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Supervisor Hillary Ronen
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Chair Ronen,

The proposed Charter Amendment to split Public Works (File #200510) would add a significant cost to City government with no certainty of achievable benefits. As the legislation moves forward, I want to make sure the department has the opportunity to put our concerns on the record.

Increasing Transparency and Accountability

First, let me emphasize that I enthusiastically support increased transparency and accountability for Public Works. There is no doubt that the scandal involving the former director damaged public trust in the department. Since I joined the department in January, my top priority has been to restore that trust. The department moved quickly to enact new policies that bolster safeguards and transparency over contracting and grants. We have been fully cooperating with the City Attorney and City Controller's investigations. It is important to note that, to date, there has been no indication of systematic or widespread corruption in the department. The probes continue to focus on the former director and his relationships outside his official duties. Where there were departmental failures, we have moved to address them – not reluctantly but with a fervency to do better.

As has been the case since I assumed this job, I welcome the opportunity to come before the Board of Supervisors to answer questions and report out on our work to boost transparency and accountability.

Spinning off a new Department of Sanitation from Public Works – having two departments take on the work now performed by one – comes with a significant cost yet does not increase spending on street cleaning.

As you have heard, the Controller has estimated that the added financial burden on the City would be \$4 million to \$10 million annually – primarily for the needed administrative, management and support staff to run two departments. The \$4 million estimate, on the low end, would leave the City with two bare-bones departments with inadequate support to address the challenges facing the City.

San Francisco Faces an Unprecedented \$1.7 Billion Budget Deficit

The proposal comes as the City braces for a projected \$1.7 billion budget shortfall over the next two years – a number that the City Controller has warned very well could worsen due to the COVID-19 pandemic. Even if the start of the proposed charter amendment is delayed two years, as the sponsor proposes, financial forecasters say that it could take many more years before San Francisco regains a solid financial footing. Spending millions of dollars on new management and administrative staff will not make the City cleaner or greener.

For \$4 million, the City could fill more than 17,000 potholes, open eight new staffed Pit Stop public toilets or pave more than 70 blocks in one year. For \$10 million, the City could plant 5,000 new trees, hire 62 new street cleaners or create more than 180 new shelter beds. And remember, that is every year. The estimated \$4 million to \$10 million cost to operate two departments is an annual amount.

Loss of Efficiency

Public Works is responsible for the design, construction and maintenance of the City's right of way and public buildings, such as fire stations and neighborhood health clinics. The proposed charter amendment would split off operations and maintenance from design and construction. That split would cause a major loss of financial and operational efficiency, coordination and responsiveness.

Operations currently participates in design review and works as a design-build team with Engineering and Architecture. Our Engineering and Landscape Architecture design staff coordinate with Street Cleaning and Urban Forestry to review new streetscape designs for maintenance needs. Street Cleaning reviews and provides feedback on design impacts on cleaning and mechanical sweeping, and Urban Forestry reviews tree and landscape planting plans for future maintenance.

Our Bureau of Architecture together with the Bureau of Building Repair, which is within the Operations Division, are an in-house design-build team that effectively and quickly responds to urgent building needs – without the need to contract out services or set up inter-department MOUs. For example, they were able to work together to quickly build safe sleeping sites, COVID testing centers and the majority of the City's Navigation Centers.

Our Street Repair and Cement Shop branches, also within Operations, work as a design-build team with Engineering to implement pressing Vision Zero projects, such as the Townsend and Valencia protected bike lanes. The Cement Shop also works with Engineering to design and build the most complicated curb ramps to improve accessibility in the City. If there are unusual conditions in the field, we can do the work in-house and avoid costly change-orders from a contractor. Engineering also relies on the Cement Shop to implement quick fixes for street structures, such as stairways and bridges. They can quickly make hazards safe while it might take weeks to get a contract in place, or months if you consider dual commission approvals.

Our Engineering Division supports our Operations Division with \$10 million in paving work and \$6 million in curb ramp work annually. If the department were split, the Administrative code requires that such work be sent out to bid to private contractors. The work no longer would be done by civil service staff. We prioritize keeping some work in-house because we value having experienced staff on hand to respond quickly when needed. Those jobs and that in-house expertise are at risk if this plan moves forward.

Departments develop their own priorities and preferences. Negotiating projects and policies between the three agencies that currently have jurisdiction in the public right of way – Public Works, SFPUC and SFMTA – already takes an additional amount of time and money. Adding another department to the equation would result in even more delays and wasted City funds on negotiating MOUs and service orders.

Street Cleanliness

There has been a lot of discussion about cleanliness. Chair Ronen, you mentioned the daily emails you get about tents, feces, urine and needles. I get those emails, too. If this proposal would actually address those issues I would be in full support. The reality is that changing the organizational structure of one department is not going to do anything to address the root causes of these very complex issues, among them poverty, mental health and addiction.

Public Works already is laser-focused on street cleaning, with a 24/7 operation that removes approximately 1 million pounds of trash from the streets every week. We are open to innovation and new ideas to address the challenges. The Pit Stops and Hot Spots teams are just two examples. But until we more effectively address the crisis on our streets and the bad behavior of the people who litter, dump and tag in our City, we will not see a noticeable difference in the cleanliness of the City. The Tenderloin is a prime example. Every sidewalk is swept by 9 a.m. every day. Our crews, as well as our nonprofit partners, pick up litter at intervals throughout the day, and the Community Benefit District provides regular steam cleaning services on top of Public Works daily steam cleaning in the neighborhood to address human and dog waste. And yet the challenges persist.

That said, we also can look to the Tenderloin for what's possible. In recent weeks, there has been a coordinated effort to move hundreds of people from sidewalk encampments into safe sleeping sites and hotel rooms. There has been a noticeable improvement in the cleanliness of the neighborhood. And as long as we can keep people from re-encamping, I expect the situation to continue improving.

The proposed charter amendment would not create a department focused solely on street cleaning. Under this proposal, the Director of Sanitation of Streets would oversee at least five divisions: Street Cleaning, Urban Forestry, Street Repair, Building Repair and, presumably, Administration. The Director of the truncated Public Works department would oversee three divisions: Building Design and Construction, Infrastructure Design and Construction and Administration.

Over the last several weeks, the sponsor of the proposed Charter Amendment has made assertions repeatedly that most large cities have a separate department of sanitation. We did some research and found that of the 20 largest cities in the country, only four had a stand-alone department of sanitation. These four also were linked with municipal garbage collection, which we do not do here. Fifteen of the 20 departments had cleaning, operations, maintenance and design and construction in the same department. We also reached out to the accreditation manager with the American Public Works Association who agreed that street cleaning is a function of Public Works in the majority of departments she has worked with around the country. We also sent an inquiry out to accredited Public Works agencies nationwide. We received nearly 50 responses from 16 states and all of them had street cleaning as a function of Public Works. Including street cleaning with design and construction is a time-tested national model that makes logistical and financial sense.

Impact on Overhead Rates

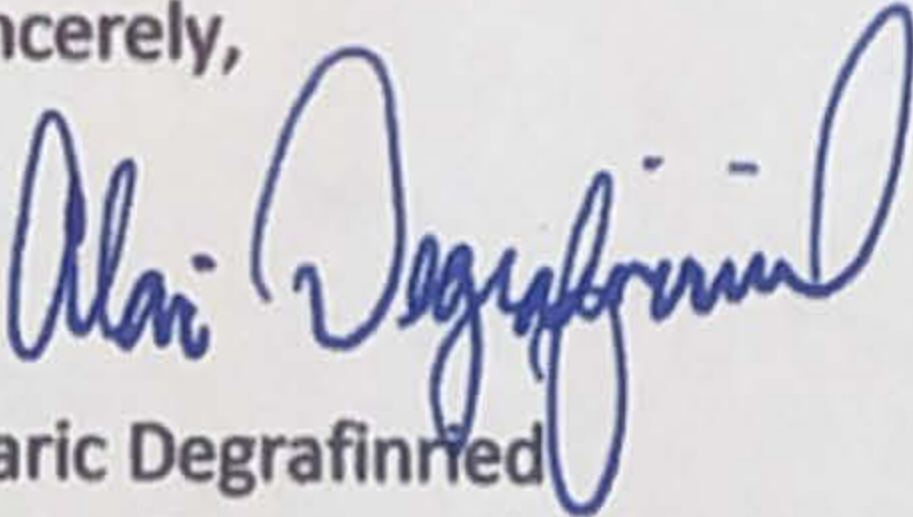
There are important nuances of our budget and organization that were not considered in the development of this legislation. For example, Public Works has an indirect cost model where administrative staff time is charged as an overhead rate to projects to save the General Fund money. With two smaller departments we still need support positions, but we will not be able to spread their cost over as many people doing the work. Each service position would be supporting a greater percentage of that administrative overhead. As a result, the services of the architects and engineers in the new Public Works would become more expensive and less competitive as compared to private firms.

Other City agencies, such as the Department of Public Health, the San Francisco Public Library and the Recreation and Park Department, which use our services to construct their facilities, would have a stronger incentive to contract out design and construction management work, possibly leading to fewer City employees performing that work. If this were to occur, the City would lose the in-house expertise and experience that comes from 100 years of designing and building City infrastructure and buildings. More work would be done by contractors and consultants and less would be done by unionized civil servants.

The proposed charter amendment was drafted without consulting Public Works management or having a detailed understanding of the department's operations and finances.

I want to make clear that I and the Public Works leadership team are invested in process improvement and welcome the opportunity to be better, more transparent and more accountable. For the past six months we have taken steps to improve the organization through a deliberative, reasoned and responsible approach. Again, I want to express my commitment and eagerness to work with the Board of Supervisors on oversight, accountability and setting baselines of service to improve the cleanliness of San Francisco. But this proposal does not address the problems it sets out to solve and will cost millions of dollars annually that we cannot afford.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alaric Degrafinried". The signature is fluid and cursive, with a large loop at the end.

Alaric Degrafinried
Acting Director of Public Works