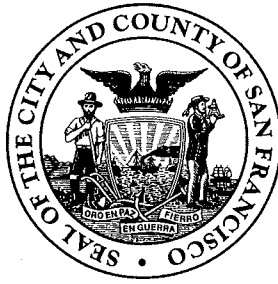


BOARD of SUPERVISORS



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

October 22, 2015

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

Dear Judge Stewart:

The following is a report on the 2014-2015 Civil Grand Jury Report (Report), "San Francisco's City Construction Program: It Needs Work."

The Board of Supervisors' Government Audit and Oversight Committee conducted a public hearing on October 1, 2015, to discuss the findings and recommendations of the Civil Grand Jury and the departments' responses to the report.


The following City departments submitted a response to the Civil Grand Jury (copies enclosed):

- Mayor's Office, dated September 14, 2015, submitted a consolidated response for:
 - a. Public Works
 - b. Office of the Controller(Finding Nos. 3 through 9 and Recommendations Nos. 3 through 9)

The Report was heard in committee and a Resolution was prepared for the Board of Supervisors approval that formally accepted or rejected the findings and recommendations requiring the Board of Supervisors response on October 6, 2015 (copy of Resolution No. 385-15 enclosed).

If you have any questions, please contact me at (415) 554-5184.

Sincerely,


Angela Calvillo
Clerk of the Board

c:

Members, Board of Supervisors

Jay Cunningham, 2015-2016 San Francisco Civil Grand Jury

Alison Scott, 2015-2016 San Francisco Civil Grand Jury

Janice Pettey, 2014-2015 San Francisco Civil Grand Jury

Philip Reed, 2014-2015 San Francisco Civil Grand Jury

Kate Howard, Mayor's Office

Chris Simi, Mayor's Office

Nicole Elliott, Mayor's Office

Mohammed Nuru, Public Works

Frank Lee, Public Works

Fuad Sweiss, Public Works

Ben Rosenfield, Office of the Controller

Todd Rydstrom, Office of the Controller

Asja Steeves, Office of the Controller

Jon Givner, City Attorney's Office

Rick Caldeira, Legislative Deputy

Severin Campbell, Budget and Legislative Analyst

Debra Newman, Budget and Legislative Analyst

Jadie Wasilco, Budget and Legislative Analyst



City and County of San Francisco

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

Certified Copy

Resolution

150607 [Board Response - Civil Grand Jury - San Francisco's City Construction Program: It Needs Work]

Resolution responding to the Presiding Judge of the Superior Court on the findings and recommendations contained in the 2014-2015 Civil Grand Jury Report, entitled "San Francisco's City Construction Program: It Needs Work," and urging the Mayor to cause the implementation of accepted findings and recommendations through his/her department heads and through the development of the annual budget. (Clerk of the Board)

10/6/2015 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

10/16/2015 Mayor - RETURNED UNSIGNED

STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO

CLERK'S CERTIFICATE

I do hereby certify that the foregoing Resolution is a full, true, and correct copy of the original thereof on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City and County of San Francisco.

October 22, 2015

Date

[Handwritten signature of Angela Calvillo]

Angela Calvillo
Clerk of the Board

1 [Board Response - Civil Grand Jury - San Francisco's City Construction Program: It Needs
2 Work]

3 **Resolution responding to the Presiding Judge of the Superior Court on the findings**
4 **and recommendations contained in the 2014-2015 Civil Grand Jury Report, entitled**
5 **“San Francisco’s City Construction Program: It Needs Work”;** and urging the Mayor to
6 **cause the implementation of accepted findings and recommendations through his/her**
7 **department heads and through the development of the annual budget.**

8
9 WHEREAS, Under California Penal Code, Section 933 et seq., the Board of
10 Supervisors must respond, within 90 days of receipt, to the Presiding Judge of the Superior
11 Court on the findings and recommendations contained in Civil Grand Jury Reports; and

12 WHEREAS, In accordance with California Penal Code, Section 933.05(c), if a finding or
13 recommendation of the Civil Grand Jury addresses budgetary or personnel matters of a
14 county agency or a department headed by an elected officer, the agency or department head
15 and the Board of Supervisors shall respond if requested by the Civil Grand Jury, but the
16 response of the Board of Supervisors shall address only budgetary or personnel matters over
17 which it has some decision making authority; and

18 WHEREAS, Under San Francisco Administrative Code, Section 2.10(a), the Board of
19 Supervisors must conduct a public hearing by a committee to consider a final report of the
20 findings and recommendations submitted, and notify the current foreperson and immediate
21 past foreperson of the civil grand jury when such hearing is scheduled; and

22 WHEREAS, In accordance with San Francisco Administrative Code, Section 2.10(b),
23 the Controller must report to the Board of Supervisors on the implementation of
24 recommendations that pertain to fiscal matters that were considered at a public hearing held
25 by a Board of Supervisors Committee; and

1 WHEREAS, The 2014-2015 Civil Grand Jury Report entitled "San Francisco's City
2 Construction Program: It Needs Work" (Report) is on file with the Clerk of the Board of
3 Supervisors in File No. 150607, which is hereby declared to be a part of this resolution as if
4 set forth fully herein; and

5 WHEREAS, The Civil Grand Jury has requested that the Board of Supervisors respond
6 to Finding Nos. 2, 3, 4, 5, 6, 7, 8, and 9, as well as Recommendation Nos. 2, 3, 4, 5, 6, 7, 8,
7 and 9 contained in the subject Civil Grand Jury report; and

8 WHEREAS, Finding No. 2 states: "The current lowest bid-contracting environment is
9 not optimal for the City, since it increases costs due to additional project change orders, and it
10 reduces the number of quality contractors willing to bid on City projects;" and

11 WHEREAS, Finding No. 3 states: "The complexity of the contracting environment,
12 especially as it relates to [Local Business Enterprises] (LBEs), reduces the pool of contractors
13 willing to do business with the City, thereby limiting vendor selection;" and

14 WHEREAS, Finding No. 4 states: "Change orders are not managed uniformly across
15 departments, which exposes the City to increased project costs;" and

16 WHEREAS, Finding No. 5 states: "Construction contract close out procedures are not
17 followed, which can result in the City not receiving the services it contracted to receive;" and

18 WHEREAS, Finding No. 6 states: "The variety of construction projects in the City
19 creates a mismatch between the design and engineering skills required for current projects
20 and the skills of the staff, resulting in duplicate labor costs when outside firms are retained
21 and excess capacity when there is a decline in construction activity;" and

22 WHEREAS, Finding No. 7 states: "The lack of integrated construction management
23 systems and the failure to follow centralized construction management policies and
24 procedures prevents the City from generating citywide construction reports;" and
25

1 WHEREAS, Finding No. 8 states: "The City does not have an independent
2 management group reviewing citywide construction performance reports and monitoring
3 adherence to change orders and construction contract close out policies and procedures;" and

4 WHEREAS, Finding No. 9 states: "San Francisco City departments do not issue final
5 reports on construction projects that are readily available to its citizens;" and

6 WHEREAS, Recommendation No. 2 states: "The [Board of Supervisors] (BOS) should
7 amend Chapter 6 of the Administrative Code to require contractor performance as an
8 additional criterion for construction contracts;" and

9 WHEREAS, Recommendation No. 3 states: "The [Civil Grand Jury] (CGJ) recommends
10 that the proposed Chapter 6 amendment make past performance a construction award
11 criterion for all future City construction contracts including LBE subcontracts;" and

12 WHEREAS, Recommendation No. 4 states: "The Office of the Controller should
13 implement a standardized change order management policy and require all City departments
14 to adhere to any new change order policy;" and

15 WHEREAS, Recommendation No. 5 states: "The Office of the Controller should
16 implement a standardized construction contract closeout policy and require all City
17 departments to adhere to any new policy;" and

18 WHEREAS, Recommendation No. 6 states: "The BOS should request the [Budget and
19 Legislative Analyst] (BLA) or [City Services Auditor] (CSA) to benchmark the City's design and
20 engineering workforce organizational structure against comparable cities and issue a report;"
21 and

22 WHEREAS, Recommendation No.7 states: "The Mayor should allocate financial
23 resources in the current City budget to fund the Department of Technology hiring a consulting
24 firm with extensive construction management expertise to develop citywide system
25 requirements for the implementation of a construction management system;" and

1 WHEREAS, Recommendation No. 8 states: "The BOS should either request the CSA
2 or BLA, or retain an outside firm, to benchmark the independent construction management
3 structure of other cities and develop recommendations applicable to San Francisco;" and

4 WHEREAS, Recommendation No. 9 states: "The BOS should require all City
5 departments to issue final project construction reports within nine months of project
6 completion for all construction projects and for the reports to be posted on each department's
7 website;" and

8 WHEREAS, In accordance with California Penal Code Section 933.05(c), the Board of
9 Supervisors must respond, within 90 days of receipt, to the Presiding Judge of the Superior
10 Court on Finding Nos. 2, 3, 4, 5, 6, 7, 8, 9, as well as Recommendation Nos. 2, 3, 4, 5, 6, 7, 8,
11 9 contained in the subject Civil Grand Jury report; now, therefore, be it

12 RESOLVED, That the Board of Supervisors reports that they disagree partially with
13 Finding No. 2 for reasons as follows: The City has to balance its responsibility to the
14 taxpayers with a clear timeline and stricter oversight on project delivery and cost control; and,
15 be it

16 FURTHER RESOLVED, That the Board of Supervisors reports that they disagree
17 partially with Finding No. 3 for reasons as follows: The Board of Supervisors passed
18 Legislation amending Chapter 6 of the Administrative Code which took effect August 1, 2015.
19 These changes, among other things, incorporate some industry best practices and therefore
20 are more likely to attract contractors familiar with the most recent industry innovations,
21 allowing us to grow our contractor pool and better serve the Public; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors reports that they disagree
23 partially with Finding No. 4 for reasons as follows: Though departments need to abide by their
24 respective change order policies, having a uniform change order management policy is not
25 practical given the differing project types and project delivery methods citywide; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors reports that they agree with
2 Finding No. 5 for reasons as follows: When the Controller's City Services Auditor (CSA)
3 conducted an audit of the closeout procedures it found a number of shortcomings including
4 lack of sufficient documentation, adequate review or verification, and adherence to existing
5 policies and procedures; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors reports that they disagree
7 partially with Finding No. 6 for reasons as follows: In addition to the wide variety of skills the
8 department has in-house, the use of consultants gives the department flexibility to meet the
9 needs of other departments and meet peak demands without the need to increase its staff,
10 departmental budgets and overall project costs; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors reports that they disagree
12 partially with Finding No. 7 for reasons as follows: The Civil Grand Jury is correct that there is
13 not an integrated citywide construction management system. However the Board of
14 Supervisors is represented on the Capital Planning Committee and appoints members to the
15 General Obligation and Revenue Bond Oversight Committees which all review and monitor
16 activities related to construction and capital projects; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors reports that they disagree
18 partially with Finding No. 8 for reasons as follows: The Jury is correct that there is not an
19 independent management group that monitors construction; However the Board of
20 Supervisors is represented on the Capital Planning Committee which monitors and prioritizes
21 infrastructure investments. In addition, the Board with their independent Budget and
22 Legislative Analyst's office regularly analyzes construction performance. Finally the CSA on a
23 quarterly basis presents an update on the implementation of their audits to the Government
24 Audit and Oversight Committee; and, be it
25

1 FURTHER RESOLVED, That the Board of Supervisors reports that they agree with
2 Finding No. 9 for reasons as follows: While some reports are posted online and publicly
3 available, City departments do not issue final reports when construction projects are
4 completed; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
6 No. 2 will not be implemented: The Board cannot commit to timing or outcome of future
7 legislation; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
9 No. 3 will not be implemented for reasons as follows: The Board cannot commit to timing or
10 outcome of future legislation and, be it

11 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
12 No. 4 will not be implemented because it is not warranted for reasons as follows: Given the
13 wide variety of project types, sizes, budgets, and complexity undertaken by the Chapter 6
14 departments, a "one size fits all" approach is not in accordance with best practices; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
16 No. 5 will not be implemented for reasons as follows: Although the Board of Supervisors
17 supports the recommendation, it is not within the jurisdiction of the Board; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
19 No. 6 requires further analysis for reasons as follows: A benchmarking analysis could provide
20 important and helpful insight into best practices for how to improve the organizational
21 structure of the City's design and engineering workforce, and merits further consideration. The
22 Board of Supervisors will confer with their independent Budget and Legislative Analyst's office
23 to assess how to best address this recommendation by January 2016; and, be it
24
25

1 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
2 No. 7 will not be implemented for reasons as follows: Although the Board of Supervisors
3 supports the recommendation, it is not within the jurisdiction of the Board; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
5 No. 8 requires further analysis for reasons as follows: This recommendation overlaps with
6 recent and existing work of a workgroup of Chapter 6 departments. Legislation modernizing
7 Chapter 6 went into effect August 1, 2015 after more than a year of collaboration. The next
8 round of changes, including a shared database to track contractor performance, is being
9 discussed now with a goal of implementation by Summer 2016. The Board of Supervisors will
10 confer with their independent Budget and Legislative Analyst's office to assess how to best
11 address this recommendation by January 2016; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
13 No. 9 requires further analysis for reasons as follows: This recommendation will be revisited
14 by the Board of Supervisors by January 2016 as part of the ones being considered when
15 further amendments to Chapter 6 of the Administrative Code are brought forward; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors urges the Mayor to cause the
17 implementation of accepted findings and recommendations through his/her department heads
18 and through the development of the annual budget.



City and County of San Francisco
Tails
Resolution

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

File Number: 150607

Date Passed: October 06, 2015

Resolution responding to the Presiding Judge of the Superior Court on the findings and recommendations contained in the 2014-2015 Civil Grand Jury Report, entitled "San Francisco's City Construction Program: It Needs Work;" and urging the Mayor to cause the implementation of accepted findings and recommendations through his/her department heads and through the development of the annual budget.

October 01, 2015 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

October 01, 2015 Government Audit and Oversight Committee - RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

October 06, 2015 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 150607

I hereby certify that the foregoing Resolution was ADOPTED on 10/6/2015 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

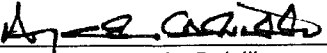
Unsigned

Mayor

10/16/15

Date Approved

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



Angela Calvillo
Clerk of the Board

10/16/15

Date

File No.
150607

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

September 14, 2015

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

Dear Judge Stewart:

Pursuant to Penal Code sections 933 and 933.05, the following is in reply to the 2014-2015 Civil Grand Jury report, *San Francisco's City Construction Program: It Needs Work*. We would like to thank the members of the Civil Grand Jury for their interest in the City's construction contracting and management practices.

This is an area that the City has already begun to improve. In May 2014, the Office of the Controller's City Services Auditor (CSA), issued an audit entitled "Citywide Construction: Adopting Leading Practices Could Improve the City's Construction Contractor Bid Pool," which contained a number of improvements to citywide construction contracting practices. In response to that report, CSA convened a work group to revise Chapter 6 of the Administrative Code, which governs construction contract management. The first set of changes was adopted by the Board of Supervisors in June of this year. The work group continues to meet, and anticipates proposing additional amendments in the coming months. Improvements under consideration include development of a shared database to track contractor performance.

Public Works is adopting its own changes, with the goal of developing improved construction contract management practices, which can then be introduced to the other City departments that undertake construction projects (Airport, Public Works, Port, Recreation and Park, SFMTA, and SFPUC).

A detailed response from the Mayor's Office, the Controller's Office, and the Department of Public Works to the Civil Grand Jury's findings and recommendations follows.

Thank you again for the opportunity to comment on this Civil Grand Jury report.

Sincerely,

Three handwritten signatures in black ink. The first signature is for Edwin M. Lee, the second for Mohammed Nuru, and the third for Ben Rosenfield.

Edwin M. Lee
Mayor

Mohammed Nuru
Director, Public Works

Ben Rosenfield
Controller

Finding 3: The complexity of the contracting environment, especially as it relates to LBEs, reduces the pool of contractors willing to do business with the City, thereby limiting vendor selection.

Disagree with finding, partially. The City’s contracting process can be difficult for new entrants. However, the City continually strives to improve the quality of the bid pool—by attracting new contractors, improving existing contractors, and shoring up processes to minimize non-responsible/non-responsive bids. Effective August 1, 2015, Mayor Lee signed legislation including more than three dozen changes to Chapter 6 of the City’s Administrative Code. The changes are intended to simplify and streamline the process for both contractors and City employees. The changes incorporate some industry best practices because updated processes are more likely to attract contractors familiar with the most recent industry innovations, allowing our competitive process to better serve the public.

Recommendation 3: The CGJ recommends that the proposed Chapter 6 amendment make past performance a construction award criterion for all future City construction contracts including LBE subcontracts.

The recommendation has not been, but will be, implemented in the future. The six Chapter 6 departments (Airport, Public Works, Port, Recreation and Park, SFMTA, and SFPUC), are committed to improving the pool of contractors who bid on City construction projects. In conjunction with the City Attorney and the Office of the Controller, the Chapter 6 departments are actively working to revise Chapter 6 to require performance evaluations and to devise procedures to consider past performance in contract awards. The departments are meeting regularly with a goal of presenting amendments to the law and associated processes to the Board of Supervisors in 2016.

Finding 4: Change orders are not managed uniformly across departments, which exposes the City to increased project costs.

Disagree with finding, partially. The jury is correct that change orders are not managed uniformly across the City. As written, Chapter 6 of the Administrative Code provides for decentralized project management for the six departments it covers (the Airport, Public Works, the Port, Recreation and Park, SF Municipal Transportation Agency, and the SF Public Utilities Commission). Though departments need to abide by their respective change order policies, having a uniform change order management policy is not feasible given the differing project types and project delivery methods citywide. While change orders are not managed uniformly across City departments, each department has its own procedures and controls in place, allowing for greater flexibility and specialization, commensurate with the various sizes and types of construction projects carried out by each department.

Recommendation 4: The Office of the Controller should implement a standardized change order management policy and require all City departments to adhere to any new change order policy.

The recommendation will not be implemented because it is not warranted. The Office of the Controller, and specifically the City Services Auditor (CSA), audits and assesses departments’ adherence to relevant construction policies and procedures citywide, and provides technical assistance to departments as needed. As presently written, the Administrative Code calls for a decentralized approach to construction management for Chapter 6 departments, leaving this authority with each department. This allows for a

segregation of duties between the Office of the Controller and the departments charged with construction management.

Given the wide variety of project types, sizes, budgets, and complexity undertaken by the Chapter 6 departments, a “one size fits all” approach is not in accordance with best practices. However, as recommended by CSA’s May 2014 audit of citywide construction practices, the Chapter 6 departments, in conjunction with CSA, are moving forward with amendments to the Administrative Code, including potential modifications related to change order management policies. Public Works has a change order management tracking system. Change orders are tracked, categorized and regularly discussed in order to inform project management decisions. This system could be tailored to other Chapter 6 department’s needs.

Finding 5: Construction contract closeout procedures are not followed, which can result in the City not receiving the services it contracted to receive.

Disagree with finding, partially. Contract closeout can vary by project complexity and staff, and results vary depending on these and other fact-specific issues; a uniform construction contract closeout policy would not necessarily ensure that the City receives its contracted services. In all cases, however, the City strives to follow the most efficient and effective best practices to close out projects as promptly and cost-efficiently as possible. The City’s use of the Controller’s City Services Auditor (CSA), in addition to other auditing mechanisms, ensures adherence to these best practices. Over the last three fiscal years, CSA has completed construction contract closeout assessments involving all six Chapter 6 departments. Based on the results of these audits and assessments of various city departments’ construction contract closeout procedures, and as noted in the Jury’s report, CSA found some internal control weaknesses related to the audited departments’ closeout procedures, including lack of sufficient documentation, adequate review or verification, and adherence to existing policies and procedures. CSA follows up on all open (unresolved) audit recommendations every six months to ensure that departments have implemented corrective actions.

Recommendation 5: The Office of the Controller should implement a standardized construction contract closeout policy and require all City departments to adhere to any new policy.

The recommendation will not be implemented because it is not warranted. The Office of the Controller, and specifically the City Services Auditor (CSA), conducts audits and assessments of departments’ adherence to relevant construction policies and procedures citywide, and provides technical assistance to departments as needed. As presently written, however, the Administrative Code calls for a decentralized approach to construction management for Chapter 6 departments, leaving this authority with each department. This allows for a segregation of duties between the Office of the Controller and the departments charged with construction management.

Given the wide variety of project types, sizes, budgets, and complexity undertaken by the Chapter 6 departments, a “one size fits all” approach is not always in accordance with best practices. However, as recommended by CSA’s May 2014 audit of citywide construction practices, the Chapter 6 departments, in conjunction with CSA, are moving forward with amendments to the Administrative Code, including potential modifications related to construction contract closeout policies. At this time, Public Works is piloting new construction contract closeout procedures; if successful, this system is designed to be shared with the other Chapter 6 departments.

Finding 6: The variety of construction projects in the City creates a mismatch between the design and engineering skills required for current projects and the skills of the staff, resulting in duplicate labor costs when outside firms are retained and excess capacity when there is a decline in construction activity.

Disagree with finding, partially. The City relies on Public Works to maintain a broad professional skillset across multiple engineering, architectural, and professional disciplines in order to perform a wide range of architectural, engineering, and construction services for many City agencies, including the Library, SFPD, and SFFD. Accordingly, Public Works staff maintain an extensive range of in-house design and engineering skills. The use of consultants gives the department flexibility to meet the needs of client departments and meet peak demands without the need to increase its staff and overall project costs.

Recommendation 6: The BOS should request the BLA or CSA to benchmark the City’s design and engineering workforce organizational structure against comparable cities and issue a report.

The recommendation requires further analysis. A benchmarking analysis could provide important and helpful insight into best practices for how to improve the organizational structure of the City’s design and engineering workforce, and merits further consideration. As the Office of the Controller’s City Services Auditor prepares its work plan, a benchmarking report will be considered, but must be weighed against other requests for that office’s resources. The departments participating in this response defer to the Board of Supervisors with respect to involvement of the Board’s Legislative Analyst, and the Office of the Controller will consult with the Board regarding which, if any, office performs the analysis.

Finding 7: The lack of integrated construction management systems and the failure to follow centralized construction management policies and procedures prevents the City from generating citywide construction reports.

Disagree with finding, partially. The Jury is correct that there is not an integrated citywide construction management system. There has not, however, been a consistent finding of Chapter 6 departments failing to follow centralized construction management policies, as the report notes. In addition, the City has developed a coordinated capital planning and budgeting process to review and prioritize capital budget requests, coordinate funding sources and uses, and provide citywide policy analysis and reporting on interagency capital planning efforts. Oversight bodies, including general obligation and revenue bond oversight committees, as well as departmental commissions, routinely review and monitor activities related to the City’s capital and construction projects under their purview.

Recommendation 7: The Mayor should allocate financial resources in the current City budget to fund the Department of Technology hiring a consulting firm with extensive construction management expertise to develop citywide system requirements for the implementation of a construction management system.

MYR: The recommendation requires further analysis. The City’s annual budget process begins in December of each year, and concludes in June the following year. As part of the Fiscal Years 2016-17 and 2017-18 budget process, Public Works, the Department of Technology, and the Mayor’s Office will consider the inclusion of financial resources to fund a consultant to meet the vision of the Jury. Any request, however, must be weighed against other citywide funding requests, so funding cannot be guaranteed at this time.

Finding 8: The City does not have an independent management group reviewing citywide construction performance reports and monitoring adherence to change orders and construction contract closeout policies and procedures.

Disagree with finding, partially. The Jury is correct that there is not an independent management group that monitors construction; instead, the City has numerous independent management groups. The Capital Planning Committee, a public decision-making body that monitors, crafts, and recommends policies related to infrastructure investments, is the lead in this area. Construction contracts and projects are further reviewed by various bodies, most notably, department commissions, the Budget and Legislative Analyst, and the Office of the Controller. Further, the Board of Supervisors may exercise its authority to hold hearings related to specific projects or contracts, or general construction closeout procedures and trends.

In addition, in its capacity as the City’s auditing body for contracts, CSA has found in previous audits and assessments of various City departments’ change order management and closeout policies and procedures that some internal control weaknesses exist. Every six months, CSA follows up on all (open) unresolved audit recommendations at a hearing at the Board of Supervisors’ Government Auditing and Oversight (GAO) Committee; all departments in question are required to publicly present updates and progress reports at these hearings.

Recommendation 8: The BOS should either request the CSA or BLA, or retain an outside firm, to benchmark the independent construction management structure of other cities and develop recommendations applicable to San Francisco.

The recommendation requires further analysis. This recommendation overlaps with recent and existing work of a workgroup of Chapter 6 departments. Legislation modernizing Chapter 6 went into effect August 1, 2015 after more than a year of collaboration. The next round of changes, including a shared database to track contractor performance, is being discussed now with a goal of implementation by summer 2016.

However, a benchmarking analysis could provide important and helpful insight into best practices for how to improve the City’s independent construction management structure, and will be considered. As the Office of the Controller’s City Services Auditor prepares its work plan going forward, a benchmarking report will be considered, but must be weighed against other requests for that office’s resources. The departments participating in this response defer to the Board of Supervisors with respect to involvement of the Board’s Legislative Analyst, and the Office of the Controller will consult with the Board regarding which, if any, office performs the analysis.

Finding 9: San Francisco City departments do not issue final reports on construction projects that are readily available to its citizens.

Disagree with finding, partially. The Jury is correct that City departments do not issue final reports on all construction projects when complete. City departments do, however, report on projects—especially those funded via the General Obligation bond program, which includes mandatory reporting procedures before, during, and after construction. In addition, Chapter 6 departments must prepare closeout and acceptance documents that must be executed per Administrative Code Section 6.22(k). All reports prepared under these regulations are posted online and publicly available.

Recommendation 9: The BOS should require all City departments to issue final project construction reports within nine months of project completion for all construction projects and for the reports to be posted on each department's website.

This recommendation will not be implemented because it is not warranted. This recommendation is directed specifically to the Board of Supervisors. However, the responding departments welcome further discussion regarding final construction reports should the Board of Supervisors choose to pursue this recommendation. It should be noted, however, that pertinent budget and schedule information is provided in various forms to staff and oversight bodies. As per Administrative Code Section 6.22(k), Chapter 6 departments must prepare and execute closeout and acceptance documents. Upon presentation to oversight bodies (including the Citizens' General Obligation Bond Oversight Committee, the Recreation & Park Commission, Port Commission, Airport Commission, Public Utilities Commission, and the Municipal Transportation Agency Board of Directors), this information is posted online and made available to the public.