

Lifting the Fog

On Budgets, Civic Innovation, Silos, and More



A Presentation to Government Audit & Oversight Committee
by San Francisco Civil Grand Jury 2023–2024
September 19, 2024



CITY & COUNTY OF SAN FRANCISCO

Our Yearlong Investigation

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- **Focused on the highest levels of its governance structure** including the Office of the Mayor, the Board of Supervisors, the Office of the Controller and selected departments.
- **Does not reflect upon current city officials or staff**, but on the processes, structures and constraints of city government.
- **Interviews** with **over 50 current and former city officials** and **employees** as well as nationally recognized **government experts** and **legal scholars**.
- **Reviewed information** from news/media reports; City/County of SF reports; Board of Supervisors' Legislative Research Center, SFPL Government Information Center and History Center.
- **Uncovered persistent challenges** that have **affected San Francisco government for decades**.

Our Findings ...

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- The **city's budget oversight responsibilities** need to be reviewed to **improve their effectiveness**;
- The **duties of the City Administrator** are **ambiguously defined** and need more clarity;
- **Siloed departmental structures hinder** the effective **delivery of critical city services**;
- The city's **incomplete official organization charts** make it **difficult** for residents, businesses and other stakeholders **to understand** the function and structure of government entities;
- **Voter-mandated spending significantly affects** the city's ability to effectively manage its **budget**.

.. and Other Observations

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- **Charter reforms impact management oversight.** Charter revisions In 1991 and 1995 enacted several significant changes including: 1) the **prohibition of "deputy mayors"**, 2) the establishment of **salary limits within the Office of the Mayor**, and 3) the **curtailment of the City Administrator's responsibilities** in areas such as **budget oversight**.
- Despite bureaucratic challenges, **City Hall** continues to **pursue civic innovation partnerships** with organizations such as the **California Policy Lab**, **Harvard Kennedy Government Performance Lab**, and **Bloomberg Philanthropies**.
- After years of robust economy, the **city faces constrained economic growth**. In this challenging environment, San Francisco must **carefully manage its labor, health, and pension costs** while considering **potential service reductions** and **exploring new revenue sources**.

Views on City Administrator Duties

- “**Ambiguous language** around the **City Administrator’s role** can lead to questions about **who is responsible for enforcing city policies and regulations.**” BLA report (Oct 2021)
- “The City does agree that there is **no formal process for assessing potential financial or policy benefits of legislation.**” City Administrator’s response to CJG (Aug. 2024)

City Administrator/Manager roles in select California cities including San Francisco

City	Appoint Dept. Heads*	Prepare Budget and/or Advise on City Finances	Responsible: Purchasing & Contracts	Attends Council Meetings	Enforce Relevant Laws, Ordinances & Policies	Report to Legislative Body as Requested	Relationship with Commissions & Boards
Fresno	✓	✓	✓	✓			✓
Long Beach	✓	✓		✓	✓	✓	
Los Angeles		✓				✓	
Oakland	✓	✓	✓	✓	✓	✓	✓
Sacramento	✓	✓	✓	✓	✓		
San Diego	✓	✓	✓	✓	✓	✓	✓
San Jose	✓	✓		✓	✓	✓	
San Francisco	✓	No	✓	Not mandatory	No (Division heads responsible for enforcement)	No (though CAO is subject to Board’s general powers of inquiry)	Not addressed

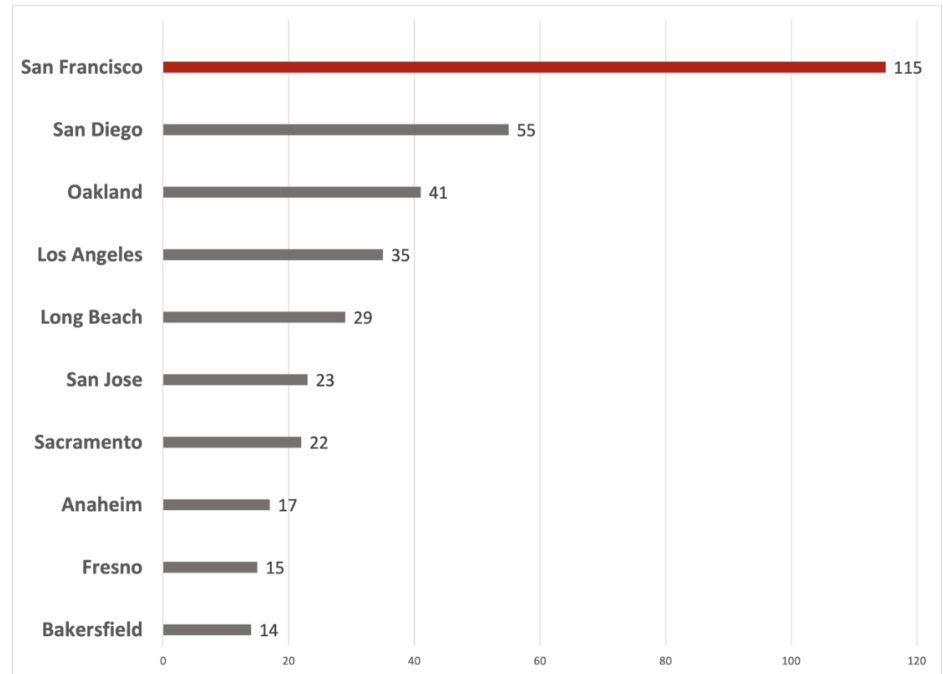
Source: Analysis of the City Administrator’s Office (Budget and Legislative Analyst)

San Francisco's Legislative Fetish

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- San Francisco places **more measures on the ballot** than any California city. Between 2013 and 2022, it **surpassed its closest peer city** by over 100%.
- A February 2024 city joint report by the **Controller**, the **Treasurer**, and **Office of Economic and Workforce Development** raised concerns about the **potential negative impact of frequent local legislation on the business environment**.

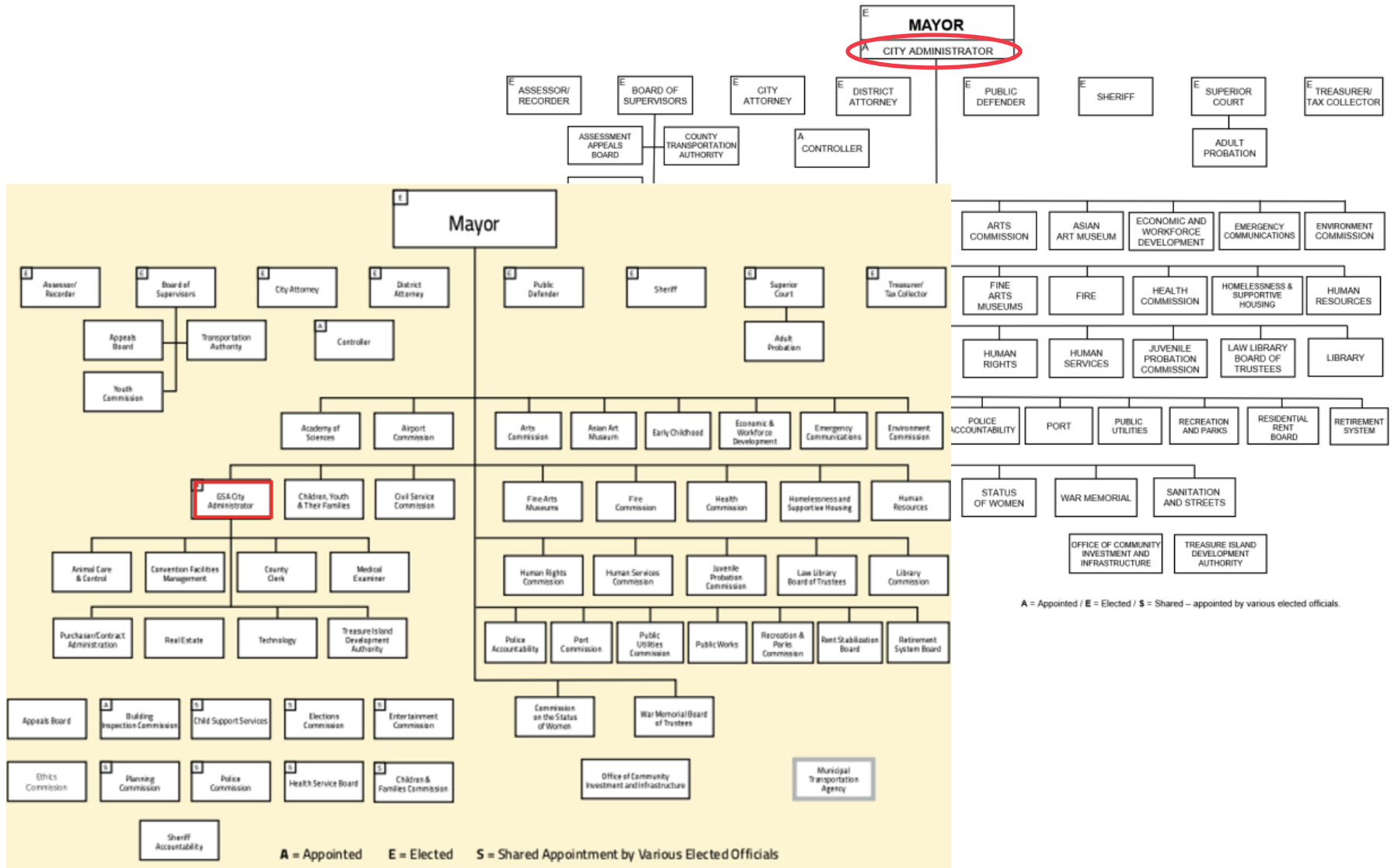
San Francisco ballot initiatives compared to other CA cities, 2013-2022



Source: California Elections Data Archive, California State University, Sacramento, Institute for Social Research

A Tale of Two Organization Charts ...

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Addressing the Challenges of Silos

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- Our report highlighted three examples of Silos: **Permit Center**, **Street Teams**, **JUSTIS** and cites three other CGJ reports that comment on City silos.
- A **more comprehensive analysis** of city resources would likely **reveal additional instances** of how departmental **silos hinder the efficiency of municipal service delivery**. The numerous examples identified by the Jury indicate that this issue is **not limited to isolated pockets of city government**.
- An **expanded City Administrator role** or the **introduction of Deputy Mayors** are options that may help increase interdepartmental coordination and **improve delivery of services**.
- Establishing a **centralized, authoritative coordinating body** within city government could **help break down silos** between different departments and agencies.

Mayor's Office Response to the Report

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- “We **agree with many of the Jury’s findings**, particularly regarding the **challenges** and **complexities** that come with **managing a City budget** that has grown considerably over the past decade as well as ...
- ... the **need for the Board of Supervisors** to more carefully **consider the costs and benefits of proposed City legislation** and be vigilant in protecting City budget resources against inefficient and unwarranted spending.
- “**City departments and services** have **become siloed** over time, and we must continuously **look to find opportunities** for collaboration and sharing of resources both **within and outside of the formal budget process.**”

Board of Supervisors Responses to Findings

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- BOS **agrees with** the following **findings**:
- “As the **city’s budget** has grown and become more complex, the Office of the Mayor **encounters oversight constraints**;”
- “The **role** and **responsibilities** of the **City Administrator** need to be **more clearly defined**;”
- “Departmental objectives and funding incentivize **siloing**, which **impedes the effective delivery of city services**.”

Comprehensive Charter Reform

August 20, 2024

“**San Francisco’s current charter was adopted by the voters in 1995**, nearly 30 years ago. ... While the needs of our residents and businesses have grown significantly since then, our **City’s ability to govern has not evolved to effectively meet the challenges of today.**”

“The **current Charter**, with its **layers of bureaucracy** added over the years, has **created inefficiency and diffused accountability** across our governance structures.”

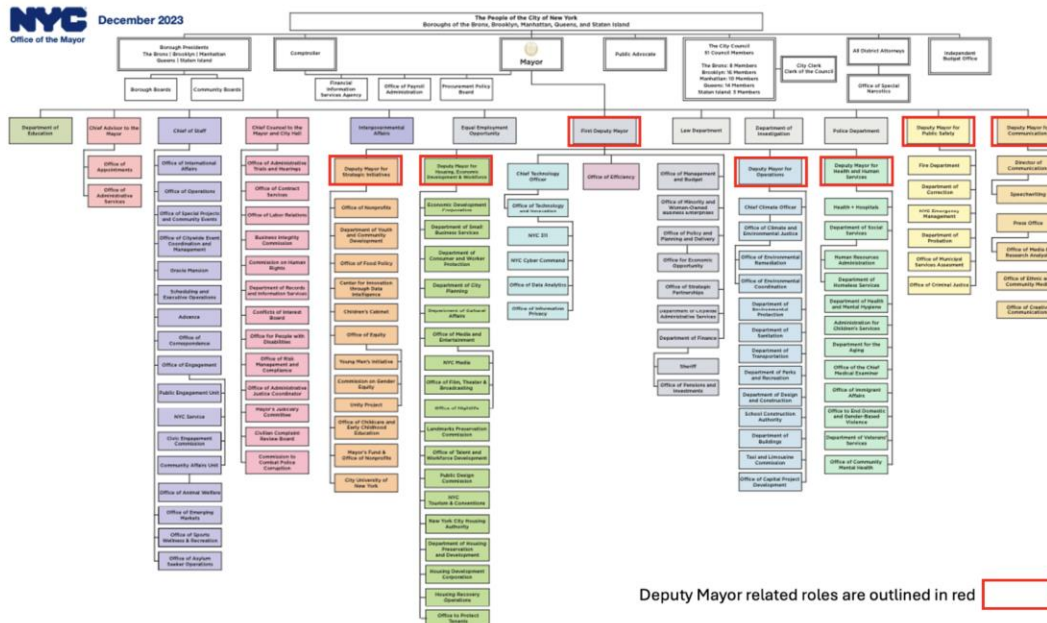
“The good news is that **we can fix this** by stepping back and **reconsidering the Charter as a whole**. That time is now.”

“The **Office of the Mayor**, working in partnership with the **Board of Supervisors** and **City Attorney**, shall **finalize the charter reform measure for the 2026 ballot.**”

On Charter Reform

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- Interviewees cited the need to **enhance** the role of the **City Administer** and/or **add deputy mayors** to the city's governance structure.
- In 1991, **Proposition H** banned **deputy mayors** (and limited staff salary within the Mayor's Office to no greater than 70% of the Mayor's salary.)
- The following chart is an **example of a deputy mayor structure**: New York City.



Views from Prior CJG Reports

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- “**San Franciscans are frustrated**. According to credible polls, in recent years a near majority of residents believe the **City is headed in the wrong direction**. While many areas in the United States (US) feature a large proportion of dissatisfied voters, that San Francisco suffers from such widespread public dismay is remarkable considering that it lies at the heart of the most dynamic regional economy in the nation.” Accelerating SF Government Performance: SFCGJ 2016-2017
- “Prior Civil Grand Juries, various City agencies, and consulting firms paid by the City have issued multiple reports identifying issues with the functioning of technology in the City. These reports repeat remarkably similar recommendations. **Time after time after time, the recommendations are ignored**. The earliest of these reports is eerily relevant to current issues. Why conduct these assessments if we never learn from them?” Déjà Vu All Over Again: San Francisco’s City Technology Needs a Culture Shock: SFCGJ 2011-2012
- “Many commissions and departments within the City and County of San Francisco claim to identify and follow “best practices,” a term commonly heard in the business world; it is a phrase oft touted by the Office of the Mayor. **The Jury found neither “best practices,” nor prudent management in several of the areas investigated. The Office of the Mayor (the “Mayor”) and the Board of Supervisors (the “Board”) do not exercise operational oversight of the performance of commissions and departments in a systematic or effective way ... There doesn’t seem really to have been anyone in charge of the store**” Accountability in San Francisco Government: SFCGJ 2007-2008
- “The **City’s hiring system is needlessly complex, wasting both time and energy**. The extended process required to fill positions impedes the work of City departments in providing necessary services to the general public and frustrates many qualified job candidates, who then decide to look elsewhere for employment ... **Nearly twenty years ago**, a former Director of City Planning **described the City’s hiring system as: ... incredibly cumbersome** and did nothing to attract top people.” The Hiring Process in the City and County of San Francisco: SFCGJ 1996-1997
- “The City and County of San Francisco is well positioned to take full advantage of the information age. However, the City and County, in pursuit of conducting the business of government, has been unable to achieve many of its objectives in the area of information technology. These **deficiencies are due to the following factors: lack of political leadership; ineffective planning; poor inter-departmental communication; short-term budgeting; inadequate personnel management; and inter-departmental competition** for precious technology resources.” Information Technology: SFCGJ 1995-1996

- **San Francisco is our home.** The city attracts innovators, experimenters, explorers, and dreamers.
- **It engages us** with its parks and natural beauty, its culinary and cultural scenes, and its sports teams.
- **It inspires diverse views**, including those of the San Francisco Chronicle's **Herb Caen** — “One day if I go to heaven ... I'll look around and say “It ain't bad, but it ain't San Francisco” and Jefferson Airplane's **Paul Kantner** — “San Francisco is 49 square miles surrounded by reality.”

Let's “Lift the Fog”

Thank You!