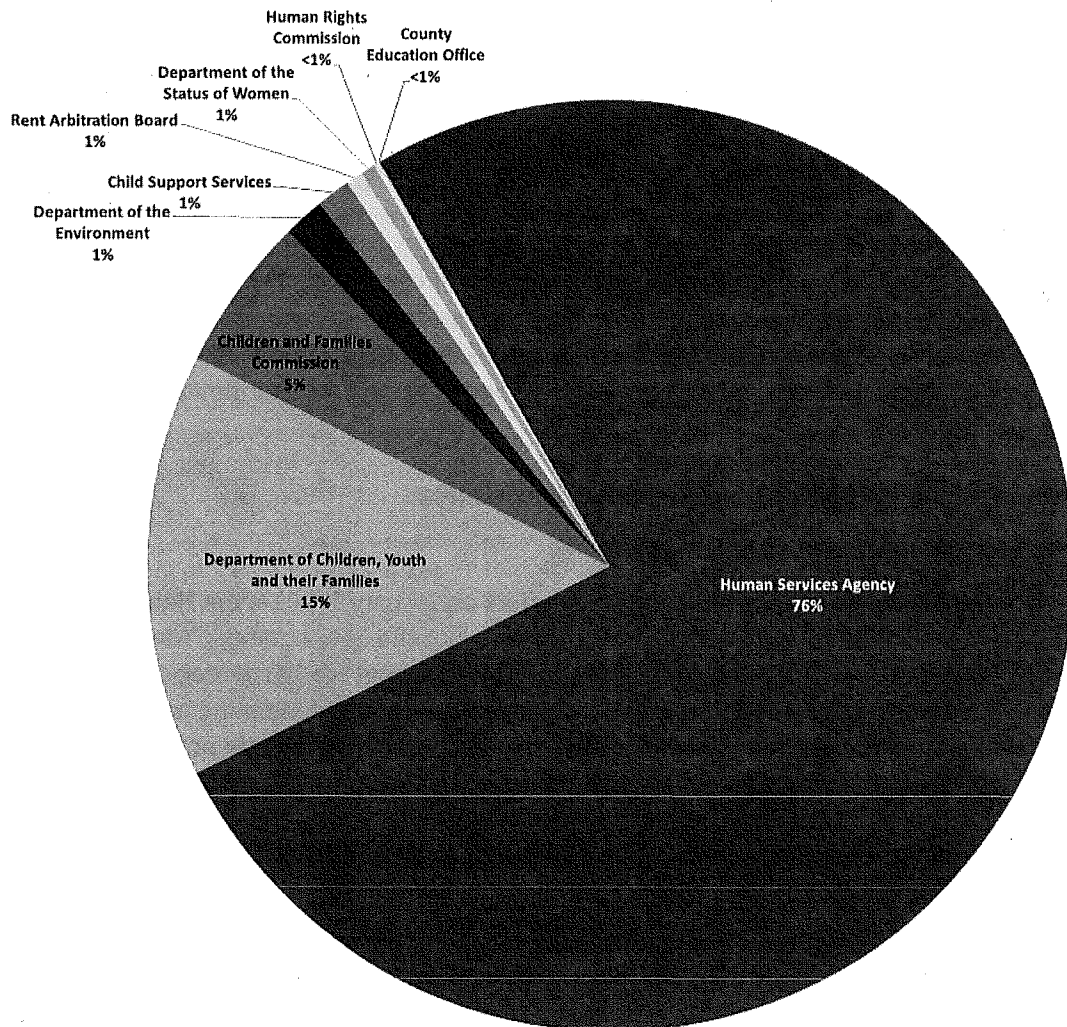
## Human Welfare & Neighborhood Development

### OVERVIEW

The Human Welfare and Neighborhood Development major service area includes the Children and Families Commission (CFC), the Department of Children, Youth and their Families (DCYF), Child Support Services, the Department of the Environment, the Human Rights Commission, the Human Services Agency, the Rent Arbitration Board, and the Department of the Status of Women. Departments in this major service area are funded through a combination of state and federal revenue sources, voter mandated set-asides (DCYF and CFC), and on-going General Fund allocations.

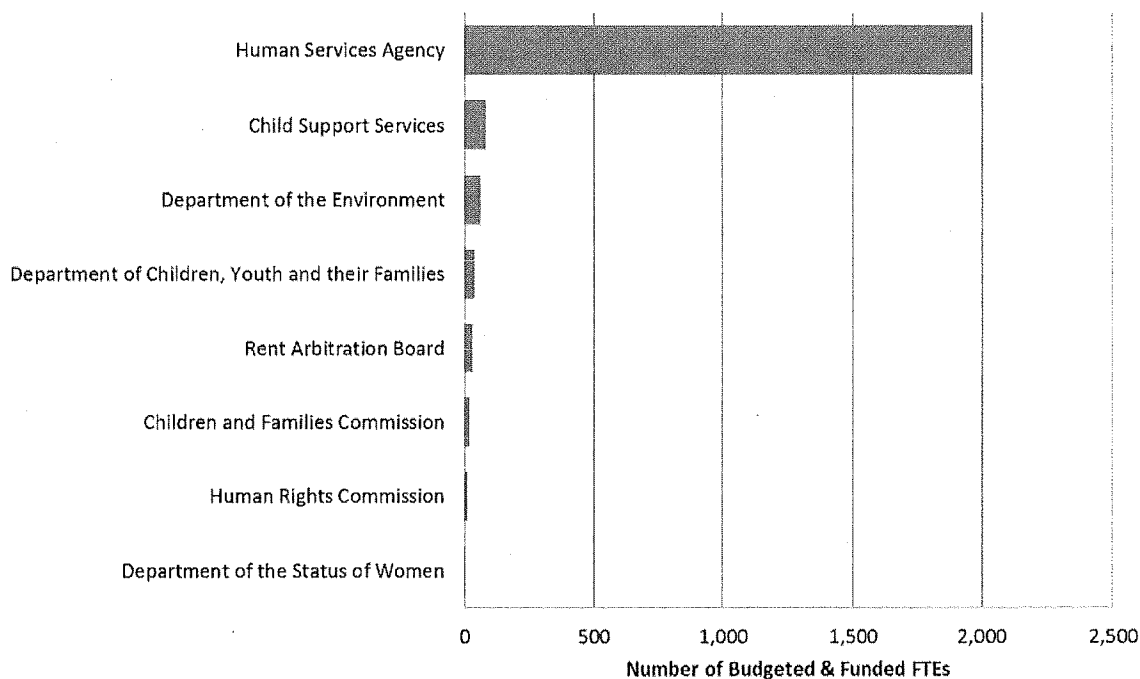
Together these nine departments have a total budget of \$1.1 billion in FY 2014-15 and represent 12% of total Citywide expenditures.

**Figure 23: Human Welfare and Neighborhood Development Total Budget by Department FY 2014-15**



The Human Welfare and Neighborhood development departments have 2,210 full-time equivalent positions (FTEs) in FY 2014-15; this represents 7.8% of FTEs Citywide.

**Figure 24: Human Welfare and Neighborhood Development by Full-time Equivalent Positions Department FY 2014-15**



## STRATEGIC ISSUES

In addition to the base case projection in this report, the City will work to address a number of strategic issues faced by departments over the coming five years. The major issues related to human welfare and neighborhood development are discussed in detail below. These issues include structural changes to programs that serve low-income and at-risk populations, increased resources and programs for children and youth, and changes in state and federal revenue sources.

### Improving Supports for Low-Income Residents

#### Ongoing Implementation of Health Care Reform

Since the federal Affordable Care Act (ACA) took effect on January 1, 2014, the Human Services Agency has enrolled more than 50,000 low-income San Franciscans into the new expanded Medi-Cal coverage, with thousands of caseloads still pending. In preparation for the expansion of coverage, the Human Service Agency accelerated its transition to a service center business environment, eliminating traditional caseloads, adopting new technologies and cross-training staff to determine eligibility for multiple programs. The result is a much more efficient operation, and clients have expressed satisfaction with the more business-like model that emphasizes customer service. By expanding Medi-Cal eligibility to new groups, the ACA also eroded the barriers between Human Service Agency programs, allowing it to integrate services and become more effective at meeting the multiple needs of San Francisco’s low income residents.

The Human Services Agency processes Medi-Cal applications, determines initial eligibility and performs ongoing case maintenance. New ACA enrollments represent a 43% increase to the number of Medi-Cal enrollees in San Francisco in September 2013, the month prior to ACA roll-out. In the FY 2014-15 budget, the state continued to budget an additional \$240 million in the Medi-Cal Administration allocation to county social services agencies to

cover ACA administrative costs; the Human Services Agency received \$5.2 million. A mid-year supplemental allocation is currently under consideration at the state level and is anticipated to be approved for distribution effective January 2015. Due to the uncertainty around both the amount and the timing of these funds, they have not been assumed in the Department's or the City's revenue projections.

### **Redesign of County Adult Assistance Programs (CAAP)**

In FY 2014-15, the Human Services Agency initiated a limited redesign of its County Adult Assistance Programs (CAAP), which offers cash assistance and supportive services to single indigent adults. The redesign is intended to streamline program rules and processes in order to better serve clients and achieve operational efficiencies for the Agency. The Agency is monitoring its CAAP caseload closely and hopes to be able to secure or reallocate resources to move forward with other elements of the redesign over the next five years. One goal of redesign is to reduce client churning, the on-and-off cycling of clients in the program. The agency is exploring ways to improve client continuity, hoping to provide the stability low income individuals need to take advantage of CAAP's Supplemental Security Income advocacy and employment benefits.

## **Enhancing Services for Children and Youth**

### **Passage of Proposition C**

In November of 2014, voters approved Proposition C, the Children and Families First Initiative. Key issues related to the passage of this legislation are described below; for additional costing information related to the passage of this legislation please see the base case section of this report.

### **Creation of the 'Our Children, Our Families' Council**

Proposition C mandates the formation of the 'Our City, Our Families Council' to develop a Citywide vision, shared priorities, program goals, and best practices for youth and children's services in the City. The Mayor and the Superintendent of the San Francisco Unified School District (SFUSD) will serve as co-chairs of the Council. Other members of the Council include the heads of City departments with responsibilities for services to children and families, members of the community, stakeholders, and invitees of relevant SFUSD divisions.

The Council is tasked with creating a San Francisco Children and Families Plan which identifies goals and strategies to align and coordinate children and youth services provided by City departments, SFUSD, and community partners. The Council must adopt the Children and Families Plan by July 1, 2016, and every fifth year thereafter. The cost of staffing and funding for implementation will be included in the upcoming FY 2015-16 budget.

### **Public Education Enrichment Fund Renewal**

Proposition C renews and modifies the Public Education Enrichment Fund (PEEF). The PEEF was originally passed in March 2004 and mandated the annual investment of General Fund dollars in San Francisco Unified School District enrichment programs as well as early education through the Preschool for All (PFA) Program. The PEEF allocation was split into thirds, with one-third allocated equally between: 1) Universal Preschool through PFA; 2) San Francisco Unified School District (SFUSD) for sports, libraries, arts, and music programs; and 3) SFUSD discretionary funds. The PEEF contribution was fully funded in FY 2014-15.

Proposition C renews PEEF for 26 years, through FY 2040-41, and makes the following key policy changes:

- Removes the City's ability to decrease the payment of the full PEEF by 25% in budget years when the budgetary deficit is projected to be \$100 million or more; and eliminates the in-kind contribution to SFUSD;
- Preschool for All funds (PFA) are renamed "Universal Early Education" funds and allowable services are expanded to include three to five year olds; and,

- Universal Early Education funds will be allocated to the Office of Early Childhood Education. The office, created in 2012 within the Human Services Agency, is tasked with managing all funds for early care and education. The former PFA funds were allocated to and managed by the First Five Commission.

### **Children's Amendment Renewal**

Proposition C renews and modifies the Children's Amendment, which was originally passed in 1991 and reauthorized in 2000. The Children's Amendment originally mandated that the City set-aside a portion of local property tax revenues to be used for children's services as administered by the Department of Children, Youth and their Families (known as the "Children's Fund") and established a baseline of funding for Children's services that grows with Annual Discretionary Revenue. Proposition C renews the Children's Amendment for another 25 years, through FY 2040-2041, and makes the following key changes to the legislation:

- Changes the name of Children's Fund to the "Children and Youth Fund" and expands services covered by the fund to include disconnected transitional age youth (TAY); and
- Increases the property-tax set-aside from \$0.03 to \$0.04 per \$100 of property tax revenue over a four year period to be fully funded by FY 2018-19.

### **Youth Employment**

SF Summer Jobs+ is a Citywide summer employment program for young adults, ages 16-24. The program was launched by Mayor Lee in summer 2012 and connects San Francisco employers with local low-income and disconnected youth. The initiative is a strong community partnership uniting the San Francisco business community, youth serving community organizations, the United Way of the Bay Area, the San Francisco Unified School District, as well as City of San Francisco departments. Since SF Summer Jobs+ began in 2012 it has exceeded job placement targets and seen placements grow annually; 5,200 young adults were placed in jobs in 2012, in summer 2013 over 6,000 young people participated, and 7,600 job placements were made in summer 2014. SF Summer Jobs+ program has set thousands of San Francisco youth on a pathway toward finding success in 21st century careers.

### **Title IV-E Waiver**

In the fall of 2014, the Human Services Agency, in partnership with the Juvenile Probation Department, joined a Title IV-E Waiver program through the California Department of Social Services to allow greater flexibility in child welfare programming. Title IV-E is the federal funding source for child welfare services, parts of the juvenile probation system, and foster care. Under the waiver, counties can use Title IV-E money to fund service alternatives that should lead to safe reductions in foster care utilization. The goals of California's waiver include improving permanency outcomes and timelines; increasing child safety without an over-reliance on out-of-home care; improving the array of services for children and families; and decreasing recidivism and delinquency for youth on probation. This change is not projected to have a General Fund impact due to increased projected revenue offset by new family support services costs under the waiver.



# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

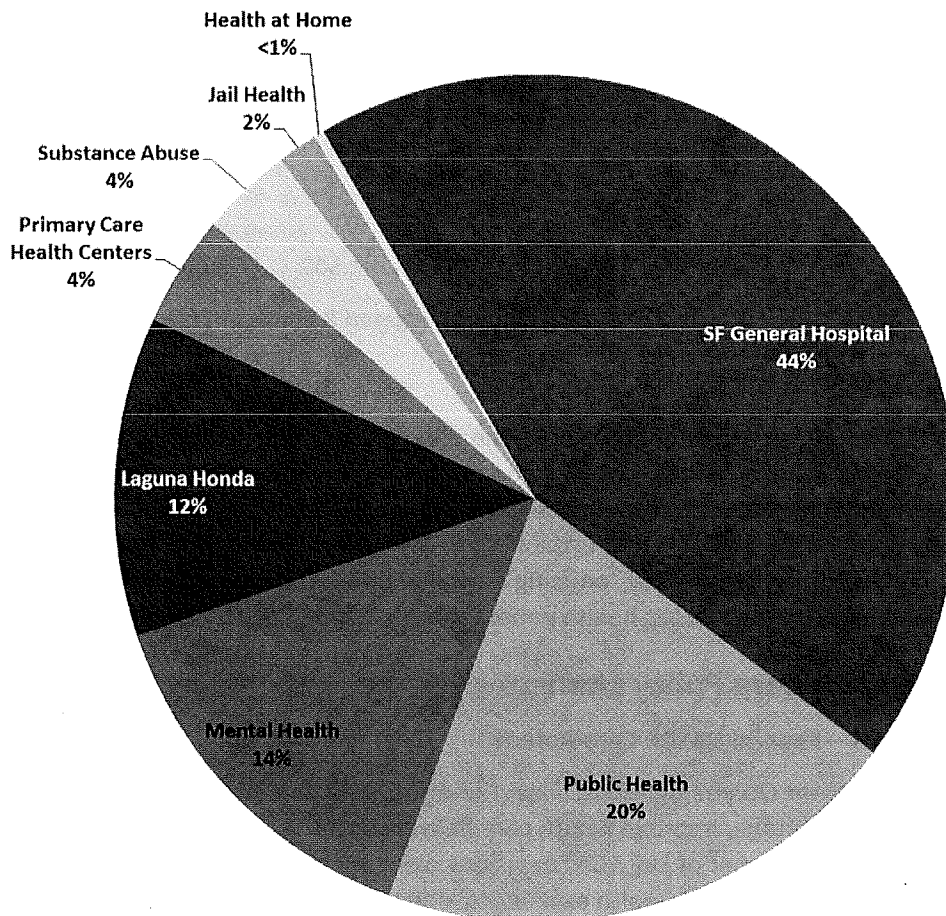
## Community Health

### OVERVIEW

The Community Health major service area includes only one department, the Department of Public Health (DPH). The Department of Public Health is the largest department in the City and County of San Francisco and receives the largest General Fund allocation.

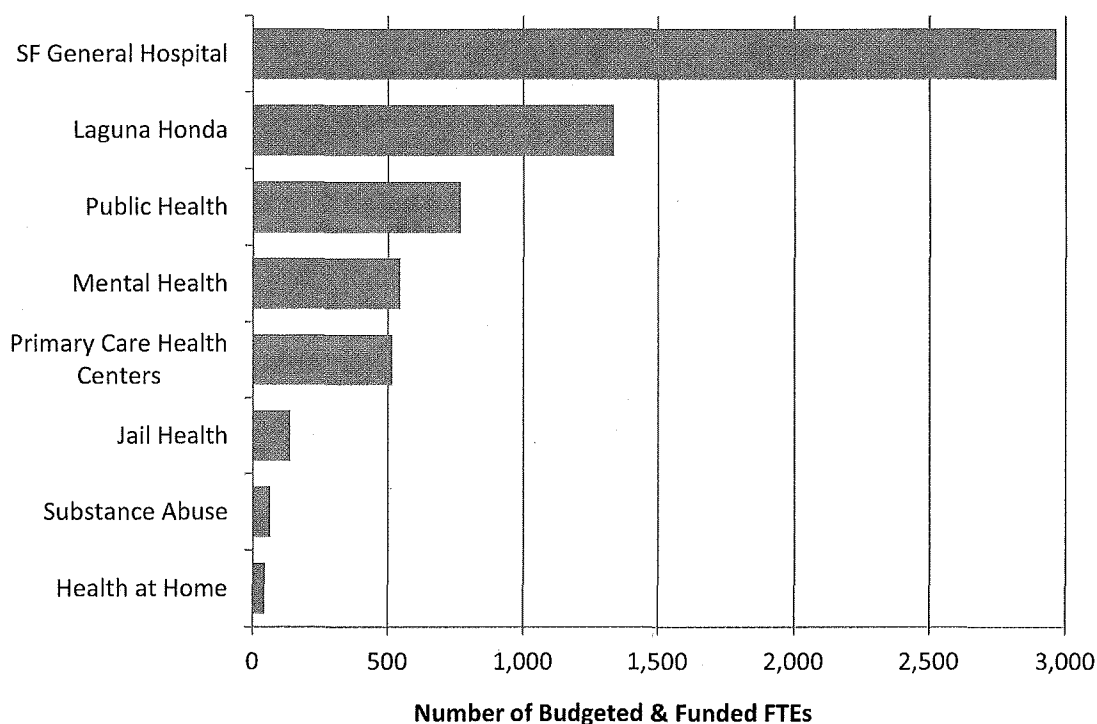
The Department of Public Health has a total budget of \$2.0 billion in FY 2014-15, which represents 22% of total Citywide expenditures. This also includes \$614.1 million in General Fund support (14.4% of the total General Fund budget). The largest program area within the Department of Public Health is the operation of two hospitals: San Francisco General Hospital and Laguna Honda Hospital.

**Figure 25: Total Budget by Program Area FY 2014-15**



The Department of Public Health has 6,284 full-time equivalent positions (FTEs) in FY 2014-15; this represents 22.1% of FTEs Citywide.

**Figure 26: Community Health Full-time Equivalent Positions by Program Area FY 2014-15**



## STRATEGIC ISSUES

In addition to the base case projection in this report, the City will work to address a number of strategic issues faced by the Department of Public Health over the coming five years. The major issues related to community health are discussed in detail below. On the services side, the primary issues include providing effective health services, continued implementation of the Affordable Care Act, and managing changes in state and federal revenue sources. On the infrastructure side, ongoing capital and IT investments, including the new San Francisco General Hospital, and an upcoming public health general obligation bond, are the dominant issues.

### Implementing Health Care Policy Changes

#### The Affordable Care Act – Federal Health Care Reform

On March 23, 2010, President Obama signed into law the Affordable Care Act (ACA), which is designed to expand health insurance coverage, improve health care delivery systems, and control increasing health care costs. On January 1, 2014, a number of key ACA provisions went into effect, including the individual mandate to have health insurance; roll-out of state health exchanges; and expansion of Medicaid, known as Medi-Cal in California. While it is still too early to know the long-term financial impact of these provisions on the Department, the City has observed the following trends:

- Increased Coverage of and Decreased Compensation for the Uninsured:** The expansion of Medicaid—known in California as Medi-Cal—eligibility and the creation of health insurance exchanges (Covered California) have increased coverage for City residents who were previously uninsured. Over 40,000 San Franciscans purchased insurance through Covered California during its inaugural open enrollment period, and approximately 50,000 have newly enrolled in Medi-Cal as of September 2014. Although the effect of the ACA on the City’s uninsured will not be clearly quantifiable for a few years, enrollment in



Healthy San Francisco, the City's health access program for the uninsured, has declined from nearly 55,000 prior to ACA implementation to 21,000 in September 2014. However, Healthy San Francisco does not account for all uninsured San Franciscans, and the City estimates that at least 30,000 people remain without insurance. The residually uninsured will include those ineligible for the insurance expansions offered under the ACA and those who are eligible but who, for a variety of reasons, do not enroll. The San Francisco Department of Public Health will continue to be a key provider of safety net services for these individuals.

Beginning in FY 2013-14, the State began to "claw back" realignment revenues paid to county governments for care of uninsured individuals. The federal government will also reduce Disproportionate Share Hospital (DSH) funding beginning in FY 2016-17. The methodology and timeline for taking back these funds is not yet finalized.

- **Expanded Choices for Current/New Clients:** As the City's formerly uninsured residents have obtained coverage under the ACA, health care consumers will increasingly have choices about where they receive medical care. As a result, to remain financially viable, the Department is working to become a "provider of choice" to retain a stable revenue base needed to maintain safety net services. To do so will require a focus on ensuring quality, access, and a positive customer experience. To this end, the Department has invested in its primary care operations – expanding clinic hours and capacity as well as creating a consolidated call center for appointment scheduling and inquiries.
- **Shift from Fee-for-Service to Managed Care Model:** The Department's funding continues to shift from a primarily fee-for-service reimbursement model to a managed care system with a fixed capitated rate. This funding model shifts financial risk to providers including the Department, and alters financial incentives to limit costs. Moreover, the Department could face additional financial pressure if capitated rates are set at levels inadequate to meet provider costs.

### **Medi-Cal Waiver**

A new five year Medi-cal waiver will be implemented in FY 2015-16 through FY 2019-20. As this waiver is just beginning to be developed, it is unclear how it will impact the Department of Public Health. However, as the last two waivers have led to significant program changes such as Healthy San Francisco and program enhancements due the Delivery System Reform Incentive Pool (DSRIP), the Department expects additional changes in the future. The Department is working with other counties to create a successor DSRIP that will allow public hospital systems to become innovative centers of care.

### **Dual-Eligibles and the Coordinated Care Initiative**

In 2013, California launched a pilot project for 8 counties to automatically enroll clients who are eligible for both Medi-Cal and Medi-Care into Medi-Cal managed care directly. By FY 2016-17, additional counties may be added to this program. When San Francisco County joins this initiative, Laguna Honda Hospital will receive per-member-per-month capitated payments rather than fee-for-service per-diem payments. Depending on the capitated rates for this population and other State and federal reimbursement policy decisions, Laguna Honda Hospital could lose significant amounts of revenue annually. In addition, this change could affect the administration of the In Home Supportive Services (IHSS) program.

### **Reduction of Federal Funding for HIV / AIDS Prevention and Services**

The Center for Disease Control and Prevention (CDC) and Health Resources and Services Administration (HRSA) continues to adjust funding formulas for local governments in their disease control efforts. While the CDC has likely already implemented the most significant cuts to HIV Prevention funding, small cuts may continue. The CDC will announce its next funding cycle in 2015. Furthermore, the future of funding from the federal government for Ryan White HIV/AIDS programs remain uncertain as health coverage is more wide spread in the post-ACA world. Since FY 2012-13, Ryan White funding to San Francisco has been cut drastically: \$7.1 million in

FY 2012-13, \$11.3 million in FY 2013-14, and \$14.4 million in FY 2014-15. The City has entirely backfilled these cuts with General Fund support in each year. If federal funds continue to be cut, additional General Fund support would be required to maintain current service levels.

## **Launching New Medical Facilities and IT Systems**

### **Upgrading Legacy Information Technology Systems and Infrastructure**

In September 2014, the Federal Trade Commission approved Cerner Corporation's purchase of Siemens Hospital IT unit, which supports many of the Department's clinical and revenue systems. As a result, in the next 3 to 5 years, the Department will need to transition to a new system, as legacy systems will no longer be supported. In order to make the transition a success, the Department plans to focus on strengthening its IT infrastructure over the next two years. The Department's end goal is to transition to a single, fully-integrated electronic medical record (EMR). The implementation plan and financial impacts of this change are in development.

### **San Francisco General Hospital Rebuild**

In 2008 the voters approved an \$887.4 million SF General Hospital Rebuild (SFGH) G.O. bond to allow SFGH to comply with new State seismic safety standards. The San Francisco General Hospital is a comprehensive medical center, providing 20% of the City's inpatient care, offering compassionate care to a diverse community of patients in more than 20 languages. The new facility will have space for 283 beds, an increase of 31 beds from the existing facility. The emergency department (ED) alone, will increase from 27 to 58 beds, including six resuscitation rooms. As San Francisco's only Trauma Center and the City's busiest emergency room, this expansion will alleviate pressure in the ED. The hospital rebuild is currently scheduled to be completed on-time and on-budget in FY 2015-16, and is expected to open to the public in December of 2015. Financial details are included in the base case section of this report.

### **Upcoming Public Health G.O. bond**

In addition to the General Hospital rebuild, the City plans to bring a \$311 million G.O. bond before the voters either in November 2015 or June 2016, which will include seismic strengthening of the SF General Hospital building 5, expanding the South East Health Center to allow improved coordination of primary care and behavioral health services in one of the most underserved areas of the City, seismically strengthening and renovating the City's Animal Care and Control facility, and relocating and rebuilding the Fire Department's Emergency Medical Service (EMS) facilities. This bond and these critical capital projects will be included in the City's upcoming Ten-Year Capital Plan.



# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

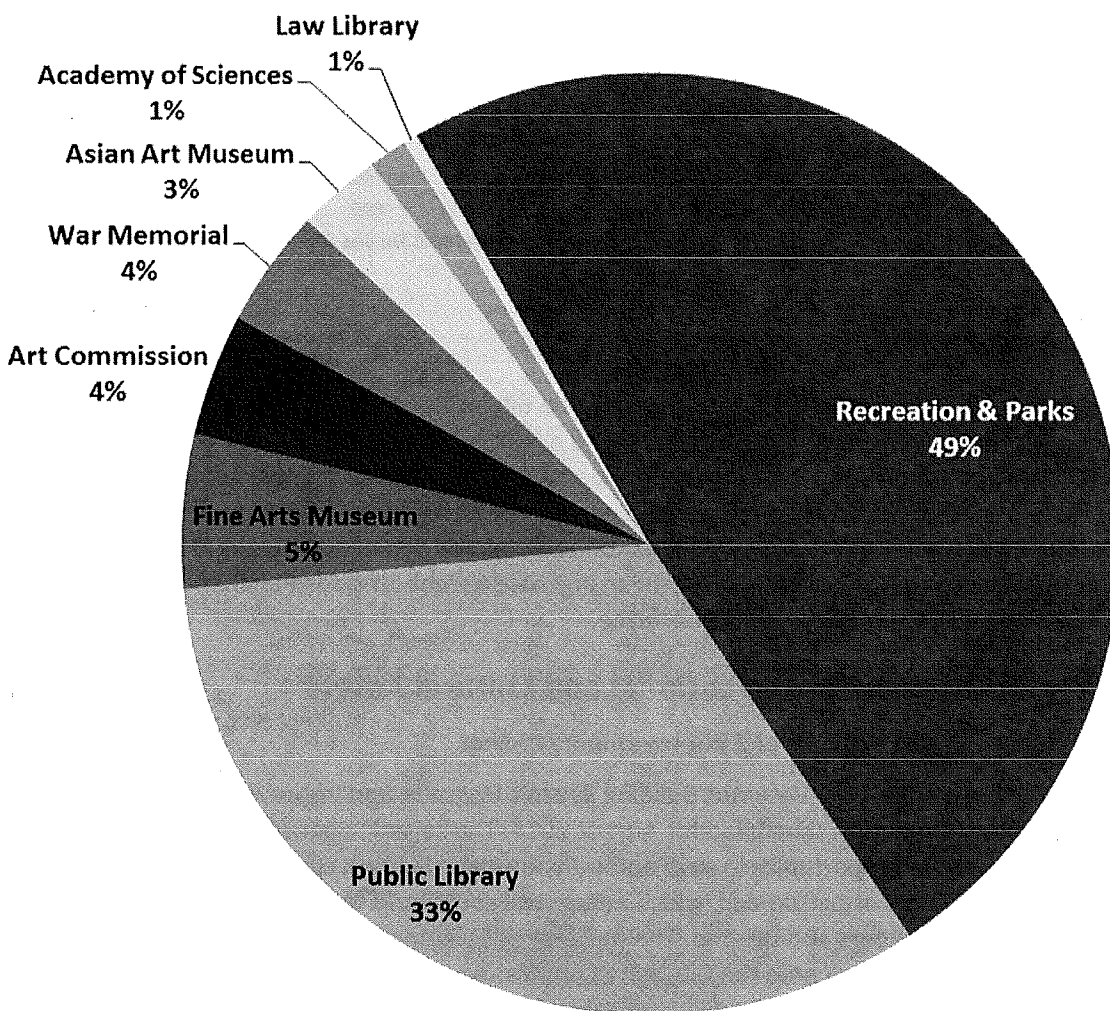
## Culture & Recreation

### OVERVIEW

The Culture and Recreation major service area includes the Asian Art Museum, the Arts Commission, Fine Arts Museums, the Public Library, the Law Library, the Recreation and Parks Department, the Academy of Sciences, and the War Memorial. The majority of these departments receive General Fund monies through annual budget allocations. However, the Recreation and Parks Department also receives funding from the Open Space and Park Fund set-aside as well as earned revenue, and the Public Library is largely funded through a voter mandated set-aside.

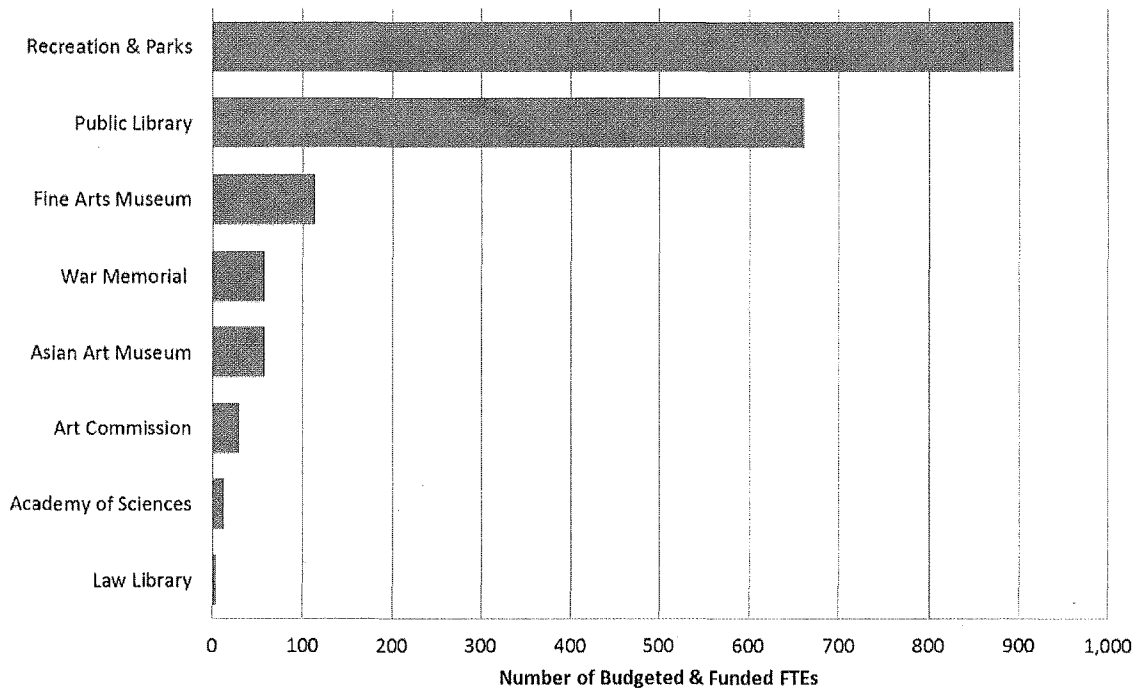
Together these eight departments have a total budget of \$333.5 million in FY 2014-15 and represent 4% of total Citywide expenditures.

Figure 27: Culture and Recreation Total Budget by Department FY 2014-15



The Culture and Recreation departments have 1,826 full-time equivalent positions (FTEs) in FY 2014-15; this represents 6.4% of FTEs Citywide.

**Figure 28: Culture and Recreation Full-time Equivalent Positions by Department FY 2014-15**



## STRATEGIC ISSUES

In addition to the base case projection in this report, the City will work to address a number of strategic issues faced by departments over the coming five years. The major issues related to Culture and Recreation are discussed in detail below. These issues include the preservation and improvement of recreational and cultural assets (notably the Veterans Building and a new Teen Center at the Main Library), a mandated review of library operating hours, implementation and completion of bond funded projects including the Branch Library Improvement Project and the 2008 and 2012 Clean and Safe Neighborhoods Park bonds, and the continued renovation and acquisition of parks and open space.

### Preserving and Improving Recreational and Cultural Assets

#### Veterans Building Seismic Upgrade and Improvements Project

The two-year construction of the Veterans Building Seismic Upgrade and Improvements Project is over 70% complete with total completion scheduled for August 2015. The seismic upgrade and improvements project provides the City with the opportunity to save and transform this historic civic asset into a vibrant and lively home for arts and veterans organizations, which in turn will contribute to the revitalization of the Civic Center District over the next five years and beyond. The building will continue to house the American Legion and other veterans' organizations and welcome the City's Art Commission and a portion of San Francisco Opera as new tenants. The renovated building will provide new gallery space for the Art Commission to display the City's civic art collection, while also providing safe and secure storage space for the collection while not on display. The renovated fourth floor of the building will house a new, smaller performance venue for both the San Francisco

Opera to rehearse and perform and for the City's War Memorial Trust to rent to local art and performance groups for smaller performances throughout the year.

### **Completion of the Branch Library Improvement Plan (BLIP) and Opening of Teen Media Center**

In November 2000, voters approved a \$105.9 million bond measure to renovate, replace, and construct branch libraries throughout the City. The Branch Library Improvement Plan (BLIP) provided seismic, accessibility, and technology upgrades to 24 branch libraries, including 16 renovations, eight new buildings, and one support service center. In the 24 BLIP branches, over 48,000 square feet of combined new library space was added and ten new community rooms were constructed.

In the fall of 2014, the new adult, youth, and family literacy center – the Bridge at the Main – opened on the 5th floor of the Main Library. This space has classrooms, including a computer center with digital literacy and introductory coding programming, and resources collections curated to support literacy and learning. A new Teen Center is scheduled to open in late spring of 2015. It will be 4,770-square feet of space and equipment for middle and high school-age youth to create and develop digital media and computer skills. In addition to this physical space, youth-focused digital media programs are planned throughout the Library's 27 branches over the coming five years.

### **Mandated Review of Library Operating Hours**

The Library Preservation Fund, renewed by Proposition D (November 2007), requires that the Library Commission assess and modify as appropriate the hours of operation of the main and branch libraries at least once every five years. Additionally, the Library Commission must gather community input to help set the criteria for determining service hours.

During the last mandated review, the San Francisco Public Library added hours and days of service at branch libraries after an extensive year-long assessment of library public service hours. In total, 39 additional hours of library service took effect in FY 2013-14, in addition to increased hours at three centers of the Main Library. Nineteen of San Francisco's 28 libraries are now open every day of the week.

The Public Library must complete its next planning process and set its adjusted open hours by July 1, 2018. Determining system-wide open hours impacts major staffing, administrative, and facilities decisions and will be a major driver of the Public Library's future budget planning. Any recommended modifications to operating hours must occur during the same fiscal year; any recommended expansion in hours may be implemented over more than one fiscal year, dependent on the availability of staff and funding resources.

### **Recreation and Parks Department General Obligation (G.O.) Bond Program**

As part of the 2008 Clean and Safe Parks Bond Program, the Recreation and Parks Department has renovated 12 neighborhood parks. Improvements include upgrades to park landscape, amenities, playgrounds, buildings, and overall seismic safety. Ten neighborhood parks have been completed, with the final two projects in construction phase and scheduled to be completed in 2015. Additional 2008 Clean and Safe Neighborhood Parks bond project allocations include money dedicated to upgrades for park restrooms, playfields, forestry, trails, and waterfront parks repairs, renovations, and development programs.

The 2012 San Francisco Clean and Safe Neighborhood Parks bond generated \$195 million in additional funds for the Recreation and Parks Department to continue the renewal and repair of parks, recreation, and open space assets. The bond included funding for 15 neighborhood parks, long-awaited investment in Golden Gate Park, McLaren, and Lake Merced, as well as renovations to the parks' support infrastructure. Specifically, the 2012 Bond proposal allocates \$99 million for neighborhood parks, selected based on community feedback, physical condition, the variety of amenities offered, seismic safety risk, and neighborhood density. Phase one of bond-

funded neighborhood parks projects includes planning and construction for seven parks by 2016 and another eight to be completed by 2018.

**New Parks and Open Space**

Over the next five years, Recreation and Parks plans to develop new parks and open space at the Noe Valley Town Square, Francisco Reservoir, 900 Innes, 17<sup>th</sup> and Folsom, Guy Place, and yet to be determined locations in District Six and the eastern neighborhoods of the City. These new parks represent quality-of-life improvements for everyday San Franciscans, and also begin to address the need for additional service in response to growth that is occurring across the City.



# City and County of San Francisco FIVE YEAR FINANCIAL PLAN

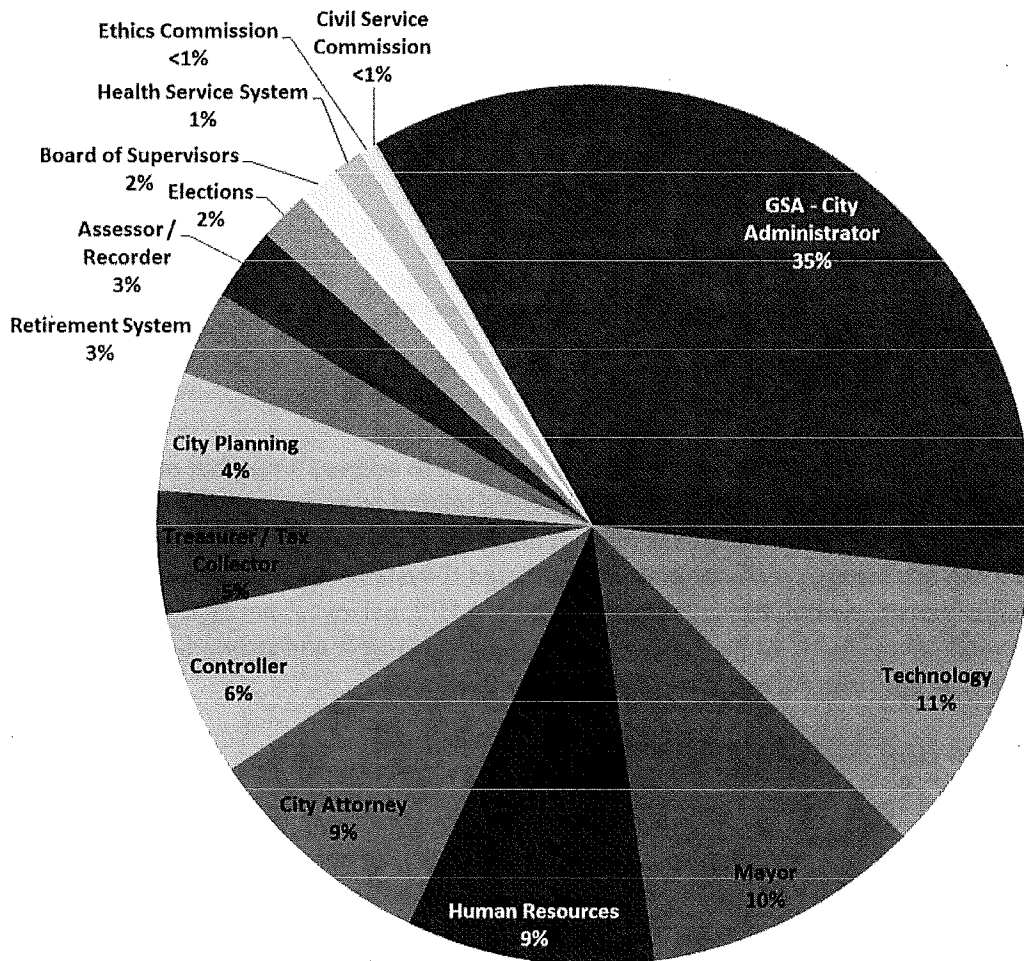
## General Administration & Finance

### OVERVIEW

The General Administration and Finance major service area includes the General Services Agency (GSA) – City Administrator’s Office, the Office of the Assessor-Recorder, the Board of Supervisors, the City Attorney’s Office, the Controller’s Office, the City Planning Department, the Civil Service Commission, the Ethics Commission, the Human Resources Department, the Health Service System, the Mayor’s Office, the Department of Elections, the Retirement System, the Department of Technology, and the Office of the Treasurer - Tax Collector. Departments in this major service area are funded through an annual allocation from the General Fund, a rate model charged to City departments, and through fees for services provided to the public.

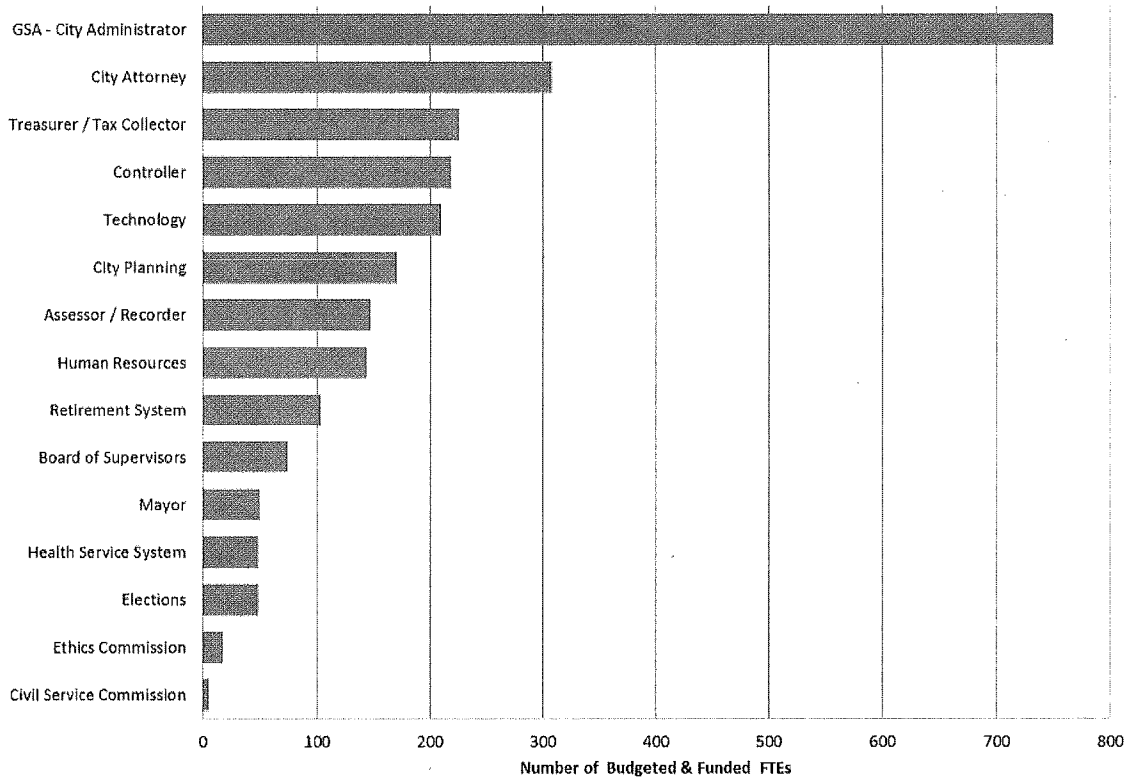
Together these fifteen departments have a total budget of \$879.0 million in FY 2014-15 and represent 10% of total Citywide expenditures.

**Figure 29: Total General Administration and Finance Budget by Department FY 2014-15**



The General Administration and Finance departments have 2,520 full-time equivalent positions (FTEs) in FY 2014-15; this represents 8.9% of FTEs Citywide.

**Figure 30: General Administration and Finance Full-time Equivalent Positions by Department FY 2014-15**



## STRATEGIC ISSUES

In addition to the base case projection in this report, the City will work to address a number of strategic issues faced by departments over the coming five years. The major issues related to general administration and finance are discussed in detail below. These issues include significant efforts to preserve and create new affordable and public housing as well as investments to replace aging and outdated IT systems and equipment (including the City’s financial system, property tax database, and voting system). Additional investments are also planned for IT infrastructure and Citywide connectivity, while the Assessment Appeals Project and strengthening of the City’s investment strategy will improve responsible stewardship of City resources.

### Expanding and Improving Affordable Housing

#### Creation of the Housing Trust Fund

In FY 2013-14, the City began implementing the Housing Trust Fund (HTF), an annual set-aside approved by voters in November 2012. Beginning at \$20 million, the HTF is scheduled to grow by \$2.8 million per year until it reaches \$50.8 million in FY 2024-25. As per the authorizing legislation, the funding is reserved for a variety of housing-related uses, including the financing of new multifamily affordable housing development, down payment assistance, foreclosure and eviction prevention services, and a small site acquisition and rehabilitation program.



The adopted FY 2014-15 and FY 2015-16 budget includes a one-time infusion of \$50 million in additional funding over two years secured by future HTF growth. This funding is being used to speed up the development of new multifamily affordable housing developments currently in the City's pipeline.

### **Public Housing Re-Envisioning and HOPE SF**

Over the past several years, the City has worked closely with the San Francisco Housing Authority (SFHA) on two major undertakings: to rehabilitate and ensure the long-term financial stability of public housing stock throughout the City as well as continued implementation of HOPE SF, a signature initiative to replace four of the City's most distressed public housing developments with mixed-income developments.

In October 2013, the City released its SFHA Re-Envisioning plan, which laid out a strategy to make needed capital investments in the SFHA's 5,383 unit portfolio and ensure the organization's long-term financial stability. A key component of this Plan is the transition of management and ownership of approximately 3,500 units to non-profit providers selected through a competitive process. Additionally, SFHA has applied for inclusion in the Rental Assistance Demonstration (RAD) program, offered by the federal Department of Housing and Urban Development (HUD). Acceptance into the program will provide access to much-needed long-term rental vouchers, which will secure funding for critical repair and rehabilitation work. The first phase of the program is expected to close financing in the second half of 2015; until then, potential financial impacts on the City are undetermined.

The City continues to make progress in implementing HOPE SF. New units at Hunters View, the first development in the program, have opened for occupancy, with more currently under construction. Construction at the second site, Alice Griffith, is beginning in FY 2014-15. Final entitlements for the final two developments, Potrero Hill and Sunnyside-Velasco, are projected in FY 2014-15. Over the next five years, the City will work to secure full funding for these two remaining sites and begin construction.

## **Improving Key IT Infrastructure**

### **Replacement of the City's Financial System**

The City's mainframe-based central financial and accounting information system (FAMIS) is more than twenty-five years old and is in the process of being replaced. Project implementation began in FY 2014-15. The remaining cost of replacement of the system is estimated at \$70 million over the next several years. The Department will evaluate multiple strategies to implement the project, including a phased approach, which will allow the City to receive the benefits of the investments as each module is complete while phasing the cost over time. As a Citywide project, the costs of this project are allocated between General Fund and Enterprise departments. This project reports to Committee on Information Technology (COIT) on a regular basis on the scope, budget and timeline for the project implementation, and is identified as a major IT investment in the City's Five Year ICT Plan.

### **Property Tax Database Replacement Project**

The Assessor-Recorder's legacy property tax database is reaching the end of its useful life and will need to be replaced in the next five years. The Department is currently investigating internal needs to design a new database which supports the Department's goals of improving efficiency and effectiveness. This project will require initial funds for critical project development through COIT to determine the scope and final budget for this project. This project is identified as a major IT investment in the City's Five Year ICT Plan.

## **Plan for Citywide Connectivity**

The Department of Technology, the Committee on Information Technology, and the Mayor's Office of Civic Innovation have joined together to create a cohesive, Citywide plan to provide guidance for future City investments in connectivity and Wi-Fi expansion. The team is currently conducting research and outreach and expects to release the plan in early 2015. Potential costs associated with its recommendations are unknown at this time; however, this process will impact how the City funds and expands its fiber ring and deploys public wi-fi over the next five years.

## **Elections – Expiration of Voting Systems Contract**

In December 2007, the City entered into a contract with Sequoia Voting Systems, Inc. for the purchase of new voting equipment and services. The original term of the contract was for four years with two one-year extension options that were exercised by the City in 2011. The City extended the contract with Dominion Voting Services, Inc., the company that acquired Sequoia in 2010, an additional three years in December 2013. The previously adopted extension is now scheduled to expire on December 11, 2016.

Prior to 2017, the City has four policy options to explore to replace this system:

1. Outright purchase of new voting equipment, software, and relevant services;
2. Further extensions of the existing contract for the current voting system as well as associated services;
3. The lease of new voting equipment and software under a revised payment schedule for necessary services. Equipment would return to the vendor after the lease term expires; and
4. A hybrid agreement that would allow the City the flexibility to modify or replace equipment, software, and services as better products become available.

Future costs are dependent on the policy option chosen and the selected vendor's price proposal; however, the Department estimates the system could cost up to \$10 million one-time with annual increases of \$200,000 to \$300,000 per year.

## **Responsible Stewardship of City Resources**

### **Assessment Appeals Project**

Two years ago, the Assessor's Office experienced a historically high level of property assessment appeals resulting from the previous years' depressed real estate market and decline in real estate values. By the end of FY 2013-14, the appeal backlog totaled over 6,800, equivalent to approximately \$388 million in property tax revenue. In order to address this significant backlog, the Department received funding to create a term-limited team of appraisers for the Assessment Appeals Board. Although new filings have returned to near historical levels, the Department projects needing to retain additional staffing through FY 2017-18 in order to comply with the statutory deadlines for completing the appeals process, with a return to normal staffing levels in FY 2018-19.

### **Strengthening the City's Investment Strategy with the Retirement System**

Over the next five years, the City's Retirement System will transition from a consultant-driven investment model to an in-house staff-driven investment model. The goal is to stabilize and diversify the City's investment portfolio to guard against future downturns, and also to bring expertise in-house. The Department's staff has been significantly increased in recent years to begin to implement this policy change; investment staff will go from 15 in FY 2013-14 to 22 by the end of FY 2015-16. The increases in in-house investment staff are intended to result in higher returns on investment, increase the City's ability to invest in alternative strategies that are not currently available, and position the Retirement System to reduce the services and fees currently being paid to outside investment consultants.

# Appendices

Other Long-Range Financial Planning Documents  
Major Department Issues and Goals

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## City and County of San Francisco FIVE YEAR FINANCIAL PLAN

### Other Long-Range Financial Planning Documents

In addition to this document, which provides a high level look at projected revenues and expenditures in the next five years, the City puts forth two other Citywide long-term plans specifically focused on investments in capital projects and information and communication technology. These plans inform the Five Year Financial Plan base case, and the Five Year Financial Plan fiscal strategies inform the development of the funding for each of these two plans.

#### Ten-Year Capital Plan

The Ten-Year Capital Plan represents the City's commitment to building a stronger, more vibrant future for residents, workers, and visitors of San Francisco. Updated every other year, the Capital Plan is a fiscally constrained ten-year expenditure plan that lays out infrastructure investments over the next decade. The upcoming Capital Plan, set to be adopted by the Capital Planning Committee in March 2015, will cover fiscal years 2015-16 to 2024-25.

There are two main funding sources for General Fund capital projects outlined in the plan:

- **General Fund pay-as-you-go program:** this category is supported through the annual budget process with General Fund cash. It is used to fund on-going maintenance, American Disabilities Act (ADA) improvements, critical project development, right-of-way infrastructure investments, facility renewals, and critical enhancement projects. Currently, this category is inflated each year by 10%. In FY 2014-15, the City's adopted budget included full funding for this program.
- **Debt financing tools:** this category includes the General Obligation (G.O.) bond program and the Certificates of Participation (COP) program. Debt financing is an appropriate revenue source for major capital projects, given these projects involve assets with long useful lives and high upfront costs which the City would not be able to cover through its annual pay-as-you-go program. The City has adopted policies to limit the use of both of these debt programs, including:
  - When issued, G.O. bonds proposed by the Capital Plan will not increase voters' long-term property tax rates above 2006 levels. Therefore, new G.O. bonds are typically used as existing approved and issued debt is retired and/or the property tax base grows.
  - The City will maintain the percentage of the General Fund spent on debt service at or below 3.25% of discretionary revenues. As a result, the City's ability to issue secured debt is limited. Financing instruments will only be used when existing General Fund debt is retired and/or the City's General Fund grows.

Since the first Capital Plan was created in 2007, the City has made significant progress in addressing critical infrastructure needs. In particular, over the last six years, voters have approved seven Capital Plan recommended G.O. bonds totaling close to \$3 billion. These investments enable the City to make critical capital investments that strengthen aging infrastructure, increase the City's ability to respond to and recover from an earthquake, foster safe and thriving communities, and promote economic development

For more information on the City's Ten-Year Capital Plan please visit: <http://onesanfrancisco.org/>

## Five Year Information and Communication Technology Plan

The Five Year Information and Communication Technology Plan (ICT Plan) provides a framework over the next five years for the City to proactively plan, fund, and implement projects which align with the City's goals of being innovative, sustainable, and resilient. The ICT Plan outlines a path for coordination and planning to maximize current and future resources for IT projects. As with the Capital Plan, it is updated every other year and released by March. The next iteration will cover FY 2015-16 through 2019-20 and is expected to be adopted by the Committee on Information Technology (COIT) in the spring of 2015.

Since the adoption of the first ICT Plan in spring 2011, the City has begun implementation of several key priorities including the email migration to Microsoft O365, the expansion of #SFWiFi along Market Street and in 30 public parks, and the consolidation of City data servers. In the next five years, COIT will prioritize IT investments for public safety improvement projects, and the replacement of outdated financial systems.

There are two main funding sources for General Fund IT projects outlined in the plan:

- **General Fund pay-as-you-go program:** this category is supported through the annual budget process with General Fund cash. It is used to fund projects such as enhancements, new projects, renewals, and critical project development. This category is inflated each year by 10%.
- **Major IT investments:** this category is also supported through the annual budget process with General Fund cash; however, it is intended to address funding needs for major IT projects that are large in scale, complex and that face longer timelines and need significant financial investments. This category was added to the City's Joint Report in FY 2014-15, and it also increases annually 10% each year to address the City's aging information and communications infrastructure.

COIT prioritizes funding towards proposed IT projects that support the City's strategic IT goals. In the FY 2014-15 budget planning process, COIT made the following recommendations to replace three Major IT Projects:

- The City's financial information system (\$70 million);
- Public safety radio replacement project (\$69 million); and
- The Assessor-Recorder's property tax systems (\$13 million).

For more information on the City's Five Year ICT Plan please visit: <http://www.sfcoit.org/>



## City and County of San Francisco FIVE YEAR FINANCIAL PLAN

### Major Department Issues & Goals

Over the next five years, each City department will strive to accomplish organizational goals in the face of distinct challenges. This section provides a high-level overview of major departmental issues and goals.

#### Academy of Sciences

- Implement a strong business model with a feasible funding and resource plan;
- Become the world's leading institution for sustainability education; and
- Continue to invest in STEM education initiatives and the Academy's youth workforce development program.

#### Airport

- Be ranked #1 by passengers among U.S.-based international gateway airports as measured by the ASQ survey;
- Maintain San Francisco Airport's (SFO) airfield in as safe as possible condition through the use of technology, procedures, inspections and continual evaluation of airfield best practices;
- Ensure SFO can meet passenger growth in the next five years while improving airline on-time arrival rates to 75%; and
- Improve Airport sustainability by maintaining 100% carbon mitigation and achieve 25% reduction in baseline GHG emissions controlled by the Airport by 2016.

#### Adult Probation

- Continue to refine and implement the City's plans to respond to State Bill 678 , Evidence-based Probation Supervision, and Assembly Bill 109, Public Safety Realignment;
- Invest in IT to increase the efficiency of departmental operations; and
- Continue to lead the State in reentry services, reducing barriers to employment, housing, healthcare, civic engagement, and public assistance programs for SFADP clients and the broader criminal justice population.

#### Arts Commission

- Review and evaluate the grant making process to ensure alignment with the Department's core values including cultural equity and access for all;
- Continue to provide leadership and support to nonprofits facing displacement and space affordability challenges; and
- Relocate into the War Memorial Veterans building after the completion of the building's seismic retrofit.

#### Asian Art Museum

- Increase audience reach and impact by offering fresh experiences to repeat visitors;
- Enhance the donor value proposition and improve financial stability;
- Improve organizational effectiveness through investments in personnel and IT capabilities; and

- Implement the multiyear strategic business plan to include reinstallation of permanent galleries, designing a stronger pipeline of special exhibitions, and adding to the endowment.

#### **Assessor-Recorder**

- Implement key technology projects including eRecording, the digitization of property assessment files, and the transition to a new property tax database system;
- Improve the customer experience and customer service; and
- Eliminate the backlog of pending assessable events and reduce the number of open AAB appeals.

#### **Board of Appeals**

- Ensure that staff is properly trained and materials are developed so that customers are provided with the information necessary to effectively participate in the hearing process; and
- Enhance the Appeal Management Database to better process, track, and report on matters filed and heard by the Appeals Board.

#### **Board of Supervisors**

- Continue to provide comprehensive, accurate, timely, and transparent information to the public and leveraging technology to enhance and improve the efficiency and efficacy of the Board of Supervisors;
- Continue to support the public's "right to know" as it pertains to governmental processes;
- Work toward making the Legislative Research Center (LRC) the City's central access point for all legislative information; and
- Improve agenda management through technological upgrades and streamlining processes.

#### **Building Inspection**

- Improve service delivery through increased training, technology improvements, expanded community outreach, and continuing emphasis on structural safety and emergency response preparedness;
- Implement major initiatives such as mandatory seismic retrofitting of soft story buildings, legalization of secondary ("in-law") units, and efforts to expedite permitting of housing; and
- Implement and improve the Permit and Project Tracking System in collaboration with the Department of City Planning to allow City agencies to more effectively track projects and provide the public with greater transparency.

#### **Child Support Services**

- Raise additional revenue and make responsible spending cuts that will sustain current service levels despite growing operating costs and flat state and federal funding; and
- Realign Department IT systems to better maintain operations and innovatively meet the needs of family clients.

#### **Children and Families Commission**

- Continue to implement the Quality Rating Improvement System to promote high quality early care and education across San Francisco;



- Coordinate the transfer of Preschool for All funding (now called Early Education funds) to the Office of Early Care and Education pursuant to Children and Families First Initiative (Proposition C); and
- Continue to invest in child development, family support, child health, and systems of care to ensure that that San Francisco children ages birth to five are socially, emotionally, physically and academically prepared to succeed in school.

#### **Children, Youth and their Families**

- Implement the Children and Families First Initiative (Proposition C), the renewal of the Children’s Fund with increased funding and an increased scope of service;
- Develop policies and strategies targeted at serving Transitional Age Youth; and
- Assist in the coordination and development of the Our City, Our Families Council, including the creation of a data sharing system.

#### **City Administrator**

- Strengthen the local economy through the development of the Mid-Market area, expansion of the Moscone Convention Center, and development of Treasure Island and inclusionary policies implemented in the City’s purchasing processes and the Local and Small Business practices;
- Improve government services by increasing language access and immigrant services, increasing responsiveness through technology and innovation, and mobilize City Hall services to the neighborhoods;
- Strengthen the City’s capital planning and infrastructure, including: renovating the Animal Care and Control facility; replacing the Office of the County Medical Examiner; expanding the Moscone Convention Center; and consolidating complementary City services into a new, resilient, accessible, city-owned office building.

#### **City Attorney**

- Retain and recruit quality employees by developing strategies for succession planning, as well as professional development and leadership training; and
- Continue affirmative litigation efforts, with a focus on matters related to the City’s most economically vulnerable.

#### **City Planning**

- Continue to engage in interagency and regional dialogue to understand how the City’s infrastructure, governance and finance systems can accommodate adequate levels of jobs, housing and transportation growth for diverse populations and neighborhoods to ensure a vibrant, thriving and inclusive San Francisco;
- Implement the Permit and Project Tracking System in collaboration with the Department of Building Inspection to allow City agencies to more effectively track projects and provide the public with greater transparency;
- Improve revenue forecasting and consistency by responding quickly to economic changes by shifting resources when necessary and bringing on new staff when appropriate; and

- Manage the additional analytical and procedural work related to changes made at the state and local level such as: the Short Term Rental Legislation, regulation changes related to the California Environmental Quality Act (CEQA), and recently enacted legislation requiring monitoring of efficiency units, student housing, and quarterly reporting of new and affordable housing units.

#### **Civil Service Commission**

- Increase access to and utilization of Civil Service Commission information;
- Create greater transparency and efficiencies in the Civil Service Commission's processes and procedures;
- Ensure timely resolution of appeals; and
- Seeks ways to address City departments' need for flexibility in personnel management issues while maintaining the integrity of the City's merit system.

#### **Controller**

- Modernize the City's financial management systems through FAMIS replacement;
- Plan for the City's financial resiliency following a disaster;
- Continue to improve the City's enterprise payroll, human resources, and benefits systems; and
- Attract, train, and promote financial management professionals as significant numbers of staff in the Controller's Office and City departments retire.

#### **District Attorney**

- Use all available data sources to determine: driving factors of crime, optimal prosecutorial strategies, crime prevention measures, and the overall volume, efficiency and quality of Department work;
- Increase the use of Neighborhood Courts for misdemeanor cases, simultaneously moving work outside of congested courtrooms and off of prosecutor caseloads; and
- Relocate departmental operations out of the Hall of Justice into a new seismically strengthened location.

#### **Economic and Workforce Development**

- Prepare San Franciscans for and connect them to good jobs through sector-based training and targeted employer engagement;
- Create a strong climate for job growth and retention in San Francisco, particularly good middle income jobs;
- Strengthen small businesses and neighborhood commercial corridors through the Invest in Neighborhoods program;
- Support increasing the affordability of housing in San Francisco;
- Leverage joint development opportunities to create needed public benefits including open space, affordable housing, streetscape and transit improvements, and access to jobs and workforce training; and
- Use technology to make government more responsive and effective.

### **Elections**

- Find a suitable site in San Francisco for the Department's warehouse and election night operations center;
- Replace existing voting equipment by exploring the possibility of leasing new equipment and software or extension of the existing voting services contract with Dominion Voting Systems, Inc.; and
- Implement the Statewide Registration Database Platform and same-day voter registration.

### **Department of Emergency Management**

- Improve the City's resiliency and ability to recover from an emergency event or natural disaster;
- Improve performance of the 9-1-1 call center for both call-taking and dispatch services to public safety partners as well as the general public; and
- Replace the Citywide Emergency Radio System (CERS) in collaboration with the Department of Technology.

### **Environment**

- Reduce San Francisco greenhouse gases emissions 25% below 1990 levels by 2017 by taking priority actions in the building, energy and transportation sectors and working with City departments as well as external partners;
- Achieve zero waste Citywide;
- Reduce environmental pollution and health disparities in the City's affected communities, specifically the southeast neighborhoods;
- Conduct multi-lingual outreach and education and offer supportive services on sustainability policies and programs in all communities and in our schools;
- Develop new department strategic plan; and
- Identify strategic funding opportunities.

### **Ethics Commission**

- Continue to move towards all-electronic filing;
- Expand Departmental data visualization project;
- Improve timeliness of audits; and
- Simplify and improve understanding of pertinent laws and regulations with expanded education and outreach.

### **Fine Arts Museums**

- Implement a new strategic plan in early 2015 to guide the institution's sustainability and growth through 2020, establishing goals and objectives for all areas of the institution, (from curatorial, publications, and conservation to membership, development, and education);
- Steward the permanent collections and expand display of objects under the Museums' care, rotating the work on display periodically throughout the year, and reconfiguring the galleries to more closely align with the history of the artistic movements represented; and
- Develop infrastructure and technology that will enable the Museums to offer expanded and innovative digital tools for audiences.

**Fire Department**

- Formalize roles and responsibilities for private and public ambulance services, and improve ambulance transport response times throughout the City;
- Ensure adequate capital and equipment improvements to fire stations and apparatus; and
- Plan for future service needs within the context of a growing city.

**Health Service System**

- Negotiate rates for health benefits for active and retired City employees through innovative efforts to drive down health premium costs while maintaining quality care;
- Understand the potential impact of the Affordable Care Act's Excise Tax on High-Cost Coverage (Cadillac Tax) to City employees' health plan designs and rates;
- Improve employee wellness and implement the City's Wellness Plan; and
- Implement online benefits enrollment through the City's eMerge program.

**Human Resources**

- Invest in technology to create electronic personnel files including automation and streamlining of appointment processing and develop online on-demand, un-proctored civil service examinations;
- Modernize the City's merit system;
- Improve Workers' Compensation program to expedite the resolution of claims;
- Expand workforce development opportunities; and
- Negotiate prudent and well-balanced labor contracts on behalf of the City for FY 2016-17.

**Human Rights Commission**

- Continue to investigate and mediate discrimination complaints across San Francisco;
- Provide ongoing non-discrimination outreach and training, partnering with external institutions;
- Work with stakeholders through the LGBT Advisory Committee and Equity Advisory Committee; and
- Address violence prevention and intervention services for LGBTQ communities in San Francisco.

**Human Services Agency**

- Continue to monitor and adapt to State and federal policy changes, including social service realignment, Medi-Cal expansion, changes to In-Home Supportive Services, implementation of the Title IV-E waiver, and the transition to Managed Care;
- Implement the Children and Families First Initiative (Proposition C), which moves Public Education Enrichment Funding and oversight for early care and education from the First Five Commission to the Office of Early Care and Education;
- Further advance cross-program integration of business processes, staff training and technology systems to better serve clients and achieve operational efficiencies; and
- Monitor and adapt to changing demographics and needs in San Francisco.

**Juvenile Probation**

- Continue to address the Department's many capital and facility maintenance needs through the development and implementation of a master plan;
- Build organizational capacity for research, analysis, and evaluation; and
- Monitor and adapt to state and federal policy changes including the CCSF participation in the Title IV-E waiver, and the continued implementation of the Prison Rape Elimination Act.

**Law Library**

- Continue to provide the public with legal information services and resources; and
- Provide training and outreach to the community on the use of electronic resources.

**Mayor**

- Ensure that San Francisco is a place where all residents can live full lives in a safe, prosperous, and vibrant environment;
- Ensure that the needs of constituents are addressed quickly and effectively;
- Develop, administer, and monitor Mayor's policy initiatives and the City budget;
- Advocate for the City's interests at the local, regional, state and federal levels of government; and
- Continue to implement major housing initiatives, including the Mayor's Seven Point Housing Plan, the construction of 30,000 units by 2020, the Housing Trust Fund, HOPE SF, and working with the San Francisco Housing Authority on long-term financial stabilization and capital renewal.

**Municipal Transportation Agency**

- Successfully manage increasing demands on the transportation network;
- Reduce the state-of-good repair backlog; and
- Implement funding changes for the new G.O. bond and population based revenue increase including: implement Vision Zero projects, procure new light rail vehicles and new buses, and implement Muni Forward by providing additional transit service and increasing reliability.

**Police**

- Continue to implement the Police Department's multi-year hiring plan, which will bring the Department up to Charter-mandated staffing levels;
- Ensure adequate investing in technology to improve officer connectivity and enable officers to spend more time out of the office and on the street; and
- Conduct a redistricting assessment on changes in the population and how this relates to the current number of police stations, which will also account for the movement of Southern Station to the new Public Safety Campus in the South of Market neighborhood.

**Port**

- Plan and implement a stable financial future for the City's Port;
- Redevelop and rehabilitate aging waterfront piers, wharfs, and seawall lots;
- Lead an effort to rebuild the seawall and adapt the Port waterfront and its seawall to global warming and sea level rise;
- Preserve industrial and commercial maritime tenants and users; and
- Maintain sufficient space for production, distribution, and repair uses and non-profit entities.

**Public Defender**

- Fully implement departmental case-management system and move towards a paperless file system;
- Ensure client connection to appropriate reentry services; and
- Increase productivity, representation quality, and accountability.

**Public Health**

- Deliver quality health services efficiently and effectively as the healthcare landscape shifts due to the Affordable Care Act; and
- Modernize IT systems and applications, including the development of a fully integrated electronic medical record (EMR) system; and
- Monitor and adapt to continuing changes in federal and state funding for health and social service programs; and
- Open, staff, and furnish the new San Francisco General Hospital in December 2015; and
- Continue planning for potential additional facility improvements.

**Public Library**

- Monitor and evaluate infrastructure needs of branches not updated during BLIP;
- Continue and expand on public access to technology by providing free high-speed Internet access and laptop/tablet loan kiosks;
- Open the new Teen Digital Media Center at the Main Library; and
- Reevaluate operating hours through a comprehensive assessment and public planning process in 2018.

**Public Utilities Commission**

- Successfully complete the Sewer System Improvement and Water System Improvement Programs on-time and on-budget;
- Ensure financial sustainability for all Enterprises; and
- Improve and repair City streetlights.

**Public Works**

- Continue to ensure safe, clean and green public rights-of-way and deliver world class public service;
- Continue to design, manage and implement large capital projects that are a high priority for the City;
- Identify stable funding sources to support and improve the City's street infrastructure and growing urban forest; and
- Continue to use data to drive decisions in order to effectively deploy resources and improve the quality and efficiency of service delivery.

**Recreation and Parks**

- Inspire active living with dynamic programs and special events;
- Foster a sense of place for all San Franciscans by stewarding beautiful open space, preserving our heritage, and building tomorrow's great parks;
- Implement 2012 General Obligation bond projects;
- Increase investment in parks through advocacy, innovation, and partnerships;

- Protect San Francisco's natural resources through conservation and sustainable land and facility management practices, including reduction of water usage to meet local and state requirements;
- Broaden community support through caring and responsive engagement with park users; and
- Pursue organizational excellence by cultivating an engaged, energetic and aligned workforce.

#### **Rent Arbitration Board**

- Continue to hold expedient hearings on tenant and landlord petitions, and continue aggressive investigation of tenant allegations of wrongful eviction;
- Respond to an increase in demand for Department services projected as a result of the recovering economy and new legislation; and
- Maintain and support the public kiosks which allow the public to access information in a convenient manner and at their own pace.

#### **Retirement System**

- Transitioning from the current face-to-face customer service model to a more self-service delivery model over the next three to five years;
- Enhancing the Retirement System's website to provide 24/7 on-line member access to personal retirement information, products and services through a secure member portal; and
- Transition from a consultant-driven investment model to an in-house staff-driven investment model to stabilize and diversify the City's investment portfolio to guard against future downturns by bringing expertise in-house.

#### **Sheriff**

- Continue to move the Hall of Justice Jail replacement project forward, estimated to break ground January 2017 with an estimated completion date of December 2019;
- Implement a hiring plan to backfill retirements; and
- Continue to improve in-custody rehabilitation opportunities for inmates.

#### **Status of Women**

- Focus policy goals on advancing women's human rights, including the rights to health, safety, and workplace equity;
- Identify and develop potential external funding sources; and
- Continue to expand policy work to address the emerging issue of human trafficking

#### **Technology**

- Develop and maintain a skilled pool of staff members to support the City's IT initiatives;
- Expand Wi-Fi connectivity and access;
- Improve IT asset management and increase inter-agency coordination; and
- Expand and maintain infrastructure in order to secure and strengthen the City's network.

#### **Treasurer-Tax Collector**

- Improve customer service through the utilization of 311 and web-based applications;
- Replace major technology systems including the existing business tax system;
- Implement the gross receipts tax; and

- Partner with other City departments to provide financial empowerment tools in coordination with existing service delivery.

**War Memorial**

- Maintain, upgrade and preserve the War Memorial buildings as important and historic facilities for the future;
- Complete the Veterans Building Seismic Upgrade and Improvement Project, occupy the improved space and begin expanded operations of new and renovated facilities; and
- Maximize utilization of the Performing Arts Center by providing safe, first-class facilities that promote and support the cultural, educational, and entertainment activities of users.



OFFICE OF THE MAYOR  
SAN FRANCISCO



LEG Clerks, COB, LEG P4P  
EDWIN M. LEE  
MAYOR  
BOS-10  
Rules  
Clerk,  
CPage  
ACFile

**Notice of Appointment**

December 10, 2014

San Francisco Board of Supervisors  
City Hall, Room 244  
1 Carlton B. Goodlett Place  
San Francisco, California 94102

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2014 DEC 10 PM 3:11

Honorable Board of Supervisors:

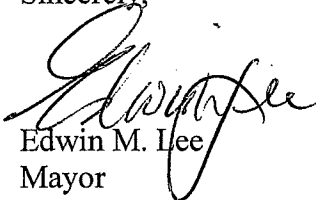
Pursuant to Section 3.100 (18) of the Charter of the City and County of San Francisco, I hereby make the following appointment:

Sheryl Evans Davis to the Human Rights Commission for a term ending August 14, 2018

I am confident that Ms. Davis, an elector of the City and County, will continue to serve our community well. Attached are her qualifications to serve, which will demonstrate how this appointment represents the communities of interest, neighborhoods and diverse populations of the City and County of San Francisco.

Should you have any questions related to this appointment, please contact my Director of Appointments, Nicole Wheaton at (415) 554-7940.

Sincerely,

  
Edwin M. Lee  
Mayor

15

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

December 10, 2014

Angela Calvillo  
Clerk of the Board, Board of Supervisors  
San Francisco City Hall  
1 Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Ms. Calvillo,

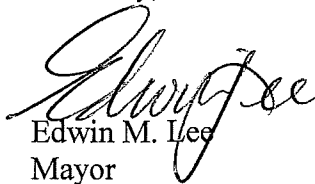
Pursuant to Section 3.100 (18) of the Charter of the City and County of San Francisco, I hereby make the following appointment:

Sheryl Evans Davis to the Human Rights Commission for a term ending August 14, 2018

I am confident that Ms. Davis, an elector of the City and County, will continue to serve our community well. Attached are her qualifications to serve, which will demonstrate how this appointment represents the communities of interest, neighborhoods and diverse populations of the City and County of San Francisco.

Should you have any questions related to this appointment, please contact my Director of Appointments, Nicole Wheaton at (415) 554-7940.

Sincerely,

  
Edwin M. Lee  
Mayor

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BOARD OF SUPERVISORS  
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DEC 10 PM 3:11

## Sheryl Evans Davis

Sheryl Evans Davis was born in Denison Texas, but she grew up in the San Francisco-Bay Area. Commissioner Davis earned her BA degree from San Francisco State University and her Master's in Public Administration from the University of San Francisco. She began her career as an educator, working in private schools and volunteering in community centers in the Western Addition. Early on in her career, Mrs. Davis became well acquainted with the disparity between the two of resources, experiences, expectations and opportunities. This awareness prompted Mrs. Davis to develop out-of- school time programs for Western Addition youth that linked with the private schools to offer support with homework, enrichment classes as well as access to quality programs. Ms. Davis has served as a legislative aide for the District Supervisor focusing on public housing issues, building collaboration amongst service providers, public safety, economic and workforce development and youth issues. In addition Ms. Davis served on the Fillmore Community Benefits District, Redevelopment Agency's Western Addition Citizen Advisory Committee, SFPD Fair and Impartial Policing Advisory Committee, SFPD Community Policing Advisory, and The SF Census Complete Count Committee. She currently serves as the co-facilitator for the Workforce Investment Citizen's Advisory Committee. Ms. Davis is the founding director of the Mo' MAGIC collaborative. The collaborative launched in 2006 with the purpose of convening various stakeholders to address community issues. The group meets twice a month to develop and implement solutions facing the Western Addition neighborhood around economic development, social justice, education and community health. Through these efforts hundreds of youth are supported during the summer months and stronger partnerships between community based organizations, government, residents and businesses have been formed. Currently Ms. Davis continues her work with Mo' MAGIC and coordinates programming for the Ella Hill Hutch Community Center through Collective Impact.

**Lagunte, Richard (BOS)**

BOS 10, 2 pages

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**From:** Michael Scarce [scarce@mac.com]  
**Sent:** Thursday, December 11, 2014 7:20 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** Corruption and San Francisco Ryan White Funding  
**Attachments:** Corruption and SF Ryan White Funding.pdf; ATT00001.txt

Dear Ms. Calvillo,

Please forward the attached document to the Board of Supervisors as public correspondence.

Thank you,

Michael Scarce

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Dear Health and Human Services Office of the Inspector General,  
Government Accountability Office, and  
San Francisco City Attorney's Office

cc: San Francisco Honorable Board of Supervisors  
San Francisco Health Commission  
San Francisco Mayor Edwin Lee

This document constitutes, among other things, an explicit request for intervention and investigation of a pattern of ongoing corruption, fraud, fiscal mismanagement, falsification of government documents used in applications for hundreds of million dollars in federal funding, and more. These acts have become everyday practice in the local planning, pursuit, expenditure, management, oversight, and reporting of Ryan White health services funding awarded to the San Francisco Eligible Metropolitan Area for the care and treatment of people living with HIV.

In 1990, Congress enacted the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act to improve the quality and availability of care for low-income, uninsured, and underinsured individuals and families affected by HIV disease. The CARE Act was amended and reauthorized four times, most recently as the Ryan White HIV/ AIDS Treatment Extension Act of 2009 (U.S. Public Law 111-87).

Administered by the federal Health Resources and Services Administration's (HRSA) and its HIV/AIDS Bureau (HAB), the Ryan White HIV/AIDS Program awards several types of grants (called "Parts") to local regions for the provision of services to those lacking sufficient resources to cope with HIV. San Francisco continues to receive millions of dollars of Ryan White funds from HRSA and the State of California every year to support primary medical care, essential support services, and life-saving medications. "Part A" grants are awarded on an annual basis to federally defined "Eligible Metropolitan Areas" (EMAs). The San Francisco EMA includes San Francisco, San Mateo, and Marin Counties. Federal law and HRSA regulations mandate the use of these funds to maintain a safety net of last resort, earmarked for our most vulnerable and impoverished residents living under conditions of severe unmet need.

Legal and ethical violations driven by personal, political and financial self-interest have escalated dramatically over the past five years, marked in time by an upheaval in the administrative staffing and leadership of the San Francisco HIV Health Services Planning Council (also known as "the CARE Council" or "Ryan White Council") and its Council Support Staff. The provision of Council Support is funded by a "sole-source" City contract through the San Francisco Department of Public Health's HIV Health Services unit and awarded to Shanti, a local non-profit agency and AIDS service organization.<sup>1</sup>

Our community remains misinformed, misrepresented, intimidated, coerced and manipulated into passive denial and a willingness to look the other way. Although many have some awareness of

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<sup>1</sup> I have written this document ascribing actions to entities such as "the Department of Public Health" (DPH), "Council Support Staff" (in reference to the Support Staff of the San Francisco HIV Health Services Planning Council), the "Ryan White Planning Council," "DPH's HIV Health Services" unit, "Board of Supervisors," and so on. I refer to them at the organizational level. That is to say, I am not implying every individual comprising these organizations is culpable or responsible for actions described herein, with the exception of those otherwise specifically named or noted.

the problems described in this document, there is an unspoken exception granted to Ryan White that betrays its namesake. Some have resigned themselves to a fatalistic view jaded by unobstructed betrayal of the trust we place in local government. Others have conceded by simply walking away in disgust. As a recipient of this report, I am calling on you and others to do quite the opposite, by taking immediate action with final determination pending a formal investigation in which those who have conflicts of interest, both real and perceived, recuse themselves of any and all influence and are no longer the arbiters of outcome.

**I am requesting immediate suspension of the City contract with Shanti Project for Council Support Staff of the San Francisco HIV Health Services Planning Council.**

**I am requesting the prohibition of any Council decision-making, recommendations, policy formation, planning, consulting, and all other actions, both individual and collective, pending an investigation.**

## **BACKGROUND**

The San Francisco HIV Health Services Planning Council, first formed in 1990<sup>2</sup>, is a City and County government policy body created under Congressional legislative mandate, with oversight at the federal level by the Ryan White Program of the HIV/AIDS Bureau (HAB), which is a subdivision within the federal Health Resource and Services Administration (HRSA), under the larger Health and Human Services. The forty seats of Council membership are public officials who are appointed by the Mayor of San Francisco. Council members serve term lengths of two years. If Council members wish to serve consecutive terms, they submit a "renewal" application to the Council's Membership committee for review and approval. Once approved by a formal majority vote, the Council forwards their recommendation to the Mayor for reappointment. There are no limits on the number of times a member's term may be renewed for continued service. The Council is required to conduct its business in accordance with federal legislative mandates, HRSA regulations, and HAB policies, among others. Council members "serve at the pleasure of the Mayor" and may be removed by the Mayor at any time, for any reason.

For EMAs receiving Ryan White funding, the Chief Elected Official (CEO) is the official recipient of grant funds. The CEO must be a mayor, top county executive, president of a city council, or high-level judge in the region. In our case, this is Mayor Edwin Lee. CEOs typically assign day-to-day management of the funding and its administration to the local health department, otherwise known as "the Grantee." In our local area, the Grantee and its administrative subdivision are the San Francisco Department of Public Health's HIV Health Services Office.<sup>3</sup>

Regardless of such delegation, the CEO remains ultimately responsible and accountable to HRSA for, among other things, overseeing and ensuring that Ryan White Part A funding is

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<sup>2</sup> Although nearly all of the Council's current documents state the Council was established in 1991, this is not the case. The Council first began meeting in 1990 for the purpose of making Ryan White-related decisions, and was an extension of a previous group that had already been established by the Mayor and had met for years.

<sup>3</sup> Appendix A contains a brief description of the roles, duties, and relationships, both exclusive and shared, of the various Ryan White entities, as defined verbatim by the Health Resources and Service Administration (HRSA).

expended properly, efficiently, and in accordance and compliance with all requirements as set forth by various entities such as the Office of Management and Budget (OMB) and Government Accountability Office (GAO). In addition, HRSA requires the CEO to establish and maintain a local planning Council as an entity that is independent and separate from the Grantee. These are just a few of the many duties that cannot be relinquished to others and remain the sole responsibility of the CEO:

*" Chief Elected Official (CEO). The official recipient of Part A funds in each EMATGA is the CEO of the city or county that administers the public health agency providing health care to the greatest number of individuals with AIDS. Usually, the CEO is a mayor, county executive, or chair of the county board of supervisors. The CEO has ultimate responsibility for administering the Part A program and ensuring that all legal requirements are met."<sup>4</sup>*

The Council was formerly named "The Mayor's San Francisco HIV Health Services Planning Council" and a representative from the Mayor's Office routinely attended every Full Council meeting, serving as the Mayor's liaison to the group for over ten years. This ended during a time of political transition when former Mayor Gavin Newsome took office and the official position of the City's "AIDS Czar" was eliminated. Since that time, the Council's relationship to the Mayor has grown increasingly distant. Due to exceptional aspects of Ryan White legislation, local HIV-related politics, and the unusual duties performed by the Council, it has been granted a number of statutory exceptions over time such as the allowance of proxy votes to maintain functioning quorum, due to higher than normal absences of HIV positive members who struggle with various chronic health issues.

With respect to mayoral appointees, as well as other forms of jurisdictional oversight, San Francisco policy documents from the Office of the Mayor delineate between (a) City boards, commissions, and other policy bodies, and (b) those created "legally separate under federal law" and "including multi-county agencies," by which they are "governed by the laws and agreements and by-laws applicable to each of those entities. They vary from entity to entity."<sup>5</sup> The Council represents an anomaly to this artificial distinction. Because it is situated in the overlap of these two types of entities, it defies categorical definition as being "either / or."

To further complicate any semblance of discrete political boundaries, the Council also serves as our region's Ryan White Part B planning body at the state level. For this reason, Council members and Council Support Staff file their annual statements of economic interest (Form 700) directly with the State of California's Fair Political Practices Commission rather than the San Francisco Ethics Commission. The blurring of these and other lines create a perfect landscape for anyone intent on exploiting and abusing government power amidst such confusion. It remains uncertain, for example, exactly who serves as the Council's "code reviewing body" for regulation of conflicts of interest, Similarly, there is no known "Statement of Incompatible Activities" specific to the Council, requiring an annual review and signature by Council Members that never takes place.

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<sup>4</sup> HRSA *Ryan White HIV/AIDS Program Part A Manual — Revised 2013*, page 99.

<sup>5</sup> City and County Office of the Attorney, Opinion No. 2010-1, February 12, 2010, page 4 – memorandum summarizing legal requirements related to Mayoral appointments. This same language is used repeatedly in other City policies and ordinances.

Gradually over time, the Council has fallen off the City's regulatory radar, and in doing so, has taken deliberate measures to occupy an insular space free from public criticism. Much of our community has no idea the Council even exists, and for good reason due to its systemic erasure. San Francisco Administrative Code Sections 1.57-1 through 1.57-5 communicate the Board of Supervisors' recognition that the people of San Francisco have traditionally been denied the ability to contribute their time, talent and energy to local communities by way of government involvement. As such, the Ordinance requires all City "appointing authorities" such as the Mayor to provide specific and current information about vacant seats on all local government boards, commissions, task forces, and committees throughout the year for posting on a public website with information about how one might apply. This effort represents a step toward equality by way of simply generating awareness of opportunity. In deliberation of the amendments' passage, one Supervisor drew particular attention to the utility of democratized knowledge as a means of dispelling nepotism and favoritism in the appointment process. Board President Chiu communicated his belief that the amendments also fortified San Francisco's existing compliance with the state "Maddy Act," not only in the technical sense, but in keeping with the spirit from which the law was written and a certain mindfulness of its legislative intent. It is my hope these same principles will be considered in the name of Ryan White as well.

The HIV Health Services Planning Council, with only 24 of 40 seats currently unfilled, has never been included in that database or mentioned on the website. This remains the case more than eight months after having brought this to the attention of:

- the Mayor's staff member responsible for managing his many appointees, and
- the San Francisco Ethics Commission as they were undertaking a semi-annual inventory of these groups for enforcement and compliance.

Neither of these City officials could provide an explanation for how a 40-member policy body, in existence for over twenty years, endowed with this degree of power in shaping the public's health, could have possibly been overlooked for so long. The cumulative result has left a group of individuals who act and appear as if they are bulletproof, not being held to the same standards as other city officials and employees.<sup>6</sup>

The combination of cavalier behavior, inattention of the Mayor and other City officials, and the improper influence of its own Council Support Staff have resulted in a Council that is reckless, negligent, can no longer function, and falls far short of minimum standards required by federal law as conditions for eligibility of grant funding. The Director of Council Support has instructed Council members to avoid several of these requirements by thinking of them as being more like "goals" rather than "mandates."<sup>7</sup>

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<sup>6</sup> In the past there has been questioning of the Council's status as an entity of the City. In 2009, the City Attorney's office conducted a review of this issue and made a determination the Council is, in fact, a City entity, in part due to oversight and accountability to the Mayor. Although I do not address a further complexity in this document, the Council also serves as our geographic regional Ryan White Part B decision-maker, carrying a whole host of additional problematic implications.

<sup>7</sup> Transcription of a meeting illustrating the Director's manipulation of Council members is included as Appendix B.



## **A REQUEST FOR INJUNCTIVE RELIEF**

As stated above, I am requesting the Council Support contract be immediately suspended. and the Council bound from making decisions, pending an investigation due to material evidence of the following:

**recklessness** – engaging in ongoing illegal acts, such as unlawful and nonconsensual disclosure of community members' confidential medical information and other privacy violations, harsh retaliation against its own members who speak openly in ways that could attract undesirable attention to Council misconduct; knowingly and willfully making numerous documented false claims, including a letter of false assurances signed by all three Council Co-Chairs in pursuit of federal funding; inability to account for fiscal expenditures; financial mismanagement in unapproved spending of grant funds; "collusion in contracting and procurement"; and Council Support Staff's forceful appropriation of Council duties representing significant financial conflicts of interest;

**negligence** – failure to perform its essential duties such as conducting a **comprehensive** needs assessment every three years (the last was in 2008), especially given the rapid change in local dynamic related to the epidemic such as the use of "community viral load" and implementation of pre-exposure prophylaxis; failure to perform an annual review of the Department of Public Health's contracting process (the last was approximately 2004) to ensure compliance with the Council's priorities and other directives in rapidly distributing grant funds to those most in need; failure to adequately train new Council members to empower them to perform their duties as public officials, especially unaffiliated consumers living with HIV; abandonment of the Council's documented guiding values and commitment to cultural humility; and

**misrepresentation** – failure to meet the minimum federal requirements for Council membership while continuing to act and speak on behalf of the community it purports to serve; with no substantive plan in place to correct these worsening deficiencies for the past five consecutive years; falsification of documented Council member demographics; grant applications containing blatantly false statistical data, government reports describing the achievements of a non-existent Council committee; fabrication of events that never took place; and fraudulent documents including a federal letter of Mayoral assurances and guarantees, altered and obscured with the signature of a Health Department employee rather than the Mayor himself.

The implications and damage from this unchecked corruption extend to other related funding sources, government entities, community-based organizations, policy making, and a complex system of health care intended for people living with HIV and AIDS who are left without any other options to survive. Events, acts and conditions described herein should be construed as merely illustrative, serving only as examples that warrant further scrutiny and inquiry, falling far short of any comprehensive or exhaustive inventory of alleged wrongdoing.

## **GOOD FAITH**

I wish to emphasize that I make the following statements from a place of good faith and best intention. The majority of my allegations can be easily verified using "material evidence" in the form of audio recordings, documented minutes of government meetings, grant application submissions, public digital archives of government affairs, and other records that are available to

anyone who submits a properly worded request. These are not mere differences of opinion or petty personality conflicts.

I am a former Mayoral-appointed member of the San Francisco HIV Health Services Planning Council, having served two consecutive terms spanning four years. During that time, I served as the elected Co-Chair of the Council's Consumer and Minority Affairs Committee, Co-Chair of the Transgender Women's Needs Assessment Work Group, founding member of the Community Outreach and Listening Team, member of the Steering Committee, member of the People Living With HIV Advocacy Group, and elected to be the alternate representative for the Council's seat on the HIV Prevention Planning Council. I received praise for my work, and brought positive recognition to the Council's accomplishments on a local, national, and international level.

My qualifications for having served as a Council member include a Master's Degree in Cultural Studies of Science and Technology. I am the author of two published books and several peer-reviewed research articles on topics related to gay men's health, HIV, and medical sociology. I have been employed as an academic researcher of HIV-related comorbidity funded by the National Institutes of Health, a former writer and Editor at Large for the national magazine *POZ*, a local HIV prevention outreach worker, certified HIV test counselor, and the first director of UCSF's LGBT Resource Center. I have received awards for my community service and advocacy work by local community-based organizations such as Community United Against Violence, and collaborated with local government entities such as the District Attorney's office on issues related to sexual and domestic violence.

I am a current recipient of several services funded by Ryan White Parts A and B.

I am gay, disabled, HIV positive, and have been formerly homeless here in San Francisco.

Like many other people living with HIV, I am also underestimated.

## **THE MISSING MAYOR – PART 1**

Earlier this year, I contacted the Mayor's Office regarding my concerns related to the actions of the HIV Health Services Planning Council and its administrative Council Support Staff. A member of the Mayor's staff was very responsive and immediately intervened. The results of her actions, however, were short-lived and dealt only with the symptoms while failing to address the underlying issues, which continue unabated. This takes place amidst harsh retaliation against Council members who voice opposition or simply express respectful disagreement, which are treated as acts of sedition.

While I believe the majority of remaining Council members are well intentioned, a handful of members, guided by the inappropriate influence of the Director of Council Support Staff, Mark Molnar, and the Department of Public Health's HIV Health Services, now control the Council in ways that I assert have decimated the Council's self-efficacy along with its credibility and integrity.

This is not the Council I joined and loved five years ago.  
It no longer bears any resemblance to that Council.

In recent months, I have become disheartened by the lack of response or even acknowledgment by the Mayor's Office in addressing the many problems and misconduct of the San Francisco

HIV Health Services Planning Council, its support staff, and the San Francisco Department of Public Health's HIV Health Services.

Gabriel Ortega – a recent Council member who is also an unaffiliated consumer of Ryan White services, has attempted to communicate with the Mayor as well, without success. Gabriel has joined me to pursue any and all action necessary to put an end to the corruption and abuse of power that grows in severity and pervasiveness. We find the resulting disempowerment and silencing of people living with HIV to be especially troubling. In speaking openly, we place our own economic survival and our health at great risk, seemingly without the interest or regard of the Mayor.

Because we did not receive monetary compensation for our work as public officers, we are not afforded protections equal to those of City employees under the City's Whistleblower Protection laws. Although City officials are named as a protected class in the ordinance, only those who serve in a dual role of employee have access to this legislated safeguard. I ask the Board of Supervisors to consider amending the Whistleblower ordinance to explicitly protect unpaid City officials from retaliation as well, in part because we have direct access to sensitive information and fewer restrictions in reporting it. Our actions are governed by many of the same laws that place other whistleblowers in a similar double bind of duty to disclose versus being gagged by confidentiality requirements. Gabriel Ortega and I served on the Council as representatives of HIV positive recipients of Ryan White services. By virtue of this qualification for involvement in contribution to local government, our vulnerability and marginalization make us even more susceptible to the suffering and harm inflicted by retaliatory acts. In other words, participation in public service to improve the health of people living with HIV should not exacerbate the ability of corrupt individuals to compromise our own health in the process without deterrence or recourse. We rely on those in positions of authority, such as the Mayor, to exercise at least a minimal degree of restorative justice within the scope of their discretionary power, whenever possible and appropriate.

As the "Chief Elected Official" of the San Francisco EMA, the Mayor is ultimately responsible on a local level for appointing members to the Planning Council, maintaining its effectiveness and efficiency, and ensuring fulfillment of the Council's federally mandated duties. The San Francisco Department of Public Health routinely diminishes and misrepresents the Council as a "citizen's advisory group" In communications with the Mayor, the Board of Supervisors, and others. In reality, the Council is a local government policy body, with legislated decision-making authority, whose members include representatives of several government entities, health services providers, community based organizations, and people living with HIV, all of who serve as public officers and government officials. Congressional Ryan White legislation is explicitly clear, however, that:

*"The planning council is expected to be given full authority and support to carry out its roles and responsibilities. While the authority to appoint the planning council is clearly vested in the CEO, the planning council is not intended to be advisory in nature. It has legislatively provided authority to carry out its duties."<sup>8</sup>*

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<sup>8</sup> HRSA Ryan White HIV/AIDS Program Part A Manual – Revised 2013, page 104.

Rather, the Council is vested with a number of complex and difficult responsibilities, including the prioritization and allocation of millions of dollars in Ryan White funding, along with deciding how and to who those health services must be delivered, issued as directives by which the Department of Public Health is legally compelled to enact and abide. The Council is to have complete autonomy in this regard for several reasons, one of which is to alleviate or eliminate conflicts of interest by the Health Department. This also reinforces the legislative intent of ensuring decisions are made utilizing the authentic and genuine involvement of people living with HIV, who are not simply the passive recipients of these essential health services, but also the true experts regarding our HIV-related health conditions, if only by resilience in the course of our daily lived experiences.

### **COUNCIL SUPPORT VERSUS COUNCIL HINDRANCE**

Four paid "Council Support Staff" provide logistical and administrative assistance to the 24 current members of the Council, with a hefty annual budget estimated at \$400,000, taken from Ryan White grant money. Although federal policy gives Ryan White Planning Councils the ability to participate in the selection, supervision and direction of work performed by Council Support Staff, including determination of the budget and type of support needed by the Council, this is not the case for our region. In stark contrast, Council Support Staff increasingly dominate, overtake and perform the Council's duties, without the Council's approval, vote, or even consultation. Even though the Council's Policy and Procedure Manual states the Director of Council Support is to be co-supervised by the three Council co-chairs along with the executive director of the agency awarded the City contract for Council Support, the Co-Chairs disavow any such responsibility. The executive director of Shanti attends perhaps one or two Council meetings per year at most, leaving the Support Staff largely unsupervised and free to act as they wish. At least one staff member of the Department of Public Health's HIV Health Services attends all Council committee meetings. Despite bearing witness to events described in this document, they fail to enforce the unmet terms of the Council Support contract or impose any noticeable, substantive sanctioning for misconduct.

The Council's own self-adopted Policies and Procedures state the Director of Council Support's performance will be formally evaluated on an annual basis, incorporating a process **for input from all Council Members**. Again, this has not occurred for at least five or more years since the current Director was first hired -- and with no input from the full Council. No mention of this is ever made during public meetings. It is my perception that those with knowledge of this and other unmet responsibilities are afraid to speak. Aversion of conflict would seem to be paramount at any cost. The Director of Council Support Staff exerts a controlling influence on Council decision-making that in my opinion constitutes nothing short of bullying.

HRSA policy states the following::

#### ***Planning Council Support***

*The planning council needs funding to carry out its responsibilities. HAB/DSS refers to these funds as "planning council support." Administrative funds under Part A formula and supplemental grants can be used as a source of planning council support. The*

planning council **must** negotiate the size of the planning council support budget with the grantee and is then **responsible for developing and managing that budget** within the grantee's grants management structure. . Planning council support funds may be used for such purposes as hiring staff, developing and carrying out needs assessments and estimating unmet need, identifying barriers to access and care, conducting planning activities and assuring PLWHA participation.

### **Procedures for Selecting Support Staff and Consultants**

The procedures to be used in hiring planning council support staff or contracting with consultants need to be agreed upon ahead of time with the grantee. Planning council staff may be employed through the grantee's payroll system, but measures **must be taken to ensure that the planning council, not the grantee, directs the work of the planning council's staff.**

A planning council is not permitted to be directly involved in selecting particular entities to receive Ryan White funding for services, but it can be involved with selecting entities and people to carry out activities directly related to planning council functioning and responsibilities. It should be keenly attuned to potential conflicts of interest (**real or perceived**) in these hiring decisions. **The planning council must use an open, public process to contract for planning council support services-such as a competitive request for proposals (RFP) process under the direction of the grantee. If a planning council's procedures allow planning council members or the agencies they represent to compete in this process, the planning council must define specific parameters and processes to manage real or perceived conflicts of interest.**<sup>9</sup>

The Council has been unaware of its own budget for Council Support for years, without opportunity to provide input, review, or make adjustments. Increases in the Council Support budget and renewal of the Council Support contract with the Department of Public Health are not discussed with the Council. The Director of Council Support has taken the liberty of inserting contract language claiming his own "executive oversight" of the Council,. He now introduces himself as the Council Director, implying he directs the actions of the Council, which in some sense has sadly become the case. The Council Support contract contains provisions for the option of exercising discretionary renewal through 2019, despite the Health Commission's explicit direction that the contract be limited to five years rather than DPH's proposed ten years. The next renewal of the contract is scheduled for February 2015 with no word of any competitive or bidding process. The itemized budget included in the contract is a radical departure from how money is actually spent.

### **THE COST OF FAVORITISM AND HEAVILY VESTED INTERESTS**

At a Council committee meeting held shortly after the death of the former Director of Council Support in November 2010, two of the three Council Co-Chairs announced that the third Council Co-Chair, Mark Molnar, had already been hired as the Interim Director of Council Support. The deciding authority or process for selection was never identified or described. At the time, Molnar

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<sup>9</sup> Source: <http://hab.hrsa.gov/tools2/PartA/parta/ptAsec6chap1.htm>

was not only a Council Co-Chair, but also employed as Shanti's Director of HIV Programs – partially funded by another Ryan White contract with Shanti to provide services under several different funding categories that are prioritized and allocated by the Council. Rather than resign from his Council co-chair position, Molnar took an official leave of absence for nearly six months. In the documented minutes of meetings held during that time, he is simultaneously listed as absent among Council members in attendance, and present as Council Support Staff. Such a lengthy leave of absence is prohibited by Council policy, especially without any illness or personal crisis. Molnar continued his former paid work at Shanti for an indeterminate period of time, often complaining of the stress from having to fulfill the duties expected of both positions.

In mid-2011, Council Co-Chairs announced Molnar as the permanent Director, a joint decision made by the remaining Council Co-Chairs and the executive director of Shanti. The full Council was never consulted in this decision. There was no mention to the full Council of a national search or advertising of a vacancy for the Director of Council Support staff position, as had occurred in the past. There was no mention to the full Council of any other candidates considered for the position, as had occurred in the past. Shanti did not make a broad announcement regarding Molnar's change of employment until a feature article was published much later in a 2012 issue of Shanti's newsletter.

In planning for the next annual Council Prioritization and Allocation of Funding Summit after being hired, Molnar announced that he had made an independent decision that the Council would not be hiring a neutral, third-party consultant to serve as the day-long facilitator of the Summit, as had typically been the case in past years, and that he would assume the role of facilitator instead. Molnar justified this, and several other autocratic conflict of interest decisions, as "cost-saving measures" during a time of budget cuts, claiming the money would be better spent in providing direct services to Ryan White clients, without input or decision by the Full Council, as required by HRSA. **There is no available evidence of those funds being redirected from the Council Support Budget to services for the community, however. Furthermore, if those funds had been reallocated, the Council would have been required to decide how those funds would be spent. There has never been a discussion or vote by the Full Council about budgetary changes or reallocations with respect to this or any of Molnar's other "cost-saving" decisions to conduct Council work formerly subcontracted out to unbiased third-party consultants. Many of these activities are now conducted "in house" -- by Council Support staff under his sole supervision.**

Congressional legislation and HRSA policy require all Ryan White Part A contracts and subcontracts be awarded using an open and public bidding process, even when the awarding entity might perform contracted services themselves, in the absence of otherwise exceptional justification. Other in-house duties, previously subcontracted and with greater oversight and involvement by Council members, now include Council Support performing highly biased needs assessments lacking objective peer review, and selective "outreach" to existing clients and patients of Ryan White-funded agencies at the same location they receive services. These are now considered "mini-needs assessments," the analyses of which offer a snapshot of contracted performance by the Department of Public Health, including compliance with standards of care. Other decisions include unwillingness to conduct an annual review required by HRSA to assess and verify that DPH's HIV Health Services funding is spent in accordance with Council decisions, and forgoing periodic **comprehensive** assessments of consumer needs to inform adequate

planning, also spun as a benefit to consumers by saving money otherwise spent on the assessment.

Council members who are board members or employees of Ryan White-funded agencies are required to recuse themselves of participating in decisions that could potentially affect their agency due to financial conflicts of interest. Council Support Staff, however, have rendered themselves exempt from this same ethical restraint with free reign to make decisions that affect their own employers, as well as their funders, meaning the Department of Public Health. Director Molnar has gone so far as to instruct Council members that it is impossible for DPH employees to have financial conflicts of interest as long as they do not individually and personally benefit from the decisions they make.

The Council's 24 members now include:

- two former Shanti employees who worked as members of Council Support Staff,
  - one of whom is currently a Council Co-Chair;
  - the other is currently the Co-Chair of the Membership Committee.
- an additional Council member is a current Shanti employee who is co-chair of the Government and Provider Affairs Committee
- and a member who serves on Shanti's Board of Directors, who was recently elected as another of the three current Co-Chairs of the Council, leaving the Council without an **unaffiliated** consumer Co-Chair for the first time in at least a decade.

Molnar had served as Interim Director of Council Support once before in 2008 upon the leave of absence and subsequent departure of a previous Director. During his previous tenure, he was named as a respondent in complaints filed against the Council with the Sunshine Ordinance Task Force, who investigated and issued determinations of violations. Several of the actions constituting those same violations continue to this day as instructed by Molnar.

Even though the Council was created by federal legislative mandate, this does not exempt the policy body from state and local laws. HRSA regulations state:

*"Where local, county, or State regulations, ordinances, or statutes are more stringent than Ryan White requirements, follow these more stringent requirements. For example, many States and municipalities have open meeting laws that have very specific public notice or other requirements. Planning councils must adhere to these requirements, and planning council members and support staff should receive information and training about these requirements."*<sup>10</sup>

In the past three years, the Council has convened over twenty meetings without quorum, during which formal motions were made (several authored and introduced by Molnar rather than the Council), votes were taken, elections took place, funding decisions were made, and policies were developed – all violations of either the Sunshine Ordinance, the California Brown Act, or both.

In addition to unlawful meetings held without quorum:

- Members of the public are often not given the opportunity for public comment,

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<sup>10</sup> Source: U.S. Health Resources and Services Administration. *Ryan White HIV/AIDS Program Part A Manual - Revised 2013* - page 101.

- Meetings sporadically take place with less than 72 hours public notice,
- Some meetings regularly take place with no public notice or posted agendas,
- Votes are sometimes taken by secret ballot, especially Co-Chair elections,
- The Director misinforms Council members that roll call votes are only necessary when making fiscal decisions,

Information about the Sunshine Ordinance is appended to most Council meeting agendas and minutes documents, although it has not been updated in at least eight years. The paragraph contains the name of a City employee who left his position with the Task Force years ago as a contact for more information, and provides an outdated web link to a non-existent Internet resource for anyone wanting to obtain a full copy of the Ordinance.

### **MISREPRESENTATION AND INCREASING DEFICIENCY OF DIVERSITY**

Ryan White Planning Councils are required to be both "representative" and "reflective" of the local epidemic, in part determined by the demographics of the total number of HIV infected individuals residing in the local region that receives funding.<sup>11</sup>

The Council is sorely lacking in community reflectiveness and representation as required by federal law, most notably among people of color, and HRSA-mandated seats have remained vacant for years that are designated for representatives from specific government agencies, types of services providers, the formerly incarcerated, and more. When Council members recently expressed concern about this increasing degree of non-compliance as their numbers dwindle, the Director of Council Support chuckled and dismissively instructed members to think of federal requirements as being more "goals rather than mandates." His comments are documented in the minutes and audio recording of the meeting.

These "goals," however, are necessary conditions of award for grant funding, and failure to meet them places San Francisco's eligibility to receive Ryan White funding directly in harm's way. This has gone unnoticed as the Council's three Co-Chairs – one of whom is a former employee of Council Support Staff, continue to sign falsified letters of assurance in pursuit of future funding. The letters are included in every federal Part A grant application, serving as sworn statements, with knowingly false claims that guarantees other conditions of award have been met such as assessment of the Department of Public Health, when in fact they have not been met for years. T

HRSA provides three simple, clear, and easily understood worksheets to be used by Planning Councils to assist them in determining if they meet the minimum requirements described above. They are not used or ever mentioned.

In October 2013, the Director of Council Support made an unauthorized decision to change Council bylaws by implementing his own creative re-calculation of reflectiveness for the Council's membership. This was announced to the Membership Committee and not presented as an item for discussion, debate, input, or feedback. Molnar had decided the demographics of the Council would no longer be based on the total number of people living with HIV in the counties of San Francisco, San Mateo, and Marin, but rather based on the traits of clients currently or recently having received Ryan White services. The statistical information used from that point forward as

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<sup>11</sup> Details of mandated representative and reflective seats are outlined in Appendix C.



a benchmark for determining Council demographic diversity was extracted as aggregate, de-identified data from a San Francisco Department of Public Health's HIV Health Services database. Local service providers record client's names in this web-based client management system, named the AIDS Regional Information and Evaluation System (otherwise known as "ARIES"). Many clients, however, are listed in ARIES even though they receive only non-ambulatory medical services such as food or emergency housing assistance. This dramatically skews the accuracy of reflecting the local epidemic, especially when considering the significant number of people living with HIV who are not receiving care, and the estimation of those who remain unaware of their HIV status.

## **COORDINATED RETALIATION AND VIOLATION OF MEDICAL CONFIDENTIALITY**

Additional Council bylaws are selectively enforced, and policies are arbitrarily invented and implemented by Support Staff and Council Co-Chairs without a vote by the full Council. Upon instruction by the Director of Council Support, issues are discussed at meetings that include items not on the agenda, unnoticed elections are held, votes taken by secret ballot, and votes are taken resulting in significant decisions made in the absence of quorum with as few as three committee members in attendance. These decisions have included selection of the annual targeted needs assessment population and formation of the San Francisco HIV Healthcare Reform Task Force. Council Staff routinely fail to provide legally required advance notice of meetings and take creative license with the documentation of meeting minutes to edit out their own improprieties. Council Co-Chairs repeatedly neglect the right for public comment, surrender meeting facilitation to Council support, periodically instruct Council members to vote by secret ballot, neglect to take and record roll call votes, and violate many other aspects of the San Francisco Sunshine Ordinance, California Brown Act, California Public Records Act, California Political Reform Act, and San Francisco Administrative Codes.

Failure to address and respond to grievances and complaints of these violations, coupled with ensuing retaliation against complainants, only serve to obstruct timely and fair resolution and consume a critical amount of the Council's time and energy, while fragmenting the Council's cohesion and teamwork.

At the July 2014 meeting of the Council Steering Committee, Council member Matt Miller publicly disclosed his participation in a "strategic, coordinated effort" with others "planned months in advance," using what he called "shady practices" such as secretive phone calls and private conversations that had gone unmentioned and unknown to others. The purpose of this orchestration was to retaliate against Council member Gabriel Ortega, who had challenged the inappropriate actions of Council Support Staff and called their authority into question. The small group of unnamed individuals successfully orchestrated Ortega's dismissal from the Council by denying recommendation of his reappointment to the Mayor during the anniversary of his first term of service.

When one Council member suggested a kind of compromise to renew Gabriel's approval contingent upon a six-month probation of corrective action, the Director of Council Support inappropriately shut down the conversation by stating the Council should not be policing "an adult's behavior." He further stated that Nicole Wheaton, the Mayor's staff person who

coordinates all Mayoral appointments, was fully aware of Ortega's "issues," and stated his opinion that the Mayor would never sign off on such a compromise. T.J. Lee, a former employee of Council Support Staff who had immediately become a Council member upon resignation from his employment, issued an ultimatum to the Membership committee, stating that he refused to be in the same room with Ortega and would request a change in committee assignments rather than attempt to collaborate with Gabriel in performing the work of the Council. T.J. Lee also spoke against the prospect of probation as compromise, stating, "the Mayor has never paid any attention to us for years," and asked the committee if they "really want to be on the Mayor's radar." Lee also introduced the possibility that such an action could draw the undesirable attention of the City's Human Rights Commission.

Denial of Ortega's membership renewal provided an underhanded method in which Ortega was subjected to quasi-adjudication without an opportunity for a fair hearing conducted by a neutral third party, equal and adequate time to prepare and provide evidence refuting the allegations of misconduct made against him, or the ability to provide witnesses with contradictory testimony to speak on his behalf, and was given no process for appeal.

After making his confessional statement, Council member Miller immediately walked out of the meeting and did not return, then sent out letters of resignation later that evening via email.

Miller's resignation was a significant loss to the Council. At the time of his resignation, he was serving as the Co-Chair of the Council's Consumer and Community Affairs Committee, an active participant in the Community Outreach and Listening Team, member of the Steering Committee, and member of the People Living With HIV Advocacy Group.

His statement was captured in an audio recording of the meeting that is available upon request as a public record, although there is no mention of it in the official minutes of the meeting that were later composed by Council Support Staff. Consequently, Council members who were not present at that meeting were never informed of these events, and the confession was never discussed in later meetings, including the Full Council meeting during which a final vote was cast on Ortega's removal from the Council. During that final meeting, several Council members expressed their resistance to being forced to cast an uninformed vote.

The vote was taken by secret ballot despite the explicit request of another Council member who asked to take an open and public roll call vote. Mary Lawrence Hicks, one of the Council Co-Chairs, denied this request, explaining it would create discomfort in the room, rather than allowing the Council to decide the process by which they were about to be subjected. (City law requires all votes by government policy bodies are to be taken by open roll call and expressly states voting by secret ballot is prohibited.) All other membership renewals, both before and after Ortega, have been voted upon openly, indicating differential treatment. When the results were later posted online nearly two months later, one Council member's vote was suspiciously left blank despite having cast a vote in favor of Ortega. That one vote would have tipped the scales of a two-thirds majority vote against Ortega.

The intensity of induced stress from being subjected to wild and unfounded allegations, highly personal and vicious attacks that included consistent references to his ethnic heritage, and repeated public humiliation over the span of two months, took an eventual toll on Gabriel's

impaired immune system, and he was hospitalized just two days after the Steering meeting. Council Support Staff shared details of Ortega's health condition without his knowledge or consent, including the location of the hospital where he had been admitted, in selective conversations with Council members. Consequently, two of Ortega's fellow Council members and harshest critics paid him an unexpected, unannounced, and unwelcome hospital visit during his attempt to recuperate. The Mayor's staff failed to take any apparent action even after being informed of these and other reprehensible acts.

Council Support Staff routinely conduct a minimum of two telephone reference checks prior to a new Council member applicant's interview with the membership committee. Support Staff openly share specific and highly sensitive details revealed during those phone conversations, as well as their own personal opinions about applicants as part of the decision-making process. The entirety of this committee dialogue is audio recorded as part of an open-session government meeting. Hyperlinks to the digital audio files are posted on the Council's web site, made available for anyone to download as a public record.

Some especially disturbing examples include:

At the September 9, 2013 membership committee meeting, Council Co-Chair Channing Wayne weighed in heavily after the committee interviewed an applicant receiving services from the Ryan White-funded agency where she works, revealing confidential health information that was otherwise not public knowledge and known only by means of her employment as a care provider.

Her criticisms were harshly negative, divulging details of the applicant / clients' personal life and past employment performance. Wayne is employed as a provider of services for HIV positive youth, a demographic sorely lacking on the Council. Although her comments were specific to the individual applicant, she said his problems and issues were "**not unusual for that age range.**" The applicant had not asked Wayne, who was previously employed as a Council Support Staff member, to provide a personal reference.

When committee members raised concerns about the appropriateness of her comments, Council Support Staff T.J. Lee interrupted by stating that if someone who applies to be a Council member is also a client receiving Ryan White care, **it has not been unusual in the past for Council members who provide health services to the applicant to weigh in with their opinions and observations of the applicant based on their provider/client relationship.** Another committee member questioned how the committee could trust the applicant to follow through with Council commitments if the applicant could not fully adhere to their own health treatment plan. When someone on the committee suggested a compromise by approving the young applicant on a probationary basis with additional mentoring, T.J. Lee shut down the idea by stating, "We don't have that kind of time. **This isn't junior high.**" T.J. Lee's presence at the meeting was solely for the purpose of providing logistical and administrative support, not to influence, let alone foreclose, committee member discussions. The committee voted to deny the application.

The following month, T.J. Lee resigned from his position and immediately submitted an application to become a member of the Council. He was unanimously approved. Just six weeks after having been appointed by the Mayor upon the Council's recommendation, T.J. Lee became

co-chair of the Membership Committee as the result of an unannounced and unexpected mid-year election not publicly posted or listed on the meeting's agenda. By that time, the number of committee members had dwindled to six. Two of the votes cast in the election were those of T.J. Lee himself — one as a committee member, and another as a proxy vote on behalf of absent member Channing Wayne.

During the October 2014 Membership committee meeting, Council Support Staff member Dave Jordan discussed an applicant who had listed his twelve-step recovery sponsor as one of his references, with a lengthy discussion about the sponsor's expressions of concern regarding the applicant's recent sobriety. Former Council Support Staff T.J. Lee, by then a Council member and employee at a Ryan White-funded agency that provides substance abuse treatment, mentioned he would have preferred a reference from his own agency's treatment program in which the applicant was currently receiving health services as a demonstration of assurance. The committee voted to deny the application.

Also in 2014, an African American applicant who had previously served multiple terms as a past Council member years ago was also rejected by the membership committee despite his experience and qualifications. At the time of his application, he was employed at the same Ryan White-funded agency where T.J. Lee worked. Lee spoke against approving his co-worker's membership, based on personal opinions about the applicant's mental health from observing the applicant in their shared workplace. Lee admitted he did not work closely with the applicant, who was in a different departmental area of the agency. The committee voted to deny the application.

In November 2013, I attempted to introduce a formal motion during the People Living With HIV Advocacy Group meeting that all Council members must receive information about the Sunshine Ordinance by means of training approved by the San Francisco Sunshine Ordinance Task Force or City Attorney's Office. This is a legal requirement for all local public officials to be completed shortly after taking office, with proof of completed training filed with the San Francisco Ethics Commission. Molnar opposed this idea, stating he had undergone such training and disliked it, suggesting alternative training would be more appropriate. The State of California, under the Political Reform Act, also requires all local public officials to complete a biennial ethics course and submit documentation of completion with the San Francisco Ethics Commission. To my knowledge, no Council member has met this requirement. The committee agreed I should compile more information and bring it to the January 2014 meeting for further consideration.

I was never given that opportunity, however. The Advocacy Group's January meeting was cancelled by Council Support Staff, without explanation. The anniversary of my appointment to the Council was also in January. During the renewal process, through which Council members had previously and uniformly been rubber stamped for another term of service with little or no discussion whatsoever, I endured many of the same humiliating attacks as Gabriel Ortega and additional defamation. During the deliberation about recommendation for my re-appointment to the Mayor, one Council member, who is a local HIV service provider, was quite complimentary in saying that I was very giving of my time and highly knowledgeable. He followed this, however, by stating he was voting to deny my re-appointment based solely on my questioning of the Council's compliance with the Sunshine Ordinance. He summed this up by stating, "It's like he's a whistleblower."

During the first of two meetings in which I was reviewed, I asked the Membership Committee for time to share with them information about grievances I had made against Council Support that had gone unresolved for over a year. I told the Committee that sharing the information would likely have an effect on the votes cast for my renewal. The Committee agreed. I was then asked to leave the room for more than 30 minutes while the committee discussed me. Those thirty minutes were not held in what is called "closed session." When I was invited to return to the room, it was apparent that two people had been crying, others were visibly distressed and angry, and the room was filled with tension. The committee proceeded by immediately taking a vote. After the vote, I expressed my confusion, referring to the agreement we had just made that I would be given time to speak. T.J. Lee, one of the individuals whose misconduct was the subject of my grievances, interrupted by speaking for the whole committee and replied they already had all the information they needed. At the time, T.J. Lee was not even a member of the Council, as the Mayor had not yet signed his letter of appointment. This did not prevent him from dominating the conversation, however. When Gabriel Ortega rose to a point of order and challenged Lee's authority to make such a decision, Mark Molnar interrupted Ortega, scolded him, and foreclosed the conversation. In the minutes from the meeting, there are no substantive details about the accusations, and it is clear the meeting lacked quorum with only three of eight committee members in attendance.

After requesting the audio recording of the meeting, I was disgusted by the conversation that had taken place. The personal nature of the attacks against me, made by the same individuals who later attacked Council member Ortega, were full of lies, including descriptions of events that had never even taken place, discussions about my health and a medical leave of absence I had taken, and numerous accusations that could be easily disproven by reviewing previously existing Council records. The full digital audio recording of the meeting was placed on the Council's web site for over two months, publicly available for anyone to download. It was only removed after I contacted the Mayor's Office. The link to the audio file was replaced with the words, "Available upon request" with no explanation. The agenda for that meeting is conspicuously missing from Council documents archived at the San Francisco Public Library's Government Information Center. In addition, the archived records include a copy of the February Membership committee meeting minutes that are mislabeled as being the January minutes.

As noted earlier, during the past year there has been a dramatic increase in resignations and historically unprecedented dismissal of Council members, all of who have been either unaffiliated consumers living with HIV, women, people of color, or some combination thereof. Several of them describe in their documented exit interviews the Council's lack of diversity, personal attacks against Council members, and failure of Council Support to properly train new members, among other observations, as reasons for their resignation. Of the 24 out of 40 membership seats currently filled, approximately half are occupied by members with some form of documented financial conflict of interest such as board members and employees of agencies funded by Ryan White dollars through City contracts. HRSA provides advisement that such heavily weighted conflicts should serve as a red flag for excessive bias in decision-making.

## THE MISSING MECHANISM

Other federally mandated responsibilities remain neglected, such as the Council's annual evaluation of the San Francisco Department of Public Health's HIV Health Services, referred to as an "Assessment of the Grantee Administrative Mechanism." It is a necessary and crucial part of the Council's annual prioritization and allocation of funds among different health service categories. Despite this importance, the annual assessment has not been conducted for approximately ten years.

HRSA has developed detailed standards for the minimum requirements to be met in performing the assessment of the administrative mechanism, which is to be conducted on an annual basis:

*"The assessment of the administrative mechanism has the potential to create an adversarial relationship between the planning council and the grantee. However, that is not the intent of the legislative mandate, and an effective communication mechanism between the planning council and the grantee can minimize this potential. The planning council and the grantee should establish in writing a process and time line for sharing data necessary to evaluate the administrative mechanism. The groups that must be involved in this process include the grantee, the planning council, and funded providers.*

*The necessary components and activities for conducting this evaluation process include:*

- Review legislative mandate and samples from other EMAs*
- Develop a process in writing, including work plan, timelines, and identify what committee of the planning council (or what contractual agent) is in charge of conducting the assessment*
- Determine the questions that need to be asked in order to answer the key question: "Did the grantee efficiently and rapidly disburse funds to the areas of greatest need?"*
- Determine if there are additional questions the planning council would like to ask in order to assess the effectiveness of services*
- Develop questionnaires to obtain feedback from planning council members, the grantee, and providers regarding the overall process*
- Collect information using the questionnaires*
- Prepare a report that summarizes the findings from each group, and make recommendation on improving the process. Submit the report to the planning council for approval*
- Provide the grantee an opportunity to respond in writing to any issues raised in the report. These responses may be attached to the final report*
- Submit the final report to the grantee and the CEO, and*
- Request follow up to ensure that the grantee develops a corrective action plan if necessary to address any noted findings."*

During my service on the Council, the majority of Council members had no idea what the term "Assessment of the Administrative Mechanism" even means, let alone their responsibility for

conducting it. When the 2013 version of the Council Policy and Procedure Manual was updated, the Director of Council Support stated he would personally revise that particular section of the Manual, which resulted in a general and vaguely worded single paragraph.

San Francisco is one of 24 "eligible metropolitan areas" (EMAs) that are considered to be "hardest hit" by the epidemic, receiving priority and increased funding. A review of the other EMAs reveals that all 23 have conducted a relatively recent Assessment of their Grantee Administrative Mechanism within the past two to three years. San Francisco is alone in failing to meet this responsibility.

HRSA's grant application forms for Ryan White Part A funding require a description of how the Planning Council conducts its grantee assessment. In response, San Francisco's two most recent grant applications (fiscal years 2014 and 2015) dodge this very pointed question with the following response:

**" Administrative Assessment**

- *Monitoring Grantee Activities and Performance*
- *Corrective Actions or Suggested Improvements*
- *Strategies to Address Deficiencies*

*The San Francisco HIV Health Services Planning Council conducts administrative assessments of the work of San Francisco HIV Health Services and other pertinent divisions of the San Francisco Department of Public Health in managing and administering local Part A funds and contracts. In the Council's last comprehensive assessment there were no deficiencies noted in key Grantee contract management activities, and Planning Council members noted a high degree of competence and capacity in terms of the Department's ability to collect and report data, giving higher-than-average marks to the Grantee in areas such as fiscal monitoring, timely processing of invoices, and effective program monitoring. For these reasons, no plan to address key deficiencies was included in last year's FY 2012 application."*

- p. 73, Fiscal Year 2015 HRSA grant application

The explanation above pulls another slight of hand, noting the lack of deficiencies in the Council's last comprehensive needs assessment. This section fails to mention several important points, however:

- The Council's "last comprehensive assessment" was conducted in 2008. The comprehensive need assessment is different than an Assessment of the Grantee Administrative Mechanism. The administrative assessment of DPH is not part of the purpose, methodology, data collection, or objective of the comprehensive assessment.
- "The Department's ability to collect and report data" is not the issue at stake, but rather the speed at which contractors are paid, the speed at which geographic areas in most severe need actually receive funding, and the contents of those data and what they reveal upon external review.
- The last Assessment of the Grantee Mechanism conducted by the Council included strong criticisms, including specific and significant deficiencies in the Grantee's timely management of contracts, **including the Council and Grantee's inability to determine if funds were being expended according to the Council's priorities.** The Administrative Assessment

consisted of 23 measures serving as indicators of DPH performance, five of which were found to be deficient and failing to meet bare minimum requirements.

- Also, note the copy-and-paste method of grant application writing from year to year. At the end of the paragraph above, there is mention that no description of the Grantee Mechanism was given in last year's application either, which is described as the FY 2012 application rather than the FY 2014 application.

## SHOOTING WITHOUT AIMING: THE UNKNOWN NEEDS OF CONSUMERS

In following guidance from the federal Department of Health and Human Services, other EMAs conduct a broad and inclusive assessment of consumer needs every three years in conjunction with the development of a mandated Comprehensive Three Year Plan that serves as a roadmap for longer-term planning beyond the annual funding cycle. The Dallas EMA describes the necessity of the Comprehensive Assessment concisely:

*"Although a full continuum of services are available through Ryan White funded programs and community linkages, understanding consumer needs allows the RWPC to effectively plan to improve access, reduce barriers, enhance service satisfaction and bring consumers who know their status and are not receiving medical care into the system. **Funding allocations follow effective planning**, and these comprehensive needs assessments were designed to provide the essential information for decision-making. "*

– Dallas Area Ryan White Planning Council

For the last two Three-Year Comprehensive Plans (spanning a total of six years), the Director of Council Support has casually announced his autocratic decision that no comprehensive needs assessment would be conducted by our EMA. He acknowledged the exclusivity of his decision without input, discussion or a vote by the full Council. Both times he cited the need to redirect money spent on the Assessment to services for consumers. Again, there is a lack of any evidence or indication that such funds were diverted elsewhere from the Council Support Staff budget. Combined with the absence of a Grantee Assessment, the Council's planning efforts have been ill informed at best.

Small-scale needs assessments targeting specific populations now largely limit consumer input and data collection to those who are already linked to care. This is because the majority, if not all, of assessment participants are recruited by Council Support Staff through DPH-contracted providers of services. The Council remains unaware of the needs of people living with HIV who are not in care, isolated, and either disenfranchised, alienated or lacking in awareness of available services. The implications are even worse for those who remain unaware of their serostatus.

Assessing the needs of both out-of-care and status-unaware populations are emphatically prioritized by HRSA as requirements for receiving grant funds. The results of San Francisco's last Comprehensive Needs Assessment were published in 2008 (despite a mis-reference to 2009 in the grant application), from data gathered in 2007. **Planning a comprehensive and coordinated response to the complexity of our local epidemic across three highly dissimilar counties based on limited information from nearly eight years ago is simply irresponsible, akin to shooting without aiming.**



## FEDERAL DOCUMENT DISCREPANCIES, FALSE CLAIMS, AND CEO OBSCURITY

San Francisco City Ordinance No. 265-05, which amends Section 10-170 of the Administrative Code, requires the City's Board of Supervisors to review grant applications of \$5,000,000 or more prior to their submission. The Department of Public Health's most recent federal grant application for over \$36 million in Ryan White Part A funding was supposedly reviewed and approved by the Board of Supervisors on October 9th, 2014 with Mayor Edwin Lee's signature of approval approximately a week later before the grant submission deadline, however, was September 19th. I recently submitted a public records request to the Department of Public Health for a copy of the most recent version of the Ryan White Part A grant application. The document is an almost entirely different document with a multitude of notable discrepancies, as compared to the Board-approved version, available for download from the Board's government web site.

Earlier drafts of the two-page Board of Supervisors resolution number 373-14, file number 140926, identify the resolution as:

*"Approval of the Ryan White Act HIV/AIDS Emergency Relief Grant Program Application - \$36,118,233"*

At some point, although there is no mention of it, the heading of the resolution was changed to:

*"Apply for Grant - Ryan White Act HIV/AIDS Emergency Relief - \$36,118,233"*

In addition, the footer of the first page was changed from "Supervisor Wiener" to "Supervisors Wiener, Campos."

The late change in the wording above is significant in that it permits the Department of Public Health to submit differing versions of the grant application to the Board and to HRSA. The Board is provided with outdated information such as an "example" funding allocations report from fiscal year 2013 rather than a projected budget for fiscal year 2015. The "most recent draft of the grant application" submitted to the Board is from a prior fiscal year rather than a current draft of the pending application.

**This is disturbing given the second page of both versions of the resolution document are identical — they have identical signatures by Director of Health Barbara Garcia and both are officially dated 8/14/2014, despite the alterations. Although documents on the Board's web site mention the addition of Supervisor Campos's co-sponsorship of the resolution, there is no documented mentioning and no documented explanation given for the rewording of the resolution, which fundamentally alters its purpose and intent. I assert the substitution of a different first page, while leaving the second signed and dated page intact, constitutes a questionable falsified document.**

While the change might appear at first glance to be purely superficial, the implications are not. There is a recurring discord of technicality in correspondence between the Department of Public

Health and Board of Supervisors that is misleading. Some documents describe the Board's resolution as "approval of the application" whereas others describe the resolution as "authorizing the Department of Public Health to submit an application," which is altogether different. A bait-and-switch tactic becomes painfully obvious as DPH repeatedly offers up "*the most recent version of the grant application submitted to HRSA.*" Even if this is considered acceptable practice, this activity still represents the making of false claims for several reasons:

- The document given to the Board for review and approval is not a full or exact copy of the application submitted to HRSA, because entire sections from fiscal year 2014 have been omitted such as detailed budget information.
- In lieu of the budget, the Board is left with an "example" fiscal year 2013 "funding allocations table." The one-page document is publicly available for download from the Board's website as a stand-alone file named "budget.pdf," and does not represent the contents of the application's budget section.
- Earlier this year, I submitted a public records request to the Department of Public Health for a copy of the fiscal year 2014 grant application. What I received in response was only the grant narrative section of the application and selective appendices. Financial documents and signed letters of assurance were missing. It was only upon submitting a second, overly specific request in which I listed the names of each section of the application, that I finally received the forms.
- In addition, the document given to the Board contained several substituted forms that had not yet been submitted to HRSA. The document is an altogether confusing mish-mash of past, present, and future pieces with no notation or description identifying the conflated versions.

I assert the Department of Public Health withheld its most recent drafts of the fiscal year 2015 grant application, **because the grant submission due date was September 19th and the Board did not approve the resolution until October 9th**, This was accomplished using the shell game described above as a means to circumvent scrutiny by the San Francisco Board of Supervisors and the larger public. I call into question the Department of Public Health's compliance with the legislative intent of pertinent City codes and ordinances.

Even if the Board had reviewed the most recent draft of the grant application, the packaged document included a FY 2015 Planning Council letter of assurances, attesting to the accuracy and verification of a larger document that did not yet fully exist.

## THE MISSING MAYOR

Also included is a form provided by HRSA that is required for the grant application as Appendix A: the Chief Elected Official's "Agreements and Compliance Assurances" letter, which begins with the following statement:

*"I, the Chief Elected Official of the Eligible Metropolitan Area or Transitional Grant Area \_\_\_\_\_, (hereinafter referred to as the EMATGA) assure that:  
..."*

Rather than the Mayor's name, however, the name "Marcellina A. Ogbu" was typed into the blank line, as shown below. Ogbu is the Deputy Director of the Department of Public Health, serving under Director Barbara Garcia who officially proposed the grant funding resolution to the Board.

**Appendix A**

**FY 2015 AGREEMENTS AND COMPLIANCE  
ASSURANCES**

**Ryan White HIV/AIDS Program**  
*Part-A Grant Program*

I, the Chief Elected Official of the Eligible Metropolitan Area or Transitional Grant Area Marcellina A. Ogbu, (hereinafter referred to as the EMA/TGA) assure that:

**Pursuant to Section 2602(a)(2) 1, 2**  
The EMA/TGA will establish a mechanism to allocate funds and a Planning Council that comports with section 2602(b).

**Pursuant to Section 2602(a)(2)(B)**  
The EMA/TGA has entered into intergovernmental agreements with the Chief Elected Officials of the political subdivisions in the EMA/TGA that provide HIV-related health services and for which the number of AIDS cases in the last 5 years constitutes not less than 10 percent of the cases reported for the EMA/TGA.

The Board-approved version of the Chief Elected Official's Agreements and Compliance Assurances letter was left unsigned and undated, as show below.

Date \_\_\_\_\_

Signature \_\_\_\_\_

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At first glance, the insertion of Ogbu's name makes no sense. Ogbu is not an elected official, is not our region's "chief" official, and does not meet the criteria for a Chief Elective Local Official as defined by federal law and HRSA in the sense of being a mayor, top judge, or president of a governing body equivalent to a city council.

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The grant application submitted to HRSA that was neither reviewed nor approved by the Board of Supervisors includes a different version of the same CEO letter. Both versions have the same heading, although in different font styles.

In the version submitted to HRSA, however, the blank line in which a name should be clearly printed or typed between the two sets of parentheses is deleted entirely, instead reading:

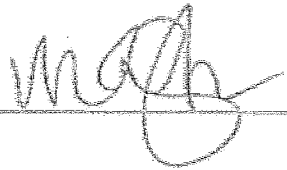
*"I, the Chief Elected Official of the San Francisco Eligible Metropolitan Area (EMA) (hereafter referred to as the EMA) assure that..."*

**Appendix A**  
**FY 2015 AGREEMENTS AND COMPLIANCE ASSURANCES**  
**Ryan White HIV/AIDS Program**  
**Part-A Grant Program**

I, the Chief Elected Official of the San Francisco Eligible Metropolitan Area (EMA) (hereinafter referred to as the EMA) assure that:

This version of the letter also lacks the running footer with the official HRSA document identification number "HRSA-15-003."

The main body of the three page CEO letter of assurance is nearly identical to the Board-approved version, with the additional exceptions that it is illegibly signed and also dated.

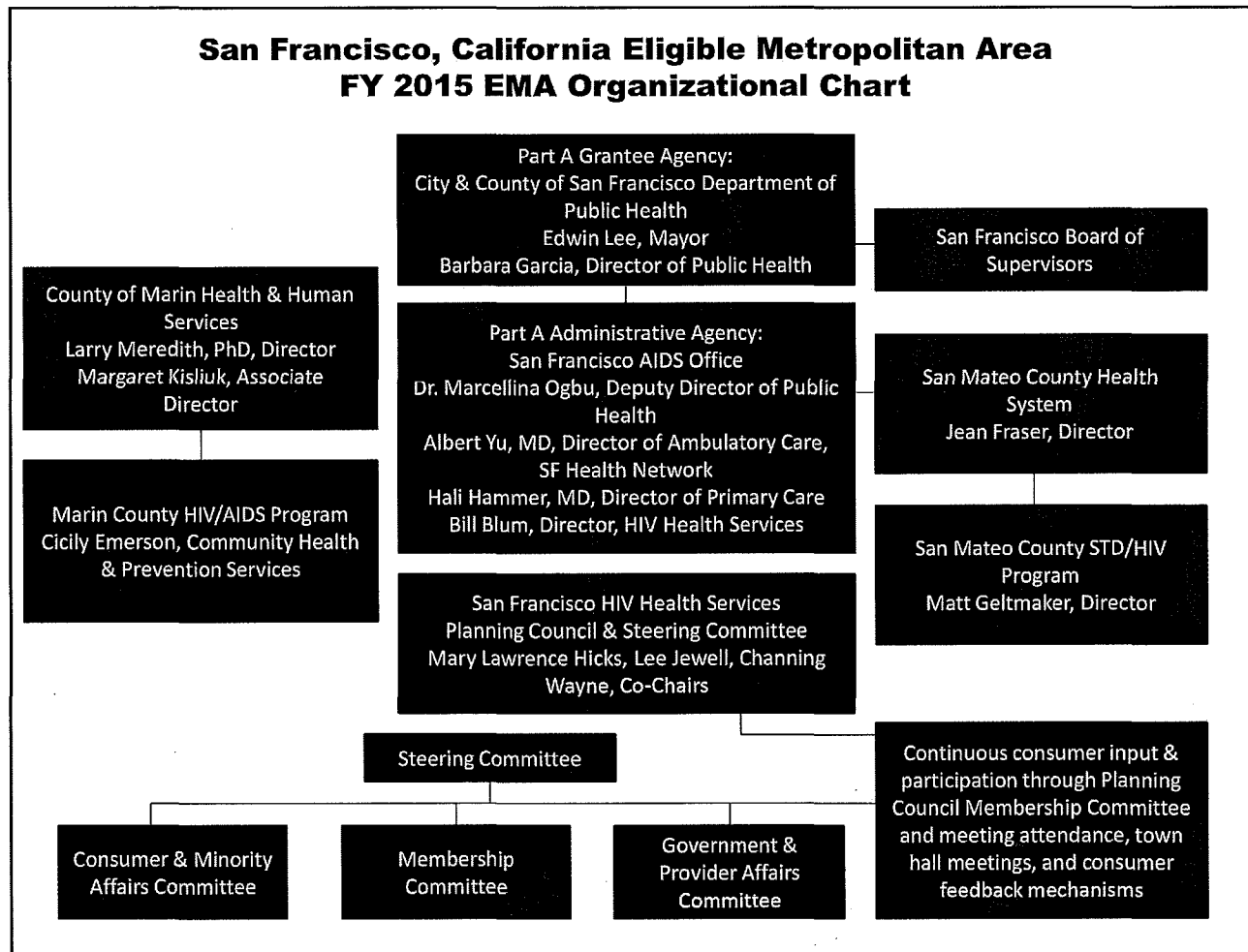
Signature  Date: 9/11/14

At first, I assumed the signature was something like, "Mayor Edwin Lee." After a comparison with other City documents, it is clear the signature is not that of the Mayor, however, and instead appears to be that of Marcellina Ogbu. In addition, the letter is dated September 11th, 2014 - nearly a month before **the Supervisors' final approval of the application on October 9, 2014.**

The application submission deadline to HRSA was September 19, 2014. It is unclear whether or not the Department of Public Health received a deadline extension from HRSA, or submitted the grant application without the Board's approval.

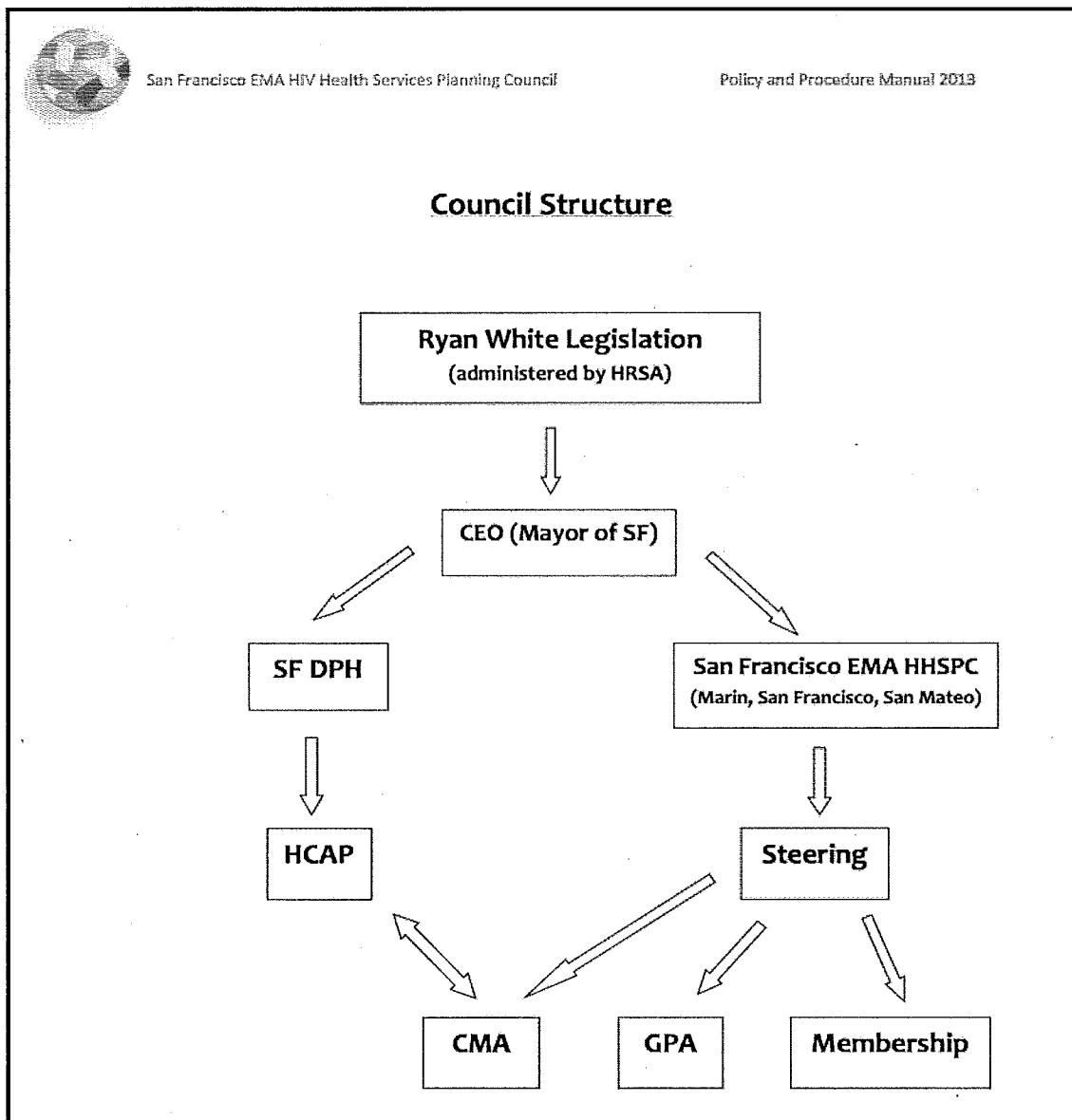
**THE DEPARTMENT OF PUBLIC HEALTH'S FALSE CLAIMS OF EXPANDED AUTHORITY**

Both application versions include an organizational chart depicting the relationship between various local Ryan White entities. The chart is presented as a "top-down" hierarchical diagram. In past years, versions of the flow chart included a separate box at the top identified as the Chief Elected Official with the Mayor's name, branching down into two separate but equal boxes for the Health Department and Planning Council. The current flowchart, however, begins with a single box at the top labeled "Part A Grantee Agency:" lumping together and listing the "City & County of San Francisco Department of Public Health," underneath which is listed "Edwin Lee, Mayor," and including "Barbara Garcia, Director of Public Health," all as a single entity. Below this is a box titled "Part A Administrative Agency:" which includes the name "Dr. Marcellina Ogbu," who is listed beneath the Health Department. The Planning Council is now positioned beneath both the Health Department and its Administrative Agency rather than beside it. In contrast to the narrative description provided with the diagram, **the Board of Supervisors is missing altogether in the top box.**



Of particular interest is the absence of the Council's People Living With HIV Advocacy Group, which is listed on the Council Support website as a standing committee. The primary source of consumer input is noted above as the Council's Membership Committee, when in fact this is the purpose and mission of both the Advocacy Group and the Consumer and Minority Affairs Committee (which was renamed well over a year ago.) The absence of the Advocacy Group represents a significant diminishing of the voices of people living with HIV. Also missing is the HIV Consumer Advocacy Project, administered through a City contract with AIDS Legal Referral Panel.

Compare the previous diagram depicting the relationship between local Ryan White entities to the same organizational diagram included in last year's HIV Health Services Planning Council Policies and Procedures Manual:



The fiscal year 2015 grant application narrative includes a description of local Ryan White entities and their authority in relation to funding:

*" Administration of Local Part A Funds*

*The grantee agency for Ryan White Part A funds in the San Francisco EMA is the City and County of San Francisco Department of Public Health. Ultimate authority for the administration and expenditure of Part A funds lies with the city's Mayor, Edwin M. Lee, and with the city's 11-member Board of Supervisors, which acts as both county governing board and city council for San Francisco. This authority is shared with Barbara Garcia, MPA, who serves as Director of Public Health for the City and County of San Francisco (see Organizational Chart in Attachment 10). The administrative unit overseeing the Part A grant is HIV Health Services (HHS), an organizational unit of the San Francisco AIDS Office, overseen by Marcellina Ogbu, PhD, who serves as Director of Community Programs and Deputy Director for Public Health for the City and County of San Francisco."*

- pp. 57-58, Fiscal Year 2015 Ryan White Part A grant application

As described above, the "shared" ultimate authority includes many more individuals than the Mayor himself, and violates federal law by conflation of the CEO and Grantee, who are intentionally defined as distinct and separate entities by Congressional law to explicitly prevent these very kinds of conflated conflicts of interest. In the CEO letter of assurances, Deputy Director Ogbu is misrepresenting herself in a way that grants her exclusive control of the very entity that employs her and that she ranks second in managing. The CEO letter has either gone unnoticed or intentionally overlooked. Nonetheless, it remains an all-encompassing conflict of interest by giving the Department of Public Health unprecedented and unlawful authority over itself. and the Council

**\*\*\* There is one Chief Elected Official, not three: the Mayor of San Francisco.**

I assert the alterations of the federal form as described above, including the deletion of the line for Marcellina Ogbu's previously typed name, arguably constitutes a fraudulent document because it contradicts the grant narrative, knowingly subverts federal law, is intentionally misleading, and attempts to have a direct affect on the Mayor's sole legal authority and exclusive obligation of duties in relation to millions of dollars in federal funding. The Mayor authorized the final version of this Board resolution that included the letter of assurance that he never signed, rendering San Francisco's application for \$36 million dollars incomplete at best.

**THE FALSE CLAIMS OF COUNCIL CO-CHAIRS**

The letter of assurance signed by the three HIV Health Services Planning Council Co-Chairs on behalf of the Council, who at that time were Mary Lawrence Hicks, Lee Jewell, and Channing Wayne - contain blatant false claims such as:

*"The Planning Council remains representative and reflective of the epidemic in the EMA."*

Instructions provided by HRSA for completion of the application give the following requirements for this letter of assurance:

*"The letter must address the following ... (5) That representation is reflective of the epidemic in the EMA/TGA. If there are any vacancies, provide a plan and timeline for addressing each vacancy. Note variations between the demographics of the non-aligned consumers and the HIV disease prevalence of the EMA/TGA."*

The Co-Chairs fail to make any mention that over a third of Council seats are vacant, let alone a plan or timeline to fill those seats.

Council Co-Chair Channing Wayne serves on the Council's Membership Committee. During nearly every meeting of the committee, Council Staff consistently report deficiencies in reflectiveness, representation, and the lack of Council diversity, especially members who are African American, Latino and youth. This announcement is made month after month, with no substantive plan or strategy for recruitment to resolve these disparities.

Federal Ryan White Part A legislation mandates the following:

*"(b) HIV HEALTH SERVICES PLANNING COUNCIL.-*

*(1) ESTABLISHMENT.-To be eligible for assistance under this part, the chief elected official described in subsection (a)(1) shall establish or designate an HIV health services planning council that shall reflect in its composition the demographics of the population of individuals with HIV disease in the eligible area involved, with particular consideration given to disproportionately affected and historically underserved groups and subpopulations. Nominations for membership on the council shall be identified through an open process and candidates shall be selected based on locally delineated and publicized criteria. Such criteria shall include a conflict-of-interest standard that is in accordance with paragraph (5)."*

There is no open or widely publicized process aside from a downloadable application on the Council's web site, which does not include a specific conflict of interest standard in accordance with Ryan White legislation. As mentioned earlier in this document, the Council is strangled

**The Council membership roster** included with the grant application contains a number of inaccuracies, including the names of several women and people of color who had left the Council long before the Board's review of the document, dramatically skewing any semblance of diversity. The roster even categorizes a pending Council member applicant as African American despite explicit conversations with Council Staff that she does not self-identify as African American. Another Council member is noted as an unaffiliated consumer despite his position as a high-level manager within another county's health department that directly receives significant Ryan White funding.

**The letter of assurance** signed by Council co-chairs also states:

*"FY 2015 Part A priorities were determined by the Planning Council, and the approved process*



*for establishing those priorities was used by the Planning Council."*

This is impossible because the letter of assurance is dated August 25, 2015. The Council's annual prioritization and allocation summit, during which FY 2015 Part A priorities were determined by the full Council, took place on September 5, 2014, eleven days after the letter was supposedly signed.

**The letter of assurance** signed by Council co-chairs also states:

*"FY 2014 Part A Formula, Supplemental, and MAI funds awarded to the EMA are being expended according to the priorities established by the Council."*

Again, this is impossible to state with any certainty given the annual Assessment of the Grantee Mechanism has not been conducted for ten years. In addition, the letter was signed in August, 2014, only halfway through the 2014 fiscal year, which began March 1, 2014 and ends February 28, 2015.

**The letter of assurance** signed by Council co-chairs also states:

*"Planning Council annual membership training took place on August 21, 2014."*

There is no "annual membership training." Only three of the 25 Council members participated in a single three-hour training on that date, one of who has since resigned. In addition, the training was designed as a new member orientation. The 2013 Policy and Procedure Manual contains a lengthy list of over twenty subject areas to be covered in training new members. What was once a full day of training has been pared down to just three hours, which is impossibly short given the steep learning curve and sheer volume of material to cover.

The full letter of assurance submitted to HRSA as part of the grant application is provided on the following page.



**San Francisco HIV Health Services Planning Council**  
**San Francisco Eligible Metropolitan Area**  
**San Francisco, San Mateo, and Marin Counties**

August 25, 2014

Mary Lawrence Hicks, *Co-Chair*  
 Lee Jewell, *Co-Chair*  
 Channing Wayne, *Co-Chair*

Margot Antoneity  
 Margaret Bean  
 Billie J. Cooper  
 Claisy Emerson  
 Wade Fisser  
 Matt Gelmaker  
 Kim Gillenberg-Castillo  
 Ronaldo Hernandez  
 Kenneth Hornby  
 Carol Hudson  
 Bruce Ito  
 Bill Ledford  
 T.J. Lee  
 Rachel Macillano  
 Catherine Novell  
 Ken Pearce  
 John Pryer  
 Stach Scherich  
 Charles Sims  
 Michael Smitwick  
 Donald Soto  
 Chip Szpanich  
 Eric Sumner

Mack Molnar  
*Planning Council*  
*Director*

Ali Cono  
*Program*  
*Manager*

David Jordan  
*Community Services*  
*Manager*

Jennifer Curt  
*Program*  
*Assistant*

Steven R. Young, MSPH  
 Director, Division of Metropolitan HIV/AIDS Programs  
 HIV/AIDS Bureau, Health Resources and Services Administration  
 Parklawn Building, Room 7A-55  
 5600 Fishers Lane  
 Rockville, MD 20857

Dear Mr. Young:

As Co-Chairs of the San Francisco HIV Health Services Planning Council, and on behalf of the Planning Council as a whole, we are writing to provide assurance of the following procedural elements related to the FY 2015 Ryan White Part A application being submitted to HRSA by the San Francisco Department of Public Health:

- FY 2014 Part A Formula, Supplemental, and MAI funds awarded to the EMA are being expended according to the priorities established by the Planning Council;
- All FY 2014 Conditions of Award relative to the Planning Council have been addressed;
- FY 2015 Part A priorities were determined by the Planning Council, and the approved process for establishing those priorities was used by the Planning Council;
- Planning Council annual membership training took place on August 21, 2014; and
- The Planning Council remains representative and reflective of the HIV/AIDS epidemic in the EMA.

Thank you for your continuing support of the San Francisco HIV Health Services Planning Council and our efforts to provide effective, comprehensive, high-quality services to low-income and severely impacted persons living with HIV in our region.

Sincerely,



  
 Co-Chair                      Co-Chair                      Co-Chair  
 Mary Lawrence Hicks      R. Lee Jewell              Channing Wayne

## DEPTH OF DISCREPANCY

Both versions of the grant application contain additional blatantly false claims such as a surreal description of the Council's involvement in Quality Management via the Council's non-existent "quality committee," described as having a majority membership of HIV positive consumers:

*"Participation of Clients in CQM Implementation and Evaluation: HIV-infected consumers play a critical role at all levels of the SF EMA CQM planning and implementation process. The San Francisco HIV Health Services Planning Council and its quality committee - a majority of whom are persons living with HIV - review, revise, and participate in producing CQM standards, systems, and support."*  
-p. 65, Fiscal Year 2015 HRSA Grant Application.

There is no quality committee. It does not exist.

Nothing remotely similar to the entity described above exists, and the same fictitious committee was included in the previous year's (fiscal year 2014) grant application as well. The authors of the grant stake additional false claims that further exaggerate, misrepresent, or fabricate the community involvement of people living with HIV.

The City and County of San Francisco are further misrepresented by the inclusion of statistical information from 2010, when differing, more current statistics such as U.S. Census data from 2013 can be easily found in minutes with a simple Google key word search. Statistics about San Francisco's poverty level, homelessness, cost of living, and rent-to-income ratio are similarly out of date.

Even the geographic uniqueness of the City and County are misrepresented:

*"San Francisco is also one of only three major cities in the US (the others are Denver and Washington, DC) in which the city's borders are identical to those of the county in which it is located. The unification of city and county governments under a single mayor and Board of Supervisors allows for a streamlined service planning and delivery process."*  
- p, Fiscal Year 2015 HRSA grant application.

Washington D.C. is a federal district, not a county, and there are in fact other major cities with county borders that are "coterminous," including Philadelphia and New Orleans.

Other false claims include:

**"HIV/AIDS remains the leading cause of death in the city among all age groups, as it has been for nearly two decades."** (The text appears in bold typeface in the application.)  
- p. 3, Fiscal Year 2015 HRSA grant application.

A review of mortality statistics from both the City and State of California Health Departments prove this not to be the case, with conditions such as ischemic heart disease outranking HIV/AIDS.

The grant application stakes the claim that "One recent study found a **37%** prevalence of depression in HIV- infected men in San Francisco." (Again, bold typeface is in the application.) The "recent study" was published in 1996 using data collected in 1995 – a full twenty years ago. I believe there is general consensus this is not "recent."

Other cited references are nonsensical, and likely the result of copying and pasting from past grant applications, such as "Dilley, D. & Loeb, L., Op. Cit." when there is no other mention of a study or referenced article by Dilley and Loeb to be found anywhere in the document.

These are just a few of many examples.

## **LACK OF GRIEVANCE PROCEDURES**

In my public records request, I specifically asked for a copy of the Ryan White Part A Grantee (Department of Public Health) grievance procedure. In response, the Department of Public Health stated no such record exists. Congressional Ryan White Part A legislation states the following:

*"(2) GRANTEES-To be eligible to receive funds under this part, a grantee shall develop grievance procedures that are determined by the Secretary to be consistent with the model procedures developed under paragraph (1)(A). Such procedures shall include a process for submitting grievances to binding arbitration."*

## **THE MISSING MOU**

In my public records request, I asked for a copy of the Memorandum of Understanding between the Ryan White Planning Council and Grantee that describes the delineation of roles and responsibilities for each, expectations for how and when information will be shared, and so on. The Department of Public Health responded two weeks later, reporting that after a "diligent" search, no such record could be found. The Memorandum, however, is quoted and referenced extensively in the grant application. I find it difficult to understand how *all* copies of such a pivotal document could be lost or destroyed, and question the legitimacy of quoting a referenced document for which there is no obtainable source. The agreement was signed by Department of Public Health officials and Council Co-Chairs sometime in late 2006 or 2007 as described in both the grant application and in the minutes recorded from Planning Council meetings at that time.

The most recent application provides a description and summary of the MOU, concluding with:  
*"Signatories to the MOU also agreed to meet at least once each month to monitor MOU implementation and improve communication; agreed to a series of mutual expectations related to document sharing and reports; and developed a system for settling disputes or conflicts related to interpretation and implementation of the*

*MOU. The MOU significantly advanced an already strong working relationship between the Grantee and the Planning Council, and serves as an ongoing framework setting clear expectations for what is expected of both entities in relation to information-sharing and open, respectful communication." - p.74.*

Recent Council members (those who joined the Council in the past five years) have never seen the Memorandum of Understanding. Many are unaware of its existence.

Without explanation, the download link for the 2008 version of the Council's Policies and Procedures Manual is broken on the Council Support website (<http://www.sfcarecouncil.org>). The 2008 Manual is reported to include a copy of the MOU but has not been accessible electronically for over five years now.

The Council Policy and Procedure Manual was entirely reviewed and revised in 2013. The 2013 version of the Manual includes a Table of Contents listing the Memorandum of Understanding as an appendix, but the MOU is missing without explanation in both the hard copy distributed to Council members and electronic version currently available for download.

In the absence of an available MOU, there is no shared understanding between the Council and DPH, giving rise to additional undisputed conflicts of interest and legal violations.

## **CONTEXT OF LOCAL GOVERNMENT ORGANIZATIONAL CHANGE**

All of this takes place just before the HIV Health Services Planning Council is about to merge with the HIV Prevention Planning Council. Unlike the Ryan White Planning Council, the Prevention Council is purely advisory in nature with no final decision-making authority. Their decisions are subject to the will of the Department of Public Health. I do not believe the pending merger and recent revisionist acts described above are mere coincidence. HIV Health Services Planning Council Support Staff have stated that although the word "merge" continues to be used in describing integration of the two Councils, this is inaccurate, and that both Councils will be officially dissolved with the subsequent formation of an entirely new planning body. This allows for a moment of rupture in the system ripe for opportunistic, hidden agendas, as the Council will no longer technically exist, and all previous agreements and policies, such as the Memorandum of Understanding, will be rendered void.

The Director of Planning Council Support has staked the false claim that administrative support for the newly integrated planning body will be that of the current Ryan White Council (meaning him and his staff), that the decision had already been made and finalized by the Department of Public Health. As noted earlier, this violates federal policy regarding the Council's ability to select and supervise its own support staff, along with determination of the necessary size of the support staff's budget. I can find no record of such a decision having been made by the collaborative work group comprised of members from both Councils for the development of an integrated planning body structure.

## **AN OPPORTUNITY FOR RESTORATION**

The structure, leadership, decision-making, community representation, and other aspects of a newly integrated Planning Council are currently under development and yet to be fully determined. This is a historic event of radical change. Present conditions such as diversity in representation and decision-making, true community input and involvement, and degree of transparency will set the stage for HIV prevention and care in years to come, for better or worse. A great deal is at stake in this very moment. There is still time to ensure the corruption of the Health Services Planning Council does not take root in the new Planning body and codified into permanence.

I wish to state my opinion that throughout the Councils' integration process, unlike the HIV Health Services Planning Council and its Support Staff, I believe the HIV Prevention Planning Council has acted and continues to act with great integrity, mindfulness, and adherence to its own principles of equity, parity, and inclusion.

I wish to reiterate that I speak and act from a place of good faith and best intention, which includes the desire to maintain and support the voices, rights, opportunities, inclusion, and health of people living with HIV, as well as the larger communities in which we struggle to survive.

I am requesting the federal Government Accountability Office, in conjunction with the Health and Human Services Office of the Inspector General, to pursue enforcement of all applicable legal regulatory, procedural, and policy requirements as conditions of award for the current and future Ryan White Part A grant funding cycles, with the current application remaining under consideration by HRSA with pending determination of outcome.

I respectfully request the Honorable Board of Supervisors, San Francisco Health Commission, and other entities with any jurisdictional authority or influence to monitor, investigate, and pursue restorative justice in all matters related to the San Francisco HIV Health Services Planning Council, Department of Public Health, and Ryan White funding thereof.

Respectfully,

Michael Scarce  
(415) / 424 7003  
scarce@mac.com

## APPENDIX A:

### HRSA's descriptions of local entities involved in Ryan White Part A:

#### ENTITIES IN THE PART A STRUCTURE

Community planning and local decision making are at the core of the Ryan White Part A Program. Many parties are involved in carrying out Ryan White planning and implementing the Program. This structure provides a diversity of input into the decision-making process but also involves challenges in managing conflicts of interest, multiple political and programmatic agendas, and competition for scarce resources. Key entities in Part A in addition to the planning council include: HAB/DSS, the chief elected official (CEO) of the EMA/TGA, the designated local entity administering Ryan White Part A funds, service providers, affected communities, and PLWHA.

- **Chief Elected Official (CEO).** The official recipient of Part A funds in each EMA/TGA is the CEO of the city or county that administers the public health agency providing health care to the greatest number of individuals with AIDS. Usually, the CEO is a mayor, county executive, or chair of the county board of supervisors. The CEO has ultimate responsibility for administering the Part A program and ensuring that all legal requirements are met.
- **Grantee.** The CEO is the official Part A grantee. However, the CEO usually delegates authority for administering Part A funds to a public agency or unit—most often the health department. This entity is also referred to as the grantee. Using the terms CEO and grantee helps to distinguish between the person ultimately responsible for the Ryan White grant (the CEO) and the entity responsible for day-to-day operations associated with the program (the grantee).
- **Administrative or Fiscal Agent.** Sometimes the grantee agency administers the Part A program directly. Sometimes it chooses another organization, agent, or other entity (*e.g.*, public health department, community-based organization). This entity is called an administrative or fiscal agent because it assists in carrying out administrative activities (*e.g.*, disbursing program funds, developing reimbursement and accounting systems, developing requests for proposals, monitoring contracts).  
...
- **Planning Council Support.** The planning council needs funding to carry out its responsibilities. HAB/DSS refers to these funds as "planning council support." Administrative funds under Part A formula and supplemental grants can be used as a source of planning council support. The planning council must negotiate the size of the planning council support budget with the grantee and is then responsible for developing and managing that budget within the grantee's grants management structure. . Planning council support funds may be used for such purposes as hiring staff, developing and carrying out needs assessments and estimating unmet need, identifying barriers to access and care, conducting planning activities and assuring PLWHA participation.

## Relationships Among Part A Entities

In order for planning councils to function in the most efficient manner possible, it is important to understand the relationships between and among grantees, planning councils, PLWHA, and planning council support staff (including consultants and shared staff of the council and grantee).

### Planning Council and the Grantee

The planning council is a legislatively constituted body with clearly defined responsibilities in Ryan White planning and decision making.

The planning council is expected to be given full authority and support to carry out its roles and responsibilities. While the authority to appoint the planning council is clearly vested in the CEO, the planning council is **not intended to be advisory in nature**. It has legislatively provided authority to carry out its duties.

### Separation of Planning Council and Grantee Roles

While the CEO may designate a specific department within local government to administer the program, **it is not appropriate for the grantee to perform duties related to the planning council's legislative responsibilities. A separation of grantee and planning council roles is necessary to avoid conflicts of interest.** For example, Section 2602(b)(7)(A) prohibits the planning council from being "chaired solely by an employee of the grantee." However, a grantee employee may be a co-chair.

Planning Council Support funds are now part of the 10 percent administrative funds available to the grantee for managing the Part A program. The grantee and planning council must work together to agree on the planning council budget.

### Memorandum of Understanding

To clarify the roles of the planning council and the grantee, and to encourage a collaborative working relationship, HAB/DSS recommends that these two entities develop a written agreement (a Memorandum of Understanding) that identifies the individual and shared responsibilities of both parties and specifies communication mechanisms. The role of planning council staff can also be included. The planning council should establish bylaws and operating procedures that codify this relationship.

A clear delineation of roles and responsibilities will help ensure timely and efficient disbursement of Part A funds and facilitate the development of a continuum of care that addresses the needs of PLWHA.

Source: <http://hab.hrsa.gov/tools2/parta/parta/ptAsec6chap1.htm>

HAB/DSS: HRSA's HIV and AIDS Bureau / Division of  
EMA/TGA: eligible metropolitan area / transitional grant area  
PLWHA: people living with HIV and AIDS



## Appendix B:

### September 2011 Consumer and Minority Affairs Meeting<sup>1</sup>

#### Agenda Item #8: Discussion of Second Needs Assessment

**Mark:** [interrupts]<sup>2</sup> Let me ... if you don't mind me starting ... OK, for discussion of second needs assessment, this committee two months ago or perhaps three came up with several possible populations. I'll read them out loud now and actually give my recommendation as well from looking at the three year comprehensive plan. They were the blanket phrase 'HIV positive people of color,' newly diagnosed, formerly incarcerated, speed using MSM, Latinos including undocumented, and the marginally housed. So I think these are all certainly worthy populations, absolutely, but I think what we all have to keep in mind is we are in the last year of our three-year comprehensive plan. There are two communities that we have not hit. Those two being .... [inaudible question] oh, before in the past, certainly, actually, we've hit them both. We've hit both of these. But in this three year period that includes, that our three year comprehensive plan is based around ... those two communities are Latinos and the formerly incarcerated.<sup>3</sup> I would **strongly** [drawn out heavy emphasis] recommend Latinos. Formerly incarcerated, I've been talking with Bill, actually,<sup>4</sup> as far as how we can in some ways assess those needs by bringing in different presenters who can speak very specifically on what their experience has been.<sup>5,6</sup> We've actually had that in the past as well. Uh, we used to have semi-annual presentations -- you remember [speaking to Celinda] -- from FAP. [Forensics AIDS Project, although some in the room have no idea what the acronym means.] So we can continue that and even expand that.<sup>7</sup> I think ... and so that's just my ... it's up to the committee to decide. But I feel if we really want to really stay true to our three-year comprehensive plan, um, we should look at both those populations. My recommendation is for Latinos.

---

<sup>1</sup> It is important to describe the context of this CMA meeting. Only three members of the committee were present, all consumers: myself, Michelle Spence, and Lee Jewell, two of us with less than two years of experience on the Council. In addition, two other consumer Council members attended (Channing and Charles). There was no quorum.

Every member of Council Support Staff (5 at the time) attended: Mark, TJ, Enrique, William Ching, and Dave Jordan, as well as Celinda from HHS and Ayako from HCAP. In other words, there were as many Council Support Staff present as Council members, and committee members were outnumbered 2 to 1.

<sup>2</sup> In the audio playback, and reflected in the minutes, Mark is often the first to speak on agenda items of importance, ["CS Molnar framed the conversation..."] usually in the form of a directive issued to the committee, strongly suggesting a specific process -- even the order of topics we discuss, and often punctuated with his strong recommendation, but in such a forceful way that intimidates, silences, or compels certain statements to be blindly accepted as truth or the only available option.

<sup>3</sup> Unless there was a significant revision to the Three Year Plan, this is simply not true. In the Plan's "Action Steps," meaning specific goals to be accomplished, there is only one mention of Latinos, and only in relation to recruitment of new Council members.

<sup>4</sup> As the sole co-chair of CMA, this came as a complete surprise. No CMA members were included or informed of these conversations with the Director of HHS. I did not receive a courtesy call or quick mention before the meeting began.

<sup>5</sup> The suggestion that a 30 minute presentation in which providers speak for and on behalf of consumers and their needs is not only reductive, but denies that population a voice of their own, running contrary to the very purpose of conducting consumer assessments.

<sup>6</sup> At a recent CCA (formerly CMA) meeting, Mark casually mentioned that COLA (Community Outreach and Listening) sessions were now regarded as "mini-needs assessments," and from now on, those COLA populations would not be candidates for formal assessments anytime soon. This was never decided or discussed by CCA. The full Council took an official vote on the COLA model, which from the start was completely consumer driven. Consumers were genuinely excited and began bonding around it. It was something we felt true ownership of, learned from, and we did a fantastic job. Mark now makes final determinations on the populations, locations, and recruitment, and it has been suggested Council Support Staff member Ali Cone will begin doing part of the presentation formerly given by a consumer. This is contrary to Mark's earlier statements, recorded in prior meeting minutes, that Council Staff would no longer "weigh in" on COLA, because we were a kind of "independent arm" of CCA.

<sup>7</sup> To my knowledge, no presentations specific to incarcerated populations were ever made to the Council. In the prior five years, there had been no remotely recent "semi-annual" presentations by FAP or anyone else regarding the needs of the incarcerated.

**Michael:** OK, so I guess I both disagree and agree with that somewhat. So thank you Mark for your input. I think HIV positive people of color ... that was also in the three year plan, and I know we did a needs assessment for HIV positive African American women of color, which of course is not all people of color. And I also understand that intersects with the Latino population, um, and I'm also aware -- we're all aware -- of how the epidemic and all sorts of other factors have changed since the original authoring of the three year plan.<sup>8</sup> And this is a list that this group came up with. So I'd like to keep what you just said in mind ... um, this is not 'co-chair Michael,' this is 'personal Michael,' I'd like to still keep the list on the table of what this committee came up with.

**Lee:** So, when do we need to make our decision by?

**Mark:** Ideally this meeting, to be honest. It's already September.

**Lee and Michael:** When is the deadline?

**Mark:** February 28th is when this has to be .... when we need to have finished everything.<sup>9</sup>

**Lee:** So I think ... it sounds like we do need to make a decision so we can get rolling.

**Charles:** I know the deadline is coming up, but we don't have a quorum of the committee here. I really would like their voices to be heard. They have a list. They said what they wanted and what they want to see. **Again, this is people living with HIV talking,** so ... most of them are ... I really would like to see that stay on and maybe do another month and really push on the members to show up.<sup>10</sup>

**Michelle:** Looking at the list, do we have to decrease the list by a certain amount, by one or two?

**Mark:** Choose one.

**Michelle:** Just one. And with the ...

**Mark [interrupts] :** Mind you though, only for this year. Next year we can choose more.<sup>11</sup>

**Lee:** Yes, we can open it up again.

**Michelle:** OK, because Latinos are very important, but what's coming down the pike with the prevention stuff, and the epidemic of speed among MSM in San Francisco, it's a subculture that is very

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<sup>8</sup> Our HRSA federal project officer, during his visit to our Council meeting, specifically encouraged us to be adaptive and use the plan as a kind of living document that should be revised if and when needed. The Three Year Comprehensive Plan even defines itself as such:

*"The Council will utilize the Plan as a blueprint to guide its ongoing values and service development activities, while continually assessing progress made toward Plan objectives and action steps. The Plan will also continue to serve as a living document which will be revised, updated, and amended in order to respond to changes in the HIV epidemic and to shifts - both anticipated and unanticipated - in the fiscal, organizational, and political environment shaping the system of HIV care services for the most highly disadvantaged populations in our region."* - page 5

San Francisco, California EMA 2009-2012 Comprehensive HIV Health Services Plan

<sup>9</sup> The Latino Needs assessment was not completed until April of 2013, more than a year after the stated deadline under which we were pressured to make a decision, despite the resistance of consumers who advocated for greater participation from other consumers in making this decision.

<sup>10</sup> I take partial responsibility for this. At the same time, I had no co-chair, and would have made calls to ensure greater attendance had I known an important and time-sensitive decision would need to be made with such urgency.

<sup>11</sup> It is unclear whether or not an additional needs assessment population was chosen the following year -- the subsequent HIV and Aging survey has been conflated with a needs assessment at times. The next truly open selection was made in June of 2013, not March 2012.

interesting to me. People are still testing positive because of their usage of speed. But like Charles said, **we don't have enough of our people here to have a voice.**

**Mark:** So, I guess to speak to both Michelle and Charles ... Charles, with all due respect, I completely disagree, like one hundred percent. I feel like, **committee members make their decisions whether they're going to be here or not.** The world does not pause, time does not freeze, because someone is not, **for their own reasons, good or not,** here. When you look at the timeframe we have left, if we hold off for another thirty days because people didn't make a meeting ... To me, in some ways **that disrespects the need for communities,** whichever one this committee chooses, to be assessed for the Council. In some ways, **that process is being held hostage by folks who are not making a meeting.** And I just don't agree with that, with all due respect. As far as Michelle, I definitely agree. I think that's a big, big place to look at. My only fear though, and it's a tangible one, is that we set our own goals in the three year comprehensive plan. We report on these goals to HRSA, on an ongoing basis, and certainly an annual basis, within our grant application. I find the idea that we would fail our own goals, particularly with a population that is as big as Latinos, which is, you know, **number three on the prevention side as well as far as BRPs go** ... that would be ... maybe **inexcusable** is a hard word, but that would just be really **embarrassing.** I mean, how ... that's going to be a magic grant writer who is going to have to dance around the fact that we never did anything around Latinos, and that was **our own goals that we set.** **That's my advocacy.**<sup>12</sup>

**Lee:** Yes, I agree. I think it's important we move ahead. We can't wait. We only have a limited amount of time. We have to figure out what kind of money we have available. And I think Latinos is a good place to do it, cause we could open this up again next year. All of these populations are deserving of need and I **think the Latino one is the one that's really the most glaring to me at the moment.**

###

[The discussion then strays off into a lengthy talk about the specifics of a Latino needs assessment (possible inclusion of trans women, documented vs. undocumented, recruitment, and more) -- to the degree that the dialogue becomes more of a planning session than consideration of one population of many. None of the other populations proposed by CMA members were discussed in any detail.]

During the course of the conversation, Mark mentioned that all future needs assessments would be conducted "in-house," meaning by Council Support, and that Mark had re-written Staff job descriptions to make this Enrique's responsibility. Coordination of needs assessments is one of the primary responsibilities of CMA. HRSA defines needs assessments as the joint responsibility of the Council and Grantee, not Council Support, and it was only casually mentioned when I asked if we had the cultural competency to pull off a Latino needs assessment in such a short amount of time.

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<sup>12</sup> Bolded emphases are mine. For the most part, I believe Mark's statements leave little room for interpretation. At this point during the discussion, transcription of this agenda item is complete, meaning nothing has been edited out; the context has not been altered in any way. Both Charles and Michelle were clear in saying they wanted greater input from HIV positive consumers before making a decision. Contrary to Mark's comments, not all Council members make a choice regarding their attendance. I perceive this as a disregard for the reality of HIV positive people's everyday lives. I identify this as HIV stigma. Sometimes we are too sick or weak to attend, or have medical appointments that cannot be postponed. Not all of us have that luxury of choice. This is why the Council has an explicitly alternative attendance policy for consumer members. To suggest that consumers "hold the process hostage," "disrespect" the very populations of which we are members, and "embarrass" the Council absolves Council Support of their duties in providing us with enough advance notice and adequate information to make mindful, informed decisions without undue haste. What might seem to be a glaring and obvious choice under pressure would likely unfold very differently when afforded time for a process inclusive of sound evidence, data, and balanced reasoning.

**Mark, rather than a committee member, called for a vote** to make a recommendation by CMA for Latinos to be the target population of the next needs assessment, despite the fact that two of the three committee members asked that it be tabled, in addition to one of the two Council members in attendance who were not members of the Committee. A combination of pressure, urgency, and misinformation led to a unanimous vote, however. It is a vote that I regret, and also exemplifies how one individual speaking from a place of power and authority can interject a kind of group-think that appears unanimous but was in reality anything but,

The recommendation was to be forwarded to Steering for a vote due to lack of CMA quorum and the sense of urgency conveyed by Mark, who gave the presentation rather than wait until the following CMA meeting, which was less than two weeks after Steering. I was the sole co-chair of CMA at the time. I was unable to attend the Steering meeting later that month. Mark gave an update on CMA, telling Steering that CMA had chosen the Latino population. It was not framed as a recommendation, simply that CMA had made a decision. **To my knowledge, that recommendation was never put forth to a vote by Steering or the Full Council.** In my absence, no one challenged or disagreed with Mark. A few months into the assessment, it was announced Enrique had taken the role of co-chair previously filled by a collaborative community member.

## APPENDIX C:

### LEGAL REQUIREMENTS FOR RYAN WHITE REPRESENTATION AND REFLECTIVENESS

Congressional Ryan White legislation and HRSA regulations detail the minimum legal requirements that Ryan White Part A Planning Councils must meet to achieve both "representation and reflectiveness" of the community served by the Council. The bolded typeface below emphasizes these are not simply optional "goals" as described by the Director of Council Support to members as they discussed and voted on the number of seats to be included in the newly integrated planning body that will merge the Ryan White and HIV Prevention Planning Councils next year.

#### *REPRESENTATION*

Congressional Ryan White Part A legislation states:

"Representation is the extent to which the planning council **must** include individuals from the legislatively defined categories of membership. **Requirements** are as follows:

The planning council **must** include at least one member to separately represent each of the designated membership categories (unless no entity from that category exists in the EMA/TGA). (See exceptions to this rule, below.) **Separate representation means that each planning council member can fill only one legislatively required membership category at any given time, even if qualified to fill more than one.** As membership on the planning council changes, an individual member may be moved from one representation category to another to meet legislative requirements. **The planning council may choose to include additional representatives** within any category to achieve what it considers adequate community representation."

Despite the rule of separate representation, the Director of Council Support has misinformed Council members by stating that only a handful of individuals are necessary to fulfill these roles because several members represent multiple, if not most, categories, which is in direct contradiction to these legal requirements.

Ryan White Section 2602(b)(2)) lists specific membership categories that **must** be represented on the planning council. They include:

- health care providers, including federally qualified health centers
- community-based organizations serving affected populations and AIDS service organizations
- mental health providers
- substance abuse providers
- local public health agencies
- hospital planning agencies or health care planning agencies
- people with HIV/AIDS
- members of a Federally recognized Indian tribe as represented in the population
- individuals co-infected with hepatitis B or C
- historically underserved groups and subpopulation
- non-elected community leaders
- representative from State Medicaid agency
- representative from the agency administering Part B

- representative from grantees under subpart II of Part C;
- representative from grantees under section 2671 [Part D], or, if none are operating in the area, representative of organization with a history of serving **children, youth, women, and families** living with HIV in the area
- representative from providers of federally-funded HIV prevention services
- representative from grantees providing services in the EMA who are funded under the Special Projects of National Significance (SPNS)
- representative from grantees providing services in the EMA who are funded as AIDS Education and Training Centers (AETCs)
- representative from grantees providing services in the EMA who are funded as Ryan White Dental Programs
- representative from the Housing Opportunities for Persons With AIDS (HOPWA) program of the U.S. Department of Housing and Urban Development (HUD)
- representatives of other Federal programs if they provide treatment for HIV/AIDS, such as the Veterans Administration

At least seven of the 21, and perhaps more, of the above categories have remained unrepresented on the Council for years.

The legislation notes three potential exceptions of having any one individual representing more than one of the required categories of representation listed above (otherwise known as "**the rule on separate representation.**") They are as follows:

"There are three exceptions to the rule on separate representation:

- One person may represent both the substance abuse provider and the mental health provider categories if his/her agency provides both types of services and the person is familiar with both programs.
- A single planning council member may represent both the Ryan White Part B program and the State Medicaid agency if that person is in a position of responsibility for both programs.
- One person can represent any combination of Ryan White Part F grantees (SPNS, AETCs, and Dental Programs) and HOPWA, if the agency represented by the member receives grants from some combination of those four funding streams (e.g., a provider that receives both HOPWA and SPNS funding), and the individual is familiar with all these programs. "

HRSA further clarifies:

- "**Consumers are individuals receiving HIV-related services from Part A providers** and include PLWHA receiving services themselves and the parents and caregivers of minor children who are receiving such services. **Consumers are further defined as unaligned.** Unaligned refers to consumers who do not have a conflict of interest, meaning they have no financial or governing interest in Part A-funded agencies. Consumer representatives counted towards the 33 percent PLWHA/consumer representatives must be unaligned. Consumers who volunteer with a Part A-funded provider are not considered to "represent" that entity and are eligible for consumer membership on the planning council as unaligned members. The legislation permits a PLWHA to serve as a volunteer at a Part A-funded agency and still be considered unaligned."

## *REFLECTIVENESS*

"Section 2602(b)(1) of the Act requires a Part A planning council to "reflect in its composition the demographics of the population of individuals with HIV/AIDS in the eligible area involved, with particular consideration given to disproportionately affected and historically underserved groups and subpopulations."

This is what HRSA defines as "reflectiveness": the extent to which the demographics of the planning council's membership look like the epidemic of HIV/AIDS in the EMA.

"Requirements are as follows:

- Reflectiveness should be based upon the **combined total of HIV and AIDS prevalence in the EMA**. This includes at least the following: age, race/ethnicity and gender.
- As stated above, reflectiveness means that the local **HIV/AIDS epidemic must be reflected for the whole planning council membership and also for the consumer membership**.
- PLWHA positions on the council should be selected without regard to the stage of disease of the individual."

# Library Users Association

P.O. Box 170544, San Francisco, CA 94117-0544

Tel./Fax (415) 753-2180

December 12, 2014

Honorable Board of Supervisors

City Hall

San Francisco

Subject: Stopping Library's Unauthorized Installation of Privacy-Threatening  
"BiblioCommons" Software

Dear Supervisors:

At last week's Library Commission meeting, the SFPL administration, headed by City Librarian Luis Herrera, announced **the imminent planned implementation – in January** – of a software product that raises serious privacy and other concerns – and was **never authorized by the Library Commission or, to our knowledge, the Board of Supervisors.**

The privacy threats are so serious that Mr. Herrera asked the Commission to revise the library's existing privacy policy to accommodate the installation. It had never approved the software.

We ask the Board of Supervisors to do all it can to make public the negative aspects of the BiblioCommons installation – including (a) privacy breaches for all users and newly subjecting teens 13-17 to revelation of their information to parents; (b) censorship of patron expressions of opinion at the sole discretion of the vendor once three users "flag" any comment, and (c) the selling of patron information to third parties. And we ask you to STOP the installation of BiblioCommons by all means in your power, including budgetary, legislative, inquiry, and holding hearings.

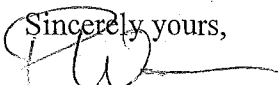
**We specifically reject the SF Public Library's position that the privacy intrusions, censorship, and commercial exploitation of patrons can be justified** by (a) giving patrons a "choice" to use or not use the software, and (b) giving notification to patrons of the Library's revised Privacy Policy and the many pages of BiblioCommons "Terms of Use" and "Privacy Policy (currently totaling 18 pages)."

We expect to provide further information in person today, and in subsequent communications.

We request your prompt response as to what if any action you may take about this, and would be glad to answer any questions you may have about this matter.

Library Users Association thanks you for the time and effort you have expended on this matter.

Sincerely yours,

  
Peter Warfield  
Executive Director

*Library Users Association, library users 2004@yahoo.com*

BOS 10, CPay

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“Changes to this [BiblioCommons] Privacy Statement”

*“This privacy statement may change from time to time in response to new laws, or to an evolution in BiblioCommons policies or practices. We encourage you to check this privacy statement from time to time for changes. Your continued use of BiblioCommons after a change will signify your acceptance of the new terms.”*

Copy provided courtesy of  
Library Users Association

**library users 2004 @ yahoo.com**

BiblioCommons Terms of Use:

*“You agree that **BiblioCommons** may change our services or Terms of Use at any time without specific notice to you. Your continued use of the BiblioCommons Service signifies your acceptance of any revised Terms of Use.”*

Copy provided courtesy of  
**Library Users Association**

**library users 2004 @ yahoo.com**

Lagunte, Richard (BOS)

BOS 11

Page 5

**From:** Carol Maggart [CJLoessin@aol.com]  
**Sent:** Wednesday, December 24, 2014 5:56 AM  
**To:** Commission, Recpark (REC)  
**Subject:** Strawberry Music Festival

From: Carol Maggart <CJLoessin@aol.com>  
Subject: Strawberry Music Festival

Dear S.F. Rec. and Park Dept.,

Please let the Strawberry Music festival return to Camp Mather. I realize that it may be too late to allow the spring festival. However, it may not be too late to hold the fall festival there.

I attended the fall fest at the Nevada County Fair Grounds. It was nice but it wasn't "home". My heart was broken and remains so. Camp Mather remains so important to me that I will probably never attend the Strawberry again unless it returns to the camp.

I know there is more to the situation than I am aware of and it isn't "that easy" to plan such a festival but the past points to a well run record. Please consider the festival's return.

Thank you for your time and have a great 2015.

Sincerely,  
Carol Maggart

P.S. I am a southern Ca resident and Dodgers fan. I promise you (with complete honesty) to support the Giants if the Strawberry is allowed to return. (But I will still eat Dodger dogs - won't give that up! hem good hot dogs!) Much love, Carol

--

This e-mail was sent from a contact form on Save The Strawberry Music Festival  
(<http://www.savestrawberrymusicfest.com>)

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: re Resolution introduced today  
**Attachments:** Patricia.vcf; "Certification"

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**From:** patricia [mailto:patricia.lee@sonic.net]  
**Sent:** Tuesday, December 09, 2014 11:53 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** re Resolution introduced today

Angela Calvillo,

I am submitting the following public comment on the resolution to be introduced today by Supervisor Campos on the Universal Declaration of Human Rights as advised by Carolyn Goossen in his office.

The Universal Declaration of Human Rights with 30 articles was adopted by the United Nations in 1948 and spearheaded Eleanor Roosevelt. She understood that within any society the individual's rights must be protected. The UDHR proclaims the inherent dignity and equal rights of all people. It asserts people's civil rights, freedom of speech, freedom from arbitrary detention, freedom from discrimination, and many others. It asserts people's rights to the necessities of life, housing, healthcare, employment, and education. As Nelson Mandela stated on the 60<sup>th</sup> anniversary of the UDHR, "It is the foundation stone of all international human rights law and still holds enormous ethical value for all of us wherever in the world we happen to live."

Today, the Universal Declaration of Human Rights is more relevant than ever. Now is a time to join together in protecting the rights of all people.

Thank you,

Patricia Jackson, Convener  
Gray Panthers of San Francisco  
2940 16th St. Rm 200  
SF CA 94103  
415-552-8800  
[graypanther-sf@sonic.net](mailto:graypanther-sf@sonic.net)

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Artificial turf

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

From: Mary C Vallario [<mailto:mcvallario@gmail.com>]  
Sent: Friday, December 19, 2014 4:02 PM  
To: Board of Supervisors (BOS)  
Subject: Artificial turf

I know we are all sick of this subject, but having now belatedly done some research on this topic, I think all of you need to take another look at this. The artificial turf made from old tires may well prove to be toxic; the research is not complete. There is another product made from recycled sport shoes that is safe, though more expensive, that might prove to be a better solution. Of note is the fact that the U.S. Womens Soccer team is suing FIFA to move the next games in Canada from artificial turf fields to natural sod fields due to the injuries incurred from artificial turf. This should give one pause. These women are not a bunch of nutty rabble rousers.  
Sent from my iPad

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: GET HOME SHARING LEGISLATION RIGHT

**From:** Rachel Mattovich [<mailto:rachel.mattovich@gmail.com>]  
**Sent:** Wednesday, December 10, 2014 1:30 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** GET HOME SHARING LEGISLATION RIGHT

Dear Supervisors,

Home sharing helps countless San Franciscans to pay their bills and stay in their homes in the city they love - avoiding foreclosure, spending more time with their families, and pursuing their dreams.

And it gives guests the chance to experience the real San Francisco ---visiting local small businesses in neighborhoods they normally wouldn't visit.

I support home sharing in San Francisco, and I urge you to pass sensible legislation, without delay, that ensures San Franciscans can continue to share the homes in which they live.

Specifically, we urge you to pass legislation that:

- Keeps enforcement clear and fair. The City can and should enforce its laws before encouraging residents, landlords and tenants to enforce laws themselves through individual lawsuits. Without proper limits, these lawsuits can be misused and those of us who rely on the income we earn to make ends meet will suffer most from this process.
- Avoids unnecessary limits on shared space rentals. Arbitrary caps on home sharing while hosts are home will not make the law any more enforceable. Many of us rely on this supplemental income to stay in the city and the homes we love.
- Is clear, transparent, and easy to follow. So much time and energy has been poured into this legislation - let's make it clear, fair, and easy to follow so it works.

We thank you for taking so much time to consider this important issue - and we urge you to get it done right.

Sincerely,

Rachel Mattovich

Lower Haight

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James J. Ludwig  
66 Montclair Terrace  
San Francisco, CA 94109

BOS 10, C Page  
C6B

November 24, 2014

Mr. Evan Sernoffsky  
*San Francisco Chronicle*  
901 Mission Street  
San Francisco, CA 94103

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Dear Mr. Sernoffsky,

As a member of the Board of Directors of the San Francisco Zoological Society since 1956, a current Vice-Chair and former Chair, I feel qualified to attest that Zoo Director, Tanya Peterson, is one of the most competent Zoo Directors in the Zoo's history.

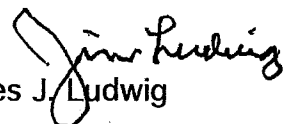
The Zoo is in excellent condition, staff morale is better than it has been in decades, visitors love the Zoo, the animals are housed with great attention to their health and welfare, finances are in fine shape, the education and conservation departments are considered some of the best in the United States, new exhibits are in the planning and construction stage, and the newly opened Friend Playground is hugely popular.

Tanya works closely with Board Members, staff, generous benefactors and members of the community, with other Zoos, the AZA, and consultants like Dr. Terry Maple to bring the San Francisco Zoo forward in quality, security, health, and care of animals.

It is sad that we have lost little, Kabibe, the western lowland baby gorilla and the Zoo is looking into the cause very carefully. It should be noted that the AZA passed all safety and welfare checks at the Zoo this year.

After my 55+ years of close involvement with the Zoo, I feel that Tanya is a fine Zoo Director and that criticism of Tanya is unfair and unjustified.

Regards,

  
James J. Ludwig

cc: Ed Lee, Mayor of San Francisco  
San Francisco Board of Supervisors ✓  
Phil Ginsburg Park, Chief of San Francisco Recreation and Parks Dept.

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File 131148

Tom C. Hui, S.E., C.B.O.  
Director  
Department of Building  
Inspection  
1660 Mission Street  
San Francisco CA 94103  
(415) 558-6088  
(415) 558-6041 Fax

John Rahaim  
Director  
Planning Department  
1650 Mission Street, Suite 400  
San Francisco CA 94103  
(415) 558-6378  
(415) 558-6409

**DATE:** December 8, 2014  
**TO:** San Francisco Board of Supervisors  
**FROM:** DBI Director Tom C. Hui and Planning Director John S. Rahaim

**Status Report:**

**Legalization of existing dwelling units constructed without permits in San Francisco after six months of implementation**

In San Francisco, with the passage of Ordinance 43-14, the Planning and Building Codes were amended to provide a process where owners could voluntarily legalize existing dwelling units constructed without permits. Effective May 17, 2014, many building owners became eligible to pursue legalization of their unauthorized dwelling unit at DBI's Unit Legalization Counter at 1660 Mission Street. An information sheet, screening form, checklist, and Frequently Asked Questions handout about this new voluntary program were posted on DBI's website based upon a joint code discussion meeting held among Planning, Building, and Fire Departments, and the Rent Board. These forms and handouts have been made available in Chinese and Spanish languages, and have been periodically updated to clarify program requirements including landscaping, street trees, bicycle parking, and fire sprinkler regulations.

Employing a case-by-case approach, Building Code equivalencies related to legalization have been resolved through pre-application meetings and applicability of historical building code requirements. From a Planning Department standpoint, there have been a number of Planning

Edwin M. Lee, Mayor  
City & County of San Francisco

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Code requirements waived under the legislation, including rear yard, exposure, parking, open space, and density requirements. Every application but two in this initial six-month period has made use of the waivers offered by the legislation -- with the most utilized waiver being density requirements. Regulations not waived as part of the legislation include landscaping, permeability, street tree, and bicycle parking. Most of these requirements are easily met; however, both landscaping and permeability requirements may require that existing concrete in the front setback be removed as part of the application.

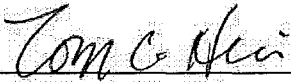
Initially, there were delays in processing these applications while the project sponsor revised plans to comply with these requirements. Subsequently Planning and DBI revised the screening form to include these requirements, which has resulted in more complete applications. The street tree requirement has added additional time to the review process because the Department of Public Works (DPW) is required to perform a site visit before determining whether a required tree can be planted at the site.

During this initial six-month implementation period, DBI received a total of more than 1100 inquiries from building owners about the voluntary dwelling unit legalization program. A total of 78 screening forms have been received, which is about 7 percent of the total number of inquiries. Of those 78 screening forms, 65 permits have been submitted. One permit to legalize an illegal unit has been issued as of this writing. The remaining permits are experiencing delays in issuance due to street tree requirements. A street tree referral from Department of Public Works is required for the addition of a new tree, and must be submitted prior to Planning Department approval. In an effort to shorten the waiting period, Planning staff routed a handful of potentially approvable applications to DBI for plan checking, while waiting for DPW's referral. DBI has approved 5 permits that are pending Planning's final approval before issuance. Planning has approved 9 permit applications that are currently under review by DBI.

Overall, DBI and Planning find that initial public response to this new voluntary legalization of dwelling units' program remains modest, possibly due to a lack of owner awareness about the benefits tied to legalization, or possibly due to yet-to-be-identified owner concerns about participating in this program. This suggests the need for more extensive and aggressive

outreach to ensure that building owners understand the benefits offered by the program, in addition to owner understanding of the Planning and Building Code requirements that must be met, as well as the need for both Planning and Building to do 'Intercept Polling' among potentially interested owners and thus identify more precisely steps to increase participation in the next six months. Please see the charts below for the statistics assembled to date.

Thank you,



Tom C. Hui, S.E., C.B.O.

Director

Department of Building Inspection



John Rahaim

Director

Planning Department

**Attachment to the Status Report on  
 Legalization of Dwelling Units Installed Without a Permit  
 per Ordinance No. 43-14 for 6-Month Duration**

(A) Summary from 5/17/14 to 11/17/14:

	Total	Percentage	Comments
Number of enquiries about the program	1135	n/a	
Number of screening forms submitted	78	n/a	
Number of permits submitted	65	83.33%	See Table (B) for details
Number of permits approved by <b>Planning</b>	9	13.85%	
Number of permits approved by <b>DBI</b>	5	7.69%	
Number of permits issued	1	1.54%	
Number of permits withdrawn	2	3.08%	
Number of applicants with Notices of Violation	23	29.49%	

(B) Information on submitted permits:

	Total	Percentage	Comments
Number of permits for R3 building converting from 1 unit to 2 units	50	76.92%	
Number of permits for R3 building converting to R2	6	9.23%	
Number of permits for R2 building	9	13.85%	

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Human Trafficking Month

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**From:** Walsh, Edward (DPH)  
**Sent:** Friday, December 19, 2014 2:21 PM  
**To:** Board of Supervisors (BOS)  
**Cc:** Quizon, Dyanna (BOS)  
**Subject:** Human Trafficking Month

I support the resolution to declare the month of January Human Trafficking Month.

Thanks

Ed Walsh

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Support for the Resolution Recognizing National Human Trafficking Awareness Month, Day

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

**From:** Bonnie Behre [<mailto:bmbehre@comcast.net>]  
**Sent:** Friday, December 19, 2014 2:49 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** Support for the Resolution Recognizing National Human Trafficking Awareness Month, Day

I support whole heartedly the resolution for making Jan 11th National Human Trafficking Awareness Day. Thank you for your support. Sincerely Bonnie Behre

---

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Clean Power

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

**From:** Wendy Heumann [<mailto:wh@well.com>]  
**Sent:** Friday, December 12, 2014 8:37 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** Clean Power

Dear Supervisors,

It is crucial to worldwide efforts to reverse the climate crisis that San Francisco take a strong lead in local clean energy installation and green jobs as quickly as possible. Please do not allow Mayor Lee to use his political influence on the SFPUC to delay the launch of CleanPowerSF. Instead, represent the citizens of San Francisco by using your authority to to begin the program immediately.

Also, please make sure that CleanPowerSF will run San Francisco on 50% locally generated clean electricity within the next decade, so that the program will deliver legitimate climate benefits and thousands of local jobs.

Thank You,

-Wendy Heumann  
346 27th St

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: SF Sewer Backflow

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

From: Lesley Tannahill [<mailto:lesley1908@live.com>]  
Sent: Saturday, December 13, 2014 1:16 PM  
To: Board of Supervisors (BOS)  
Subject: SF Sewer Backflow

Dear Supervisors, I live in the Mission and am suffering from the sewage from San Francisco sewers that has flooded my home twice, most recently on December 4th. Please read the following which I wrote to the DPW in order to try to get better service. Thank you.  
Sincerely, Lesley Tannahill

Dear DPW, I live at 2301 Harrison Street, on the corner of 19th Street in the Mission, and have just recovered from the sewage which backed up into my ground floor living space during the storm of December 3rd/4th. I've consulted now with 6 different plumbing companies which all informed me that the sewer backup in my home from San Francisco sewers is the result of a blockage from sludge and debris which had built up in the SF sewer pipes during the past years of slight rainfall. It seems the sewer pipe on my street was not adequately serviced before the Dec. 3rd/4th storm hit. This is the second time I've had sewage flooding into my home from the SF sewers, when again the SF sewer had a blockage somewhere in my neighborhood. Since then every winter I have lived in fear of the sound of sewer water exploding out of my tub and toilet and flooding my bath, kitchen, and studio in several inches of contaminated water, and so I erect sandbags to block off certain areas to try to protect appliances and other fragile items. But this situation is unacceptable. We live in a developed country and I believe I have a right to expect better service from the City of San Francisco. You need to do a better job. Yours respectfully, Lesley Tannahill (415-643-6863).

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: YC Support for BOS File No. 141234 Resolution Affirming the Board of Supervisors Commitment to Equal Justice and the  
**Attachments:** Four YC Actions 12-15-14.pdf

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**From:** Caldeira, Rick (BOS)  
**Sent:** Tuesday, December 16, 2014 9:03 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** FW: YC Support for BOS File No. 141234 Resolution Affirming the Board of Supervisors Commitment to Equal Justice and the

For distribution to the Board and C-Page.

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**From:** Carpenter, Adele  
**Sent:** Monday, December 15, 2014 8:47 PM  
**To:** Caldeira, Rick (BOS)  
**Subject:** YC Support for BOS File No. 141234 Resolution Affirming the Board of Supervisors Commitment to Equal Justice and the

Hi, Rick,

I am writing to confirm that the Youth Commission tonight adopted a motion of support for BOS File No. 141234 [Resolution Affirming the Board of Supervisors Commitment to Equal Justice and the Right to Protest and Urging Reforms in National Policing and Judicial Practices]. The file was not referred to the YC as it has been referred for adoption without committee reference at tomorrow's board meeting.

A memo detailing the actions taken at tonight's YC meeting this evening, including documentation of the YC's general motion of support for File No. 141234 is attached to this email, for your reference.

Please let me know if you have any questions.

Thanks very much.

Adele Failes-Carpenter  
Director  
San Francisco Youth Commission  
Office: (415) 554-7112 | Fax: (415) 554-6140

Visit the official [Youth Commission site](#) and [YC facebook page](#).  
Sign up for [our newsletter](#).

Complete a Board of Supervisors [Customer Satisfaction form](#).

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Youth Commission  
City Hall ~ Room 345  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4532



(415) 554-6446  
(415) 554-6140 FAX  
www.sfgov.org/youth\_commission

## YOUTH COMMISSION MEMORANDUM

**TO:** Honorable Mayor Edwin M. Lee  
Honorable Members, Board of Supervisors

**CC:** Angela Calvillo, Clerk of the Board of Supervisors  
Maria Su, Director, Department of Children, Youth, and their Families  
Hydra Mendoza, Mayor's Families & Children's Advisor  
Nicole Wheaton, Mayor's Legislative Director and Commission & Board Liaison

**FROM:** 2014-2015 Youth Commission

**DATE:** Monday, December 15, 2014

**RE:** Four Youth Commission actions at the December 15, 2014 meeting: Adoption of YC Resolution 1415-AL-03 [Providing Fee Waivers for Eligible San Francisco DACA Applicants]; Support BOS File No. 141193 [Resolution Urging the Municipal Transportation Agency to Implement Free Muni for Seniors and People with Disabilities]; Support BOS File No. 141234 [Resolution Affirming the Board of Supervisors Commitment to Equal Justice and the Right to Protest and Urging Reforms in National Policing and Judicial Practices]; Approval of a letter of support for District 5 Local Merchants Partnering on a Youth Workforce Initiative.

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At our regular meeting of Monday, December 15, 2014, the Youth Commission adopted YC resolution 1415-AL-03 [Providing Fee Waivers for Eligible San Francisco DACA Applicants]. This resolution commends Mayor Lee's recent commitment to extending the DreamSF initiative and his authorization of new funding for the Office of Civic Engagement and Immigrant Affairs following President Obama's executive action on immigration. The resolution urges for the dedication of funds for grants to cover application fees associated with applying for Deferred Action for Childhood Arrivals and urges for the expansion of the DreamSF initiative.

\*\*\*

Additionally, the Youth Commission voted to support Board of Supervisors file no. 141193 [Resolution Urging the Municipal Transportation Agency to Implement Free Muni for Seniors and People with Disabilities]. The record of our response is contained in 1415-RBM-08.

\*\*\*

Moreover, the Youth Commission approved a motion of support for Board of Supervisors file no. 141234 [Resolution Affirming the Board of Supervisors Commitment to Equal Justice and the Right to Protest and Urging Reforms in National Policing and Judicial Practices].

\*\*\*

Finally, the Youth Commission approved a letter of support for District 5 merchants partnering with Mo'Magic and District 5 youth organizations on youth workforce initiatives.

Please do not hesitate to contact Youth Commissioners or Youth Commission staff (415) 554-6446 with any questions. Thank you.

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Reminder: Dec. 18 Public Hearing on the Proposed Rule to Designate Critical Habitat for the Western Yellow-billed Cuckoo

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**From:** Moler, Robert [mailto:robert\_moler@fws.gov]  
**Sent:** Tuesday, December 16, 2014 3:08 PM  
**Subject:** Reminder: Dec. 18 Public Hearing on the Proposed Rule to Designate Critical Habitat for the Western Yellow-billed Cuckoo

This email is a friendly reminder that the U.S. Fish and Wildlife (Service) is holding a public hearing and seeking information from the public on a proposal to designate critical habitat for the western Distinct Population Segment of the yellow billed cuckoo (western yellow-billed cuckoo).

- **Date: Thursday, December 18, 2014.**
- **Time: 2 – 4 p.m. with doors opening at 1:30 p.m. for those wishing to register to speak at the hearing.**
- **Place: DoubleTree Inn; 2001 Point West Way; Sacramento, CA 95815.**

Written and verbal testimony on the critical habitat proposal will be accepted at the public hearing.

Written comments can also be submitted online at the Federal eRulemaking Portal at <http://www.regulations.gov>. The docket number for the proposed rule is FWS-R8-ES-2013-0011.

Comments can also be sent by U.S. Mail or hand delivery:

U.S. Fish and Wildlife Service - Public Comments Processing;

Attn: FWS-ES-R8-2013-0011;

Division of Policy and Directives Management;

U.S. Fish & Wildlife Headquarters, MS: BPHC;

5275 Leesburg Pike, Falls Church, VA 22041-3803.

The Service will accept comments on the proposed critical habitat rule through January 12, 2015.

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To access more information including the proposed critical habitat rule, detailed maps of the proposed critical habitat units, and a specific outline of information requested by the Service, please go to our webpage at: [http://www.fws.gov/sacramento/outreach/Public-Advisories/WesternYellow-BilledCuckoo/outreach\\_PA\\_Western-Yellow-Billed-Cuckoo.htm](http://www.fws.gov/sacramento/outreach/Public-Advisories/WesternYellow-BilledCuckoo/outreach_PA_Western-Yellow-Billed-Cuckoo.htm).

Please contact me if you have questions, thank you.

\*\*\*\*\*

Robert Moler  
External Affairs - Sacramento Fish and Wildlife Office  
U.S. Fish and Wildlife Service, Department of Interior  
[robert\\_moler@fws.gov](mailto:robert_moler@fws.gov), 916.414.6606

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Civil Grand Jury Follow-up  
**Attachments:** cgjdec2014update6mo.dotx

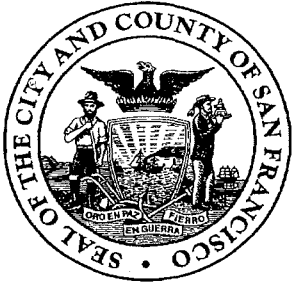
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**From:** St.Croix, John  
**Sent:** Tuesday, December 16, 2014 2:12 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** Civil Grand Jury Follow-up

Attached please find a follow-up letter to the President Judge regarding the Civil Grand Jury Report on the Ethics Commission produced earlier this year.

John St. Croix  
Executive Director  
San Francisco Ethics Commission

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# ETHICS COMMISSION

## CITY AND COUNTY OF SAN FRANCISCO

BENEDICT Y. HUR  
CHAIRPERSON

PAUL A. RENNE  
VICE-CHAIRPERSON

BRETT ANDREWS  
COMMISSIONER

BEVERLY HAYON  
COMMISSIONER

PETER KEANE  
COMMISSIONER

JOHN ST. CROIX  
EXECUTIVE DIRECTOR

December 11, 2014

The Honorable Presiding Judge Cynthia Ming-mei Lee  
400 McAllister Street, Department 206  
San Francisco, CA 94102

Re: Civil Grand Jury Report: Ethics in the City

Dear Judge Lee:

This letter is a follow up to the Ethics Commission's response to the 2014 Civil Grand Jury report regarding the Ethics Commission, specifically to provide an update on those items where the response was "needs further analysis."

Recommendation 5 (in part) suggests that data from state Forms 700 (annual financial disclosure) be entered into the DataSF information base. Because there is more than one schema used to files these forms, the Commission is awaiting action by the FPPC to establish a single state data schema.

Recommendation 6B suggests that the commission adopt an ordinance amendment to require disclaimers in political materials "whose individual donors are not identified to the satisfaction of a reasonable person" so that such materials include the statement "this is paid for by (insert organization name) funded by anonymous donors in this campaign cycle." Consideration of this idea is slated to be part of a discussion on changes to the Campaign Finance Reform Ordinance planned for the January 2015 Commission meeting.

Recommendation 16 suggests that the Commission adopt stricter reporting requirements regarding donations for government travel. Recommendation 29 suggests that the Commission revisit the changes made by Proposition E adopted by the voters in 2003 (which altered voter-approved Proposition J adopted in 2000). The Commission is planning to begin a policy discussion about the Governmental Ethics Ordinance, the Campaign Finance Reform Ordinance, and the Lobbyist Ordinance for its February 2015 meeting that will include discussion of these two recommendations. After the Commission determines the appropriate policies, it will then send any proposed changes to the Board of Supervisors.

Recommendation 11, in part, regards establishing a policy on the private texts and emails of City employees. The California Supreme Court has agreed to address this issue (City of San Jose et al. v. The Superior Court of Santa Clara County, case number S218066) and the Commission is awaiting the outcome of this case to determine if there is an appropriate cause for action.

Recommendation 23 suggests that the Commission seek to use outside counsel rather than the current practice of receiving advice from the City Attorney. Given the City Attorney's response to this recommendation, the Commission will not seek such permission at this time.

Please let me know if you require any additional information.

Sincerely,

John St. Croix  
Executive Director

Cc: Board of Supervisors

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**From:** Board of Supervisors (BOS)  
**To:** Tang, Katy (BOS); Farrell, Mark (BOS); Cohen, Malia (BOS); Mar, Eric (BOS); Breed, London (BOS); Yee, Norman (BOS); Wiener, Scott; Avalos, John (BOS)  
**Subject:** FW: Complaint # 14043

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**From:** Emmanuel Kourkoulos [<mailto:ekourkoulos@yahoo.com>]  
**Sent:** Tuesday, December 16, 2014 2:31 PM  
**To:** Banuelos, Briseida (POL); SOTF (BOS); Calvillo, Angela (BOS); Woon, Chris (POL); Board of Supervisors (BOS); Lee, Mayor (MYR); Tomioka, Lyn (POL); Campos, David (BOS); Kim, Jane (BOS); Chiu, David (BOS)  
**Subject:** Complaint # 14043

I believe that the SFPD, is not complying with the determination of the Sunshine Ordinance Task Force to provide me with a redacted copy of report 130-485-386, where I could find out the allegations against me.

I have been provided with a letter stating that no charges are pending against me and that no further action was taken by Mariana Photiou, my ex wife who filed the false report mentioned above.

Yet the SFPD, is still not willing to allow any part of the report to be released to me; but would release it to an attorney, or a member of the press. Where is the justice of this?

What is the purpose of the Sunshine Ordinance Task Force, if their findings are ignored by the agencies involved?

I would still like to receive a less redacted copy of the report, where at least the narrative is released, so I can put the matter to rest.

The SFPD, has informed me that no records of the EPO hearing exists, and it is done by a police officer, with no formalities, and no regard to constitutional or civil rights, let alone human dignity.

I would fall back to the suggestion of the Task Force, that the SFPD recommend another way. to obtain the information requested.

Sincerely

Emmanuel Kourkoulos

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: More plastic bag waste...and paper!

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

**From:** Thomas Nielsen [<mailto:thomaseriknielsen@gmail.com>]  
**Sent:** Tuesday, December 16, 2014 8:24 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** More plastic bag waste...and paper!

To: San Francisco Board of Supervisors

Congratulations on passing a ban of plastic bags in the city.

Question: Why is a city newspaper (Examiner) allowed to dump its newspaper and copious advertisements in a PLASTIC BAG on my doorstep everyday?

I haven't requested the paper and I don't read it. It goes straight to my recycle and garbage bin. It is both a waste of paper and plastic. Multiplied by how many residents in the city?

Further, why is it such that I now have to figure out how to opt out?! It should be opt in, not opt out.

Sincerely,

Thomas Nielsen  
329 Dellbrook Ave

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RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2015 DEC 29 AM 11:21  
AK

December 15, 2014

Board of Supervisors  
City and County of San Francisco  
City Hall Building, Room #  
San Francisco, California 94102

Subject: Report Informing the Board of Supervisors of Failure to Obey the Sunshine Ordinance Act

Honorable Members of the Board of Supervisors”

Aware of the Sunshine Ordinance Act, and of other State and Federal related laws that require government agencies to respond to properly addressed requests of public information, I have used very limited resources-- I do not have computer equipment and have limited access to it-- to write letters to request information following the Act’s stated procedures, and also expecting to receive a proper, complete, timely and relevant response to my written requests.

The two government agencies that have failed to respond to my requests and several follow up letters’ requests are: a) Human Social Services; and b) Health Department.

To facilitate your review on urgent pending matters with the Human Social Services, and with the purpose to assist your prompt intervention to order timely compliance with the Sunshine Ordinance Act, in this letter, I will focus only on the requests I have made to the Human Social Services since 2011, and several continuous follows ups from 2012 to this date.

Because I know that the City Attorney’s Office duty must be to oversee that City and County’s government agencies obey the terms of the Sunshine Ordinance Act and other related public information laws and regulations, before writing to the Board, I spent valuable time and resources in contacting the mentioned City’s Attorney’s office, with letters attaching copies of documents previously addressed to the Human Social Services and to its divisions and departments. My contacts were since 2012, date when I first visited the said office, and letters since 2013 to 2014.

Rather than attaching copies of the documented report letters written to the City Attorney’s Office, to the attention of Mr. Jack Song, Deputy Communications Director, I am reproducing the summary of facts I reported on October 4, 2013:

Report on non-compliance

1. Request of **Information on Vendors/Contractors** addressed to Mr. Danny Yeung, Contract Manager, faxed with confirmation of reception on **August 2, 2013**. I provided

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my mailing address to respond within the reasonable time required in the cited ordinance. No response was received to the provided mailing address. In my letter, copy enclosed, I was very specific in my requests, and I also expressed **concrete questions related to the procedures followed by the agency in granting contracts to vendors.** Furthermore, in the last paragraph of my letter, I made clear statements to avoid non-compliance tactics. Nonetheless, my requests for public information were not answered timely neither appropriately.

2. **Request of Information and Documentation** made to **San Francisco Local Homeless Coordinating Board**, Human Services Agency, attention to **Megan Owens**, LHCB Policy Analyst. My letter has two pages and it was faxed on **August 6, 2013**, with confirmation of reception. In my letter, I made specific requests for information and copy of initial request, for the enclosed letter was too general and I needed to compare and relate to the original public information requests. I provided an address to respond. The address I provided is my present mailing address: 1360 Mission Street, Suite 201, San Francisco, CA 94103. The employee who received my faxed letter has been aware of this new mailing address. No response to the letter/request has been received as to this date. (\*) Notice that in this letter I am providing a new mailing address for the response from the Board of Supervisors.
3. A two-page letter/request addressed to Diana Christensen, Custodian of Records and Director of Investigations. I inform Ms. Christensen of lack of compliance with the Sunshine Ordinance incurred by mentioned employees working for the Human Social Services, and make reference to a letter she mailed to a previous mailing address, dated **March 12, 2013**, and forwarded to me until recently; when I visited the location for other purpose. **Mr. Scott Walton** has been informed since **October 2012** that I was not receiving my mail at the address on 290 Turk Street, so I do not know the reasons why Ms. Christensen send a considerable delayed response to the said address. In my letter **I asked information that is public information, positions and functions of some employees in the agency;** however, she did not respond to the requested public information.
4. **August 2, 2013 Request of Information – Guidelines Principles**, addressed to **Ms. E. Anne Hinton, Executive Director, DAAS**, under the Human Social Services agency. In the third paragraph of my letter, I made specific requests listed from a) to c), all considered public information requests. I have not received any response as to this date.

I want to inform you that previously, **in 2011**, I made other public information requests addressed to **Mr. David Curto, Director of Contracts at the Human Social Services Agency.** I also provided a copy of my letter to Mr. Curto as proof of my request to the Sunshine

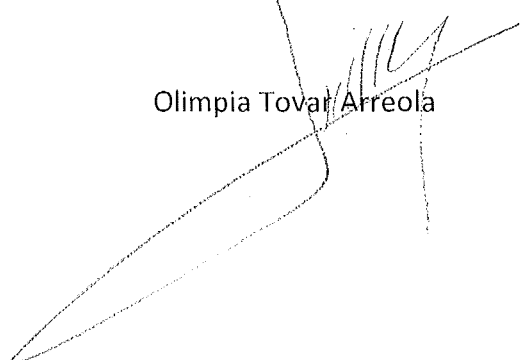
Ordinance Task Force's clerk, Ms. Andrea, at the Office of the Clerk of the Board, and she assured me that she contacted the agency and forwarded my follow up letter. No response has ever responded at any of my past and present addresses.

In addition, in **December 2011**, I contacted the **Personnel Department of the same mentioned agency, requesting an organizational chart** and other public general information. Because I did not receive any response in more than a reasonable period of time, **I wrote to the Mayor's office.** Although I did not receive any response from the Mayor's office staff, an individual from the mentioned agency wrote to me **a non-responsive letter, only telling me that I needed to pay \$ 0.10 per copy, and pretending not understanding that my request was clear;** I clearly and specifically requested an organizational chart from the agency; the objective was to understand who was in charge of what services and the levels of authority and accountability. Additionally, I requested assistance from another office of the Mayor, and there, two employees, in my presence, contacted the reported agency and asked for the organizational chart but they told me that the social services agency's employees they contacted were not giving responses and only taking their names and telephones. No organizational chart has been provided as to this date.

For all the above documented non-compliances with responding to requests of public information, I am requesting that you assist me promptly. My mailing address is: 1230 Mission Street, # 141, San Francisco, California 94102.

Respectfully,

Olimpia Tovar Arreola



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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: IMPORTANT: Public Comment To Planning Commission & Staff On Proposed Implosion Demolition Of Candlestick Stadium  
**Attachments:** Study-Implosion\_Should\_Be\_Prohibited\_In\_Densely\_Populated\_Areas-Case-Calgary\_General\_Hospital.pdf

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**From:** Eric Brooks [mailto:brookse@igc.org]  
**Sent:** Thursday, December 18, 2014 5:35 PM  
**To:** Calvillo, Angela (BOS); Board of Supervisors (BOS)  
**Subject:** Fwd: IMPORTANT: Public Comment To Planning Commission & Staff On Proposed Implosion Demolition Of Candlestick Stadium

Hi Angela,

Please distribute to all members of the Board of Supervisors, this copy of my recent public comment to Planning commissioners and staff on the proposed implosion demolition of Candlestick stadium.

Dear Commissioners, and Environmental Review Officer Jones,

It has recently come to my attention that an addendum has been added to the Candlestick Point-Hunters Point Shipyard Phase II EIR which proposes using implosion demolition (rather than mechanical demolition) for large portions of the planned removal of the existing Candlestick stadium. See the addendum at: [http://sfmea.sfplanning.org/2007.0946E\\_Add3.pdf](http://sfmea.sfplanning.org/2007.0946E_Add3.pdf)

Studies show that vastly higher amounts of hazardous and cancer causing dust are created when implosion demolition is used for buildings, rather than mechanical removal; and further, show that implosion should be prohibited in urban areas.

In particular, a 2005 case study (attached) by Environmental Health, Calgary of a similar building implosion in 1998 of the Calgary General Hospital, states very clearly in its conclusion, "Problematic issues surrounding public health protection in affected areas that could extend 10 or 20 km downwind from an implosion site suggest that implosions should be prohibited in metropolitan areas." See the Environmental Health, Calgary study both attached, and at: <http://www.tandfonline.com/doi/pdf/10.1080/10473289.2005.10464605>

In addition, vastly more jobs, and most importantly more *local* jobs, are created when mechanical dismantling of buildings is employed rather than implosion demolition, and the Bayview Hunters Point and Candlestick areas are very badly in need of employment opportunities.

Finally, mechanical dismantling of buildings also allows for far more of the building materials on a site to be recycled and reused, greatly lowering the overall carbon footprint of a demolition.

In light of these clear health, environmental and economic realities, it is simply not acceptable for any part of the Candlestick stadium demolition to be done via implosion, and the Commission should direct staff and Lennar to prepare for, and employ, solely a mechanical demolition of the stadium.

Thank you for your attention to this very important matter.

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Eric Brooks  
Sustainability Chair, San Francisco Green Party  
Campaign Coordinator, Our City San Francisco  
415-756-8844

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"I am not a liberator. Liberators do not exist. The people liberate themselves."

Che Guevara



# SAN FRANCISCO PLANNING DEPARTMENT

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## Addendum 3 to Environmental Impact Report

*Date:* September 19, 2014  
*Case No.:* **2007.946E**  
*Project Title:* **Candlestick Point-Hunters Point Shipyard Phase II**  
*EIR:* 2007.946E, certified June 3, 2010  
*Project Sponsor:* Lennar Urban  
*Lead Agency:* San Francisco Planning Department/Office of Community Investment & Infrastructure  
*Staff Contact:* Joy Navarrete – (415) 575-9040  
joy.navarrete@sfgov.org

1650 Mission S  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

## REMARKS

### 1. Background

On June 3, 2010, the San Francisco Planning Commission and the Redevelopment Agency Commission certified the Final Environmental Impact Report (Final EIR) for the Candlestick Point – Hunters Point Shipyard Phase II Project (Project), San Francisco Planning Department File Number 2007.0946E and San Francisco Redevelopment Agency File Number ER06.05.07. On July 14, 2010, the San Francisco Board of Supervisors affirmed the Planning Commission's certification of the Final EIR (Motion No. M10-110) and adopted findings of fact, evaluation of mitigation measures and alternatives, and a statement of overriding considerations (File No. 100572) and adopted a Mitigation Monitoring and Reporting Program (MMRP) in fulfillment of the requirements of the California Environmental Quality Act (CEQA). The Project is the integrated redevelopment of 702 acres in the Candlestick Point area and the Hunters Point Shipyard Phase II area with a major mixed-use project, including open space, housing, commercial (office, regional retail, and neighborhood retail) uses, research and development, artist space, a marina, new infrastructure, community uses, entertainment venues, and a new football stadium.

Between June 3, 2010 through August 3, 2010, the Planning Commission, Redevelopment Agency, Board of Supervisors, and other City Boards and Commissions adopted various resolutions, motions and ordinances related to the Project approval and implementation, including but not limited to: (1) General Plan amendments; (2) Planning Code amendments; (3) Zoning Map amendments; (4) Bayview Hunters Point Redevelopment Plan amendments; (5) Hunters Point Shipyard Redevelopment Plan amendments; (6) Interagency Cooperation Agreements; (7) Design for Development documents; (8) Health Code, Public Works Code, Building Code, and Subdivision Code amendments; (9) Disposition and Development Agreement, which included (among other documents) as attachments a Project Phasing

Schedule, a Transportation Plan, and an Infrastructure Plan; (10) Real Property Transfer Agreement; (11) Public Trust Exchange Agreement; (12) Park Reconfiguration Agreement; and (13) Tax Increment Allocation Pledge Agreement.

Subsequent to the certification of the Final EIR and the approvals listed above and as part of the first major phase and sub-phase applications, the project sponsor proposed changes to the Project Phasing Schedule and corresponding changes to the schedules for implementation of related transportation system improvements in the Transportation Plan, including the Transit Operating Plan, and Infrastructure Plan and other public benefits. Addendum No. 1 to the Final EIR, published on December 11, 2013, was prepared to evaluate these changes. A second addendum, Addendum No. 2, was published on May 2, 2014, that evaluated the potential environmental effects from implementation of the Automatic Waste Collection System described in the Final EIR as part of Utility Variant 4. The current addendum, Addendum No. 3 to the Final EIR, evaluates the potential environmental impacts associated with another proposed change to the Project which is a proposal put forth by the project sponsor to demolish the upper level of the Candlestick Park stadium by means of explosives demolition (commonly known as implosion<sup>1</sup>) as opposed to conventional/mechanical demolition.

## **2. Project Summary**

The Project covers approximately 702 acres along the southeastern waterfront of San Francisco consisting of 281 acres at Candlestick Point (Candlestick) and 421 acres at Hunters Point Shipyard (HPS Phase II). The Final EIR evaluated the Project described in Chapter II and several variants. At the time of Project approval in 2010, it was not known whether the 49ers football team would move to Santa Clara or require a new stadium to be built as part of the Project. Consequently, the Board of Supervisors approved several development options, including the Project with the stadium and two non-stadium variants. Specifically, the Board approved these options: (1) the Project with a stadium as described in Chapter II of the Final EIR with the Candlestick Tower Variant 3D, Utility Variant 4, and Shared Stadium Variant 5; (2) the Project without the stadium and with the R&D Variant 1, the Candlestick Tower Variant 3D, and the Utility Variant 4; (3) the Project without the stadium and with the Housing/R&D Variant 2a, the Candlestick Tower Variant 3D, and the Utility Variant 4; and (4) as part of all of the other options, Sub-alternative 4A, which provides for the preservation of four historic structures located in the Hunters Point Shipyard. (See Board of Supervisors CEQA Findings pp. 2-4)

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<sup>1</sup> Implosion is a misnomer as buildings do not explode or implode in explosives demolition. However, the term is commonly used to describe the explosives demolition of structures and is used in this addendum for the proposed explosives demolition of Candlestick Park Stadium.



Following the Project approval in 2010, the 49ers decided to move to the City of Santa Clara. Consequently, the project sponsor decided to proceed with the Project without the stadium and with the Housing/R&D Variant 2a, the Candlestick Tower Variant 3D, the Utility Variant 4, and Sub-alternative 4A.

All variants in the Final EIR included the demolition of Candlestick Park Stadium as part of the Project as the site of the stadium was planned for the development of the Candlestick Point Center district, which would include regional retail, office, hotel, entertainment, and residential uses. In its analysis of the environmental impacts of the Project and all variants, the Final EIR analyzed and disclosed the environmental impacts from the conventional demolition of Candlestick Park Stadium by means of mechanical demolition. It did not include an analysis of environmental impacts associated with an explosives demolition method or implosion for the structure. The Project Sponsor, Lennar Urban, proposes now to use a combination of mechanical demolition and implosion for the Candlestick Park Stadium. This Addendum analyzes whether including implosion of the upper levels of the stadium in the demolition plan for the Candlestick Park Stadium would result in new significant environmental impacts, increase the severity of previously identified impacts from conventional demolition techniques, or require new or revised mitigation measures or alternatives.

Lennar Urban would need to obtain a demolition permit from the San Francisco Department of Building Inspection (DBI) for the proposed implosion, notify the Bay Area Air Quality Management District (BAAQMD) of the proposed demolition in compliance with BAAQMD Regulation 11, Rule 2, obtain a San Francisco Fire Department explosives permit, and coordinate the planned demolition with other City departments such as the San Francisco Municipal Transportation Agency, Department of Public Works, San Francisco Police Department, and San Francisco Recreation and Parks Department.

### **3. Candlestick Park Stadium**

Candlestick Park Stadium is owned by the City and County of San Francisco. The City leased the Stadium to the San Francisco 49ers, with the lease ending late July 2014. The 70,207-seat stadium and parking lot areas immediately surrounding the stadium are under the jurisdiction of the San Francisco Recreation and Park Department.

The stadium is set on an irregularly shaped parcel bound by Giants Drive and Gilman Avenue to the north, Hunters Point Expressway to the east, and Jamestown Avenue to the south and Jamestown Avenue/Giants Drive to the west. The large parcel, composed of artificial fill, is located adjacent to a large hill at the west, and bordered by Candlestick Point State Recreation Area to the east and south. The stadium is surrounded by a large, paved parking lot on the north, east, and south sides, with a chain link

fence along the parking lot periphery. Landscaping around the stadium itself is minimal and consists primarily of clusters of trees around both the north and south (main) gates (CIRCA 2010).

The stadium is a reinforced concrete and steel open-air sports and entertainment stadium that was originally constructed in 1960 in four sections. Over the years, eight additional sections were added. The stadium is an enclosed, asymmetrical plan building with a maximum height of 114 feet above grade in one portion of the stadium and a height of 70 feet in another portion of the structure. Seating is provided on two main levels. The upper deck seating is continuous around the perimeter of the stadium, and the lower deck has a section of retractable seating. The upper deck is partially sheltered by a curved roof canopy supported by curved concrete ribs. An exterior concourse encircles the stadium at the upper level. Six gates provide entrances into the stadium. An extensive system of exterior ramps, stairs, and escalators provide access to the main entrances. The stadium has six escalators, three passenger elevators, and one freight elevator. There are four locker rooms, two first aid stations and 44 concession stands. Banks of lights on tall poles, standing just outside the stadium and extending above the stadium's roof, illuminate the playing field for night games (CIRCA 2010).

#### 4. Discussion of Demolition in the Final EIR

The Final EIR (pages II-50 and -51) provides the following description regarding the demolition of existing structures on the project site, including the Candlestick Park stadium.

##### II.F.1 Abatement and Demolition

Demolition of existing structures within the Project site would occur from 2011 to 2024 on Candlestick Point and from 2010 through 2016 on HPS Phase II. As the majority of development would occur on HPS Phase II during the first phase by 2017, most demolition would initially occur in that area of the Project site. In Candlestick Point, demolition of Alice Griffith housing would also occur in the first phase. The estimated quantity of demolition debris is presented in **Table 1** (Estimated Demolition Debris).

Demolition activities would result in construction debris generated by the removal of structures, roads, and infrastructure. In total, approximately 971,787 tons of construction debris would be generated, including 424,681 tons from Candlestick Point and 547,104 tons from HPS Phase II. Most of the construction debris (45 percent) would consist of concrete, with the remaining debris consisting of wood (17 percent), steel (18 percent), and other miscellaneous debris (20 percent). It is assumed that the concrete debris would be recycled on site as pipe bedding or road base; the

wood debris would be chipped and sent to the local landfill for disposal; and the steel would be recycled off site for other uses.

### Candlestick Point

Demolition activities at Candlestick Point would include demolition of the existing Candlestick Park Stadium, associated parking lots, existing infrastructure, and structures on adjacent properties to be acquired, as well as demolition of the Alice Griffith public housing. Minor utilities would be abandoned in place or removed if they would interfere with installation of new infrastructure. Those include existing small-diameter combined sewer, the CPSRA sewer force main, storm drainage facilities, and low-pressure water main. Lennar Urban would be responsible for all demolition at Candlestick Point.

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**Table 1**  
**Estimated Candlestick Point**  
**Demolition Debris (Tons)**

<b>Demolition</b>	<b>Concrete</b>	<b>Wood</b>	<b>Steel</b>	<b>Miscellaneous Debris</b>	<b>Total</b>
Buildings	212,361	26,611	104,250	55,150	298,372
Roads	2,021	0	33	24,255	26,309
Total	214,382	26,611	104,283	79,405	424,681

*Source: City and County of San Francisco Planning Department 2010.*

*Note: The estimated demolition debris includes debris generated from the demolition of all structures within the plan area and not just the stadium.*

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## 5. Proposed Revisions to the Project

As noted above, the Final EIR included the demolition of Candlestick Park Stadium in the Project description and all variants evaluated in the Final EIR and the Final EIR considered the impacts of demolition using conventional demolition techniques. The proposed revision to the Project involves the use of explosives demolition to demolish the high-rise portion of the stadium. Lennar Urban is considering using this method because it is difficult to demolish the upper level of the Stadium using mechanical means due to the height of the structure. Explosives demolition may have certain other advantages over mechanical demolition in that it compresses the demolition schedule and reduces the duration of time nearby receptors would be exposed to nuisances such as dust and noise associated with mechanical demolition.

The basic concept of explosives demolition is that by removing key structural supporting elements of a building at certain points, the sections of the building above those points will fall down on the part of the building below those points. Explosives eliminate the support structure and gravity then brings the building down. Implosion is not like typical blasting. Instead it is the engineered progressive failure of a structure induced by the systematic elimination of structural supports through the use of small amounts of strategically placed explosives (CDI 2014).

The implosion process would begin with an evaluation and analysis of the stadium so that an explosives demolition plan specific to the stadium can be developed. Aspects of the demolition process would be the same as used in mechanical demolition, such as security precautions, materials recovery, hazardous materials assessment and abatement, and the mechanical demolition of the low-rise portion of the stadium. As in conventional demolition, materials that can be recovered or salvaged, and materials to be removed ahead of the implosion would be identified. Due to the age of the structure, it is likely to contain asbestos and lead-based paint, and will require abatement in accordance with regulatory requirements (discussed in the Final EIR on p. III-K-41). Therefore, a hazardous materials assessment would be completed and an abatement plan would be developed to remove hazardous materials present within the structure prior to any demolition. Following the completion of these planning studies, the abatement of hazardous materials would be completed and the materials to be salvaged would be removed. Once that is done, preparatory mechanical demolition would be completed, followed by explosives preparation and implosion, and cleanup after implosion. Throughout the process, security would be in place on and around the site. In addition, an outreach program to the people living in the surrounding area would be implemented, and the project sponsor would coordinate the implosion activities with the appropriate public agencies. Each of these phases/steps is described briefly below.

- **Stadium Evaluation and Development of Implosion Plan:** The implosion plan for the stadium would take into account structural plans of the stadium, geotechnical information for the stadium site and historic data from felling of similar quantities of debris from structures onto similar types of geotechnical conditions. Key structural elements would be identified on the drawings and a collapse sequence would be engineered. From this collapse sequence, the plan would identify the specific location, delay timing and quantities of explosives to be used. (CDI 2008)
- **Hazardous Materials Assessment and Abatement:** Hazardous materials assessment of the stadium has already been completed. The stadium was inspected, sampled and tested for asbestos, lead coatings, PCB-containing materials, fluorescent tubes, and any other hazardous materials that might have been used at the site (VBA 2014). Based on inspection and laboratory testing results, a complete

hazardous materials abatement and remediation program was developed and executed. Onsite third-party certified inspectors oversaw the work (VBA 2014).

- **Soft Demolition:** Clean soft demolition is the systematic and programmed removal of nonstructural components such as furnishings, equipment, finishes, mechanical and plumbing systems, and all other building components that can be reused or recycled.
- **Preparatory Mechanical Demolition:** The mechanical demolition would: (1) provide access to clean reinforced concrete columns where drilling would be performed for the loading of explosives, (2) remove or reduce the amount of materials on site that could generate dust, and (3) weaken the structure in preparation of felling the high-rise portion.
- **Explosives Preparation:** The explosives would be delivered to the site by the local explosive material provider in a licensed explosives delivery vehicle with appropriate coordination with the regulatory agencies, including the City Fire and Police Departments, and 24-hour security measures. They would be placed by licensed and permitted professionals in accordance with the manufacturer's recommendation and in accordance with guidelines established by the Institute of Makers of Explosives, in specific locations to facilitate sequential failure of the structure during the collapse.
- **Implosion:** While explosives are on site, the area will be secured by the Demolition Contractor, and patrolled during non-working hours by dedicated security. Several hours prior to the implosion, a pre-determined Explosion Zone around the demolition site will be cordoned off from the general public in coordination with the City, Demolition Contractor, Implosion Contractor, and local authorities. A final countdown will commence 15 minutes before the explosives demolition. The Implosion Contractor will maintain communications at the command post with key authorities during this time and will detonate the explosive charges from the firing position only after an "all clear" message is received. Individuals outside the safety perimeter without radio contact will be alerted of the impending implosion event by the use of auditory sirens/signals. Typically an implosion takes a few seconds and produces a cloud of dust in the immediate vicinity of the imploded structure's footprint. The implosion would be scheduled in the morning hours to avoid windy conditions.
- **Post Implosion Cleanup:** The Implosion Contractor will inspect the debris pile, the adjacent properties/rights-of-way and issue the "All Clear" and the Demolition Contractor will begin dust cleanup operations in coordination with the City. Similar to the debris generated by mechanical demolition, the debris generated by the implosion will be stored and processed on the stadium site.

It is anticipated that the implosion of the stadium would be conducted in winter 2015 mostly likely in the morning when wind conditions at Candlestick Point are the least windy and on a Saturday or Sunday when any road closures or other arrangements needed for the event would be the least disruptive of traffic and normal activities. Given the location of the stadium at Candlestick Point, road closures would be limited to the roads leading to the site, including Harney Way, Jamestown Avenue, Ingerson Avenue, and Gilman Avenue.

## 6. Analysis of Potential Environmental Effects

The proposed implosion would not affect the long-term occupancy and operations at the Project site. Therefore, it would not alter any of the operational impacts of the Project identified in the Final EIR and would not alter any of the planned construction of new structures and infrastructure. For these reasons, the analysis in the Final EIR of the following subject areas would be unaffected by the proposed explosives demolition of the stadium:

- **Land Use and Plans:** use of explosive demolition in place of mechanical demolition of the stadium would result in no change in land use and plans impacts. (See Final EIR, page III.B-34)
- **Population, Housing, and Employment:** use of explosives demolition in place of mechanical demolition of the stadium would result in no increase in the number of construction employees who might relocate to the project area beyond what was previously analyzed for mechanical demolition. (See Final EIR Impact PH-1, page III.C-14)
- **Shadow:** use of explosives demolition in place of mechanical demolition of the stadium would result in no shadow impacts. (See Final EIR, page III.F-9)
- **Wind:** use of explosives demolition in place of mechanical demolition of the stadium would result in no wind impacts; potential construction impacts due to wind were analyzed in other sections of the EIR: Section III.H (Air Quality) analyzes fugitive dust air emissions, and Section III.M (Hydrology and Water Quality) analyzes erosion from Project construction that could cause fugitive dust emissions. (See Final EIR, page III.G-6)
- **Cultural Resources and Paleontological Resources:** use of explosive demolition in place of mechanical demolition of the stadium would not affect historic resources as there are no historic structures nearby that could be affected and the proposed implosion would not involve any ground disturbing activities, resulting in no change in archaeological resources and paleontological resources impacts. (See Final EIR, page III.J-33)

- **Geology and Soils:** use of explosive demolition in place of mechanical demolition of the stadium would not involve any ground disturbing activities that could result in soil erosion. Therefore there would be no change in geology and soil impacts. (See Final EIR, page III.L-32)
- **Public Services:** use of explosive demolition in place of mechanical demolition of the stadium would not require additional public services or facilities, resulting in no change in public services impacts. (See Final EIR, page III.O-8)
- **Utilities:** use of explosive demolition in place of mechanical demolition of the stadium would not require construction of new or expanded utilities, resulting in no change in utilities impacts. (See Final EIR, page III.Q-16)
- **Energy:** use of explosive demolition in place of mechanical demolition of the stadium would be temporary, resulting in no change in energy impacts. (See Final EIR, page III.R-16)
- **Greenhouse Gas (GHG) Emissions:** the proposed implosion would shorten the duration of demolition activities on the site. Consequently, GHG emissions from construction vehicles and equipment would be reduced. Therefore, overall the total amount of GHG emissions associated with the Project's demolition activities would decrease. The use of explosive demolition in place of mechanical demolition of the stadium would not result in a change in greenhouse gas emissions impacts. (See Final EIR, page III.S-36)

The analysis below focuses on whether implosion of the upper level of the stadium instead of the use of mechanical demolition would change the Final EIR analysis and findings for the Project's construction-related impacts.

## 6.1 Transportation and Circulation

The potential for the proposed implosion to affect the Final EIR conclusions regarding the Project's construction-phase traffic and circulation impact (*Impact TR-1: Construction Vehicle Traffic and Roadway Construction*) is discussed below.

**Impact TR-1:** The Final EIR (page III.D-67) estimated and analyzed potential traffic impacts from construction truck trips, including truck trips associated with the removal and off-haul of the demolition debris. The total amount of construction debris generated at the site would not change with the proposed implosion. Therefore, there would be no increase in the number of truck trips associated with debris disposal. Furthermore, given the nature of activities associated with the implosion, the proposed implosion would not generate more construction worker or supply delivery vehicle trips than an all

mechanical demolition plan as analyzed in the Final EIR. Therefore, the previously evaluated impact would remain unchanged.

Traffic patterns would be slightly altered on the day of the implosion in that some of the streets leading to the stadium would need to be closed to traffic. As stated in **Section 5**, a pre-determined area around the demolition site would be cordoned off from the general public in coordination with the City Fire and Police Departments and the San Francisco Municipal Transportation Agency (SFMTA), Demolition Contractor, Implosion Contractor, and local authorities. This Exclusion Zone will be defined in a Final Traffic Control and Safety Perimeter Implementation Plan, which will be submitted to the City for review and approval as part of the required compliance with Final EIR MM TR-1. Roadways leading to or adjacent to the stadium would be cordoned off during the implosion event, including Harney Way, Jamestown Avenue, Ingerson Avenue, and Gilman Avenue. The implosion would take place in the morning on a Saturday or Sunday when road closures would have the least impact on vehicular traffic. Additionally, the road closures would be for a short duration (generally less than 1 hour) and detours would be provided. Any change in traffic volumes from detours would likely be no more than a few additional vehicles, given the low traffic volumes on the roads that would be closed on a weekend morning. There could be an increase in traffic volumes on roads leading to the site from people interested in watching the implosion. However, all traffic on roads leading to the stadium would be controlled and directed by the San Francisco Police Department (or SFMTA Parking and Traffic) and any congestion would be temporary and short-lived. Traffic associated with the implosion and demolition contractors would be subject to compliance with the construction traffic management program required by Final EIR MM TR-1. The Final EIR anticipated that Project construction activities, including demolition activities, could result in travel lane closures and temporary re-routing of transit routes. Thus, the short duration of road closures for the implosion has been covered by the analysis of Impact TR-1 and would be mitigated by Final EIR MM TR-1. Consequently, the findings of the Final EIR under *Impact TR-1* would not change as a result of the proposed implosion of the stadium.

In summary, the proposed implosion would not result in new significant traffic impacts, change or alter any of the traffic or circulation impact conclusions in the Final EIR, or require any new mitigation measures. Additionally, there are no changed circumstances or new information that would change the Final EIR's findings related to traffic impacts.

## 6.2 Aesthetics

The potential for the proposed implosion to affect the Final EIR conclusions regarding the Project's construction-phase impacts on aesthetics and visual resources (*Impact AE-1: Effect on a Scenic Vista or*



*Scenic Resources; Impact AE-2: Degradation of Visual Character or Quality, and Impact AE-3: Effect of Light or Glare on Day or Night Views*) is discussed below.

**Impact AE-1:** The Final EIR (page III.E-50) determined that construction activities associated with the Project, including the demolition of the stadium, would result in a less than significant impact on scenic vistas and scenic resources and no mitigation measures were required. The change from mechanical demolition of the high-rise section of the stadium to implosion would not affect any scenic vistas or resources. Therefore, the previously evaluated impact would remain unchanged.

**Impact AE-2:** The Final EIR (page III.E-51) determined that construction activities associated with the Project, including the demolition of the stadium, would result in a potentially significant impact on visual character and quality of the Project site, however with mitigation, the impact would be reduced to a less than significant level. The change from mechanical demolition of the high-rise section of the stadium to implosion would not have any different effect on the visual character of the site. In fact, the implosion may be beneficial in that it would compress the construction schedule and reduce the duration that the site would appear as a construction site. Therefore, the previously evaluated impact would remain unchanged. In any event, Final EIR MM-AE-2 would apply to the demolition activities, which requires screening of construction equipment, a plan for construction staging, access and parking, and implementation of measures to keep mud and dust off vehicles leaving the site, and sweeping of surrounding streets to keep them free of dirt and debris.

**Impact AE-3:** The Final EIR (page III.E-51) determined that construction activities associated with the Project, including the demolition of the stadium, would result in a less than significant impact related to light and glare. There may be additional night lighting due to the increased security leading up to the implosion but not significantly more than what was analyzed under the Project. Furthermore, due to the compression of the construction schedule facilitated by the implosion, the duration of time that there would be night lighting on the stadium site would be reduced. Therefore, the previously evaluated impact would remain unchanged.

In summary, the proposed implosion would not result in new significant aesthetic impacts, change or alter any of the Final EIR's findings with respect to aesthetic impacts, or require new mitigation measures. Additionally, there are no changed circumstances or new information that would change the Final EIR's findings related to aesthetic impacts.

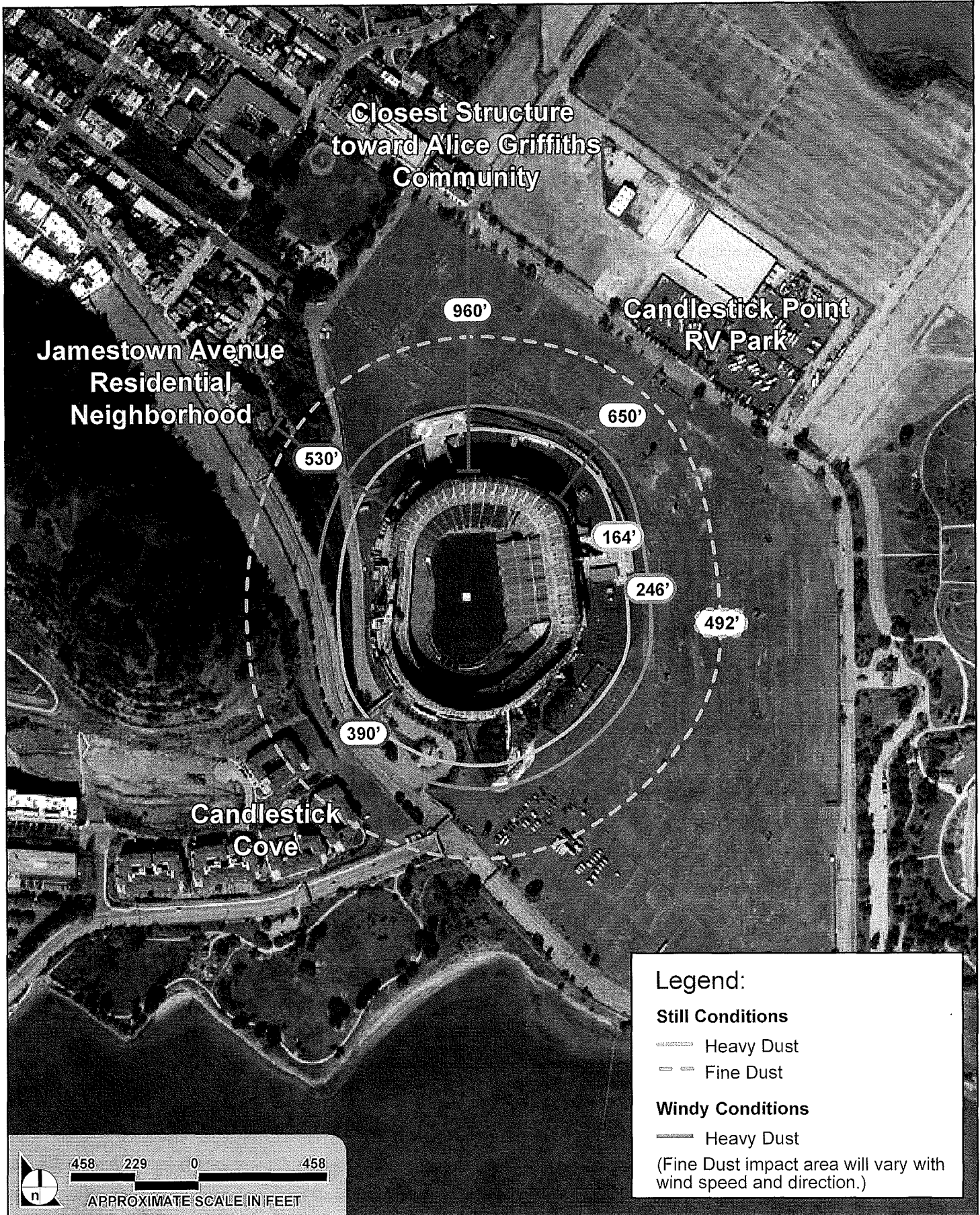
### 6.3 Air Quality

The proposed implosion would be a short duration, temporary activity during the construction phase of the Project. As described in **Section 5**, the proposed implosion involves the use of explosives to demolish the high-rise portion of the stadium, in addition to conventional mechanical demolition for the rest of the stadium; the Final EIR assumed the latter method only in its analysis of construction-related impacts of the Project.

The potential for the proposed implosion to affect the Final EIR conclusions regarding the Project's construction-phase impacts (*Impact AQ-1: Criteria Pollutants (Construction)*, *Impact AQ-2: DPM from Construction Activities*, and *Impact AQ-3: TACs from Construction Activities*) is discussed below.

**Impact AQ-1:** Impact AQ-1 in the Final EIR is focused on emissions of criteria pollutants during Project construction (page III.H-23). The construction activity data that was used to evaluate the impacts from the Project's construction emissions included the mechanical demolition of the stadium. The Final EIR noted that the BAAQMD identifies particulate matter (PM<sub>10</sub>), or fugitive dust, as the pollutant of greatest concern with respect to construction-related emissions. It bases its determination of the significance of a Project's impacts on the dust control measures that will be implemented. The BAAQMD recommends certain control measures and San Francisco Health Code Article 22B, Construction Dust Control, requires the preparation of a site-specific dust control plan (with mandatory control measures similar to the BAAQMD's) for construction projects within 1,000 feet of sensitive receptors (residence, school, childcare center, hospital or other health-care facility or group-living quarters). The Final EIR identified Impact AQ-1 as significant but mitigable with the implementation of Final EIR MM HZ-15. This measure requires the submission of an Asbestos Dust Mitigation Plan (ADMP) to BAAQMD for areas over 1 acre that potentially contain naturally occurring asbestos and SFDPH approval of a Dust Control Plan (DCP) for any construction over 0.5 acre in size at Candlestick Point (the applicability of this mitigation measure to the proposed implosion is discussed below).

Overall, implosion would produce the same amount of dust as mechanical demolition but over a shorter period of time. About 30 percent of dust is created during the implosion and the rest afterward during downsizing and process of material. Although a cloud of visible dust would be produced at the time of the implosion, it would persist only for a brief period. The recent implosion of Warren Hall on the CSU East Bay Hayward campus and the videos of implosions of other large structures in the U.S. and the rest of the world demonstrate that the visible dust during implosion would persist for only a few minutes.



SOURCE: Google, Inc., May 2014

FIGURE 1

Sensitive Receptors and Implosion Related Dust

While implosion would result in dust for a shorter period of time, dust would be dispersed over a wider area as shown in **Figure 1**. Demolition that occurs in still air, for a structure the size and open configuration of the stadium, the majority of the large particulate dust would precipitate within 50 meters (164 feet) of the outside perimeter of the stadium. Due to the distance between this area and the nearest off-site structures, no off-site receptors would be affected by large particulate dust under the anticipated implosion schedule and circumstances currently envisioned. Given the high humidity in the Bay area, in still air, fine dust could travel as much as 150 meters (492 feet). As shown in **Figure 1**, this area of effect is largely limited to the stadium site and other than a small portion of Candlestick Cove development, there are no receptors within this area of effect. If weather conditions at the time of the implosion include wind, the large particle dust are expected to precipitate within approximately 75 meters (246 feet) downwind of the structure (see **Figure 1**) and fine dust would remain suspended in the air for several minutes more. Depending on wind velocity, the wind would disperse the remaining fine dust out over a larger area. The distance the fine dust would travel would be a direct function of wind speed at the time of the implosion. Given the prevailing winds at Candlestick Point which are from the west, the dust cloud would travel over the stadium parking lot and then out to the bay, where it would disperse. To address the contingency that winds could shift and some of the finer particles could be dispersed in a landward direction, as part of the DCP, all nearby sensitive receptors would be informed of the implosion and asked to take necessary precautions (e.g., remain indoors, close windows).

Furthermore, the Project Sponsor is required to implement Final EIR MM HZ-15, which requires the implementation of a SFDPH-approved DCP (ADMP requirement is not applicable to the implosion and will apply only during subsequent ground disturbing activities on the stadium site). The DCP for the Project has been prepared and contains specific mitigation measures to the extent deemed necessary by the SFDPH to achieve the goal of no visible dust at the property boundary during all conventional construction activities. These MM HZ-15 measures were formulated primarily to mitigate impacts related to naturally occurring asbestos dust during grading, excavation, soil-disturbing activities.

Additional dust control measures specific to the proposed implosion have been developed by the Project Sponsor in order to achieve the goal and intent of Article 22B, which is to reduce the quantity of dust generated during site preparation, construction and demolition in order to protect the health of the general public, protect the health of on-site workers, minimize public nuisance complaints, and avoid orders to stop work by the Department of Building Inspection. The SFDPH and BAAQMD were consulted in the preparation of the additional dust control measures, and both agencies reviewed the measures included in the *Supplemental Dust Mitigation Requirements During an Implosion (Appendix A)*, and determined that these supplemental requirements included all expected dust control measures for an implosion at the project location. These additional dust control measures specific to the proposed

implosion are designed to both minimize dust emissions and exposure to dust from an implosion. They differ from the measures in MM HZ-15 in that they are specific to reducing impacts on the implosion, as opposed to impacts from soil-disturbing activities. The additional dust control measures are included below and incorporated into Revised MM HZ-15, attached as Appendix E.

**Revised MM HZ 15 Asbestos Dust Mitigation Plans and Dust Control Plans.**

...

**In the case of implosion, the DCP additionally shall include provisions to achieve the Article 22B goal of minimization of visible dust exposure:**

- **Remove dust-generating material prior to implosion, including, without limitation, performing an interior strip out to remove such items as copper, non-structural steel aluminum, dry wall, carpet, window glazing, timber, furniture, fixtures, and equipment. Remove brick and concrete block.**
- **Implement a community outreach program to identify potentially affected sensitive receptors and equipment and to work with receptors and businesses to minimize dust exposure during implosion event, by assisting receptors to stay indoors or to evacuate from the affected area.**
- **Coordinate with facility managers in the affected area to control dust entry into buildings during event.**
- **Implement prompt dust cleanup measures after event; station clean-up crews, including street sweepers, window washers, water trucks and similar equipment and personnel in the area prior to event to facilitate immediate cleanup.**
- **Undertake implosion only during advantageous weather conditions with minimal wind speed and minimal wind movement toward sensitive receptors**
- **Prior to implosion, encase site with a chain link fence and fabric to minimize large particles from leaving the site**
- **Protect stormwater inlets from dust**

...

With implementation of revised MM HZ-15, implosion of the stadium, like deconstruction of the stadium using conventional demolition methods, would result in a significant but mitigable impact from exposure to construction-related dust. Revised MM HZ-15 incorporates additional dust control measures that have been reviewed by BAAQMD and DPH staff to specifically control dust exposure during an implosion event. The measures will both minimize dust and minimize exposure to dust. Therefore, the demolition by implosion would result in no new significant impacts. The previously evaluated impact would remain unchanged.

**Impact AQ-2:** The construction human health risk assessment (HRA) prepared for the Final EIR and updated in 2013 (as part of Addendum No. 1) analyzed potential human health impacts from exposure to diesel particulate matter (DPM) emissions during Project construction. The 2009 HRA and the 2013 update included all construction emission sources, including the mechanical demolition of the stadium. The analysis concluded that the impact would be less than significant with mitigation (page III.H-24 of the Final EIR and pages 36 and 37 of Addendum No. 1).

The proposed implosion of the high-rise portion would not result in any greater emissions of DPM than previously evaluated under Impact AQ-2 because overall, the same amount of building material would be demolished under both methods of demolition. In fact, implosion would reduce the number of hours that construction equipment would operate at the stadium site and would thereby reduce the total combustion emissions generated by construction equipment at the site, including the total amount of DPM produced during the demolition of the stadium. Therefore, Impact AQ-2 would be reduced and would remain less than significant with mitigation.

As noted above, the proposed implosion would produce a large cloud of dust in the immediate vicinity of the imploded structure's footprint that would persist for a short duration. Although fugitive dust is not considered a toxic air contaminant (TAC), exposure to high concentrations of dust can result in health effects. The control measures, described above, would be included in the DCP for the implosion pursuant to Final EIR revised MM HZ-15 to ensure that the dust cloud does not expose any sensitive or non-sensitive populations to high concentrations of dust. The demolition permit and DCP would limit implosion activities to the morning hours in low wind conditions. Therefore, the implosion would be scheduled in the morning hours to avoid windy conditions.

The dust dispersion patterns on a still air day and a windy day are discussed above under **Impact AQ-1**. Elevated dust levels temporarily produced by the implosion would be controlled through implementation of the DCP so that receptors would not be exposed to high concentrations of dust that could result in adverse health effects. The *Supplemental Dust Mitigation Requirements During an Implosion* include a variety of specific dust control measures to be implemented in association with the implosion. These measures include removal of dust generating material prior to the implosion, implementation of the Public Outreach Program (**Appendix B**) to coordinate with sensitive receptors, and dust control and clean-up measures such as protection of stormwater inlets, street sweeping, and monitoring of weather to limit dust radius. While even a short-term exposure would be avoided by the implementation of the DCP, a short term exposure, should it occur, would be unlikely to result in serious acute (short-term) health effects or long-term adverse health effects. There is no current methodology or scientific basis for assessing long-term health effects from an exposure to particulate matter lasting a few minutes. For

comparison, long-term impacts from particulate matter, if any, are analyzed assuming a 70 year exposure. Furthermore, the dust cloud would not contain any toxic materials that could have lasting effects (testing of the structural elements of the stadium has shown that the columns are made up of only concrete and do not contain any asbestos). Additionally, the abatement of hazardous materials, including asbestos-containing building materials, would be completed before the implosion of the stadium. Consequently, no new significant impact associated with exposure to high dust concentrations would occur and no new mitigation is required.

**Impact AQ-3:** The construction HRA prepared for the Final EIR and updated in 2013 analyzed impacts associated with exposure to TACs present in site soils. The results of the analysis are presented in Impact AQ-3 in the Final EIR (page III.H-27). As Impact AQ-3 is related to exposure to TACs present in soils, and the proposed implosion does not involve any disturbance of site soils, this previously evaluated impact would remain unchanged.

In summary, the proposed implosion would not result in a new significant air quality impact, change or alter any of the Final EIR's findings with respect to the construction-phase air quality impacts, or require any new mitigation measures. Additionally, there are no changed circumstances or new information that would change the Final EIR's findings with respect to air quality impacts.

## 6.4 Noise and Vibration

The Final EIR evaluated three construction-phase noise and vibration impacts: *Impact NO-1: Exposure of Persons to Excessive Noise Levels (Construction)*, *Impact NO-2: Exposure of Persons to Excessive Vibration Levels (Construction)*, and *Impact NO-3: Increases in Ambient Noise Levels (Construction)*. The potential for the proposed implosion to affect the Final EIR conclusions regarding these three impacts is discussed below. In addition, the proposed implosion is evaluated to determine whether it could result in a new significant construction-phase impact that was previously not identified.

**Impact NO-1:** The Final EIR (page III.I-24) analyzed construction noise impacts from demolition and construction activities in the Candlestick Point area, including the mechanical demolition of the stadium and concluded that although noise impact thresholds would be exceeded, the noise impact would be reduced to a less than significant level with the mitigation measures set forth in the Final EIR. Noise levels that would result from an implosion of the stadium were not analyzed in the Final EIR. As stated in **Section 5** above, the implosion is a short-lived event that would be over within 20 or 30 seconds, and would replace the prolonged demolition activity that would be involved in the mechanical demolition of the high-rise portion of the stadium. Therefore, although noise levels at the site would be elevated for

about 20 to 30 seconds, overall the proposed implosion would reduce the exposure of nearby residents to prolonged demolition noise.

*Construction Impacts at Off-Site Noise-Sensitive Receptors*

Estimates of the noise levels that would be experienced at nearby off-site sensitive receptor locations for a short duration of 20 to 30 seconds are shown below in **Table 2**. These are presented in dBL, which is the sound pressure measured linear 20 Hz to 20 kHz with no weighting applied, and in dBA which are A-weighted levels. The duration of these peak noise levels would be in pulses less than 0.5 seconds in duration, which would place these estimates below OSHA standards for protection for workers against injury from impact noise. During the detonation of the “confined implosion charges” and fall of the structure, noise levels would likely be lower (CDI 2014).

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**Table 2**  
**Estimated Noise Levels at Key Locations**

<b>Sensitive Receptor</b>	<b>Noise Level (dB(L))</b>	<b>Noise Level (dBA)</b>
Candlestick Cove	140.7	122.7
Jamestown Avenue Residential Neighborhood	139.7	121.7
Alice Griffith Community	135.1	118.1
Candlestick Point RV Park	136.6	118.6

*Source: CDI 2014 located in Appendix C*

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As stated in the Final EIR, the Project would cause a significant noise impact during construction if it would generate construction noise between the hours of 8:00 P.M. and 7:00 A.M. that exceeds the ambient noise level by 5 dBA at the nearest property line (unless a special permit has been granted by the Director of Public Works or the Director of Building Inspection); or produce noise by any construction equipment (except impact tools) that would exceed 80 dBA at 100 feet. The Final EIR further explains that the San Francisco Police Code Sections 2907 & 2908 require that (1) noise levels from individual pieces of construction equipment, other than impact tools, not exceed 80 dBA at a distance of 100 feet from the source (the equipment generating the noise); (2) impact tools, such as jackhammers, must have both the intake and exhaust muffled to the satisfaction of the Director of Department of Public Works (DPW); and (3) if the noise from construction would exceed the ambient noise levels at the property line of the site by 5 dBA, the work must not be conducted between 8:00 P.M. and 7:00 A.M., unless the Director of DPW authorizes a special permit for conducting the work during that period.



The proposed implosion would not conflict with the first threshold above because the event would not occur between the hours of 8:00 P.M. and 7:00 A.M. The short-lived noise levels produced by the implosion would exceed the second threshold but would not conflict with the Police Code provisions because the threshold applies to individual pieces of construction equipment (except impact tools) and not an implosion. Furthermore, the City allows for construction noise levels to exceed the standards established if the work is not conducted between the hours of 8:00 P.M. and 7:00 A.M. and the project includes other construction noise attenuating features. Final EIR MM NO-1a.1 requires the Project Sponsor to incorporate noise reducing practices into the construction plans. The proposed implosion noise reducing practices would be described in the plan submitted to the City pursuant to Final EIR MM NO-1a.1, and would include limiting the amount of explosives to the minimum needed to bring the high-rise sections down, using additional layers of non-electric blasting caps above and beyond the primary explosives delay timing for the purpose of reducing noise levels arising out of the implosion, and by removing the lower portions of the structure by mechanical methods. Further, as the implosion and other construction activities associated with the Project would occur under the hours allowed under Sections 2907 and 2908, this impact would be less than significant and no new mitigation is required.

Damage to property from overpressure created by the use of explosives was not specifically addressed in the Final EIR. Peak overpressure levels that would result from the implosion are presented in **Table 2**. Window panes, which are the most fragile elements of a building, can withstand peak overpressure levels up to 151 dB(L) (0.1 psi) without breakage (CDI 2014). As the results in the table show, the proposed implosion would generate overpressure levels that are well below this level, and therefore no property damage would occur.

#### *Construction Impacts on Future On-Site Noise-Sensitive Receptors*

The Final EIR (page III.I-28) analyzed construction noise impacts from demolition and construction activities on residential uses that would be developed as part of the Project in Candlestick Point. Residential uses that would be developed as part of the Project in Candlestick Point would be occupied starting in 2017. These residential uses would be located in the Alice Griffith district. Subsequent residential uses in Candlestick Point are scheduled for occupancy in 2021, 2025, and 2029 in the CP North, CP South, CP Center, and Jamestown districts. The commercial, neighborhood and regional retail, hotel and performance venue associated with Candlestick Point would be completed by 2021.

The Project would include redevelopment of Alice Griffith Public Housing to provide one-for-one replacement units. Eligible Alice Griffith Public Housing residents would have the opportunity to move to the new units directly from their existing Alice Griffith Public Housing units without having to relocate to any other area. Therefore, while construction would occur at one parcel, residents would

continue to reside at the remaining parcels. As such, the Final EIR identified these residents as on-site receptors during Project construction within the Alice Griffith district.

However, based on the construction schedule and proximity of the Alice Griffith site to the stadium, the Alice Griffith development is not considered as an on-site noise sensitive receptor for the purposes of construction activities associated with the implosion of the stadium. Instead, it is considered a nearby off-site noise-sensitive receptor as discussed above. Therefore, the stadium implosion would not impact on-site noise sensitive uses.

**Impact NO-2:** The Final EIR (page III.I-33) analyzed the potential effects of high levels of groundborne vibrations produced by construction activities, in terms of their potential to cause human annoyance or result in damage to foundations and exteriors of fragile structures close enough to the construction activity. The analysis included an evaluation of vibrations produced by controlled rock fragmentation technologies such as pulse plasma rock fragmentation (PPRF) and controlled blasting (CB). The Final EIR analysis noted that of all construction activities, impact pile driving would produce the highest levels of vibrations (112 VdB at 25 feet, as shown in Final EIR Table III.1-13). However, due to distance between the vibration source and receptor, the vibration levels experienced at the nearby off-site receptors, including the Alice Griffith district, would not exceed the applicable threshold. The analysis also focused on vibration impacts from loaded truck movement and concluded that vibration levels of 86 VdB would be experienced at the off-site receptors from the movement of Project-related loaded trucks on area roadways and would result in a significant and unavoidable groundborne vibration impact, by causing human annoyance in residential neighborhoods adjacent to the Candlestick Point Project site.

Implosion of the stadium would result in groundborne vibrations that would be the result of the debris hitting the ground. Estimated vibration levels that would be experienced at the nearby sensitive receptor locations due to the proposed implosion are presented in **Table 3** below.

**Table 3**  
**Estimated Groundborne Vibrations at Key Locations**

<b>Sensitive Receptor</b>	<b>Distance to Receptor (feet)</b>	<b>Peak Particle Velocity (in/sec)</b>	<b>Frequency (Hz)</b>	<b>VdB</b>
Candlestick Cove	390	0.21	15 to 20	111.5
Jamestown Avenue Residential Neighborhood	530	0.16	12 to 17	109.1
Alice Griffith Community	960	0.09	10 to 15	104.1
Candlestick Point RV Park	650	0.13	8 to 12	107.3

Source: CDI 2014 located in Appendix C

*Construction Impacts as to Vibration at Off-Site Vibration-Sensitive Receptors*

The Final EIR used vibration impact thresholds for residential and other vibration-sensitive land uses provided by the FTA. As shown in Final EIR Table III.I-10, in the case of infrequent events (such as an implosion), vibrations in excess of 65 VdB would result in an impact on buildings where vibration would interfere with interior operations and vibrations in excess of 80 VdB would result in an impact on nearby residents.

There are no institutions such as hospitals and laboratories near the stadium site that contain or operate sensitive equipment. Therefore even though the short-lived vibrations due to the proposed implosion would exceed the threshold of 65 VdB, the vibrations would not interfere with interior operations.

With respect to residential receptors near the stadium site, as shown in **Table 3** above, the vibration levels generated by the proposed implosion would range from 104 to 111 VdB at the nearby sensitive receptors. These levels would be greater than the vibration levels that were estimated to result at these receptors from pile driving on the project site, and would exceed the threshold for impacts on residential receptors. However, the vibrations would be a one-time event and short lived (20 to 30 seconds at the most) and the implosion would be conducted at a time between 7:00 A.M. and 8:00 P.M., when vibrations would not disturb sleep. The Project would also implement Final EIR MM NO-1a.1 which requires incorporation of measures in construction documents to minimize noise and coordination with nearby receptors to respond to complaints. While the goal of MM NO-1a.1 is to move the noise and vibration causing equipment away from the sensitive receptors, with implosion, the revised MM NO-1a.1 would include a measure that would facilitate temporarily moving receptors away from the implosion. The Project Sponsor has proposed to develop a public outreach program as part of the proposed implosion plan that would inform nearby residents, businesses and institutions of the event ahead of time and any residents who require protection against the temporary vibrations would be assisted in relocating outside the area of effect for the duration of the event. See Appendix B, Public Outreach Program. An additional noise and vibration control measure specific to the proposed implosion has been incorporated into Final EIR MM NO-1a.1 to assure that noise and vibration impacts on receptors are minimized during the implosion event. This additional noise and vibration control measure is included below and the associated revised MM NO-1a.1 is attached as Appendix E.

...

- **Notify building owners and occupants that may be affected by vibration during an implosion event and assist any residents who require protection against temporary vibration in relocating outside the area during the event.**

...

Thus, the vibration impact from the implosion would not be substantially more severe than the significant, unavoidable impact identified in the Final EIR.

#### *Property Damage*

To evaluate the potential for property damage from groundborne vibrations produced during an implosion, the most conservative threshold is identified as 3.0 in/sec for buildings constructed of masonry (CDI 2014). As shown in **Table 3** above, the estimated vibration levels and frequencies are well below this threshold level. Therefore the impact from vibrations generated by the implosion on nearby structures would be less than significant. In addition, utilities in the project area would not be damaged because they are typically damaged by ground shear, not ground vibration. An implosion does not generate any ground shear forces.

#### *Construction Impacts as to Vibration at Future On-Site Vibration-Sensitive Receptors*

As discussed above, based on the construction schedule and proximity of the Alice Griffith site to the stadium, the Alice Griffith development is not considered a future on-site noise sensitive receptor for the purposes of construction activities associated with the implosion of the stadium. Therefore, the stadium implosion would not impact on-site vibration sensitive uses.

As discussed in the Final EIR, similar to construction noise levels, the conditions under which vibration levels would be considered excessive during construction activities, such as excavation or pile driving, would only occur for the duration of the specified activity and would only impact receptors located within 100 feet or closer of the vibration producing activity. Once the vibration producing activities were completed, the affected receptors would no longer be impacted. Additionally, construction activities would only occur during the hours of 7:00 A.M. to 8:00 P.M. as required by Sections 2907 and 2908 of the Noise Ordinance. Implementation of MM NO-1a.1, MM NO-1a.2, and MM NO-2a would reduce vibration impacts, but not to a less-than-significant level; therefore, this impact would remain significant and unavoidable.

**Impact NO-3:** The Final EIR (page III.I-39) evaluated the potential for the Project's construction activities to result in a substantial temporary increase in noise levels and determined that noise levels would be increased substantially by certain construction activities, especially pile driving which can produce noise levels of 101 dBA at 50 feet from source, and that even with mitigation, Impact NO-3 would remain significant and unavoidable. As **Table 2** above shows, the implosion related noise levels would range from about 118 to 123 dBA at the nearby receptors and would be higher than the noise levels previously analyzed for construction activities such as pile driving. However, as described above, the proposed

implosion would be a one-time event that would result in elevated noise levels, lasting between 20 and 30 seconds. Therefore, due to the limited duration of noise exposure, the implosion would not result in a substantially more severe impact than the significant, unavoidable impact identified in the Final EIR.

In summary, the proposed implosion would not result in a new or substantially more severe significant noise and vibration impact, change or alter any of the Final EIR's findings with respect to the construction-phase noise and vibration impacts, or require any new mitigation measures. Additionally, there are no changed circumstances or new information that would change the Final EIR's findings with respect to noise and vibration impacts.

## 6.5 Hazards and Hazardous Materials

The potential for the proposed implosion to affect the Final EIR conclusions regarding the Project's construction-phase impacts related to hazards and hazardous materials (*Impact HZ-1: Exposure to Known Contaminants; Impact HZ-2: Exposure to Previously Unidentified Contaminants during Construction; Impact HZ-3: Off-Site Transport and Disposal of Contaminated Soil and Groundwater; Impact HZ-7: Contaminated Surface Runoff from Construction Sites; Impact HZ-15: Exposure to Naturally Occurring Asbestos; Impact HZ-16: Exposure to Hazardous Materials in Building and Structures; Impact HZ-18: Construction Activities with Potential to Generate Hazardous Air Emissions within One-Quarter Mile of a School, and Impact HZ-20: Routine Use, Storage, Transportation, and Disposal of Hazardous Materials*) is discussed below.

**Impact HZ-1:** The Final EIR (page III.K-53) evaluated the Project site and concluded that due to the fill materials on the site, construction at Candlestick Point could expose construction workers, the public, or the environment to previously unknown contamination, but that the potentially significant impact would be reduced to a less than significant level with mitigation. The proposed implosion would not involve any ground disturbing activities and therefore would not alter or contribute to this impact.

**Impact HZ-2:** The Final EIR (page III.K-580) evaluated the potential for Project construction, including the demolition of the stadium, to encounter previously unknown underground storage tanks, and the analysis concluded that the potentially significant impact would be reduced to a less than significant level with mitigation. The proposed implosion would not involve any ground disturbing activities and therefore would not alter or contribute to this impact.

**Impact HZ-3:** The Final EIR (page III.K-60) evaluated the potential for the off-haul of hazardous materials from Project construction to affect the construction workers, the public, or the environment, and the analysis concluded that the impact would be less than significant with mitigation. Demolition of the stadium was anticipated in the Final EIR and the proposed implosion would not increase the off-haul of

hazardous materials from the Project site, and would therefore not alter or increase the severity of this effect or require new mitigation measures.

**Impact HZ-7:** The Final EIR (page III.K-70) evaluated the potential for construction activities at Candlestick Point to expose construction workers, the public, or the environment to unacceptable levels of hazardous materials in stormwater runoff, and the analysis concluded that with mitigation, which includes the development and implementation of a Storm Water Pollution Prevention Plan (SWPPP), the impact would be less than significant. As stated in **Section 5**, prior to the implosion all hazardous materials present in the stadium will be abated. Following the implosion, all debris will be collected and processed, and dust that would precipitate around the implosion site would be cleaned up using sweeping and vacuuming techniques outlined in the Asbestos Dust Mitigation and Fugitive Dust Control Plan (Final EIR MM HY-15) and SWPPP (Final EIR MM HY-1a.1) that would be reviewed and approved by the City prior to the implosion. To the extent water is used in the clean-up of some portion of the site, the runoff will be controlled (as required by Final EIR MM HY-1a.1) so as not to discharge directly to any receiving waters. The proposed implosion will be one element of the project construction activities and would be subject to the controls included in the Project SWPPP (Final EIR MM-HY-1a.1). Therefore, the proposed implosion will not alter or increase the severity of the impact or require new mitigation measures.

**Impact HZ-15:** The Final EIR (page III.K-97) analyzed the potential for Project construction and grading activities to disturb soil or rock that contain naturally occurring asbestos in a manner that would present a human health hazard and the analysis concluded that the impact would be less than significant with mitigation. Final EIR MM HZ-15 requires the preparation and implementation of Asbestos Dust Mitigation Plans (ADMP) and Dust Control Plans (DCP). There would likely be asbestos and lead-based paint within the stadium which could become airborne during the implosion. As stated in **Section 5**, a hazardous materials assessment would be completed and an abatement plan developed to remove hazardous materials present within the structure prior to any demolition. (Testing of the structural elements of the stadium has been completed and the results show that the columns do not contain any asbestos and trace amounts of asbestos [less than 0.1% and well below Cal OSHA, BAAQMD and NESHAP standards] are present in only some limited portions of the structure). The abatement of hazardous materials would be completed before the implosion. Therefore, any hazard from asbestos or lead-based paint becoming airborne during the implosion would be avoided. Therefore, the proposed implosion will not alter or increase the severity of the impact or require new mitigation measures.

**Impact HZ-16:** The Final EIR (page III.K-101) analyzed the potential for construction at Candlestick Point to result in a health hazard to construction workers, the public, or the environment as a result of the

demolition or renovation of existing structures that could include asbestos containing materials, lead-based paint, PCBs, or fluorescent lights containing mercury. Implementation of applicable regulations and standards would ensure that potential health and environmental hazards associated with asbestos, lead, or PCBs in buildings and structures to be demolished would be minimized to the extent required by law, and the impact would be less than significant. As noted above, the proposed implosion would be preceded by the abatement of hazardous materials present in the stadium in compliance with the law. Therefore the proposed implosion would not alter or increase the severity of the impact or require new mitigation measures.

**Impact HZ-18:** The Final EIR (page III.K-105) analyzed the potential for construction activities at Candlestick Point to disturb soil that contains naturally occurring asbestos, demolition of buildings that contain hazardous substances, or disturbance of contaminated soils or groundwater within one-quarter mile of an existing school and the analysis concluded that the impact would be less than significant with mitigation. Additionally Bret Harte Elementary School is greater than a quarter mile away from the Project site. As noted above, the proposed implosion would not involve any ground disturbing activities and would be preceded by the abatement of hazardous materials present in the stadium in compliance with the law. In addition, the implosion would be conducted on a weekend when the nearby schools would not be in session, and as discussed above in **Section 6.3, Air Quality**, the area of potential dust impacts would be limited to the immediate vicinity of the site. Therefore, the proposed implosion will not alter or increase the severity of the impact or require new mitigation measures.

**Impact HZ-20:** The Final EIR (page III.K-101) analyzed the potential for Project construction to result in impacts to construction workers, visitors, or the environment from the routine use, storage, transportation, and disposal of hazardous materials and the analysis concluded that the impact would be less than significant. All hazardous materials used in the demolition of the stadium are previously addressed in the Final EIR analysis. The use of explosives for rock blasting is also previously addressed in the Final EIR analysis. The use, storage, and transportation of explosives that would be used in the proposed implosion would be conducted in compliance with all federal, state and local laws and regulations. The explosives would be delivered to the site by the local explosive material provider in a licensed explosives delivery vehicle with appropriate coordination with the regulatory agencies, including the City Fire and Police Departments, and 24-hour security measures. Compliance with all applicable requirements would limit the chance for accidental release of hazardous materials. Therefore the proposed implosion would not alter or increase the severity of the impact or require new mitigation measures.

In summary, the proposed implosion would not change or alter any of the Final EIR's findings with respect to hazards and hazardous material impacts and would not require any new mitigation measures. Additionally, there are no changed circumstances or new information that would change the Final EIR's hazards and hazardous material impact findings.

## 6.6 Hydrology and Water Quality

The potential for the proposed implosion to affect the Final EIR conclusions regarding the Project's construction-phase impacts related to hydrology and water quality (*Impact HY-1: Water Quality Standards and Waste Discharge Requirements*) is discussed below.

**Impact HY-1:** The Final EIR (page III.M-57) determined that Project construction activities at Candlestick Point could result in an exceedance of water quality standards or contribute to or cause a violation of waste discharge requirements. However the impact would be less than significant with mitigation which includes the preparation and implementation of a SWPPP as required by Final EIR MM HY-1a. As stated in **Section 5**, prior to the implosion all hazardous materials present in the stadium will be abated. Following the implosion, all debris will be collected and processed, and dust that would precipitate around the implosion site will be cleaned up using sweeping and vacuuming techniques and water will not be used as required by the SWPPP prepared pursuant to Final EIR MM HY-1a.1. To the extent water is used in some portion of the site, the runoff will be controlled, as required by the SWPPP (Final EIR MM HY-1a.1), so as not to discharge directly to any receiving waters. The proposed implosion will be one element of the project construction activities and would be subject to the controls included in the Project SWPPP. Therefore, the proposed implosion will not alter or increase the severity of the impact or require new mitigation measures.

In summary, the proposed implosion would not change or alter any of the Final EIR's findings with respect to hydrology and water quality impacts and would not require any new mitigation measures. Additionally, there are no changed circumstances or new information that would change the Final EIR's hydrology and water quality impact findings.

## 6.7 Biological Resources

The potential for the proposed implosion to affect the Final EIR conclusions regarding the Project's construction-phase impacts on biological resources (*Impact BI-6: Birds* and *Impact BI-12: Essential Fish Habitat*) is discussed below. In addition, the proposed implosion is evaluated to determine whether it could result in a new significant construction-phase impact that was previously not identified. Other construction-phase impacts analyzed in the Final EIR are not relevant because the proposed implosion



would not remove any trees or interfere with movement of native resident or migratory wildlife species. Additionally, the implosion would not disturb potentially contaminated soil within the shoreline or the Bay.

**Impact BI-6:** The Final EIR (page III.N-72) evaluated the potential for construction at Candlestick Point to result in a substantial adverse effect, either directly or through habitat modifications, on any bird species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the CDFW or USFWS. The analysis concluded that a potentially significant impact could occur to nesting birds from construction-related disturbances. However, with mitigation the impact would be reduced to a less than significant level. The proposed implosion would occur during the nonbreeding season for birds that nest in the vicinity and therefore would not result in an impact on nesting birds. Therefore, the proposed implosion will not alter or increase the severity of the impact or require new mitigation measures.

**Impact BI-12:** The Final EIR (page III.N-88) included an evaluation of the potential for Project construction activities to affect Essential Fish Habitat (EFH). The Bay adjacent to the Project site has been designated EFH in the Pacific Coast Salmon Plan, Coast Pelagics Fishery Management Plan, and Pacific Groundfish Fishery Management Plan. The Final EIR analysis concluded that impacts to EFH from in-water improvements proposed as part of the Project would be reduced to a less than significant level with mitigation. The proposed implosion does not involve any activities in the bay. Furthermore, as shown in **Figure 1**, the area of direct effect of the implosion (the area within which most of the dust generated by the implosion is expected to precipitate) does not extend to the open waters of the bay. As shown in the figure, the large-particle dust would precipitate within 50 meters (m) or about 164 feet of the stadium under calm conditions and up to 75 m (246 feet) away under windy conditions; finer dust could travel up to 150 m (492 feet) without wind. As noted earlier, the demolition permit and *Fugitive Dust Control Plan* would limit implosion activities to the morning hours in low wind conditions. The nearest sensitive biological resources/habitats that could potentially be affected by dust are the wetlands and aquatic habitats (and the species using them) surrounding Candlestick Point. The closest such habitats are located 250 m (820 feet) to the south of the stadium; South Basin is located 600 m (1,968 feet) away, Yosemite Slough is 850 m (2,788 feet) away, and the nearest marsh restoration area in Yosemite Slough is located more than 900 m (2,953 feet) away. As a result, no substantial amounts of dust from the implosion will reach sensitive biological resources (H.T. Harvey & Associates 2014). The evaluation by HT Harvey is presented in **Appendix D**.

The vibrations and noise levels associated with implosion would be well below the levels at which injury or mortality of fish in water surrounding Candlestick Point might occur. The National Marine Fisheries

Service considers peak noise levels of 206 decibels (dB) to be the threshold for adverse effects on fish. The maximum noise level from the implosion would be 150.7 dB at a location 119 m from the stadium. Noise levels would attenuate even further at greater distances where aquatic habitats and fish are located (H.T. Harvey & Associates 2014).

In summary, the proposed implosion would not change or alter any of the Final EIR's findings with respect to biological resource impacts and would not require any new mitigation measures. Additionally, there are no changed circumstances or new information that would change the Final EIR's biological resource impact findings.

## **6.8 Recreation**

The potential for the proposed implosion to result in an impact on recreational resources is evaluated below.

During the implosion the nearby roadways would be closed to limit public access to the area for safety reasons. The road closures would limit access to Candlestick Point State Recreation Area during the implosion event and portions of the bay near the site would also be cordoned off to recreational boats and aircrafts. As required by the demolition permit, the implosion would take place on a Saturday or Sunday morning and the closures would remain in effect for not more than a few hours (generally less than 1 hour) during preparation and cleanup for the implosion. Consequently, the recreation area would be unavailable for a short period of time. Due to the short duration of the closure, the implosion event would not substantially increase demand for other nearby recreational facilities.

In summary, the proposed implosion would not change or alter any of the Final EIR's findings with respect to recreation impacts and would not require any new mitigation measures. Additionally, there are no changed circumstances or new information that would change the Final EIR's findings with respect to recreation impacts.

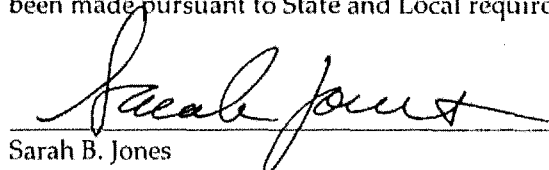
## 7. Conclusion

Based on the foregoing, it is concluded that the analyses conducted and the conclusions reached in the Final EIR certified in November 2009 remain valid. Other than as described in this Addendum, no Project changes have occurred and the proposed implosion described in the Addendum will not cause any new significant impacts not identified in the Final EIR or an increase in the severity of previously identified significant effects. Further, no substantial changes have occurred with respect to circumstances surrounding the Project that will cause significant environmental impacts or a substantial increase in the severity of previously identified significant effects. Finally, no new information has become available that shows (1) the Project will cause significant environmental impacts not discussed in the previous EIR, (2) significant effects will be substantially more severe, or (3) new or different feasible mitigation measures or alternatives from those adopted will substantially reduce one or more significant effects of the project. Therefore no supplemental environmental review beyond this addendum is required.

Date of Determination:

September 19, 2014

I do hereby certify that the above determination has been made pursuant to State and Local requirements.



Sarah B. Jones  
Environmental Review Officer

cc: Therese Brekke, Lennar Urban  
Immanuel Bereket, OCII

Bulletin Board / Master Decision File  
Distribution List

## 8. References

- CIRCA: Historic Property Development. 2010. *Historic Resource Evaluation for Candlestick Park Sports Stadium, San Francisco, CA*. April 2.
- City and County of San Francisco Planning Department. 2010. *Candlestick Point – Hunters Point Shipyard Phase II Project FEIR*. June 3.
- Controlled Demolition Incorporated (CDI). 2014. *Sequence of Operations & Comparison of Methodologies*. May 16.
- H.T. Harvey & Associates. 2014. *Candlestick Park Demolition – Assessment of Potential Biological Resources Impacts from Implosion*. June 10.

APPENDIX A

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Supplemental Dust Mitigation Requirements During an Implosion

**SECTION 01500—SUPPLEMENTAL “D-1”  
SUPPLEMENTAL DUST MITIGATION REQUIREMENTS DURING AN IMPLOSION**

For an Implosion Option, the additional measures required to be included in the Contractor’s Site Specific Dust Control Plan shall include:

- A. Removal of dust generating material prior to implosion. After the hazardous material is abated from the building, the demolition contractor shall perform an interior strip out of the entire stadium removing such items as copper, non-structural steel aluminum, dry wall, carpet, window glazing, timber, furniture, fixtures, equipment, and other similar items. The Contractor shall remove brick and/or concrete block in the building in efforts to minimize the amount of dust generated during an implosion.
- B. Dust Control through Community Outreach. The demolition Contractor shall implement a Community Outreach program. This program will identify sensitive receptors in the surrounding area, such as business with sensitive equipment, and areas with people sensitive to dust. The Contractor will coordinate directly with these surrounding uses and identify their specific needs. Potential options for sensitive receptors include (a) evacuation during the implosion or (b) if certain people are not able to evacuate, make provisions to ensure that they stay inside during the event so as not be exposed to the dust.
- C. Coordinate with management of surrounding facilities in the receptor area to turn off any HVAC or air circulation equipment for a short duration prior to, during, and after the implosion until the dust has settled. If it is not possible to turn off the equipment, arrange to protect the intake vents of specific buildings with filters and or plastic, so that no dust enters the buildings.
- D. Proper SWPPP controls shall be established in areas where dust control is expected. This will include inlet protection at areas where post demolition street sweeping is expected so that large amounts of dust do not enter the Storm Drain or Combined Sewer System.
- E. Dust clean-up crews including mobile street sweepers, window washers, water trucks etc. shall be strategically stationed prior to implosion at potentially impacted areas. Immediately after the implosion, these crews will begin their work cleaning the surrounding area.
- F. The Contractor shall establish constraints to ensure that the implosion will occur when advantageous weather conditions (i.e., wind direction and speed) will minimize dust impacts on surrounding receptors.
- G. To the extent feasible, plan the building implosion sequence to generate dust in a certain direction away from sensitive receptors.
- H. The blast elements shall be encased with chain link fence and fabric so as to minimize any projection of large particles from the actual blast locations.

APPENDIX B

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Public Outreach Program

## Appendix B Public Outreach Program

A Public Outreach Program would be developed and tailored to suit the needs of the target groups potentially affected by the implosion. The first task with the Outreach Program would be to identify both the primary target group and any subgroups which may exist in the adjacent community. The primary target group would comprise those properties/entities which would be directly impacted by the implosion event. Subgroups within the primary target group would consist of one or more of the following: mass transportation authorities (i.e. bus, subway or rail systems), utilities, individual residential units, or residential complexes. These target groups would be informed of the implosion event and meetings would be held to discuss any issues or specific information pertinent to the event. The Candlestick Park site is oriented such that very few Primary and Secondary Target Groups are expected, as the prevailing winds are generally away from any residential areas.

Additionally, agencies that would be affected by the implosion would be involved in the Outreach Program.

Once the project safety perimeter and exclusion zones have been determined, (a safety perimeter being that area which will be cordoned off from the public by Police on the day of the implosion), all properties within this safety perimeter are automatically considered members of the primary target group.

Outside of that area and upon review of historic prevailing wind data as collected by the National Weather Service or others, other properties outside of the safety perimeter may also be targeted. Those eligible properties outside of the safety perimeter will typically be downwind, taller and dust sensitive.

Outreach communication targets that are deemed to have organizational, scheduling, public notification requirements, or managerial communication responsibilities will be contacted 3-4 weeks in advance. Typical entities in this first subgroup will include, but not necessarily be limited to, office buildings, large mercantile establishments, apartment/condominium complexes, utilities, mass transportation authorities, churches and hospitals. The second subgroup consists of smaller, individualized groups. This second subgroup will be composed primarily of individual residential units, small businesses and small mercantile establishments. Communication with this subgroup would ordinarily begin approximately 10 days prior to the demolition.

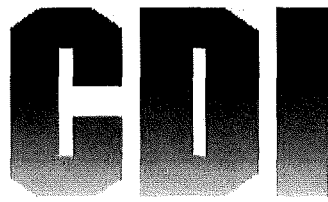
### **OUTREACH PROGRAM GOALS**

APPENDIX C

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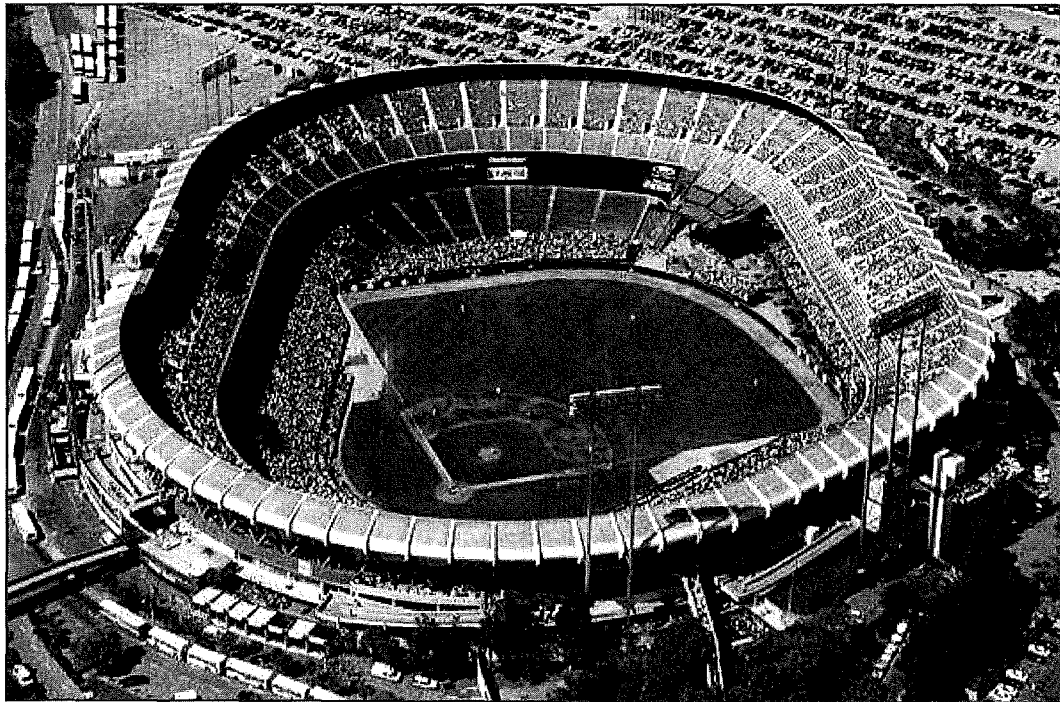
Preliminary Implosion Plan





CONTROLLED DEMOLITION INCORPORATED

SEQUENCE OF OPERATIONS &  
COMPARISON OF METHODOLOGIES



FOR THE DEMOLITION OF:

**CANDLESTICK PARK**

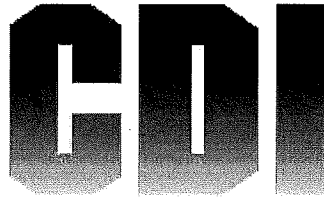
LOCATION:

490 JAMESTOWN AVENUE  
SAN FRANCISCO, CALIFORNIA 94124

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PREPARED:

MAY 16, 2014



### I. BACKGROUND

Candlestick Park (the stadium) and adjacent properties are being developed under a partnership between Lennar and the City of San Francisco. To date, the planning, scheduling, budgeting and approvals for demolition of the stadium have been performed assuming City of San Francisco Planning Council approval for conventional demolition operations have been given.

In order to explore the "best method" for demolishing the stadium, Lennar put out a Request for Proposal (RFP) for consultants to investigate environmental remediation and demolition methodology alternatives to those previously assumed. VBA, Inc., (VBA) along with their teaming partners, Silverado Contractors, Inc. (Silverado) and Controlled Demolition, Inc. (CDI) were selected for this consulting role.

At the request of Lennar and in coordination with VBA and Silverado, Mark Loizeaux, President of CDI, traveled to San Francisco on Monday, May 5, 2014, to meet with representatives of Lennar and its City of San Francisco partners relative to the comparison of the safety, environmental impact and community relations aspects of an implosion approach as compared to the conventional demolition methods previously approved.

Mr. Loizeaux walked/ reviewed the stadium with representatives from Lennar and Silverado. CDI has also had the opportunity to review structural drawings of the various stages of construction of the stadium, soil borings, local regulations and political considerations brought forward by Lennar, the City of San Francisco and the VBA team.

This report is offered in response to a request made by Lennar on the afternoon of May 5, 2014.

### II. SEQUENCE OF OPERATIONS REGARDLESS OF CONVENTIONAL OR EXPLOSIVES DEMOLITION METHODOLOGIES

- A. Continuation of permitting and regulatory compliance requirements for performance of the work.
- B. Vacation of the premises by the San Francisco 49ers' organization and others.
- C. Completion of environmental investigation of materials on site to ensure compliance with applicable regulations, regardless of the demolition methodology used.
- D. Selected salvage will be removed by the Property Owner.
- E. Selected memorabilia will be removed by the Property Owner.

Note: Environmental investigation, Owner salvage and removal of memorabilia may begin prior to vacation of the premises.

- F. Award of a contract (or contracts) for environmental remediation and demolition operations in accordance with the regulatory and performance requirements finalized under Items A thru C, above.
- G. The successful contractor(s) would, as agreed in their contract scope of work and in coordination with Lennar and other parties involved with the project:
  - 1. Facilitate or assist with removal of salvage/ memorabilia.
  - 2. Coordinate with or perform environmental remediation, as needed, in consideration of environmental investigations performed and regulatory requirements related to performance of same.

3. Coordinate with or perform the termination of utilities to the structure and within that demolition area where such utilities might be impacted by demolition operations.
4. Perform the soft-strip of deleterious materials from the structure to allow recycling of clean concrete debris, as well as the gut-out of materials that might cause avoidable dust during demolition operations, regardless of methodology ultimately used for the main stadium.

### III. CONVENTIONAL DEMOLITION OPERATIONS

#### Soft-Strip

Skid steer loaders with demolition attachments, combined with hand labor would be used to perform the soft-strip of deleterious materials from the structure, as well as the gut-out of materials that might cause avoidable dust during conventional demolition operations.

#### Low-Rise

Cranes with wrecking balls or excavators with specialty demolition attachments would be used by experienced operators to first remove the exterior low-rise ramps and other construction outside of the stadium proper. Simultaneously, or in sequence, similar equipment would be used to remove low-rise seating inside the stadium. All of these operations can be performed in a fashion which would permit the use of proven, efficacious dust palliation methods to control visible dust emissions, ensuring minimal environmental impact on the community at large and, particularly, with regard to the Alice Griffiths Community which CDI was advised contains a significant number of medically challenged residents. Depending on the amount of heavy equipment the selected demolition contractor brought to the project, the duration of this first phase would be approximately six (6) weeks.

#### High-Rise

High-reach hydraulic excavators or cranes with wrecking balls could be effectively used to demolish the high-rise portion of the stadium structure down to grade. Given the robust winds at and around the stadium, it is unlikely that there are any dust palliation methods which would be effective if a crane and wrecking ball were used to demolish the high-rise structure. While water can be piped to the top of high-reach excavators that could be used to mechanically "munch" down the upper stands and cantilever roof, dust palliation in this regard is generally ineffective where high winds are present and where the pulverized concrete debris has to fall great distances to grade.

#### Foundations

The same heavy equipment used to demolish and remove the low-rise structures and seating would be used to remove the foundations. Given a possible overlap sequencing of high-rise demolition and foundation removal, the overrun of foundation removal beyond high-rise demolition would be approximately eight (8) weeks.

The overall duration for the conventional demolition of the low-rise and high-rise stadium down to grade is expected to be approximately twenty-two (22) weeks. Removal of selected foundations which conflict with future development would likely take an additional eight (8) weeks above and beyond completion of superstructure demolition/debris removal.

#### A. Dust

The mechanical demolition of the high-rise portion of the structure (up to 120' above grade), using the above methods, would result in unavoidable dust emissions that cannot reasonably be controlled by methods

ordinarily employed in the demolition industry. The relatively long duration of such mechanical operations and dust emissions would, by definition, expose the community to low levels of dust for a long period of time. The low visibility of this level of dust often leads to inattention by residents in the community, ultimately resulting in far higher levels of dust exposure from demolition operations than can be predicted during the design stage for such projects.

B. Vibration

Vibration from conventional demolition operations should have no impact on adjacent communities.

C. Noise

Noise created by large, hydraulic excavators with specialty demolition attachments can become objectionable to residents of adjacent communities depending on wind speed and direction. Such winds and topographical features can focus noise from long term conventional operations. While the decibel levels generated by conventional demolition should not be an issue given the distances from the demolition site to the adjacent residential areas, the duration of those operations becomes a factor when dealing with sensitive adjacent communities.

D. General Risk

Given the amount of room available around the stadium, conventional demolition operations should propose "no physical risk" to pedestrian/vehicular traffic or third party properties.

Although the duration of mechanical demolition of major sports facilities such as this exposes workers to additional risk by virtue of the duration alone, there are highly qualified, Bay Area-based demolition contractors who have the experience, the trained professional personnel and the specialty equipment necessary to carry out the conventional demolition of the stadium safely. For this reason, the only points of comparison needed between conventional demolition and implosion of the above-grade high-rise structure is related to environmental exposure of residents in adjacent communities to dust and noise, the actual cost of conventional demolition as compared to the cost of implosion, and the value of time which might be saved by implosion over conventional demolition.

IV. EXPLOSIVES DEMOLITION OPERATIONS

Soft-Strip

The same methods would be used for the same duration by the demolition contractor in the strip-out of the structure to pre-remove deleterious and dust-creating materials from the main high-rise structure.

Low-Rise Demolition

The same conventional demolition equipment and methods would be used for the same duration to pre-remove low-rise structures around the outside of the stadium and low-rise seating inside the stadium bowl.

The advantages of explosives demolition begin with the fact that preparation for "implosion" can start and be as much as 85% completed before a mechanical demolition operation on the high-rise structure could even begin. Implosion preparations on the stadium would be limited to the drilling of holes in supporting concrete elements and removal of non-load bearing walls and modification of other walls (following approval of such operations by the contractor's structural engineer). The pre-drilling of major sports venues such as this have consistently proven to be a safe and effective operation without resulting in any significant weakening of the structure leading up to its implosion - even under the seismic loads which the stadium might be subjected to in the Bay Area.

Other than drilling of small diameter holes in supporting elements and the engineered removal of certain walls to provide access for implosion preparation, the only remaining implosion-related activity on site would be the placement of protective cover, as needed, around elements to be blasted during the implosion (to mitigate the possibility of fly of debris outside of the demolition zone as a result of implosion operations).

The total time to prepare the stadium for implosion would be approximately one (1) month. That work can begin during environmental remediation and be completed while the demolition contractor is removing low-rise structures outside and low-rise seating inside of the high-rise structure. The implosion of the high-rise structure could take place within a week of the completion of low-rise demolition operations.

The overall duration of Candlestick Park demolition, with implosion of the high-rise section, would be a full two (2) months or more faster than the purely conventional demolition of the complex.

The byproducts of explosives demolition are as follows:

A. Dust

Conventional demolition operations on a concrete structure such as this pulverize the structural elements, in place, allowing the debris to fall to grade. Given the high winds at the project site, the heights involved and in consideration of the free fall of pulverized debris from the high-rise structure, it is unlikely that a truly efficacious dust palliation method can be designed, much less applied during the months of conventional demolition operations needed to bring the high-rise structure to grade.

Conversely, explosives demolition does not pulverize construction materials. Rather, it undermines the high-rise structure allowing it to travel to grade, generally in an unbroken fashion. It is the post-implosion secondary downsizing of the resultant debris at grade that will generate more than 70% of the overall dust that would be created by conventional operations. Once the structure has been lowered to grade via implosion operations, there are a myriad of highly effective dust palliation methods which a demolition contractor can employ to ensure that there are no visible emissions or dust impact on the sensitive communities adjacent to the stadium.

One advantage of implosion is that it occurs at a known time on a known date. An experienced Community Outreach Team comprised of Lennar, Lennar's demolition consultant, the main demolition contractor and the implosion contractor can develop a program to completely address the potential impact of the implosion on the community. From a dust standpoint, this means that primary and secondary outreach targets will be identified as to their dust sensitivity. They can be educated accordingly and precautionary measures can be put in place so that when the implosion occurs, the impact of any dust reaching those community areas is either mitigated or eliminated through planning and execution by that experienced team.

Put simply, an implosion approach creates the same amount of dust that a conventional demolition operation would create. 30% or less of that total amount of dust is created during the implosion and the community is prepared for same. Likewise, the contractor is prepared to clean up the dust quickly and then control the remaining 70% of the dust created in the downsizing/processing of material on site under effective dust palliation control measures.

B. Vibration

Vibration is a natural byproduct of any material falling to grade. While the relatively slow process of conventional demolition of the high-rise structure would drop the same quantity of material as implosion, the slowness of conventional operations would generate no significant vibration.



Conversely, implosion brings the entire high-rise structure to grade in a single, continuous event over 20 seconds or so. It is the obligation of the implosion contractor to design an implosion sequence in consideration of the configuration and weight of the structure being felled, the soil/water table conditions underlying the site, the distance to adjacent improvements/community facilities to remain and the sensitivity of those adjacent improvements/community facilities to vibration displacement and even vibration frequency which would be created by the implosion plan.

CDI has reviewed the structural plans of the stadium and the geotechnical report describing the nature and vibration conductive propensities of sub-grade conditions underlying the stadium and adjacent communities. In consideration of those factors, we designed a Preliminary Implosion Plan to control the duration and sequence of fall of the quantity/weight of debris present in the high-rise structure to be imploded. We then used historic data from felling of similar quantities of debris from structures onto similar types of geotechnical conditions. We then adjusted the timing of the Implosion Plan (to control the amount of debris falling over time) to keep vibration displacement and frequency to a level which cannot possibly damage adjacent improvements/community facilities adjacent to the Candlestick stadium location.

On attached CDI Drawing No. 97537-01, CDI has indicated the four (4) adjacent community locations which Lennar advised would be "sensitive" from a political standpoint.

Using CDI's historic data on the felling of similar structures on similar geotechnical strata, we have estimated vibration measured at each of those locations during CDI's execution of its proposed Preliminary Implosion Plan to be as follows:

$$PPV = 40.6(\text{Dist.})^{(-0.885)}$$

- ◆ Point 1 – 390 ft: 0.21 in/sec, peak particle velocity (PPV) at a frequency of 15 to 20 Hz.
- ◆ Point 2 – 530 ft: 0.16 in/sec, peak particle velocity (PPV) at a frequency of 12 to 17 Hz.
- ◆ Point 3 – 960 ft: 0.09 in/sec, peak particle velocity (PPV) at a frequency of 10 to 15 Hz.
- ◆ Point 4 – 650 ft: 0.13 in/sec, peak particle velocity (PPV) at a frequency of 8 to 12 Hz.

### Ground Vibration Standards

Decades of vibration research by the US Bureau of Mines and other agencies has led to the established criteria relating to the likelihood of damage to structures from vibration intensities and frequencies. The intensity is typically measured as peak particle velocity (PPV, or the rate-of-motions of an oscillating particle within a mass - usually the ground.)

Most vibration standards are designed to correlate damage with impulsive, man-made vibration focused on residential structures. "Residential" means 1-story to 2-story, freestanding structures that constitute what we generally assume to be a single-family dwelling. For residential construction, this research has resulted in the recommendation that vibration outside the resonant frequencies of the subject structures not exceed 2.0 in/sec PPV. This standard is designed to preclude "threshold damage" to residential structures. Threshold damage is defined as "loosening of paint; small plaster cracks and joints between construction elements; lengthening of old cracks." Local regulations often reduce allowable PPV levels as low as 1.0 in/sec to provide a 100% Factor of Safety (FoS) to preclude the possibility of damage to adjacent properties.

The damage threshold for engineered concrete and steel framed structures, load bearing masonry walls, heavy commercial buildings, or higher levels of damage to residential structures, is published as being 3.0 in/sec for masonry and 10.0 in/sec for reinforced mass concrete and higher for steel structures. A study by Chae (1978), recommends a safe threshold criterion of 4.0 in/sec for commercial structures of substantial construction. Studies by Oriard (1980) and others suggest that reinforced concrete framed commercial and industrial construction can withstand vibration in excess of 10.0 in/sec without sustaining damage. Utilities

and pipelines (Sskind and Stagg, 1994) and other engineered structures that are designed to withstand live loads from pressurization, seismic activity, tsunamis, or high winds (hurricanes) would have an even higher damage threshold.

Based on CDI's estimates, the likely vibration recorded at the four (4) points of interest shown on the attached drawing would be a fraction of that needed to damage the most sensitive of older, distressed residential structures, much less more modern structures of greater integrity.

With regard to buried utilities adjacent to the fall area of debris, these are constrained lines which are generally not sensitive to damage from vibration caused by construction-type activities. This is the case at the Candlestick Park location even in consideration of the "young bay mud" and "old bay mud" which has been identified beneath a portion of the stadium and adjacent to the stadium site. The explosives felling of the stadium using the preliminary method developed by CDI would have no impact, whatsoever, on buried utilities of any nature.

C. Noise

Noise pollution is of critical concern when working around residential communities. Estimating noise at the Candlestick Stadium site is a somewhat challenging task, given the variable winds which prevail in the area.

That being said, CDI reviewed the quantities and types of explosives that would be used under its Preliminary Implosion Plan and determined, through the use of our seven (7) decades of historic data, that the still air decibel levels monitored at each of the four (4) locations shown on the attached drawing during the implosion would be as follows:

$$PO = 4.42(SD)^{-0.713}$$

- ◆ Point 1 –140.7 dB(L)
- ◆ Point 2 –139.7 dB(L)
- ◆ Point 3 –135.1 dB(L)
- ◆ Point 4 –136.6 dB(L)

The duration of these peak dB(L) levels would be in pulses less than 0.5 seconds in duration during the initiation of "unconfined detonating cord" used to initiate the confined demolition charges within concrete support columns under the structure. These noise levels are below OSHA standards for protection of workers against injury from impact noise, and do not vary significantly from noise levels experienced by the general public during a holiday fireworks presentation or a summer thunderstorm, overhead.

During the detonation of the "confined implosion charges" buried in the boreholes drilled into concrete columns and fall of the structure, dB(L) levels should be even lower.

Peak Overpressure Risk to Adjacent Improvements

Studies have shown that in the worst case of a window pane under stress, windows can withstand peak overpressure (PO) levels up to 151 dB (L) (0.1 psi) and that properly installed windows can withstand PO levels up to 170 dB (L) (1.0 psi). Window breakage would be the first type of adjacent improvement damage to result from PO. The United States Bureau of Mines (USBM) (1980) recommends a peak overpressure limit of 133 dB(L) (0.013 psi) to minimize complaints from quarry blasting; however, explosive demolition operations are typically exempt from the limit due to the singular nature of the event and the overly restrictive nature of this limit for demolition work. The peak overpressure levels estimated by CDI, based on our historic data against our Preliminary Implosion Plan, could not possibly damage even sensitive adjacent properties much less create any risk to community residents.





NOTE: Under CDI's Preliminary Implosion Plan, we have intentionally avoided work on the 9" and 12" diameter cast C1018-20 steel columns which are used to support the upper deck around much of the perimeter of the Stadium. While CDI's initial calculations indicate that we could use linear shaped charges to modify these columns (after engineered modification per CDI's design), we want to avoid the use of unconfined linear shaped charge explosives on this project due to the high frequency/high displacement peak overpressure generated by the use of such charges. We are comfortable with our preliminary implosion design..without having to explosively address these steel columns.

D. General Risk

During the preparation of the high-rise section of the stadium for implosion, risk to workers is no more than that which construction workers are exposed to on a day-to-day basis. They are lower than the risks to which demolition workers are generally exposed to, given that implosion preparations are performed on clean level working surfaces without concern for working around structures that are in various stages of demolition.

By way of example, CDI's Workers Compensation Experience Modification Rate (EMR) is 0.71, demonstrating the safety of CDI's operations on a day-to-day basis.

Given that an exclusion zone will be cleared around the stadium during the implosion itself, there is absolutely no risk to the general public, whatsoever, during the implosion of the structure.

V. CONCLUSION

The high-rise portion of Candlestick Park is a perfect candidate for implosion operations, as compared to conventional demolition, as respects safety of workers and the nature/duration of various types of exposure to the adjacent communities and their residents. Those facts, combined with what will likely be an equivalent or lesser cost using explosives to put the high-rise portion of the structure at grade and the savings of time in clearing the site, permitting new development to proceed at a faster pace, makes it difficult to justify a non-implosion approach to the high-rise portion of this particular structure.

APPENDIX D

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Assessment of Potential Biological Resources Impacts from Implosion



## Memorandum

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10 June 2014

Project # 2943-03

To: Therese Brekke, Lennar Urban  
From: Steve Rottenborn  
Subject: Candlestick Park Demolition – Assessment of Potential Biological Resources  
Impacts from Implosion

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Per your request, I have reviewed information concerning the proposed demolition of Candlestick Park via implosion to determine whether this method of demolition, rather than mechanical demolition, would pose any impacts to biological resources that were not addressed in the 2010 Environmental Impact Report for the Candlestick Point – Hunters Point Shipyard Phase 2 project. It is my understanding that demolition would occur around January 2015, during the nonbreeding season for birds that nest in the vicinity. My assessment is based on the 28 May 2014 Candlestick Park Stadium Explosives Demolition Draft Project Description and the 16 May 2014 Preliminary Implosion Plan, as well as my understanding of the biological resources present in the vicinity of the stadium.

I have determined that no impacts to biological resources potentially resulting from demolition via implosion would occur that are substantially greater than those that might occur from mechanical demolition.

According to the materials I reviewed, large-particle dust would precipitate within 50 meters (m) of the stadium under calm conditions and up to 75 m away under windy conditions; finer dust could travel up to 150 m without wind. Demolition is proposed to be performed in the morning, in non-windy conditions. The nearest sensitive biological resources/habitats that could potentially be affected by dust are the wetlands and aquatic habitats (and the species using them) surrounding Candlestick Point. The closest such habitats are located 250 m to the south of the stadium; South Basin is located 600 m away, Yosemite Slough is 850 m away, and the nearest marsh restoration area in Yosemite Slough is located more than 900 m away. As a result, no substantial amounts of dust from the implosion will reach sensitive biological resources. In addition, implosion would allow for dust from mechanical removal of the demolished stadium (following implosion) to be controlled, whereas mechanical removal of the upper levels of the stadium in the absence of implosion would not allow for dust alleviation. Implosion would also allow for the conditions under which demolition occurs to be controlled (e.g., to ensure that there are no strong winds).

Because implosion would occur in January, no nesting birds would be impacted by the noise associated with implosion. Birds foraging in the vicinity of the stadium would be temporarily disturbed, but they are expected to quickly resume their normal behaviors following implosion.

The vibrations and noise levels associated with implosion would be well below the levels at which injury or mortality of fish in water surrounding Candlestick Point might occur. The National Marine Fisheries Service considers peak noise levels of 206 decibels (dB) to be the threshold for adverse effects on fish. The maximum noise level indicated in the materials describing the proposed implosion are 150.7 dB at a location 119 m from the stadium. Noise levels would attenuate even further at greater distances where aquatic habitats and fish are located.

Surrounding the demolition/implosion site there are real and perceived concerns/needs. The goals of the Outreach Program are:

- i. To disseminate the appropriate amount of information about the project at the appropriate time. An early and very General Statement of interest in the concerns of the Community members is issued to let the respective members of the outreach targets know that they are going to be contacted, listened to and supported.
- ii. To subsequently provide information to members of each group relative to their specific structures and operations in response to their general concerns, the target group member can deal with real/target-specific concerns/needs.
- iii. To listen or provide a channel of communication for the members of each target group in order to learn how to minimize or eliminate problems/conflicts or deal with perceived concerns/needs.

#### **COMMUNICATION STRATEGIES AND TECHNIQUES**

Communication is accomplished by one of the following two (2) methods:

- i. Distribution of leaflets and providing contact information should additional questions arise.
- ii. Distribution of leaflets with follow-up contact/site visit and providing contact information should additional questions arise. Individual meetings with specific targets are preferred to group meetings to avoid a "herd mentality" with regard to questions or concerns.

#### **COMMUNICATION CONTENT**

The information provided to the majority of the members of the primary target group will answer the following four (4) questions:

- i. When will implosion activities affect them?
- ii. What implosion activities affect them?
- iii. What do they need to do to prepare for the implosion?
- iv. What will the demolition team members do to support their needs?

## Appendix E

### 2007.0946E Candlestick Point-Hunters Point Shipyard Phase II Development Plan EIR Revised Mitigation Measures for Implosion

Additions to Mitigation Measure text is in bold and underline.

MM HZ 15 Asbestos Dust Mitigation Plans and Dust Control Plans.

Prior to obtaining a grading, excavation, site, building or other permit from the City that includes soil disturbance activities, the Project Applicant shall obtain approval of an Asbestos Dust Mitigation Plan (ADMP) from BAAQMD for areas over 1 acre that potentially contain naturally occurring asbestos and approval of a Dust Control Plan (DCP) from SFDPH for all areas at HPS Phase II and for areas over 0.5 acre at Candlestick Point. Compliance with the ADMP and DCP shall be required as a condition of the permit.

The ADMP shall be submitted to and approved by the BAAQMD prior to the beginning of construction, and the Project Applicant must ensure the implementation of all specified dust control measures throughout the construction Project. The ADMP shall require compliance with the following specific control measures to the extent deemed necessary by the BAAQMD to meet its standard:

- For construction activities disturbing less than one acre of rock containing naturally occurring asbestos, the following specific dust control measures must be implemented in accordance with the asbestos ATCM before construction begins and each measure must be maintained throughout the duration of the construction Project:
  - Limit construction vehicle speed at the work site to 15 miles per hour
  - Sufficiently wet all ground surfaces prior to disturbance to prevent visible dust emissions from crossing the property line
  - Keep all graded and excavated areas around soil improvement operations, visibly dry unpaved roads, parking and staging areas wetted at least three times per shift daily with reclaimed water during construction to prevent visible dust emissions from crossing the property line. Increased watering frequency may be necessary whenever wind speeds exceed 15 miles per hour
  - Adequately wet all storage piles, treat with chemical dust suppressants, or cover piles when material is not being added to or removed from the pile
  - Wash down all equipment before moving from the property onto a paved public road
  - Clean all visible track out from the paved public road by street sweeping or a HEPA filter equipped vacuum device within 24 hours
- For construction activities disturbing greater than one acre of rock containing naturally occurring asbestos, construction contractors are required to prepare an ADMP specifying measures that will be taken to ensure that no visible dust crosses the property boundary during

construction. The plan must specify the following measures, to the extent deemed necessary by the BAAQMD to meet its standard:

- Prevent and control visible track out from the property onto adjacent paved roads. Sweep with reclaimed water at the end of each day if visible soil material is carried out from property
- Ensure adequate wetting or covering of active storage piles
- Hydroseed or apply non-toxic soil stabilizers to disturbed surface areas and storage piles greater than ten cubic yards or 500 square feet of excavated materials, backfill material, import material, gravel, sand, road base, and soil that will remain inactive for seven days or more.
- Control traffic on on-site unpaved roads, parking lots, and staging areas—including a maximum vehicle speed of 15 miles per hour or less
- Control earth moving activities
- Provide as much water as necessary to control dust (without creating run-off) in any area of land clearing, earth movement, excavation, drillings, and other dust-generating activity
- Control dust emissions from off-site transport of naturally occurring asbestos containing materials
- Stabilize disturbed areas following construction

If required by the BAAQMD, air monitoring shall be implemented to monitor for off-site migration of asbestos dust during construction activities, and appropriate protocols shall be established and implemented for notification of nearby schools, property owners and residents when monitoring results indicate asbestos levels that have exceeded the standards set forth in the plan.

The DCP shall be submitted to and approved by the SFDPH prior to the beginning of construction, and the site operator must ensure the implementation of all specified dust control measures throughout the construction Project. The DCP shall require compliance with the following specific mitigation measures to the extent deemed necessary by the SFDPH to achieve no visible dust at the property boundary

- Submission of a map to the Director of Health showing all sensitive receptors within 1,000 feet of the site.
- Keep all graded and excavated areas, areas around soil improvement operations, visibly dry unpaved roads, parking and staging areas wetted at least three times per shift daily with reclaimed water during construction to prevent visible dust emissions from crossing the property line. Increased watering frequency may be necessary whenever wind speeds exceed 15 miles per hour
- Analysis of wind direction and placement of upwind and downwind particulate dust monitors.
- Record keeping for particulate monitoring results.
- Requirements for shutdown conditions based on wind, dust migration, or if dust is contained within the property boundary but not controlled after a specified number of minutes.
- Establishing a hotline for surrounding community members who may be potentially affected by Project-related dust. Contact person shall respond and take corrective action within 48 hours. Post publicly visible signs around the site with the hotline number as well as the phone number of the BAAQMD and make sure the numbers are given to adjacent residents, schools, and businesses.

- Limiting the area subject to construction activities at any one time.
- Installing dust curtains and windbreaks on windward and downwind sides of the property lines, as necessary. Windbreaks on windward side should have no more than 50% air porosity.
- Limiting the amount of soil in trucks hauling soil around the job site to the size of the truck bed and securing with a tarpaulin or ensuring the soil contains adequate moisture to minimize or prevent dust generation during transportation.
- Enforcing a 15 mph speed limit for vehicles entering and exiting construction areas.
- Sweeping affected streets with water sweepers at the end of the day.
- Hiring an independent third party to conduct inspections for visible dust and keeping records of those inspections.
- Minimizing the amount of excavated material or waste materials stored at the site.
- Prevent visible track out from the property onto adjacent paved roads. Sweep with reclaimed water at the end of each day if visible soil material is carried out from property

In the case of implosion, the DCP additionally shall include provisions to achieve the Article 22B goal of minimization of visible dust exposure:

- Remove dust-generating material prior to implosion, including, without limitation, performing an interior strip out to remove such items as copper, non-structural steel aluminum, dry wall, carpet, window glazing, timber, furniture, fixtures, and equipment. Remove brick and concrete block.
- Implement a community outreach program to identify potentially affected sensitive receptors and equipment and to work with receptors and businesses to minimize dust exposure during implosion event, by assisting receptors to stay indoors or to evacuate from the affected area.
- Coordinate with facility managers in the affected area to control dust entry into buildings during event.
- Implement prompt dust cleanup measures after event; station clean-up crews, including street sweepers, window washers, water trucks and similar equipment and personnel in the area prior to event to facilitate immediate cleanup.
- Undertake implosion only during advantageous weather conditions with minimal wind speed and minimal wind movement toward sensitive receptors
- Prior to implosion, encase site with a chain link fence and fabric to minimize large particles from leaving the site
- Protect storm water inlets from dust



For all areas, this measure shall be implemented through Article 22B (areas over one half acre) or for HPS Phase II through a requirement in the potential additions to Article 31 imposing requirements to parcels other than Parcel A or through an equivalent process established by the City or Agency.

MM NO 1a.1 Construction Document Mitigation to Reduce Noise and Vibration Levels during Construction.

The Project Applicant shall incorporate the following practices into the construction documents to be implemented by the Project contractor:

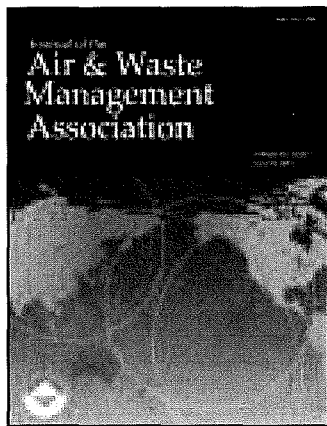
- Provide enclosures and mufflers for stationary equipment, shrouding or shielding for impact tools, and barriers around particularly noisy operations on the site
- Use construction equipment with lower noise emission ratings whenever possible, particularly air compressors
- Provide sound-control devices on equipment no less effective than those provided by the manufacturer
- Locate stationary equipment, material stockpiles, and vehicle staging areas as far as practicable from sensitive receptors
- Prohibit unnecessary idling of internal combustion engines
- Require applicable construction-related vehicles and equipment to use designated truck routes to access the Project site
- Implement noise attenuation measures to the extent feasible, which may include, but are not limited to, noise barriers or noise blankets. The placement of such attenuation measures will be reviewed and approved by the Director of Public Works prior to issuance of development permits for construction activities.
- Notify building owners and occupants that may be affected by vibration during an implosion event and assist any residents who require protection against temporary vibration in relocating outside the area during the event.
- Designate a Noise Disturbance Coordinator who shall be responsible for responding to complaints about noise during construction. The telephone number of the Noise Disturbance Coordinator shall be conspicuously posted at the construction site and shall be provided to the City. Copies of the construction schedule shall also be posted at nearby noise-sensitive areas.

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### The Implosion of the Calgary General Hospital: Ambient Air Quality Issues

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# The Implosion of the Calgary General Hospital: Ambient Air Quality Issues

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## ABSTRACT

This paper discusses the implosion of a large inner-city hospital in Calgary, Alberta, Canada, on October 4, 1998. Stationary and mobile air monitoring conducted after the implosion indicated there were several short-term air quality issues, including significant temporal increases in total suspended particles, particulate matter (PM) with aerodynamic diameter less than or equal to 10  $\mu\text{m}$  ( $\text{PM}_{10}$ ), PM with aerodynamic diameter less than or equal to 2.5  $\mu\text{m}$  ( $\text{PM}_{2.5}$ ), asbestos, and airborne and settled lead. In addition, the implosion created a dust cloud that traveled much further than expected, out to 20 km. The ability of an implosion to effectively aerosolize building materials requires the removal of all friable and nonfriable forms of asbestos and all Pb-containing painted surfaces during pre-implosion preparatory work. Public advisories to mitigate personal exposure and indoor migration of the implosion dust cloud constituents should extend to 10 or 20 km around an implosion site. These findings point to a number of complex and problematic issues regarding implosions and safeguarding

human health and suggest that implosions in metropolitan areas should be prohibited. Further work to characterize the public health risks of conventional versus implosion demolition is recommended.

## INTRODUCTION

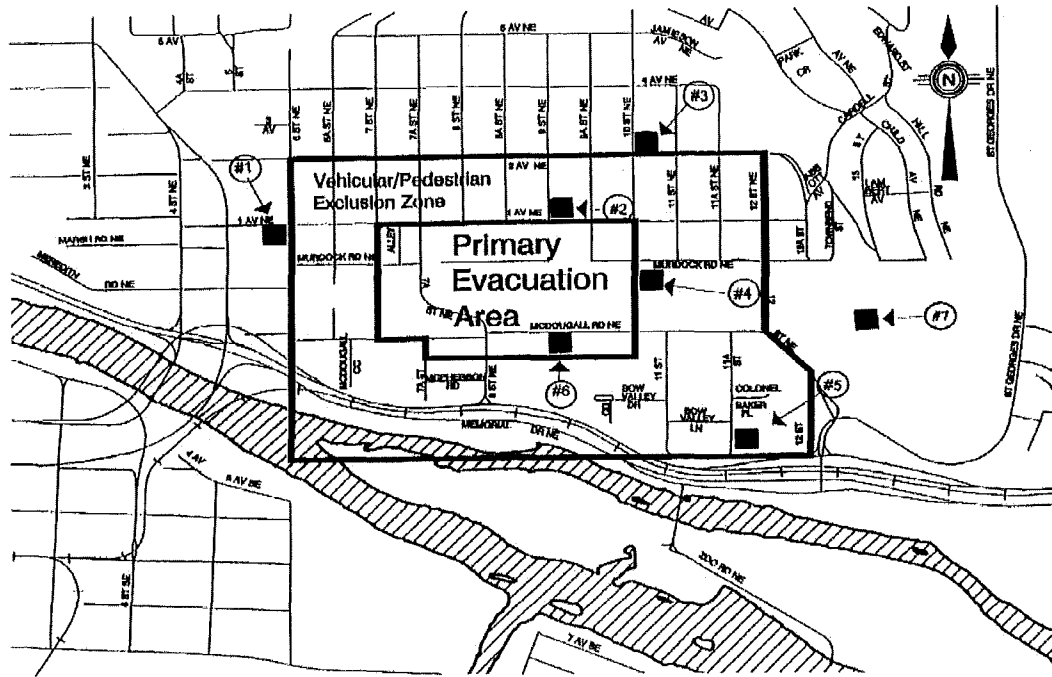
In 1994, the province of Alberta underwent healthcare system regionalization, with one of the regions created being the Calgary Regional Health Authority (CRHA). As part of the CRHA's restructuring plan, the buildings that comprised the Calgary General Hospital-Bow Valley Centre (BVC) were imploded on October 4, 1998. The hospital comprised numerous buildings constructed over an extended period of time beginning in 1910. In total, seven buildings over three stories in height and 84,000  $\text{m}^2$  in area were imploded using ~2300 kg of explosives.

The hospital was located within an older residential community. A concern regarding the building implosion was the generation of a large dust cloud that would engulf the adjacent residential area, buildings, and bystanders. The constituents of implosion dust clouds are largely unexplored, although they can reasonably be expected to reflect building material and soil constituents.

A literature search has revealed very few published studies on implosion dust clouds. A hospital was imploded in Minneapolis, MN, in September 1981 during 16-24 km/hr wind speeds and sunny skies.<sup>1</sup> The investigators measured indoor and outdoor airborne fungal concentrations before and after the implosion. Depending on the species, outdoor concentrations increased up to 3 orders of magnitude at 60 m from the implosion site. Smaller increases (<10 times) were observed indoors in adjacent hospital buildings, relative to indoor backgrounds, and reflect staff efforts to seal the building before demolition. Heating, ventilation, and air

## IMPLICATIONS

The ability of an implosion to effectively aerosolize building materials indicates that all lead painted surfaces and nonfriable and friable asbestos-containing materials should be removed from a building during the preparatory work. The implosion dust cloud affected ambient air quality up to 20 kilometers downwind and suggests that public advisory zones around implosion sites should be extended. The necessity for large advisory zones in densely populated areas will be a challenge for the effective public communication of the health risks, mitigation, and cleanup strategies. We suggest that implosions should be prohibited in densely populated areas.



**Figure 1.** Map of the Bow Valley Centre implosion site showing stationary monitoring locations, Calgary, Alberta.

conditioning systems were operated in the 100% recirculation mode, and the outdoor air intakes were sealed.

Anecdotally, the Baltimore City Health Department<sup>2</sup> and Las Vegas County<sup>3</sup> reported large implosion dust clouds that dissipated in 20–30 min at ~1 km distance. Reported  $PM_{10}$  concentrations in the dust cloud ranged from 150 to 200  $\mu\text{g}/\text{m}^3$ . Thick dust coatings on nearby vehicles and buildings suggest that very large particulates quickly settled out of the dust cloud.

Because some dust was anticipated from the implosion, residents within 1 km surrounding the BVC were advised to close windows and doors, seal them, and leave the area to mitigate any exposures. This distance was based on anecdotal information that the dust cloud would dissipate within 1 km of the implosion site. Contrary to this advice, many people congregated around the site in a festive atmosphere to witness the implosion.

Before the implosion, all friable and some nonfriable asbestos was removed from the structures. Lead (Pb) present in the paint because of the age of the building was assumed to have an insignificant impact on air quality or deposition. Because of the limited literature on implosions, these findings can be a useful planning tool for managing future implosions and future research.

## OBJECTIVES

The study addressed four null hypotheses: (1) the implosion of the BVC will generate a pollutant cloud above ambient guidelines within 1 km of the implosion site; (2) there will be insignificant ambient levels and public health risks from Pb and asbestos within 1 km of the site

because of the removal of friable and some nonfriable asbestos and the assumption of negligible Pb; (3) the implosion cloud will not affect ambient air quality beyond 1 km; and (4) the implosion will not result in an elevated health risk for residents beyond 1 km.

The hypotheses were tested by measuring pre-implosion, implosion, and post-implosion air quality for total suspended particles (TSP), airborne asbestos, and airborne and deposited Pb. The dynamics of the implosion dust cloud dissipation was followed with time in terms of TSP, inhalable  $PM_{10}$  (particle size  $<10\ \mu\text{m}$  diameter), and respirable  $PM_{2.5}$  (particle size  $<2.5\ \mu\text{m}$  diameter). The concentrations of the pollutants generated in the implosion were compared against guidelines indicating potential public health risks.

## METHODS

### Air Monitoring

Fixed and mobile air monitoring occurred before, during, and post-implosion. Fixed air sampling locations for TSP (Alberta Environment Method A-8-1), PCM (Phase Contrast Microscopy) asbestos (National Institute for Occupational Safety and Health [NIOSH] #7400), transmission electron microscopy (TEM) asbestos (NIOSH #7402), Pb (U.S. Environmental Protection Agency Method #3051), and surface-deposited Pb (U.S. Department of Housing and Urban Development [HUD] Title X) are shown in Figure 1. The hospital occupies a large area of the primary evacuation zone identified in the figure. Alberta Environment's mobile monitoring vehicle was used to record TSP,  $PM_{10}$ , and  $PM_{2.5}$  (Grimm 1.105 laser dispersion). Ambient air quality data also were obtained from the permanent Alberta

Environment air monitoring station located 2 km southwest in downtown Calgary.

Fixed sampling consisted of background 24-hr average concentrations before the blast, during, and immediately after the implosion (measured concentrations between 8:00 a.m. and 11:00 a.m. on October 4), post-implosion (between 11:00 a.m. and 8:00 a.m. the next day), and a calculated 24-hr average between 8:00 a.m. on October 4 and 8:00 a.m. on October 5). The implosion occurred October 4, 1998, at 8:00 a.m. Alberta Public Works, Supply & Services did all of the stationary sampling through their consultant, PHH Environmental. The Alberta Environment mobile monitoring vehicle was used to follow visually the path of the dust cloud along its southeastern course. Peak or maximum 1-min average concentrations were recorded from the vehicle.

### Health Risk Assessment

The air quality data were compared with ambient air quality guidelines that were in place the year of the implosion (1998), and the analysis was updated with some current health risk information for acute exposures to PM<sub>2.5</sub>. Where there were no Alberta standards or guidelines, those from other jurisdictions were utilized.

- TSP, 100 µg/m<sup>3</sup> 24-hr average Alberta Ambient Air Quality Guideline as defined by Alberta Environment;
- Airborne PCM asbestos fibers, 0.01 fibers/cm<sup>3</sup>, which is the Alberta indoor air clearance criterion following asbestos abatement;
- Airborne Pb, 5 µg/m<sup>3</sup> 24-hr average as defined by the Ontario government in the Ambient Air Quality Criteria Regulation;<sup>4</sup>
- Settled Pb dust as 500–800 µg/ft<sup>2</sup> as defined by HUD<sup>5</sup> for interior window sills and window troughs in homes; and
- Mice lungs instilled with 100 µg of World Trade Center (WTC) PM<sub>2.5</sub> surface dust demonstrated lung inflammation and airway hyper-responsiveness with methacholine challenge, which was estimated to be equivalent to a human inhalation concentration of 450 µg/m<sup>3</sup>.<sup>6</sup> The authors estimated that active healthy workers exposed to this concentration over an 8-hr period would develop lung inflammation, air hyper-responsiveness, and upper respiratory tract irritation. Hypersusceptibles, such as asthmatics, were thought to develop these problems at lower doses. The NOAEL (No Observable Adverse Effect Level) in this study was a mouse dose of 31.6 µg, equivalent to an 8-hr hard-working adult exposure of 134 µg/m<sup>3</sup>.

There are numerous protocols for deriving reference concentrations or ambient air quality guidelines aimed at

public health protection from animal studies.<sup>7–9</sup> Using the NOAEL approach, it would not be unusual to apply up to an order of magnitude reduction to the dose-adjusted human equivalent concentration to account for hypersusceptibles in the human population. The experimental NOAEL dose for mice in the WTC study was 31.6 µg for PM<sub>2.5</sub> dust, equivalent to a resting adult human inhalation concentration after 15-min exposure at 20 m<sup>3</sup>/day of 9200 µg/m<sup>3</sup>.

It would be prudent to lower this concentration to be protective of hypersusceptibles within the general population. In consideration of a possible 10× adjustment, the recommended public health guideline for the prevention of noncancer acute adverse respiratory effects from implosion dust cloud PM<sub>2.5</sub> is 920 µg/m<sup>3</sup> for a short-term exposure of 15 min.

The literature was searched to find methods for short-term cancer risk assessment. Because none were found, cancer risk for asbestos exposure for the short period was amortized over a lifetime. An acute exposure factor was included to account for the increased potency of carcinogens with short-term exposure based on the observations of short-term exposure to polycyclic aromatic hydrocarbons (PAHs) and development of cancer. Acute health risks for exposure to implosion dust were evaluated by comparison with the toxicological data from the dust generated from the WTC collapse.

### RESULTS

On the morning of the implosion, the weather conditions were as follows: clear sky, temperature 8 °C, and wind from the northwest at 7 km/hr (ground level). The results of monitoring are displayed in Table 1 for the fixed air sampling locations and in Table 2 for the mobile monitoring.

The fixed pre-implosion monitoring sample results established background concentrations of TSP, asbestos, and airborne and surface Pb (Tables 1 and 2). For mobile monitoring results, the permanently located Alberta Environment air monitoring station in downtown Calgary 2 km to the southwest provided additional estimates of background PM<sub>10</sub> and PM<sub>2.5</sub>. Hourly average (range) PM<sub>10</sub> and PM<sub>2.5</sub> concentrations for October 4 were 8.9 (5–12.5) and 5.3 (3.5–6.5) µg/m<sup>3</sup>, respectively. For 1998, the hourly PM<sub>10</sub> average and 98th percentile concentrations were 32 and 127 µg/m<sup>3</sup>. For PM<sub>2.5</sub> the average and 98th percentile were 13 and 38 µg/m<sup>3</sup>. The mobile van provided 1-min average background estimates of TSP, PM<sub>10</sub>, and PM<sub>2.5</sub> levels during the pre-implosion period and on the half-hour drive back to the implosion site (9:32–10:05 a.m.) Average and (maximum) 1-min TSP, PM<sub>10</sub>, and PM<sub>2.5</sub> concentrations on the drive back were 47 (338), 35 (264), and 8 (51) µg/m<sup>3</sup>, respectively. Pre-implosion background measurements were considerably lower and reflect the influence of the early morning hours and site security.

Table 1. Stationary ambient air quality monitoring data (Alberta Public Works, Supply &amp; Services).

Parameter	Sample Locations						
	#1	#2	#3	#4	#5	#6	#7
Distance from Implosion site (m)	300 west	50 north	200 northeast	50 east	400 southeast	50 south	550 east
TSP, $\mu\text{g}/\text{m}^3$							
Pre-implosion (24-hr averages for Sept 26/ 27/Oct 3)	nd/nd/20.4	38.3/33.1/21.5	nd/nd/12.8	nd/nd/22	39.2/38.0/21.5	nd/nd/30	nd
Implosion (Oct 4 8:00–11:00 AM)	34.6	27.4	23.3	11880.8	3273.4	27,406.6	5500 (22-min sample)
Post-implosion (11:00–8:00 AM)	29.7	49.8	22	212.2	122.9	390.6	nd
Implosion and post-implosion (24-hr average)	30	46.8	22.1	1611.8	515.9	3093.5	nd
Airborne PCM asbestos, fibers/ $\text{cm}^3$							
Pre-implosion (24-hr averages for Sept 26/ 27/Oct 3)	nd/nd/ <0.001	<0.001/0.001/ <0.001	nd/nd/ <0.001	nd/nd/nd/ 0.003	<0.001/<0.001/<0.001	nd/nd/nd	nd
Implosion (8:00–11:00 AM)	0.013	<0.006	0.023	0.128	0.065	0.362	1.88 (22-min sample)
Post-implosion (11:00 AM–8:00 AM)	<0.001	0.001	<0.001	0.008	0.004	0.005	nd
Implosion and post-implosion (24-hr average)	<0.002	<0.002	<0.002	0.024	0.012	0.047	nd
Airborne TEM asbestos, fibers/ $\text{cm}^3$							
Pre-implosion (24-hr averages for Sept 26/ 27)	nd	<0.001/ <0.001	nd	nd	<0.001/<0.001	nd	nd
Implosion (8:00–11:00 AM)	nd	nd	nd	0.02	nd	0.09	0.08 (22-min sample)
Post-implosion (11:00 AM–8:00 AM)	nd	nd	nd	nd	nd	<0.0003	nd
Implosion and post-implosion (24-hr average)	nd	nd	nd	nd	nd	0.009	nd
Airborne Pb, $\mu\text{g}/\text{m}^3$							
Pre-implosion (24-hr average Sept 26/Oct 3)	nd	0.004/nd	nd	nd/0.003	0.004/0.003	nd/0.006	nd
Implosion (8:00–11:00 AM)	nd	nd	nd	4.5	nd	4.29	nd
Post-implosion (11:00–8:00 AM)	nd	nd	nd	0.04	nd	0.07	nd
Implosion and post-implosion (24-hr average)	nd	nd	nd	0.58	nd	0.49	nd
Pb in settled dust (wipe sampling), $\mu\text{g}/\text{ft}^2$							
Pre-implosion (Oct 3)	<25	107	<25	<25	<25	<25	nd
Post-implosion (Oct 4)	<25	55	<25	239	44	1347 (retest 1548)	nd

nd = no data

Table 2. Mobile air monitoring data summary (Alberta Environment).

Location	Time	Average (Maximum) 1-Min Concentration			Comments
		TSP ( $\mu\text{g}/\text{m}^3$ )	PM <sub>10</sub> ( $\mu\text{g}/\text{m}^3$ )	PM <sub>2.5</sub> ( $\mu\text{g}/\text{m}^3$ )	
Pre-implosion, 500 m from site (southeast)	5:00 AM–8:00 AM	6.5 (99)	4 (15)	1 (2)	Background
Implosion occurs	8:08 AM				
Post-implosion (PI), 500 m from site	8:14 AM	>99,999	>99,999	14,456	Location intermediate
	8:16 AM	(86,179)	(68,942)	(7363)	between stationary locations #7 and #5
	Average between 8:12 AM and 8:19 AM	$\square$ 68,522 (includes >99,999 measurements)	$\square$ 60,663 (includes >99,999 measurements)	7516	The bulk of the dust cloud passed over monitoring van in 7 min
FI, 2.5 km from site	8:21 AM	(15,244)	(9571)	(785)	Fluctuating values caused
FI, 3 km from site	8:23–8:24 AM	15,412 (17,692)	9050 (11,005)	1674 (2367)	by the difficulty in
FI, 6 km from site	8:33–8:38 AM	5203 (7767)	4049 (5859)	630 (825)	tracking and staying in
FI, 8 km from site	8:42–8:43 AM	923 (1047)	740 (797)	175 (190)	the dust cloud
FI, 13 km from site	8:51–8:55 AM	1817 (2858)	1351 (2101)	242 (288)	
FI, 17 km from site	9:03–9:04 AM	1821 (2264)	1394 (1709)	227 (253)	
FI, 20 km from site	9:17–9:19 AM	1100 (1237)	873 (965)	152 (154)	
FI, 25 km from site	9:28 AM	(2632)	(1358)	(42)	
	9:31 AM	(1266)	(267)	(14)	
FI, return to site	9:32–10:05	47 (338)	35 (264)	8 (51)	Background, upwind of dust cloud
FI, 500 m from site	10:08–10:36 AM	305 (614)	161 (323)	11 (26)	Cleaning activities underway (street sweeping) around BVC

Based on the stationary monitoring results, hypothesis 1 is accepted; a pollutant cloud above ambient guidelines within 1 km of the site was observed. The Alberta ambient air quality guideline for the 24-hr average implosion and post-implosion TSP was exceeded at locations 4, 5, 6, and likely 7, all within 1 km and downwind (southeast) from the implosion (Figure 1).

Based on stationary monitoring results, the hypothesis that there would be insignificant levels of airborne and deposited Pb and airborne asbestos within 1 km is rejected. PCM asbestos concentrations exceeded airborne criteria at a number of downwind locations (Table 1). A number of exceedence samples were reanalyzed for TEM asbestos. Reanalysis results showed that the TEM asbestos concentrations were elevated at a number of downwind locations for the 3-hr monitoring period immediately following the implosion but were all below the guideline for calculated 24-hr average. The 24-hr average post-implosion airborne lead concentrations were elevated compared with normal background levels but were not above the 24-hr guideline. Wipe test results for Pb in settled dust ranged from "below detection limits" to a high of 1347  $\mu\text{g}/\text{ft}^2$  at location #6 (Table 1). The elevated Pb wipe sample at location #4 is equivalent to a soil mass concentration of 10–15 ppm (assuming 1-cm-deep soil), which is roughly equivalent to background soil

levels seen in the city of Calgary. However, the test results at location #6 were considered elevated based on the adopted HUD criterion. As a result, the building, playground equipment, and grounds in the area were washed down using fire hoses. The washing was effective in reducing the level as indicated by the post-washing test result average of 524  $\mu\text{g}/\text{ft}^2$  ( $n = 3$ ).

The hypothesis that the implosion would not result in an elevated health risk for nearby residents within 1 km from the site, with respect to asbestos, is accepted with reservation. The public exposure to airborne asbestos following the implosion was estimated at 1.08 TEM fibers/cm<sup>3</sup> for a 15-min exposure. The maximum measured 3-hr average concentration of 0.09 TEM fibers/cm<sup>3</sup> was conservatively extrapolated to a 15-min average of 1.08 TEM fibers/cm<sup>3</sup> because the stationary mobile monitoring van near the implosion site indicated plume exposure lasted ~15 min because of winds. Assuming an inhalation rate of 20 m<sup>3</sup>/day, 2.25  $\times 10^5$  TEM fibers would be inhaled during the 15-min exposure period. Over a lifetime, this would translate to an average exposure of 4.4  $\times 10^{-7}$  TEM fibers/cm<sup>3</sup>.

The 10<sup>-6</sup> cancer risk level for TEM asbestos of 2.5  $\times 10^{-6}$  fibers/cm<sup>3</sup> was derived from the Health Effects Institute continuous outdoor lifetime risk estimates for combined lung cancer and mesothelioma, summarized by

Agency for Toxic Substances and Disease Registry, Appendix D.<sup>10</sup> The public cancer risk from asbestos exposure near the Bow Valley Centre implosion site from a 15-min exposure is estimated at  $1.8 \times 10^{-7}$  and is considered negligible.

The null hypothesis that the BVC implosion will not affect ambient air quality beyond 1 km is rejected based on monitoring data. At 15-min post-implosion and 3 km south-east from the implosion site, 1-min average TSP, PM<sub>10</sub>, and PM<sub>2.5</sub> levels from the mobile monitoring van were 15,412 and 9050 and 1674  $\mu\text{g}/\text{m}^3$ . TSP and PM<sub>10</sub> levels remained elevated relative to normal ambient background at 80 min post-implosion (9:28 and 9:31 a.m.) at a distance of 25 km. TSP and PM<sub>10</sub> were 2632 and 1358  $\mu\text{g}/\text{m}^3$ , respectively. At 42  $\mu\text{g}/\text{m}^3$ , the PM<sub>2.5</sub> measurement was considered to be within the range of expected background.

However, an examination of PM (particulate matter) ratios revealed an anomaly at 80 min post-implosion that indicates dust cloud impact extended out to 70 min post-implosion or 20 km, not 25 km. PM ratios post-implosion up to 9:28 a.m. were very similar. TSP/PM<sub>10</sub> ratios were generally between 1.7 and 1.1, PM<sub>10</sub>/PM<sub>2.5</sub> between 12.2 and 4.2, and TSP/PM<sub>2.5</sub> between 19 and 5.2. These ratios at 9:28 and 9:31 a.m. increased to 4.7, 32, and 90, respectively. This anomaly may be explained by the possible entrainment of PM originating from adjacent vehicles or trucks, such as vehicles disturbing curbside gravels. The upwind or background PM concentrations recorded on the drive back to the implosion site were significantly less than those measured at 9:28 and 9:31 a.m. In addition, the downwind TSP/PM<sub>10</sub>, PM<sub>10</sub>/PM<sub>2.5</sub>, and TSP/PM<sub>2.5</sub> ratios were comparable to post-implosion downwind up to 9:28 a.m. and pre-implosion measurements. At these locations, TSP/PM<sub>10</sub> were 1.3 and 1.6, PM<sub>10</sub>/PM<sub>2.5</sub> were 4.4 and 4, and TSP/PM<sub>2.5</sub> were 5.8 and 6.5, respectively.

The fourth hypothesis that the implosion would not result in an elevated health risk for residents beyond 1 km from the site, with respect to PM<sub>2.5</sub> and other PM, is rejected. We have assumed that the 15-min exposure estimate derived from the mobile monitor at 500 m from the site also is indicative of exposure duration further downwind. We also have extrapolated instantaneous monitoring van measurements to be indicative of a 15-min stationary public exposure. With these assumptions, it is estimated that exposures above the proposed public health guideline of 920  $\mu\text{g}/\text{m}^3$  PM<sub>2.5</sub> 15-min average occurred out to 4 or 5 km.

## DISCUSSION

### General Air Monitoring

On October 4, 1998, the BVC hospital was imploded. Predictions of the dust that would be generated from the implosion were not considered to pose significant health risks to the neighboring population beyond 1 km. The resulting dust plume from the implosion was anticipated to dissipate

very quickly (minutes) and within a short distance from the site, a few hundred meters. Results confirmed the expectation of brief public exposure, but the implosion cloud traveled far beyond the expected 1-km maximum.

These findings are supported in part by the hospital implosion study in Baltimore where exposure to a concentrated implosion dust cloud was brief, estimated at 20 min.<sup>11</sup> Airborne 10-sec average PM<sub>10</sub> concentrations increased from a background of 0.001  $\mu\text{g}/\text{m}^3$  to 54  $\text{mg}/\text{m}^3$  at 100 m and to 0.6  $\text{mg}/\text{m}^3$  at 200 m immediately following the implosion. PM<sub>10</sub> concentrations returned to background 20 min post-implosion. Outdoor fungal aerosol concentrations were elevated several-fold at 100 and 200 m and two-fold at 400 m. However, contrary to expectations, our measurements showed that the dust cloud affected air quality 20 km downwind of the implosion site.

The stationary monitoring results found that 24-hr average TSP and PCM asbestos levels on October 4 were elevated at locations 4, 5, 6, and likely 7 in comparison to the guideline and pre-implosion background measurements. Pb concentrations at 24 hr were below guideline at downwind sampling locations. A comparison of implosion and post-implosion measurements shows that TSP, PCM asbestos, and Pb levels fell rapidly after the implosion likely because of wind dispersion. The reductions would have been greater if post-implosion cleanup activities in the area were not disturbing the settled dust (e.g., road sweeping). The transient nature of the elevation in the levels of all contaminants and people's brief exposure, estimated to be minutes, meant that the risk to the general population's health was low. In addition, the advice given to people within 1 km of the site to stay indoors with windows and doors sealed or to leave the area helped to mitigate any exposures.

### Asbestos

The elevations in downwind PCM asbestos concentrations above the guideline resulted in additional TEM reanalysis of a small subset of sample filters. Reanalysis confirmed the presence of elevations in TEM asbestos at downwind locations following the implosion. The downwind post-implosion TEM asbestos concentration returned to near background levels.

There is no established method by which public cancer risk to a brief exposure to airborne asbestos during the implosion could be assessed accurately. Nevertheless, qualified insight into this question was estimated by amortizing the exposure over a lifetime, and the calculated public risk was estimated at  $1.8 \times 10^{-7}$  and is negligible. However, it is not appropriate to amortize short-term exposures over a lifetime or to calculate short-term risks using risk factors that were developed from long-term exposure. The primary reason is that the underlying biological mechanisms for cancer from long-term exposure



may not apply to acute exposures. Thus, a conclusion that the exposure represented negligible risk based on the risk estimate should be viewed very cautiously.

The few studies on the cancer risk of short-term asbestos exposure are of limited quantitative value but do suggest that such exposures should not be disregarded.<sup>10</sup> Muller,<sup>12</sup> in an Ontario Government criteria document for PAHs, cites studies supporting short-term exposures as being 10 times more effective in causing cancer than the same total dose spread over a more prolonged exposure period. The increased vulnerability of children has been cited as a reason to increase cancer potencies by 10×.<sup>13</sup> In the context of incremental cancer risk from asbestos exposure at the BVC implosion site, a 10× adjustment in cancer potency does not alter the conclusion of negligible risk. However, the risk estimate cannot be considered inconsequential given the significance of the brief 15-min exposure to lifetime cancer risk. The lifetime exposure average for TEM asbestos fibers in urban areas of the United States is estimated at 0.0001 fibers/cm<sup>3</sup>.<sup>10</sup> The pre-implosion TEM asbestos concentrations were <0.001 fibers/cm<sup>3</sup>.

#### Particulate Matter

The public health implications of noncancer health endpoints for the short-term exposure to implosion dust TSP, PM<sub>10</sub>, and PM<sub>2.5</sub> also need to be considered. Studies following the catastrophic WTC collapse on September 11, 2001, provided some insight. No measurements of airborne concentrations of the cloud created by the collapse of the WTC were completed. Settled dust samples collected following the WTC collapse were alkaline in nature because of the dominant influence of aerosolized building material constituents such as concrete and gypsum.<sup>14</sup> Although the expectation is that the PM<sub>2.5</sub> fraction will consist of combustion-related particulates, strong mechanical forces also can generate PM<sub>2.5</sub>.<sup>15,16</sup> Significant quantities of gypsum and calcium carbonate were found in WTC PM<sub>2.5</sub> surface dust.<sup>14</sup> Thus, the BVC implosion may have generated significant quantities of building material aerosols in TSP, PM<sub>10</sub>, and PM<sub>2.5</sub> fractions.

In terms of the BVC implosion, the proposed PM<sub>2.5</sub> guideline of 920 µg/m<sup>3</sup> 15-min average suggests that hyper-susceptibles such as asthmatics or the elderly with compromised lung function may have been adversely affected by exposure to the implosion dust cloud as far as 4 or 5 km downwind from the implosion site. However, the finding by Gavett of bronchial hyper-responsiveness in mice and the observation of upper airway irritation of WTC workers, including wheezing, coughing, nose and throat irritation, and bronchial hyper-responsiveness, suggests the undetermined influence of coarse-fraction PM (PM<sub>10-2.5</sub>), which is a PM<sub>10</sub> component. In comparison to PM<sub>2.5</sub>, coarse-fraction PM preferentially deposits in the tracheobronchial tree. The

implosion data indicate that the concentration of coarse fraction PM is 5 times larger than PM<sub>2.5</sub> and, therefore, more likely to impact the upper airways. In addition, the inflammatory response in mouse lung may have been underestimated because the WTC dust used in testing may be considered weathered or aged, although the timing between sample collection and experimentation is unclear. Freshly fractured rock has been shown to be more inflammatory than weathered rock because of the presence of larger amounts free radicals on fresh rock cleavage planes.<sup>17,18</sup> Thus, there is still concern about possible adverse health effects from brief public exposures to implosion dust clouds out to 10 or 20 km.

#### Managing Implosion Health Risks

The implosion generated levels of airborne Pb and TEM asbestos higher than the background levels recorded before the implosion. This indicates the physical ability of implosion forces to effectively aerosolize building materials into the air, including hazardous materials. Although the risk to health was deemed to be minimal because of short exposure times, it is still prudent to minimize public exposure to asbestos, which is a known human carcinogen,<sup>10</sup> and to Pb, which is toxic at very low levels.<sup>19</sup>

The environmental monitoring data suggest, and it is recommended, that, before implosion, all nonfriable and friable asbestos and all Pb-containing surfaces should be removed to maintain airborne concentrations as close as possible to background levels and to minimize the risks associated with any surface deposition of airborne contaminants. Considerable effort was expended at the hospital in removing all friable and some nonfriable asbestos-containing materials before the implosion. Nonfriable asbestos-suspect materials not assessed or removed included plaster, mortar, and floor tile. Although substantial quantities of Pb-containing coatings and paints were suspected, given the age of the site, Pb-suspect surfaces were not assessed or removed before the implosion. These residual building materials likely contributed to the asbestos and Pb content of the implosion dust cloud.

Further study is required to establish the relative public health risks of conventional demolition versus building implosion, especially for scenarios where nonfriable asbestos and Pb-containing materials were not removed. Conventional demolition may expose a relatively small and localized population to lower levels of airborne asbestos and Pb but with a longer exposure time relative to the high-level/short-duration exposures of a larger and more widespread population of an implosion. Surface deposition of airborne asbestos and Pb may create reservoirs for chronic exposure via tracking of outdoor contamination indoors and children playing outdoors. The risk to health associated with these two demolition scenarios needs to

be fully characterized for informed decision-making to occur on a preferred method of demolition.

Farfel et al.<sup>20</sup> documented Pb dust deposition within 10 m of a conventional demolition site that was 2 orders of magnitude above background. Public health risk from the infiltration and deposition of Pb dust indoors was believed to present a significant Pb exposure risk to children. The infiltration of airborne Pb and asbestos indoors and the tracking of outdoor surface contaminants indoors were not assessed in our study. The removal of all friable and nonfriable asbestos and all Pb-containing materials before implosion or conventional demolition may mitigate the need for an assessment and is a recommended action.

The finding of elevated levels of airborne PM as far as 20 km is significant. Only people within a 1-km radius were advised to remain indoors during and after the implosion or to leave the area. These findings suggest that the 1-km advisory zone was too small. In addition, the ~200-m public exclusion zone around the site needed to be expanded in the downwind direction the day of the implosion. The size of the advisory zone will depend on the specifics of the structure to be imploded and on climatic conditions at the time of the implosion, especially with reference to wind speed and implosion cloud dispersal. However, the potential size of the area affected can be very large and presents logistical difficulties on taking steps to inform and safeguard the public. The difficulties in protecting public health in the large downwind geographic area affected by implosion dust clouds suggest that implosions in metropolitan areas should be prohibited.

## CONCLUSIONS

Air sampling conducted after the implosion indicated there were several stationary short-term air quality issues. As well, the implosion-created dust cloud traveled much further than expected, out to 20 km, and, thus, needs to be considered when communicating preventive measures to the public. Furthermore, all sources of hazardous materials, such as Pb-based paints and nonfriable asbestos, should be identified and removed before the implosion so that the airborne release of these hazards is prevented. Problematic issues surrounding public health protection in affected areas that could extend 10 or 20 km downwind from an implosion site suggest that implosions should be prohibited in metropolitan areas.

## ACKNOWLEDGMENTS

The authors gratefully acknowledge the assistance of Alberta Public Works Supply and Services, including the Honorable Stan Woloshyn, Peter Houtzager, and Tim Leung; Alberta Environment, including Kevin Pilger, George Baynard, and Dave Bensler; the City of Calgary, including Fire Marshall Sandy MacKenzie; and PHH Environmental Ltd., including Chris Jodouin and John Schelske.

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### About the Authors

Dennis Stefani is a public health inspector in air quality with the Risk Assessment and Management Section of Environmental Health, Calgary Health Region. Timothy Lambert is the manager of Risk Assessment and Management, Environmental Health, Calgary Health Region. Dennis Wardman is a community health specialist with First Nations and Inuit Health, Health Canada. Address correspondence to: Dennis Stefani, Calgary Health Region, Environmental Health, 1509 Centre St., S.W., Calgary, Alberta, Canada, T2G 2E6; e-mail: dennis.stefani@calgaryhealthregion.ca.



**SF Environment**

**Our home. Our city. Our planet.**

A Department of the City and County of San Francisco

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2014 DEC 19 AM 10:11

*[Handwritten initials]*



*Leg Clerk, COB, B+F*  
Edwin M. Lee *Chair,*  
Mayor *B+F Clerk*  
Deborah O. Raphael *CPast*  
Director

December 10, 2014

**MEMORANDUM**

To: Angela Calvillo, Clerk of the Board of Supervisors

From: Joe Salem, Budget and Finance Manager  
Anne Eng, Environmental Justice Program Manager

Subject: Request for Release from Reserve of Environmental Justice Funds

San Francisco Department of the Environment is currently administering an Environmental Justice (EJ) grant program. This EJ grant program was originally supported by \$13,000,000 in funds that were appropriated in 1998 by the State through the California Public Utilities Commission (CPUC). During the past 13 years, the Board has approved releases of funding from reserve to support the Department's EJ program operations. The Department is requesting the release of the balance from reserve, in the amount of \$550,688 (index code 220007).

As of November 18, 2014, index code 220007 shows that the Department has spent \$12,656,426 from the CPUC funds. There is a total combined balance of encumbrances for current grant awards of \$44,459 and a receivables balance of \$58,530 leaving a net balance of \$573,409.

The amount remaining on reserve is \$550,688. If this release is approved, there will not be any funds remaining on reserve in this account (220007). EJ program costs for FY 2013-14 are being paid by a combination of sources including EJ funds (index code 220007), the impound account and grants from foundations and governmental agencies.

EJ funds released from reserve will be used to cover the EJ program's staffing expenses and administrative overhead costs for a two year period (\$204,373 for FY 2015 and \$177,315 for FY2016), as well as cover new EJ grant awards selected during FY2015 (\$150,000) based on a competitive Request for Qualifications (RFQ) and Request for Proposals (RFP) process. The Department conducted a RFP process during 1<sup>st</sup> and 2<sup>nd</sup> quarters of FY2015 and based on the RFP process, two new EJ grants were recently awarded: one to Bay Institute Aquarium Foundation (\$20,000) and another to A. Phillip Randolph Institute (\$19,974) for a combined total of \$39,974, to support Climate Adaptation education in the Bayview Hunters Point community. The balance in index code 220007 budgeted for community grants, \$110,026, will be awarded to non-profit groups based on another competitive RFQ/RFP process to be conducted in the 3d quarter of FY 2015. Besides managing the community grants supported by funding in index code 220007, the EJ program manages several community grants supported by other funding sources. See detailed description below. The Department's grant awards are reviewed and subject to approval by the San Francisco Commission on the Environment. The

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Department's EJ Program budget for FY2014-15 and FY 2015-16 covered by this request for a release (index code 220007) is as follows:

FY 2014-2015 EJ 220007	
ENVIRONMENTAL JUSTICE	
SALARIES/BENEFITS	\$ 149,329
OVERHEAD	55,044
CITY GRANT PROGRAMS	150,000
PROFESSIONAL SERVICE	2,500
TRAINING	500
LOCAL FIELD EXP	0
PRINTING	500
FOOD	500
OTHER MATERIALS & SUPPLIES	0
CITY ATTORNEY	15,000
<b>TOTAL</b>	<b>\$ 373,373</b>

FY 2015-2016 EJ 220007	
ENVIRONMENTAL JUSTICE	
SALARIES/BENEFITS	\$ 156,795
OVERHEAD	20,520
CITY GRANT PROGRAMS	0
PROFESSIONAL SERVICE	0
TRAINING	0
LOCAL FIELD EXP	0
PRINTING	0
FOOD	0
OTHER MATERIALS & SUPPLIES	0
CITY ATTORNEY	0
<b>TOTAL</b>	<b>\$ 177,315</b>

a. Environmental Justice Program Salary and Benefit costs for FY 2014-15

Job Classification	Title	FTE	Salary and Benefits
5644	Senior Environmental Specialist	.22	\$37,533
5642	Environmental Specialist	.50	\$78,390
5640	Environmental Specialist	.25	\$33,406
	Total	.97	\$149,329

In addition to managing the RFP process and overseeing EJ grant awards, the Department's EJ program also works with community groups and technical contractors to implement grants received from other sources. In FY 2015, the EJ program is managing a \$210,651 grant with funding from the Juvenile Probation Department, a \$70,000 grant with funding from the Board of Supervisors, a \$45,600 grant for a Bayview mural project, supported with funding from the California Department of Resources Recycling and Recovery (CalRecycle) to reduce the volume of abandoned used motor oil found in the Southeast area; administering a \$65,000 pilot project to reduce pests and pesticides in low-income housing, funded by the Mayor's Office, working to reduce pests and pesticides in multifamily buildings as part of a Bay Area regional project, supported with a \$200,000 grant from the California Department of Pesticide Regulation; and managing a \$400,000 grant awarded by U.S. Environmental Protection Agency, to evaluate potentially contaminated brownfields sites in support of development of the Blue Greenway, a waterfront open space corridor in the Southeast area of San Francisco. During the past decade, the Department has leveraged the \$13 million in CPUC funding with more than \$2 million in additional revenues from various foundations and governmental sources to support the EJ program services.

b. Overhead costs:

The administrative overhead costs for the Environmental Justice program, totaling \$55,044 for FY 2015, will cover the EJ program's share of costs for Departmental administration including rent, computer and phone services, office supplies, administrative staff support and other mandated overhead costs. All Department of the Environment overhead costs are funded by DOE programs. Individual program overhead is calculated by proportionally allocating overhead costs to programs based on the number of FTEs in the program. For fiscal year 2015, the total non-impound administrative expense is \$1,640,546 (impound fund administration costs are excluded from this calculation). These expenditures are to support 28.91 FTE's for a total commitment of \$ 56,747 per FTE, for grant and work order funded personnel. Thus, the EJ Program will contribute a total of \$ 55,044 for FY 2015 (\$56,747 projected FY 2015 overhead per FTE x .97 EJ Program FTEs).

---

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Case 2010.0305E - Sunnyvale-Velasco

---

**From:** Dennis Hong [<mailto:dennisj.gov88@yahoo.com>]  
**Sent:** Wednesday, December 17, 2014 9:05 PM  
**To:** Uchida, Kansai (CPC)  
**Cc:** Tang, Katy (BOS); Kim, Jane (BOS); Board of Supervisors (BOS); Cohen, Malia (BOS); Schuett, Rachel (CPC); Jones, Sarah (CPC)  
**Subject:** Case 2010.0305E - Sunnyvale-Velasco

Dennis J. Hong  
101 Marietta Drive San Francisco, CA. 94127-1841  
415.239.5867  
December 19, 2014

San Francisco Planning Department  
Atten: Mr. Kansai Uchida, Lead Planner  
1650 Mission Street, Suite 400 San Francisco, CA. 94103  
[Kansai.Uchida@SFGOV.org](mailto:Kansai.Uchida@SFGOV.org)  
Subject: DEIR

Sunnydale-Velasco Project Case 2010.0305E

Good morning Mr. Uchida,

I'm in receipt of an email notice that this Document is ready. As part of the City's EIR process, I would like to be on the mailing/distribution list for this Project, including the Final Draft of the Comments and Responses to this DEIR and all other documents related to this Project. We are reviewing the "HOPE Master Plan-Project" and this project is adjacent to it. It was suggested we contact you directly. I'm doing several other studies in various areas of the City both with the Mayors office and the Board of Supervisors.

Mr. Uchida, both a hard copy and a CD for this Project can be sent to the above address. If convenient I can pick them up at 1650 Mission on the 4<sup>th</sup> floor next Monday around 10AM. At present we do not have the ability to down load this document. Please let me know which is most convenient.

If you have any questions please feel free to contact me at [dennisj.gov88@yahoo.com](mailto:dennisj.gov88@yahoo.com)

Best regards,  
Dennis Hong

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File 141244  
BOS 10, Leg Dep  
COB, Leg Clerks  
CPAGE

O'Brien Young  
1354 Kearny Street  
San Francisco, CA 94133  
415/398-7455

December 6, 2014

Subject: File No. 141244

Dear Board of Supervisors:

I am writing to protest the scale and scope of the proposed real estate development at 312 Green Street. I have no idea why this project should be granted "categorical exemption from environmental review," and it certainly should not receive a significant variance from the building code.

The proposed development on the site is totally inappropriate to the neighborhood. A reasonable proposal would be for the addition of one story only. The unique character and charm of Telegraph Hill can be preserved only by the city's refusing to enable homeowners to massively enlarge their historic and modestly sized houses.

Thank you for your consideration.

Sincerely,



(Ms.) O'Brien Young, Telegraph Hill homeowner for 27 years

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File 141018

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Cc:** Calvillo, Angela (BOS); Lamug, Joy; Carroll, John (BOS); Caldeira, Rick (BOS)  
**Subject:** File 141018 FW: December 16, 2014, 3:00 pm Board of Supervisors Calendar, Your File # 14018/Joint Request for Continuance by Applicant/Respondent Dolmen and Appellant Bradley  
**Attachments:** 14-1212 LT Board of Supervisors re Jnt Req to Cont.pdf

**From:** Alex Weyand [<mailto:aweyand@wynlaw.com>]  
**Sent:** Friday, December 12, 2014 11:32 AM  
**To:** Board of Supervisors (BOS)  
**Cc:** Campos, David (BOS); [dmyers@wolkincurran.com](mailto:dmyers@wolkincurran.com)  
**Subject:** December 16, 2014, 3:00 pm Board of Supervisors Calendar, Your File #14018/Joint Request for Continuance by Applicant/Respondent Dolmen and Appellant Bradley

JOINT REQUEST FOR CONTINUANCE OF HEARING OF APPEAL  
Tentative Parcel Map Application/639 Peralta Avenue (Bk 5634, Lot 014)  
File #14018, October 28, 2014, 2:00 p.m. Meeting  
Current Hearing Date: December 16, 2014, 3:00 pm  
Proposed New Date: January 27, 2015

Dear Clerk of the Board of Supervisors,

This regards the above-referenced December 16, 2014 hearing on the Appeal by Appellant William Bradley of the Condominium Subdivision Application by Respondent Dolmen Property Group, LLC. We are copying Supervisor Campos as we understand that the above-referenced property is in his district.

As reflected by the attached letter signed by their respective counsel, Appellant William Bradley (our client) and Respondent Dolmen Property Group, LLC (Wolkin Curran's client) jointly and respectfully request that the Board of Supervisors continue the December 16, 2014 hearing on the above-referenced appeal to its regularly scheduled meeting on January 27, 2015. The reason for this request is that the requesting parties are proceeding to mediation with a retired judge of the San Francisco Superior Court and need to the time to advance settlement efforts that may result in the withdrawal of the appeal.

Respectfully submitted,

Alex M. Weyand  
Weyand Law Firm,  
A Professional Corporation  
531 Howard Street, First Floor  
San Francisco, CA 94105  
Main: 415-536-2800, Fax: 415-536-2818  
[www.wynlaw.com](http://www.wynlaw.com)

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This message may be privileged and confidential. If it was inadvertently delivered to you, please delete it and tell me so that we can correct.

Also, no contract or agreement can be formed by this email under the Uniform Electronic Transactions Act or any similar law unless the email explicitly says so.

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**WEYAND LAW FIRM**  
A PROFESSIONAL CORPORATION

aweyand@wynlaw.com

December 12, 2014

VIA HAND DELIVERY & EMAIL

Clerk of Board of Supervisors  
City Hall of San Francisco  
1 Dr. Carlton B. Goodlett Place, Rm. 244  
San Francisco, CA 94102  
Board.of.Supervisors@sfgov.org

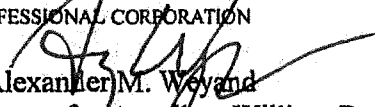
Re: JOINT REQUEST FOR CONTINUANCE OF HEARING OF APPEAL  
Tentative Parcel Map Application/639 Peralta Avenue (Bk 5634, Lot 014)  
File #14018, October 28, 2014, 2:00 p.m. Meeting  
Current Hearing Date: December 16, 2014, 3:00 pm  
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Respectfully,

WEYAND LAW FIRM  
A PROFESSIONAL CORPORATION  
By   
Alexander M. Weyand  
Attorneys for Appellant William Bradley

WOLKIN, CLIRAN, LLP  
By   
David F. Myers  
Attorneys for Respondent Dolmen Property Group, LLC

CC: Hon. David Campos, Rm. 244  
(David.Campos@sfgov.org)

**Gosiengfiao, Rachel (BOS)**

---

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: NATO: Legal Comments and Public Document Request  
**Attachments:** Public Document Request to San Francisco Board of Supervisors.pdf; ATT00001.htm; FDA Retail Compliance Inspection Report.xls; ATT00002.htm; Comments to San Francisco Board of Supervisors.pdf; ATT00003.htm

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**From:** Thomas Briant [mailto:info@natocentral.org]  
**Sent:** Monday, December 15, 2014 12:23 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** NATO: Legal Comments and Public Document Request

**NATO**®

National Association of Tobacco Outlets

**DATE:** December 15, 2014

**TO:** San Francisco Board of Supervisors (c/o Angela Calvillo, Clerk of the Board of Supervisors)

**FROM:** Thomas Briant, Executive Director and Legal Counsel

As the Executive Director and Legal Counsel for the National Association of Tobacco Outlets, Inc., I am submitting the attached set of legal comments regarding the proposed tobacco regulation amendments and a request under the California Public Records Act for certain documents referenced in the proposed tobacco ordinance. Also attached is a list of retail compliance inspections conducted for the U.S. Food and Drug Administration by the California Department of Public Health.

Please forward a copy of all of the attached documents to each of the San Francisco Board of Supervisors. I would also appreciate your reply so that I know this message and the attached documents have been received. Thank you for your assistance. If you have any questions, please call me at 866-869-8888.

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**NATO**

December 15, 2014

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

**RE: Request for Public Documents**

Dear Board of Supervisors:

As the Executive Director and Legal Counsel for the National Association of Tobacco Outlets, Inc., I am submitting this request under the California Public Records Act to be provided a copy of the following documents and records:

1. The 2013 California youth buying survey referenced in Section 19H.1(e) of the proposed tobacco regulation amendments for the City and County of San Francisco.
2. Cites to the empirical research connecting lower densities of retail outlets with lower consumption of tobacco, particularly among youth as referenced in Section 19H.1(i) of the proposed tobacco regulation amendments for the City and County of San Francisco.

I recognize that you may charge reasonable costs for photocopying the documents that are requested above. If so, please send an invoice for the costs along with the documents and records produced. In the alternative, you can also e-mail me the documents at [info@natocentral.org](mailto:info@natocentral.org).

Please call me at 952-974-0075 if you have any questions.

Sincerely,

***Thomas A. Briant***

Executive Director and Legal Counsel



# NATO

December 15, 2014

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

## **RE: Legal Comments on Proposed Tobacco Ordinance Amendments**

Dear Board of Supervisors:

As the Executive Director and Legal Counsel for the National Association of Tobacco Outlets, Inc., I am submitting these legal comments on behalf of the association and its member retail stores located in San Francisco.

### **Taking Property Rights Without Just Compensation**

The Fourteenth Amendment to the U.S. Constitution establishes certain restrictions on the actions of governments. Specifically, the amendment states:

No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; *nor shall any state deprive any person of life, liberty, or property, without due process of law*; nor deny to any person within its jurisdiction the equal protection of the laws (emphasis added).

When a governmental agency severely limits or completely prohibits the use or enjoyment of private property, such action can constitute a “taking,” and the due process clause of the Fourteenth Amendment requires that fair compensation be paid to the person whose property rights are infringed upon and taken away by the government.

Article 19H of the current San Francisco Health Code establishes a retail tobacco sales permit licensing process. This licensing process creates a property right by granting the owner of the retail store the legal authority to sell tobacco products. While San Francisco retailers rely on tobacco sales to varying degrees as a part of their respective businesses, the sale of tobacco products by the San Francisco retail licensees is an important part of their overall product sales. In fact, for many kinds of retail stores, the value of a retailer’s business is fundamentally linked to ability to sell tobacco products to adult consumers.

The proposed ordinance will constitute an actual taking under the Fourteenth Amendment because the financial interest in the license at stake is significant. Under Sections 19H.4(f) and 19H.5, a “density cap” is established that prohibits the issuance of no more than forty-five tobacco sales permits in each of the eleven supervisorial districts. The proposed ordinance allows retailers that hold a current tobacco sales permit to continue selling tobacco products so long as the annual license fee is remitted pursuant to Section 19H.7 and the permit is not suspended or revoked.

However, at such time as a retailer desires to sell his or her retail business to another party, and if at that time there are already forty-five tobacco sales permits issued in the supervisorial district where the store is located, then the retailer can proceed to sell the store but a new owner would not be allowed to obtain a new tobacco sales permit. The sale of a retail store without the ability to continue the sale of legal tobacco products will substantially reduce the value of the retail store as a “going concern.” The decreased value of a retail store will be directly caused by the enactment of the proposed cap on the number of tobacco sales permits allowed to be issued in each supervisorial district. As such, each retailer that would suffer damages due to a decline in the value of their business would have a legal cause of action against the City and County of San Francisco for the taking of their property rights.

The proposed regulation is not narrowly focused, but is a broad and sweeping prohibition affecting not how a tobacco product is sold, but the very ability to offer legal tobacco products to be sold at all. The financial impact will result in the devaluation of every retail business in the city and county that is placed on the market for sale and would likely prevent a sale because of the inability of a new owner to offer tobacco products for sale. The financial losses that will occur are substantial and just compensation would be due and owing to each retailer in San Francisco that would suffer a decline in the value of their business.

The taking of retail property rights without just compensation make litigation a virtual certainty if the tobacco ordinance amendments are adopted. A local law that will result in severe economic valuation declines of retail stores and the potential ruin of family-owned retail businesses leaves retailers no choice but to sue the City and County of San Francisco when they seek to sell their stores.

The purpose of these legal comments is not to threaten litigation, but to inform the San Francisco Board of Supervisors that the adoption of the ordinance leaves retailers no choice but to file lawsuits. That is, litigation will become unavoidable and inevitable not because of any action on the part of the retailers, but to redress the taking of the right to sell legal tobacco products.

### **Retailers Preventing the Sale of Tobacco to Minors**

Under Section 19H.1, titled “Findings,” a claim is made that “Despite these state and local restrictions, minors continue to obtain cigarettes and other tobacco products at alarming rates....San Francisco’s tobacco sales to minors were reported to be 13.4% of retailers in 2012.” However, there is no specific reference or cite to the retail sales report on San Francisco retailers referred to in Section 19H.1.

The U.S. Food and Drug Administration contracts with the California Department of Public Health to conduct compliance inspections of retailers that sell tobacco products. In 2012 and 2013, the California Department of Public Health inspected 142 retail stores in San Francisco that included having an underage decoy attempt to buy tobacco products from retailers. According to the FDA's website which reports the outcome of compliance inspections, retailers passed the compliance checks 99% of the time. There were only two instances in which a retailer sold tobacco products to an underage buyer. This remarkable inspection record by retailers demonstrates that the vast majority of underage youth in San Francisco that attempt to purchase tobacco products are prevented from doing so by local retailers. I have attached a list of the retailers that were inspected by the California Department of Public Health and as reported on the FDA website.

This empirical data from the inspections conducted by the California Department of Public Health contradicts the claim in the proposed ordinance that "Notably, sales in the City to minors are well above the 2012 statewide sales rate of 8.7%." Contrary to the conclusion in the proposed ordinance, more aggressive policies are not needed as retailers are responsible business people who are doing their part in preventing underage youth from obtaining tobacco products.

With retailers doing their part and complying with the law by not selling tobacco products to minors, the underlying purpose of the ordinance proposal to reduce the number of tobacco sales permits is misplaced and unwarranted.

Sincerely,

***Thomas A. Briant***

Thomas A. Briant  
Executive Director and Legal Counsel

State is CA; City is San Francisco

Decision Date: 01/01/2010 through 12/12/2014

Retailer Name	City	State	Zip	Decision Type
TIP TOP GROCERY MARKET	SAN FRANCIS	CA	94102	Civil Money P
TIP TOP GROCERY MARKET	SAN FRANCIS	CA	94102	Warning Lett
CLAREMONT VALERO	SAN FRANCIS	CA	94127	No Violations
7 ELEVEN STORE 2230 20643C	SAN FRANCIS	CA	94127	No Violations
CLAREMONT VALERO	SAN FRANCIS	CA	94127	No Violations
TIP TOP GROCERY MARKET	SAN FRANCIS	CA	94102	Warning Lett
GRAND UNION 76	SOUTH SAN F	CA	94080	No Violations
MIKE & KENS GROCERY & DELI	SOUTH SAN F	CA	94080	No Violations
LIBERTY MARKET	SOUTH SAN F	CA	94080	No Violations
ALFREDOS 2	SOUTH SAN F	CA	94080	No Violations
BRAVO PIZZA & RESTAURANT	SOUTH SAN F	CA	94080	No Violations
J&J MARKET	SOUTH SAN F	CA	94080	No Violations
OLYMPIAN	SOUTH SAN F	CA	94080	No Violations
PRODUCE SHELL	SOUTH SAN F	CA	94080	No Violations
BURI BURI LIQUOR	SOUTH SAN F	CA	94080	No Violations
PACIFIC SUPERMARKET	SOUTH SAN F	CA	94080	No Violations
KWIK SERV	SOUTH SAN F	CA	94080	No Violations
7-ELEVEN STORE 2366-22498D	SOUTH SAN F	CA	94080	No Violations
SUNSHINE PHARMACY	SOUTH SAN F	CA	94080	No Violations
THE FAIRWAY CLUB	SOUTH SAN F	CA	94080	No Violations
SOUTH CITY SHELL AUTO SERVICE	SOUTH SAN F	CA	94080	No Violations
WESTBOROUGH DELI	SOUTH SAN F	CA	94080	No Violations
PAKN SAVE #3116-28	SOUTH SAN F	CA	94080	No Violations
WESTBOROUGH VALERO	SOUTH SAN F	CA	94080	No Violations
PACIFIC SUPERMARKET	SOUTH SAN F	CA	94080	No Violations
7-ELEVEN STORE # 14344	SOUTH SAN F	CA	94080	No Violations
WALGREEN #0884	SOUTH SAN F	CA	94080	No Violations
WESTBOROUGH ARCO	SOUTH SAN F	CA	94080	No Violations
7-ELEVEN STORE 2231-24595D	SOUTH SAN F	CA	94080	No Violations
KP VALERO	SOUTH SAN F	CA	94080	No Violations
MAND LIQUORS & FOOD MART	SOUTH SAN F	CA	94080	No Violations
XTRA OIL CO.	SOUTH SAN F	CA	94080	No Violations
WINSTON LIQUORS	SOUTH SAN F	CA	94080	No Violations
SUNSHINE LIQUOR	SOUTH SAN F	CA	94080	No Violations
SAFEWAY STORE 777	SOUTH SAN F	CA	94080	No Violations
CAMINO PETROLEUM	SOUTH SAN F	CA	94080	No Violations
PRECISE CHEVRON	SAN FRANCIS	CA	94122	No Violations

19TH AVENUE LIQUOR	SAN FRANCIS CA	94122 No Violations
ROXIE MARKET & DELICATESSEN	SAN FRANCIS CA	94122 No Violations
ROYAL FOOD STORE	SAN FRANCIS CA	94122 No Violations
JUDAH NINTH AVE LIQUORS	SAN FRANCIS CA	94122 No Violations
GOLDEN BEAR MARKET	SAN FRANCIS CA	94122 No Violations
A1 SMOKE SHOP	SAN FRANCIS CA	94122 No Violations
JUDAH MINI MARKET	SAN FRANCIS CA	94122 No Violations
SUNSET STRIP LIQUOR STORE	SAN FRANCIS CA	94122 No Violations
JUDAH & 39TH AVE. MARKET	SAN FRANCIS CA	94122 No Violations
WESTERN SUNSET MARKET	SAN FRANCIS CA	94122 No Violations
YOUR MARKET	SAN FRANCIS CA	94122 No Violations
LAWTON LIQUOR	SAN FRANCIS CA	94122 No Violations
JL FOODS LLC	SAN FRANCIS CA	94122 No Violations
AIRPORT SHELL	SOUTH SAN F CA	94080 No Violations
LA HACIENDA SUPER MERCADO	SOUTH SAN F CA	94080 No Violations
LA ZACATECANA MARKET	SOUTH SAN F CA	94080 No Violations
COLOMBO MARKET	SOUTH SAN F CA	94080 No Violations
DOWNTOWN LIQUORS	SOUTH SAN F CA	94080 No Violations
SOUTH CITY SHELL	SOUTH SAN F CA	94080 No Violations
VALENCIAS MARKET	SOUTH SAN F CA	94080 No Violations
ALS LIQUOR	SOUTH SAN F CA	94080 No Violations
SCHOOL HOUSE GROCERY	SOUTH SAN F CA	94080 No Violations
D & M LIQUOR AND DELI	SOUTH SAN F CA	94080 No Violations
GOOD N RICH MARKET	SOUTH SAN F CA	94080 No Violations
PENGUINS CAR WASH & GAS	SOUTH SAN F CA	94080 No Violations
GALAXXI	SOUTH SAN F CA	94080 No Violations
STATE MARKET	SAN FRANCIS CA	94118 No Violations
EXPRESS LIQUOR & DELI	SAN FRANCIS CA	94118 No Violations
RICHMONDS SUPER SHELL SERVICE	SAN FRANCIS CA	94118 No Violations
MODERA LIQUOR & WINE	SAN FRANCIS CA	94118 No Violations
STARDUST MARKETS	SAN FRANCIS CA	94118 No Violations
WOODSIDE SHELL	SAN FRANCIS CA	94118 No Violations
SUNNY MARKET LIQUOR AND CONVENIENCE	SAN FRANCIS CA	94118 No Violations
CHEVRON STATIONS INC. #1768	SAN FRANCIS CA	94118 No Violations
DENHARDS MARKET	SAN FRANCIS CA	94118 No Violations
SAFEWAY STORE 2646	SAN FRANCIS CA	94118 No Violations
DRINK LIQUOR	SAN FRANCIS CA	94118 No Violations
CLEMENT MINI MARKET	SAN FRANCIS CA	94118 No Violations
K & T MARKET	SAN FRANCIS CA	94118 No Violations
WESTERN FUEL GROUP INC.	SAN FRANCIS CA	94118 No Violations
7 ELEVEN STORE 22627C	SAN FRANCIS CA	94118 No Violations



VALERO	SAN FRANCIS CA	94127 Warning Lett
AIRPORT CHEVRON SERVICE	SOUTH SAN F CA	94080 No Violations
LUIGIS SANDWICH PALACE	SOUTH SAN F CA	94080 No Violations
OLYMPIAN	SOUTH SAN F CA	94080 No Violations
SOUTH SAN FRANCISCO GGP	SOUTH SAN F CA	94080 No Violations
BOSS TYCOON SMOKE AND FASHION	SOUTH SAN F CA	94080 No Violations
ALFREDOS MARKET	SOUTH SAN F CA	94080 No Violations
JAIL HOUSE LIQUOR & DELI	SOUTH SAN F CA	94080 No Violations
THE STAND BY	SOUTH SAN F CA	94080 No Violations
OYSTER POINT BAIT TACKLE DELI	SOUTH SAN F CA	94080 No Violations
KWIK & CONVENIENT	SAN FRANCIS CA	94127 No Violations
SAFEWAY STORE 759	SAN FRANCIS CA	94127 No Violations
MONTEREY DELI	SAN FRANCIS CA	94127 No Violations
WEST PORTAL DAILY	SAN FRANCIS CA	94127 No Violations
OLYMPIAN	SAN FRANCIS CA	94116 No Violations
LINCOLN MARKET	SAN FRANCIS CA	94116 No Violations
OLYMPIAN	SAN FRANCIS CA	94116 No Violations
PARKSIDE SHELL	SAN FRANCIS CA	94116 No Violations
LINDAS DELI & LIQUOR	SAN FRANCIS CA	94116 No Violations
7 ELEVEN 20473B	SAN FRANCIS CA	94116 No Violations
SEABEE LIQUORS	SAN FRANCIS CA	94116 No Violations
AMITY MARKET	SAN FRANCIS CA	94116 No Violations
GREAT HIGHWAY MARKET	SAN FRANCIS CA	94116 No Violations
SAM TRUONG 76	SAN FRANCIS CA	94116 No Violations
STOP & SAVE LIQUOR	SAN FRANCIS CA	94116 No Violations
MIRALOMA MARKET	SAN FRANCIS CA	94127 No Violations
MIRALOMA LIQUOR	SAN FRANCIS CA	94127 No Violations
ST. FRANCIS MARKET	SAN FRANCIS CA	94127 No Violations
NIJIYA MARKET	SAN FRANCIS CA	94115 No Violations
NATURAL MARKET INC.	SAN FRANCIS CA	94115 No Violations
BUCHANAN FOOD MART	SAN FRANCIS CA	94115 No Violations
D & M WINE & LIQUOR CO	SAN FRANCIS CA	94115 No Violations
MAYFLOWER MARKET	SAN FRANCIS CA	94115 No Violations
PACIFIC HEIGHTS CHEVRON	SAN FRANCIS CA	94115 No Violations
WILKING LIQUOR	SAN FRANCIS CA	94115 No Violations
SUNSET SUPERMARKET	SAN FRANCIS CA	94122 No Violations
CLANCEYS MARKET & DELI	SAN FRANCIS CA	94122 No Violations
A1 LIQUOR GROCERY & DELI	SAN FRANCIS CA	94122 No Violations
7 ELEVEN 20450B	SAN FRANCIS CA	94122 No Violations
BROTHERS MINI MARKET	SAN FRANCIS CA	94122 No Violations
JM LIQUOR	SAN FRANCIS CA	94122 No Violations

PETES UNOCAL	SAN FRANCIS CA	94122 No Violations
JAMES MARKET	SAN FRANCIS CA	94115 No Violations
G AND R MARKET	SAN FRANCIS CA	94115 No Violations
STEWARTS MARKET	SAN FRANCIS CA	94115 No Violations
GINOS GROCERY CO.	SAN FRANCIS CA	94115 No Violations
CHRISTA MARKET	SAN FRANCIS CA	94115 No Violations
GOLDEN 88 SUPERMARKET INC.	SAN FRANCIS CA	94122 No Violations
EASY MONEY	SAN FRANCIS CA	94122 No Violations
YES VARIETY INC.	SAN FRANCIS CA	94122 No Violations
LONDON MARKET & DELI	SAN FRANCIS CA	94115 No Violations
BAY STATE MARKET - PETES DELI	SAN FRANCIS CA	94115 No Violations
LUCKY 7 SHOP	SAN FRANCIS CA	94115 No Violations
CALIFORNIA SHELL	SAN FRANCIS CA	94115 No Violations
ITS MARKET	SAN FRANCIS CA	94115 No Violations
FRIENDS LIQUOR	SAN FRANCIS CA	94115 No Violations
SUNSET 76	SAN FRANCIS CA	94122 No Violations
PARKS FARMERS MARKET	SAN FRANCIS CA	94122 No Violations
LINCOLN WAY SHELL	SAN FRANCIS CA	94122 No Violations
828 IRVING MARKET	SAN FRANCIS CA	94122 No Violations
EUROPA EXPRESS SUNSET	SAN FRANCIS CA	94122 No Violations
HANDY DELICATESSEN	SAN FRANCIS CA	94122 No Violations
LUCCA FOOD & WINE SHOP	SAN FRANCIS CA	94122 No Violations
LUCKY SPOT	SAN FRANCIS CA	94122 No Violations









danceComplianceRegulatoryInformation/UCM415281.pdf  
ngLetters/tobacco/ucm377999.htm

ngLetters/tobacco/ucm345397.htm

[ngLetters/tobacco/ucm310541.htm](#)



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**From:** Board of Supervisors (BOS)  
**To:** BOS-Operations  
**Subject:** FW: BOARD OF SUPERVISORS INQUIRY  
**Attachments:** 2008-Ord 320-08.pdf

INQUIRY

Dear Madame Clerk,

In response to your email dated December 11, 2014, reference number 20141209-003, please find below a summary of information related to the property at 990 Union Street.

990 Union Street is not subject to restrictions on its use or sale, and it is no longer designated as a Below Market Rate unit.

990 Union Street was a rental apartment in a building that converted to condominiums through the Condominium Conversion Program under San Francisco Subdivision Code Sections 1341 and 1385 . Under that conversion program, enacted in 1979, multi-unit residential buildings that converted to condominiums had to designate a minimum of 10% of units as Below Market Rate (BMR) units. The sale price of the designated BMR unit was determined based on the rent paid at the time of the conversion, and allowed renters the right of first refusal. The restrictions on 990 Union Street were released on January 7, 2011, as allowed by Subdivision Code Section 1344 (i) through Ordinance No. 320-08 (a copy of the Ordinance is attached to this email).

Please feel free to contact me if there is additional information that I can send along that would be useful.

Best,  
Sophie

Sophie Hayward  
Director of Policy and Legislative Affairs Mayor's Office of Housing and Community  
Development  
1 South Van Ness, 5th Floor  
San Francisco, CA 94103  
tel: 415.701.5508 fax: 415.701.5501  
[sophie.hayward@sfgov.org](mailto:sophie.hayward@sfgov.org)

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

From: Board of Supervisors [<mailto:Board.of.Supervisors@sfgov.org>]  
Sent: Thursday, December 11, 2014 3:11 PM  
To: Lee, Olson (MYR)  
Subject: BOARD OF SUPERVISORS INQUIRY

BOARD OF SUPERVISORS INQUIRY  
For any questions, call the sponsoring supervisor

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TO: Olson Lee  
Mayor's Office of Housing and Community Development

FROM: Clerk of the Board

DATE: 12/11/2014

REFERENCE: 20141209-003

FILE NO.

Due Date: 12/16/2014

This is an inquiry from a member of the Board of Supervisors made at the Board meeting on 12/9/2014.

Supervisor Avalos requests the following information:

Requesting the Mayor's Office of Housing and Community Development to provide information on 990 Union Street, if it was previously or is currently designated as a below-market rate unit, and if there are any restrictions on its use or sale.

Please indicate the reference number shown above in your response, direct the original via email to [Board.of.Supervisors@sfgov.org](mailto:Board.of.Supervisors@sfgov.org) and send a copy to the Supervisor(s) noted above.

Your response to this inquiry is requested by 12/16/2014

**From:** Board of Supervisors (BOS) [board.of.supervisors@sfgov.org]  
**Sent:** Friday, December 12, 2014 3:51 PM  
**To:** Avalos, John (BOS); AvalosStaff (BOS)  
**Cc:** BOS-Operations  
**Subject:** FW: Clerk to Act

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**From:** Michael Yuen [mailto:MYuen@sftc.org]  
**Sent:** Thursday, December 11, 2014 3:49 PM  
**To:** Board of Supervisors (BOS)  
**Subject:** Re: Clerk to Act

Dear Sir or Madam:

The Superior Court is a state entity that is independent of the City and County of San Francisco. As such, the Court is not subject to rules that City departments follow regarding inquiries from the Board of Supervisors.

The Court must subject everyone to the same procedures for requesting records. This process can be found on the Court's website at this link: <http://www.sfsuperiorcourt.org/divisions/civil/records>.

Thank you,  
Mike

---

T. Michael Yuen  
Court Executive Officer  
Superior Court of California, County of San Francisco  
400 McAllister Street, Room 205  
San Francisco, CA 94102  
Phone 415-551-5727  
FAX 415-551-5701  
[myuen@sftc.org](mailto:myuen@sftc.org)

*"To assure equal access, fair treatment, and the just and efficient resolution of disputes for all people asserting their rights under the law."*

On Dec 11, 2014, at 3:28 PM, Board of Supervisors <[Board.of.Supervisors@sfgov.org](mailto:Board.of.Supervisors@sfgov.org)> wrote:

**BOARD OF SUPERVISORS INQUIRY**  
For any questions, call the sponsoring supervisor

**TO:** T. Michael Yuen  
Superior Court  
400 McAllister Street, Room 205

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**FROM:** Clerk of the Board  
**DATE:** 12/11/2014  
**REFERENCE:** 20141209-005  
**FILE NO.**

Due Date: 12/16/2014

This is an inquiry from a member of the Board of Supervisors made at the Board meeting on 12/9/2014.

Supervisor Avalos requests the following information:

Requesting the Superior Court a copy of documents associated with Case No. CGC 90 922134, Paskin vs. Requerin.

Please indicate the reference number shown above in your response, direct the original via email to Board.of.Supervisors@sfgov.org and send a copy to the Supervisor(s) noted above.

Your response to this inquiry is requested by 12/16/2014

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**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Bleak outlook for 2015 SF Blacks

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**From:** Allen Jones [<mailto:jones-allen@att.net>]  
**Sent:** Wednesday, December 10, 2014 2:23 PM  
**To:** Board of Supervisors (BOS); Brown, Vallie (BOS); Wheaton, Nicole (MYR); Cohen, Malia (BOS); Lee, Mayor (MYR)  
**Subject:** Bleak outlook for 2015 SF Blacks

## **Protests, Politics Prevent Progress for Blacks in SF 2015**

All across the country on Sunday December 7, 2014, protests denouncing police impunity over their killings of unarmed Black men turned violent. But it is hard to differentiate between those bent on violence amongst the peaceful protesters. The result, racism will continue to be swept under the rug.

1964 city leaders recommended that then San Francisco mayor John Shelley form a commission in response to protest/riots, brought on by the mistreatment (discrimination) against Blacks living and working in the city.

It was called the San Francisco Human Rights Commission (SF HRC) and its mission was to prevent racism from being swept under the rug if you will, by businesses accused of mistreatment of SF Blacks. However, it appears the mission of today's SF HRC is to hold up, one end of the official city rug, while City Hall retrieves the official broom.

Whenever I hear of any human rights organization, I envision another analogy: A bulldog guarding basic rights. When good police protect bad police, we need to call out the bulldog. When politicians and community leaders are willing to cover up smaller issues of division between races, we need to call out the bulldog. If peaceful protesters naively invite those bent on destruction to their sit-ins, they cannot expect a bulldog to know who's who, if you catch my drift.

One bad apple does not spoils the whole bushel (Isaiah 65:8). However, I see another analogy where the whole bushel is full of rotten apples. If protesters only appear when major cases of injustice occur they are only blaming the scapegoat du jour. I am in no way siding with police or former NBA player Charles Barkley who sides with the police in these latest matters. In fact, I am the last person to defend police anywhere. But my innate skepticism gene has me more skeptical of these protesters, who I only see on TV. I never see them in the community and I never see them on human rights committees or commission.

Disapproval with governments and questioning how they operate should be done in a civil manner equal to a courtroom setting. What judge in his/her right mind will allow their court to be run without "Order in the court"? And demanding that police be held accountable for their lawlessness, by calling for demonstrations that result in overtime pay for law enforcement and brand new police cars to replace those torched by evildoers is flat out silly.

Granted, for years, mayors have turned well-intended city agencies into piggy banks. Used mostly for repayment of political favors, in 1978, former SF Mayor George Moscone rewarded the Rev. Jim Jones for helping Moscone get elected mayor. His first appointment was Rev. Jones to a city commission. Later that same year, Jones killed more than 900 Black San Franciscans.

In March of 2012, San Francisco Mayor Ed Lee reappointed to the SF Human Rights Commission someone who hosted a campaign debt retirement party for the mayor that raised over \$8,000.00 according to a published report.

I demanded the SF Ethics Commission look into this matter as a possible conflict of interest issue. I am still waiting for a finding, knowing full well that there are mayor appointed members of this city agency hoping I die first.

The SF HRC executive director Theresa Sparks, a White woman, cost the city \$210,000.00 when she was named in a lawsuit against the city by a former Black employee, Thomas Willis, who presented evidence that proved he was discriminated against due to his race and sex.

I boldly accuse Mayor Ed Lee of having no respect for Blacks, period, as long as he continues to support this White city appointee, a full year after the entire SF Board of Supervisors unanimously approved of the settlement payment without conditions.

I have two predictions: San Francisco Mayor Ed Lee will easily win reelection in November of 2015 because voters are not willing to challenge this mayor on his indifference towards the SF Black community. And peaceful protesters all over the country will continue to hold up, one end of the rug, while those bent on evil, see protests as a good place to hide.

---

Allen Jones  
(415) 756-7733  
[jones-allen@att.net](mailto:jones-allen@att.net)

The only thing I love more than justice is the freedom to fight for it!  
--Allen Jones--

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**From:** Allen Jones [jones-allen@att.net]  
**Sent:** Tuesday, December 16, 2014 12:08 PM  
**To:** Board of Supervisors (BOS); Matier and Ross Column; Avalos, John (BOS); jlamb@sfxaminer.com; Cohen, Malia (BOS); Breed, London (BOS); Kim, Jane (BOS); Campos, David (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Scott Weiner; Mar, Eric (BOS); Farrell, Mark (BOS)  
**Subject:** proposed Avalos resolution

Attention: All Memembrs of the San Francisco Board of Supervisors.

As a Black man and longtime resident of San Francisco (1960), I am outraged to hear of the introduction of another divisive SF Board of Supervisors resolution proposal.

The resolution by Supervisor John Avalos that condemns, "Broken and racially biased police and justice system" is disingenuous at the very least. I am the last one to praise law enforcement anywhere, and my reasons to object to this latest resolution differ greatly from that of the president of the POA. However, this board is showing more disrespect for SF Blacks and I urge that this long practice cease.

Another hollow BOS attempt to ingratiate City Hall with the SF Black community in typical word only fashion only furthers a distrust between the Black community and City Hall and not too many Blacks that I know are fooled by these political tactics.

It is also hypocritical to scold police departments across this nation for what many view as racist against Blacks, while at the same time SF City Hall continues its unwavering support for an appointed city official who cost the city \$210,000.00 in a discrimination law suit settled in 2013.

[http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/bosagendas/materials/bag041613\\_130279.pdf](http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/bosagendas/materials/bag041613_130279.pdf)

How can Supervisor John Avalos chastise anyone for racism? Avalos was one of the unanimous votes that approved this \$210,000.00 settlement to Thomas Willis a Black male and former SF Human Rights Commission staffer when he sued the city. Theresa Sparks, the current executive director of this city agency and Mr. Willis boss at the time, continues to receive support from the full BOS and Mayor Ed Lee who reappointed Sparks to her position.

Full disclosure: I was once a member of an advisory to the SF HRC. I was removed in April 2014 after only four months service. In my defense, I am proud to state, that, I am a person not a puppet.

Nevertheless, I believe, before this elected voice of San Francisco start on another holier than thou campaign with its latest ill-conceived resolution, the SF BOS and Mayor Ed Lee should publicly restate for the record and to the SF Black community they unanimously support a White woman who has demonstrated beyond any doubt that she has racists tendencies in her city employee file.

Bay Area Reporter piece on Theresa Sparks/SF being sued  
<http://www.ebar.com/news/article.php?sec=news&article=67851>

Allen Jones  
(415) 756-7733  
[jones-allen@att.net](mailto:jones-allen@att.net)

The only thing I love more than justice is the freedom to fight for it!  
*--Allen Jones--*



---

**From:** Board of Supervisors (BOS)  
**To:** BOS-Supervisors  
**Subject:** FW: Proposed BOS resolution

**From:** Allen Jones [mailto:jones-allen@att.net]  
**Sent:** Monday, December 22, 2014 11:15 AM  
**To:** Board of Supervisors (BOS); Brown, Vallie (BOS); Cohen, Malia (BOS); Wheaton, Nicole (MYR); Heather Knight; Matier and Ross Column; Caille Millner; SF Bay View  
**Subject:** Proposed BOS resolution

Attention: All Members of the San Francisco Board of Supervisors,

I am offering my proposal to the BOS in an sincere effort to get the upper hand on racism in America. And I can't think of a better place to start then in a mirror.

**SF Board of Supervisors dedicates the entire year of 2015 for all City Elected Officials and Appointed Heads, a year of looking in the Mirror.**

Resolution affirming the San Francisco Board of Supervisors commitment to being a leader beginning in the year of 2015, as "The city that knows how", to look in the mirror, in an effort to clean out any racism, bigotry and prejudice from City Hall.

**WHEREAS**, It is impossible to rid the United States of America of racism, bigotry and prejudice, if we as a nation do not first, get rid of the hypocrisy that offers these evils sanctuary.

**WHEREAS**, In a 2009 Black History Month speech, US Attorney General Eric Holder was quoted as saying, this nation is, "a nation of cowards", not willing to confront racism.

**WHEREAS**, With tools of print, radio, TV and the internet, this nation set out to confront Mr. Holder for his statement rather than confront racism as reported by CNN on February 19, 2009.

**WHEREAS**, San Francisco City Hall, in an effort to confront racism, looked in the mirror they would discover,

**WHEREAS**, The San Francisco Human Rights Commission, (SF HRC) which was formed in 1964 to help Blacks in their fight against racism, offers little or no assurance that SF Blacks have an ally with this city agency in their fight against discrimination, today.

**WHEREAS**, In 2012, Thomas Willis a Black staffer for the San Francisco Human Rights Commission sued the city in a race and sexual orientation matter against the current executive director of this city agency, Theresa Sparks, a White person.

**WHEREAS**, A settlement for \$210,000.00 was approve in closed session of a Board committee on the advice of the City Attorney's Office of San Francisco.

**WHEREAS**, In June 2014, the SF Bayview Newspaper reported, Recology Co., a company which has a contract with the city of San Francisco, did not do enough to address the issues of a noose hung on the job by a White employee to intimidate Black employees.

**WHEREAS**, Daryl Washington the Black employee who reported the incident to his employer quit his employment due to seven months of stress without resolution; even though Mr. Washington is raising his five children.

**WHEREAS**, It is revealing that Mr. Washington, like too many Blacks living in San Francisco do not know that it is the purview of the SF HRC to investigate issues of race based harassment.

**WHEREAS**, It is also revealing that the main news source for the SF Black community, the SF Bayview Newspaper, which reports on issues of discrimination against SF Blacks sits on a table in the reception area of the SF HRC offices, free for the taking monthly.

**WHEREAS**, The San Francisco Human Rights Commission was formed in 1964 to help Blacks in their fight against racism against SF Blacks.

**WHEREAS**, More than 50,000 Black residents have moved out of San Francisco in the last fifty years under the watch of the San Francisco Human Rights Commission.

**WHEREAS**, On July 14, 2013, Larry Chatmon, a retired city of San Francisco employee sent a letter to Mayor Ed Lee.

**WHEREAS**, This dedicated city servant of thirty-five years offers evidence of the real reason so many Blacks are leaving San Francisco, marginalization.

**WHEREAS**, Noted, in the third paragraph of his letter to Mayor Ed Lee:

**WHEREAS**, *"...a copy of the Public Managerial Excellence Award to illustrate the point I am trying to make. Very few people are recognized for the award and it is usually given only to Managers. I was not a Manager when I received it."*

**WHEREAS**, *"For me to end my career in the same classification that I started is a travesty, especially after all of the work I have done to make San Francisco a better place for the residents. Just to let you know how disappointed I am, on my departure, I received a barbeque tools set from the Department."*

**WHEREAS**, The San Francisco Board of Supervisors admits to, being guilty of not looking in the mirror on matters of racism in City Hall and,

**RESOLVED**, That the San Francisco Board of Supervisors offers a heartfelt apology to not only the Black community of San Francisco but to Blacks throughout the world; and

**FURTHER RESOLVED**, That the Board of Supervisors will take the revelation of these true events as a call to look in the mirror before, it offers suggestions to the world on matters of racism, bigotry and prejudice beginning in the year 2015.

**FURTHER RESOLVED**, Though the San Francisco Board of Supervisors will never be perfect, it will strive to clean out its own closet of racism, bigotry, prejudice and hypocrisy before issuing statements to the nation on race.

**FURTHER RESOLVED**, That the San Francisco Board of Supervisors was sincere when it stated, "Equality for All", was not a statement for some people but all people.

**FURTHER RESOLVED**, That the San Francisco Board of Supervisors on December 31, 2015 will not have to look into the city's official mirror and ask, "Mirror, mirror on the wall, what is the city that knows how to be a leader in respect for all?"

**FURTHER RESOLVED**, That the San Francisco Board of Supervisors will prove with its own personal reflection, action with determination, why San Francisco deserves to be known as "Everyone's favorite city."

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**Proof/references:**

CNN Report on Attorney General's nation of cowards statement:

<http://www.cnn.com/2009/POLITICS/02/19/holder.folo/>

Larry Chatmon letter to Mayor Ed Lee July 2013 (attached)

SF Bayview Newspaper report on the noose:

<http://sfbayview.com/2014/06/noose-hung-on-recology-workers-job/>

BOS settlement doc. to Thomas Willis:

[http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/bosagendas/materials/bag041613\\_130279.pdf](http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/bosagendas/materials/bag041613_130279.pdf)

Bay Area Reporter piece on Theresa Sparks/SF being sued:

<http://www.ebar.com/news/article.php?sec=news&article=67851>

My published op-ed on City Hall's indifference towards African homosexuals:

<http://gbmnews.com/wp/archives/10217>

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Allen Jones

(415) 756-7733

[jones-allen@att.net](mailto:jones-allen@att.net)

The only thing I love more than justice is the freedom to fight for it!

--Allen Jones--

**Lagunte, Richard (BOS)**

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**Subject:** FW: PUBLIC HEARING 2014 pesticide list and pest management activities

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**From:** Calvillo, Angela (BOS)  
**Sent:** Wednesday, December 31, 2014 11:13 AM  
**To:** Gosiengfiao, Rachel (BOS); Caldeira, Rick (BOS)  
**Subject:** Fwd: PUBLIC HEARING 2014 pesticide list and pest management activities

For the Cpages on the 7<sup>th</sup>.  
Thank you

Angela Calvillo  
Clerk of the Board

Begin forwarded message:

**From:** "Chris Geiger" <[Chris.Geiger@sfgov.org](mailto:Chris.Geiger@sfgov.org)>  
**Date:** December 30, 2014 at 6:46:47 PM PST  
**To:** <[angela.calvillo@sfgov.org](mailto:angela.calvillo@sfgov.org)>  
**Subject:** PUBLIC HEARING 2014 pesticide list and pest management activities  
**Reply-To:** [Chris.Geiger@sfgov.org](mailto:Chris.Geiger@sfgov.org)

**Annual Public Hearing on  
Pest Management Activities on City Properties  
and  
San Francisco's Draft 2015 Reduced-Risk Pesticide List**

**Wednesday, January 14, 2014. 5-7 pm  
Room 421, City Hall**

The goals of this annual meeting are:

- Give San Francisco residents the opportunity to raise questions or concerns about pest management activities on City properties, for example, weeds, rodents, insects, mammals, birds, and aquatic plants;
- Collect comments on the proposed 2015 Reduced Risk Pesticide List;
- Hear justifications by City pest management staff for situations where exemptions to the Reduced Risk Pesticide List were granted, or where they used of "Most Limited" pesticides in 2014;
- Give City pest management staff a chance to hear public concerns and to explain their pest management activities.

We believe this two-way communication has been critical to the success of the City's Integrated Pest Management (IPM) Program over the years. All are welcome!

**AGENDA**

**I. Justifications for pesticide exemptions granted in 2014 and use of “most limited” pesticides in 2014** (per Env. Code Section 303(c, f) – ATTACHMENT A)

**II. Review of proposed 2015 Reduced Risk Pesticide List** (per Env. Code Section 303(e) - ATTACHMENT B)

**III. Public Comment** Comments on other issues related to pesticide use on City properties

For questions, please contact Chris Geiger at [chris.geiger@sfgov.org](mailto:chris.geiger@sfgov.org).



**SF Environment**

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A Department of the City and County of San Francisco.

This message was sent to [angela.calvillo@sfgov.org](mailto:angela.calvillo@sfgov.org) from:

Chris Geiger | [Chris.Geiger@sfgov.org](mailto:Chris.Geiger@sfgov.org) | Jessian Choy | San Francisco Dept. of the Environment 11 Grove St. |  
San Francisco, CA 94102

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**Lagunte, Richard (BOS)**

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**From:** Chris Geiger [Chris.Geiger@sfgov.org]  
**Sent:** Tuesday, December 30, 2014 11:09 AM  
**To:** Board of Supervisors (BOS)  
**Subject:** (IPM TAC) - TAC Schedule Change - Jan. 8 (resend)

TO: SAN FRANCISCO IPM TECHNICAL ADVISORY COMMITTEE AND INTERESTED PARTIES

**Happy (almost) New Year!!**

**PLEASE NOTE that January's TAC meeting has been mercifully moved from this Thursday (Jan. 1, a holiday) to Thursday, Jan. 8 at the usual place.**

The January 8 meeting will feature the University of California expert on rodent management, Dr. Roger Baldwin. He will be giving an update on the latest science and techniques for least-toxic gopher and ground squirrel management. Hope you can make it!

See you there,

Chris Geiger  
IPM Program Manager  
SF Dept. of the Environment

[apologies for the resend - part of the first message was truncated]

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A Department of the City and County of San Francisco

**Monthly Meeting**  
**San Francisco Integrated Pest Management Technical Advisory Committee**

45



**An update on management options for burrowing  
rodents,  
with an emphasis on pocket gophers.**

Roger Baldwin

**University of California Cooperative Extension Specialist: Human-Wildlife  
Conflict Resolution**

County Fair Building, 9th and Lincoln, Golden Gate Park

Thursday, January 8, 9:30-11:30

**AGENDA:**

**Announcements  
Featured speaker  
Reduced Risk Pesticide List 2015 - Draft  
Group IPM problem solving**

2.0 DPR Continuing Education Units available.

Forward this email. If someone forwarded this email to you, get invited to events here.

We look forward to seeing you!  
Jessian Choy, Chris Geiger, Mei Ling Hui  
San Francisco Dept. of Environment, (415) 355-3700

This message was sent to [Board.of.Supervisors@sfgov.org](mailto:Board.of.Supervisors@sfgov.org) from:

Chris Geiger | [Chris.Geiger@sfgov.org](mailto:Chris.Geiger@sfgov.org) | Jessian Choy | San Francisco Dept. of the Environment 11 Grove St. |  
San Francisco, CA 94102

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## **Lagunte, Richard (BOS)**

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**From:** johnny schenone [schenone13@sbcglobal.net]  
**Sent:** Monday, December 29, 2014 3:47 PM  
**To:** Board of Supervisors (BOS)  
**Cc:** Johnny Schenone; Cohen, Malia (BOS); Mar, Eric (BOS); Farrell, Mark (BOS); Avalos, John (BOS); Chu, Carmen (ASR); Elsbernd, Sean; Kim, Jane (BOS); Wiener, Scott; Chiu, David (BOS); Breed, London (BOS); Mar, Eric (BOS); Avalos, John (BOS); Pointer User0021  
**Subject:** Wake Up.

As a few of you just may be aware, the public is well, "upset", euphemistically speaking, with government at EVERY level. Various news reports regularly provide insight on public sentiment concerning federal politicians, less frequently the tone deafness associated with those at the state behemoth .

Based on what I read in the city's newspapers (Chronicle and Examiner) my opinion dovetails rather exactly with the overwhelming general public's view of contempt for & gross dis-satisfaction of virtually everyone in San Francisco's city government (save maybe J. Adachi) ; from the meter maids to the cops to the bus drivers, etc. The consensus seems to be, you all stink, bad ; and that's being polite !

Published confirmation and castigation often comes from the mouths of your own ilk (Agnos, Peskin, Daly, even your boy w.l. brown) as well as the citizenry (e.g., "Good ideas die at City Hall").

I possess literally dozens of newspaper articles that validate the level of contempt that exist for the "BORED STUPIDVISORS", general city incompetence, inefficiency, ineffectiveness. Examples are ubiquitous, read recently spent \$650 million over ten years on homeless , needle never moved. There is SFUSD, the quagmire of CCSF, everyone's favorite dog Muni, DPW. To suggest San Francisco has a "planning department" would be, to some, an oxymoron. The list goes on and on. Once wrote to Cisneros and asked him to give me one reason for continuation in making semi-annual EXTORTION payments commonly called property taxes; still waiting for a meaningful response from Jose. Then there is the lack of even conceptualizing what "leadership" might even be by the clueless, spineless, reactionary, procrastinating, evasive, puppet found in room 200.

As a few of you might know, the very basic REASON for government is to serve its citizenry, otherwise there is no need for it, or any of you ! This is suppose to be the reason you put your pants on and shuffle off to city hall periodically, besides to eat your lunch.

Speaking of lunch, allow me to serve up a long overlooked quote as an appetizer to the main course:

"The government is merely a servant—merely a temporary servant; it cannot be its prerogative to determine what is right and what is wrong, and decide who is a patriot and who isn't. Its function is to obey orders, not originate them."

— Mark Twain

Now, finally, the main course.

I have sent multiple e-mail and conducted numerous phone conversations with the staff at one of your colleagues / collaborators over a number of YEARS and received ZERO response from the sitting representative of district 10. In my communications I have made abundantly clear the purpose of the audience with the self perceived empress of the Bayview is not to indulge in complimentary tea and cookies served up to visitors or indulge in the complimentary parking there at city hall.

I have been directed by numerous bureaucratic departments and/or individuals on the city's dole that my mission must start with this sitting queen of the district wherein she *theoretically* labors on behalf of ALL of the district's residents, as distasteful as it may be, for both of us. This theoretical suggestion is having something to do with a concept called representative government.

The subject of the long sought audience with her majesty has the most certain potential to enhance the quality of life both short term and long, in a myriad number of ways not only for the long neglected residents of the area but the entire city.

Wow what a concept ,eh ?

The execution and ultimate realization would contribute to the easing of long RECOGNIZED HEALTH HAZARDS (e.g., air, noise, visual pollution/blight) and moves toward remedying long overlooked deficits that have been documented by various experts, news reports and institutions. The instillation is in ailment with similar projects that the city evidently had decided to go forward with (a long list has previously been provide) and bring several departments (Health, Public Works, SFPUC, etc) into compliance with their generally ignored charter(s), responsibilities and enforcement of existing codification.

Last November, Heather Knight (S.F. Chronicle) wrote "Era of big ideas out at City Hall, nuts and bolts in"; your crony must have missed that column, responding to constituency is, by most measures real basic, "nuts and bolts", and so is my mission/business/objective.

So what am I alluding to ? STREETSCAPING installation and removal of blight.

This installation, which may or may not take place, is aside from the "why" I am writing you, all. This absolutely rude lack of response, this clear dereliction of what ostensibly is "official duty", this flippant cavalier display of irresponsibility carried out with impunity epitomizes the generally perceived arrogance of government and unequivocally does nothing to cultivate concepts like confidence, trust or respect for this "representative", nor the body she is a member of, nor government in general. Quite to the contrary ! This kind of demeanor casts ALL of you in a negative light - perhaps you'd agree ?

If you happen to see her majesty there in those hallowed halls of city hall maybe you could ask her to respond ?

Thank you for your time.