



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

October 3, 2016

The Honorable John K. Stewart
Presiding Judge
Superior Court of California, County of San Francisco
400 McAllister Street, Room 008
San Francisco, CA 94102

**Re: Citizens' General Obligation Bond Oversight Committee's (CGOBOC)
response to the 2015-16 Civil Grand Jury Report entitled "Maintenance Budgeting
and Accounting Challenges for General Fund Departments"**

Dear Judge Stewart:

Pursuant to Penal Code Section 933 and 933.05, the Office of the Controller is transmitting this letter on behalf of the Citizens' General Obligation Bond Oversight Committee (CGOBOC) in response to the recommendations in the 2015-16 San Francisco Civil Grand Jury report, *Maintenance Budgeting and Accounting Challenges for General Fund Departments*, issued on June 27, 2016.

If you have any questions about this response, please contact me at 415-554-7500.

Respectfully submitted,



Ben Rosenfield
Controller

cc: Brian Larkin, Chairperson, CGOBOC
Todd Rydstrom, Deputy Controller, City and County of San Francisco
Angela Calvillo, Clerk of the Board, City and County of San Francisco

2015-16 Civil Grand Jury
Maintenance Budgeting and Accounting Challenges for General Fund Depts.
CGOBOC: RESPONSE TO FINDINGS

CGJ Year	Report Title	#	Findings	Dept	Respondent assigned by CGJ	2016 Responses (Agree/Disagree)Use the drop down menu	2016 Response Text
2015-16	Maintenance Budgeting and Accounting Challenges for General Fund Depts.	F:V.5.	The Citizen's General Obligation Bond Advisory Committee properly inquires as to the lifecycle maintenance and repair costs for assets built with General Obligation Bond proceeds, because that is pertinent information relating to those assets.	CON	Citizen's General Obligation Bond Advisory Committee	agree with finding	The Citizens' General Obligation Bond Oversight Committee (CGOBOC) inquires about the lifecycle maintenance and repair costs of assets built with general obligation bond proceeds as part of its general oversight and reporting responsibilities.
2015-16	Maintenance Budgeting and Accounting Challenges for General Fund Depts.	F:VI.2-b.	The City wastes taxpayer money when it uses general fund bonds to pay for renewal of assets that deteriorated prematurely because of deferred maintenance and repairs.	CON	Citizen's General Obligation Bond Advisory Committee	disagree with it, wholly (explanation in next column)	CGOBOC disagrees with this finding. Per Section 5.31 of the San Francisco Administrative Code, CGOBOC's purpose is to inform the public concerning the expenditure of general obligation bond proceeds and to actively review and report on the bond expenditures to ensure that bond revenues are expended only in accordance with the ballot measure. CGOBOC has no specific authority to determine the appropriateness of funding mechanisms related to the maintenance and repair of city assets.

2015-16 Civil Grand Jury
Maintenance Budgeting and Accounting Challenges for General Fund Depts.
CGOBOC: RESPONSE TO RECOMMENDATIONS

CGJ Year	Report Title	#	Recommendations	Respondent assigned by CGJ	2016 Responses (implementation) Use the drop down menu	2016 Response Text
2015-16	Maintenance Budgeting and Accounting Challenges for General Fund Depts.	R:V.3.	b. the Controller should instruct General Fund departments to report annually to GOBAC: 1) the inflation adjusted LifeCycle Maintenance and Repair Cost estimate for each General Obligation Bond funded project; 2) the amount budgeted for Operating Cost and Maintenance Cost of that asset; 3) the reasons for any budgeted shortfall; and 4) the immediate and long-term consequences of any budgeted shortfall.	Citizen's General Obligation Bond Advisory Committee	The recommendation will not be implemented because it is not warranted or reasonable (explanation in next column)	CGOBOC believes that a study of maintenance investments required to preserve the City's assets should be performed and considered by policy makers. CGOBOC recognizes the importance of transparency and accountability in the government's use and stewardship of public assets and resources. Per Section 5.31 of the San Francisco Administrative Code, CGOBOC's purpose is to inform the public concerning the expenditure of general obligation bond proceeds and to actively review and report on the bond expenditures to ensure that bond revenues are expended only in accordance with the ballot measure. CGOBOC already inquires with city departments on the budgets, schedules, and plans related to general obligation bond-funded projects as part of its oversight responsibilities.
2015-16	Maintenance Budgeting and Accounting Challenges for General Fund Depts.	R:V.4.	In furtherance of transparency, accountability and the public's right to know, GOBAC should prepare an annual report summarizing each General Fund department's lifecycle Maintenance and Repair cost estimates report and a consolidated report for all General Fund departments.	Citizen's General Obligation Bond Advisory Committee	The recommendation will not be implemented because it is not warranted or reasonable (explanation in next column)	CGOBOC believes that a study of maintenance investments required to preserve the City's assets should be performed and considered by policy makers. CGOBOC recognizes the importance of transparency and accountability in the government's use and stewardship of public assets and resources. Per Section 5.31 of the San Francisco Administrative Code, CGOBOC's purpose is to inform the public concerning the expenditure of general obligation bond proceeds and to actively review and report on the bond expenditures to ensure that bond revenues are expended only in accordance with the ballot measure. CGOBOC's authority pertains to overseeing only those departments involved in general obligation bond programs, not all General Fund departments. Also, CGOBOC already issues an annual report on general obligation bond-funded projects' scope, schedule, and budget, including future maintenance costs related to general obligation bond programs.