

FILE NO. 140998

Petitions and Communications received from September 15, 2014, through September 22, 2014, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on September 30, 2014.

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 Clerk of the Board, the following agencies have submitted a 2014 Local Agency Biennial Conflict of Interest Code Review Report: (1)
Municipal Transportation Agency

From Youth Commission, regarding proposed Charter Amendment requiring the Municipal Transportation Agency to reduce socio-economic inequities in the City's transportation system. File No. 131117. Copy: Each Supervisor. (2)

From Controller, submitting Economic Barometer report April-June 2014. Copy: Each Supervisor. (3)

From Rent Board, submitting Annual Report for FY2013-2014. Copy: Each Supervisor. (4)

From Controller, submitting audit reports of Castagnola's Restaurant and Blue and Gold Fleet, LP. Copy: Each Supervisor. (5)

From concerned citizens, submitting signatures for petition regarding 480. 172 signatures. Copy: Each Supervisor. (6)

From Dale Gutierrez, regarding ambulance response times. Copy: Each Supervisor. (7)

From Laborers' Local No. 261, regarding appointment of Miguel Bustos to Commission on Community Investment and Infrastructure. Copy: Each Supervisor. (8)

From Lori Kumagai, regarding stop signs at intersection of Moscow Street and Excelsior Avenue. Copy: Each Supervisor. (9)

From Dennis Mackenzie, regarding Warriors Arena Classroom proposal. Copy: Each Supervisor. (10)

From SaveMuniSF, regarding Transbay Transit Center and Community Facilities District. File Nos. 140836, 140814, 140815, and 140816. Copy: Each Supervisor. (11)

From concerned citizens, regarding funds for legal services for unaccompanied children and families. 2 letters. File No. 140918. Copy: Each Supervisor. (12)

September 30, 2014 Communications Page

From the Clerk of the Board, Submitted from the following agency, 2014 Local Agency Biennial Conflict of Interest Code Review Report:

San Francisco Municipal Transportation Agency

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2014 Local Agency Biennial Notice
Conflict of Interest Code Review Report

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 SEP 18 AM 10:05
PN

Name of Agency: San Francisco Municipal Transportation Agency
Mailing Address: 1 South Van Ness Ave, San Francisco, CA 94103
Contact Person: James Cerenio Office Phone No: 415-701-5019
E-mail: james.cerenio@sfmta.com

This agency has reviewed its conflict-of-interest code and has determined that:

An amendment is required. The following amendments are necessary:

(Check all that apply.)

- Include new positions (including consultants) that must be designated.
- Revise disclosure categories.
- Revise the titles of existing positions.
- Delete positions that have been abolished.
- Delete positions that no longer make or participate in making governmental decisions.
- Other *(describe)* _____

No amendment is required.

The agency's code accurately designates all positions that make or participate in the making of governmental decisions; the disclosure categories assigned to those positions accurately require the disclosure of all investments, business positions, interests in real property, and sources of gifts and income that may foreseeably be affected materially by the decisions made by those holding the designated positions; and the code includes all other provisions required by Government Code Section 87302.



Signature of Chief Executive Officer

9/11/14

Date

Complete this notice regardless of how recently your code was approved or amended.

Please return this notice no later than **August 4, 2014**, via e-mail (PDF) or inter-office mail to:

Clerk of the Board
Board of Supervisors
ATTN: Peggy Nevin
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
E-mail: peggy.nevin@sfgov.org

GP/As

File 131117

To: BOS-Supervisors
Subject: Youth Commission Referral Response to File No. 131117 Charter Amendment - MTA Equity Analysis
Attachments: 1415-RBM-01.pdf

From: Youthcom [<mailto:youthcom@sfgov.org>]
Sent: Wednesday, September 17, 2014 5:10 PM
To: Lee, Edwin (Mayor) (ADM); BOS-Supervisors
Cc: Calvillo, Angela (BOS); Miller, Alisa; Pollock, Jeremy (BOS); Wheaton, Nicole (MYR); Hydra.Mendoza@sfusd.edu; jason.elliott@sfgov.org; Maria Su (CHF); Ed.Reiskin@sfmta.com; Lu, Allen; Luis Avalos; m.li19@gmx.com
Subject: Youth Commission Referral Response to File No. 131117 Charter Amendment - MTA Equity Analysis

**YOUTH COMMISSION
MEMORANDUM**

TO: Alisa Miller, Rules Committee Clerk
FROM: Youth Commission
DATE: September 17, 2014
RE: Referral response to BOS File No. 131117

At our special meeting of **Monday, September 15, 2014** the Youth Commission voted unanimously to support the following motion:

To support BOS File No. 131117, Charter Amendment – Municipal Transportation Agency (MTA): Equity Analysis and Expenditure Plan, Additional Appropriation, MTA Inspector General, Limits on Future Fare Increases, Extending Free MUNI for Certain Populations

Youth Commissioners support for the legislation is based in the belief that an equity analysis is important for guiding future investments in MUNI and ensuring equitable service and transit development.

During discussion on this item, the youth commission proposed and unanimously approved the following comments regarding this legislation:

Youth Commissioners recommend that the proposed equity analysis should encompass analysis of the needs of youth who depend on MTA for school transit.

Please inform us of forward movement on any details about this item. If you have any questions about these recommendations or anything related to the Youth Commission, please don't hesitate to contact our office at (415) 554-6446 or your Youth Commissioner.

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Chair, Michel Li
Adopted on September 15, 2014
2014-2015 San Francisco Youth Commission

San Francisco Youth Commission
City Hall, Room 345 San Francisco, CA 94102
Office: (415) 554-6446 | Fax: (415) 554-6140
<http://www.sfbos.org/index.aspx?page=5585>

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<http://www.sfbos.org/index.aspx?page=104>

From: Reports, Controller (CON) [controller.reports@sfgov.org]
Sent: Tuesday, September 16, 2014 9:19 AM
To: Calvillo, Angela (BOS); BOS-Legislative Aides; BOS-Supervisors; 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); SF Docs (LIB); gmetcalf@spur.org; Zmuda, Monique (CON); Rosenfield, Ben (CON); Lane, Maura
Subject: REPORT ISSUED: Economic Barometer

The Controller's Office has issued an Economic Barometer with data through April-June of 2014. The website can be accessed at <http://sfbarometer.weebly.com>

Highlights

The city's economy remains quite robust, as the average unemployment rate during the second quarter of 2014 was 4.5%, the lowest since the first quarter of 2008. There were 22,500 unemployed San Francisco residents in June, the lowest for any June since 2007.

Across the 3-county San Francisco metropolitan division, the Construction industry was the fastest growing, with 8.5% employment growth from June 2013 to June 2014. Other rapidly-growing industries include Professional and Business Services, Information, and Leisure and Hospitality.

The city's commercial real estate market remains very strong. Average commercial Class A asking rents rose to \$62 per square foot in the second quarter, according to Jones Lang LaSalle. This represents a 24% increase above the pre-recession peak established in 2008.

The residential real estate market also remains among the hottest in the nation. Average asking rents rose to \$3,229 in the second quarter of 2014, up 5.6% from the first quarter of 2014, and 9.4% over the past year.

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City and County of San Francisco
 Controller's Office
 Economic Barometer - Quarter 2, 2014



| Economic Indicator | Period | Value | Period-to-Period % Change ^{a,b} | Year-to-Year % Change ^b | Five-Year Trend ^c |
|--|-------------|-----------|--|------------------------------------|------------------------------|
| Economy-Wide | | | | | |
| San Francisco Unemployment Rate | Jun 2014 | 4.4% | -0.1% | -1.2% | |
| Total Employment, San Francisco MD | June 2014 | 1,106,600 | 0.5% | 3.3% | |
| Temporary Employment, San Francisco MD | June 2014 | 18,300 | -0.4% | 7.0% | |
| Consumer Price Index, San Francisco MSA | June 2014 | 253 | 0.9% | 3.0% | |
| County Adult Assistance Program Caseload | August 2014 | 5,959 | -2.3% | -7.8% | |
| Real Estate | | | | | |
| Residential Asking Rent | Q2 2014 | \$3,229 | 0.0% | 0.0% | |
| Zillow Home Price Index | July 2014 | \$969,300 | 0.8% | 12.5% | |
| Office Vacancy Rate | Q2 2014 | 10.6% | -0.7% | -0.7% | |
| Office Average Class A Asking Lease Rate | Q2 2014 | \$62 | 5.7% | 7.9% | |
| Visitors | | | | | |
| Domestic Air Passengers | July 2014 | 3,467,838 | 0.2% | 7.9% | |
| International Air Passengers | July 2014 | 1,024,386 | -1.3% | 7.1% | |
| Hotel Revenue Per Average Room | June 2014 | \$234 | 3.5% | 12.3% | |
| Powell St. BART Average Saturday Exits | July 2014 | 25,221 | -3.7% | 7.8% | |

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

From: Collins, Robert (RNT)
Sent: Wednesday, September 17, 2014 3:47 PM
To: Board of Supervisors (BOS)
Cc: Lee, Mayor (MYR); Mar, Eric (BOS); Farrell, Mark (BOS); Chiu, David (BOS); Tang, Katy (BOS); Breed, London (BOS); Kim, Jane (BOS); Wiener, Scott; Yee, Norman (BOS); Campos, David (BOS); Cohen, Malia (BOS); Avalos, John (BOS); Wolf, Delene (RNT)
Subject: Rent Board Annual Report 2013-14
Attachments: Annual Statistical Report FY2013-2014.pdf; Clerkltr13-14.pdf

Dear Ms. Calvillo,

Please find attached the Rent Board's Annual Report for Fiscal Year 2013-14 and a letter from Executive Director Delene Wolf. The report may also be obtained at <http://www.sfrb.org/index.aspx?page=48>.

Sincerely,
Robert Collins

--
robert collins / deputy director / san francisco rent board / 415.252.4628 / sfrb.org

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September 17, 2014

Angela Calvillo
Clerk of the Board
Board of Supervisors, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Rent Board Annual Report 2013-14

Dear Ms. Calvillo:

Please find attached the department's annual report for FY2013-14.

Please call me at 252-4650 if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Delene Wolf".

Delene Wolf, Executive Director
Rent Stabilization and Arbitration Board

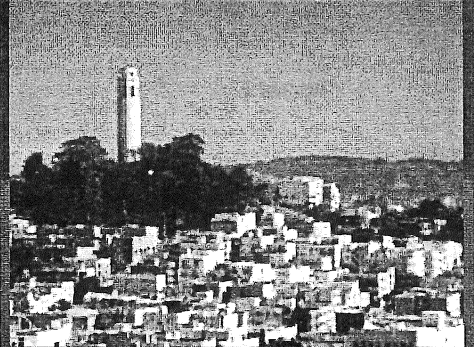
encl.
cc:

Mayor Edwin M. Lee
Supervisor David Chiu
Supervisor Mark Farrell
Supervisor John Avalos
Supervisor David Campos
Supervisor Katy Tang
Supervisor Jane Kim
Supervisor Scott Weiner
Supervisor Norman Yee
Supervisor Eric Mar
Supervisor Malia Cohen
Supervisor London Breed
Library Documents Dept.



Rent Board Annual Report

Fiscal Year 2013 - 2014



San Francisco Residential Rent Stabilization and Arbitration Board



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Rent Board Monthly Statistical Summary • 2013-2014

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Totals |
|------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Tenant Petitions | Pet 64 | 63 | 82 | 88 | 62 | 55 | 64 | 161 | 85 | 101 | 53 | 81 | 959 |
| Tenant Summary Petitions | Pet 1 | 1 | 0 | 2 | 2 | 1 | 9 | 6 | 1 | 3 | 1 | 1 | 28 |
| Subtenant Petitions | Pet 4 | 5 | 8 | 4 | 11 | 4 | 6 | 14 | 4 | 11 | 9 | 12 | 92 |
| Tenant ADR Requests | Pet 3 | 6 | 0 | 6 | 5 | 2 | 4 | 9 | 4 | 0 | 6 | 3 | 48 |
| TOTAL TENANT PETITIONS | 72 | 75 | 90 | 100 | 80 | 62 | 83 | 190 | 94 | 115 | 69 | 97 | 1,127 |
| Capital Improvement Petitions | Pet 25 | 23 | 26 | 24 | 28 | 18 | 25 | 18 | 44 | 37 | 28 | 32 | 328 |
| | Units 154 | 158 | 151 | 174 | 343 | 100 | 159 | 92 | 266 | 217 | 148 | 212 | 2,174 |
| Operating & Maintenance Petitions | Pet 4 | 2 | 2 | 3 | 4 | 4 | 4 | 5 | 1 | 3 | 5 | 3 | 40 |
| | Units 32 | 24 | 21 | 42 | 45 | 19 | 41 | 28 | 9 | 4 | 95 | 15 | 375 |
| Comparable Rent Petitions | Pet 0 | 1 | 2 | 0 | 1 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 7 |
| | Units 0 | 1 | 2 | 0 | 1 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 7 |
| Costa-Hawkins Petitions | Pet 6 | 3 | 4 | 0 | 6 | 3 | 4 | 4 | 2 | 5 | 7 | 5 | 49 |
| | Units 6 | 3 | 4 | 0 | 6 | 3 | 4 | 4 | 2 | 5 | 7 | 5 | 49 |
| 1.21 Tenant In Occupancy Petitions | Pet 3 | 5 | 1 | 5 | 2 | 2 | 6 | 4 | 4 | 0 | 7 | 1 | 40 |
| | Units 3 | 5 | 1 | 5 | 2 | 2 | 6 | 4 | 4 | 0 | 7 | 1 | 40 |
| Utility Passthrough Petitions | Pet 0 | 0 | 6 | 0 | 10 | 1 | 3 | 1 | 1 | 0 | 0 | 1 | 23 |
| | Units 0 | 0 | 70 | 0 | 63 | 3 | 14 | 1 | 3 | 0 | 0 | 1 | 155 |
| Utility Passthrough Worksheets | Pet 0 | 3 | 20 | 0 | 17 | 9 | 4 | 1 | 2 | 1 | 2 | 1 | 60 |
| | Units 0 | 9 | 144 | 0 | 120 | 86 | 7 | 2 | 3 | 2 | 6 | 5 | 384 |
| Extension of Time Petitions | Pet 2 | 0 | 0 | 1 | 0 | 1 | 1 | 2 | 0 | 0 | 3 | 3 | 13 |
| | Units 4 | 0 | 0 | 1 | 0 | 2 | 1 | 2 | 0 | 0 | 8 | 8 | 26 |
| Landlord "Other" Petitions | Pet 1 | 1 | 1 | 1 | 4 | 0 | 3 | 0 | 0 | 3 | 2 | 6 | 22 |
| | Units 1 | 1 | 1 | 1 | 4 | 0 | 5 | 0 | 0 | 5 | 6 | 10 | 34 |
| Landlord ADR Requests | Pet 4 | 3 | 3 | 0 | 5 | 1 | 2 | 5 | 2 | 5 | 2 | 1 | 33 |
| | Units 4 | 4 | 6 | 0 | 6 | 2 | 3 | 7 | 3 | 7 | 2 | 1 | 45 |
| TOTAL LANDLORD PETITIONS | 45 | 41 | 65 | 34 | 77 | 39 | 52 | 40 | 57 | 56 | 56 | 53 | 615 |
| TOTAL ALL PETITIONS | 117 | 116 | 155 | 134 | 157 | 101 | 135 | 230 | 151 | 171 | 125 | 150 | 1,742 |
| Landlord Appeals | App 0 | 6 | 4 | 2 | 2 | 1 | 5 | 8 | 2 | 4 | 6 | 4 | 44 |
| | Units 0 | 6 | 4 | 10 | 2 | 1 | 7 | 10 | 2 | 14 | 6 | 5 | 67 |
| Tenant Appeals | App 8 | 5 | 5 | 8 | 8 | 13 | 3 | 6 | 8 | 3 | 82 | 3 | 152 |
| TOTAL APPEALS | 8 | 11 | 9 | 10 | 10 | 14 | 8 | 14 | 10 | 7 | 88 | 7 | 196 |
| Ellis Eviction Filings (Landlord) | Pet 8 | 10 | 5 | 4 | 6 | 16 | 2 | 8 | 9 | 3 | 3 | 2 | 76 |
| | Units 29 | 32 | 25 | 41 | 21 | 60 | 4 | 35 | 32 | 11 | 8 | 6 | 304 |
| Wrongful Eviction Reports (Tenant) | Rpt 39 | 56 | 34 | 39 | 37 | 30 | 46 | 32 | 45 | 34 | 30 | 49 | 471 |
| Eviction Notices | Notices 163 | 169 | 165 | 253 | 109 | 175 | 119 | 183 | 183 | 205 | 167 | 173 | 2,064 |
| GRAND TOTAL | 335 | 362 | 368 | 440 | 319 | 336 | 310 | 467 | 398 | 420 | 413 | 381 | 4,549 |



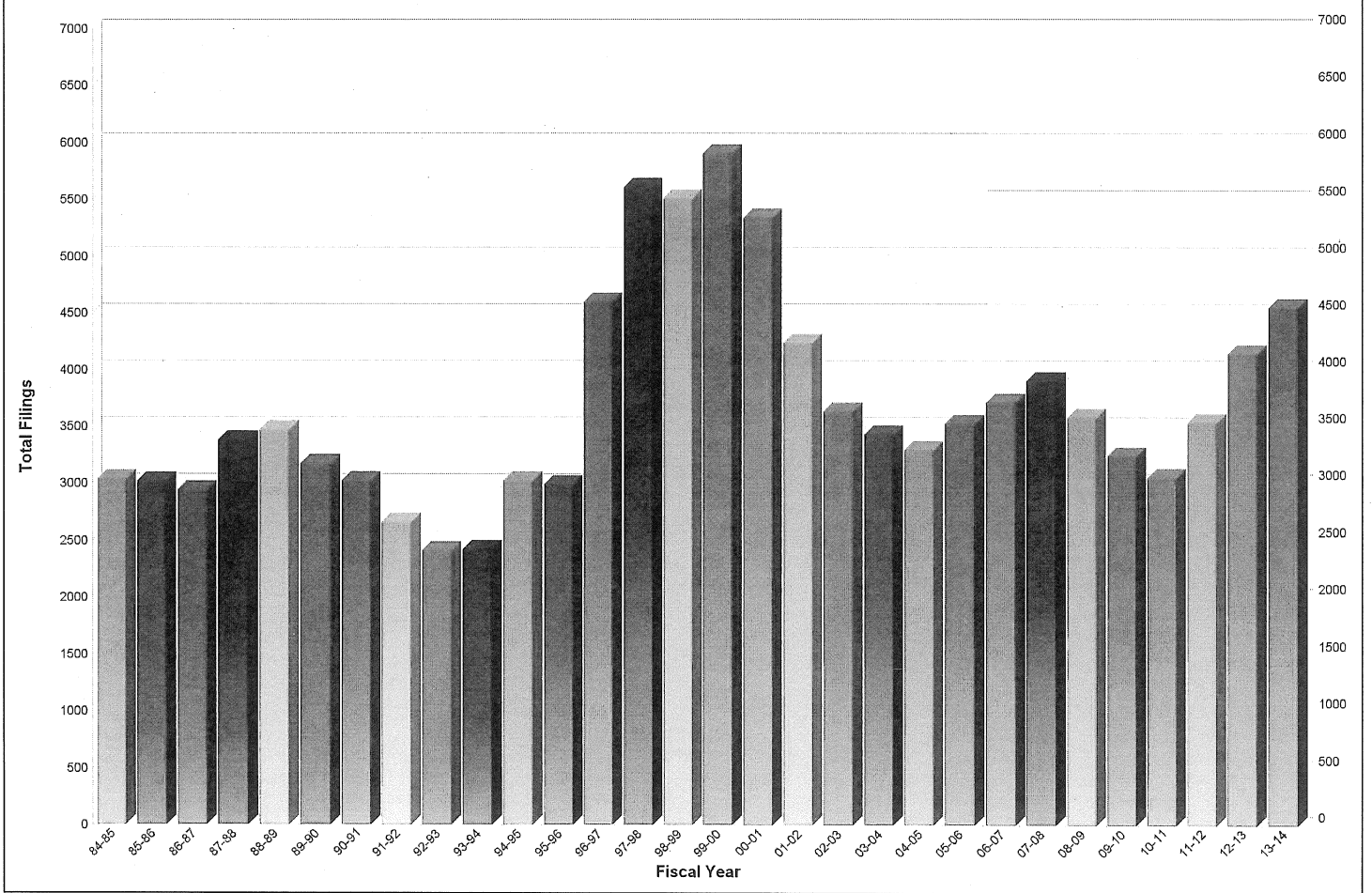
Rent Board 10-Year Statistical Summary • Total Filings (Detail)

| Fiscal Year | | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|------------------------------------|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Tenant Petitions | Pet | 579 | 656 | 621 | 625 | 720 | 648 | 676 | 791 | 773 | 959 |
| Tenant Summary Petitions | Pet | 42 | 40 | 64 | 45 | 51 | 30 | 31 | 34 | 42 | 28 |
| Subtenant Petitions | Pet | 14 | 11 | 3 | 1 | 1 | 12 | 18 | 67 | 61 | 92 |
| Tenant ADR Requests | Pet | 31 | 34 | 18 | 31 | 24 | 30 | 32 | 48 | 30 | 48 |
| TOTAL TENANT PETITIONS | | 666 | 741 | 706 | 702 | 796 | 720 | 757 | 940 | 906 | 1,127 |
| Capital Improvement Petitions | Pet | 166 | 164 | 187 | 196 | 199 | 134 | 145 | 214 | 285 | 328 |
| | Units | 908 | 707 | 1,043 | 1,025 | 1,650 | 629 | 852 | 1,421 | 1,747 | 2,174 |
| Operating & Maintenance Petitions | Pet | 31 | 24 | 32 | 34 | 27 | 12 | 20 | 25 | 46 | 40 |
| | Units | 119 | 177 | 228 | 168 | 197 | 131 | 113 | 171 | 313 | 375 |
| Comparable Rent Petitions | Pet | 4 | 6 | 6 | 3 | 7 | 10 | 11 | 10 | 11 | 7 |
| | Units | 4 | 6 | 6 | 3 | 7 | 10 | 11 | 13 | 11 | 7 |
| Costa-Hawkins Petitions | Pet | 25 | 43 | 31 | 42 | 35 | 23 | 37 | 40 | 45 | 49 |
| | Units | 25 | 43 | 31 | 42 | 35 | 23 | 38 | 40 | 45 | 49 |
| 1.21 Tenant In Occupancy Petitions | Pet | 43 | 65 | 57 | 29 | 30 | 18 | 19 | 38 | 44 | 40 |
| | Units | 43 | 65 | 57 | 32 | 30 | 18 | 19 | 38 | 44 | 40 |
| Utility Passthrough Petitions | Pet | 19 | 228 | 406 | 494 | 341 | 76 | 8 | 34 | 21 | 23 |
| | Units | 478 | 4,746 | 4,703 | 5,665 | 2,642 | 1,891 | 372 | 255 | 115 | 155 |
| Utility Passthrough Worksheets | Pet | 0 | 0 | 0 | 0 | 46 | 171 | 46 | 48 | 95 | 60 |
| | Units | 0 | 0 | 0 | 0 | 971 | 651 | 126 | 475 | 1,092 | 384 |
| Extension of Time Petitions | Pet | 15 | 18 | 6 | 11 | 6 | 6 | 7 | 7 | 11 | 13 |
| | Units | 21 | 33 | 14 | 23 | 17 | 13 | 9 | 26 | 59 | 26 |
| Landlord "Other" Petitions | Pet | 6 | 6 | 11 | 11 | 9 | 9 | 11 | 8 | 23 | 22 |
| | Units | 12 | 35 | 11 | 95 | 11 | 11 | 11 | 10 | 30 | 34 |
| Landlord ADR Requests | Pet | 21 | 18 | 16 | 19 | 22 | 33 | 29 | 25 | 35 | 33 |
| | Units | 21 | 18 | 16 | 19 | 22 | 33 | 29 | 25 | 6 | 45 |
| TOTAL LANDLORD PETITIONS | | 330 | 572 | 752 | 839 | 722 | 492 | 333 | 449 | 616 | 615 |
| TOTAL ALL PETITIONS | | 996 | 1,313 | 1,458 | 1,541 | 1,518 | 1,212 | 1,090 | 1,389 | 1,522 | 1,742 |
| Landlord Appeals | App | 72 | 45 | 44 | 55 | 67 | 43 | 49 | 47 | 55 | 44 |
| | Units | 784 | 81 | 375 | 241 | 141 | 44 | 55 | 47 | 77 | 67 |
| Tenant Appeals | App | 179 | 80 | 175 | 78 | 153 | 126 | 66 | 62 | 73 | 152 |
| TOTAL APPEALS | | 251 | 125 | 219 | 133 | 220 | 169 | 115 | 109 | 128 | 196 |
| Ellis Eviction Filings (Landlord) | Pet | 131 | 100 | 89 | 92 | 36 | 34 | 24 | 42 | 57 | 76 |
| | Units | 480 | 454 | 330 | 393 | 165 | 108 | 72 | 121 | 192 | 304 |
| Wrongful Eviction Reports (Tenant) | Rpt | 357 | 445 | 466 | 531 | 488 | 452 | 491 | 570 | 497 | 471 |
| Eviction Notices | Notice | 1,554 | 1,536 | 1,475 | 1,600 | 1,315 | 1,372 | 1,328 | 1,421 | 1,934 | 2,064 |
| GRAND TOTAL | | 3,289 | 3,519 | 3,707 | 3,897 | 3,577 | 3,239 | 3,048 | 3,531 | 4,138 | 4,549 |

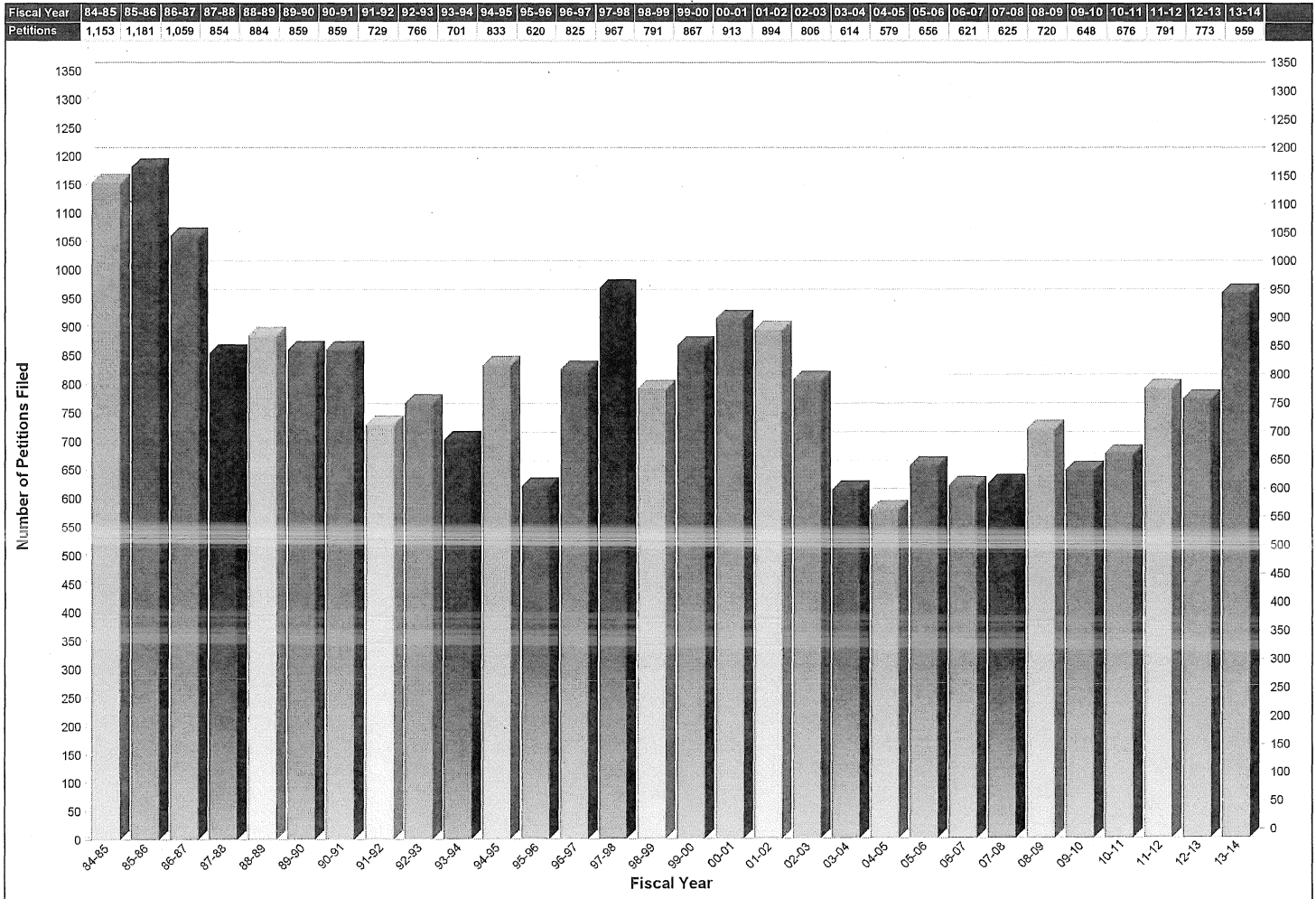


Rent Board 30-Year Statistical Summary • Total Filings (Overview)

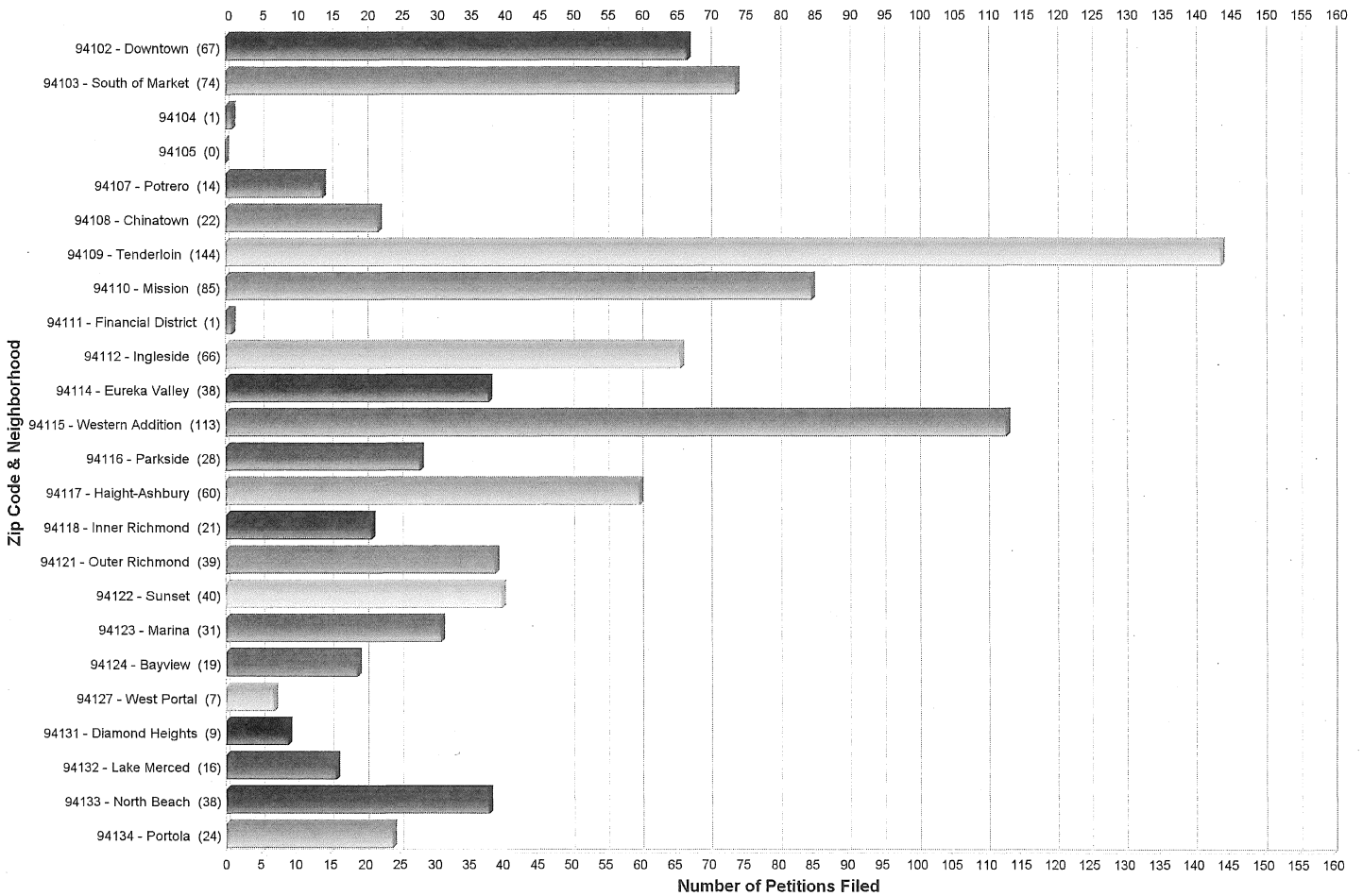
| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Filings | 3,036 | 3,018 | 2,942 | 3,377 | 3,467 | 3,171 | 3,020 | 2,657 | 2,409 | 2,421 | 3,019 | 2,987 | 4,596 | 5,605 | 5,507 | 5,900 | 5,334 | 4,234 | 3,629 | 3,423 | 3,289 | 3,519 | 3,707 | 3,897 | 3,577 | 3,239 | 3,048 | 3,531 | 4,138 | 4,549 |



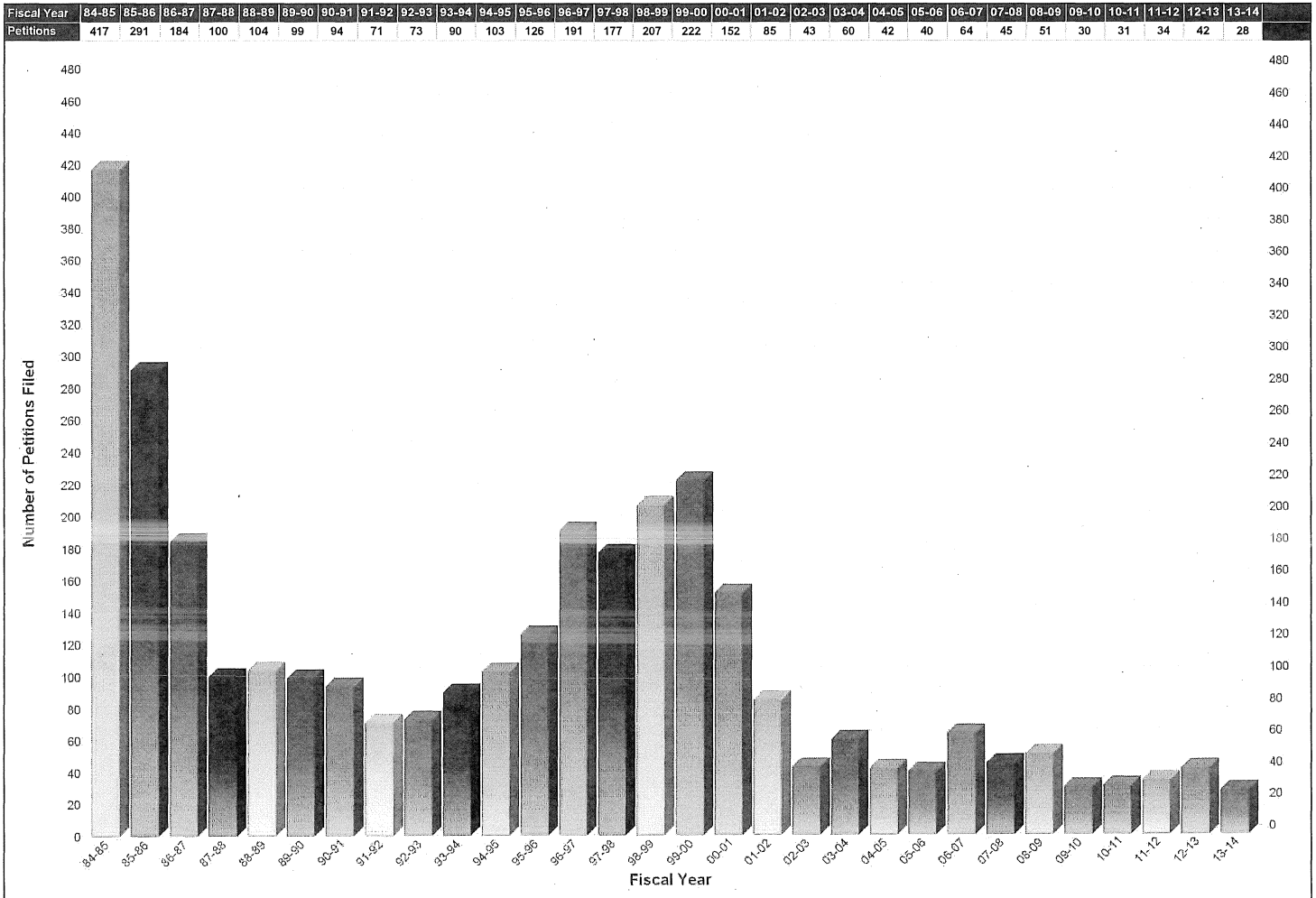
Tenant Petitions • 30-Year Trend



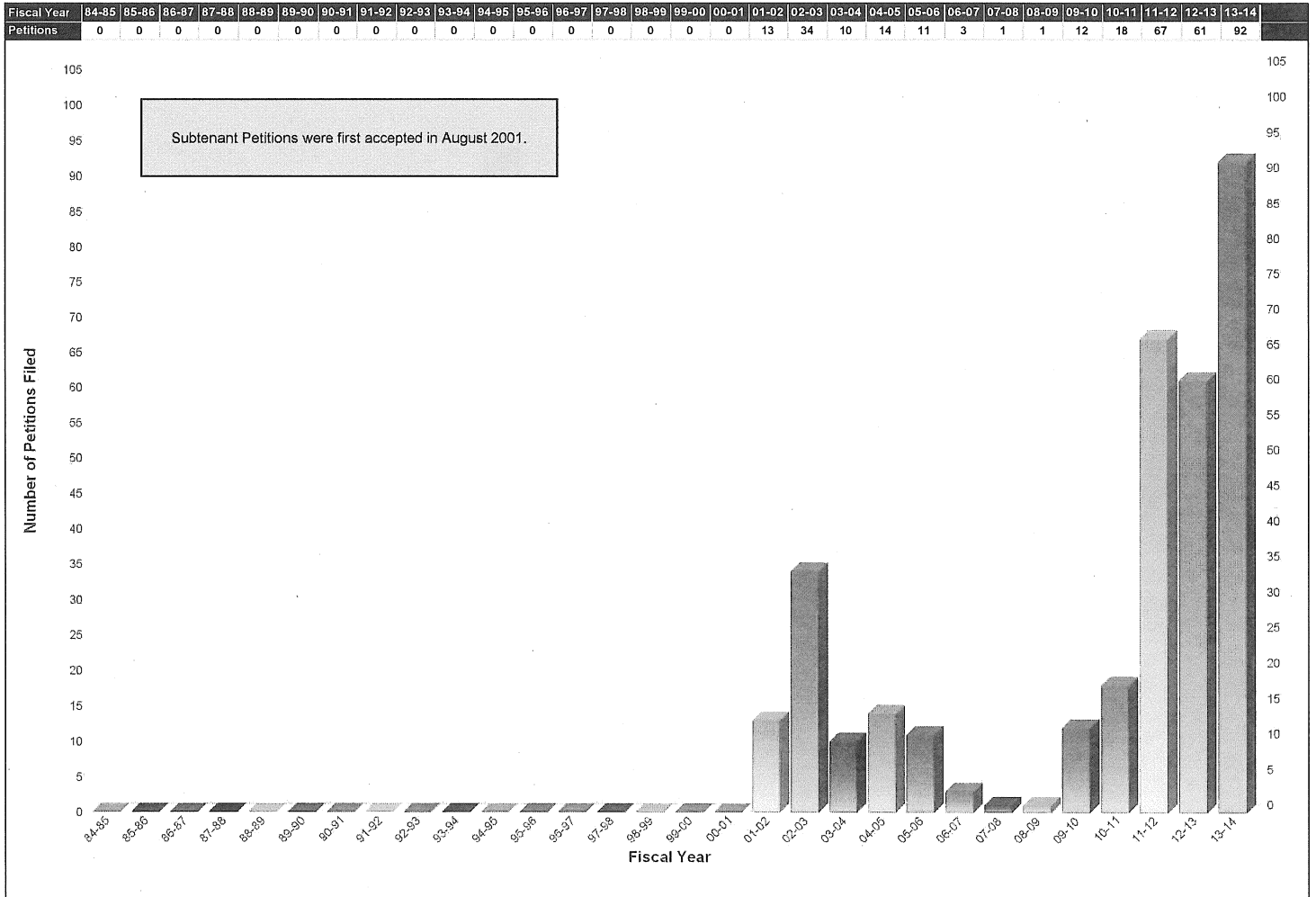
Tenant Petitions by Zip Code • Fiscal Year 2013-2014



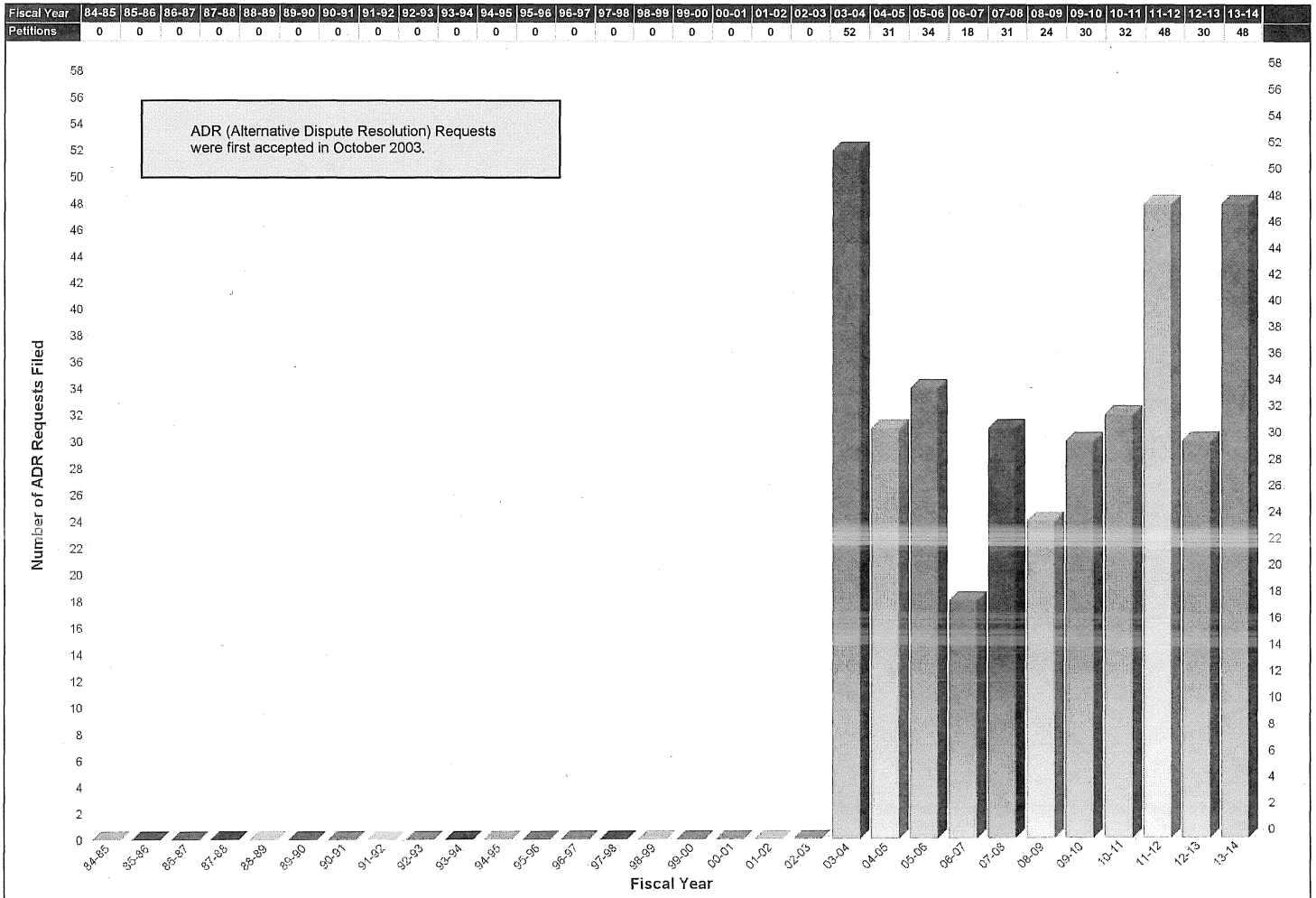
Tenant Summary Petitions • 30-Year Trend



Subtenant Petitions • 30-Year Trend

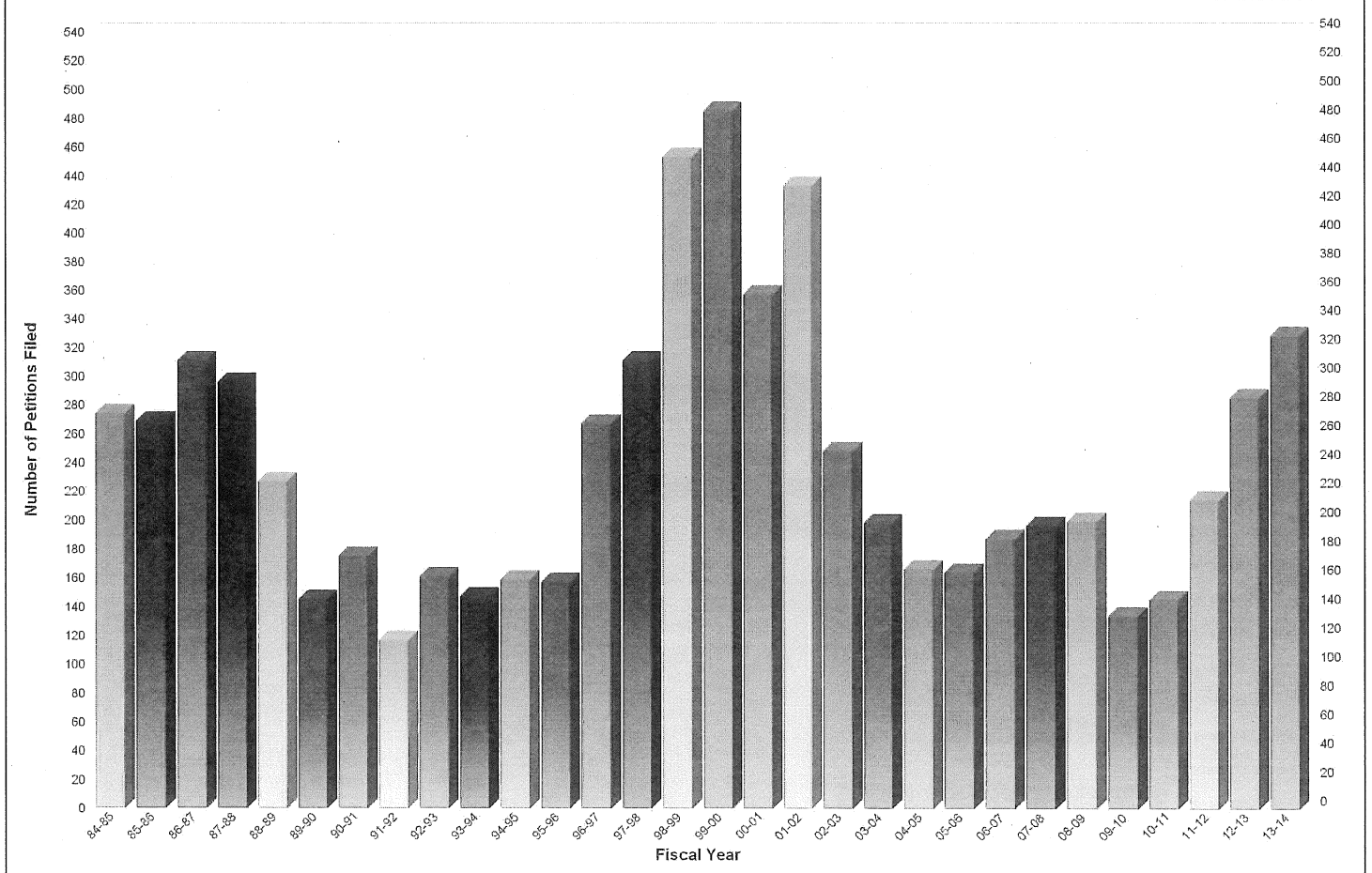


Tenant ADR Requests • 30-Year Trend

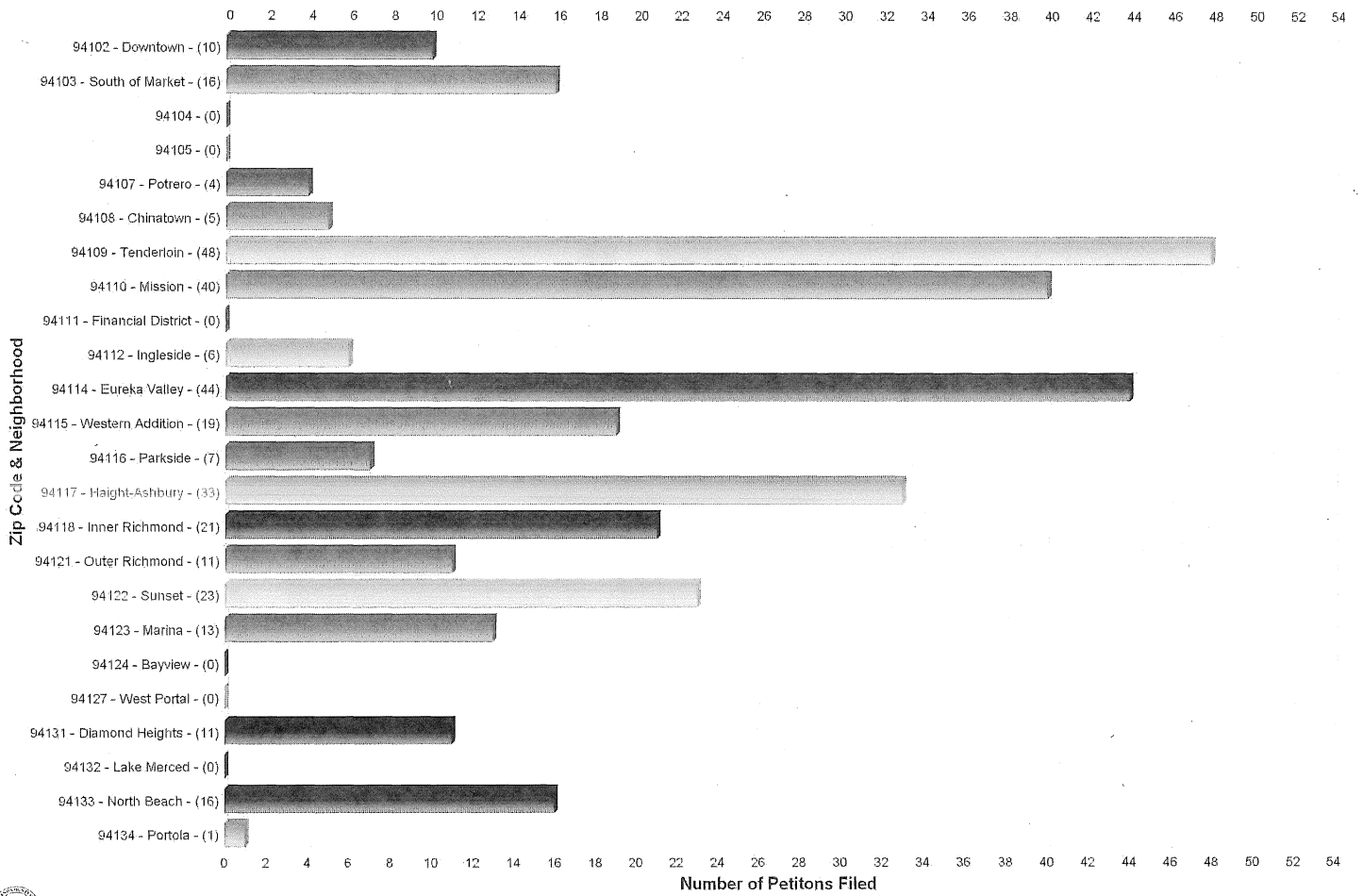


Landlord Capital Improvement Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 274 | 269 | 311 | 296 | 227 | 145 | 175 | 117 | 161 | 147 | 159 | 157 | 267 | 311 | 453 | 485 | 357 | 433 | 248 | 198 | 166 | 164 | 187 | 196 | 199 | 134 | 145 | 214 | 285 | 328 |
| Units | 2,720 | 2,746 | 2,906 | 2,626 | 1,945 | 753 | 1,900 | 915 | 1,315 | 3,341 | 1,172 | 988 | 1,509 | 1,473 | 3,392 | 3,845 | 3,184 | 4,592 | 1,543 | 1,691 | 908 | 707 | 1,043 | 1,025 | 1,650 | 629 | 852 | 1,421 | 1,747 | 2,174 |

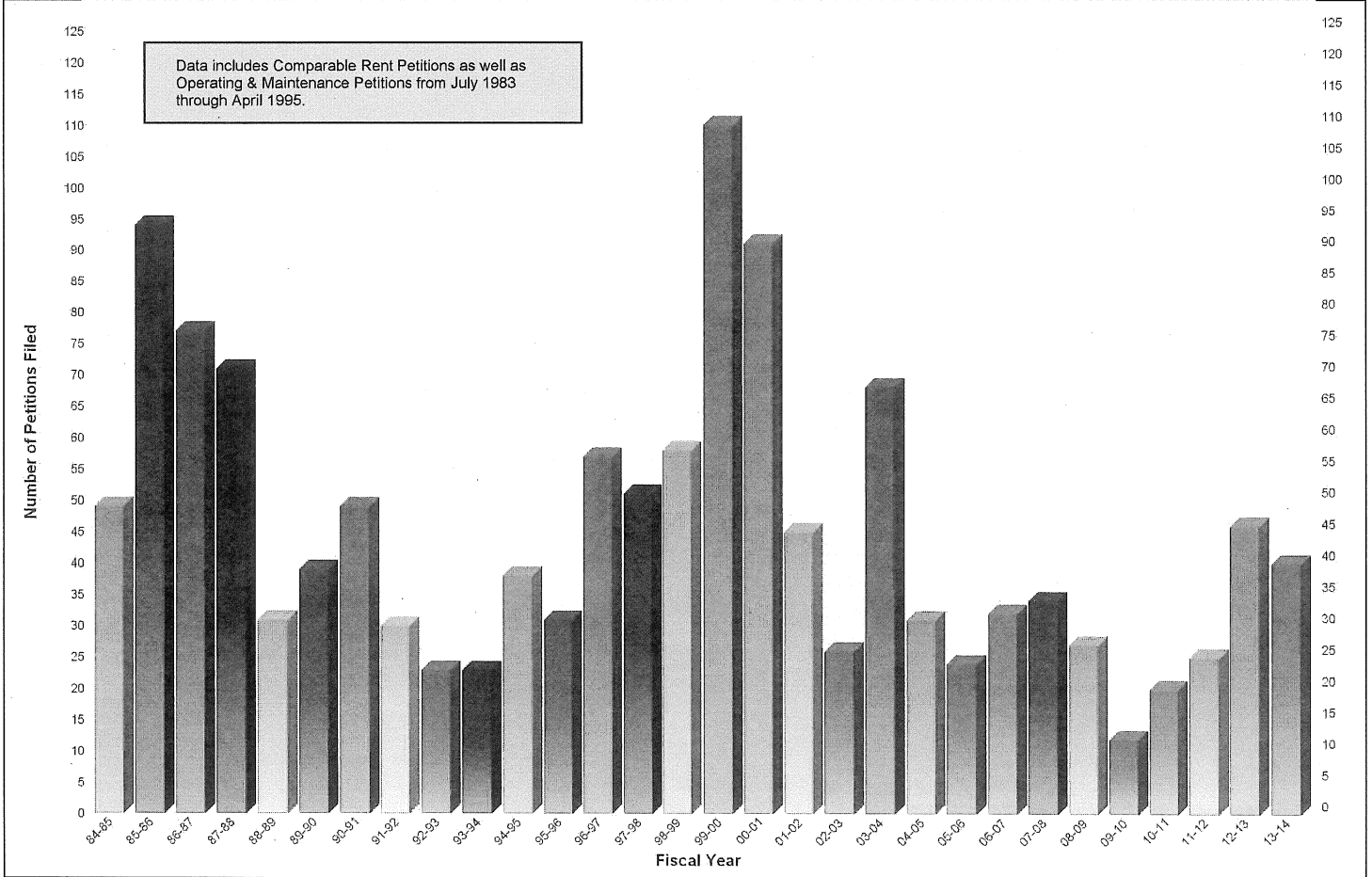


Landlord Capital Improvement Petitions by Zip Code • Fiscal Year 2013-2014



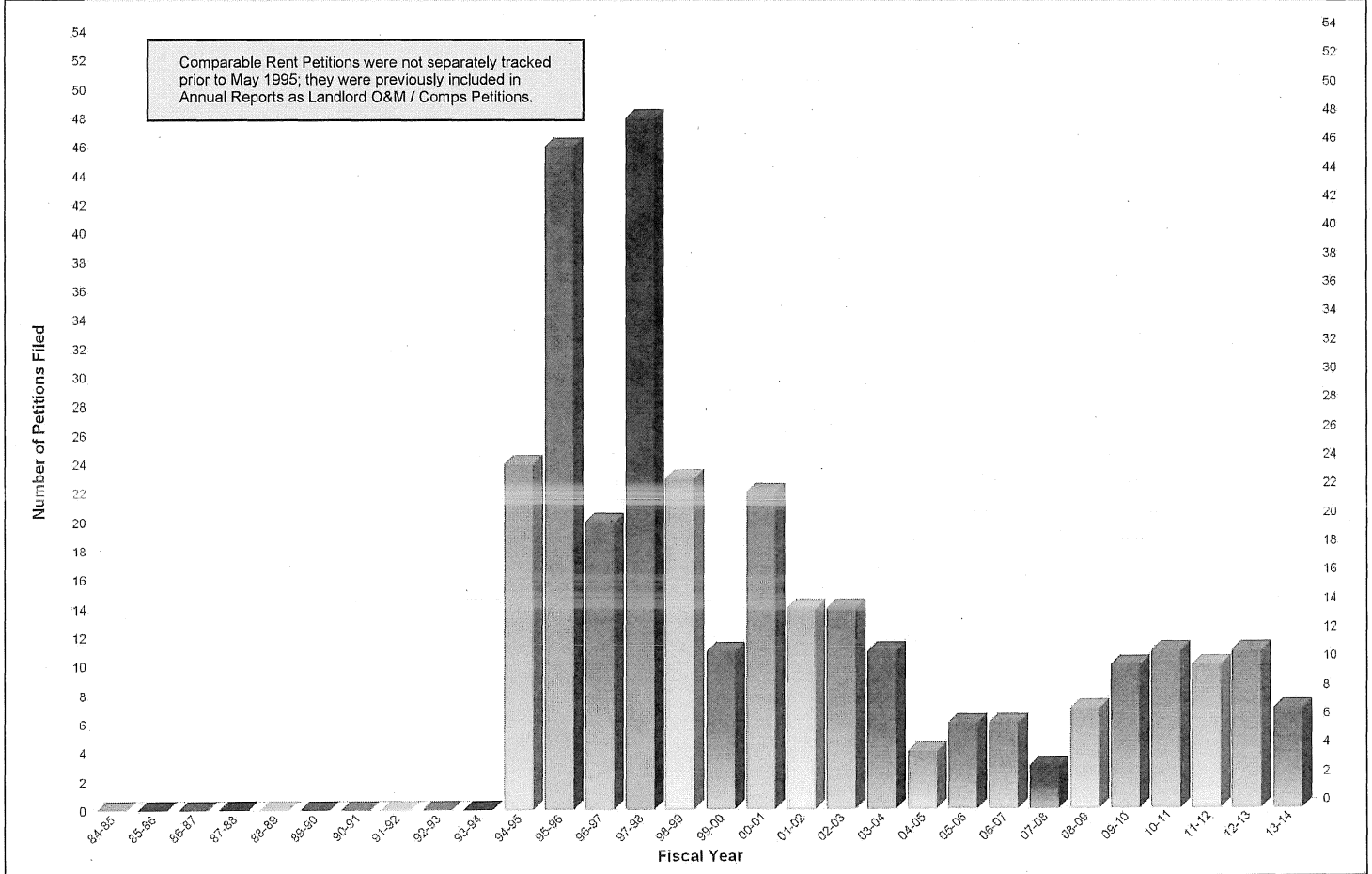
Landlord Operating & Maintenance Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 49 | 94 | 77 | 71 | 31 | 39 | 49 | 30 | 23 | 23 | 38 | 31 | 57 | 51 | 58 | 110 | 91 | 45 | 26 | 68 | 31 | 24 | 32 | 34 | 27 | 12 | 20 | 25 | 46 | 40 |
| Units | 352 | 804 | 889 | 530 | 153 | 182 | 286 | 133 | 152 | 55 | 125 | 145 | 341 | 189 | 333 | 3,439 | 3,160 | 233 | 198 | 1,791 | 119 | 177 | 228 | 168 | 197 | 131 | 113 | 171 | 313 | 375 |



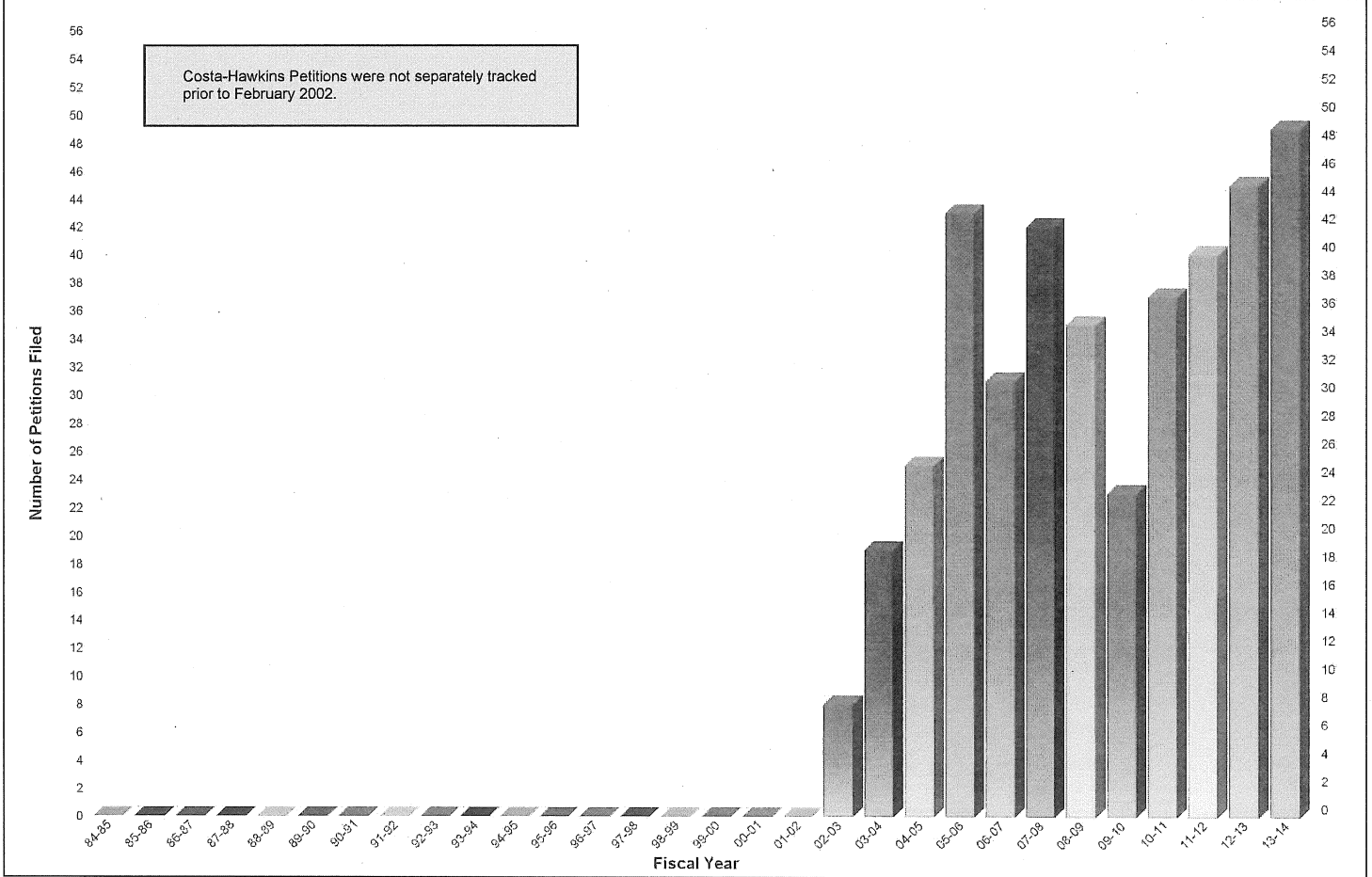
Landlord Comparable Rent Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 46 | 20 | 48 | 23 | 11 | 22 | 14 | 14 | 11 | 4 | 6 | 6 | 3 | 7 | 10 | 11 | 10 | 11 | 7 |
| Units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 53 | 26 | 74 | 27 | 20 | 24 | 15 | 19 | 11 | 4 | 6 | 6 | 3 | 7 | 10 | 11 | 13 | 11 | 7 |



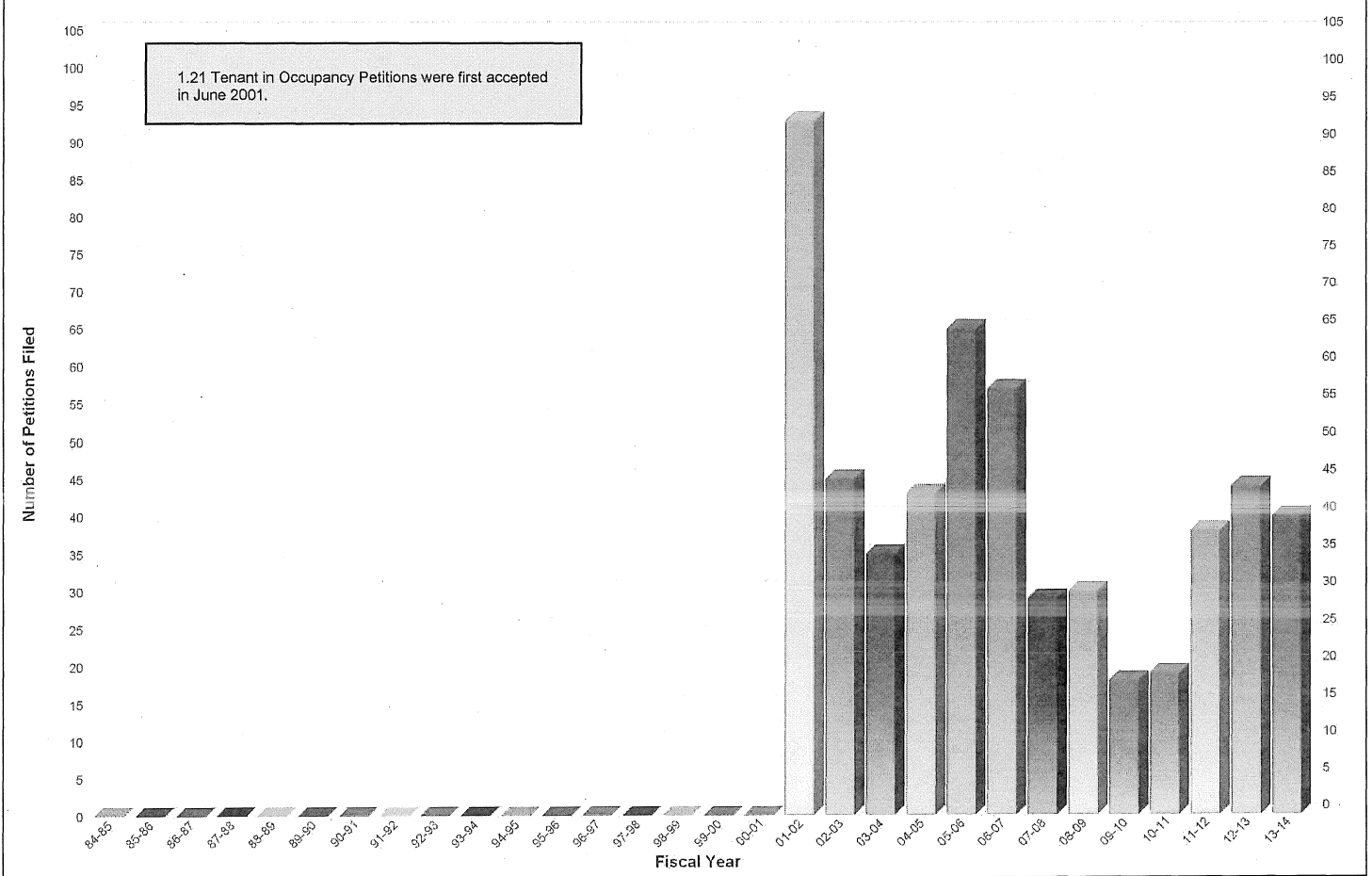
Landlord Costa-Hawkins Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 19 | 25 | 43 | 31 | 42 | 35 | 23 | 37 | 40 | 45 | 49 |
| Units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 19 | 25 | 43 | 31 | 42 | 35 | 23 | 38 | 40 | 45 | 49 |



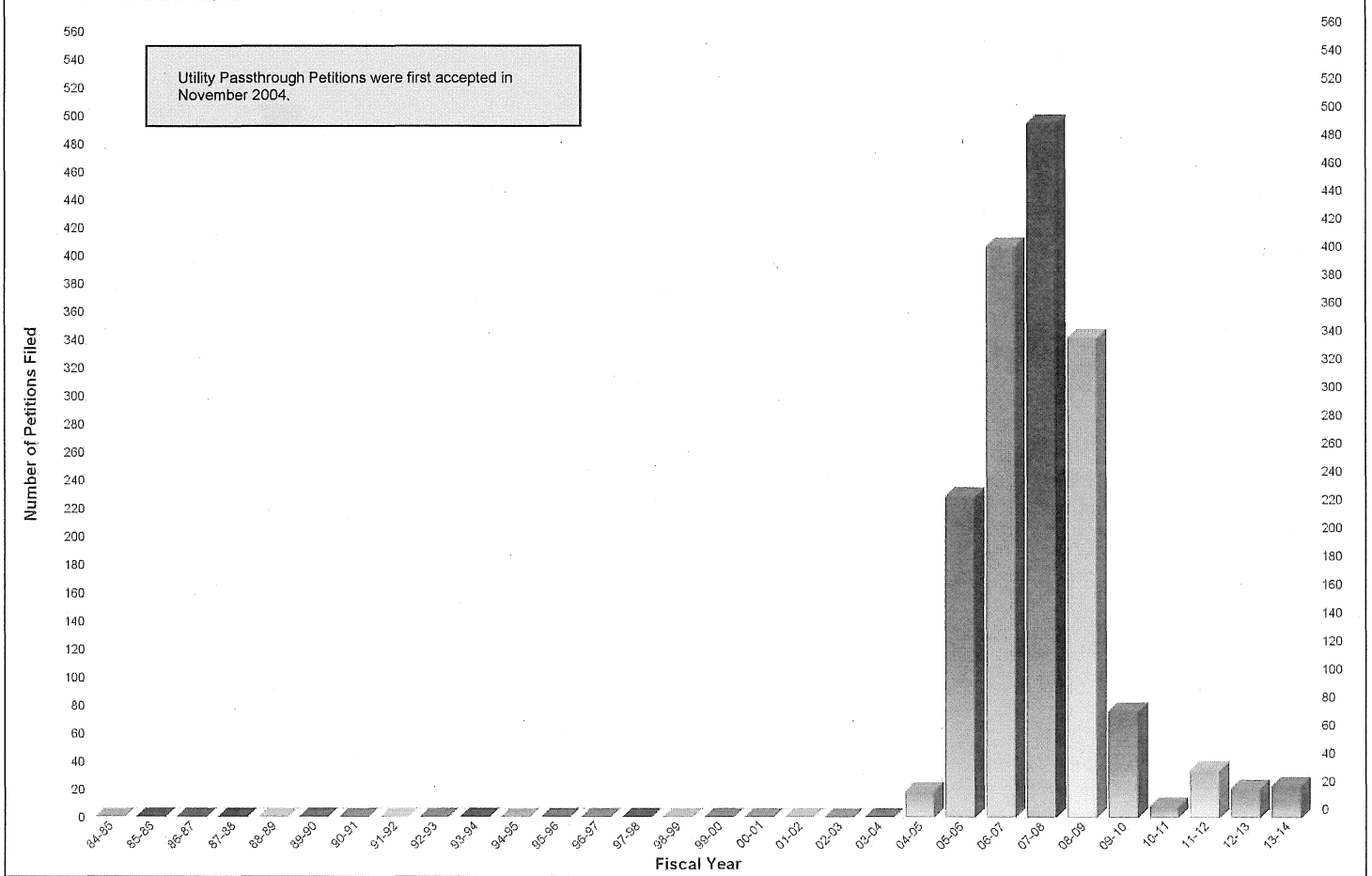
Landlord 1.21 Tenant in Occupancy Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 93 | 45 | 35 | 43 | 65 | 57 | 29 | 30 | 18 | 19 | 38 | 44 | 40 |
| Units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 93 | 45 | 35 | 43 | 65 | 57 | 32 | 30 | 18 | 19 | 38 | 44 | 40 |



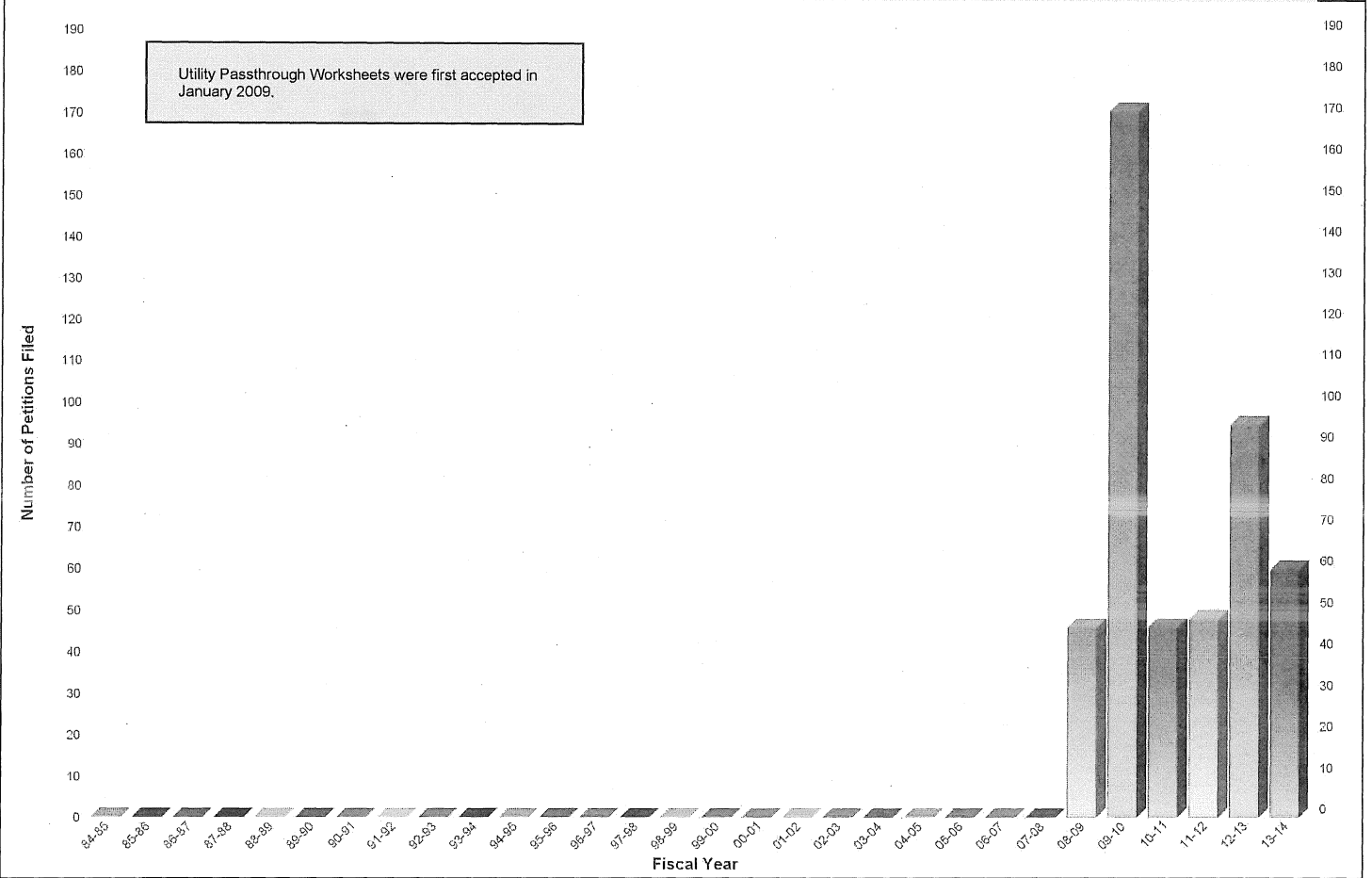
Landlord Utility Passthrough Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 228 | 406 | 494 | 341 | 76 | 8 | 34 | 21 | 23 |
| Units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 478 | 4,746 | 4,703 | 5,665 | 2,642 | 1,891 | 372 | 255 | 115 | 155 |



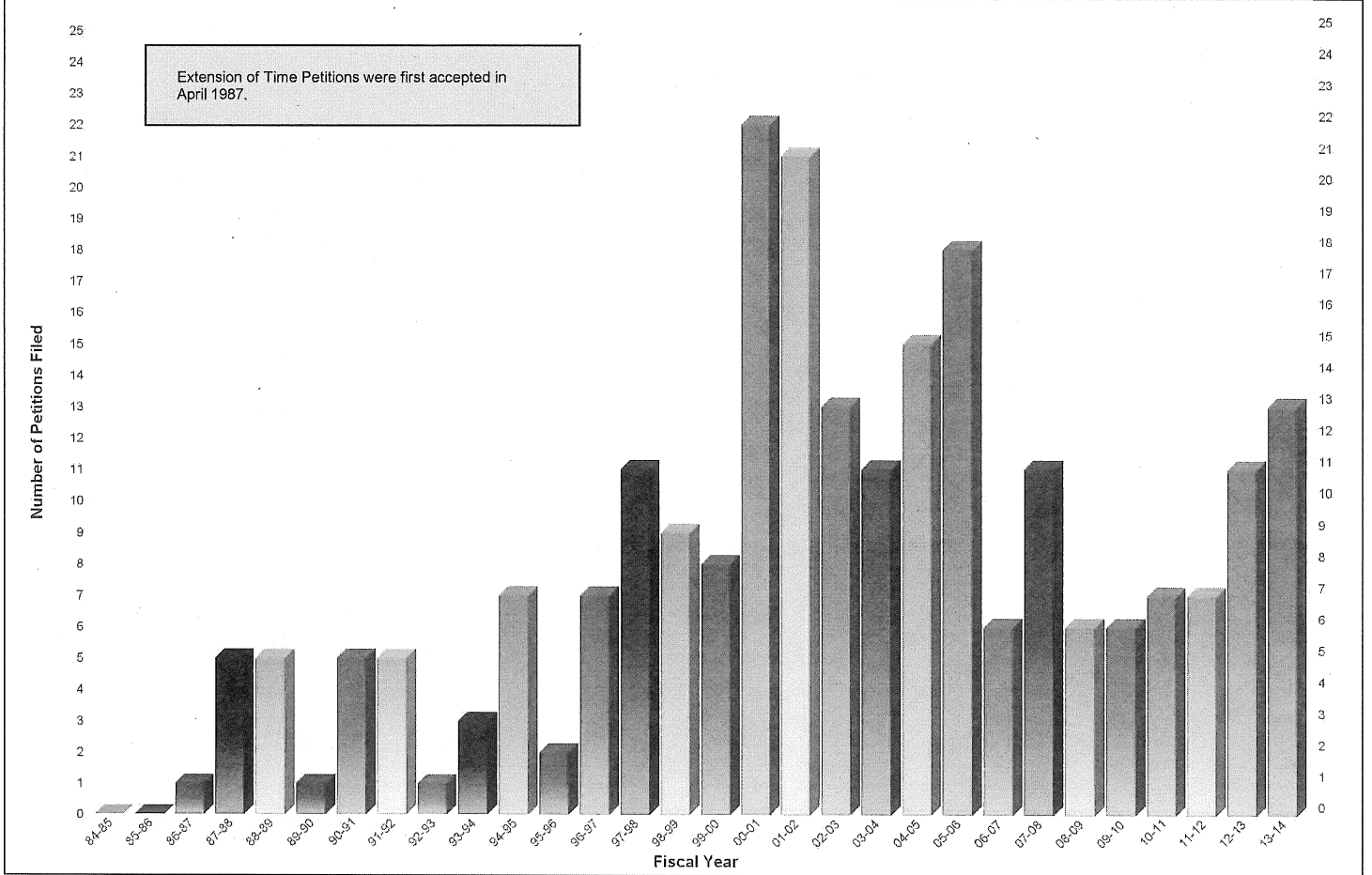
Landlord Utility Passthrough Worksheets • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 46 | 171 | 46 | 48 | 95 | 60 |
| Units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 971 | 651 | 126 | 475 | 1,092 | 384 |



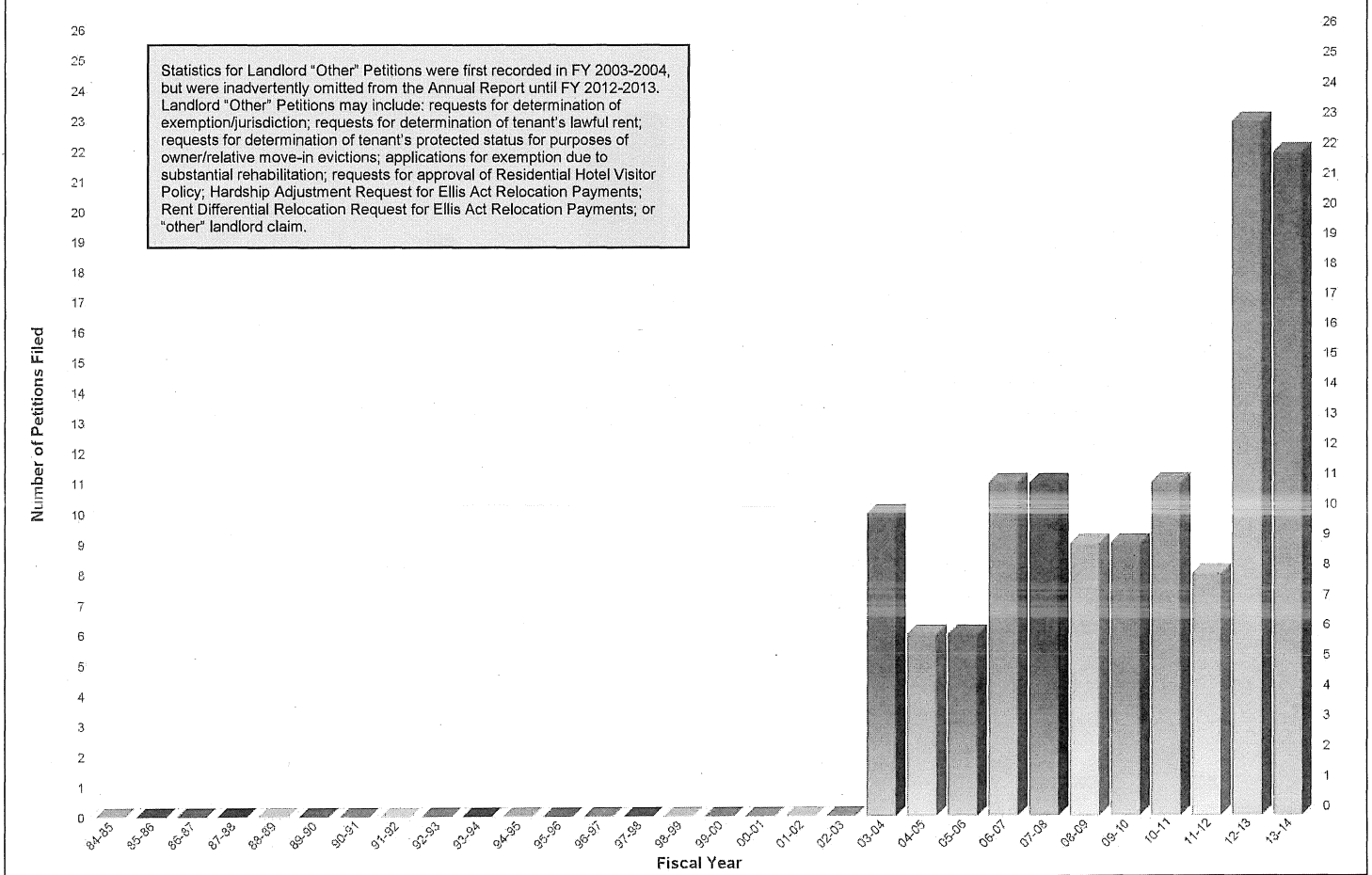
Landlord Extension Of Time Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 1 | 5 | 5 | 1 | 5 | 5 | 1 | 3 | 7 | 2 | 7 | 11 | 9 | 8 | 22 | 21 | 13 | 11 | 15 | 18 | 6 | 11 | 6 | 6 | 7 | 7 | 11 | 13 |
| Units | 0 | 0 | 1 | 25 | 53 | 1 | 14 | 5 | 1 | 7 | 67 | 2 | 16 | 19 | 20 | 21 | 43 | 32 | 16 | 39 | 21 | 33 | 14 | 23 | 17 | 13 | 9 | 26 | 59 | 26 |



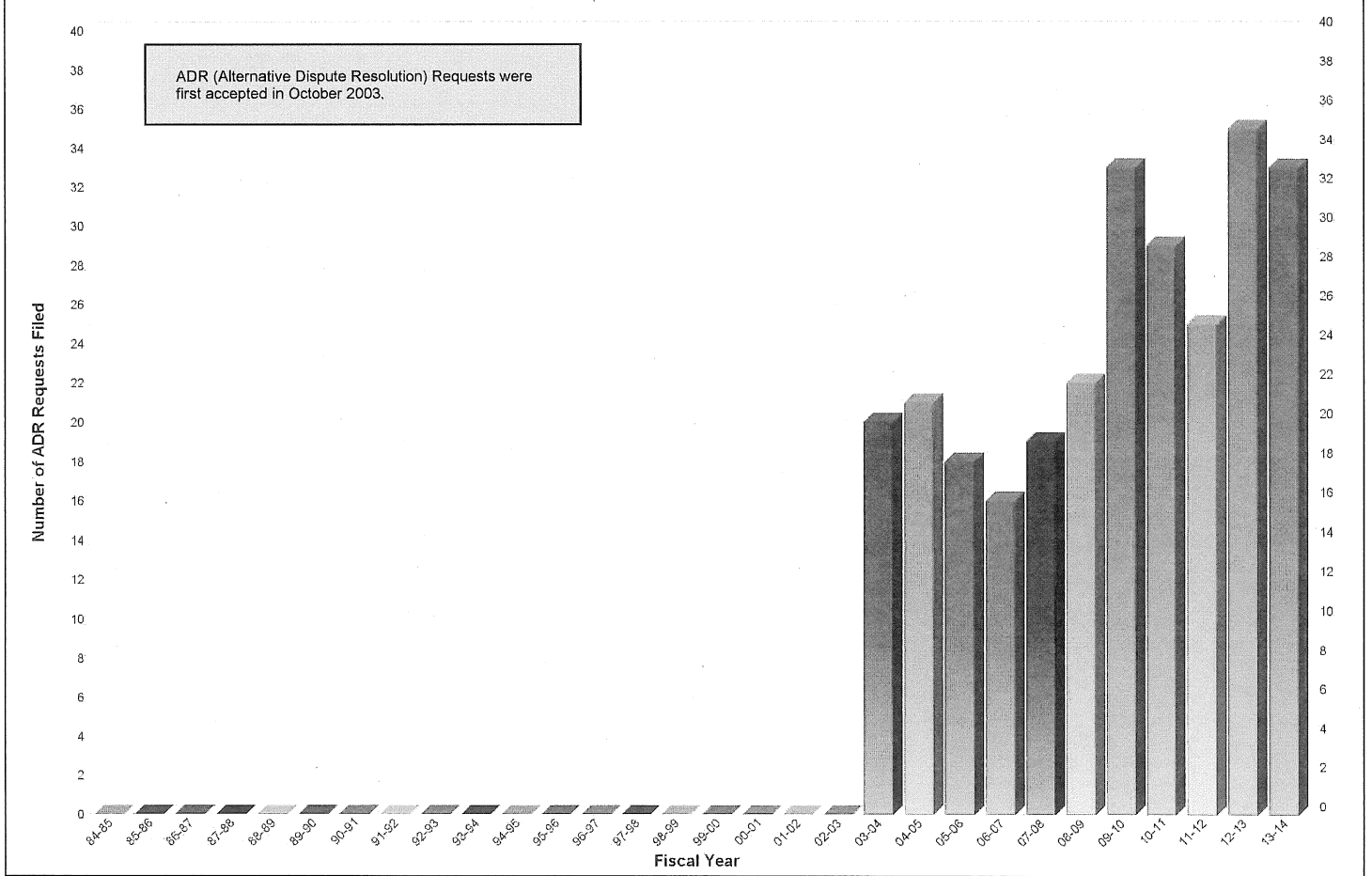
Landlord "Other" Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 6 | 6 | 11 | 11 | 9 | 9 | 11 | 8 | 23 | 22 |
| Units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 12 | 35 | 11 | 95 | 11 | 11 | 11 | 10 | 30 | 34 |



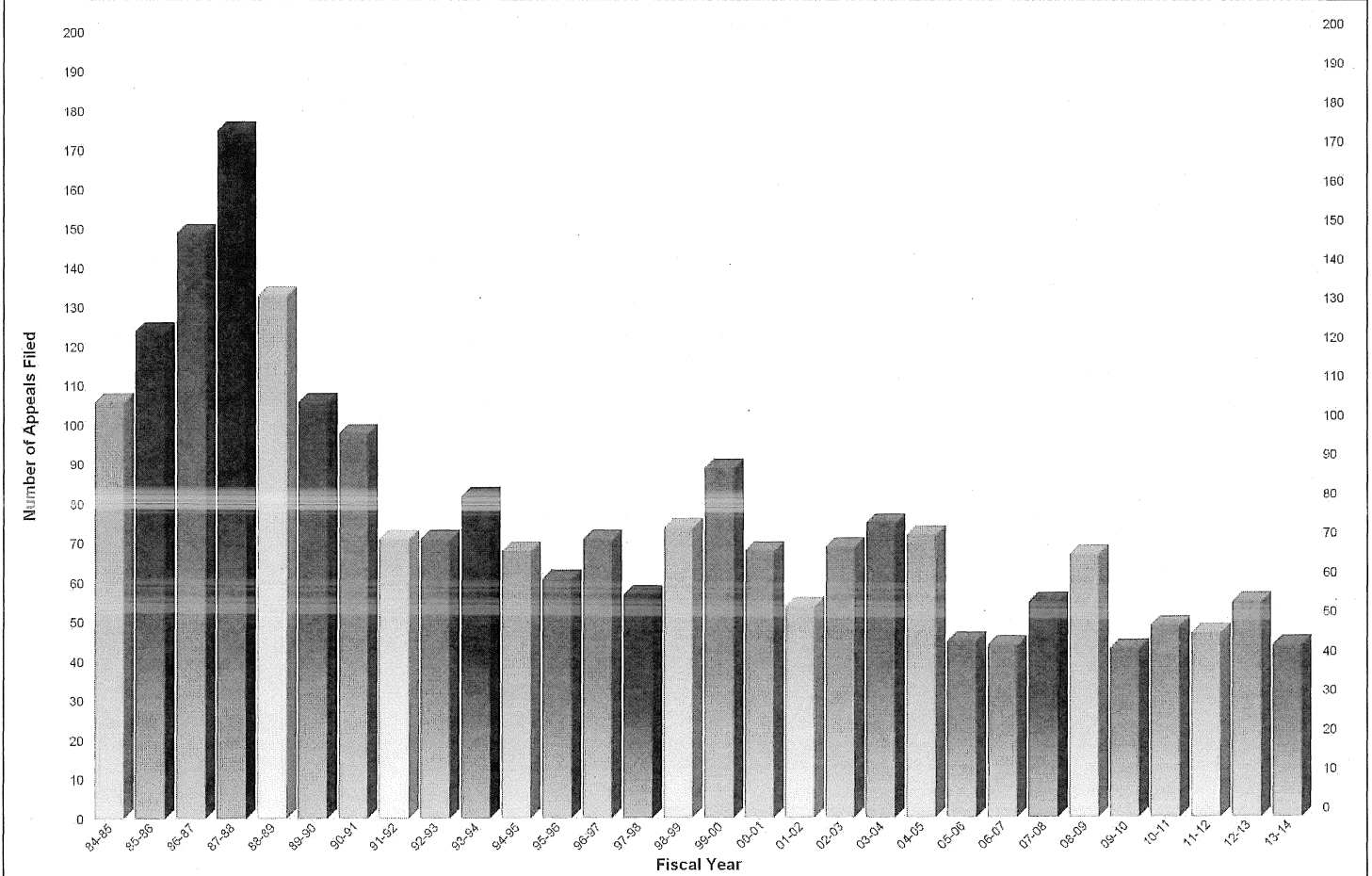
Landlord ADR Petitions • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 21 | 18 | 16 | 19 | 22 | 33 | 29 | 25 | 35 | 33 |
| Units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 21 | 18 | 16 | 19 | 22 | 33 | 29 | 25 | 6 | 45 |

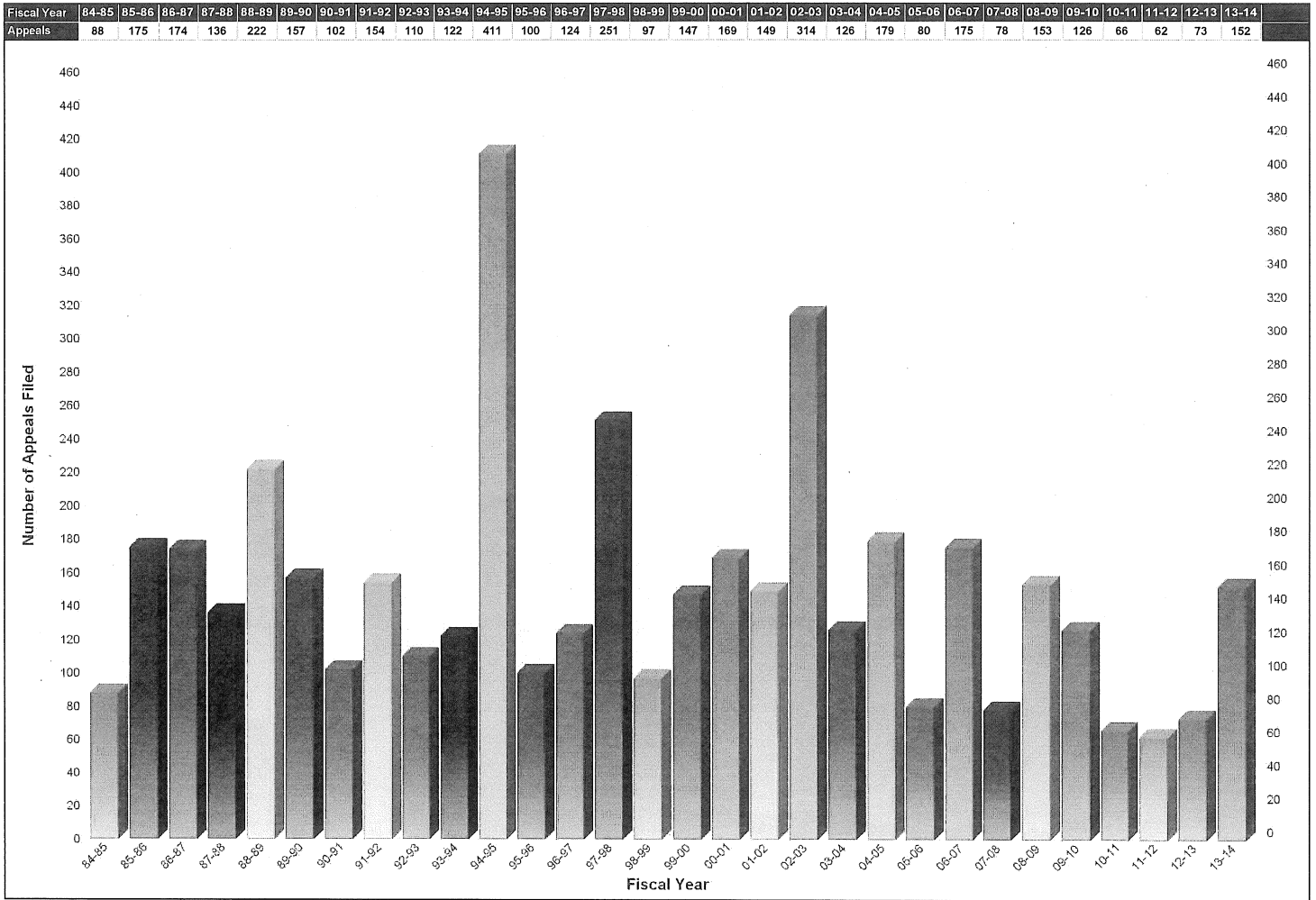


Landlord Appeals • 30-Year Trend

| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Appeals | 106 | 124 | 149 | 175 | 133 | 106 | 98 | 71 | 71 | 82 | 68 | 61 | 71 | 57 | 74 | 89 | 68 | 54 | 69 | 75 | 72 | 45 | 44 | 55 | 67 | 43 | 49 | 47 | 55 | 44 |
| Units | 710 | 455 | 442 | 694 | 263 | 237 | 164 | 121 | 121 | 313 | 147 | 109 | 191 | 148 | 133 | 144 | 232 | 82 | 234 | 107 | 784 | 81 | 375 | 241 | 141 | 44 | 55 | 47 | 77 | 67 |

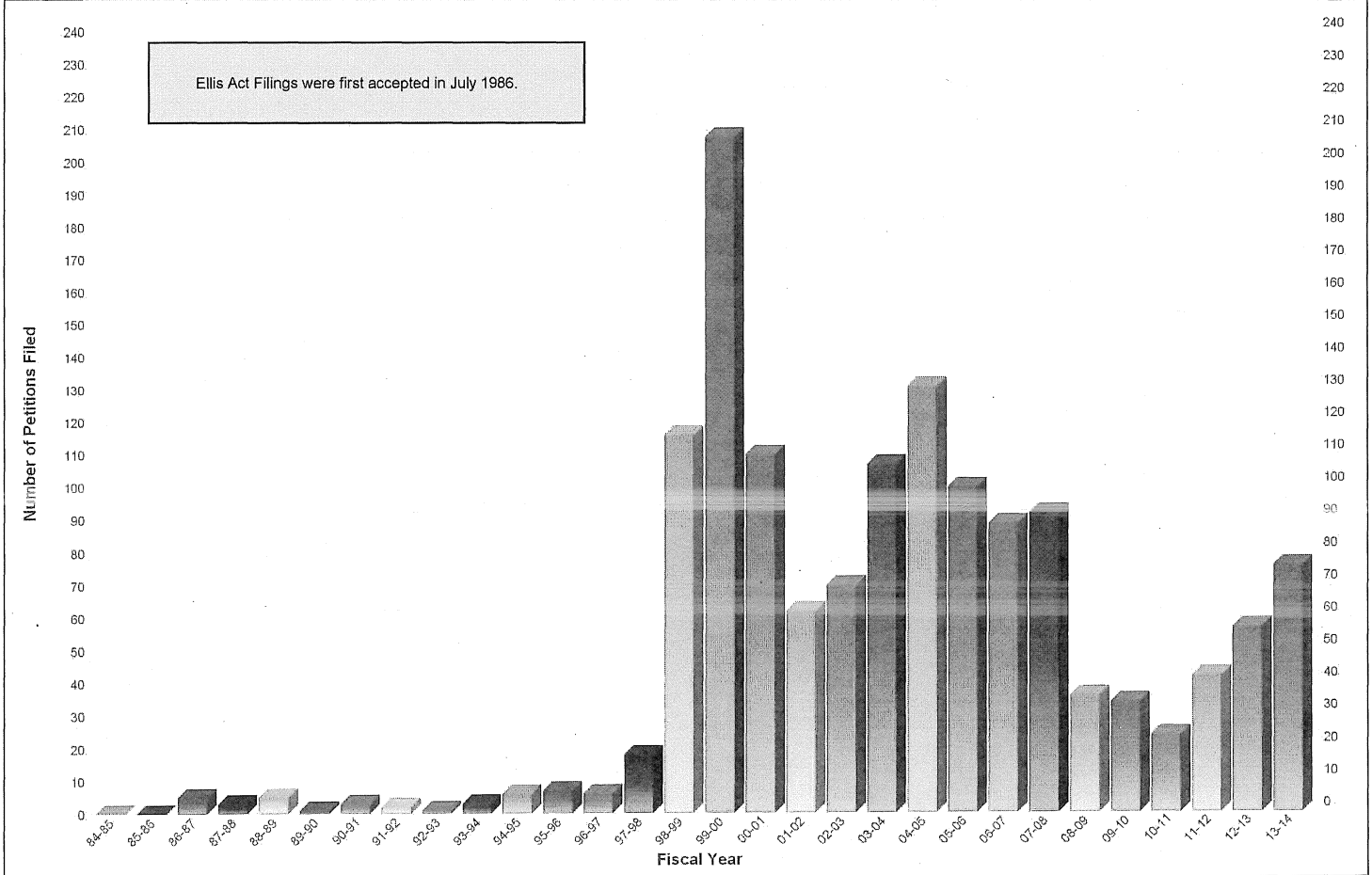


Tenant Appeals • 30-Year Trend

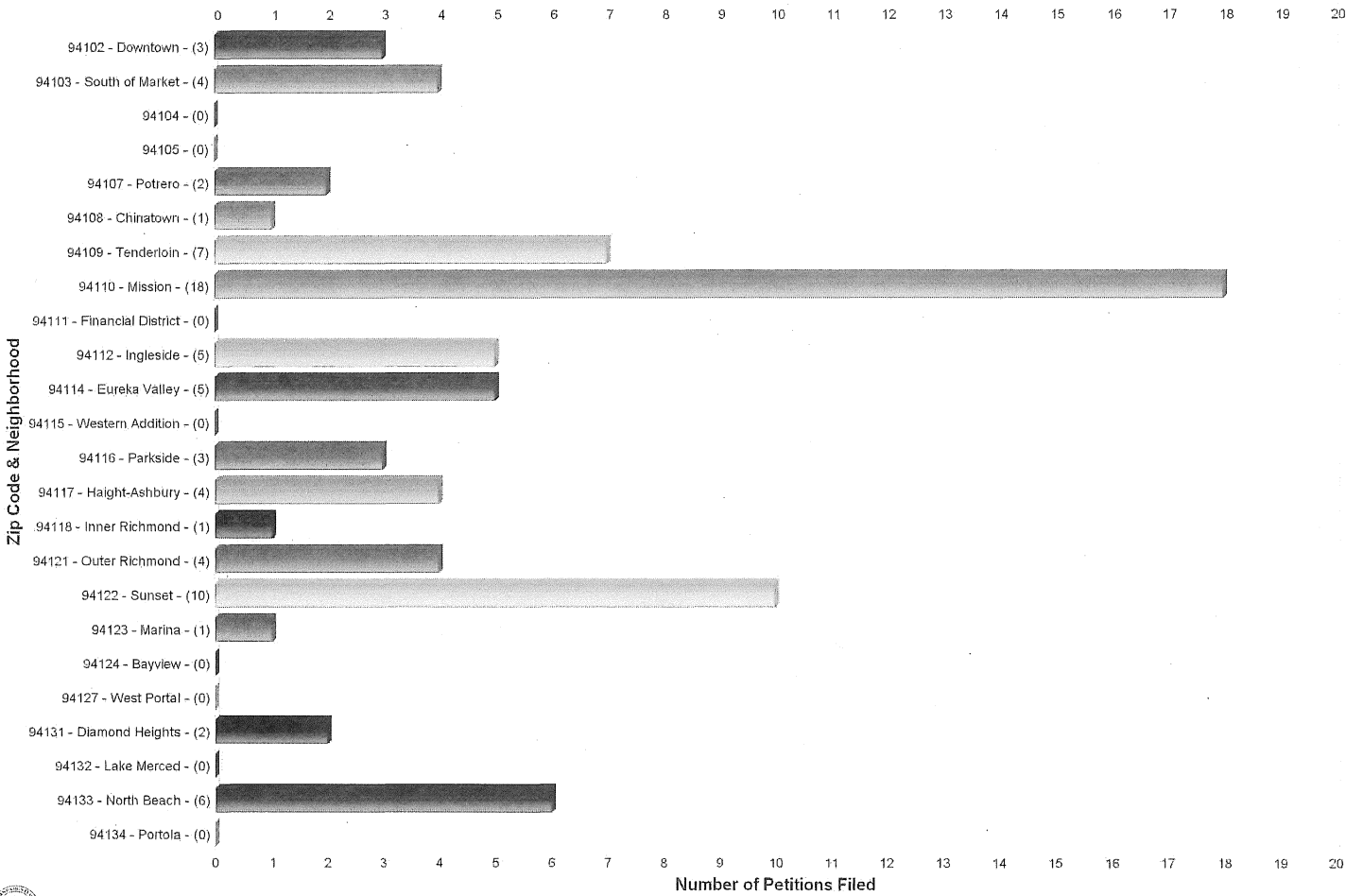


Landlord Ellis Act Filings • 30-Year Trend

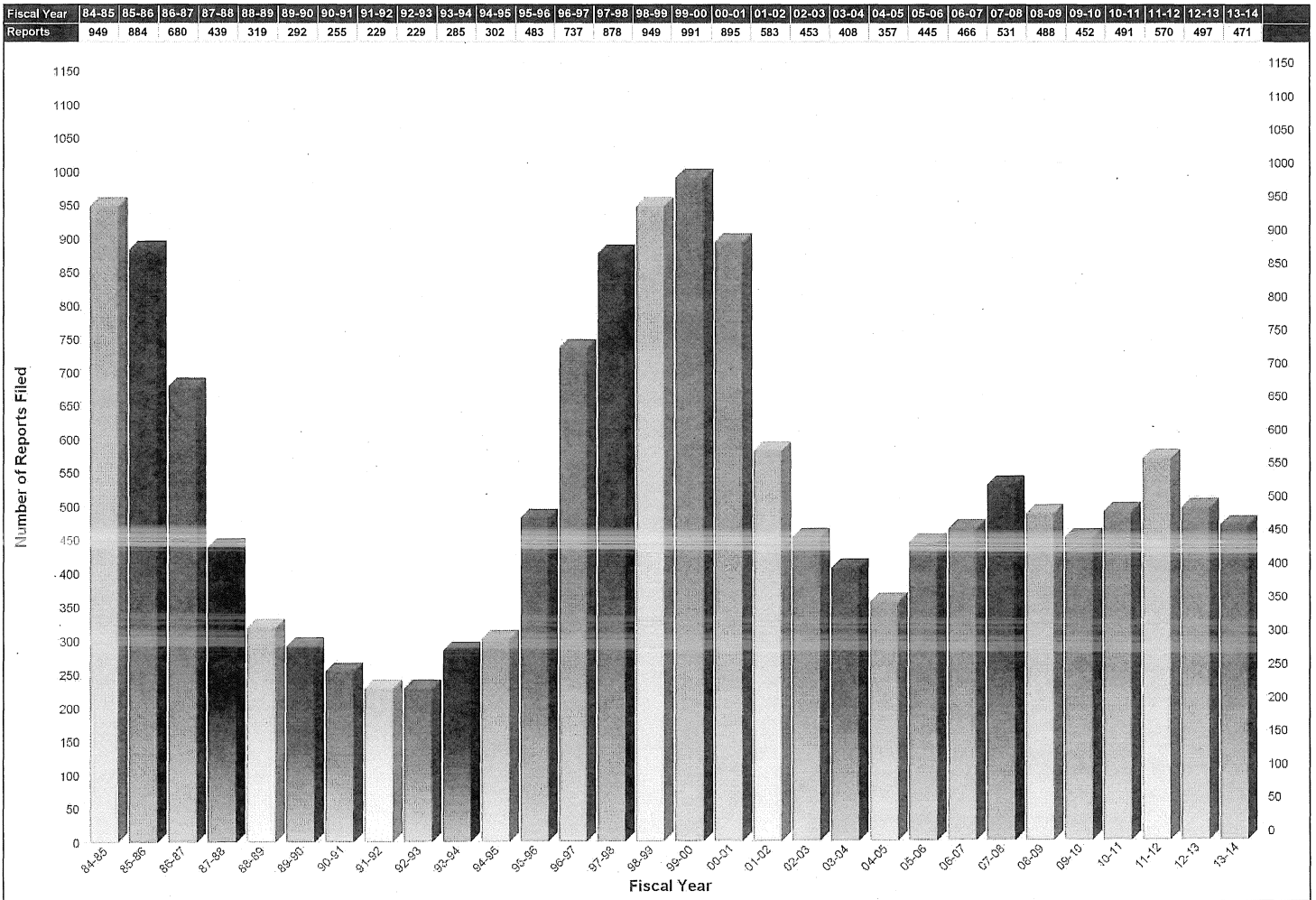
| Fiscal Year | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Petitions | 0 | 0 | 5 | 3 | 5 | 1 | 3 | 2 | 1 | 3 | 6 | 7 | 6 | 18 | 116 | 208 | 110 | 62 | 70 | 107 | 131 | 100 | 89 | 92 | 36 | 34 | 24 | 42 | 57 | 76 |
| Units | 0 | 0 | 5 | 6 | 93 | 1 | 25 | 10 | 1 | 20 | 85 | 27 | 10 | 61 | 291 | 879 | 281 | 188 | 233 | 352 | 480 | 454 | 330 | 393 | 165 | 108 | 72 | 121 | 192 | 304 |



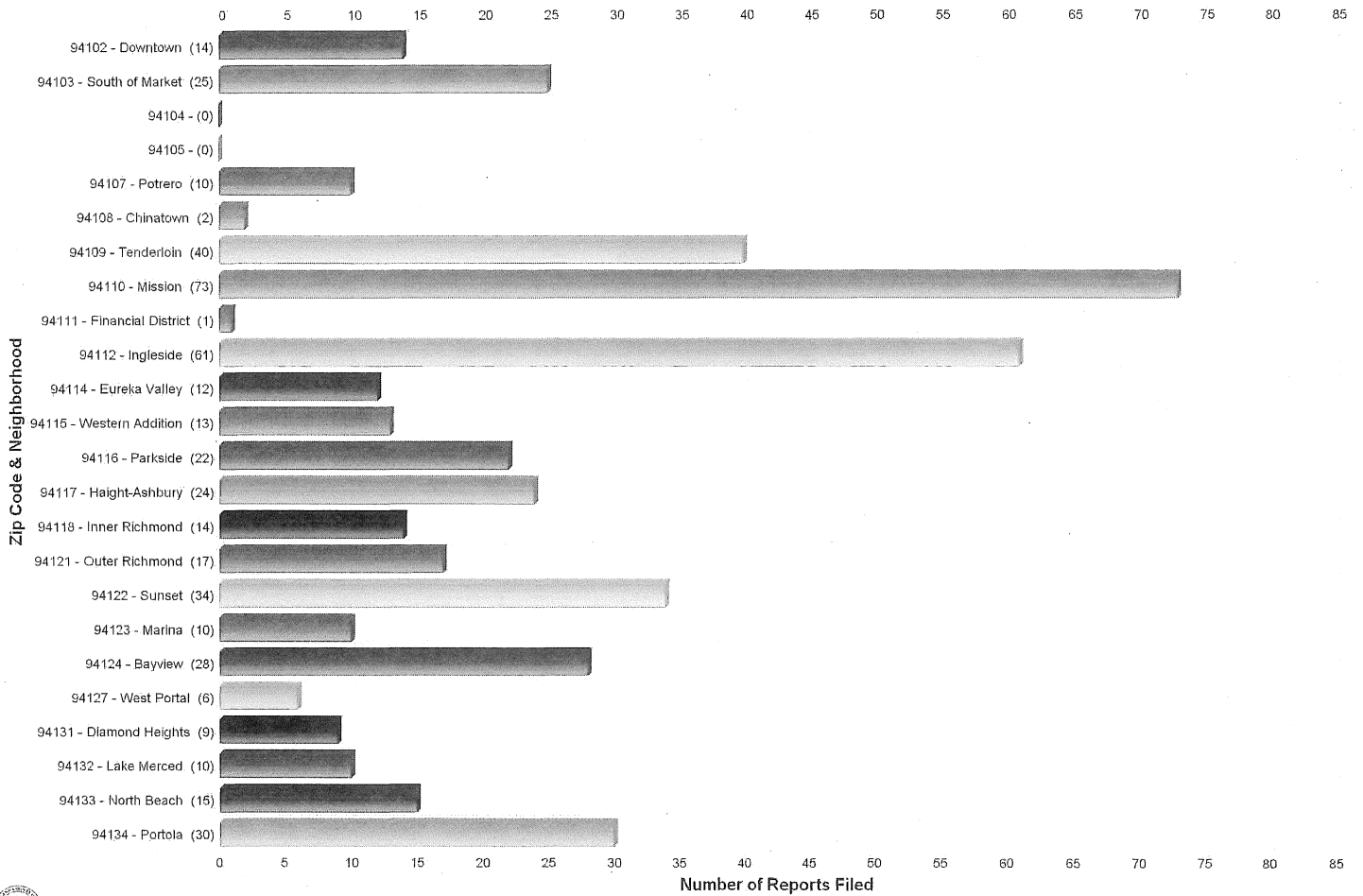
Landlord Ellis Act Filings by Zip Code • Fiscal Year 2013-2014



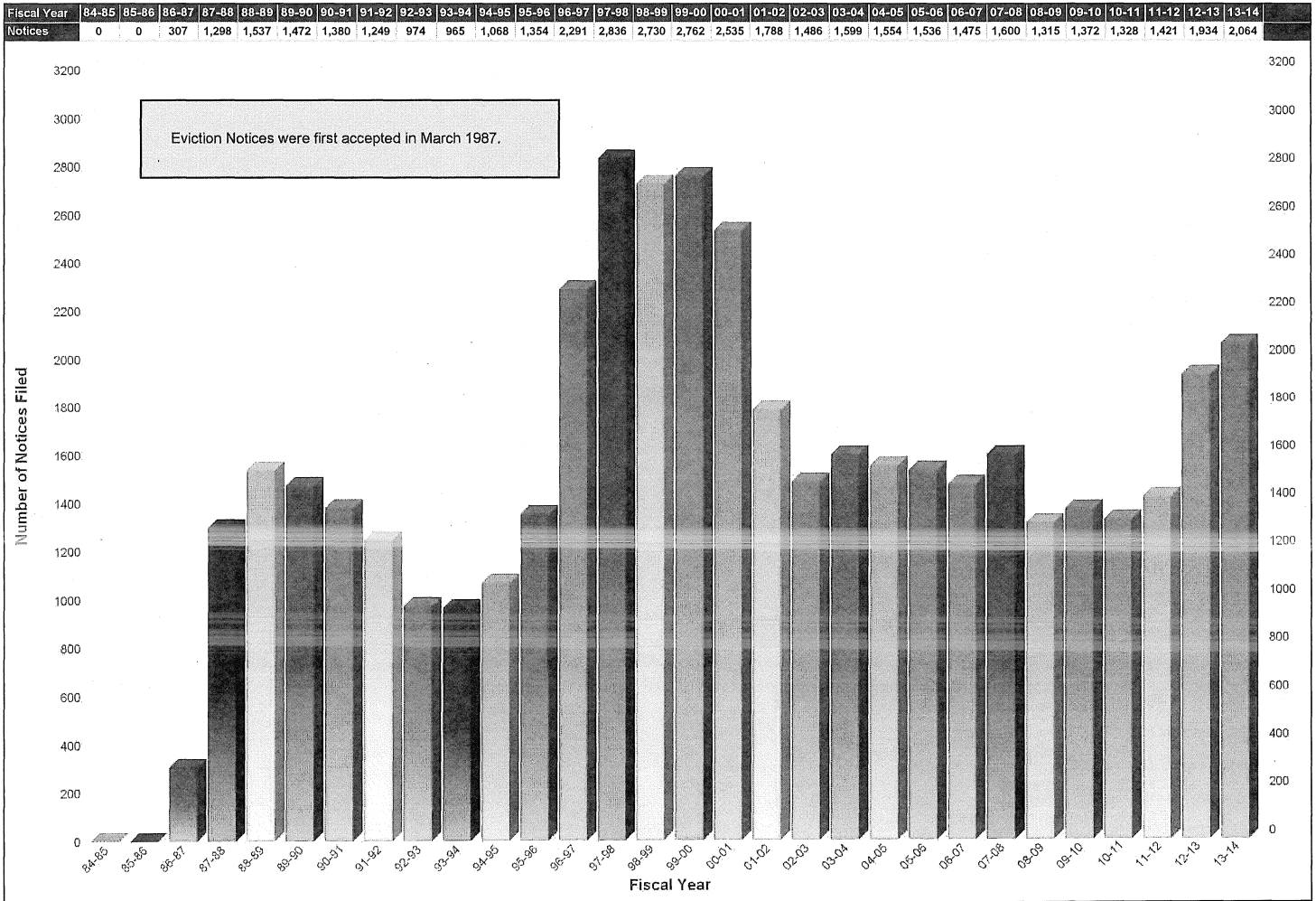
Tenant Wrongful Eviction Reports • 30-Year Trend



Tenant Wrongful Eviction Reports by Zip Code • Fiscal Year 2013-2014



Eviction Notices • 30-Year Trend



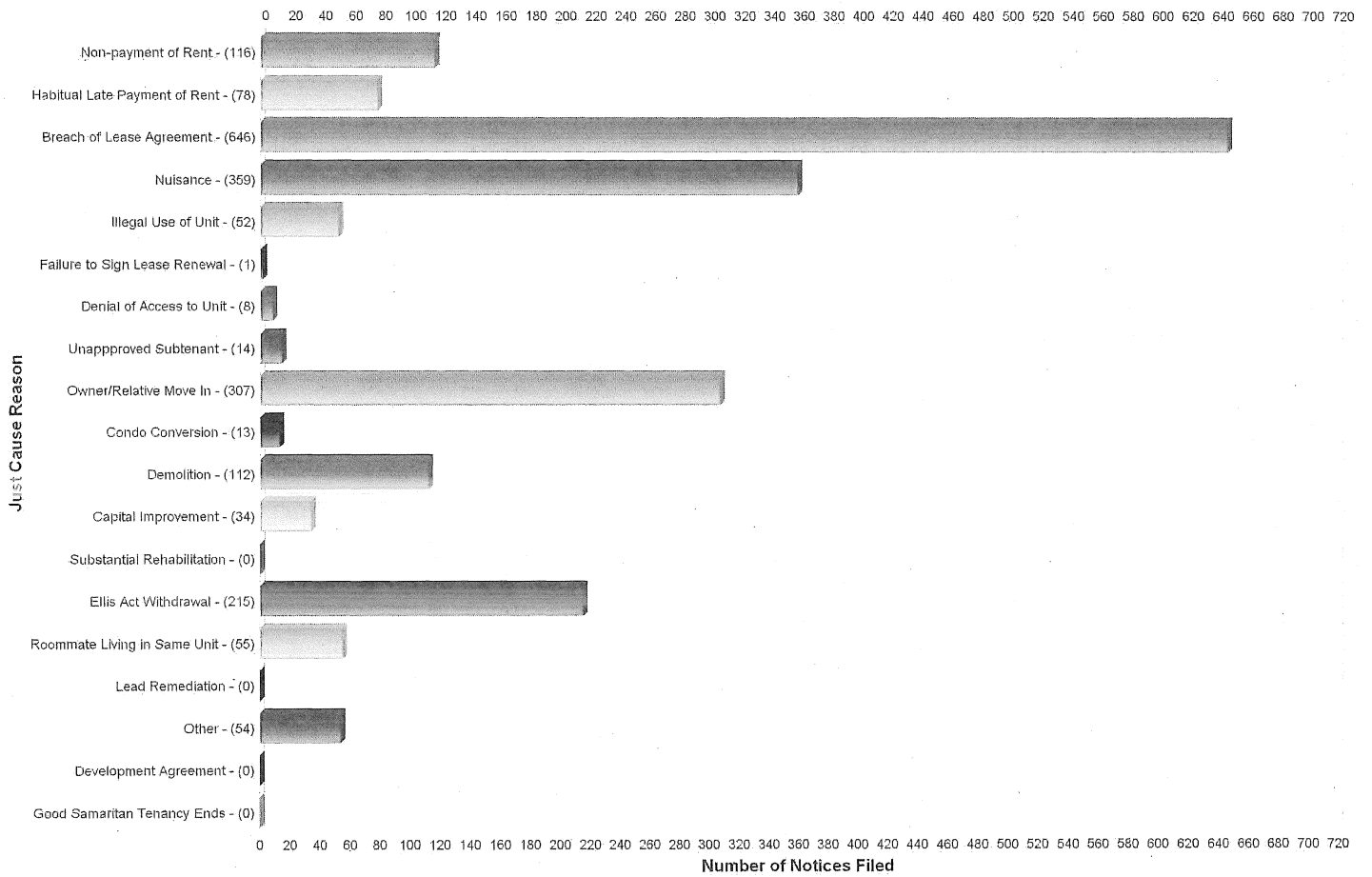
Eviction Notices by Just Cause Reason • 30-Year Trend

| | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 |
|-------------------------------|-------|-------|-------|--------------|--------------|--------------|--------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| Non-payment of Rent | | | | 130 | 175 | 107 | 123 | 137 | 96 | 101 | 133 | 125 | 132 | 142 | 143 |
| Habitual Late Payment of Rent | | | | 80 | 53 | 98 | 88 | 60 | 72 | 50 | 40 | 49 | 85 | 100 | 101 |
| Breach of Lease Agreement | | | | 9 | 90 | 204 | 183 | 158 | 136 | 133 | 104 | 172 | 290 | 327 | 344 |
| Nuisance | | | | 185 | 207 | 231 | 227 | 205 | 215 | 159 | 204 | 236 | 247 | 258 | 247 |
| Illegal Use of Unit | | | | 0 | 6 | 16 | 9 | 11 | 11 | 15 | 9 | 53 | 16 | 17 | 24 |
| Failure to Sign Lease Renewal | | | | 71 | 21 | 18 | 17 | 114 | 3 | 0 | 0 | 0 | 0 | 2 | 4 |
| Denial of Access to Unit | | | | 5 | 11 | 8 | 12 | 13 | 8 | 5 | 11 | 1 | 0 | 18 | 12 |
| Unapproved Subtenant | | | | 40 | 28 | 74 | 96 | 40 | 34 | 12 | 25 | 34 | 67 | 90 | 168 |
| Owner/Relative Move-In | | | | 522 | 564 | 545 | 469 | 356 | 293 | 344 | 361 | 481 | 1,075 | 1,410 | 1,200 |
| Condo Conversion | | | | | | | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 0 |
| Demolition | | | | 0 | 4 | 14 | 13 | 13 | 12 | 12 | 33 | 36 | 53 | 77 | 39 |
| Capital Improvement | | | | 76 | 149 | 47 | 30 | 30 | 10 | 33 | 8 | 18 | 53 | 44 | 24 |
| Substantial Rehabilitation | | | | 67 | 114 | 16 | 13 | 13 | 1 | 4 | 7 | 10 | 38 | 35 | 26 |
| Ellis Act Withdrawal | | | | 26 | 18 | 3 | 4 | 4 | 0 | 0 | 0 | 0 | 3 | 12 | 206 |
| Roommate Living in Same Unit | | | | 7 | 15 | 24 | 38 | 38 | 10 | 20 | 30 | 49 | 71 | 119 | 104 |
| Lead Remediation | | | | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | | | | | 82 | 67 | 57 | 57 | 73 | 77 | 104 | 103 | 160 | 194 | 90 |
| Development Agreement | | | | | | | | | | | | | | | |
| Good Samaritan Tenancy Ends | | | | | | | | | | | | | | | |
| TOTAL: | | | | 1,298 | 1,537 | 1,472 | 1,380 | 1,249 | 974 | 965 | 1,069 | 1,368 | 2,291 | 2,846 | 2,732 |

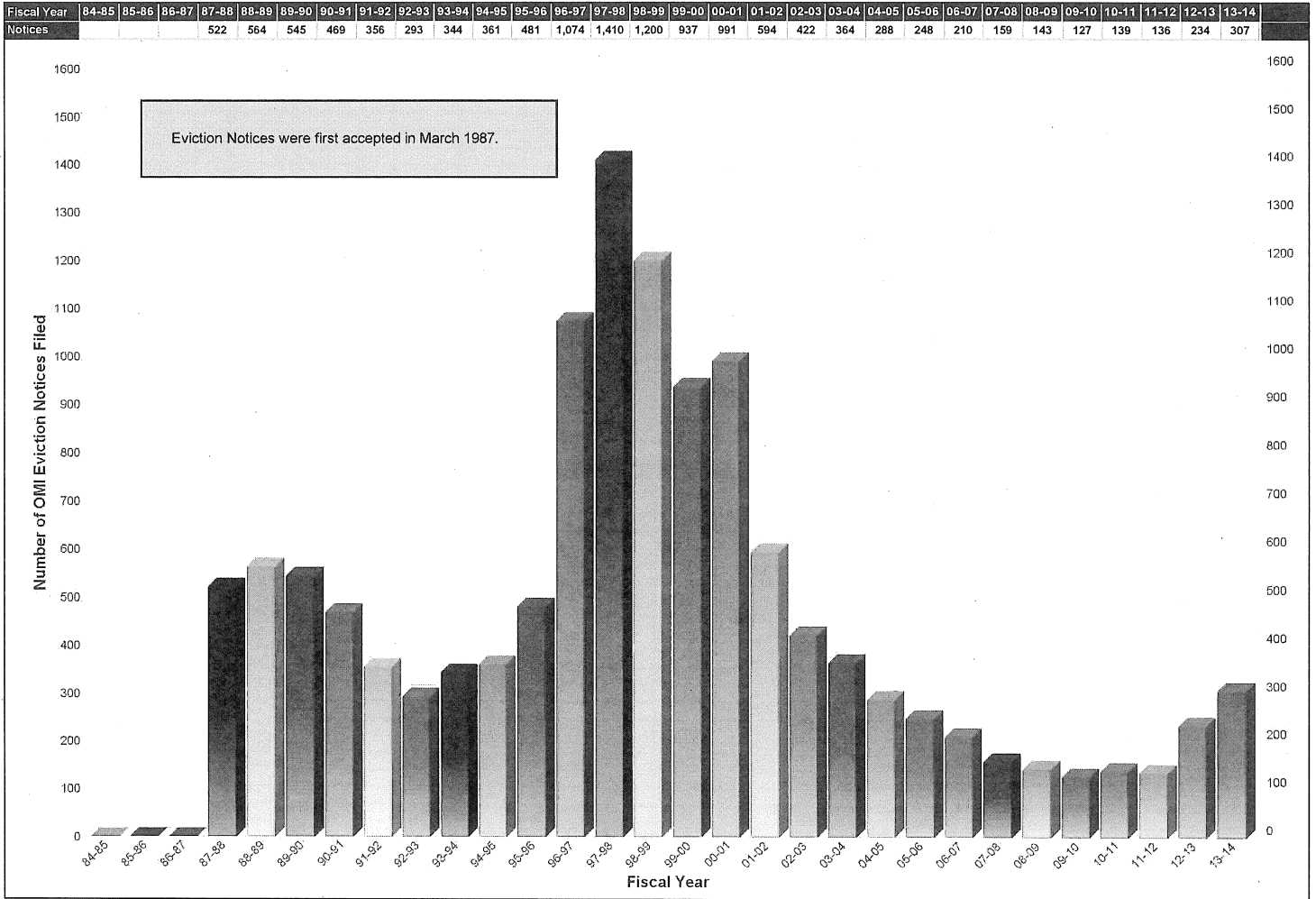
| | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Non-payment of Rent | 150 | 111 | 109 | 89 | 114 | 86 | 103 | 99 | 98 | 129 | 85 | 106 | 73 | 74 | 116 |
| Habitual Late Payment of Rent | 93 | 86 | 57 | 65 | 62 | 49 | 60 | 72 | 88 | 88 | 60 | 42 | 59 | 70 | 78 |
| Breach of Lease Agreement | 327 | 398 | 329 | 236 | 274 | 246 | 271 | 294 | 424 | 376 | 457 | 428 | 536 | 510 | 646 |
| Nuisance | 278 | 256 | 283 | 247 | 285 | 274 | 310 | 310 | 317 | 279 | 308 | 261 | 277 | 350 | 359 |
| Illegal Use of Unit | 32 | 27 | 41 | 18 | 25 | 21 | 49 | 39 | 39 | 31 | 40 | 21 | 29 | 53 | 52 |
| Failure to Sign Lease Renewal | 6 | 2 | 2 | 1 | 0 | 0 | 0 | 1 | 9 | 4 | 11 | 4 | 7 | 11 | 1 |
| Denial of Access to Unit | 14 | 9 | 6 | 9 | 4 | 5 | 11 | 15 | 20 | 14 | 31 | 19 | 20 | 14 | 8 |
| Unapproved Subtenant | 84 | 30 | 4 | 13 | 11 | 15 | 19 | 24 | 13 | 18 | 19 | 15 | 22 | 21 | 14 |
| Owner/Relative Move-In | 937 | 991 | 594 | 422 | 364 | 288 | 248 | 210 | 161 | 143 | 127 | 139 | 136 | 234 | 307 |
| Condo Conversion | 6 | 5 | 5 | 7 | 3 | 7 | 1 | 4 | 2 | 3 | 2 | 3 | 6 | 10 | 13 |
| Demolition | 43 | 84 | 88 | 94 | 73 | 66 | 48 | 47 | 39 | 29 | 24 | 37 | 42 | 62 | 112 |
| Capital Improvement | 80 | 58 | 47 | 64 | 69 | 70 | 83 | 58 | 56 | 24 | 21 | 27 | 39 | 36 | 34 |
| Substantial Rehabilitation | 14 | 7 | 8 | 2 | 0 | 1 | 5 | 0 | 0 | 0 | 0 | 1 | 0 | 6 | 0 |
| Ellis Act Withdrawal | 440 | 274 | 83 | 115 | 228 | 330 | 248 | 210 | 265 | 99 | 69 | 40 | 81 | 144 | 215 |
| Roommate Living in Same Unit | 146 | 130 | 94 | 73 | 57 | 49 | 39 | 42 | 19 | 30 | 30 | 32 | 32 | 40 | 55 |
| Lead Remediation | 1 | 1 | 0 | 0 | 0 | 7 | 0 | 1 | 2 | 3 | 0 | 0 | 0 | 0 | 0 |
| Other | 110 | 69 | 37 | 31 | 30 | 40 | 41 | 49 | 48 | 45 | 88 | 47 | 62 | 66 | 54 |
| Development Agreement | | | | | | | | | | | | 106 | 0 | 232 | 0 |
| Good Samaritan Tenancy Ends | | | | | | | | | | | | 0 | 0 | 1 | 0 |
| TOTAL: | 2,761 | 2,538 | 1,787 | 1,486 | 1,599 | 1,554 | 1,536 | 1,475 | 1,600 | 1,315 | 1,372 | 1,328 | 1,421 | 1,934 | 2,064 |



Eviction Notices by Just Cause Reason • Fiscal Year 2013-2014



OMI (Owner Move-In) Eviction Notices • 30-Year Trend



OMI (Owner Move-In) Eviction Notices by Zip Code • 30-Year Trend

| | 84-85 | 85-86 | 86-87 | 87-88 | 88-89 | 89-90 | 90-91 | 91-92 | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 |
|--------------------------|-------|-------|-------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|
| 94102 Downtown | | | | | | | | | | | 7 | 7 | 23 | 27 | 18 |
| 94103 South of Market | | | | | | | | | | | 13 | 12 | 40 | 42 | 27 |
| 94104 & 94105 | | | | | | | | | | | 0 | 0 | 0 | 0 | 0 |
| 94107 Potrero | | | | | | | | | | | 9 | 18 | 26 | 40 | 33 |
| 94108 Chinatown | | | | | | | | | | | 4 | 3 | 11 | 8 | 4 |
| 94109 Tenderloin | | | | | | | | | | | 17 | 31 | 55 | 42 | 31 |
| 94110 Mission | | | | | | | | | | | 37 | 72 | 158 | 217 | 166 |
| 94111 Financial District | | | | | | | | | | | 0 | 0 | 4 | 1 | 1 |
| 94112 Ingleside | | | | | | | | | | | 18 | 33 | 58 | 86 | 94 |
| 94114 Eureka Valley | | | | | | | | | | | 46 | 61 | 103 | 103 | 98 |
| 94115 Western Addition | | | | | | | | | | | 29 | 35 | 66 | 57 | 39 |
| 94116 Parkside | | | | | | | | | | | 15 | 8 | 38 | 50 | 62 |
| 94117 Haight-Ashbury | | | | | | | | | | | 26 | 39 | 100 | 156 | 109 |
| 94118 Inner Richmond | | | | | | | | | | | 23 | 25 | 96 | 101 | 61 |
| 94121 Outer Richmond | | | | | | | | | | | 28 | 21 | 56 | 97 | 69 |
| 94122 Sunset | | | | | | | | | | | 23 | 35 | 72 | 103 | 133 |
| 94123 Marina | | | | | | | | | | | 25 | 29 | 48 | 84 | 49 |
| 94124 Bayview | | | | | | | | | | | 1 | 2 | 9 | 11 | 43 |
| 94127 West Portal | | | | | | | | | | | 2 | 1 | 11 | 28 | 12 |
| 94131 Diamond Heights | | | | | | | | | | | 10 | 15 | 36 | 58 | 44 |
| 94132 Lake Merced | | | | | | | | | | | 2 | 4 | 7 | 19 | 13 |
| 94133 North Beach | | | | | | | | | | | 20 | 23 | 35 | 38 | 51 |
| 94134 Portola | | | | | | | | | | | 6 | 7 | 22 | 42 | 43 |
| TOTAL: | | | | 522 | 564 | 545 | 469 | 356 | 293 | 344 | 361 | 481 | 1,074 | 1,410 | 1,200 |

| | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 94102 Downtown | 21 | 12 | 3 | 1 | 4 | 3 | 5 | 2 | 0 | 1 | 1 | 1 | 1 | 4 | 16 |
| 94103 South of Market | 22 | 19 | 11 | 9 | 11 | 7 | 5 | 1 | 6 | 3 | 2 | 2 | 3 | 4 | 7 |
| 94104 & 94105 | 0 | 0 | 0 | 1 | 1 | 2 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 12 |
| 94107 Potrero | 25 | 27 | 14 | 9 | 9 | 6 | 5 | 4 | 1 | 6 | 3 | 5 | 5 | 9 | 2 |
| 94108 Chinatown | 12 | 7 | 3 | 1 | 3 | 0 | 2 | 0 | 1 | 0 | 0 | 2 | 0 | 0 | 4 |
| 94109 Tenderloin | 38 | 37 | 19 | 5 | 7 | 8 | 12 | 9 | 5 | 7 | 6 | 0 | 4 | 7 | 6 |
| 94110 Mission | 133 | 125 | 70 | 67 | 67 | 51 | 42 | 40 | 23 | 14 | 19 | 27 | 21 | 38 | 27 |
| 94111 Financial District | 2 | 1 | 0 | 0 | 0 | 0 | 3 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 21 |
| 94112 Ingleside | 77 | 122 | 49 | 41 | 25 | 17 | 19 | 6 | 12 | 12 | 8 | 12 | 8 | 10 | 32 |
| 94114 Eureka Valley | 55 | 59 | 52 | 29 | 34 | 14 | 19 | 20 | 14 | 9 | 7 | 15 | 10 | 13 | 22 |
| 94115 Western Addition | 42 | 31 | 22 | 15 | 16 | 5 | 9 | 8 | 7 | 9 | 3 | 6 | 6 | 10 | 29 |
| 94116 Parkside | 60 | 51 | 21 | 22 | 17 | 15 | 9 | 12 | 5 | 2 | 7 | 4 | 9 | 13 | 13 |
| 94117 Haight-Ashbury | 54 | 41 | 28 | 31 | 29 | 27 | 16 | 11 | 13 | 13 | 19 | 9 | 15 | 17 | 19 |
| 94118 Inner Richmond | 61 | 77 | 62 | 34 | 22 | 14 | 13 | 15 | 12 | 18 | 6 | 6 | 3 | 27 | 29 |
| 94121 Outer Richmond | 65 | 58 | 40 | 24 | 23 | 34 | 26 | 16 | 9 | 18 | 7 | 8 | 10 | 12 | 0 |
| 94122 Sunset | 91 | 118 | 89 | 45 | 30 | 21 | 27 | 24 | 19 | 11 | 14 | 9 | 10 | 20 | 38 |
| 94123 Marina | 23 | 23 | 17 | 11 | 18 | 17 | 4 | 11 | 10 | 5 | 8 | 4 | 9 | 14 | 14 |
| 94124 Bayview | 31 | 33 | 20 | 17 | 7 | 3 | 3 | 0 | 2 | 3 | 3 | 5 | 4 | 4 | 0 |
| 94127 West Portal | 10 | 12 | 2 | 9 | 8 | 5 | 4 | 3 | 5 | 3 | 2 | 2 | 2 | 8 | 9 |
| 94131 Diamond Heights | 35 | 35 | 22 | 20 | 8 | 10 | 5 | 8 | 7 | 6 | 6 | 9 | 7 | 5 | 0 |
| 94132 Lake Merced | 15 | 13 | 6 | 3 | 5 | 9 | 5 | 1 | 4 | 0 | 0 | 0 | 1 | 6 | 0 |
| 94133 North Beach | 27 | 40 | 4 | 12 | 5 | 7 | 9 | 10 | 1 | 3 | 4 | 7 | 5 | 8 | 2 |
| 94134 Portola | 38 | 50 | 40 | 16 | 15 | 13 | 6 | 3 | 2 | 0 | 2 | 6 | 3 | 5 | 2 |
| TOTAL: | 937 | 991 | 594 | 422 | 364 | 288 | 248 | 210 | 159 | 143 | 127 | 139 | 136 | 234 | 307 |



From: Reports, Controller (CON) [controller.reports@sfgov.org]
Sent: Wednesday, September 17, 2014 11:12 AM
To: Calvillo, Angela (BOS); BOS-Supervisors; Kawa, Steve (MYR); Campbell, Severin (BUD); Newman, Debra (BUD); Rose, Harvey (BUD); sfdocs@sfpl.info; CON-EVERYONE; Moyer, Monique (PRT); Quesada, Amy (PRT); Forbes, Elaine (PRT); Woo, John (PRT); cchaquica@KPMG.com; onguyen@kpmg.com; nrose@kpmg.com; Eugene.Yano@YanoCPA.com; kathy@castagnolassf.com; jeannie@blueandgoldfleet.com; carolyn@blueandgoldfleet.com
Subject: Reports Issued: Port Commission: Compliance Audits of Castagnola's Restaurant and Blue and Gold Fleet, L.P.

The San Francisco Port Commission (Port) coordinates with the Office of the Controller's City Services Auditor Division (CSA) to periodically audit the Port's tenants. CSA engaged KPMG LLP to audit tenants at the Port of San Francisco to determine whether they comply with the reporting, payment, and selected other provisions of their agreements with the Port.

CSA presents the reports for the audits of Castagnola's Restaurant and Blue and Gold Fleet, L.P.

Castagnola's Restaurant: <http://openbook.sfgov.org/webreports/details3.aspx?id=1827>

Castagnola's Restaurant (Castagnola's) inaccurately calculated and reported gross receipts to the Port. This occurred because Castagnola's improperly excluded the value of employee meals and certain sales from its reported gross receipts and lacked internal controls to ensure the accuracy of its gross receipts reporting. During the audit period Castagnola's reported \$8,041,937 in gross receipts and paid \$741,386 in rent to the Port.

Blue and Gold Fleet, L.P.: <http://openbook.sfgov.org/webreports/details3.aspx?id=1828>

Blue and Gold Fleet, L.P., (Blue and Gold) inaccurately calculated and reported gross receipts for its ferryboat services. Also, Blue and Gold did not verify sublessee gross income to obtain assurance that its sublessee reports were complete and accurate before reporting income to the Port. During the audit period Blue and Gold reported \$22,041,616 in gross receipts and paid \$1,850,973 in rent to the Port.

This is a send-only e-mail address.

For questions about the reports, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or the CSA Audits Unit at 415-554-7469.

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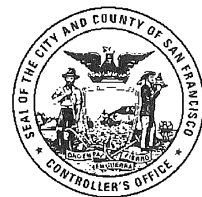
5

City and County of San Francisco

Office of the Controller – City Services Auditor

PORT COMMISSION:

**Blue and Gold Fleet, L.P., Had
Inadequate Internal Controls Over
the Reporting of Gross Receipts to
the Port for 2010 Through 2012**



September 17, 2014

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that was approved by voters in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

For questions about the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: KPMG LLP



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

September 17, 2014

San Francisco Port Commission
Pier 1, The Embarcadero
San Francisco, CA 94111

Ms. Monique Moyer
Executive Director
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Dear Commission President, Commissioners, and Ms. Moyer:

The City and County of San Francisco's Port Commission (Port) coordinates with the Office of the Controller's City Services Auditor Division (CSA) to conduct periodic concession and compliance audits of the Port's tenants. CSA engaged KPMG LLP (KPMG) to audit the Port's tenants to determine whether they comply with the reporting, payment, and other selected provisions of their leases.

CSA presents the report for the audit of Blue and Gold Fleet, L.P., (Blue and Gold) prepared by KPMG. Blue and Gold operates ferryboat services.

Reporting Period: December 28, 2009, through December 30, 2012

Rent Paid: \$1,850,973

Results:

Blue and Gold did not accurately calculate and report gross receipts in accordance with lease provisions for its ferryboat services. Also, Blue and Gold did not verify sublessee gross income to obtain assurance that the reports of its sublessees were complete and accurate before reporting income to the Port. During the audit period Blue and Gold reported \$22,041,616 in gross receipts and paid \$1,850,973 in rent to the Port.

The responses of Blue and Gold and the Port are attached to this report.

CSA appreciates the assistance and cooperation of Port and tenant staff during the audit. For questions about the report, please contact me at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Respectfully,

Tonia Lediju
Director of City Audits

Attachment

cc: Mayor
Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Public Library



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Performance Audit Report

San Francisco Port Commission
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

President and Members:

We have completed a performance audit of the gross receipts and related percentage rent reported and paid or payable by Blue and Gold Fleet, L.P. (Blue and Gold or Tenant), to the Port of San Francisco (Port) for the period from December 28, 2009 to December 30, 2012.

Objective and Scope

The objective of this performance audit was to determine whether the Tenant was in substantial compliance with the reporting, payment and other rent-related provisions of its lease #L-9183 with the City and County of San Francisco (City), operating through the San Francisco Port Commission (Port Commission). To meet the objective of our performance audit, we verified that gross receipts for the audit period were reported to the Port in accordance with the lease provisions, and that such amounts agreed with the Tenant's underlying accounting records; identified and reported the amount and cause of any significant error(s) (over or under) in reporting, together with the impact on rent paid or payable to the Port; and identified and reported any recommendations to improve record keeping and reporting processes of the Tenant relative to its ability to comply with lease provisions.

The scope of our audit included the gross receipts and related percentage rent reported and paid or payable by the Tenant to the Port for the period from December 28, 2009 to December 30, 2012.

This audit and the resulting report relates only to the gross receipts and percentage rent reported by Blue and Gold and does not extend to any other performance or financial audits of either the Port Commission or Blue and Gold, taken as a whole.

Methodology

To meet the objective of our performance audit, we performed the following procedures: reviewed the applicable terms of the lease and the adequacy of the Tenant's procedures and internal controls for collecting, recording, summarizing, and reporting its gross receipts and calculating its payments to the Port; judgmentally selected and tested samples of daily and monthly revenues; recalculated monthly rent due; and verified the accuracy and timeliness of reporting gross receipts and rent and submitting rent payments to the Port.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our



findings and recommendations based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objective.

Tenant Background

The Tenant became the assignee of marine business lease #L-9183, through lease amendment (the Lease Amendment), effective June 23, 1997 through March 31, 2015, for certain property at Pier 41 (Leased Premises) in San Francisco. The Tenant operates the following ferryboat services:

- Alameda Oakland Ferry Service – Stops at Jack London Square, Oakland; Gateway Alameda; Ferry Building and Pier 41, San Francisco. These services were provided for multiple government agencies during the audit period, using primarily non-Tenant-owned vessels.
- Vallejo Ferry Service – Stops at Vallejo Ferry Terminal, Vallejo; Ferry Building and Pier 41, San Francisco. These services were provided for multiple government agencies during the audit period, using primarily non-Tenant-owned vessels.
- Tiburon Ferryboat Service – Tiburon Ferry Docks, Tiburon; Ferry Building and Pier 41, San Francisco.
- Sausalito Ferryboat Service – Stops at Sausalito Ferry Docks, Sausalito; and Pier 41, San Francisco.

The Tenant also operates boat and land tours from Pier 41 and retail concessions at Pier 41.

Rent consists of the following:

Monthly Minimum Rent is subject to escalation every five years. Monthly minimum rent was of \$25,767.34 from January 1, 2010 to March 31, 2010, and \$28,961.30 thereafter.

Percentage Rent on Gross Receipts, which consists of the following components:

- Seven percent (7.00%) on vessels landing at Leased Premises and passengers embarking and/or debarking the vessels at Leased Premises; food and beverage sales made on vessels landing or berthed at the Leased Premises; display of historic vessels or replicas of historic vessels berthed at the Leased Premises; photo services on the Leased Premises or on vessels landing or berthed at the Leased Premises; tenant's revenue from ATM machines, coin-operated telescopes, and public telephones on the Leased Premises or on vessels landing or berthed at the Leased Premises; Tenant's revenue from audio rental charges;
- Eight and one-half percent (8.50%) on retail sales of merchandise on the Leased Premises or on vessels landing or berthed at the Leased Premises; food and beverage sales on the Leased Premises; and
- Ten percent (10.00%) on land tours originating at the Leased Premises; and Tenant's revenue on ticket sales for tours not originating at the Leased Premises.

Gross receipts is defined as "...all amounts received and receivable from all sales, business transacted, or services performed on the Leased Premises, or on any vessel berthed at or landing at the Leased Premises. Gross Receipts shall include all sales, business transacted, or services performed for which a charge is made by Tenant, or by any other person, firm, partnership or corporation conducting sales, transacting business or performing services of any sort in, upon, or from any part of the Leased Premises, or upon vessels berthed at or landing at the Leased Premises..."



The Tenant is allowed to deduct minimum rent from percentage rent, but only to the extent that minimum rent does not exceed percentage rent. The Lease Amendment also identifies 14 categories of exclusions of collections in calculating Gross Receipts.

Audit Results

The following summarizes total rent due, and paid or payable, to the Port, and any underpayment based on procedures performed and pursuant to the Lease Amendment as summarized above:

| | 52/53 Week Period Ended the last Sunday of December | | | |
|---|--|------------------------------|------------------------------|--------------|
| | December 26, 2010 | December 25, 2011 | December 30, 2012 | Total |
| Rent due to the Port: | | | | |
| Minimum rent | \$ 337,956 | \$ 347,538 | \$ 347,538 | \$ 1,033,032 |
| Percentage rent | 199,058 | 284,447 | 334,436 | 817,941 |
| Total rent due to the Port | 537,014 | 631,985 | 681,974 | 1,850,973 |
| Total rent paid or payable to the Port | 537,014 | 631,985 | 681,974 | \$ 1,850,973 |
| Overpayment or (underpayment) of rent | \$ — | \$ — | \$ — | \$ — |

Note: The 52/53-Week Period-end represents the last Sunday in December.

The above results do not reflect any potential adjustments that may result from the quantification of Findings 2012-01 to 2012-04.



The following summarizes gross receipts received by the Tenant during the three 52/53-week periods ended December 30, 2012 and related percentage rent after deductions for minimum rent:

| | <u>52/53 Week Period Ended</u> | | | <u>Total</u> |
|--|--------------------------------|------------------------------|------------------------------|----------------------|
| | <u>December 26, 2010</u> | <u>December 25, 2011</u> | <u>December 30, 2012</u> | |
| Gross receipts subject to percentage rent of: | | | | |
| 7.00% | \$ 2,714,574 | \$ 2,868,838 | \$ 3,267,465 | \$ 8,850,877 |
| 8.50% | 3,404,258 | 4,520,810 | 5,143,470 | 13,068,538 |
| 10.00% | 39,435 | 43,491 | 39,275 | 122,201 |
| Total gross receipts | <u>\$ 6,158,267</u> | <u>\$ 7,433,139</u> | <u>\$ 8,450,210</u> | <u>\$ 22,041,616</u> |
| Percentage rent on gross receipts subject to percentage rent of: | | | | |
| 7.00% | \$ 190,019 | \$ 200,819 | \$ 228,723 | \$ 619,561 |
| 8.50% | 289,362 | 384,269 | 437,194 | 1,110,825 |
| 10.00% | 3,944 | 4,349 | 3,928 | 12,221 |
| Subtotal | 483,325 | 589,437 | 669,845 | 1,742,607 |
| Adjustment for months in which percentage rent is less than minimum rent | <u>53,689</u> | <u>42,548</u> | <u>12,129</u> | <u>108,366</u> |
| Percentage rent before deduction for minimum rent | 537,014 | 631,985 | 681,974 | 1,850,973 |
| Deduction for minimum rent | <u>(337,956)</u> | <u>(347,538)</u> | <u>(347,538)</u> | <u>(1,033,032)</u> |
| Percentage rent after deduction for minimum rent | <u>\$ 199,058</u> | <u>\$ 284,447</u> | <u>\$ 334,436</u> | <u>\$ 817,941</u> |

The above gross receipts, percentage rent on gross receipts, and adjustments for months in which percentage rent is less than minimum rent, do not reflect any potential adjustments that may result from the quantification of Findings 2012-01 to 2012-04.

Finding 2012-01 – The Tenant Does Not Use Passenger – Specific Revenues to Calculate Gross Receipts From the Alameda Oakland Ferry Service and Vallejo Ferry Service

Criteria

Section 2(c)(1) of the Lease Amendment specifies the Tenant’s obligation to pay percentage rent and states in part that Tenant “...agrees to pay Percentage Rental to the Port in the percentage amounts the items set forth below. Tenant shall pay to Port the amount by which the sum, computed as a percentage of Tenant’s Gross Receipts (defined herein below), using the percentage rates indicated below, received during each calendar month of the lease term exceeds the Minimum Rental for said month...”

Section 2(c)(1) further specifies one of the percentages as 7% of revenue from “...landing at Leased Premises and passengers embarking and/or debarking vessels at Leased Premises...”



Section 2(c)(2) defines Gross Receipts as “...all amounts received and receivable from all sales, business transacted, or services performed on the Leased Premises, or on any vessel berthed at or landing at the Leased Premises. Gross Receipts shall include all sales, business transacted or services performed for which a charge is made by Tenant, or by any other person, firm, partnership or corporation conducting sales, transacting business or performing services of any sort in, upon, or from any part of the Leased Premises, or upon vessels berthed at or landing at the Leased Premises...”

Section 2(c)(2)(xiii) specifies certain exclusions or deductions from Gross Receipts as “...fees, rents or other sums paid to Tenant by any of Tenant’s subtenants, concessionaires and/or licensees provided that the total revenues of such subtenants, concessionaires and/or licensees are included in Gross Receipts...”

Section 2(c)(3) specifies that “...at the time of paying the Percentage Rental, Tenant shall furnish a statement (herein ‘Percentage Rental Statement’) showing the computation of the Percentage Rental for the period covered by such payment...”

Condition

The Tenant used the methodologies described below to calculate reportable Gross Receipts for the Alameda Oakland Ferry Service (“AOFS”) and Vallejo Ferry Service (“Baylink”). The Tenant did not use passenger-specific revenues for either AOFS or Baylink as the basis for calculating reportable Gross Receipts.

The following describes the Tenant’s methods of calculating gross receipts on these two ferry services:

Alameda Oakland Ferry Services

AOFS Gross Receipts reported to the Port were calculated using the management fee and total ticket revenues collected by the Tenant multiplied by the percentage of total AOFS mid-day passengers to total AOFS passengers. Total known ticket revenues did not include fares paid by Clipper Card on or after October 1, 2012, as the Water Emergency Transportation Authority (WETA) received these fares directly from the passengers, and the Tenant did not know the dollar amount of Clipper Card fares for passengers embarking or debarking at Pier 41. The Tenant did not request for the Clipper Card sales from WETA to include in the calculation of gross receipts.

Vallejo Baylink

Baylink Gross Receipts reported to the Port was calculated using the management fee received by the Tenant multiplied by the percentage of total Baylink mid-day passengers to total Baylink passengers. Operating expense reimbursements were not included as revenues subject to the Gross Receipts calculation. Section 2(c)(2)(xiii) of the Lease Amendment does not allow for the exclusion of operating and expense reimbursements.

We found an additional inconsistency between the methods used to calculate AOFS and Baylink Gross Receipts. Actual Baylink ticket sales were not used because approximately 90% of the tickets are sold at the Vallejo ticket office, which was under the control of the City of Vallejo and/or WETA during the audit period, and the Tenant was not provided with the dollar amounts of these ticket sales.

Effects

The Tenant’s practices of allocating 100% of actual ticket revenue collections on mid-day runs only to Gross Receipts do not comply with Lease Amendment provisions that require the payment of percentage rent on ticket revenues for all passengers actually embarking or debarking at Pier 41. The conditions identified above could result in understatements or overstatements of gross receipts.



The following result in potential understatements of gross receipts:

Alameda Oakland Ferry Services

Total AOFS revenues subject to allocation are understated because Clipper Card passenger fares are not included and reported.

Vallejo Baylink

Total Baylink revenues subject to allocation are understated because the Tenant does not report all revenues received from operating Baylink, only its management fee. The Lease does not allow for exclusion of reimbursement of operating and maintenance costs unless all Baylink passenger revenues for passengers embarking or debarking at Pier 41 are included in gross receipts. As indicated above, the Tenant does not know total Baylink passenger revenues because revenues from tickets sold in Vallejo are collected and kept by government agencies, and the ticket revenue information has not been provided to the Tenant.

The practice of allocating 100% of passenger counts on AOFS and Baylink routes designated as mid-day routes may result in overstatements because mid-day passenger counts include passengers who neither embark nor disembark at Pier 41, but travel only between the San Francisco Ferry Building and either East Bay or North Bay. Fares from this group of passengers are not includable in Gross Receipts. Conversely, all routes designated as commute routes are deemed by the Tenant to have no reportable Gross Receipts, even though passengers on certain commute routes embark or disembark at Pier 41.

Because of the multiple factors that could cause either understatements or overstatements of reported gross receipts, including some factors that are not known to the Tenant, we are unable to determine whether understatements or overstatements of gross receipts have occurred.

Cause

The misstatement was caused by incorrect interpretation of lease provisions and oversight by those charged with responsibility over the operation of the tenant and execution of lease provisions.

Recommendation

The Port should require the Tenant to develop and implement procedures to account for gross receipts accurately according to the lease provisions and require the Tenant to report on actual receipts instead of using the current methodologies to calculate gross receipts. If the reporting of actual gross receipts for ferry service is not feasible, the Port should work with the Tenant to determine an appropriate methodology to report revenue and pay rent.

Finding 2012-02 – The Tenant Does Not Accurately Calculate Gross Receipts From Tiburon Ferryboat Service and Sausalito Ferryboat Service

Criteria

Section 2(c)(1) of the Lease Amendment specifies the Tenant’s obligation to pay percentage rent and states in part that Tenant “...agrees to pay Percentage Rental to the Port in the percentage amounts the items set forth below. Tenant shall pay to Port the amount by which the sum, computed as a percentage of Tenant’s Gross Receipts (defined herein below), using the percentage rates indicated below, received during each calendar month of the lease term exceeds the Minimum Rental for said month...”

Section 2(c)(1) further specifies one of the percentages as 7% of revenue from “...landing at Leased Premises and passengers embarking and/or disembarking vessels at Leased Premises...”



Section 2(c)(2) defines Gross Receipts as “...all amounts received and receivable from all sales, business transacted, or services performed on the Leased Premises, or on any vessel berthed at or landing at the Leased Premises. Gross Receipts shall include all sales, business transacted or services performed for which a charge is made by Tenant, or by any other person, firm, partnership or corporation conducting sales, transacting business or performing services of any sort in, upon, or from any part of the Leased Premises, or upon vessels berthed at or landing at the Leased Premises...”

Section 2(c)(2)(v) specifies certain exclusions or deductions from Gross Receipts as “...ticket sales and other customer charges from the Sausalito Ferryboat Service and the Tiburon Ferryboat Service equal to ticket sales and other customer charges for both of these Ferryboat Services combined for the corresponding month for the 1995 calendar year...”

Section 2(c)(3) specifies that “...at the time of paying the Percentage Rental, Tenant shall furnish a statement (herein ‘Percentage Rental Statement’) showing the computation of the Percentage Rental for the period covered by such payment...”

Condition

1. Gross Receipts Calculation

The Tenant did not report actual passenger revenues for the Tiburon Ferryboat Service (Tiburon). The Tenant reported to the Port as gross receipts two-thirds of single-ride passenger revenues for the Tiburon ferry. The remaining one-third of single-ride passenger revenues and 100% of multiride discount revenues were assumed to be for ferry service between Tiburon and the San Francisco Ferry Building (which is not part of the Leased Premises).

The Tenant counts the number of embarkations and debarkations at every vessel docking. The Tenant informed us that it periodically compares actual embarkations and debarkations at Pier 41 and assumes single-ride passenger fares to calculate actual revenues. The Tenant also informed us that the results of its comparison were that Tiburon Ferry gross receipts were overstated. However, the Tenant has not adjusted its reported gross receipts after these comparisons.

2. Incorrect Exclusions Deducted

The Tenant incorrectly performed separate calculations for reportable gross receipts for Tiburon and Sausalito Ferryboat Service (Sausalito), in which separate exclusions and net reportable gross receipts are calculated for Tiburon and Sausalito. The Tenant does not perform a combined calculation of reportable Tiburon and Sausalito gross receipts, together with a combined exclusion as required by lease.

The Port did not identify these errors in its review of monthly statements and did not monitor the terms and conditions of the Lease Amendment effectively.

Effect

The Tenant’s policies of allocating two-thirds of single-ride revenues to gross receipts do not comply with the Lease Amendment because gross receipts reported to the Port are not based on actual passenger embarkations and debarkations at the Leased Premises. In addition, since the Lease Amendment calls for a “combined” exclusion of 1995-level Tiburon and Sausalito revenues, the calculation of separate exclusions for Tiburon and Sausalito does not comply with Lease Amendment.

The Tenant’s assertion that Tiburon Ferry gross receipts are overstated could not be verified because the Tenant has not calculated the revenues for passengers actually embarking or debarking at Pier 41 for the entire audit period. We therefore are unable to determine whether understatements or overstatements of gross receipts have occurred. We note that the Tenant is able to exclude 1995 revenue levels (specific to



each month) from gross receipts, so the recalculation of revenues from passengers actually embarking or debarking from the Leased Premises may not result in any change in reportable gross receipts.

The effect of having separate gross receipts calculations for Tiburon and Sausalito is that unused exclusions in any particular month on one ferryboat service may be used as additional exclusion on the other service, but is not. This results in a potential overstatement of reported gross receipts, which has not been calculated.

Cause

The Tenant's established practice has been to calculate separate net gross receipts for Tiburon and Sausalito, instead of making a combined calculation, and the Port did not note the error in the monthly Gross Receipts statements. The Tenant has the ability to calculate revenues for passengers embarking or debarking at the Leased Premises, under the assumption that all of these passengers have single-ride tickets. However, the Tenant did not do so.

Recommendation 1

The Port should require the Tenant to comply with all applicable Lease Amendment provisions in calculating Gross Receipts by reporting all passengers embarking and/or debarking vessels at Pier 41 from the Tiburon Ferryboat Service.

Recommendation 2

The Port should require the Tenant to comply with all applicable Lease Amendment provisions in calculating a combined 1995-level exclusion from total Tiburon Ferryboat Service and Sausalito Ferryboat Service gross receipts. We also recommend that the Port conduct detailed reviews of the monthly Gross Receipts reports submitted by the Tenant to ensure that the Tenant is correctly calculating Gross Receipts and allowable exclusions.

Finding 2012-03 – The Tenant Did Not Report All Gross Receipts From Food and Beverage Sales

Criteria

Section 2(c)(1) of the Lease Amendment specifies the Tenant's obligation to pay percentage rent and states in part that Tenant "...agrees to pay Percentage Rental to the Port in the percentage amounts the items set forth below. Tenant shall pay to Port the amount by which the sum, computed as a percentage of Tenant's gross receipts (defined herein below), using the percentage rates indicated below, received during each calendar month of the lease term exceeds the Minimum Rental for said month..."

Section 2(c)(1) further specifies one of the percentages as 7% of revenue from "...Food and beverage sales made on vessels landing or berthed at the Leased Premises..."

Section 2(c)(2) defines gross receipts as "...all amounts received and receivable from all sales, business transacted, or services performed on the Leased Premises, or on any vessel berthed at or landing at the Leased Premises. Gross receipts shall include all sales, business transacted or services performed for which a charge is made by Tenant, or by any other person, firm, partnership or corporation conducting sales, transacting business or performing services of any sort in, upon, or from any part of the Leased Premises, or upon vessels berthed at or landing at the Leased Premises..."

Section 2(c)(3) specifies that "...at the time of paying the Percentage Rental, Tenant shall furnish a statement (herein 'Percentage Rental Statement') showing the computation of the Percentage Rental for the period covered by such payment..."



Condition

The Tenant reported food and beverage sales on mid-day AOFS, Baylink, and Tiburon ferry routes instead of all-day actual sales. The Tenant did not report any food and beverage sales on vessels berthed at the Leased Premises on routes otherwise exempt from percentage rent because the routes do not dock at Pier 41, and therefore are not subject to Percentage Rent on ferry passenger transportation revenues. As an example, the MV Peralta is berthed at the Leased Premises and makes multiple runs for which the passenger revenues are exempt from percentage rent because passengers neither embark nor debark at the Leased Premises. The Tenant does not report food and beverage revenues from these routes.

Effect

The effect of not including all food and beverage sales on vessels berthed at the Leased Premises on routes otherwise exempt from percentage rent is not in compliance with the Lease Amendment, and results in an understatement of reported gross receipts. We are not able to determine the extent of the understatement of gross receipts and related percentage rent. Because percentage rent is less than minimum rent in 12 out of the 36 months in the audit period, an understatement of gross receipts in these 12 months may not result in additional percentage rent due to the Port.

Cause

The misstatement was caused by incorrect interpretation of lease provisions and oversight by those charged with responsibility over the operation of the tenant and execution of lease provisions.

Recommendation

The Port should require the Tenant to comply with the reporting terms of the Lease related to food and beverage sales and ensure Tenant accurately reports all gross receipts to the Port.

Finding 2012-04 – The Tenant Did Not Verify Gross Revenues From Sublessees or Franchisees

Criteria

Section 2(c)(1) of the Lease Amendment specifies the Tenant's obligation to pay percentage rent and states in part that Tenant "...agrees to pay Percentage Rental to the Port in the percentage amounts the items set forth..." on page 2 of this report.

Section 2(c)(1) further states that the "...Tenant shall pay to Port the amount by which the sum, computed as a percentage of Tenant's gross receipts (defined herein below), using the percentage rates indicated below, received during each calendar month of the lease term exceeds the Minimum Rental for said month..."

Section 2(c)(3) specifies that "...at the time of paying the Percentage Rental, Tenant shall furnish a statement (herein 'Percentage Rental Statement') showing the computation of the Percentage Rental for the period covered by such payment..."

The Tenant's subleases all require the subtenants to submit quarterly sales tax returns, and all allow the Tenant to audit subtenant gross receipts.

Condition

During the period under audit, the tenant did not verify sublessee Gross Income information.

Effect

Although our audit found no underreporting of gross income, the Tenant did not verify any information provided by sublessees and franchisees, which could have resulted in underreported gross receipts. Without



such verification, the Tenant cannot ensure that it has received all revenues that it should have received from its retail sublessees and further accurately report its Gross Income to the Port.

Cause

The Tenant has the right to verify sublessee revenue, which include the requirement for sublessees to provide copies of sales tax returns and right of audit, but has not done so.

Recommendation

The Port should require the Tenant to implement adequate procedures to verify sublessee and franchisee gross revenues reported to the Tenant. This may include comparison/reconciliation of reported gross revenues to sublessee/franchisee sales tax returns and/or annual financial information, and/or performing revenue audits of sublessees/franchises. If audits are performed, then the Tenant should take appropriate action on the results of the audits.

Finding 2012-05 – The Port May Not Have Collected Late Fees Due From the Tenant

Criteria

Section 2(c)(7) specifies that the Tenant shall pay late charges “...equivalent to one and one-half percent (1.5%) of all rent, charges and fees, or any portion thereof due and unpaid for more than thirty (30) days, will be paid by Tenant for each month that such rent, charges and fees, or any portion thereof, remain due and unpaid...”

Condition

Although it is not known at this time whether additional rent is due for any month during the 36-month audit period, a possibility exists that the Tenant may owe additional rent for one or more of the monthly periods under audit.

Effect

If one or more monthly periods exist in which additional rent is due to the Port, then late charges of 1.5% are also due to the Port.

Cause

The causes of any late fees that may be due to the Port are those described in findings 2012-01 through 2012-04.

Recommendation

The Port should determine whether additional rent is due for any month in the 36-month audit period. If so, then we recommend that the Port collect late charges of 1.5% per month until such additional rent is paid.

Conclusion

Based upon the performance audit procedures performed and the results obtained, we have met our audit objective. Because of the significance of Findings 2012-01 to 2012-04, we are unable to conclude whether the Tenant was in substantial compliance with the reporting, payment, and other rent-related provisions of its lease #L-9183 with the Port.

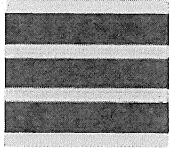
This performance audit did not constitute an audit of financial statements in accordance with Government Auditing Standards or auditing standards generally accepted in the United States of America. KPMG LLP was not engaged to, and did not, render an opinion on the Tenant’s internal controls over financial reporting or over the Tenant’s financial management systems.



This report is intended solely for management and members of the San Francisco Port Commission, the Board of Supervisors and management of the City and County of San Francisco, and management of Blue and Gold Fleet, L.P., and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

August 12, 2014



BLUE & GOLD FLEET

August 12, 2014

KPMG LLP
55 Second Street
San Francisco, CA 94105

Ladies and Gentlemen,

We have received a copy of your Performance Audit Report to the Port of San Francisco and submit the following in response to your findings:

Finding 2012-01 – The Tenant Does Not Use Passenger -Specific Revenues to Calculate Gross Receipts From the Alameda Oakland Ferry Service and Vallejo Ferry Service

Alameda Oakland Ferry Services

Response:

Section 2 (c) (2) of the amendment defines gross receipts as “all amounts received and receivable..” Since Clipper card fares are paid directly to WETA they are neither received or receivable by Blue & Gold Fleet so are not includible as gross receipts subject to percentage rent.

Vallejo Baylink

Response:

Almost all of the tickets for the Vallejo Baylink Ferry are sold directly to passengers by the City of Vallejo and latterly WETA and are, therefore, revenues of the City of Vallejo or WETA not those of Blue & Gold Fleet. The City of Vallejo/WETA provides Blue & Gold Fleet with a supply of their tickets to sell on board the vessel on their behalf. Any revenues collected by Blue & Gold Fleet on behalf of the City of Vallejo/WETA are recorded as a liability by Blue & Gold to the City of Vallejo/WETA. We consider all gross receipts from passenger tickets for this ferry service are revenues of the City of Vallejo and WETA not Blue & Gold Fleet and are not, therefore included in our calculation of gross receipts.

In addition, Section 2 (c) (2) of the amendment defines gross receipts as “all amounts received and receivable..” Since the majority of fares for the Vallejo service are collected directly by the City of Vallejo or WETA they are neither received or receivable by Blue & Gold Fleet so are not includible as gross receipts subject to percentage rent. Any revenues collected by Blue & Gold Fleet on behalf of the City of Vallejo/WETA are recorded as a liability to the City of Vallejo/WETA. As such we do not include them in gross receipts.

Neither the City of Vallejo nor WETA is a “subtenant, concessionaire and/or a licensee” so the provision cited in Section 2(c) (2) (xiii) is not applicable to the Vallejo Baylink Ferry Service.

Allocation of passenger counts on AOFS and Baylink

Response:

The method we have been using has been reviewed during previous Port audits and had been deemed acceptable to the Port through those audits. We accept the fact that this may result in overstating gross receipts since not all mid-day passengers embark or debark at Pier 41.

Cause Response:

We strongly disagree with this statement. We believe our interpretation of the lease is correct and have accordingly complied with the terms of the lease.

Recommendation Response:

If the Port determines that the methodology we used to determine gross receipts is not acceptable we are willing to work with the Port to determine an appropriate methodology that is acceptable to both parties.

Finding 2012-02 - The Tenant Does Not Accurately Calculate Gross Receipts From Tiburon Ferryboat Service and Sausalito Ferryboat Service.

1. Gross Receipts Calculation

Response:

This methodology was adopted based on our assessment that not all single-ride tickets are used for the non-commute ferry service between Tiburon and Pier 41 but approximately one-third of single-ride tickets are used by commuters for service between Tiburon and the Ferry Building.

Effect Response:

We disagree with this statement. We interpreted the lease in accordance with our understanding of the intent of the lease and complied with the lease accordingly. We acknowledge that this is inconsistent with the methodology used for WETA services and may result in overstatement of gross receipts. We are agreeable to using the same methodology that is currently used for WETA, i.e. mid-day passengers as a % of total passengers. We do not agree that we have the ability to calculate revenues for passengers embarking or debarking at the leased premises. We do have the ability to calculate tickets

purchased and have made the assessment that commute tickets and commute books are used for the commute service which does not land at the Leased Premises and that two-thirds of the single-ride tickets are used for non-commute service between Tiburon and Pier 41.

2. Incorrect Exclusion Deduction

Response:

We agree with this finding which results in an overstatement of gross receipts. We will amend the reports for the years under audit and all subsequent periods.

Finding 2012-03 - Tenant Did Not Report All Gross Receipts From Food and Beverage Sales

Response:

We agree with the Condition as stated.

Effect Response:

We disagree that this is not in compliance with the Lease Amendment. We report all food and beverage sales for mid-day Baylink, AOFS and Tiburon services as they are the only vessels that land at the Leased Premises. We contend that the intent of the lease is to include in gross receipt sales of food and beverage to passengers who embark or disembark at the Leased Premises. It is inconsistent to claim that the food and beverage sales to any passenger for any vessels berthed at Pier 41 (for whatever reason) must be included in gross receipts but the fares from these same passengers can be excluded since they do not embark or disembark at Pier 41. Vessels are berthed at the Leased Premises based on operational needs and are then moved to the appropriate location for the route that they operate. It is conceivable that vessels berthed at the Leased Premises may never be used for services operating out of the Leased Premises. To include sales of food and beverage on vessels berthed at the Leased Premises but never operating services from the Leased Premises is inconsistent with the intent of the lease.

Cause Response:

We strongly disagree that this was caused by incorrect interpretation of lease provisions. We believe our interpretation is correct and have accordingly complied with the terms of the lease.

Finding 2012-04 - Tenant Did Not Verify Gross Revenues From Sublessees or Franchisees.

Response:

We have the right to conduct audits for sublessees at Pier 41. We do so on selected basis and in doing so we consider tenants at both PIER 39 and Pier 41. No Pier 41 sublessees have been selected for the years

under audit but may be included in the selection for future years. We agree that we have not required sublessees to submit sales tax returns but may do so going forward.

Finding 2012-05 - The Port May Not Have Collected Late Fees Due from the Tenant

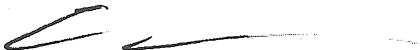
Condition Response:

We do not disagree with this condition but it should also be noted that the possibility exists that the Port may owe the Tenant a refund for overpaid rent.

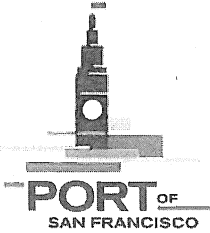
Effect Response:

We disagree with this statement. The last paragraph of Section 2(c)(7) states that "Notwithstanding the foregoing, such charges shall not be applied as to amounts that may be owing for failure to submit the percentage rental statement or for understating Percentage Rental under sections 2(c)(3) and 2(c)(5)." Section 2(c)(5) specifically refers to understatement of Percentage Rent as revealed by an audit and is therefore, not subject to late charges.

Sincerely,



Elinor Heller
Vice President, Controller



September 8, 2014

Tonia Lediju, Director of City Audits
Office of the Controller
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 477
San Francisco, CA 94102

Re: Tenant Performance Audit – Blue & Gold Fleet (L-9183)

Dear Ms. Lediju:

Thank you for the opportunity to review the draft performance audit report prepared by KPMG LLP covering Port lease no. L-9183, Blue & Gold Fleet. Based on the report details provided by KPMG, Port management accepted the report.

We have also received and considered the tenant's response dated August 12, 2014. The Port will follow up, as necessary, to ensure that the performance audit findings and associated recommendations are adequately addressed. Enclosed is the City's standard Recommendations and Responses form.

Sincerely,

Susan Reynolds
Director of Real Estate

John J. Woo
Fiscal Officer

Enclosure

Cc: Nancy Rose, KPMG LLP
Elaine Forbes, Director of Finance and Administration

PORT COMMISSION: PERFORMANCE AUDIT OF BLUE & GOLD FLEET

For each recommendation, indicate whether the department concurs, does not concur, or partially concurs. If the department concurs with the recommendation, please indicate the expected implementation date and implementation plan. If the department does not concur or partially concurs, please provide an explanation and an alternate plan of action to address the identified issue.

RECOMMENDATIONS AND RESPONSES

| Recommendation | Responsible Agency | Response |
|--|--------------------|---|
| <p>1. The Port should require the Tenant to develop and implement procedures to account for gross receipts accurately according to the lease provisions and require the Tenant to report on actual receipts instead of estimated gross receipts. If the reporting of actual gross receipts for ferry service is not feasible, the Port should work with the Tenant to determine an appropriate methodology to report revenue and pay rent.</p> | <p>Port</p> | <p>Concur, an appropriate and feasible methodology must be developed for reporting all vessel and other business activities and for determining appropriate Port revenues under this L-9183 marine business lease.</p> <p>It is clear from the current operating context, passenger-specific revenues is not a feasible basis for calculating applicable Gross Receipts reportable under Lease No. L-9183. Port and Blue & Gold staffs met on August 28, 2014 and had a preliminary discussion concerning the current revenue reporting methodologies for the mid-day service operations of the Vallejo Baylink and Alameda Oakland Ferry Services. The Port will work with Tenant to identify and implement an appropriate and feasible method to report revenues and pay appropriate rent to the Port for these services within the terms of the current lease, which due to expire on March 31, 2015.</p> <p>It is expected that continuing discussions toward the resolution of identified issues will extend into calendar year 2015. It is expected that much of the follow-up information gathered currently to resolve the audit finding(s) will also inform the lease provisions for similar vessel operations in any new, or renewal, lease at the Pier 41 leased premises.</p> |

PORT COMMISSION: PERFORMANCE AUDIT OF BLUE & GOLD FLEET

| Recommendation | Responsible Agency | Response |
|--|--------------------|---|
| <p>2. The Port should require the Tenant to comply with all applicable Lease Amendment provisions in calculating Gross Receipts by reporting all passengers embarking and/or debarking vessels at Pier 41 from the Tiburon Ferryboat Service.</p> | <p>Port</p> | <p>Partially concur. After considering Tenant's response dated August 12, 2014, we agree that it appears infeasible to determine with precision passenger-specific revenues for passengers embarking and/or disembarking at Pier 41 from the Tiburon Ferryboat Service.</p> <p>The Port will work with Tenant to identify and implement an appropriate and feasible method to report revenues and pay appropriate rent to the Port for these services within the terms of the current lease, which due to expire on March 31, 2015. It is expected that continuing discussions toward the resolution of identified issues will extend into calendar year 2015. It is expected that much of the follow-up information gathered currently to resolve the audit finding(s) will also inform the lease provisions for similar vessel operations in any new or renewal lease at the Pier 41 leased premises.</p> |
| <p>3. The Port should require the Tenant to comply with all applicable Lease Amendment provisions in calculating a combined 1995-level exclusion from total Tiburon Ferryboat Service and Sausalito Ferryboat Service gross receipts. We also recommend that the Port conduct detailed reviews of the monthly Gross Receipts reports submitted by the Tenant to ensure that the Tenant is correctly calculating Gross Receipts and allowable exclusions.</p> | <p>Port</p> | <p>Concur.</p> <p>Tenant response dated August 12, 2014 indicated Tenant agreement and intent to correct its gross receipts reports for the years under audit and subsequent periods. Once the standard report template is corrected to conform to a combined, rather than separate, calculation required by the lease, no other change is deemed necessary to the Port's desk review procedure covering the reports submitted by the Tenant.</p> <p>It is anticipated that Tenant will be due a refund or credit as a result of the corrected calculation; however, the Port will withhold settlement until all the other findings contained in the audit report are satisfactorily resolved.</p> |

PORT COMMISSION: PERFORMANCE AUDIT OF BLUE & GOLD FLEET

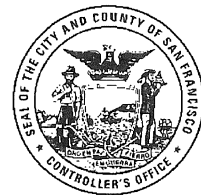
| Recommendation | Responsible Agency | Response |
|---|--------------------|--|
| <p>4. The Port should require the Tenant to comply with the reporting terms of the Lease related to food and beverage sales and ensure Tenant accurately reports all gross receipts to the Port.</p> | <p>Port</p> | <p>The finding and recommendation is technically correct, as Section 2(c)(1) is applicable to "food and beverage sales made on vessels landing or berthed at the Leased Premises." The Port could not provide to the auditor any specific agreement provision (in L-9183 or other agreements) that would exempt or exclude the unreported food and beverage noted in the audit report that are occur on vessels that berth (temporarily) at Pier 41. Differing revenue provisions are used in the marine business lease L-9183 and in landing fee agreements that apply to certain commuter ferryboat operations.</p> <p>Within 90 days of the final report, the Port will meet and confer with the Tenant concerning revenue reporting methodologies in this context. After determination and acceptance of a reporting methodology, the Port will work with the Tenant to determine the proper any rent payable to the Port for the audit period and for subsequent periods.</p> |
| <p>5. The Port should require the Tenant to implement adequate procedures to verify sublessee and franchisee gross revenues reported to the Tenant. This may include comparison/reconciliation of reported gross revenues to sublessee/franchisee sales tax returns and/or annual financial information, and/or performing revenue audits of sublessees/franchises. If audits are performed, then the Tenant should take appropriate action on the results of the audits.</p> | <p>Port</p> | <p>Concur.</p> <p>Within 90 days of the final report, the Port will direct the Tenant in writing to implement necessary procedures to verify sublessee and franchisee gross revenues reported to the Tenant. The tenant's response dated August 12, 2014, acknowledges that it has a right to conduct audits for its sublessees and may do so in the future. We will further advise Tenant to apply its risk assessments separately for L-9183 and not in combination with other Port leases.</p> |

PORT COMMISSION: PERFORMANCE AUDIT OF BLUE & GOLD FLEET

| Recommendation | Responsible Agency | Response |
|--|---------------------------|---|
| 6. The Port should determine whether additional rent is due for any month in the 36-month audit period. If so, then we recommend that the Port collect late charges of 1½% per month until such additional rent is paid. | Port | Concur. In concert with the resolution of the above recommendations, the Port will work with the Tenant to determine whether additional rent is due for any month in the audit and subsequent periods, plus applicable late charges of 1½% per month, when applicable. |

PORT COMMISSION:

Castagnola's Restaurant Had Inadequate Internal Controls Over the Reporting of Gross Receipts to the Port for 2010 Through 2012



September 17, 2014

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that was approved by voters in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

For questions about the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: KPMG LLP



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

September 17, 2014

San Francisco Port Commission
Pier 1, The Embarcadero
San Francisco, CA 94111

Ms. Monique Moyer
Executive Director
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Dear Commission President, Commissioners, and Ms. Moyer:

The City and County of San Francisco's Port Commission (Port) coordinates with the Office of the Controller's City Services Auditor Division (CSA) to conduct periodic concession and compliance audits of the Port's tenants. CSA engaged KPMG LLP (KPMG) to audit the Port's tenants to determine whether they comply with the reporting, payment, and other selected provisions of their leases.

CSA presents the report for the audit of Andrew R. Lolli, Dr. Maurice Mann, and Lolman Enterprises, Inc., dba Castagnola's Restaurant (Castagnola's) prepared by KPMG. Castagnola's operates a restaurant in the Fisherman's Wharf area and a subtenant operates a retail store on the leased premises.

Reporting Period: January 1, 2010, through December 31, 2012

Rent Paid: \$741,386

Results:

Castagnola's did not accurately calculate and report gross receipts to the Port. This occurred because Castagnola's improperly excluded the value of employee meals and certain sales from its reported gross receipts and lacked internal controls to ensure the accuracy of its gross receipts reporting. During the audit period Castagnola's reported \$8,041,937 in gross receipts and paid \$741,386 in rent to the Port.

The responses of Castagnola's and the Port are attached to this report.

CSA appreciates the assistance and cooperation of Port and tenant staff during the audit. For questions about the report, please contact me at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Respectfully,

Tonia Lediju
Director of City Audits

Attachment

cc: Mayor
Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Public Library



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Performance Audit Report

San Francisco Port Commission
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

President and Members:

We have completed a performance audit of the gross receipts and related percentage rent reported and paid or payable by Andrew R. Lolli, Dr. Maurice Mann and Lolman Enterprises, Inc., dba Castagnola's Restaurant (Castagnola's or Tenant), to the Port of San Francisco (Port) for the period from January 1, 2010 to December 31, 2012.

Objective and Scope

The objective of this performance audit was to determine whether the Tenant was in substantial compliance with the reporting, payment and other rent-related provisions of its lease #L-7493 with the City and County of San Francisco (City), operating through the San Francisco Port Commission (Port Commission). To meet the objective of our performance audit, we verified that gross receipts for the audit period were reported to the Port in accordance with the lease provisions, and that such amounts agreed with the Tenant's underlying accounting records; identified and reported the amount and cause of any significant error(s) (over or under) in reporting, together with the impact on rent paid or payable to the Port; and identified and reported any recommendations to improve record keeping and reporting processes of the Tenant relative to its ability to comply with lease provisions.

The scope of our performance audit included the gross receipts and related percentage rent reported and paid or payable by the Tenant to the Port for the period from January 1, 2010 to December 31, 2012.

This performance audit and the resulting report relates only to the gross receipts and percentage rent reported by Castagnola's, and does not extend to any other performance or financial audits of either the Port Commission or Castagnola's taken as a whole.

Methodology

To meet the objective of our performance audit, we performed the following procedures: reviewed the applicable terms of the lease and the adequacy of the Tenant's procedures and internal controls for collecting, recording, summarizing and reporting its gross receipts and calculating its payments to the Port; judgmentally selected and tested samples of daily and monthly revenues; recalculated monthly rent due; and verified the accuracy and timeliness of reporting gross receipts and rent and submitting rent payments to the Port.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan



and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objective.

Tenant Background

Lease # L-7493 (the Lease Agreement) commenced on May 1, 1970 for a 66-year term with the City ending April 30, 2036. The Third Amendment (the Lease Amendment) to the Lease Agreement assigned all the rights and obligations to the current Tenant. Family members Mr. Lolli have assumed the rights and obligations of the Lease Amendment. The Tenant operates Castagnola’s Restaurant in the Fisherman’s Wharf area. A subtenant operates a retail store on the leased premises.

Rent consists of the following:

Monthly minimum rent is subject to escalation every five years. Monthly Minimum Rent of \$17,489.06 from January 1, 2010 to April 30, 2010, and \$19,663.40 thereafter.

Percentage Rent on Gross Receipts, which consist of the following components:

- (a) Six and one-half percent (6.50%) on alcoholic beverages and all other items sold through the bar;
- (b) Six and one-half percent (6.50%) on food; and
- (c) Eight and one-half percent (8.50%) on all other uses.

The Tenant is entitled to exclude collections for sales taxes or similar impositions, and for employee meals from Gross Receipts. The Tenant is required to submit monthly reports to the Port of gross receipts and percentage rent by the 20th day of the following month and pay the percentage rent obligation in excess of minimum rent, if any.

Audit Results

The following summarizes total rent due, and paid or payable, to the Port, and any underpayment based on procedures performed and pursuant to the Lease Agreement as summarized above:

| | January 1 to December 31 | | | Total |
|--|---------------------------------|-------------|-------------|--------------|
| | 2010 | 2011 | 2012 | |
| Rent due to the Port: | | | | |
| Minimum rent | \$ 227,263 | \$ 235,961 | \$ 235,961 | \$ 699,185 |
| Percentage rent | 37,050 | 16,488 | 8,957 | 62,495 |
| Total rent due to the Port | 264,313 | 252,449 | 244,918 | 761,680 |
| Total rent paid or payable to the Port | 252,873 | 248,008 | 240,505 | 741,386 |
| Underpayment of rent | \$ (11,440) | \$ (4,441) | \$ (4,413) | \$ (20,294) |



The following summarizes gross receipts reportable by the Tenant for the three-year period ended December 31, 2012:

| | <u>January 1 to December 31</u> | | | <u>Total</u> |
|--|---------------------------------|---------------------|---------------------|---------------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | |
| Gross receipts: | | | | |
| Subject to 6.50% percentage rent: | | | | |
| As reported | \$ 3,128,403 | \$ 2,616,833 | \$ 2,296,701 | \$ 8,041,937 |
| Audit adjustments: | | | | |
| Employee meals deducted | 30,579 | 1,124 | 22,807 | 54,510 |
| Miscellaneous/other sales | 2,149 | 1,953 | 1,350 | 5,452 |
| Differences between recorded and reported gross receipts | <u>8,180</u> | <u>51,592</u> | <u>3,935</u> | <u>63,707</u> |
| Subtotal | 40,908 | 54,669 | 28,092 | 123,669 |
| Differences between reported gross receipts and income tax returns | <u>134,528</u> | <u>108,741</u> | <u>143,239</u> | <u>386,508</u> |
| Total audit adjustments | <u>175,436</u> | <u>163,410</u> | <u>171,331</u> | <u>510,177</u> |
| Audited gross receipts subject to 6.50% percentage rent | <u>3,303,839</u> | <u>2,780,243</u> | <u>2,468,032</u> | <u>8,552,114</u> |
| Subject to 8.50% percentage rent: | | | | |
| As reported | 374,803 | 378,957 | 398,953 | 1,152,713 |
| Audit adjustments: | | | | |
| Differences between recorded and reported gross receipts | <u>41,366</u> | <u>34,872</u> | <u>36,334</u> | <u>112,572</u> |
| Audited gross receipts subject to 8.50% percentage rent | <u>416,169</u> | <u>413,829</u> | <u>435,287</u> | <u>1,265,285</u> |
| Total audited gross receipts | <u>\$ 3,720,008</u> | <u>\$ 3,194,072</u> | <u>\$ 2,903,319</u> | <u>\$ 9,817,399</u> |



The following summarizes audited gross receipts and related percentage rent after deductions or minimum rent during the three-year period ended December 31, 2012:

| | <u>January 1 to December 31</u> | | | <u>Total</u> |
|--|---------------------------------|---------------------|---------------------|---------------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | |
| Audited gross receipts | | | | |
| subject to percentage rent of: | | | | |
| 6.50% | \$ 3,303,839 | \$ 2,780,243 | \$ 2,468,032 | \$ 8,552,114 |
| 8.50% | 416,169 | 413,829 | 435,287 | 1,265,285 |
| Total audited gross receipts | <u>\$ 3,720,008</u> | <u>\$ 3,194,072</u> | <u>\$ 2,903,319</u> | <u>\$ 9,817,399</u> |
| Percentage rent on audited gross receipts subject to percentage rent of: | | | | |
| 6.50% | \$ 214,750 | \$ 180,716 | \$ 160,422 | \$ 555,888 |
| 8.50% | 35,374 | 35,175 | 36,999 | 107,548 |
| Subtotal | 250,124 | 215,891 | 197,421 | 663,436 |
| Adjustment for months in which percentage rent is less than minimum rent | 14,189 | 36,558 | 47,497 | 98,244 |
| Percentage rent before deduction for minimum rent | 264,313 | 252,449 | 244,918 | 761,680 |
| Deduction for minimum rent | <u>(227,263)</u> | <u>(235,961)</u> | <u>(235,961)</u> | <u>(699,185)</u> |
| Percentage rent | <u>\$ 37,050</u> | <u>\$ 16,488</u> | <u>\$ 8,957</u> | <u>\$ 62,495</u> |

Finding 2012-01 – The Tenant Improperly Excluded Employee Meals and Certain Sales from Gross Receipts and Did Not Accurately Report Gross Receipts

Criteria

Section 2(b) of the lease specifies the Tenant’s requirement to pay percentage rent and states in part that the Tenant “...agrees to pay Port that percentage received by Tenant for gross receipts as herein defined...”

Section 2(b) of the lease also specifies allowable exclusions from Gross Receipts and states in part that the Tenant “...exclude the amount of sales tax, or similar tax or imposition imposed on such sales or charges where such sales tax or similar imposition is billed to the purchaser as a special item, and shall exclude meals served to employees of Tenant during the course of employment whether such meals are served with or without charge or whether such meals are treated as meals sold for any other purpose...”

Section 2(b) of the lease also specifies reporting requirements for percentage rent and states in part that the Tenant “...shall furnish a statement showing the computation of percentage rental covered by such payment...”

The lease does not provide for late charges for underreported rent due to the Port.

Conditions and Related Effects

The Tenant underreported gross receipts by \$622,749 due to improper exclusion and inaccurate reporting of gross receipts as listed below. Percentage Rent after audit adjustments in 20 out of the 36 months in the audit period was less than Minimum Rent for those months. Accordingly, there was no additional rent due



for those months. The additional rent due to the Port for the other 16 months was \$20,294. The following details the gross receipts understatement of \$622,749.

| Issues | Understatement of Gross Receipts |
|--------------------------------------|----------------------------------|
| Improper Deductions | \$54,510 |
| Unreported Sales | 5,452 |
| Unreconciled Reporting Discrepancies | 450,215 |
| Understated Sublessee Revenue | 112,572 |
| Total | \$622,749 |

1. *Improper Deductions/Exclusions from Gross Receipts*

The Tenant deducted employee meals and excluded special requests from gross receipts in its monthly Gross Receipts reports to the Port, totaling \$61,917, which were not allowed by the lease.

- (a) Employee Meals: The Tenant deducted the “cost” of meals provided to employees, even though the employees did not pay for the meals. Since the Tenant had no Gross Receipts related to these employee meals, there were no allowable exclusions. The total amount of improperly deducted employee meals during the three-year period ended December 31, 2012 was \$54,510.
- (b) Special Requests: The Tenant excluded “special requests,” such as additional charges for changes from standard menu items, which was included in the “other sales” line item in the sales summaries, from Gross Receipts. The lease agreement does not allow for such exclusions. All special requests purchases are recorded in the “other sales” category and the total amount of underreported Gross Receipts from special requests during the three-year period ended December 31, 2012 was \$5,452.

2. *Unreconciled Reporting Discrepancies*

- (a) Sales Summaries Discrepancies: The Tenant’s reported sales did not match to the sales summaries by more than \$50 in 9 out of 36 months. The total net understatement of Gross Receipts for these months amounted to \$63,750, and ranged from an overstatement of \$3,529 to an understatement of \$48,777. Additional monthly differences of less than \$50 resulted in overstated Gross Receipts of \$43. The net understatement of Gross Receipts was \$63,707 for all months in which such discrepancies were found. The Tenant was not able to provide an explanation for the differences.



- (b) Financial Documents Discrepancies: The Tenant's quarterly sales tax returns and annual income tax returns both reflected sales amounts that were greater than reported gross receipts. The following summarizes gross receipts reported by the Tenant (including the underreported gross receipts from items 1. through 2., above) and total sales reported on the quarterly sales tax returns and annual income returns, for the three-year period ending December 31, 2012, together with calculated underreporting of Gross Receipts:

| | <u>Total</u> | <u>Under- Reported Amount</u> |
|---|---------------------|---------------------------------------|
| Gross receipts (excluding subtenant gross receipts) with audit adjustments | \$ <u>8,165,606</u> | |
| Total reported sales per sales tax returns | \$ <u>8,507,295</u> | \$ <u>(341,689)</u> |
| Total reported sales per income tax returns | \$ <u>8,552,114</u> | \$ <u>(386,508)</u> |

Underreported Gross Receipts for the three-year period ended December 31, 2012 are deemed to be the difference between total sales reported on the income tax returns and Tenant gross receipts (including the underreported gross receipts from items 1. through 3., above), or \$386,508. The Tenant was not able to provide an explanation for the differences.

3. Understated Sublease Revenue: The Tenant did not request or receive monthly Gross Receipts reports from the subtenant. The Tenant only received monthly payments from the subtenant and attempted to calculate subtenant Gross Receipts from the payments received. The Tenant underreported subtenant Gross Receipts in all 36 months during the period ended December 31, 2012. The underreporting of Gross Receipts was identified during the audit process as requests for supporting documentation were made directly with the subtenant. Total underreported Gross Receipts were \$112,572.

Cause

The following were the causes of the underreported Gross Receipts:

The Tenant did not properly apply the lease provisions relating to the reporting of Gross Receipts pursuant to the Lease Agreement and did not have sufficient internal controls to ensure accuracy of reporting of gross receipts to the Port.

Recommendations

- 1 The Port should collect additional rent due of \$20,294 for the underreporting of gross receipt.
- 2 The Port should require the Tenant to comply with all lease provisions regarding allowable exclusions from gross receipts and require the Tenant to implement appropriate procedures and internal controls to ensure that it properly and accurately reports gross receipts as required by the lease provisions.
- 3 The Port should require the Tenant to submit revised monthly reports of Gross Receipts and rent due for months outside of the audit period for corrections of differences due to improper exclusion of employee meals or "other sales" gross receipts; post-closing adjustments reflected on quarterly sales tax returns and/or annual income tax returns; and incorrect reporting of subtenant gross receipts.



Finding 2012-02 – The Tenant Underreported Gross Receipts by More Than 3 Percent in Each of the 36 Months under Audit

Criteria

Section 2(b) of the lease states in part that if the Tenant "...understates its gross sales by more than three percent (3%), the cost of the audit for that month shall be borne by Tenant..."

Condition and Effect

The understated Gross Receipts calculated in Finding 2012-01 were greater than 3% during the three-year period ended December 31, 2012. The range of understatement for each month ranged from 3.52% to 25.17%. Accordingly, the Tenant should pay for the entire cost of the gross receipts audit.

Cause

The Tenant did not properly apply the lease provisions relating to the reporting of Gross Receipts pursuant to the Lease Agreement and did not have sufficient internal controls to ensure accuracy of reporting of gross receipts to the Port.

Recommendation

The Port should collect from the Tenant the cost of the audit for each month in which gross receipts was understated by more than three percent.

Conclusion

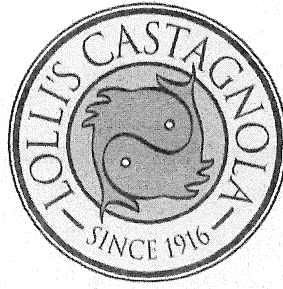
Based upon the performance audit procedures performed and the results obtained, we have met our audit objective. We concluded that the Tenant was not in substantial compliance with the reporting, payment and other rent-related provisions of its lease #L-7493 with the Port.

This performance audit did not constitute an audit of financial statements in accordance with *Government Auditing Standards* or auditing standards generally accepted in the United States of America. KPMG LLP was not engaged to, and did not, render an opinion on the Tenant's internal controls over financial reporting or over the Tenant's financial management systems.

This report is intended solely for management and Members of the San Francisco Port Commission, the Board of Supervisors and management of the City and County of San Francisco, and management of the Andrew R. Lolli, Dr. Maurice Mann and Lolman Enterprises, Inc., dba Castagnola's Restaurant, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

July 29, 2014



July 29, 2014

Tonia Lediju
Director of City Audits
Office of the Controller
City Services Auditor Division
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 477
San Francisco, CA 94102

RE: Response to audit of Castagnola's Restaurant for 2010 thru 2012

Dear Ms. Lediju;

This is my response to the items mentioned in the audit performed by Yano Accountancy.

Response to item 1A: It is my interpretation of my lease that we are allowed to deduct the expense for employee meals. We had not done this for many years and as you can see in the audit did not start deducting until March of 2010. After meeting with fellow restaurant tenants in my area, that have the same lease, we found out that they have been deducting for meals expense for their establishments for a long time. We provide a list of 6 to 8 items from the menu that employees are able to choose from for their shift meal. It is kept in record as a receipt on their pay stubs every pay period. We account for the meal and give the meal a token value of \$3.60 per meal. Our employees do not pay for their shift meal. It is put on their check as meals in and then deducted as meals out so they are not charged but a record is kept. This money is not in our gross receipts because we receive no money for the food. However, it is food that is prepared from our menu and food that could be sold to patrons. The restaurant bears the burden of the cost.

I do not feel that we should have to recreate our reports to the port for the audit months, because we did report correctly and took the allowable deduction.

Item 2A & B:

I am not disagreeing with the finding that there is a discrepancy between sales summaries and the sales tax returns. However, what was discovered in this process is that our POS Systems was over taxing in the bar revenue center. Upon further investigation and conversations with our Accountant and their bookkeeper, we discovered how they were calculating our sales tax and revenue numbers. They were simply taking our sales tax number as correct and dividing that by the sales tax percentage to come up with a restaurant sales number. Unfortunately this was not correct and way overstated. Under separate letter from them and the revisions they are providing we will be amending our

sales tax returns and our income tax returns for the three year period of this audit. We did not earn the extra sales figures that they had posted. We have been operating at a very large loss for quite some time. Our accountants have had lengthy conversations with the Board of Equalization and have learned that we can submit the amended returns. They are preparing them now and will be resubmitting all returns

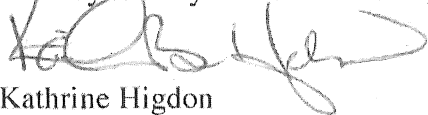
Attached to this letter I have included a calculation of all the sales we have reported with a chart showing what was paid and what should have been paid. For our percentage rent for the three year period I calculated that we owe the port an additional \$264.49. We overpaid the port in a couple instances and underpaid in a handful more.

Item3:

The understated income from the Subtenant is from the fact that we have been receiving a check for the subtenant's sales and we do the exact method that the accountants are doing, by dividing that number by the 8.5% percentage rent due to get their sales totals. We were reporting net sales. Their sales taxes go directly to the State Board of Equalization. From this date going forward we will ask them to present us with a monthly statement stating their gross sales for each month and that their percentage rents is based on gross not net.

In regards to the auditor's recommendation, I disagree that we should be charged with the city's audit. The city does an audit every three years. I have been completely compliant with the Port and have used the correct procedures to accurately report our income to the Port. We have no extra funds in our accounts and as stated before we have been operating at a loss for far to long.

Thank you for your consideration;



Kathrine Higdon
Castagnola's Restaurant

| 2010 | January | February | March | April |
|--|---------------------|---------------------|---------------|---------------|
| Food | \$118,338.66 | \$131,133.08 | \$170,048.92 | \$167,996.94 |
| Liquor | \$39,354.00 | \$58,261.07 | \$69,134.85 | \$68,958.37 |
| Total | \$157,692.66 | \$189,394.15 | \$239,183.77 | \$236,955.31 |
| less meals | | | \$1,818.00 | \$1,688.40 |
| Total Sales | \$157,692.66 | \$189,394.15 | \$237,365.77 | \$235,266.91 |
| percentage due | \$10,250.02 | \$12,310.62 | \$15,428.78 | \$15,292.35 |
| gift shop | \$16,138.71 | \$19,835.00 | \$26,535.02 | \$26,141.00 |
| gs percentage | \$1,371.79 | \$1,685.98 | \$2,255.48 | \$2,221.99 |
| reported total | \$173,870.71 | \$209,179.00 | \$267,486.94 | \$264,744.71 |
| actual total | \$173,831.37 | \$209,229.15 | \$263,900.79 | \$261,407.91 |
| Over/ Under Stated | \$39.34 | \$(50.15) | \$3,586.15 | \$3,336.80 |
| gross total | \$11,621.81 | \$13,996.59 | \$17,684.25 | \$17,514.33 |
| less min percentage | \$17,489.06 | \$17,489.06 | \$17,489.06 | \$17,489.06 |
| final total due | \$(5,867.25) | \$(3,492.47) | \$195.19 | \$25.27 |
| what was paid | \$- | \$- | \$191.95 | \$22.67 |
| What we owe or (port owes back) | \$(5,867.25) | \$(3,492.47) | \$3.24 | \$2.60 |

2011

| | | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| Food | \$119,682.31 | \$130,938.75 | \$137,211.67 | \$170,414.97 |
| Liquor | \$50,866.21 | \$59,115.95 | \$64,394.30 | \$75,299.29 |
| Total | \$170,548.52 | \$190,054.70 | \$201,605.97 | \$245,714.26 |
| less meals | \$3,975.00 | \$2,650.40 | \$3,866.64 | \$3,895.10 |
| total | \$166,573.52 | \$187,404.30 | \$197,739.33 | \$241,819.16 |
| percentage due | \$10,827.28 | \$12,181.28 | \$12,853.06 | \$15,718.25 |
| gift shop | \$24,167.00 | \$21,631.53 | \$26,395.00 | \$31,322.00 |
| gs percentage | \$2,054.20 | \$1,838.68 | \$2,243.58 | \$2,662.37 |
| reported total | \$190,506.55 | \$208,867.13 | \$223,877.47 | \$273,025.88 |
| actual total | \$190,740.52 | \$209,035.83 | \$224,134.33 | \$273,141.16 |
| Over / Under Stated | \$(233.97) | \$(168.70) | \$(256.86) | \$(115.28) |
| gross total | \$12,881.47 | \$14,019.96 | \$15,096.63 | \$18,380.62 |
| less min percentage | \$19,663.40 | \$19,663.40 | \$19,663.40 | \$19,663.40 |
| final total due | \$(6,781.93) | \$(5,643.44) | \$(4,566.77) | \$(1,282.78) |
| what was paid | \$- | \$- | \$- | \$- |
| what we owe or (port owes back) | \$(6,781.93) | \$(5,643.44) | \$(4,566.77) | \$(1,282.78) |

2012

| | | | | |
|--------|-------------|-------------|-------------|--------------|
| Food | \$63,847.00 | \$80,971.82 | \$79,911.59 | \$106,874.23 |
| Liquor | \$39,425.52 | \$44,998.75 | \$46,973.52 | \$53,762.67 |

| | | | | |
|---------------------------------|---------------|---------------|--------------|--------------|
| Total | \$103,272.52 | \$125,970.57 | \$126,885.11 | \$160,636.90 |
| less meals | \$1,720.20 | \$1,746.00 | \$1,845.00 | \$1,954.50 |
| total | \$101,552.32 | \$124,224.57 | \$125,040.11 | \$158,682.40 |
| percentage due | \$6,600.90 | \$8,074.60 | \$8,127.61 | \$10,314.36 |
| gift shop | \$20,421.00 | \$18,226.58 | \$25,825.00 | \$35,938.00 |
| gs percentage | \$1,735.79 | \$1,549.26 | \$2,195.13 | \$3,054.73 |
| reported total | \$121,795.80 | \$142,511.15 | \$150,845.78 | \$189,175.23 |
| actual total | \$121,973.32 | \$142,451.15 | \$150,865.11 | \$194,620.40 |
| Over / Under Stated | \$(177.52) | \$60.00 | \$(19.33) | \$(5,445.17) |
| gross total | \$8,336.69 | \$9,623.86 | \$10,322.73 | \$13,369.09 |
| less min percentage | \$19,663.40 | \$19,663.40 | \$19,663.40 | \$19,663.40 |
| final total due | \$(11,326.71) | \$(10,039.54) | \$(9,340.67) | \$(6,294.31) |
| what was paid | \$- | \$- | \$- | \$- |
| what we owe or (port owes back) | \$(11,326.71) | \$(10,039.54) | \$(9,340.67) | \$(6,294.31) |

| May | June | July | August | September | October |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$212,084.38 | \$205,663.21 | \$278,777.12 | \$239,579.38 | \$226,574.96 | \$210,579.59 |
| \$82,437.35 | \$78,885.90 | \$101,549.79 | \$93,621.77 | \$105,226.31 | \$101,020.03 |
| \$294,521.73 | \$284,549.11 | \$380,326.91 | \$333,201.15 | \$331,801.27 | \$311,599.62 |
| \$3,235.02 | \$3,268.40 | \$3,585.60 | \$3,270.80 | \$3,429.00 | \$5,049.00 |
| \$291,286.71 | \$281,280.71 | \$376,741.31 | \$329,930.35 | \$328,372.27 | \$306,550.62 |
| \$18,933.64 | \$18,283.25 | \$24,488.19 | \$21,445.47 | \$21,344.20 | \$19,925.79 |
| \$26,397.00 | \$35,173.00 | \$51,485.00 | \$49,698.00 | \$30,654.50 | \$34,085.00 |
| \$2,243.75 | \$2,989.71 | \$4,376.23 | \$4,224.33 | \$2,605.63 | \$2,897.23 |
| \$317,179.02 | \$319,622.11 | \$435,181.60 | \$635,003.60 | \$359,024.96 | \$340,277.73 |
| \$317,683.71 | \$316,453.71 | \$428,226.31 | \$379,628.35 | \$359,026.77 | \$340,635.62 |
| \$(504.69) | \$3,168.40 | \$6,955.29 | \$255,375.25 | \$(1.81) | \$(357.89) |
| \$21,177.38 | \$21,272.95 | \$28,864.41 | \$25,669.80 | \$23,949.83 | \$22,823.02 |
| \$17,489.06 | \$17,489.06 | \$17,489.06 | \$17,489.06 | \$17,489.06 | \$17,489.06 |
| \$3,688.32 | \$3,783.89 | \$11,375.35 | \$8,296.16 | \$6,460.77 | \$5,333.96 |
| \$3,234.96 | \$3,777.39 | \$11,594.38 | \$8,296.16 | \$6,460.65 | \$5,310.69 |
| \$453.36 | \$6.50 | \$(219.03) | \$- | \$0.12 | \$23.27 |

| | | | | | |
|---------------|--------------|--------------|--------------|--------------|--------------|
| \$191,680.25 | \$180,831.80 | \$271,206.36 | \$203,628.59 | \$133,023.24 | \$139,735.45 |
| \$81,004.84 | \$76,244.76 | \$104,502.84 | \$82,614.36 | \$80,166.60 | \$80,972.55 |
| \$272,685.09 | \$257,076.56 | \$375,709.20 | \$286,242.95 | \$213,189.84 | \$220,708.00 |
| \$3,596.00 | \$1,480.60 | \$2,674.00 | \$3,058.00 | \$3,098.60 | \$2,566.80 |
| \$269,089.09 | \$255,595.96 | \$373,035.20 | \$283,184.95 | \$210,091.24 | \$218,141.20 |
| \$17,490.79 | \$16,613.74 | \$24,247.29 | \$18,407.02 | \$13,655.93 | \$14,179.18 |
| \$27,894.00 | \$35,942.71 | \$53,033.94 | \$47,071.41 | \$34,932.47 | \$29,588.23 |
| \$2,370.99 | \$3,055.13 | \$4,507.88 | \$4,001.07 | \$2,969.26 | \$2,515.00 |
| \$248,122.50 | \$294,977.15 | \$425,785.10 | \$330,256.36 | \$244,870.47 | \$247,696.17 |
| \$296,983.09 | \$291,538.67 | \$426,069.14 | \$330,256.36 | \$245,023.71 | \$247,729.43 |
| \$(48,860.59) | \$3,438.48 | \$(284.04) | \$- | \$(153.24) | \$(33.26) |
| \$19,861.78 | \$19,668.87 | \$28,755.17 | \$22,408.09 | \$16,625.19 | \$16,694.18 |
| \$19,663.40 | \$19,663.40 | \$19,663.40 | \$19,663.40 | \$19,663.40 | \$19,663.40 |
| \$198.38 | \$5.47 | \$9,091.77 | \$2,744.69 | \$(3,038.21) | \$(2,969.22) |
| \$- | \$228.97 | \$9,073.29 | \$2,744.69 | \$- | \$- |
| \$198.38 | \$(223.50) | \$18.48 | \$0.00 | \$(3,038.21) | \$(2,969.22) |

| | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$129,551.89 | \$174,090.34 | \$202,746.58 | \$171,140.55 | \$162,329.71 | \$145,599.05 |
| \$63,707.08 | \$69,100.75 | \$83,683.51 | \$78,998.30 | \$87,045.96 | \$80,778.12 |

| | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$193,258.97 | \$243,191.09 | \$286,430.09 | \$250,138.85 | \$249,375.67 | \$226,377.17 |
| \$2,641.00 | \$1,686.00 | \$2,425.32 | \$1,829.62 | \$1,946.00 | \$2,551.20 |
| \$190,617.97 | \$241,505.09 | \$284,004.77 | \$248,309.23 | \$247,429.67 | \$223,825.97 |
| \$12,390.17 | \$15,697.83 | \$18,460.31 | \$16,140.10 | \$16,082.93 | \$14,548.69 |
| \$29,514.00 | \$40,723.00 | \$58,932.00 | \$50,141.17 | \$31,148.00 | \$33,008.00 |
| \$2,508.69 | \$3,461.46 | \$5,009.22 | \$4,262.00 | \$2,647.58 | \$2,805.68 |
| \$220,104.00 | \$282,095.00 | \$342,927.68 | \$298,443.05 | \$278,525.00 | \$256,833.97 |
| \$220,131.97 | \$282,228.09 | \$342,936.77 | \$298,450.40 | \$278,577.67 | \$256,833.97 |
| \$(27.97) | \$(133.09) | \$(9.09) | \$(7.35) | \$(52.67) | \$- |
| \$14,898.86 | \$19,159.29 | \$23,469.53 | \$20,402.10 | \$18,730.51 | \$17,354.37 |
| \$19,663.40 | \$19,663.40 | \$19,663.40 | \$19,663.40 | \$19,663.40 | \$19,663.40 |
| \$(4,764.54) | \$(504.11) | \$3,806.13 | \$738.70 | \$(932.89) | \$(2,309.03) |
| \$- | \$- | \$3,805.54 | \$738.22 | \$- | \$- |
| \$(4,764.54) | \$(504.11) | \$0.59 | \$0.48 | \$(932.89) | \$(2,309.03) |

| November | December | Owed to the port |
|----------|----------|------------------|
|----------|----------|------------------|

| | |
|--------------|--------------|
| \$136,447.56 | \$144,187.97 |
| \$68,983.33 | \$60,430.64 |
| \$205,430.89 | \$204,618.61 |
| \$4,752.40 | \$3,751.01 |
| \$200,678.49 | \$200,867.60 |

| | |
|-------------|-------------|
| \$13,044.10 | \$13,056.39 |
|-------------|-------------|

| | |
|-------------|-------------|
| \$31,657.00 | \$27,003.80 |
| \$2,690.85 | \$2,295.32 |

| | |
|--------------|--------------|
| \$372,856.00 | \$227,202.79 |
| \$232,335.49 | \$227,871.40 |
| \$140,520.51 | \$(668.61) |
| \$15,734.95 | \$15,351.72 |
| \$19,663.40 | \$19,663.40 |
| \$(3,928.45) | \$(4,311.68) |
| \$- | \$- |
| \$(3,928.45) | \$(4,311.68) |

\$270.06

| | |
|--------------|--------------|
| \$89,761.67 | \$83,714.00 |
| \$52,260.00 | \$45,302.86 |
| \$142,021.67 | \$129,016.86 |
| \$2,210.60 | \$1,123.50 |
| \$139,811.07 | \$127,893.36 |

| | |
|------------|------------|
| \$9,087.72 | \$8,313.07 |
|------------|------------|

| | |
|-------------|-------------|
| \$21,004.41 | \$25,976.00 |
| \$1,785.37 | \$2,207.96 |

| | |
|--------------|--------------|
| \$157,510.10 | \$150,295.65 |
| \$160,815.48 | \$153,869.36 |
| \$(3,305.38) | \$(3,573.71) |
| \$10,873.09 | \$10,521.03 |
| \$19,663.40 | \$19,663.40 |
| \$(8,790.31) | \$(9,142.37) |
| \$- | \$- |
| \$(8,790.31) | \$(9,142.37) |

\$(6.64)

| | |
|--------------|--------------|
| \$122,914.04 | \$114,025.05 |
| \$65,079.61 | \$60,270.53 |

| | |
|--------------|--------------|
| \$187,993.65 | \$174,295.58 |
| \$2,462.63 | \$1,951.00 |
| \$185,531.02 | \$172,344.58 |

| | |
|-------------|-------------|
| \$12,059.52 | \$11,202.40 |
|-------------|-------------|

| | |
|-------------|-------------|
| \$27,347.00 | \$27,729.41 |
| \$2,324.50 | \$2,357.00 |

| | |
|--------------|--------------|
| \$212,617.04 | \$199,780.41 |
| \$212,878.02 | \$200,073.99 |
| \$(260.98) | \$(293.58) |
| \$14,384.01 | \$13,559.40 |
| \$19,663.40 | \$19,663.40 |
| \$(5,279.39) | \$(6,104.00) |
| \$- | \$- |
| \$(5,279.39) | \$(6,104.00) |

\$1.07

\$264.49

McINERNEY'S PS TAXES

3077 E. VENTURA ROAD
PALM SPRINGS, CA 92262
760-699-7348

jimmeltaxes32795@sbcglobal.net

July 29, 2014

Tonia Lediju
Director of City Audits
Office of the Controller
City Services Auditor Division
City and County of San Francisco
1 DR. Carlton B. Goodlett Place, Room 477
San Francisco, CA 94102

Re: Audit of Castagnola's Restaurant; Period for January 2010 through December 2012

Dear Ms. Lediju;

I am the Enrolled Agent that prepared the taxes for the years 2010-2012.

In order to do the sales taxes and income taxes for Castagnola's Restaurant, we received reports generated by their Micros POS system. We have found errors in the system in the past, in the calculating of sales tax. When we take the sales tax from the POS reports and work backwards to get income numbers we always error on the side of caution and take the highest number. This number quite frequently did not match the income received. After detailed review of the reports from the Micros system, we found that we have over-stated the sales income on many occasions. We know that for 2010 our Sales Tax was over-stated due to an error in the system. In performing an audit of the reports from the restaurant the sales tax returns and the income tax returns we did find the problem and it appears that the problem continued in overstating the sales for 2011 and 2012. It was discovered during the audit that the sales tax being paid were too high for the sales. Upon further investigation it was discovered that the POS system in the bar was doubling the sales tax charged, not income but sales tax. Thus in turn, it has overstated actual income that the restaurant earned. We simply used the formula to calculate income based on sales tax received. Unfortunately, herein lies most of the problem of overstate income. Taxes have been paid. We have re-calculated the correct sales tax based on the corrected sales and are amending returns for the three years in questions and submitting them to the State Board of Equalization. In addition, we are also filing amended returns with the IRS. The restaurant has been operating at a loss. Enclosed is a spreadsheet of the summary of sales reported to the IRS, BOE and Port Authority for your perusal. You will see that the corrected numbers used for the amended sales taxes conform to what was reported to the Port Authority. You will find, under separate cover the analysis and of all the sales reported including a chart showing what was paid and what should have been paid.

MCINERNEY'S PS TAXES

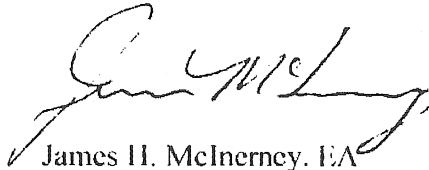
3077 E. VENTURA ROAD
PALM SPRINGS, CA 92262
760-699-7348

jimmeltaxes32795@sbcglobal.net

In response to the meals deduction, we have had the restaurant make sure to include the amount on every employee's pay stub. This serves as the receipt required to prove meals served. Employees are allowed to choose from six different menu items for one meal during their shift. A minimal value of \$3.60 has been placed as the value of the benefit. The employees are not required to pay for these meals. Our interpretation of the lease with the Port is that this is a deductible expense.

Thank you, in advance, for your immediate attention in this matter. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



James H. McInerney, EA
/mam

Encl

Cc: Kathy Higdon
Lolman Enterprises, Inc. (aka: Castagnola)

PORT AUTHORITY AUDIT
LOLMAN ENTERPRISES, INC
aka CASTAGNOLA'S RESTAURANT

SUMMARY

| PORT | IRS - REPORTED SALES | DIFFERENCE | S/T SALES | DIFFERENCE | S/T PAID | PROJECTED S/T |
|-----------------|----------------------|-----------------|-----------------|-----------------|---------------|---------------|
| \$ 3,169,275.17 | \$ 3,303,839.00 | \$ (134,563.83) | \$ 3,259,944.00 | \$ (90,668.83) | \$ 309,695.00 | \$ 301,081.00 |
| \$ 2,704,573.62 | \$ 2,780,242.00 | \$ (75,668.38) | \$ 2,861,943.00 | \$ (157,369.38) | \$ 257,277.00 | \$ 243,266.00 |
| \$ 2,327,826.17 | \$ 2,468,033.00 | \$ (140,206.83) | \$ 2,385,409.13 | \$ (57,582.96) | \$ 202,761.00 | \$ 197,865.00 |
| \$ 8,201,674.96 | \$ 8,552,114.00 | \$ (350,439.04) | \$ 8,507,296.13 | \$ (305,621.17) | \$ 769,733.00 | \$ 742,212.00 |

07/29/2014



September 8, 2014

Tonia Lediju, Director of City Audits
Office of the Controller
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 477
San Francisco, CA 94102

Re: Tenant Performance Audit – Castagnola’s Restaurant (L-7493)

Dear Ms. Lediju:

Thank you for the opportunity to review the draft performance audit report prepared by KPMG LLP covering Port lease no. L-7493, Castagnola’s Restaurant. Based on the report details provided by KPMG, Port management accepted the report.

We have also received and considered the tenant’s response dated July 29, 2014. The Port will follow up, as necessary, to ensure that the performance audit findings and associated recommendations are adequately addressed. Enclosed is the City’s standard Recommendations and Responses form.

Sincerely,

Susan Reynolds
Director of Real Estate

John J. Woo
Fiscal Officer

Enclosure

Cc: Nancy Rose, KPMG LLP
Elaine Forbes, Director of Finance and Administration

PORT COMMISSION: PERFORMANCE AUDIT OF CASTAGNOLA'S RESTAURANT

For each recommendation, indicate whether the department concurs, does not concur, or partially concurs. If the department concurs with the recommendation, please indicate the expected implementation date and implementation plan. If the department does not concur or partially concurs, please provide an explanation and an alternate plan of action to address the identified issue.

RECOMMENDATIONS AND RESPONSES

| Recommendation | Responsible Agency | Response |
|--|--------------------|---|
| <p>1. The Port should collect additional rent due of \$20,294 for the underreporting of gross receipts.</p> | <p>Port</p> | <p>Partially concur; additional investigation and verification is necessary. After considering the audit findings and the Tenant's response dated July 29, 2014, it is clear that Tenant has misreported its gross receipts throughout the audit period. The more significant discrepancies identified in the audit report may be the result of errors made by outside professionals upon which Tenant relied upon. The response information for the issue category, "unreconciled reporting discrepancies" was provided after completion of fieldwork by the Port/City-engaged auditor. We are unable to independently verify the representations provided subsequently in the Tenant's response document.</p> <p>The Port will meet and confer with Tenant on all the findings before determining all the appropriate next steps.</p> |
| <p>2. The Port should require the Tenant to comply with all lease provisions regarding allowable exclusions from gross receipts and require the Tenant to implement appropriate procedures and internal controls to ensure that it properly and accurately reports gross receipts as required by the lease provisions.</p> | <p>Port</p> | <p>Concur. The Port will direct the Tenant in writing to implement appropriate procedures and internal controls to ensure that it properly and accurately reports gross receipts in compliance with all lease provisions. The Port will meet and confer with Tenant on all the findings before determining all appropriate next steps.</p> <p>For employee meals, it remains the Port's position that Tenant may only exclude such meals from reported gross receipts to the same extent that it has reported employee meals in gross receipts. Deduction of restaurant costs is outside of the intent of this provision. As indicated by Tenant in its response: "The restaurant bears the burden of the cost."</p> |

PORT COMMISSION: PERFORMANCE AUDIT OF CASTAGNOLA'S RESTAURANT

| Recommendation | Responsible Agency | Response |
|---|--------------------|--|
| <p>3. The Port should require the Tenant to submit revised monthly reports of Gross Receipts and rent due for months outside of the audit period for corrections of differences due to improper exclusion of employee meals or "other sales" gross receipts; post-closing adjustments reflected on quarterly sales tax returns and/or annual income tax returns; and incorrect reporting of subtenant gross receipts.</p> | <p>Port</p> | <p>Concur. The Port will direct the Tenant in writing to submit corrected sales reports for such differences and adjustments, and pay all additional rent due for months outside of the period examined by the current audit. As noted above, the Port will meet and confer with Tenant on all the findings before determining all appropriate next steps.</p> |
| <p>4. The Port should collect from the Tenant the cost of the audit for each month in which gross receipts was understated by more than three percent.</p> | <p>Port</p> | <p>To be determined due to additional investigation and verification that is necessary. The most significant discrepancies due to differences between reported gross receipts and income tax returns are possibly resolved through the additional information provided in the Tenant's response dated July 29, 2014. The Port will request the Tenant verify it has amended its reported sales and tax returns to the State and IRS to determine if the differences have been properly reconciled.</p> |

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: 172 signers: 480 Potrero must have an EIR petition

From: MUNA [<mailto:petitions@moveon.org>]
Sent: Thursday, September 18, 2014 9:34 PM
To: Board of Supervisors (BOS)
Subject: 172 signers: 480 Potrero must have an EIR petition

Dear SF Board of Supervisors,

I started a petition to you titled 480 Potrero must have an EIR. So far, the petition has 172 total signers.

You can post a response for us to pass along to all petition signers by clicking here:
http://petitions.moveon.org/target_talkback.html?tt=tt-51586-custom-28271-20240918-D=15ji

The petition states:

"Why Does 480 Potrero Project Need an EIR? The Mitigated Neg Dec created by the planning department is not complete and to satisfy CEQA, the project needs: 1) Mitigation to protect the Verdi Club, a historic resource, 2) A full analysis of the environmental effects of digging down 16 feet in the soil containing serpentine and industrial history, 3) Full analysis of the traffic and parking conditions, 4) Full analysis of the shadow effects on parks and public ways, 5) An evaluation of the aesthetics of a building that does not fit the character of the neighborhood. Without improvements to the infrastructure and transportation this building contributes to a reduction in the quality of life for old and new residents in the neighborhood. "

To download a PDF file of all your constituents who have signed the petition, including their addresses, click this link: http://petitions.moveon.org/deliver_pdf.html?job_id=1318102&target_type=custom&target_id=28271

To download a CSV file of all of your constituents who have signed the petition, including their addresses, click this link:
http://petitions.moveon.org/deliver_pdf.html?job_id=1318102&target_type=custom&target_id=28271&csv=1

Thank you.

--MUNA

If you have any other questions, please email petitions@moveon.org.

The links to download the petition as a PDF and to respond to all of your constituents will remain available for the next 14 days.

This email was sent through MoveOn's petition website, a free service that allows anyone to set up their own online petition and share it with friends. MoveOn does not endorse the contents of petitions posted on our public petition website. If you don't want to receive further emails updating you on how many people have

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signed this petition, click here:

http://petitions.moveon.org/delivery_unsub.html?e=A6ccxHGcs0jUQkZWj4v0gUJvYXJkLm9mLlN1cGVydmlzb3JzOHNmZ292Lm9yZw--&petition_id=51586.

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: FW: Public Safety in the purview of the Mayor's Office, e.g., SF Ambulance response times

From: Dale G [<mailto:dalegut@gmail.com>]
Sent: Thursday, September 18, 2014 11:30 AM
To: Tang, Katy (BOS); Board of Supervisors (BOS)
Subject: Public Safety in the purview of the Mayor's Office, e.g., SF Ambulance response times

Subject:
Public Safety in the purview of the Mayor's Office, e.g., SF Ambulance response times

Overall I have tremendous respect for the SFFD Chief (and, in caring for my mother through 2005, have experienced good response times) but we need to address the latest reported problems. Chief Hayes-White's statements during an interview on KKSF a few days ago sounded a little like stalling and equivocation.

If Chief White's are valid reasons for ambulance delays, equipment, and staffing shortages, then the Mayor's Office should try to work on the "layers of system complexity" challenging the SFFD.

I don't much know Supervisor London Breed's politics but I feel delivering public safety should not rise to the level of requiring a public vote.

Thanks,
Dale Gutierrez

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File 140974 BBS-11 Rules Clerk

LABORERS' INTERNATIONAL UNION OF NORTH AMERICA

LOCAL UNION NO. 261

cpay

September 18, 2014

RAMON HERNANDEZ
Business Manager

DAVID DE LA TORRE
Secretary-Treasurer

JESUS VILLALOBOS
President

JAVIER FLORES
Vice President

VINCE COURTNEY
Recording Secretary

OSCAR DE LA TORRE
Executive Board

JOSE DE LA MORA
Executive Board

San Francisco Board of Supervisors
Rules Committee
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 SEP 19 PM 3:20

Re: Laborers Local 261 Strongly Supports the Appointment of Miguel Bustos to the Commission on Community Investment and Infrastructure

Dear Chair Yee and Supervisors Campos and Tang,

Laborers Union Local 261 thanks you for your service on the Rules Committee and wishes to express our strong support for the appointment of Miguel Bustos to the Commission on Community Investment and Infrastructure.

Miguel has displayed tremendous leadership and commitment over the course of more than 20 years of community service at all levels of government. He has provided policy guidance and helped make decisions on a wide variety of local, state, and federal issues that impact everyday people's lives while never losing his connection to community members on the ground.

When he served as Redevelopment Agency Commissioner, Miguel supported the construction of affordable housing, investment in critical City infrastructure, and creation of thousands of jobs.

On behalf of the 5,000 members of Laborers Local 261, we respectfully request your support for Miguel Bustos' appointment to the Commission on Community Investment and Infrastructure.

Sincerely,

Ramon Hernandez
Ramon Hernandez
Business Manager

CC: San Francisco Board of Supervisors

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SAN FRANCISCO
3271 18th Street
San Francisco, CA 94110
Phone: (415) 826-4550
Fax: (415) 826-1948

SAN MATEO COUNTY
300 7th Avenue
San Mateo, CA 94401
Phone: (650) 344-7168
Fax: (650) 344-5357

MARIN COUNTY
4174 Redwood Highway
San Rafael, CA 94903
Mail P.O. Box 4250
San Rafael, CA 94913
Phone: (415) 492-0936
Fax: (415) 492-8233

BOS-11

September 14, 2014

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 SEP 19 PM 3:20
l

To: Mayor Lee, Police Chief Suhr, Fire Chief White and Board of Supervisors

Re: 4-Way Stop Needed at Intersection of Moscow St. and Excelsior Ave.

Why:

Moscow St. narrows irregularly at this intersection. Visibility is poor. The 'No Parking' curb designation at 301 Moscow St. to enhance visibility is not painted red and not enforced. Vehicles speed up and down Moscow St. A driver was hurt in this intersection yesterday, 9-13-14. The cost is minimal. All that is needed is two red stop signs on Moscow St. Perhaps this request can be considered.

Respectfully,

Lori Kumagai

Lori Kumagai
301 Moscow St.
San Francisco, CA 94112
415/585-3657 Wk. 925/355-8298

9

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: Warriors/Arena Classroom/X-Cultural Exchange & Sister Cities

From: dennismackenzie@roundthediamond.com [mailto:dennismackenzie@roundthediamond.com]
Sent: Sunday, September 21, 2014 5:56 PM
To: Kim, Jane (BOS); Mar, Eric (BOS); Tang, Katy (BOS)
Cc: Wiener, Scott; Yee, Norman (BOS); Board of Supervisors (BOS)
Subject: Warriors/Arena Classroom/X-Cultural Exchange & Sister Cities

September 21, 2014

San Francisco Board of Supervisors:

Honorable David Chiu, President

Honorable John Avalos, Member

Honorable London Breed, Member

Honorable David Campos, Member

Honorable Malia Cohen, Member

Honorable Mark Farrell, Member

Honorable Jane Kim, Member

Honorable Eric Mar, Member

Honorable Katy Tang, Member

Honorable Scott Wiener, Member

Honorable Norman Yee, Member

C/o Ms. Angela Calvillo, Clerk of the Board

City and County of San Francisco, / City Hall, Room 244

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Dear Supervisors,

Please review my enclosed SF-Warriors Arena Classroom proposal update and summary; along with your staff and other San Francisco city agencies and private sector and community leaders, I am respectfully asking that

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you contemplate, and imagine, the tremendous opportunity that the integration of my proposal to initiate a model, first-of-its-kind strategically located interior Arena Career Classroom - as well as the potential additional benefits of the educational methodologies and components I have been proposing - can provide for the future of our entire San Francisco Community. At the same time, one major intention and purpose of my long-time sports and education proposal work has been the creation of national and international Models for developing innovative and far-reaching influence and impacts to enhance, expand, and create positive growth and direction of our nation's focus when building professional sports facilities now, and into the future... for generations to come.

Once again, I welcome the challenges and opportunities available in working with the Warriors, your office, and the public/private partnership that is essential between the Warriors and the City and County of San Francisco. I look forward to assist in the work necessary to create and achieve the highest and best interests attainable for the benefit of all individuals and levels of our socio-economic, cross-cultural Community of San Francisco.

I wish you the very best in meeting all your public service responsibilities; and thank you once again for your time, consideration, and support in my effort to work with your office, the City and County of San Francisco, and the Warriors NBA Team in the most beneficial capacity possible.

Sincerely,

Dennis MacKenzie

September 17, 2014

Mission Bay Citizens Advisory Committee;

C/o Ms. Corrine Woods, Chair

Mr. Kevin Simons, Vice-Chair

Kevin Beauchamp

Sarah Davis

Dan Deibel

Donna Dell'Era

Alfonso Felder

Michael D. Freeman

Tom Hart

Andrea Jones

Toby Levine

JoAnn Locke

Dick Millet

Jennifer Pratt Mead

Catherine Sharpe

Milena Elperin

Re: Mission Bay CAC - September 18, 2014 Meeting / September 20, 2014 Special Workshop

Agenda 1. Action Item: Presentation of the Draft Major Phase Site Design and Building Massing for the Golden State Warriors Project (Blocks 29-32) bounded by Third Street, South Street, 16th Street and Terry Francois Boulevard – Representatives from the Warriors and Design Team – 90 minutes

Description of Item:** Representatives from the Golden State Warriors and their design team will present and solicit community feedback on the draft major phase site design and building massing for the Golden State Warriors Project. **There will be workshop on Saturday, September

SF-Warriors Arena & Cultural Events Pavilion

Arena High School-College Career Pathway & Field Study Classroom©

Cross-Cultural Sports & Education Exchange Programs©

Arena Astronomy & Education Roof-Top Observatory Deck©

Dear Mission Bay CAC Members,

As you and the Mission Bay community begin this new process to study, review, critique and offer suggestions and ideas regarding this initial phase of the 'Draft Major Phase Site Design and Building Massing' for the Golden State Warriors Project, I respectfully ask that you and San Francisco citizens, families, public and private sector officials, business leaders and investors consider the wide range of potential socio-economic benefits that can provide neighborhood and city wide long-term innovative opportunities that will affect your immediate Mission Bay neighborhood and the entire city as a whole far into the future.

I am writing to ask that before this first major site design phase is complete, please take into consideration the long-term potential positive impacts and socio-economic benefits that several of my proposal ideas can have in relation to this current study of the exterior site design concept for the proposed SF-Warriors Arena & Multi-Purpose Entertainment & Events Pavilion.

I have proposed to the Warriors, San Francisco public officials and the community at-large, to review and consider the inclusion and construction of an Arena Astronomy & Education Roof-Top Observatory Deck© that could be strategically located on the roof-top above the Warriors Event Hall area of the Arena. This location is

where Snohetta's Craig Dykers suggested in his slide-show presentation of their initial project site design concept at last month's CAC meeting, where the Warriors are considering to include an Arena roof-top deck. If this location is not deemed possible or practical, maybe it could be built on the roof-top of one of the project's other buildings; or even another location within the Arena property itself. (Of course, a 'Roof-Top' Astronomy Observatory Deck would be a more 'perfect location/option'!)

A few of the main purposes for this Astronomy Observatory would be to provide a unique and valuable Year-Round attraction for many educational, fun and exciting programs; and a magical and beneficial addition for San Francisco citizens, students and the entire Bay Area community for multi-dimensional (as well as 'real out-of-this-world galactic' perspectives) education and understanding; as well as a wide variety of dynamic entertainment and events. I briefly describe elements of this component in my proposal letter dated February 25, 2013.

Because this new Mission Bay location offers very different Arena site dimensions with a new building design, mass and height limits than Piers 30-32 offered, I am asking the CAC to take this initial phase as an opportunity to consider as a part of your discussions of the evolving Arena design, footprint and landscape, how this change of location has opened up new possibilities for developing creative and interdependent community programs, businesses and benefits that were not available at the previous location. On this note, please review my Cross-Cultural Sports & Education Exchange Program© component during this early phase dealing with the site design and building mass, as one aspect of this element of my proposal could beneficially be located within the Arena site footprint.

Also, as I've shared in my proposal in the past, one of the main purposes for the initiation and creation of Sister-City relationships as it relates to how this Warriors project can provide the ability to build positive and mutually respectful cross-cultural bridges for everyone involved - including career and business development projects within around this public-private San Francisco/Warriors Arena Pavilion project - is that I believe this SF-Warriors Arena Project is a unique and magnificent opportunity to initiate innovative public/private partnerships and programs capable of enhancing and expanding positive and creative growth for all of San Francisco, Oakland and the entire Bay Area's creative and inspiring, diverse, cross-cultural communities.

One of the goals of my original and primary interior Arena High School-College Career Pathway & Field Study Classroom© proposal is to build positive, mutually respectful cross-cultural bridges for everyone involved as an effective, real-world educational methodology capable of integrating a wide variety of career and business development projects within and around this SF-Warriors Arena Pavilion project; as well as throughout San Francisco's diverse and cross-cultural communities and neighborhoods.

As one of the goals for this cross-cultural exchange program, is to include the successful creation, implementation and continued evolution of innovative and visionary Sister-City Relationships across the country, and throughout the Americas. On this note, if the Warriors and San Francisco leaders and officials support the inclusion of an Arena Career Classroom, this facility can be capable of inviting visiting schools students, teachers, community, business and government officials to meet and exchange knowledge and life experiences with our students, teachers and local public/private sector officials at the SF-Warriors Arena Classroom - where positive ideas and education and career development programs could be shared and taken back with the visitor's schools, students, educators and community leaders. In addition, if it's feasible, I am asking that the Warriors and San Francisco leaders and investors consider building a Cross-Cultural Visitors Center & Housing Facility© within the Warriors new Mission Bay location as an integral element in order to assist and lead in developing model sports and education exchange programs for the benefit of our San Francisco education and business institutions, as well as visiting officials, leaders and schools from cities and states across our nation, and throughout the Americas. (Or, hopefully create and build these types of Exchange

Program Facilities near-by.)

In regards to my proposal, I've mentioned most of these component ideas and further details several times at public hearings and in my writings and proposal update letters, including the fact that San Francisco has already developed numerous Sister-City Relationships around the world; however, we have yet to create these beneficial partnerships with any country throughout the Americas, which I believe San Francisco will eventually initiate more of these forms of valuable cooperative global partnerships.

These two following announcements are on the 'Office of the Mayor' website in the 'News Release' section: "Mayor Lee Launches LatinSF Initiative; San Francisco Expands International Efforts to Create Greater Economic Ties with New Initiative to Strengthen Relationship between Latin America & United States; First Partnership Started with Mexico - Posted Date: 9/9/2014", and; Mayor Lee Launches LatinSF Initiative: Mayor Edwin M. Lee officially launched the LatinSF economic development initiative at Silicon Valley Day in Mexico City as part of his official trade mission to Latin America. Modeled after the groundbreaking China-San Francisco economic development initiative ChinaSF, LatinSF is a new economic development initiative to promote business and trade between San Francisco and Latin America. Posted Date: 9/9/2014.

Also in the San Francisco Chronicle there is a headline article written by Carla Marinucci about the visit with Governor Jerry Brown in Sacramento by Mexican President Enrique Pena Nieto, where she writes: "The two leaders...also pledged cooperation on educational programs, including an unprecedented exchange that would bring 100,000 Mexican students to study at California universities."; Marinucci also writes, "Mexico's consul general in San Francisco, Andres Roemer, said he has invited Mayor Ed Lee for a stay at his home in Mexico City starting Sept 8... We want to become friends and strengthen this relationship", Roemer said.

I believe this SF-Warriors Arena Project is a unique and magnificent opportunity to initiate innovative public/private partnerships and programs capable of enhancing and expanding positive and creative growth for all of San Francisco, Oakland and the entire Bay Area's wonderfully diverse, cross-cultural communities.

Once again, as you know I have been requesting the Warriors - in collaboration with numerous San Francisco public agencies, our local colleges, universities and institutions, public and private high schools including San Francisco Unified School District officials and educators - take under consideration the potential and unlimited, interdependent benefits through the development of my proposal in relations to this professional Arena; while at the same time, creating a model Arena with the capacity to serve as a national model. I believe a model, state-of-the-art facility capable of designing and creating an innovative and influential educational methodology, can offer a blueprint for future public/private partnerships and collaborations, including the ability of the Warriors and San Francisco to continue to construct this Arena and Facility with the added purpose in mind for our future generations to utilize our Nation's professional sports Institutions and Facilities with the intention of building substantial, real-world experience and educational and career development pathways, job training and essential leadership skills and abilities.

Please review the proposal material I provided to you at the May 8, 2014 CAC meeting that included these following letters dated: February 11, 2014 - April 7, 2014 - February 25, 2013 - and February 9, 2009, which all include brief descriptions and details regarding these proposal components I am reminding you of today; as well as my original, primary Arena High School-College Career Pathway & Field Study Classroom© proposal that I've shared for the past 5 years with the Warriors, and all City and County of San Francisco government officials and private sector leaders involved in the Warriors effort to build an Arena in San Francisco.

I respectfully ask that you to consider the potentially wide range of local, state and national social, cross-cultural, business and economic benefits inherently available through the cooperative integration and

implementation of several components of my long time education and career development proposals.

You're welcome to contact me if you have questions, or if you would like further clarifications regarding my proposals. You can also review some of my proposal updates and communications I've shared with the Warriors and San Francisco public agencies and officials on my Website: www.roundthediamond.com.

I look forward to working in collaboration with the Warriors and all City and County of San Francisco public leaders and agencies – as well as the Mission Bay CAC and all San Francisco citizens and private sector leaders and businesses in the most beneficial capacity possible.

Thank you once again for your time, consideration, and support.

Sincerely,

Dennis G. MacKenzie

CC:

Golden State Warriors;

Mr. Joseph Jacob, Co-Executive Chairman, CEO & Governor

Mr. Peter Guber, Co-Executive Chairman

C/o Mr. Rick Welts, President and Chief Operating Officer

Honorable Ed Lee, Mayor; City and County of San Francisco

Commission on Community Investment and Infrastructure,

Successor Agency Commission;

Honorable Mara Rosales, Chair

Honorable Marilyn Mondejar

Honorable Darshan Singh

C/o Ms. Lucinda Nguyen, Interim Commission Secretary

Ms. Tiffany Bohee, Executive Director; OCII

Ms. Catherine Reilly, Mission Bay North & South, Project Manager

C/o Ms. Lila Hussain, Assistant Project Manager

San Francisco Office of Economic & Workforce Development

Warriors Arena & Pavilion Project Team;

C/o Ms. Jennifer Matz, Waterfront Development Director

Mr. John Gavin, Ms. Anne Taupin, Mr. Adam Van De Water

San Francisco Board of Supervisors; President David Chiu, and Members

C/o Ms. Angela Calvillo, Clerk of the Board

San Francisco Planning Commission;

Honorable Cindy Wu, President, and Members

C/o Mr. Jonas P. Ionin, Commission Secretary

San Francisco Unified School District; Teachers, Principals and Administrators

C/o Mr. Richard A. Carranza, Superintendent

San Francisco Board of Education; C/o Ms. Esther V Casco, Executive Assistant

United Educators of San Francisco; C/o Mr. Dennis Kelly, President

File : 140836
140814, 140815, 140816

From: Cautn1@aol.com
Sent: Thursday, September 18, 2014 3:45 PM
To: Yee, Norman (BOS); Cohen, Malia (BOS); Avalos, John (BOS); Kim, Jane (BOS); Board of Supervisors (BOS); Campos, David (BOS); Farrell, Mark (BOS); Mar, Eric (BOS); Tang, Katy (BOS); Wiener, Scott; Chiu, David (BOS); Breed, London (BOS)
Cc: bobf@att.net
Subject: Mello Roos District - Transbay Transit Center/DTX

Dear Supervisors,

At last Monday's regular meeting of SaveMuniSF I was asked to provide the SaveMuniSF response to the recent attempts to roll back Mello Roos taxing policies on behalf of two large property owners who would prefer to keep most or perhaps all of the extra real estate enrichment they've received because of publicly provided new infrastructure.

We strongly support your efforts to require these owners to return a substantial percentage of the value created by the TTC/DTX project to the project so Caltrain can be extended into downtown San Francisco without further delay. As you know the voters of San Francisco saw the need to extend Caltrain early....when on November 9, 1999 they voted overwhelming to give TTC/DTX the high priority it deserves. Please therefore:

- 1.) Make certain that all benefiting property owners within the TTC/DTX Mello Roos district pay appropriate Mello Roos taxes.
- 2.) Do everything possible to set up this district quickly, by next Tuesday if possible.

Right now TTC/DTX is in line for New Starts funding and every effort should be made to clear away the obstacles and help ensure that the remainder of the needed DTX funding is locked down. In terms of attracting north and southbound commuters out of their cars and into non-automotive travel modes, there is no project in the West Bay with more potential than extending Caltrain into the new TTC with fast and convenient connections to Market Street and the Market Street subways.

You are urged to stay the course.

Sincerely,

Gerald Cauthen, for
SaveMuniSF

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File 140918

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: FW: Bravo, Immigrants

From: Mary Flynn [<mailto:mflynnlv@gmail.com>]
Sent: Wednesday, September 17, 2014 11:27 AM
To: Board of Supervisors (BOS)
Subject: Bravo, Immigrants

I am not a resident of San Francisco but I read about your recent vote and applaud your humanity, generosity and patriotism. Your vote sets a fine example of what America stands for.

I do have suggestion. You should start a kick starter campaign and challenge people to match your county's wonderful decision. I would guess it would far surpass the amount the you are kicking in. Just a thought.

Sincerely yours,

Mary Flynn

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File 140918

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: FW: RE/ Funds for legal assistance for undocumented aliens

From: cam553@aol.com [mailto:cam553@aol.com]
Sent: Wednesday, September 17, 2014 2:47 PM
To: Board of Supervisors (BOS)
Subject: RE/ Funds for legal assistance for undocumented aliens

RE/ Funds for legal assistance for undocumented aliens

I am against this. I think you should spend the money 1st on citizens. When problems of citizens are all solved, then give the money back to citizens. Remember, it is not your money. You are given fiscal oversight over our money.

I was listening to the news on the radio. There was a long analysis of homeless kids in our schools, including a large number in the Bay Area. This was followed by the report of you allocating \$2 billion to provide assistance to illegal alien children. What a major disconnect. Our citizens face problems with homelessness, abuse, poor parenting, etc. – the money should be spent on these things!