

FILE NO. 140771

Petitions and Communications received from July 7, 2014, through July 14, 2014, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on July 22, 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, reporting the following departments have submitted reports regarding Sole Source Contracts for FY2013-2014: (1)

- Arts Commission
- Department of Real Estate
- Planning Department
- Public Library

From Clerk of the Board, reporting the following agencies that have submitted a 2014 Local Agency Biennial Conflict of Interest Code Review Report: (2)

- Commission on the Status of Women
- Law Library
- Office of Citizen Complaints

From Clerk of the Board, reporting the following departments have submitted annual gifts reports for FY2013-2014. Copy: Each Supervisor. (3)

- Office of the Clerk of the Board of Supervisors
- Office of the Mayor
- Public Library

From Clerk of the Board, reporting the following individual has submitted a Form 700 Statement: (4)

- Samantha Roxas - Legislative Aide - Assuming

From Controller, submitting consolidated Citywide Cash Transactions Report for FY2013-2014. (5)

From concerned citizens, regarding Visitacion Valley/Schlage Lock Development. File Nos. 140444, 140445, and 140675. 3 letters. Copy: Each Supervisor. (6)

From concerned citizens, submitting signatures for petition regarding Municipal Transportation Agency. 2,647 signatures. Copy: Each Supervisor. (7)

From Donald F. Robertson, regarding BART and Muni transportation funding. Copy: Each Supervisor. (8)

From Planning, submitting Downtown Plan Annual Monitoring Report 2013. Copy: Each Supervisor. (9)

From Kermit Kubitz, regarding Recreational and Open Space Element. File No. 140413. (10)

From concerned citizens, regarding beverage tax. File No. 140098. 3 letters. Copy: Each Supervisor. (11)

From Controller, regarding tax on sugar-sweetened beverages. File No. 140098. Copy: Each Supervisor. (12)

From concerned citizens, regarding Laura's Law. File No. 140557. 2 letters. Copy: Each Supervisor. (13)

From Public Utilities Commission, submitting notification of grant budget revision for Civic Center Sustainable District Plan. (14)

From Anmarie Mabbutt, regarding proposed initiative ordinance to amend Park Code. File No. 140715. Copy: Each Supervisor. (15)

From Controller, issuing follow-up of audit of Public Utilities Commission's Water Enterprise Warehouse Inventory Management. Copy: Each Supervisor. (16)

From Elections, regarding certification of the Restore Transportation Balance initiative petition. Copy: Each Supervisor. (17)

From State Fish and Game Commission, announcing location change for adoption hearings on proposed regulatory actions. Copy: Each Supervisor. (18)

From Matt Butler, regarding Arguello Sunday Streets. Copy: Each Supervisor. (19)

From Instituto Familiar de la Raza, Inc., regarding resolution for support of unaccompanied minors from Central America. File No. 140785. (20)

From Civil Grand Jury, submitting June 2014 report on Mayor's Office of Housing. (21)

From Civil Grand Jury, submitting June 2014 survey of commission websites. (22)

July 22, 2014 - Communications Page

From Clerk of the Board, the following departments have submitted their reports regarding Sole Source Contracts for FY 2013-2014:

Arts Commission
Department of Real Estate
Planning Department
Public Library

From: Quan, Kevin (ART)
Sent: Thursday, July 10, 2014 9:13 AM
To: Board of Supervisors (BOS)
Cc: DeCaigny, Tom (ART); Krell, Rebekah (ART)
Subject: ART Sole Source Contracts for Fiscal Year 2013-2014
Attachments: ART Sole Source FY 13-14.xls

To the Clerk of the Board,

Please find attached the Arts Commission's sole source contracts for fiscal year 2013-2014.

Please feel free to contact me if you have any questions. Thank you.

Sincerely,

Kevin R. Quan

San Francisco Arts Commission
25 Van Ness Avenue, Suite 345
San Francisco, CA 94102
T: 415-252-4604 F: 415-252-2595
sfartscommission.org

[E-newsletter](#) | [Facebook](#) | [Twitter](#) | [YouTube](#) | [Flickr](#)

| Arts Commission Sole Source Contracts for FY 13-14 | | Vendor Name | Vendor Number | Term Contract Amount | Purchasing Type | Purchasing Authority | | Total Encumbered Amount | Total Paid | Balance | Reason |
|--|---|------------------------------|---------------|-------------------------|--------------------|-------------------------|---------|----------------------------|-------------------|---------|---|
| 1 | DPAR1400011 | San Francisco Symphony | 16389 | \$ 2,139,061.00 | XP | Profserv-Nos | FY13-14 | \$ 2,139,061.00 | \$ (2,139,061.00) | \$ - | In accordance with the City Charter Section 16.106 The Board of Supervisors, City and County of San Francisco, shall annually appropriate fund to the Arts Commission. The San Francisco Symphony Orchestra has been maintained by the City as a sole orchestra in the City for the last 61 years. |
| 2 | DPAR12000162 \$50,000 (closed) DPAR13000098 \$50,000 (closed) DPAR14000191 / BPAR14000010 \$50,000 (closed) | Deborah Frieden & Associates | 85439 | \$ 150,000.00 | XP | Profserv-Nos | FY13-14 | \$ 140,000.00 | \$ (140,000.00) | \$ - | Deborah Frieden has unique skills that could not be met by any City personnel including: specific knowledge of construction design and management for cultural facilities; cultural needs of arts centers and facilities; unique knowledge of historic preservation requirements for design and construction; and previous experience project managing and consulting on cultural facilities renovations, such as the de Young Museum of San Francisco renovations. The project where Deborah Frieden will act as consultant is for City-owned Bayview Opera House Ruth Williams Memorial Theater, which is a facility on the National Register of Historic Preservation. |

From: Bianchi, Kathy (ADM)
Sent: Tuesday, July 08, 2014 10:54 AM
To: Board of Supervisors (BOS)
Cc: Webmaster, GSA (ADM)
Subject: Sole Source Contracts - Real Estate Division
Attachments: Sole Source Contracts 2013-14.pdf

Hi,

Please see the attached document relative to Sole Source Contracts entered into by the Real Estate Division.

GSA Webmaster:

Please post on our website under our documents section.

Thank you,



Kathy

Bianchi

Executive Assistant
25 Van Ness Ave., #400
San Francisco, CA 94102
Phone: (415) 554-9880

**Real Estate Division, GSA
Sole Source Contracts
FY 2013-14**

| Purchase Order ID | Purchase Order Title | Vendor Name | PO Amount | Comments | Staff |
|-------------------|--|--|-------------|--|----------------|
| DPW Contracts | Sabah International Fire Protective Services | Sabah International Fire Protective Services | \$1,200.00 | SFPD, Room 125 Fire Protection Services | R. Bura HOJ |
| DPRE14000113 | Bay City Boilers | Bay City Boilers | \$1,000.00 | Lo-nox boiler burners and accessories. | R. Bura HOJ |
| PBRE14000005 | Honeywell International, Vendor #01537 | Honeywell International | \$1,481,134 | Proprietary computer based Building Management Temperature Control and Fire Alarm System. 5 year service contract. | LG |

From: Wong, Anna (LIB)
Sent: Thursday, July 10, 2014 9:14 AM
To: Calvillo, Angela (BOS); Nevin, Peggy; Board of Supervisors (BOS)
Cc: Herrera, Luis (LIB); Singleton, Maureen (LIB); Castillo, Almer (LIB)
Subject: Public Library Sole Source Contracts FY 13 14
Attachments: FY 13 14.pdf
Importance: High

Dear Clerk of the Board,

Attached please find the Library's response to your request for our FY 13/14 sole-source agreements. Please do not hesitate to contact me should you have any questions or require further information.

Regards,

Anna Clara Wong

Contracts Manager
San Francisco Public Library
100 Larkin Street, Room 680
San Francisco, CA 94102
(415) 557-4214 telephone
(415) 437-4830 fax

From: Nevin, Peggy [<mailto:peggy.nevin@sfgov.org>]
Sent: Friday, June 13, 2014 6:11 PM
To: Department Heads
Subject: Sole Source Contracts Memo - Response Required

Please see attached memo regarding Sunshine Ordinance Section 67.24(e) reporting requirement of Sole Source Contracts.

Office of the Clerk of the Board

Please complete a Board of Supervisors Customer Service Satisfaction form by clicking [here](#).

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

***Disclosures:** 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 provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.*



San Francisco Public Library
Contract Administration, Finance Division
100 Larkin Street, San Francisco, CA 94102-4733
Tel (415) 557-4214 · Fax (415) 437-4830

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2014 JUL 10 AM 10:33

PN

Bosemail

MEMORANDUM

July 9, 2014

TO: Angela Calvillo, Clerk of the Board

FROM: Anna Clara Wong, Contracts Manager ^{SFPL}

THROUGH: Luis Herrera, City Librarian *[Handwritten signatures]*

SUBJECT: Sole Source Contracts for Fiscal Year 2013-14
San Francisco Public Library

Per your memorandum of June 13, 2014, please find attached a list of sole-source contracts entered into by the Library during Fiscal Year 2013-14, plus existing sole-source contracts.

If you have any questions, please feel free to call me at 557-4214, or email me at anna.wong@sfpl.org.

cc: Luis Herrera
Maureen Singleton

Attachment: List of Sole Source Contracts

SAN FRANCISCO PUBLIC LIBRARY
SOLE SOURCE AGREEMENTS FOR FY 13-14

| Contractor | Service Description | Contract Amount | Begin Date | End Date | FAMIS ID# |
|------------------------------|--|-----------------|------------|------------|--------------|
| 3 M Traffic Safety | Prop 12 Equipment Maintenance | \$775,592.53 | 7/1/2011 | 6/30/2016 | BPLB12000002 |
| Baker & Taylor | Online Content Database License | \$3,845,000.00 | 1/1/2013 | 12/31/2015 | BPLB13000009 |
| BiblioCommons | Prof Service & Software as Service | \$469,940.00 | 5/1/2014 | 4/30/2017 | BPLB14000015 |
| Bridgeall Libraries Limited | Online Content Database License | \$107,640.00 | 2/18/2013 | 2/17/2016 | BPLB13000014 |
| Cengage Learning | Online Content Database License | \$397,103.00 | 7/1/2013 | 6/30/2017 | BPLB14000010 |
| CRS | Software License and Maintenance | \$78,474.00 | 5/21/2007 | 12/31/2015 | BPLB07000063 |
| Dragonsource.com Inc | Prop2 Online Content Database License | \$180,000.00 | 6/1/2007 | 5/31/2016 | BPLB07000065 |
| East View Info Services | Prop2 Online Content Database License | \$87,592.00 | 7/1/2007 | 6/30/2016 | BPLB08000001 |
| Ebsco Publishing | Online Content Database License | \$293,223.00 | 7/1/2009 | 6/30/2015 | BPLB10000012 |
| Facilligence | Software Maintenance | \$20,920.00 | 2/1/2012 | 6/30/2016 | BPLB12000005 |
| Info USA (Ref USA) | Online Content Database License | \$523,168.00 | 1/1/2007 | 12/31/2015 | BPLB07000062 |
| Innovative Interfaces | Software License & Maintenance | \$1,329,595.00 | 1/1/2013 | 12/31/2016 | BPLB13000012 |
| Johnson Controls | Prop 12 Security Systems & Card Key Access Maintenance | \$409,670.00 | 9/1/2006 | 8/31/2015 | BPLB07000051 |
| Johnson Controls | Prop 12 Maintenance of York Chillers | \$162,281.00 | 12/1/2010 | 11/30/2015 | BPLB11000028 |
| Keystone Systems, Inc. | Software License and Maintenance | \$156,491.00 | 1/1/2009 | 12/31/2014 | BPLB09000043 |
| Learning Express | Online Content Database License | \$85,468.00 | 7/1/2010 | 6/30/2016 | BPLB11000003 |
| Lyngsoe Systems | Equipment Maintenance Sorting System | \$249,881.00 | 7/1/2010 | 6/30/2014 | BPLB11000007 |
| Mergent Inc. | Online Content Database License | \$242,625.00 | 6/1/2007 | 4/30/2016 | BPLB07000066 |
| OCLC Online Computer Library | Online Content License | \$2,275,009.00 | 7/1/2007 | 6/30/2016 | BPLB08000061 |
| Overdrive, Inc. | Database; digital library materials | \$5,904,800.00 | 7/1/2009 | 6/30/2015 | BPLB10000001 |
| Pacific Coast Trane | HVAC Maintenance | \$873,375.00 | 12/1/2007 | 11/30/2016 | BPLB08000010 |
| Proquest LLC | Online Content Database License | \$1,473,144.00 | 12/1/2008 | 11/30/2014 | BPLB09000039 |
| Proquest LLC | Online Content Database License | \$151,342.24 | 7/1/2013 | 6/30/2016 | BPLB14000011 |
| RR Bowker | Online Content Database License | \$495,807.00 | 9/1/2006 | 9/30/2015 | BPLB07000060 |
| Schneider Electric | Prop 12 Equipment Maintenance | \$556,380.00 | 3/1/2011 | 2/28/2016 | BPLB11000030 |
| Siemens Industry Inc. | Prop 12 Equipment Maintenance; Fire Alarm Main Library | \$595,047.00 | 7/1/2006 | 6/30/2016 | BPLB07000004 |
| Siemens Industry Inc. | Equipment Maintenance; Sprinkler Testing | \$94,097.00 | 7/1/2010 | 6/30/2015 | BPLB11000006 |
| The Active Network | Software License and Maintenance | \$151,750.00 | 7/1/2009 | 12/31/2014 | BPLB10000002 |
| Tractel-Swingstage Inc | Window Washing System Maintenance | \$73,654.96 | 12/1/2007 | 11/30/2016 | BPLB08000009 |

From: Board of Supervisors (BOS)
Subject: Sole Source Contracts Memo - Response Required

From: Yeung, Danny (CPC)
Sent: Monday, July 07, 2014 5:38 PM
To: Board of Supervisors (BOS)
Cc: DeMartini, Keith (CPC)
Subject: RE: Sole Source Contracts Memo - Response Required

Hi Peggy Nevin,

The Planning Department did not enter into any sole source contracts during the past fiscal year, 2013-2014.

Danny Yeung
Contracts and Grants Analyst

Planning Department, City and County of San Francisco
1650 Mission Street, Suite 400, San Francisco, CA 94103
415-575-9042 danny.yeung@sfgov.org
www.sfplanning.org

July 22, 2014 Communications Page

From the Clerk of the Board, agencies that have submitted a 2014 Local Agency Biennial
Conflict of Interest Code Review Report:

Commission on the Status of Women
Law Library
Office of Citizen Complaints

**2014 Local Agency Biennial Notice
Conflict of Interest Code Review Report**

Name of Agency: Commission on the Status of Women

Mailing Address: 25 Van Ness Avenue, Suite 240, San Francisco, CA 94102

Contact Person: Iris Wong Office Phone No: 415-252-2570

E-mail: iris.wong@sfgov.org

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

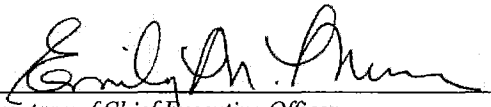
An amendment is required. The following amendments are necessary:
(Check all that apply.)

- 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) _____

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2014 JUL 11 PM 4:44
PN

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

07 / 11 / 2014
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 of Supervisors
ATTN: Peggy Nevin
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
E-mail: peggy.nevin@sfgov.org

Nevin, Peggy

To: Andrew Shen
Subject: FW: Status of Women 2014 Conflict of Interest Code Review
Attachments: Status of Women C of I Notice_071114.pdf

From: Iris Wong (WOM)
Sent: Friday, July 11, 2014 3:29 PM
To: Nevin, Peggy
Subject: Status of Women 2014 Conflict of Interest Code Review

Hi Peggy,

Attached is our Commission/Department's C of I Notice Review. Please let me know if you need anything else.

Best,
Iris Wong
Executive Management Assistant
San Francisco Department on the Status of Women
(415) 252-2572 | iris.wong@sfgov.org

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2014 JUL 11 PM 2:55
PN

**2014 Local Agency Biennial Notice
Conflict of Interest Code Review Report**

Name of Agency: SAN FRANCISCO LAW LIBRARY
Mailing Address: 1145 MARKET STREET, 4TH FLOOR, SF 94103
Contact Person: MARCIA R. BELL Office Phone No: 554-1792
E-mail: marcia.bell@sfgov.org

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

7/11/2014

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

PN
CP ✓

**2014 Local Agency Biennial Notice
Conflict of Interest Code Review Report**

Name of Agency: Office of Citizen Complaints
Mailing Address: 25 Van Ness Avenue, Suite 700, SF, CA 94102
Contact Person: Pam Thompson Office Phone No: 415-241-7721
E-mail: Pamela.thompson@sfgov.org

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.

JMH
Joyce M. Hicks

Signature of Chief Executive Officer

06 27 2014
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 of Supervisors
ATTN: Peggy Nevin
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
E-mail: peggy.nevin@sfgov.org

San Francisco Campaign and Governmental Conduct Code

SEC. 3.1-165. CITIZEN COMPLAINTS, OFFICE OF.

| <i>Designated Positions</i> | <i>Disclosure Categories</i> |
|-----------------------------|------------------------------|
| Director | 1 |
| Chief Investigator | 1 |
| Deputy Director | 1 |

(Added by Ord. 71-00, File No. 000358, App. 4/28/2000; amended by Ord. 93-08, File No. 090199, App. 6/10/2009)

(Derivation: Former Administrative Code Section 58.155; added by Ord. 190-90, App. 5/24/90; amended by Ord. 340-99, File No. 992046, App. 12/30/99)

To: Andrew Shen
Subject: FW: OCC's 2014 Biennial Conflict of Interest Code Review Report
Attachments: OCC's 2014 Biennial Notice Conflict of Interest Code Review Report.PDF

From: pamela.thompson@sfgov.org [<mailto:pamela.thompson@sfgov.org>]

Sent: Friday, July 11, 2014 4:15 PM

To: Nevin, Peggy

Subject: OCC's 2014 Biennial Conflict of Interest Code Review Report

As request, attached is the report. Page two was crossed out and corrected as you suggested. Please contact me should you have any questions.

Thanks,

Pamela Thompson
Executive Assistant
Police-Office of Citizen Complaints
25 Van Ness Avenue #700
San Francisco, CA 94102
415-241-7721
www.sfgov.org/occ

BOARD of SUPERVISORS



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

MEMORANDUM

Date: July 8, 2014
To: Board of Supervisors
From: *AC* Angela Calvillo, Clerk of the Board
Subject: Gifts

Section 10.100-305(c) of the Administrative Code requires departments to furnish to the Board of Supervisors annually within the first two weeks of July a report showing gifts received, the nature or amount of said gifts, and the disposition thereof.

Additionally, Section 67.29-6 of the Administrative Code, the Sunshine Ordinance of 1999, requires disclosure of any money, goods, or services worth more than \$100 for the purpose of carrying out or assisting City functions.

The Office of the Clerk of the Board of Supervisors did not receive any gifts in Fiscal Year 2013/2014.

Office of the Mayor
City & County of San Francisco



Edwin M. Lee

July 9, 2014

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

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2014 JUL 10 PM 4:11

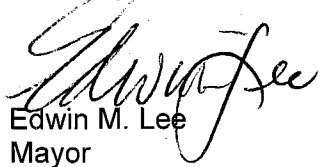
Dear Ms. Calvillo:

Pursuant to Section 10.100-305 (San Francisco Gift Funds) of the Administrative Code, the Office of the Mayor received the following gifts during fiscal year 2013-2014:

| Date | From | Gift | Value | Nature of Disposition |
|-----------|--------------------|---|-------|---|
| 4/24/2014 | Equity Residential | Ceremonial Groundbreaking Shovel – 340 Fremont St. | \$150 | On display at Mayor's Office Conference Room |

Please let me know if you have any questions.

Sincerely,


Edwin M. Lee
Mayor

Bos-11
electronically



San Francisco Public Library
100 Larkin Street (Civic Center)
San Francisco, CA 94102

RECEIVED
BOARD OF SUPERVISORS
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2014 JUL 10 PM 4:12
AK

Date: July 8, 2014
To: Clerk of the Board of Supervisors
From: San Francisco Public Library-Finance Department
Subject: Annual Report on Gifts Received up to \$10,000.00

MEMORANDUM

In accordance with Administrative Code Section 10.100-305, this memo serves to provide the Board of Supervisors with a report on gifts up to \$10,000.00 received by the Department during FY 2013-14.

Please find attached report for your reference.

Sincerely,

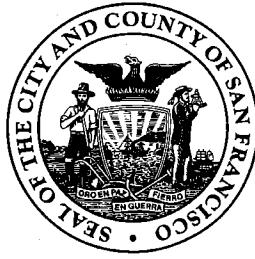
Maureen Singleton
Chief Financial Officer

cc: File, SFPL-Finance Department

SAN FRANCISCO PUBLIC LIBRARY DEPARTMENT
GIFTS TO THE CITY AND COUNTY OF SAN FRANCISCO
REPORT TO THE BOARD OF SUPERVISORS
FISCAL YEAR 2013-2014

| Date Received by the City | Gift Description | Source | Value | Disposition |
|---------------------------|--------------------|--|-------------|--|
| 07/11/13 | Check | Edward Stryker Duggan | \$ 250.00 | Books & other Material for the Collection-Main Library |
| 08/12/13 | Check | Pedro Zuniga | \$ 10.00 | General Library Support-Main Library |
| 08/19/13 | Check | H Thomas Howell | \$ 20.00 | General Library Support-System-wide |
| 08/20/13 | Check | Lorraine C. Bassan | \$ 100.00 | Books & other Material for the Collection-Main Library |
| 10/03/13 | Check | Hisako Ifshin | \$ 100.00 | Gift-Books & Materials for Branch-Adult Material-Western Addition Branch |
| 10/16/13 | Check | Laura Peritore | \$ 15.00 | General Library Support-System-wide |
| 10/16/13 | Check | Gene Graham | \$ 500.00 | General Library Support-System-wide |
| 10/23/13 | Postal Money Order | Anonymous | \$ 25.00 | General Library Support-System-wide |
| 11/02/13 | Check | William David Pendergast | \$ 100.00 | General Library Support-System-wide |
| 11/27/13 | Check | W.C.Cox & Company | \$ 10.00 | General Library Support-Main Library |
| 12/18/13 | Check | Heritage Residents Council | \$ 200.00 | Specific Program Support-MOS-Bookmobiles |
| 01/02/14 | Check | Fedeliity Charitable Gift Fund for Cliff Frey & May Lim | \$ 5,000.00 | General Library Support-System-wide |
| 01/09/14 | Check | Michael Schneider | \$ 500.00 | Specific Program Support-Library Gay-Lesbian Center |
| 01/29/14 | Check | Aida Seballos | \$ 50.00 | Specific Program Support-Parkside Branch |
| 01/31/14 | Check | East Bay Community Foundation/ Edwin H. Lennette Fund | \$ 1,000.00 | General Library Support-System-wide |
| 02/04/14 | Check | Nationwide Legal, LLC. | \$ 42.00 | General Library Support-System-wide |
| 02/04/14 | Check | DLA piper LLP | \$ 42.00 | General Library Support-System-wide |
| 03/01/14 | Check | Michael Kurihara | \$ 250.00 | Books & other Material for the Collection-Richmond Branch |
| 03/25/14 | Cash | Ruth Rachel Cohn | \$ 25.00 | Specific Program Support-Western Addition Branch |
| 04/25/14 | Check | Aida Seballos | \$ 25.00 | Specific Program Support-Parkside Branch |
| 05/16/14 | Check | Michael Kurihara | \$ 250.00 | Books & other Material for the Collection-Richmond Branch |
| 05/22/14 | Check | Sano Kazuhiko | \$ 250.00 | Books & other Material for the Collection-Presidio Branch |

BOARD of SUPERVISORS



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

Date: July 14, 2014
To: Honorable Members, Board of Supervisors
From: Angela Calvillo, Clerk of the Board
Subject: Form 700

This is to inform you that the following individual has submitted a Form 700
Statement:
Samantha Roxas – Legislative Aide - Assuming

From: Reports, Controller (CON)
Sent: Wednesday, July 09, 2014 9:32 AM
To: Calvillo, Angela (BOS); Nevin, Peggy; BOS-Supervisors; BOS-Legislative Aides; Kawa, Steve (MYR); Leung, Sally (MYR); Howard, Kate (MYR); Volberding, Emily; Falvey, Christine (MYR); Elliott, Jason (MYR); Steeves, Asja (CON); Campbell, Severin (BUD); Newman, Debra (BUD); Rose, Harvey (BUD); SF Docs (LIB); gmetcalf@spur.org; bob@sfchamber.com; jballesteros@sanfrancisco.travel; CON-EVERYONE; CON-CCSF Dept Heads; CON-Finance Officers
Subject: Issued: Citywide Cash Transactions: Fiscal Year 2013-14 Combined Assessment

The Office of the Controller's City Services Auditor Division (CSA) today issued a consolidated report on the Fiscal Year 2013-14 cash transactions assessments of seven cash collection points at six city departments. The assessments resulted in eight overarching findings and 13 key recommendations for departments to consider.

To view the full combined report, please visit our Web site at:
<http://openbook.sfgov.org/webreports/details3.aspx?id=1768>

This is a send-only e-mail address.

For questions about the report, 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.

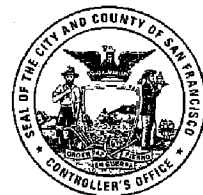
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City and County of San Francisco

Office of the Controller – City Services Auditor

CITYWIDE CASH TRANSACTIONS:

**Fiscal Year 2013-14 Combined
Assessment: Departments Need to
Improve Their Cash Handling**



July 9, 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. Under charter Appendix F, CSA has 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.

For questions regarding 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.

Audit Team: Debbie Richardson, Audit Manager
Kate Chalk, Audit Manger
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City and County of San Francisco

Office of the Controller - City Services Auditor

Citywide Cash Transactions:

July 9, 2014

Fiscal Year 2013-14 Combined Assessment: Departments Need to Improve Their Cash Handling

Purpose of the Assessments

The Office of the Controller's City Services Auditor Division (CSA) assessed the adequacy of cash-handling processes and controls at six departments of the City and County of San Francisco (City). The assessments determined whether city departments have effective controls to accurately collect and safeguard cash and properly and promptly deposit cash they receive. The assessments' objectives were to develop a systematic process to monitor the City's cash receipt accounts and cash entry points and to detect risks and irregularities that warrant further examination. This is the fourth report in a series of planned annual assessments that CSA will perform on selected city departments.

Highlights

The cash-handling processes at three of seven selected cash collection points were generally adequate. However, some areas should be improved to lessen the risks of handling cash transactions. Three cash collection points need major improvements to minimize the risks of collecting cash and one collection point had adequate controls.

The assessments resulted in eight overarching findings, each one applying to at least one department:

- Physical safeguarding of cash receipts needs improvement.
- Training of staff in cash-handling procedures needs improvement.
- Depositing and recording of cash receipts need improvement.
- Controls over custody and segregation of duties are weak.
- Departments should endorse checks upon receipt.
- Some cash-handling policies and procedures are absent or inadequate.
- Collections are not always adequately reconciled.
- Pre-numbered receipts are not used for receiving cash.

The departments generally concurred with CSA's findings and agreed to implement the majority of the recommendations.

Recommendations

The assessments resulted in 13 overarching recommendations for city departments to strengthen their cash-management controls. They include:

- Develop and implement policies and procedures that will ensure the safeguarding of cash receipts.
- Implement a detailed annual training program of cash-handling procedures, document all training that is provided, and explore ways to train staff in counterfeit detection methods.
- Either comply with the next-day deposit requirement in city cash-handling guidelines or contact the Office of the Controller to establish a different schedule.
- Create and enforce policy to endorse all checks immediately upon receipt.
- Create departmental cash-handling policies and procedures and require all employees who handle cash to follow these policies.

Copies of the full report may be obtained at:

Office of the Controller • City Hall, Room 316 • 1 Dr. Carlton B. Goodlett Place • San Francisco, CA 94102 • 415.554.7500
or on the Internet at <http://www.sfgov.org/controller>

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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

July 9, 2014

City Departments and Agencies:

The City Services Auditor Division (CSA) of the Office of the Controller (Controller) presents its annual report on the assessments of citywide cash transactions for fiscal year 2013-14. For six departments in the City and County of San Francisco (City), CSA assessed cash-handling policies and procedures, controls, safeguarding techniques, deposit timeliness, and recordkeeping at seven cash collection points. The assessments' objective was to evaluate cash risks and the adequacy of cash entry points throughout the City. CSA classifies locations with stronger cash-handling processes as satisfactory and those with few instances of control weaknesses as needing some improvement. If significant control weaknesses exist, CSA determines that major improvement is needed. If departments have severely inadequate controls and unmanaged risks, CSA deems the control environment to be unsatisfactory. CSA concluded that the cash-handling processes in three of the seven selected cash collection points need some improvement, three needed major improvement, and one had adequate controls. The report makes 13 overarching recommendations for departments to consider.

The departments generally concurred with CSA's findings and agreed to implement the majority of recommendations.

CSA appreciates the assistance and cooperation provided during the assessments by the management and staff of the departments and agencies assessed. CSA will work with these departments to follow up on the status of the recommendations. Also, CSA will work with Treasurer and AOSD staff to maintain updated information regarding the conditions of departments' cash-handling processes. 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

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

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GLOSSARY OF TERMS

| | |
|------------|--|
| City | City and County of San Francisco |
| Controller | Office of the Controller |
| CSA | City Services Auditor Division of Office of the Controller |
| Treasurer | Office of the Treasurer and Tax Collector |

INTRODUCTION

Background

The Office of the Controller (Controller) Departmental Guidelines No. 003-12, Cash Handling Guidelines, were issued to all City and County of San Francisco (City) departments in October 2011. These guidelines establish requirements for the handling of cash and are intended to assist departments in documenting their cash-handling procedures to ensure that effective controls exist.

City cash-handling guidelines cover nine control areas.

Cash is defined as coin, currency, checks, electronic fund transfers, and credit card transactions. To ensure consistency of operations and reduce the risk of errors, irregularities, and misappropriation of cash, departments' internal controls over cash receipts should include:

- Policies and procedures
- Adequate segregation of duties
- Safeguarding of cash
- Supervisory review and approval
- Staff training

Exhibit 1 summarizes the control areas and key elements per the City's cash-handling guidelines.

Office of the Controller, City Services Auditor
Citywide Cash Transactions: Combined Assessment Fiscal Year 2013-14

| EXHIBIT 1 City Cash-Handling Guidelines: Key Elements | |
|--|---|
| Control Area | Key Elements* |
| Written Procedures | <ul style="list-style-type: none"> • General information about sources of cash received and bank accounts, cash receipts processes describing methods of receiving payment and deposits, reconciliation of deposits, accounting procedures, and inventory control over receipt books, among others. • Staff must be trained in the handling of cash, based on their duties. • A list of all staff involved with various phases of the cash-handling process must be maintained. |
| Segregation of Duties | <p>Enforce dual custody by implementing procedures that:</p> <ul style="list-style-type: none"> • Require at least two employees to be present to open the safe. • Prohibit employees responsible for collecting cash from preparing bank deposits. • Require that cash counts be conducted and cash acceptance be certified by two employees for armored courier shipments. • Require a supervisor to observe and verify each cashier's cash count for end-of-day balancing. |
| Security | <ul style="list-style-type: none"> • Analyze the security needs of each cash collection point, which might include security cameras, security guards, and securing the safe and cash registers or point-of-sale systems. • Avoid counting cash in view of the public. • Ensure that another employee or security officer accompanies any employee transporting large amounts of cash and checks. • Regularly change passwords to point-of-sale systems. |
| Tracking of Cash | <ul style="list-style-type: none"> • Perform and document beginning cash counts. • Implement a cash management system that allows each cashier to have their own drawer and be held responsible for cash overages or shortages. |
| Payment Collection and Depositing of Cash | <ul style="list-style-type: none"> • Establish procedures to have supervisors routinely collect revenue from cash collection points. • Require deposits of cash with the Office of the Treasurer and Tax Collector (Treasurer) or a city bank account no later than one business day after its receipt. |
| Inventory Control Over Cash Receipt and Register Books | <ul style="list-style-type: none"> • Develop an inventory control system for receipt books that includes, for example, use of pre-numbered receipts. • Implement policies and procedures related to customer receipt issuance to systematically account for sales transactions, including installing a cash register that generates sequenced receipts with transaction amount, date, time, quantity, and description. |
| Controls Over Credit Cards | <ul style="list-style-type: none"> • Ensure that customers always sign the merchant's copy of the credit card receipt if more than \$25. • Ensure that customer credit cards are returned. |
| Reconcile Collections Daily | <ul style="list-style-type: none"> • Ensure that cash, checks, and credit/debit card collections on each cashier's balance sheet match the cashier recap and note any discrepancies. • Ensure that a supervisor reviews and approves any adjustments to financial reports. |
| Train Cash-Handling Staff | <ul style="list-style-type: none"> • Ensure that employees are well-trained in important cash-handling functions by implementing a detailed annual training program. |

*Note: The full list of elements for each control area can be found in the city cash-handling guidelines.

Source: City cash-handling guidelines.

Six departments were assessed.

There are 336 locations throughout the City that process cash for a variety of services. City Services Auditor Division (CSA) used a risk assessment process to determine the six city departments that underwent cash transaction assessments for fiscal year 2013-14.¹ The departments and cash collection points selected and assessed were the:

- District Attorney's Office
 - First Offender Prostitution Program
- Department of Human Resources
 - Worker's Compensation Division
- Human Services Agency
 - Lifeline Fast Pass Program
- Juvenile Probation Department
 - Business and Finance Unit
- San Francisco Municipal Transportation Agency
 - Finance and Information Technology Division—Clipper Card
 - Off-Street Parking Unit—Moscone Center Garage
- War Memorial and Performing Arts Center

These departments collect cash through fines, fees, transit fares, seized cash, and rental payments. Exhibit 2 summarizes the estimated revenue amounts collected at each department's assessed cash collection point.

¹ For the complete assessment matrix, see Appendix B.

| EXHIBIT 2 | Summary of Collections by Department | |
|---|--|--|
| Department | Average Monthly Revenue of Cash Collection Point ^a | |
| District Attorney's Office | \$7,321 ^b | |
| Department of Human Resources | 191,000 ^b | |
| Human Services Agency | 128,117 ^c | |
| Juvenile Probation Department | 21,785 ^b | |
| San Francisco Municipal Transportation Agency – Finance and Information Technology Division | 17,957,816 ^b | |
| San Francisco Municipal Transportation Agency – Off-Street Parking Division – Moscone Center Garage | 225,000 ^d | |
| War Memorial and Performing Arts Center | 198,537 ^e | |
| TOTAL | \$18,729,576 | |

Notes:

- ^a This does not include all cash collections for each department, only the revenues for each assessed cash collection point.
- ^b As of July 2012
- ^c As of March 2014; Collections only for 170 Otis Street
- ^d As of February 2014
- ^e As of January 2014

Source: Departments' responses to cash collection point survey, June 2013.

Objectives

The objectives of the assessments were to:

1. Execute a systematic process to monitor the City's cash receipt accounts and cash entry points to detect risks and irregularities that warrant further review.
2. Determine if selected departments have adequate policies and procedures for handling cash.
3. Determine if selected departments' cash collection points have adequate and effective controls to:
 - Collect the correct amount of cash.
 - Safeguard cash.
 - Ensure that all cash due to the City is properly and promptly deposited into authorized city accounts.

Scope and Methodology

CSA assessed six departments' cash-handling policies and procedures from July 2013 through June 2014.

For each department assessed, CSA analyzed survey responses² and selected a cash collection point to review. Because two units of SFMTA were reviewed, two cash collections points were selected.

For each sample cash collection point, the team:

- Asked key personnel to provide information about procedures for collecting and handling cash in their respective departments.
- Reviewed written cash-handling procedures.
- Evaluated internal controls related to adequate receipting, processing, and safeguarding of cash received.
- Observed cash collection processes.
- Reviewed a variety of sources to assess the cash-handling environments. These sources included:
 - Guidance from The Institute of Internal Auditors
 - *Government Auditing Standards* from the U.S. Government Accountability Office
 - Controller's Departmental Guidelines No. 003-12, Cash Handling Guidelines (city cash-handling guidelines)
 - *Model Cash Handling Training Manual* from the Association of Public Treasurers of the United States and Canada
 - Departmental cash management policies

CSA classifies collection points with stronger cash-handling processes as satisfactory, and those with few instances of control weaknesses as needing some improvement. If significant control weaknesses exist, CSA determines that major improvement is needed. If departments have severely inadequate controls and unmanaged risks, CSA deems the control environment to be unsatisfactory.

² For a complete list of survey items, see Appendix A.

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CHAPTER 1 – Cash-Handling Processes Could Be Improved

Summary

The cash-handling processes of three of seven selected cash collection points need major improvements. Three others were generally adequate, but some areas need improvement to lessen the risks of theft and misappropriation. One cash collection point was found to have adequate controls.

The assessments resulted in eight overarching findings, each one applying to at least one department:

- Five collection points do not consistently safeguard cash payments.
- Four collection points do not provide adequate cash-handling training to their staff.
- Three collection points need to improve depositing and recording of cash.
- Two collection points do not properly segregate duties.
- Two collection points need to endorse checks upon receipt.
- One collection point lacks or has inadequate cash-handling policies and procedures.
- One collection point does not always adequately reconcile cash collections.
- One collection point does not properly control transaction receipts.

Finding 1.1

Security controls should exist wherever cash is handled.

Physical safeguarding of cash receipts needs improvement.

At five collection points, cash is not properly safeguarded. Specifically, one unit leaves its safe unlocked during business hours, one does not always secure checks in a locked drawer, two do not secure cash in drawers that can be locked, and one needs to strengthen video surveillance.

According to the city cash-handling guidelines, security controls should be in place wherever necessary to ensure proper safeguarding of cash. This includes strengthened security over cash by appropriately securing the safe and cash register. Failing to provide

proper safeguards unduly exposes city assets to potential loss or theft.

Recommendations

Departments should:

1. Develop and implement policies and procedures that will ensure the safeguarding of cash receipts.
2. Monitor cash boxes, cash registers, safes, and any other locations where cash is stored to ensure that they are adequately locked and secure to avoid misplacement or theft of cash.

Finding 1.2

Training staff in cash-handling is needed to ensure the integrity of cash collection.

Training of staff in cash-handling procedures needs improvement.

Four collection points do not provide adequate cash-handling training to their staffs. Of the four collection points, three do not provide cash-handling training yearly and two do not sufficiently include counterfeit detection methods in their training.

According to the city cash-handling guidelines, employees should be well trained in cash-handling functions and maintain segregation of duties. Departments should have a detailed annual training program in place, document the training that is provided, and explore ways to train staff involved in collections to increase their ability to detect counterfeit currency, such as using a counterfeit pen.

Recommendation

3. Departments should implement a detailed annual training program of cash-handling procedures, document all training that is provided, and explore ways to train staff in counterfeit detection methods.

Finding 1.3

Depositing and recording of cash receipts need improvement.

Three collection points need to improve the ways in which they deposit cash. Some departments do not deposit cash receipts by the next business day or do not adequately collect payments. Specifically, two collection points do not deposit cash daily, and one collection point does not have a policy to periodically collect revenue from cash trays during employees' shifts.

According to the city cash-handling guidelines, cash must be deposited with the Treasurer or in a city bank account no later than the next business day after its receipt. The guidelines also instruct that, if a department does not believe it can meet this requirement, it can contact the Controller. Also, the guidelines require that supervisors routinely collect revenue from cash collection points.

Delays in depositing cash increase the risk that cash may be lost or stolen.

When departments do not deposit cash promptly, the City loses some of the interest it earns from the deposit. Although such interest amounts are likely small, they can add up over time to significant totals. Further, delays in depositing cash increase the risk that it may be lost or stolen.

Also, periodic collections of revenue from cash collection points help to increase the location's ability to protect its cash.

Recommendations

Departments should:

4. Deposit cash collected by the business day following its receipt. If other arrangements are necessary, departments should contact the Controller's Accounting Operations and Systems Division to establish a different schedule.
5. Establish procedures to have supervisors routinely collect revenue from cash collection points.

Finding 1.4

Controls over custody and segregation of duties are weak.

At two collection points, one employee is allowed to be involved in multiple, incompatible duties in the cash collection process. For example, one unit's employee is responsible for recording cash, preparing deposits, and submitting deposits to the Treasurer. These consecutive functions should be performed by different individuals.

Proper dual custody methods reduce the possibility of errors, theft, or cash mishandling.

Single custody occurs when cash assets are independently accessible by an individual at any time, and the individual performs multiple functions. Cash-handling duties such as receiving cash, reconciling cash,

depositing cash, and posting transactions should be segregated among different employees to reduce the possibility of errors, theft, and mishandling of cash.

The practice of single custody is a weak internal control that increases the risk of inaccurate account records and misappropriation of cash, leading to inaccurate deposits. Separating cash-handling duties between two or more employees (for example, dual custody) should be provided for and enforced to ensure that one employee does not have sole access to large sums of cash and does not perform incompatible tasks.

According to the city cash-handling guidelines, departments should prohibit employees responsible for collecting cash from preparing bank deposits. Also, proper dual custody methods ensure that no one person has sole access to cash and reduce the possibility of errors, theft, and mishandling of cash.

Recommendations

Departments should:

6. Adequately segregate incompatible cash-handling functions, including the:
 - a. Collection of cash receipts.
 - b. Reconciliation of cash receipts.
 - c. Recording of cash receipts.
 - d. Preparation and completion of bank deposits.
7. Enforce the policy of segregating cash-handling duties.

Finding 1.5

Checks should be endorsed upon receipt to ensure deposit into proper accounts.

Departments should endorse checks upon receipt.

Two collection points did not properly handle checks by not endorsing them upon receipt. According to the Association of Public Treasures of the United States and Canada, all checks should be endorsed upon receipt. For checks that will be deposited by the City, it is important to endorse them immediately upon receipt to prevent fraud and improper deposit.

Recommendation

8. Departments should create and enforce policy to endorse all checks immediately upon receipt.

Finding 1.6

Some cash-handling policies and procedures are absent or inadequate.

One division needs to strengthen its written cash-handling policies and procedures. The division's guidelines do not include general information such as descriptions of all sources of cash, inventory control, daily reconciliations, back-up policies in case of absence of key employees, management reviews, returned checks, and training of staff.

Policies and procedures help ensure that employees effectively and consistently perform their duties.

Written policies and procedures are essential to ensure that staff can effectively and consistently perform its duties in adherence with documented guidelines. The city cash-handling guidelines state that departments should develop, formalize, and update procedures for staff to use in processing transactions and handling collections in performing its duties.

Recommendations

Departments should:

9. Create departmental cash-handling policies and procedures and require all employees who handle cash to follow these policies and procedures. The policies and procedures should be based on the Office of the Controller's Departmental Guidelines No. 003-12, Cash Handling Guidelines.
10. Compare their cash-handling policies and procedures to the Office of the Controller's Departmental Guidelines No. 003-12, Cash Handling Guidelines, and update their policies and procedures as needed.

Finding 1.7

Collections are not always adequately reconciled.

A lack of proper reconciliation increases the risk of theft or discrepancies between cash received and deposited.

One collection point does not reconcile transactions with deposited amounts. Despite the fact that the city cash-handling guidelines state that reconciliation should be performed daily, the division that manages this collection point does not perform any reconciliations. Although the daily transaction amounts are small, a lack of any reconciliation increases the risk of losing cash, theft, and discrepancies between cash received and deposited.

Recommendation

11. Departments should document and implement a process for reconciling transactions to amounts deposited in the bank and to postings in the City's accounting system.

Finding 1.8

The lack of pre-numbered receipts increases the risk of misappropriation of cash.

Pre-numbered receipts are not used for receiving cash.

One collection point does not properly control transaction receipts. Specifically, the division does not use pre-numbered receipts for the payments it receives. According to the city's cash-handling guidelines, departments should develop an inventory control system for receipt books that incorporates the use of a range of numbers pre-printed on the receipts. The lack of pre-numbered receipts leaves departments at greater risk of misappropriation of cash.

For example, when pre-numbered receipts are used, supervisors can easily reconcile the amount of cash actually received to the amount of cash that should have been received according to the record of receipts issued by the cashiers. Use of pre-numbered receipts allows missing cash and non-sequential use of receipts to be quickly detected, so explanations from cashiers can be sought promptly.

Recommendations

Departments should:

12. Develop an inventory control system for receipt books that includes use of pre-numbered receipts.
13. Implement policies and procedures related to customer receipt issuance to systematically account for sales transactions.

CHAPTER 2 – Summary of Departments’ Responses to Findings and Recommendations

Summary

CSA’s findings and recommendations were widely accepted by the six departments assessed.

Individual assessments were favorably received by departments.

Each assessed department generally concurred with CSA’s findings. Departments also agreed to implement most recommendations, considering them feasible.

CSA will continue to assess the cash-handling processes and controls throughout the City each fiscal year. CSA will also collaborate with the Treasurer to determine if there have been major changes to department’s cash-handling environments. This ongoing process will ensure that CSA properly assesses risks throughout the City. CSA will publish a report on the findings annually and continue to monitor all recommendations to ensure that departments properly addressed them.

City departments should continue to focus on improving their cash-handling procedures. Effective cash collection controls are beneficial in every operation, and there is no greater responsibility than safeguarding the money of the people of San Francisco.

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APPENDIX A: CASH COLLECTION POINT SURVEY

CSA collected information from city departments about their cash collections using two categories of questions in a survey that CSA and the Treasurer issued to 61 departments in July 2012. The information items and their categories are shown below.

Cash Collection Point Information

- Location name
- Purpose of collections
- Subobject code for cash receipts in City's accounting system
- Location address
- For each collection type (cash currency and coins, checks, credit cards, wire transfers, and lock box):
 - Average dollar amount per business day
 - Average number of transactions per business day
 - Average dollar amount per month
 - Average number of transactions per month
- For deposits of cash and checks:
 - Average number of deposits per month
 - Frequency of deposits
 - Bank account number to which deposits are made
- For armored cars:
 - Average dollar amount per pickup
 - Average number of pickups per month
 - Frequency of pickups

Controls Information

- Do you have written policies and procedures for this location?
- Do written procedures accurately reflect all current practices?
- Is training on cash-handling policies and procedures provided to all employees who handle cash?
- Is cash-handling training completed annually and is the training fully documented?
- Are all the following duties generally performed by different people?
 - Collection of cash
 - Preparation of deposit slips
 - Maintenance of mail receipts log
 - Reconciliations (for example, cash collection records to City's accounting system and to bank statements, as applicable)
- Are receipts provided for all cash collected?
- What types of receipts are provided to customers?
 - Cash register receipt
 - Receipt from pre-numbered receipt book

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Citywide Cash Transactions: Combined Assessment Fiscal Year 2013-14

- Tickets or passes
 - Other; please describe
- Are all cash receipts deposited daily (currency, checks, and credit card)?
- Is a deposit slip prepared (and certified by the preparer's signature) for all cash received?
- Is cash received used to cash employee checks, as a change fund, or to pay for expenses?
- Are cash shortages identified, recorded, and reported?
- How is cash physically safeguarded against theft?
 - Locked drawer
 - Locked safe
 - Security camera
 - Other; please describe
- Are register/computer users assigned unique log-ins/passwords?
- Does management have knowledge of any fraud or suspected fraud related to cash receipts in the current or prior two fiscal years?

APPENDIX B: Risk Assessment Criteria

| Criteria | Description |
|---------------------------------------|--|
| Monthly dollar amount of transactions | <ul style="list-style-type: none"> The value of a department's monthly collections. The higher the value, the higher the perceived risk. |
| Daily frequency of transactions | <ul style="list-style-type: none"> The number of transactions in the department per day. The more transactions, the higher the perceived risk. |
| Reconciliation variances | <ul style="list-style-type: none"> Differences between expected and recorded revenue amounts, if any. The greater the differences, the higher the perceived risk. |
| Collection complexity | <ul style="list-style-type: none"> City departments use different methods to collect cash, and a department may use more than one method. The more methods used, the higher the perceived risk. |
| Extent of centralization | <ul style="list-style-type: none"> The design and number of departments' cash collection points vary. The more locations, the higher the perceived risk. |
| Survey signals | <ul style="list-style-type: none"> Some departments' answers to the survey questions indicated potential internal control weakness that required follow-up inquiry and investigation. The more such answers, the higher the perceived risk. |

Source: Auditor's analysis.

File 140444

140675
140445

From: RMorine@aol.com
Sent: Tuesday, July 08, 2014 10:22 AM
To: Avalos, John (BOS); Campos, David (BOS); Breed, London (BOS); Chiu, David (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Mar, Eric (BOS); Tang, Katy (BOS); Wiener, Scott; Yee, Norman (BOS)
Cc: Board of Supervisors (BOS); jscharfman@universalparagoncorp.com; Flores, Claudia (CPC); Lesk, Emily (MYR); Chan, Yoyo (BOS); rmorine@aol.com
Subject: Please Support Visitacion Valley (agenda itmes 40,48, and 49)

Members of the Board of Supervisors:

Please support the Visitacion Valley community and approve agenda items 40, 48, and 49.

The Schlage Lock Development Project, Development Agreement, and associated general plan and zoning changes have been thoroughly discussed within the community for well over 10 years. The continuance as requested by an unspecified 'group' is unwarranted and undermines the community planning process.

As one of the former Redevelopment CAC members for this project, I can say with certainty that the Development Agreement is robust and reflects the unique aspects of the site and the community. I, as well as my neighbors, will continue to work with the Developer and the City as we move forward to build upon the community benefits agreements were practical and economically feasible.

Thank you in advance for supporting Visitacion Valley!
Russel Morine
64 Gillette Ave
SF CA 94134

(1) Don't support a continuance (2) because delaying now undermines the years of community process (3) the Developer's Agreement has a strong community vetted benefits package and (4) there will be ample opportunities after approvals to refine workforce requirements and local Union representations. (5) urge them to support the Visitacion Valley community with a positive vote on the item... (1) Don't support a continuance (2) because delaying now undermines the years of community process (3) the Developer's Agreement has a strong community vetted benefits package and (4) there will be ample opportunities after approvals to refine workforce requirements and local Union representations. (5) urge them to support the Visitacion Valley community with a positive vote on the item...

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: File 140444: SCHLAGE LOCK DEVELOPER'S AGREEMENT

From: Edith Epps [<mailto:aheins@sbcglobal.net>]
Sent: Tuesday, July 08, 2014 8:36 AM
To: Board of Supervisors (BOS); Cohen, Malia (BOS)
Subject: SCHLAGE LOCK DEVELOPER'S AGREEMENT

Please **move this item forward** we need this development in our area. As you know we (City Gov; Planners; VV Community;etc.) to revitalize this former Schlage Lock mfg. site to bring jobs, a grocery store; other small retail business and more importantly life to this now vacant land. It has been 15 years of meetings and sub meetings to get to this point that has been carefully planned. We know that negotiations will still go on with the developer; union; community but it's time to **move this item forward** without delays and timely and costly continuances.

Please support our neighborhood, Visitacion Valley and trust that we have spent years of Community time on this item that the DA will benefit our neighborhood and continue to work with us to see that this happens.

I can't attend the hearing today as I care for my two grandsons but the future of this project to make our community stronger is on the line...I urge you to **move this item forward. We have a lot to lose in VV if this is not passed now...reject the continuance.**

Thank you,

Edie Epps
Schlage Lock Advisory Group Member
and former CAC member
aheins@sbcglobal.net

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: Files 140444, 140675, 140445: Visitacion Valley / Schlage Lock Development

From: Douglas Fong [<mailto:dougf@desbld.com>]
Sent: Monday, July 07, 2014 8:07 PM
To: Board of Supervisors (BOS)
Cc: sguanne@yahoo.com; fma6764860@aol.com; BDrda@recology.com; aheins@sbcglobal.net; 'Inskip James'; RMorine@aol.com; cbarnett.sf@gmail.com; tranmarlene@yahoo.com; jscharfman@universalparagoncorp.com; Flores, Claudia (CPC); Lesk, Emily (MYR); Chan, Yoyo (BOS)
Subject: Visitacion Valley / Schlage Lock Development

Dear President Chiu and Members of the Board of Supervisors:

I am writing in support of Items 40, 48, and 49 for the agenda of tomorrow's full Board Meeting of July 8, 2014, encouraging the passing of these items at the earliest possible date.

The negotiation of this development agreement has been over 15 years in the making, and has seen struggles and rebirth that would challenge the equal of any public process. Throughout this time period, members representing the City staff and government, Private Development, and all of the surrounding Communities have met regularly to consider in depth the many specific items and options that make up the final plan for this new and exciting addition to our neighborhood.

As a member of the former Citizen's Advisory Committee, and the current Community Advisory Board, I am here to report that despite all of our questions and disagreements over the years, the Community stands strongly behind this agreement. While none of us is achieving all of what we have wanted, by working together openly and transparently we have seen how compromise has produced the best possible negotiated solution.

Through this long period, we also have a respect for how fragile these types of negotiations can be, as issues are considered and decisions balanced. After all of these years of considering the many components, we are still strong in support of the final plan, and the need for it to happen immediately, already.

While others may claim that their issues have been ignored, please hear the testimony of those of us who have spent these long years in consideration of all of the issues and the negotiation of the result. Please respect that the strong opinions of the Private Sector, the Public Sector, and the Community, have all been brought to bear to create what is presented before you.

This agreement is the product of long trial and error in Public/Private partnership. It is not only a model for how all parties can communicate to make the best possible results, but also how imagination and effort can remove blight from our environment to the benefit of all, even without tax-increment financing.

My heartfelt thanks go to Supervisor Cohen and her office, the Mayor, and especially to those members of staff in the former SF Redevelopment Dept, the Planning Dept., the Mayor's Office, and all of the many government agencies who have educated us through the years on the complexities of this issue. And finally of course to my friends in the Community with whom we have shared much angst and hope. All together, we have created the proposal before you. All we wanted was a Grocery Store, and a fresh new impetus for our neighborhood. We are certain that this plan will make that happen, and I humbly urge you to assist us by helping us pass these items.

Sincerely,
Douglas Fong

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: FW: I'm the 2,647th signer: "Stop SFMTA (San Francisco Municipal Transportation Agency)"

From: Tal [<mailto:petitions-noreply@moveon.org>]
Sent: Monday, July 07, 2014 9:08 PM
To: Board of Supervisors (BOS)
Subject: I'm the 2,647th signer: "Stop SFMTA (San Francisco Municipal Transportation Agency)"

Dear San Francisco Board of Supervisors,

I just signed a petition addressed to you titled *Stop SFMTA (San Francisco Municipal Transportation Agency)*. So far, 2,647 people have signed the petition.

You can reach me directly by replying to this email. **Or, post a response for MoveOn.org to pass along to all petition signers by clicking here:** http://petitions.moveon.org/target_talkback.html?tt=tt-23483-custom-39844-20240707-P7hMSO

The petition states:

"As residents and taxpayers of San Francisco we believe that the SFMTA's first and foremost responsibility is to improve MUNI and to make MUNI a more desirable means of transportation. It is not SFMTA's job to make owning and driving a motor vehicle more expensive and difficult. The SFMTA needs to be accountable to all the citizens of San Francisco. We need a balanced, unbiased municipal transportation policy. We respectfully request that the Mayor and District Supervisors immediately stop the SFMTA from: 1. Installing new parking meters and extending the hours of enforcement 2. Enforcing Sunday parking meters 3. Increasing meter rates, fees and fines "

My additional comments are:

All the ideas of this parking plan are nothing but regressive. I live in the NYC area, and even the meters aren't this high not to mention be in affect all days of the week at all times. It's one thing to discourage people from driving, but it's another thing to do it by making it harder. If the SFMTA concentrated on making their transit more efficient and reliable as well as being available in other areas, then there would be less of a reason to drive rather than finding new ways to nickel and dime them. Unfortunately, not everyone can live where there is good access to mass transit, which is why they drive in the first place. Hearing all of this reminds of me of the MTA back where I live especially when the idea of congestion pricing or even tolling was brought up as if that will make any difference when they are already mismanaging the funds they are currently receiving.

To download a PDF 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=1266968&target_type=custom&target_id=39844

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=1266968&target_type=custom&target_id=39844&csv=1

Tal
Pleasantville, NY, NY

This email was sent through MoveOn's public 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 have any questions, please email petitions@moveon.org. If you don't want to receive further emails updating you on how many people have signed this petition, click here:

[http://petitions.moveon.org/delivery_unsub.html?e= m0xZcWIJXzqH9ZTz_cNZWJvYXJkLm9mLnN1cGVydmlzb3JzOHNmZ292Lm9yZw--&petition_id=23483](http://petitions.moveon.org/delivery_unsub.html?e=m0xZcWIJXzqH9ZTz_cNZWJvYXJkLm9mLnN1cGVydmlzb3JzOHNmZ292Lm9yZw--&petition_id=23483).

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: FW: Response to Zackery Mallet on BART in the Chron

-----Original Message-----

From: Donald F. Robertson [<mailto:DonaldFR@DonaldFRobertson.com>]
Sent: Tuesday, July 08, 2014 11:05 PM
To: Board of Supervisors (BOS)
Subject: Response to Zackery Mallet on BART in the Chron

Your analysis ignores the fact that city BART riders pay more than their share for tickets. When measured by kilometers travelled, it cost a lot more per kilometer to travel within the city than it does, say, to Pleasanton. That is a direct subsidy to suburban riders. Likewise, since a lot more people ride BART within, and to, San Francisco, city users, and the city's economy, pay a lot more of the total costs in ticket sales.

You also ignore that Muni carries almost three times as many people as BART does, and every BART ride gets about three times the subsidy that each Muni ride gets. Again, San Franciscans are not getting close to their share of regional transportation subsidies.

When you look at the overall transportation funding, San Francisco has been hugely underfunded ever since World War II. Maybe we get more than our share of BART capital funding, but we don't get anywhere nearly our share of road funding. I'd gladly pay a greater share of BART if we got a fraction of your road funding to spend on Muni.

If we got our per capita share of the total transportation pie, every Muni line would be under ground and San Francisco would look a lot like London.

--
Donald F. Robertson
San Francisco

DonaldFR@DonaldFRobertson.com
www.DonaldFRobertson.com

The known is finite, the unknown is infinite; intellectually we stand on an islet in the midst of an illimitable ocean of inexplicability. Our business in every generation is to reclaim a little more land.

-- Thomas Huxley

Sent from my iPad.



SAN FRANCISCO PLANNING DEPARTMENT

Bos-11
page

MEMO

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Information:
415.558.6377

Transmittal

HARD COPY

Planning Department Publication *Downtown Plan Annual Monitoring Report 2013* (published July 2014)

DATE: July 10, 2014

TO: Angela Calvillo, Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

FROM: John Rahaim, Director – Planning Department (415) 558-6411
Paolo Ikezoe, Lead Planner, Planning Department (415) 575-9137

RE: Publication, *Downtown Plan Annual Monitoring Report 2013*

HEARING DATE: None. Informational Item

BY *AKS*
2014 JUL -8 PM 4:30
RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

In compliance with San Francisco's Administrative Code Section 8.12.5 "Electronic Distribution of Multi-Page Documents", the Planning Department has enclosed your hard copy, as Clerk of the Board of Supervisors, of the *Downtown Plan Annual Monitoring Report 2013*.

Additional hard copies may be printed from the electronic copy or requested by contacting Paolo Ikezoe of the Planning Department at 415-575-9137 or paolo.ikezoe@sfgov.org.

Digital copies of the Report are also available on the Planning Department's web site from this link: [http://www.sf-planning.org/ftp/files/Citywide/Downtown Annual Report 2013.pdf](http://www.sf-planning.org/ftp/files/Citywide/Downtown%20Annual%20Report%202013.pdf).

BOS-11
Cpage



DOWNTOWN PLAN

ANNUAL MONITORING REPORT

2013





Cover photo of downtown Powell Street by Ray Smith
<https://www.flickr.com/photos/15132846@N00/83361455/>

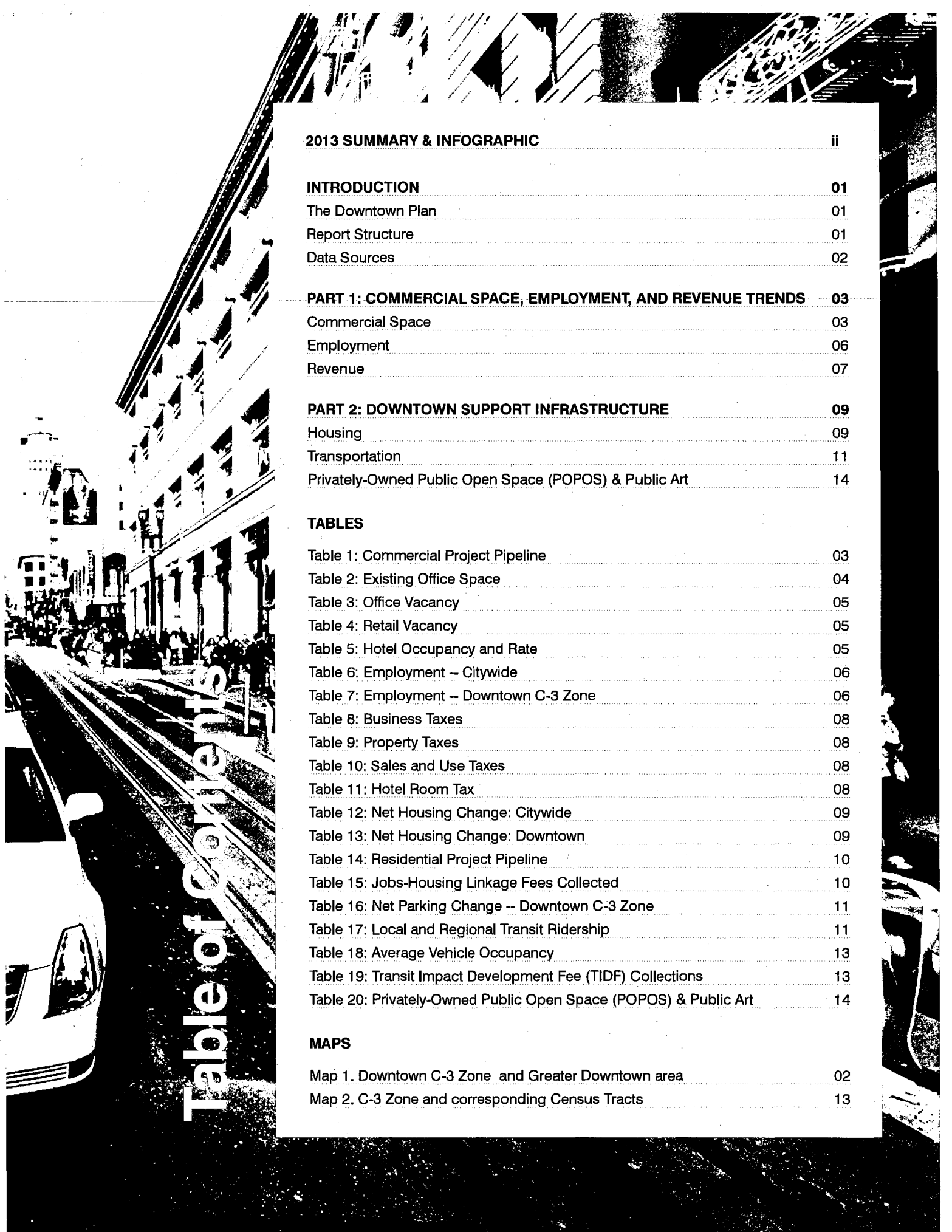


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2013 Summary & Infographic

Downtown San Francisco continued to be a resilient district for San Francisco and the region in 2013, largely because of *Downtown Plan* policies. Adopted in 1985, these policies guide land use decisions to create the physical form and pattern of a vibrant, compact, pedestrian-oriented, livable, and vital downtown.

The *Downtown Plan* directed dense employment growth to the C-3 district, generally along both sides of Market Street from the Embarcadero to Van Ness Avenue. In order to accommodate this growth, the Plan contains a series of goals, policies and targets designed to ensure that new development is supported with the infrastructure and services required of great places, pays its way, and generates a net benefit for the city.

As evidenced by rebounding development, declining vacancy rates, increasing rents, and growing employment, tax revenue and use fees, the city's economy continues to recover, and Downtown appears to be sharing in that recovery. Downtown continues to have the majority of San Francisco's office and hotel jobs, and overall employment in the Downtown area grew by approximately 5% over the previous year.

The housing and transportation goals are among the most important in the *Downtown Plan*. The Plan states that without sufficient and appropriate housing to serve new commercial development, local housing costs would increase, thereby compromising the vitality of downtown. The Plan also states that if employment growth increases the number of cars downtown, thereby significantly increasing traffic, the area's attractiveness and livability could be affected adversely. As a result, the Plan contains various targets relating to these policy issues.

After a significant downturn due to the global financial crisis, housing production in the city has rebounded from less than 270 net new units in 2011 to just under 2,000 in 2013. Roughly a quarter of these new housing units were located in the Downtown C-3 district. This trend, along with the potential addition of thousands of new units of housing Downtown (almost 9,000 units in the current pipeline), will continue to increase the Downtown residential population and vitality of the district.

Available transportation data suggests that transit use for commuting has grown along with jobs in the Downtown, and that transit continues to serve a high proportion of trips for downtown workers and residents. The data also indicates that ride-sharing has declined, but this could be due to a larger nationwide trend, an increase in the use of other forms of transportation, or an increase in the number of individuals working from home.

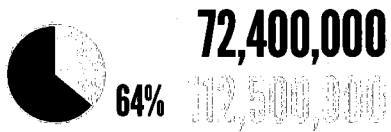
By most measures, the San Francisco *Downtown Plan* has been a success. It guided the creation of one of the most successful core areas of any American city. The vitality, job and housing density, retail activity and overall character of the downtown have improved dramatically. The Planning Department will continue to monitor these trends so that land use policy adjustments can be made as required to maintain and enhance a successful Downtown and Plan and avoid unintended consequences.

The annual changes in Downtown land use, employment, and transportation trends are summarized on the following pages (downtown's share of citywide total is listed in red when applicable).

EXISTING COMMERCIAL SPACE

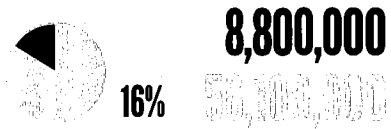
Downtown share of Citywide

Office *Square feet*



SEE TABLE 2

Retail *Square feet*



Hotel *Rooms*

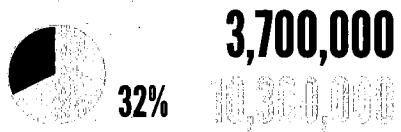


215 hotels Citywide

COMMERCIAL DEVELOPMENT PIPELINE

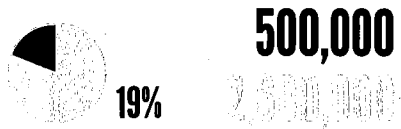
Downtown share of Citywide

Office *Net Square feet*

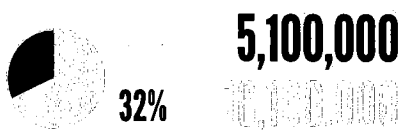


SEE TABLE 1

Retail *Net Square feet*



TOTAL *Net Square feet*

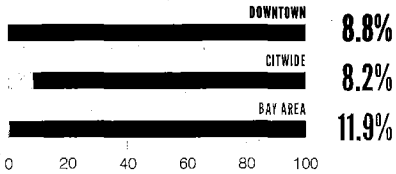


DOWNTOWN
C3 ZONE

Downtown Citywide

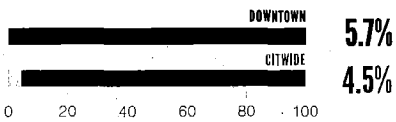
VACANCY

Office Vacancy ↓



SEE TABLE 3

Retail Vacancy ↓



SEE TABLE 4

Office Rent

\$52.21 / SQUARE FOOT ↑ **23%**

Hotel ↓



SEE TABLE 5

EMPLOYMENT (JOBS)

Downtown share of Citywide

Office Jobs



Retail Jobs



Hotel Jobs



TOTAL JOBS



SEE TABLES 6 & 7

REVENUE

Business Taxes

\$534,700,000 ↑ **11%**

SEE TABLE 8

Property Taxes

\$1,400,000,000 ↑ **4%**

SEE TABLE 9

Sales & Use Taxes

\$130,200,000 ↑ **7%**

SEE TABLE 10

Hotel Room Tax

\$307,000,000 ↑ **68%**

SEE TABLE 11

RESIDENTIAL UNITS

Net units



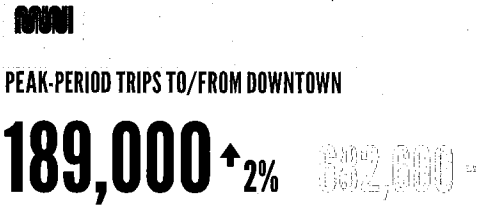
SEE TABLES 12 & 13

TRANSIT RIDERSHIP

Downtown Transit Boardings
(Average Weekday)

Citywide

SEE TABLE 17



RESIDENTIAL PIPELINE PROJECTS

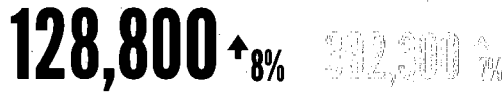
Downtown % of Citywide

Units



SEE TABLE 14

ba
AT DOWNTOWN BART STATIONS



Caltrain

AT 4TH & KING STATION



DOWNTOWN PARKING SPACES

Net New Spaces



SEE TABLE 16

A/E

TRANSBAY LINES



**MODE SPLIT
C-3 RESIDENTS**

| 2012 | Mode |
|------|--------------|
| 34% | TRANSIT |
| 23% | CAR |
| 3% | BIKE |
| 31% | WALK |
| 8% | WORK AT HOME |
| 1% | OTHER |



C-3 WORKERS

| 2010 |
|------|
| 51% |
| 37% |
| 2% |
| 7% |
| 1% |
| 3% |



**AVERAGE VEHICLE OCCUPANCY
(WORKERS)**

SEE TABLE 18

| 2010 | | 2012 |
|------|--------------|------|
| 1.17 | DOWNTOWN C-3 | na |
| 1.18 | CITYWIDE | 1.05 |

**PRIVATELY-OWNED PUBLIC
OPEN SPACE (POPOS) & ART**

SEE TABLE 20

| POPOS | | Public Art |
|-------|----------|------------|
| 82 | DOWNTOWN | 23 |
| 118 | CITYWIDE | 11 |

TRANSIT IMPACT DEVELOPMENT FEE

SEE TABLE 19

\$9,900,000

↑ 215%

Introduction

The Downtown Plan

The *Downtown Plan's* central premise is that a compact, walkable, and transit oriented downtown will create a lively and attractive center for the city and the region. The *Plan* also capitalizes on the city's core assets, including its transit infrastructure, visitor economy, and vibrant diversity.

The *Plan's* vision is to create a vibrant district known the world over as a center of ideas, services, and trade, and as a place rich in human experience - characteristics that are true of all great cities. The essential components of such places are a compact mix of activities, historical values, distinctive architecture, and urban form that engenders the special excitement of a world city. To achieve this vision, the *Plan's* objectives and policies guide land use decisions to create the physical form and pattern of a livable, compact, and pedestrian-oriented downtown.

The *Downtown Plan* emerged from growing public awareness during the 1970s that development threatened the essential character of downtown San Francisco. At issue is a potential conflict between civic objectives to foster a vital economy on the one hand and those aimed at forming the urban patterns, structures, and unique physical identity of a vibrant downtown on the other hand. The *Downtown Plan* supports land use decisions that create the conditions for a great place and a vital economy.

The *Downtown Plan* is one Area Plan of the General Plan. The Downtown area is traditionally defined as the C-3-zoned district (see Map 1). Some of the *Plan's* policies refer to a less precisely defined area germane to housing and transportation policies that have wider effects geographically. Some policies, such as those involving net new housing units, are citywide goals.

The *Downtown Plan* guides development decisions and public policy actions; it creates programs designed to improve services and infrastructure. When the Board of Supervisors approved the *Downtown Plan* in 1985, the Board also required that the Planning Department prepare monitoring reports periodically to track performance and make adjustments if required. This document is one such report as described below.

Report Structure

This *Downtown Plan Annual Monitoring Report 2013* summarizes business and development trends affecting downtown San Francisco as required by SF Administrative Code, Chapter 10E. The report covers the 2013 calendar year or fiscal years 2012-13 or 2013-14 depending on data available. This annual report notes changes in the amount of commercial space, employment, housing production, parking supply, collection and use of fees and other revenues that occurred over the year related to the objectives of the *Downtown Plan* and statutory monitoring requirements.

Part 1 of this report, "Commercial Space, Employment and Revenue Trends," highlights the growth that the *Downtown Plan* enabled, and discusses the production of new commercial space, employment activity, and recent sales tax revenues on both a citywide and Downtown basis. Part 2, "Downtown Support Infrastructure," reviews housing, transportation, Privately Owned Public Open Spaces (POPOS) and Public Art – key elements supporting the functioning of the Downtown core.

The 25-year report, *25 Years: Downtown Plan Monitoring Report 1985-2009*, contains more detailed information and assessment. Previous annual and five-year reports are available on the Department's web site.¹

¹ <http://www.sf-planning.org/index.aspx?page=1663#dag>



**Map 1.
Greater Downtown**

Data Sources

This annual report includes information from the Department's *Housing Inventory*, *Commerce and Industry Inventory*, and *Pipeline Quarterly Report*. It also includes information from many other sources, including the state Employment and Development Department (EDD), the SF Municipal Transportation Agency (SFMTA), Dun and Bradstreet business data, Cassidy Turley Research Services, Cushman & Wakefield Research Services, and information gathered from the SF Department of Building Inspection, and the SF Office of the Controller.

PART 1: Commercial Space, Employment, & Revenue Trends

Originally, the *Downtown Plan* guided commercial development and most new office growth in San Francisco to the Downtown C-3 District straddling Market Street (see Map 1). The *Plan* also expanded new commercial development to the South of Market (SoMa). The *Plan's* annual limit on new office space, institutionalized by a voter initiative passed in 1986, helped to manage the pace of new office development and reduce speculation and boom-bust land use development issues.

Recent planning south of Market Street encourages office, residential density, and new mixed-use neighborhoods to the south of the Downtown C-3 District. The *Transit Center District Plan*, which overlaps the C-3 District, also includes some office and residential development guidelines. The *Central SoMa Plan*, part of which also overlaps the C-3 district, is currently in draft form and includes a substantial amount of new capacity for office space. Mission Bay and Candlestick Point are two areas where more recent planning has directed substantial office development.

The *Rincon Hill Plan* directs high density housing south of the C-3 district. The *Eastern Neighborhoods Area Plans* (ENAPs) include rezoning in the southeast quadrant of the city to accommodate the majority of non-downtown/non-high-rise office growth. In addition,

the ENAPs will establish new mixed-use residential neighborhoods encompassing light industrial and production-distribution-repair, retail, smaller offices, and institutional uses. The Eastern Neighborhoods will not be locations for dense, high-rise office developments. As a result, future high-rise office development will remain concentrated in and around the Downtown Plan Area.

Commercial Space

Pipeline Development Projects

As of the fourth quarter of 2013, there were over 850 projects in the citywide development project "pipeline."¹ Three-quarters of the projects (74%) were exclusively residential; roughly one-fifth (17%) were mixed-use with both residential and commercial components. The remaining eight percent (8%) of the projects were exclusively commercial (office, retail/entertainment, hotel, or production, distribution and repair).

In total, the commercial pipeline projects would add 16.1 million square feet (msf) of commercial space (Table 1). This would include 10.3 msf of office space and 2.6 msf of retail space added to San Francisco's existing 112 msf of office space and 56 msf of retail space.²

¹ Planning Department, *Pipeline Report*, Quarter 4, 2013.

² CoStar Group, Office Report and Retail Report, Quarter 1, 2011. No new projects have been completed (as of June 2012).

**Table 1.
Commercial
Project
Pipeline**

| Area | Total | % | Office | % | Retail | % |
|-----------------|-------------------|-------------|-------------------|-------------|------------------|-------------|
| C-3 District* | 5,135,251 | 32% | 3,658,822 | 36% | 507,522 | 19% |
| Other Downtown* | 449,627 | 3% | 512,223 | 5% | 88,324 | 3% |
| Candlestick | 4,110,000 | 25% | 2,756,250 | 27% | 750,000 | 29% |
| Mission Bay | 2,445,499 | 15% | 637,499 | 6% | 7,500 | 0% |
| Rest of City | 4,000,329 | 25% | 2,722,748 | 32% | 1,255,186 | 45% |
| TOTAL | 16,140,706 | 100% | 10,287,542 | 100% | 2,608,532 | 100% |

*See Map 1.

Source: Planning Department, *Pipeline Report*, Quarter 4, 2013

The Downtown C-3 area (Table 1) accounts for about 5.1 million sf, or 32% of proposed commercial space in the pipeline. The 'Other Downtown' area is composed of the East Soma and Rincon Hill districts adjacent to and south of the C-3 zone, which would add almost 450,000 sf of the pipeline commercial space. Thus the Greater Downtown area accounts for just over a third of projected pipeline commercial development (35%). Candlestick Point and Mission Bay would add about 4.1 msf (25%) and 2.4 msf (15%), respectively. The rest of the city would receive about 4 msf of commercial development, or 25% of the pipeline project total. The vast majority of this development is slated for neighborhoods adjacent to downtown (other parts of SOMA and Showplace Square/Potrero Hill). The non-residential commercial projects include office, retail, visitor (hotel and entertainment), production-distribution-repair (PDR), and cultural-institutional-educational (CIE) land uses.

Of the total 16.1 msf of commercial space in the pipeline, 64% are office land uses and 25% are retail. About 2.7 msf (17%) of pipeline development are under construction. Another 16% of the pipeline projects have received building permit approval or have been issued a permit (3.8 msf), and should begin construction soon. The majority of the pipeline projects (67%) are still in the early stages of approval, with Planning applications filed (18%) or approved (21%), and building permits filed but not yet approved with the Department of Building Inspection (28%).

Projects under construction are typically ready for occupancy within two years. Projects not yet under construction but approved by the Planning Department are usually available for occupancy within two to four years. Projects filed for planning approval take two to four or more years to complete, depending on complexity.

Office Space

Close to two-thirds of the city's office space is located in the Downtown C-3 District (Table 2). At 343 acres (or slightly more than half a square mile), the district represents one of the densest concentrations of office space in the country.

Table 2.
Existing Office Space

| Area | Square Feet |
|--------------------------|-------------|
| San Francisco | 112,500,000 |
| C-3 District | 72,400,000 |
| % office in C-3 District | 64% |

Source: Costar Group, SF Planning.

San Francisco's office vacancy rate declined to 8.2% at the end of 2013, after peaking at over 20% in 2002 (Table 3). Citywide office vacancy is at its lowest rate since the end of 2000.

A total of 7.2 msf was leased in 2013, surpassing the 10-year average of 5.8 msf. Market absorption of existing space in new leases amounted to 1.1 msf. Much of this activity is due to continued technology sector growth, with companies such as Google, Demandforce and Neustar either expanding existing leases or relocating into the downtown area. However, the banking and professional services sectors saw leasing growth as well.³

There is approximately 3.7 million net square feet (nsf) of office space in the project pipeline for the Downtown C-3 District (Table 1). In the Greater Downtown Area⁴ there is approximately 512,000 nsf of office development in the pipeline.

By year end 2013, Downtown office rents increased to an average of \$53.97 per square foot, up 5% from last year, and up 23% from \$42.50 per square foot in 2010.⁵ A strong rental market is expected to continue in 2014.

3 Cushman & Wakefield, MarketBeat, Office Snapshot, San Francisco, Q4 2013.

4 Includes East SoMa and Rincon Hill.

5 Cushman & Wakefield, MarketBeat, Office Snapshot, San Francisco, Q4 2012 and 2013. Rates are for all building classes, gross rental rate, full service.

**Table 3.
Office Vacancy**

| Area | 2011 | 2012 | 2013 | % Change 2012-13 |
|-----------------------------|-------|-------|--------------|------------------|
| San Francisco | 11.0% | 8.9% | 8.2% | -0.7 pts |
| Downtown Financial District | 10.7% | 8.7% | 8.8% | 0.1 pts |
| Other Downtown* | 11.4% | 6.6% | 6.5% | -0.1 pts |
| Bay Area | 13.8% | 13.4% | 11.9% | -1.6 pts |

* Includes Jackson Square, South Beach, Union Square, and Yerba Buena.
Source: Cassidy Turley, Office Market Snapshot, San Francisco, Fourth Quarter, 2013.

**Table 4.
Retail Vacancy**

| Area | 2011 | 2012 | 2013 | % Change 2012-13 |
|---------------|------|------|-------------|------------------|
| San Francisco | 5.1% | 4.3% | 4.5% | 0.2 pts |
| Downtown* | 6.7% | 6.0% | 5.7% | -0.3 pts |

* Labeled as "City Center." Includes the Union Square area, the retail core of the C-3 zone.
Source: Terranomics, San Francisco County, Shopping Centers Report, Q4 2013.

**Table 5.
Hotel Occupancy and Rate**

| | 2011 | 2012 | 2013 |
|-------------------------|----------|----------|-----------------|
| Average Occupancy | 79.0% | 80.5% | 83.0% |
| Average Daily Room Rate | \$155.00 | \$175.00 | \$213.81 |

Source: Cushman & Wakefield, MarketBeat Retail Snapshot, San Francisco, Q4 2013.

Retail Space

The Downtown C-3 Area contains about 16% (8.7 msf) of San Francisco's 56 msf of retail space, with about 1.4 msf in the Downtown Core.⁶ San Francisco's downtown is the Bay Area's preeminent retail hub, and it serves local, regional, and visitor shopping needs. However, the majority of retail space in San Francisco is outside the downtown area, mostly along the city's many neighborhood commercial streets and shopping areas.

As shown in Table 4 above, the retail vacancy rate for the Downtown C-3 Area at the end of 2013 was 5.7%, higher than the citywide average of 4.5%. Compared to 2012, vacancy rates declined for the Downtown C-3 area and citywide from 6.7% and 5.1%, respectively.

There is approximately 560,000 net sf (nsf) of retail space in the development pipeline for the Downtown C-3 area, with another 2 mnsf anticipated for the rest of the city, for a total of 2.6 mnsf citywide. However, the majority of these pipeline projects are in the early stages of permitting, with only about 10,000 sf under construction in the C-3 area and about 61,300 nsf citywide.

⁶ Co-Star, Retail Report, San Francisco Retail Market, 1st Quarter 2011. The Downtown Core is composed of the traditional Financial District north and south of Market Street, while the larger C-3 area adds Union Square, Yerba Buena, and the Civic Center areas.

Hotel Space

San Francisco has over 215 hotels with a total of 33,750 hotel rooms.⁷ Approximately 20,000 (60%) of these rooms are located within walking distance of the Moscone Convention Center. Only one hotel opened in 2013, Hotel Zetta, on 5th Street with 116 rooms. Another 174 room hotel is under construction at 943 Mission Street as of June 2014.

Both hotel occupancy and average daily rates increased in 2013 (Table 5). Average hotel occupancy increased to about 83%, up from 79% two years ago. Average daily room rates increased to \$214 per room compared to \$175 in 2012.

⁷ San Francisco Travel Association (www.sanfrancisco.travel/research/), June 20, 2013. Room figures from September 2012 survey.

Employment

San Francisco employment grew almost 5% in 2013, by approximately 27,130 jobs. As of the first quarter of 2013, San Francisco had approximately 599,360 jobs (Table 6). Employment grew across all land uses, though Private Households show a steep drop due to a change in the way the US Bureau of Labor Statistics classifies certain home-based jobs. Many jobs previously classified as 'Private Households' were moved into the 'Cultural, Institutional, Educational (CIE) category in 2013.⁸

Downtown employment grew at roughly the same rate as the city overall. As of the first quarter of 2013, approximately 39% of all San Francisco employment was located in the Downtown C-3 zone. The majority of the city's office jobs (61%) and hotel jobs (67%) continue to be located Downtown.

⁸ For more information on regional trends, business formation and relocation see the *Commerce and Industry Inventory* at <http://www.sfplanning.org>.

Office Employment

The downtown Financial District remains the center of office employment in San Francisco. As of the first quarter of 2013, there were about 238,400 office jobs in San Francisco (Table 6). Of these jobs, about 144,500 were located in the Downtown C-3 District (Table 7), or 61% of total office employment citywide.

Downtown office employment grew almost 5% from 2012, or by about 6,600 jobs. Downtown San Francisco maintains the densest concentration of office jobs in the region, including financial, legal, and other specialized business services. Many of these jobs continue to be in the financial, insurance, and real estate sectors.

Table 6. Employment - Citywide

| Land Use | 2011 | 2012 | 2013 | % Change 2012 - 2013 |
|--|----------------|----------------|-----------------|-------------------------|
| Office | 214,476 | 228,057 | 238,394 | 4.5% |
| Retail | 97,373 | 101,845 | 107,740 | 5.8% |
| Production, Distribution, Repair (PDR) | 71,077 | 73,453 | 76,224 | 3.8% |
| Hotel (& Entertainment) | 17,313 | 16,683 | 17,369 | 4.1% |
| Cultural, Institutional, Educational (CIE) | 128,248 | 131,482 | 155,829* | 18.5%* |
| Private Households | 20,857 | 20,714 | 3,802* | -81.6%* |
| TOTAL | 549,344 | 572,234 | 599,359 | 4.7% |

* Starting in 2013, the Bureau of Labor Statistics reclassified "In-home supportive services" jobs from Private Households to CIE. *Note:* variations from other published employment numbers are due to rounding and EDD confidentiality requirements).

Source: State of California Employment Development Department (EDD), Q1 2011, Q1 2012 and Q1 2013.

Table 7. Employment - Downtown C-3 Zone

| Land Use | 2011 | 2012 | 2013 | % Change 2012 - 2013 | C-3 Share of SF Employment 2013 |
|--|----------------|----------------|----------------|-------------------------|------------------------------------|
| Office | 139,162 | 137,875 | 144,496 | 4.8% | 61% |
| Retail | 27,484 | 28,019 | 30,286 | 8.1% | 28% |
| Production, Distribution, Repair (PDR) | 18,505 | 20,054 | 21,380 | 6.6% | 28% |
| Hotel | 12,077 | 11,339 | 11,611 | 2.4% | 67% |
| Cultural, Institutional, Educational (CIE) | 33,571 | 25,384 | 28,037 | 10.5% | 18% |
| Private Households | 2,676 | 1,935 | 578 | -70.1% | 15.2% |
| TOTAL | 233,475 | 224,606 | 236,388 | 5.2% | 39% |

* Starting in 2013, the Bureau of Labor Statistics reclassified "In-home supportive services" jobs from Private Households to CIE. *Note:* variations from other published employment numbers are due to rounding and EDD confidentiality requirements).

Source: State of California Employment Development Department (EDD), Q1 2011, Q1 2012 and Q1 2013.

Retail Employment

San Francisco's high concentration of regional-serving retail establishments continue to be a primary destination offering not only goods and services, but a unique urban experience.

As of the first quarter of 2013, there were 107,740 retail jobs in San Francisco (Table 6). About 30,290 (28%) of these jobs could be found in the C-3 District (Table 7). This is roughly the same share of retail jobs reported in 2012.

Hotel Employment

The majority of hotel jobs are located downtown. As of the first quarter of 2013, there were approximately 17,370 hotel jobs in the city. About 11,600 (67%) of these jobs were in the C-3 District.

Revenue

This section reports tax revenues from business taxes (including registration and payroll), property taxes (including transfer tax and annual tax), sales and use taxes, and the hotel tax for the 2013-2014 fiscal year (FY).⁹ The revenue information reported reflects deposits to the City's general fund, rather than the total amount of all revenues the City received, and is reported in nominal dollars.¹⁰ In general, the FY 2013-14 budget assumed continued moderate recovery in tax revenues throughout the fiscal year. Tax revenues projected to recover beyond budgeted levels include property, sales, and hotel taxes.¹¹

Business Taxes

Business tax revenue (Table 8) in FY 2013-14 is estimated at \$534.7 million, up 12% from \$479.7 million in FY 2012-13. In November 2012, San Francisco voters approved the Gross Receipts Tax and Business Registration Fees Ordinance (Proposition E), which introduced major changes to the way businesses are taxed in the city. Starting January 1, 2014, the City will now collect a Gross Receipts tax, and will phase out the existing Payroll tax over several years. In this fiscal year, total business tax revenue is comprised of business payroll tax, registration tax, gross receipts tax, and administrative office tax.

Business payroll taxes assess the payroll expense of persons and associations engaging in business in San Francisco and continue to represent the vast majority of business taxes collected. This tax imposes a fee on all businesses that employ or contract with one or more employees to perform work or render services within the city. In FY 2013-14, the Controller's Office estimated that it will collect \$467.1 million in payroll taxes, down 0.5% from \$469.7 million in FY 2012-13.

Business registration tax is an annual fee assessed for general revenue purposes on all business in the city. The formula for calculating this fee was amended as part of Prop E, resulting in significantly higher collections in FY 13-14. The Controller's Office estimates that approximately \$33.9 million in business registration fees will be collected in FY 2013-14, up 240% from \$10 million in FY 2012-13.

Gross receipts and Administrative office taxes are based on a business's gross receipts from business done in San Francisco, rather than on a business's payroll expense. The Controller's Office estimates that approximately \$20.7 million in gross receipts and \$12.7 in administrative office taxes will be collected in FY 2013-14.

Property Taxes

Real property taxes (Table 9) are the largest single source of tax revenue for the City. The Controller's office expects them to increase slightly this fiscal year 2014.¹² Together, an estimated \$1.4 billion in property related taxes will be collected in FY 2013-14, up 4.1% from \$1.35 billion last year.

Real property taxes allocated to the general fund in FY 2013-14 are estimated at \$1.17 billion, up 5.6% from \$1.11 billion in FY 2012-13 (Table 9).

Property transfer taxes are estimated to decrease slightly during the reporting period. Projected collections for FY 2013-14 are estimated to be about \$225.2 million, down 3.2% from \$232.7 million in FY 2012-13. (Table 9). Unlike real property taxes, which are collected annually and based on property valuation assessments, property transfer tax is highly volatile because it is collected only at the time of sale and is based on sales price.

⁹ Fiscal Year 2013 begins on July 1, 2012 and ends on June 30, 2013.

¹⁰ All revenues would include money allocated by law to specific uses and not available for general city services and expenses.

¹¹ City and County of San Francisco, Controller's Office, FY 2013-14 Nine-Month Budget Status Report, May 13, 2014.

¹² Ibid.

Sales Tax

Sales tax revenues (Table 10) fluctuate with economic conditions and reflect consumer confidence and spending. Of the 8.75% sales tax rate, San Francisco receives 1%, with the rest going to the State and other districts. A portion of this revenue is deposited in the City's general fund with the balance allocated by law for specific programs and services.

As shown in Table 10, FY 2013-14 sales tax collections are expected to increase 6.5% to \$130.2 million from \$122.3 million in FY 2012-13. An estimated 20% of sales tax revenues are collected in the Downtown C-3 zoned area, which continues to account for roughly one-quarter of general retail store sales tax and business to business sales tax.

Hotel Tax

The hotel tax rate (Table 11) remained at 14% for the 2012-13 fiscal year reporting period. A substantial portion of this revenue is dedicated to the Moscone Convention Center, grants for the arts, museums, and other visitor amenities with the balance deposited into the City's general fund.

As shown in Table 11, \$307 million in hotel taxes are expected to be collected and deposited into the general fund in fiscal year 2013-14. This represents a 60.8% increase from FY 2012-13, when \$190.9 million was collected.

Table 8. Business Taxes

| Revenue Source (\$ Millions) | FY 2011-12 | FY 2012-13 | FY 2013-14* | % Change 2013-14 |
|------------------------------|----------------|----------------|----------------|------------------|
| Payroll | \$426.7 | \$469.7 | \$467.4 | -0.5% |
| Registration | \$8.6 | \$10.0 | \$33.9 | 240.0% |
| Gross Receipts | - | - | \$20.7 | n/a |
| Administrative Office | - | - | \$12.7 | n/a |
| Total | \$435.3 | \$479.7 | \$534.7 | 11.5% |

* Estimates from Office of the Controller, FY 2013-14 Nine-Month Budget Status Report, May 13, 2014

Table 9. Property Taxes

| Revenue Source (\$ Millions) | FY 2011-12 | FY 2012-13 | FY 2013-14* | % Change 2013-14 |
|------------------------------|------------------|------------------|------------------|------------------|
| Property Tax | \$1,059.2 | \$1,114.1 | \$1,177.0 | 5.6% |
| Property Transfer Tax | \$233.6 | \$232.7 | \$225.2 | -3.2% |
| TOTAL | \$1,292.8 | \$1,346.8 | \$1,402.2 | 4.1% |

* Estimates from Office of the Controller, FY 2013-14 Nine-Month Budget Status Report, May 13, 2014

Table 10. Sales and Use Taxes

| Revenue Source (\$ Millions) | FY 2011-12 | FY 2012-13 | FY 2013-14* | % Change 2013-14 |
|------------------------------|------------|------------|-------------|------------------|
| Sales and Use Tax | \$117.1 | \$122.3 | \$130.2 | 6.5% |

* Estimates from Office of the Controller, FY 2013-14 Nine-Month Budget Status Report, May 13, 2014

Table 11. Hotel Room Tax

| Revenue Source (\$ Millions) | FY 2011-12 | FY 2012-13 | FY 2013-14* | % Change 2013-14 |
|------------------------------|------------|------------|-------------|------------------|
| Hotel Room Tax | \$188.7 | \$182.4 | \$307.0 | 68.3% |

* Estimates from Office of the Controller, FY 2013-14 Nine-Month Budget Status Report, May 13, 2014

PART 2: Downtown Support Infrastructure

This section discusses the *Downtown Plan's* housing and transportation targets. The *Downtown Plan* was developed with the assumption that significant employment growth and office development would occur and that this growth must be managed to enhance—not detract from—the Downtown. In the absence of new policies and programs, automobile traffic would continue to grow and important historic buildings located north of Market Street could be lost.

The Plan established a special use district around the Transbay Terminal to shift office construction to that area as a means of reducing further disruption to the financial center north of Market Street. As an incentive to save historic buildings and to shift office development to the planned area south of Market Street, the Plan enabled owners of buildings designated for preservation to sell development rights to developers in the special use district. New commercial development would provide revenue to partially cover the costs of improvements. Specific programs were created to address needs for additional housing, transit, child care and open space, as were specific targets for new housing production and transportation management.

In December 2010, the Transfer of Development Rights ordinance was amended by the Board of Supervisors to allow eligible owners of historic buildings to sell development rights to any C-3 zoned lot.

Housing

Residential Units Completed

Citywide 2013 housing production of about 1,960 net new units is a 49% increase over last year's production of 1,317 units (Table 12), and is one indicator of the economic recovery. The net change in units accounts for alterations, conversions and demolitions.

In the Downtown area, a total of 486 new units were constructed, 25% of citywide housing production for the year. A further 521 new units were constructed in SoMa, with 953 units produced in the rest of the city (Table 13).

Housing production in 2013 surpassed the *Downtown Plan's* annual goal of 1,000 to 1,500 net new housing units citywide.

Table 12.
Net Housing Change:
Citywide

| Change | 2011 | 2012 | 2013 | % Change 2012-13 |
|----------------------------|------------|--------------|--------------|------------------|
| New construction | 348 | 794 | 2,330 | 197% |
| + alterations, conversions | 5 | 650 | 59 | na |
| - less demolitions | -84 | -127 | -429 | na |
| Total net change | 269 | 1,317 | 1,960 | 49% |

* Net change accounts for units gained or lost due to alterations, conversions and demolitions.
Source: SF Planning Department, *Housing Inventory*.

Table 13.
Net Housing Change:
Downtown

| Area | 2011 | 2012 | 2013 | % Change 2012-13 |
|---------------------|------------|--------------|--------------|------------------|
| Downtown | -31 | 192 | 486 | 153% |
| % of citywide total | na | 15% | 25% | na |
| SoMa* | 21 | 701 | 521 | -26% |
| Rest of City | 279 | 424 | 953 | 125% |
| TOTAL | 269 | 1,317 | 1,960 | 49% |

* Housing Inventory SoMa planning district, excluding C-3.
Source: SF Planning *Housing Inventory*.

Residential Pipeline Projects

As of the fourth quarter 2013, the citywide pipeline of projects under construction or seeking planning approval and building permits contained a total of about 50,400 residential units, up 15% from 43,600 units in 2012. The top five areas with the most proposed units are Candlestick, Downtown, Treasure Island, Parkmerced, and Showplace Square (see Table 14).

The permit status of the proposed units is as follows: 20% are under construction (6,000 units); 21% hold a building permit that has been approved, reinstated, or issued, 38% have filed for a building permit, 12% have planning approval and need to seek a building permit, and 10% have filed for planning approval.

Table 14. Residential Project Pipeline (net units)

| Rank | Area | Units | % Share |
|--------------|----------------------|---------------|-------------|
| 1 | Candlestick | 10,430 | 21% |
| 2 | Greater Downtown* | 8,780 | 17% |
| 3 | Treasure Island | 7,800 | 15% |
| 4 | Park Merced | 5,860 | 12% |
| 5 | Showplace Sq/Potrero | 3,590 | 7% |
| | Rest of city | 13,920 | 28% |
| TOTAL | | 50,380 | 100% |

*See Map 1.
Source: Planning Department, Pipeline Report, Quarter 4, 2013.

It should be noted that approximately 24,000 units (just under 50%) are associated with the three large projects that will be built out over a longer period (Candlestick, Treasure Island and Parkmerced). These units have all received planning approval.

The remaining approximately 26,300 units would be expected to be built out under the more typical time frames: two years from beginning construction and two to four years from planning approval. Should they be completed within four years (by 2018), that would be over 5,000 units per year on average, which is twice the maximum annual housing production rate in any of the past 20 years. If production were to follow the city's historical average production rate of 1,530 units per year, the 26,300 units associated with smaller projects would be expected to be built out over 17 years.

In Table 14, the Greater Downtown area ranks second in number of proposed units (but first of all areas with typical project proposals and not that of large project-plans), with 8,780 units or 17% of the total. Of those units, 29% are under construction, 27% have an approved or issued building permit, 14% have filed for a building permit, 17% have planning approval, and 13% have filed for planning approval.

Jobs Housing Linkage Program (JHLP)

Prompted by the *Downtown Plan*, the City determined that employment growth associated with large office development projects would attract new residents and therefore increase demand for housing. In response, the Office Affordable Housing Production Program (OAHPP) was established in 1985 to require large office developments to contribute to a fund to increase the amount of affordable housing. In 2001, the OAHPP was re-named the Jobs-Housing Linkage Program (JHLP) and revised to require all commercial projects with a net addition of 25,000 gross square feet or more to contribute to the fund.

Due to the decrease in commercial development as a result of the 2008-2009 economic recession, the program collected no revenue from fiscal year 2008 through 2011. This fiscal year (2013-14), \$5.7 million was collected (Table 15).

Table 15. Jobs-Housing Linkage Fees Collected

| Fiscal Year | Revenue |
|-----------------|--------------------|
| 2010-11 | \$0 |
| 2011-12 | \$567,015 |
| 2012-13* | \$5,717,152 |

Source: Department of Building Inspection as of May 2013

Transportation

This section reports on *Downtown Plan* transportation targets including an inventory of parking spaces, vehicle occupancy rates, peak period transit ridership, commute mode split, and fees collected by the Transit Impact Development Fee (TIDF) as required by the Downtown Plan monitoring ordinance.

Parking Inventory

Downtown Plan policies discourage new long-term commuter parking facilities (surface lots and garages) in and around the periphery of downtown. No new long-term parking facilities have been built Downtown since Plan adoption, although the supply of off-street parking in new buildings (see Table 16) continues to grow with new development, as allowed under the Planning Code. In 2013, just over 600 net new parking spaces were approved in the downtown C-3 district.

Table 16.
Net Parking Change - Downtown C-3 Zone*

* Approved projects only

| Year | Net Parking |
|------|-------------|
| 2011 | 282 |
| 2012 | 0 |
| 2013 | 605 |

In terms of recent changes to the supply of parking, available information only includes projects approved by the Planning Commission, which likely underestimates the number of spaces added. For example, projects permitted by right under the Planning Code, including those in past redevelopment areas, typically do not require Planning Department approval and are not counted as a result.

Table 17.
Local and Regional Transit Ridership (Average Weekday)

| Regional Transit Agency | 2011 | 2012 | 2013 | % Change 2012-13 |
|--------------------------|---------|---------|---------|------------------|
| MUNI | 649,848 | 679,664 | 682,582 | 0.4% |
| To/From Downtown (Peak)* | 179,961 | 185,671 | 189,243 | 1.9% |
| BART | 345,256 | 366,565 | 392,293 | 7.0% |
| Downtown Stations* | 112,572 | 119,356 | 128,862 | 8.0% |
| Caltrain | 42,354 | 47,060 | 52,611 | 11.8% |
| 4th and King Station | 9,670 | 10,786 | 12,160 | 12.7% |
| AC Transit | - | 178,042 | 192,553 | 8.2% |
| Transbay Lines | - | 11,545 | 13,897 | 20.4% |

* Downtown stations include Embarcadero, Montgomery, Powell and Civic Center.
Source: BART, Caltrain and AC Transit.

There are over 25,640 off-street parking spaces in the Downtown C-3 district, about 15% of the 166,520 off-street parking spaces citywide.¹ The recently released SFMTA on-street parking census counts roughly 5,300 on-street parking spaces in the C-3 district.²

Peak Period MUNI Transit Ridership

According to available Automatic Passenger Count (APC) data collected by the San Francisco Municipal Transportation Agency (SFMTA) in Fiscal Year 2013 (FY 2012-13), the downtown area continues to be a major origin and destination of transit trips within the city. Of the approximately 682,600 total weekday boardings in FY2013, about 189,250 (27%) trips were to or from Downtown during the peak period (7:00 - 9:00 am and 4:00-6:00 pm; Table 17).

Regional Transit Ridership

Downtown San Francisco's jobs draw workers from all around the region. One of the goals of the *Downtown Plan* is to develop transit as the primary mode of transportation to and from Downtown for suburban commuters as well as intra-city commuters.

Ridership continues to grow on many of the regional transit lines that serve Downtown San Francisco. The agencies for which data is available - BART, Caltrain, and AC Transit - all saw increased ridership across their entire networks. Notably, ridership grew faster on the portions of those systems that serve Downtown San Francisco than it did overall (Table 17).

1 SFMTA, Off-Street Parking Census 2011

2 SFMTA, On-Street Parking Census April 2014

Downtown Commute Mode Split

Another goal of the *Downtown Plan* is that transit's share would increase from 64% when the Plan was adopted in 1984 to 70% by 2000 for all peak period commute trips to and from the Downtown C-3 District. While 70% transit mode-split has never been achieved, the share of downtown workers commuting by means other than single-occupancy vehicle now appears to surpass 70%.

The most recent commute mode information for workers with jobs located in the Downtown C-3 District is available at the census tract level, through the 2006-2010 ACS Census Transportation Planning Package (see Map 2). According to these figures, just over half (51.4%) of downtown workers commute via public transportation. This compares to 32.4% of all San Francisco residents, and 36.9% of individuals working in San Francisco. 27.4% of downtown workers drove alone to their jobs, 9.5% carpooled, and 6.6% walked. In general, individuals who work in Downtown San Francisco are far more likely to take transit, and less likely to drive alone, to their jobs than their counterparts city, region, and nation-wide.

Vehicle Occupancy Rate

The *Downtown Plan* sought to increase ridesharing into downtown, with a goal of increasing vehicle occupancy from 1.48 persons per vehicle in 1985 when the Plan was adopted, to 1.66 persons per vehicle by the year 2000. Indicative information is available for the census tracts that generally correspond to the zone (see Map 2).

The average vehicle occupancy for downtown workers has been declining steadily, mirroring nationwide trends. In 1980, five years before the *Downtown Plan's* adoption, vehicle occupancy was 1.28 passengers per car. In 1990 it dropped to 1.22, and by the 2000 Census, vehicle occupancy had dropped to 1.21 for workers. The latest available data at this scale comes from the 2006-2010 ACS Census Transportation Planning Package, which shows vehicle occupancy falling even

further, to 1.17 for downtown workers (Table 18).³ This figure is slightly less than that for all San Francisco workers (1.18) but still higher than the regional average (1.1 persons per vehicle).⁴

Vehicle occupancy rates for workers and residents are now available from the 2012 (2008-2012) American Community Survey (ACS) for the City of San Francisco and the Bay Area. For smaller areas, such as the Downtown C-3 census tracts, information is only available for residents. These estimates however, continue to show a drop in average vehicle occupancy.

However, the decline in vehicle occupancy does not necessarily mean that more vehicles are entering downtown during peak hours. Census data shows the number of solo car commuters holding relatively steady since 2000, while the number of 2 and 3+ carpools declined. However, that decline is more than made up for by increases in transit use, biking, and working from home, suggesting that downtown workers who previously carpooled, may be switching to those modes.

Transit Impact Development Fee (TIDF)

In 1981, as a precursor to the *Downtown Plan* and responding to a substantial increase in downtown office development, San Francisco enacted a fee to recover a portion of additional transit operating and capital costs incurred by this growth. Initially, all new office developments were required to pay \$5 per square foot of office space to cover the added transit service to downtown office buildings. In 2004, the Municipal Transportation Agency (MTA) modified this fee to include all proposed non-residential developments in San Francisco.

San Francisco has collected about \$9.9 million in TIDF revenues to date for fiscal year 2013-14 (Table 19). This is over double the amount collected in the previous fiscal year.

³ The vehicle occupancy rate is the average number of individuals riding in a vehicle. The lowest possible rate is 1, where all vehicles are single occupant.

⁴ These rates are for commute trips to work and do not necessarily reflect peak period patterns.



Map 2. C-3 Zone and corresponding Census Tracts

Table 18. Average Vehicle Occupancy

| Area | CTPP 2006-2010 | | ACS 2012* | |
|----------------------------------|----------------|-----------|-----------|-----------|
| | Workers | Residents | Workers | Residents |
| San Francisco | 1.18 | 1.13 | 1.15 | 1.11 |
| Downtown C-3 zoned census tracts | 1.17 | 1.08 | NA | 1.11 |
| Bay Area | 1.10 | 1.10 | 1.08 | 1.08 |

* ACS 2008-2012 estimates are subject to margins of error of around 0.02, therefore the difference since the 2010 Census may not be statistically significant.

Source: US Census, Census Transportation Planning Package 2006-2010 and American Community Survey 2008-2012.

Table 19. Transit Impact Development Fee (TIDF) Collections

| Fiscal Year | Revenue |
|-------------|-------------|
| 2011-12 | \$1,735,281 |
| 2012-13 | \$4,574,916 |
| 2013-14* | \$9,886,190 |

Source: SFMTA, May 2014.

Privately-Owned Public Open Space (POPOS) and Public Art

Presuming that significant employment and office development growth would occur, the *Downtown Plan* requires new commercial development to support associated urban service improvements, including specific programs for open space and art.

POPOS

Privately-owned public open spaces (POPOS) are publicly accessible spaces in forms of plazas, terraces, atriums, and small parks that are provided and maintained by private developers. In San Francisco, POPOS are mostly in the Downtown office district. Prior to 1985, developers provided POPOS under three general circumstances: voluntarily, in exchange for a density bonus, or as a condition of approval. The *Downtown Plan* created the first requirements for developers to provide publicly accessible open space as a part of projects in C-3 Districts. The goal was to provide quality open space in sufficient quantity and variety to meet the needs of downtown workers, residents and visitors. Since then, project sponsors may provide POPOS instead of their required open spaces, and locate them in other districts such as Eastern Neighborhoods (Section 135 of the Planning Code).

Public Art

The public art requirement created by the *Downtown Plan* is commonly known as the "1% for Art" program. Its purpose is to ensure that the public has access to a variety of high-quality art. This requirement, governed by Section 429 of the Planning Code, provides that construction of a new building or addition of 25,000 square feet or more within the downtown C-3 district triggers a requirement to provide public art that equals at least 1% of the total construction cost. After more than 25 years since the adoption of the *Downtown Plan*, development has created an extensive outdoor gallery that enriches the Downtown environment for workers and tourists alike.

Table 20.
Number of Privately-Owned Public Open Space (POPOS)

| POPOS | < 1985 | 1985-2013 | Total |
|----------------------|-----------|-----------|-----------|
| In C-3 District | 50 | 32 | 82 |
| with Art | 2 | 21 | 23 |
| Outside C-3 District | 2 | 2 | 4 |
| with Art | 1 | 1 | 2 |
| TOTAL | 52 | 34 | 86 |

Source: SF Planning Department.

Development

In 2013, one new POPOS was opened, a plaza space in front of the newly completed 505-525 Howard Street. This brings the total number of POPOS in the Downtown C-3 district to 82. (Table 20).

Downtown development has added 32 POPOS since 1985, approximately 60% of which include public art. The public art requirement has produced 39 pieces of art related to 31 development projects. With the economic recovery gathering strength, more POPOS and public art will be added in the future.

Mayor

Edwin M. Lee

Board of Supervisors

David Chiu, President
John Avalos
London Breed
David Campos
Malia Cohen
Mark Farrell
Jane Kim
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Planning Commission

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Planning Department

John Rahaim, *Planning Director*
Gil Kelley, *Director of Citywide Planning*
Teresa Ojeda, *Manager, Information & Analysis Group*
Paolo Ikezoe, *Lead Planner*
Scott T. Edmondson, AICP, *Project Manager*
Gary Chen, *Graphic Designer*
Aksel Olsen, *Planner*
Maria Oropeza-Mander, *Administrative Assistant*

Data Sources:

AC Transit
Association of Bay Area Governments (ABAG)
Bay Area Rapid Transit
California Department of Finance
California Employment Development Department
Caltrain
Cassidy Turley
Costar Group
Cushman & Wakefield
Dun & Bradstreet
San Francisco Controller's Office
San Francisco Department of Building Inspection
San Francisco Planning Department
San Francisco Metropolitan Transportation Agency
Terranomics
U.S. Bureau of Labor Statistics
U.S. Census Bureau



**SAN FRANCISCO
PLANNING
DEPARTMENT**

FOR MORE INFORMATION ABOUT THIS REPORT, CONTACT:

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NOTE: For additional information that is available on the Planning Department web site under the heading "Data and Analysis Reports," please see previous reports (annual, five-year, and 25-year) at: <http://www.sf-planning.org/index.aspx?page=1663>

From: Board of Supervisors (BOS)
To: Ausberry, Andrea
Subject: File 140413: Reasons to reject, or request modification of ROSE Section 4.2

From: Kit Kubitz [mailto:mesondk@yahoo.com]
Sent: Tuesday, July 08, 2014 11:23 AM
To: Yee, Norman (BOS); Wiener, Scott; Tang, Katy (BOS); Eric.Mar@sfgov.org; Farrell, Mark (BOS); Cohen, Malia (BOS); Chiu, David (BOS); Campos, David (BOS); Breed, London (BOS); Avalos, John (BOS); jacquie proctor; Board of Supervisors (BOS)
Subject: Re: Reasons to reject, or request modification of ROSE Section 4.2

Dear Supervisors,

I wish to point out that despite the claim that the proposed ROSE including element 4.2 has been publicly discussed and vetted, this is not indicated by the public comment presented at the Land Use Committee June 16. As indicated in the attached public comments, the ROSE including 4.2 was opposed by the large majority of the speakers before the June 16 Land Use Committee meeting. In addition, as noted by one of the speakers, the inclusion of the term "recreation" was only a recent addition to the ROSE, indicating a lack of concern for public recreational uses of San Francisco Parks.

As I suggested in my prior comments, there are only two realistic options in view of public sentiment about the ROSE

1. Reject the ROSE, and send it back to the Planning Department without guidance.
2. Reject the ROSE and provide guidance to add that Section 4.2 should be deleted or amended to provide that this section should not be used to restrict public access or recreational use of San Francisco parks, or inclusion of SF parkland in any federal program which would restrict use.

See the following transcript of comments from the June 16 Land Use Committee from the SF BOS Archive. Please include these comments in the record for consideration of the ROSE, and send the proposed ROSE back to the Planning Department for reconsideration in view of these numerous public concerns.

Calling names:

and you can line up on the side

and you know speak in my order. Ms. Stevens

>> I'm a chair of sf.Org please
vote you don't, no on the rose
this is a huge land grab by the
natural advocates it gives us
the theory pick if they want it
they get it with little
oversight of their choices
people want a playground or
successor field or dog place
that land maybe claimed because
of 4.2 why are we giving this
land to one group. Last year the department environment applied
for a
granted for the policy 4.2
inventory that proposed look at the open space will specifically
people's background for areas to
be turned into gardens the staff
suggested to the fish and
wildlife they donate their los
angeles police department for the habitat.
The homeowners to fioretti found
out after the designation was done. San francisco's recreational
open spaces are under freight from the controls of the
parklands as the population
increases we can't tie up our

lands for a natural garden it's
up to you to keep people's
backgrounds for their use.

There's no deadline for a rose
that includes the native
policies this is not about
balance and won't improve the land diversity.

it so the fact they've been
involved in the development of
the rose is concerning thank you very much
>> thank you, Ms. Stevens. >> next speaker.

>> good afternoon, I'm is

nancy served as a member of the rec and park department open space
advisory committee for 9 years.

I have urge you to vote no on

the revised rose the planning department has an appropriate
vision for the city's open space unacceptable concept are
embedded in policy 4.2 this

policy coordinates the natural
cities areas but going way

beyond it includes land privately-owned to determine their
natural resources once

identified 4.2 says the city

should is development a land so

my background could go to the

techniques on the rec and park

property the policy goes further
in order to coordinate outline
natural areas regardless of the land ownership considerations
should be given to the
conservation or the government
entity that controls those areas.
Supervisors this policy 4.2 is
saying our general plan is being
amended for the purpose of
creating a new government entity
that will direct the policy and
the negative implications can't be underlined.
this is the picture of the
sunset beacon from slop
boulevard looking over the sand
dunes and scrub brush please
does not let this version of the
rose that is intent to make my background look like this.
I'm not kidding you this is what
natural areas look like this is
the kind of thing I'm concerned
about especially the idea of a
government entity controlling
how I use my land
>> thank you, Mr. Harper. >> next speaker.

>> supervisors I'm pete wing
at the scene I'm here to
represent spur the san francisco your honor, association spur
helped to form the original task
force in 2007 and been involved with this process.

we think the changes that have took place are good and recommend
you approve them and

send them on to the phone bill
full board thank you very much

>> supervisors I'm dennis.

i serve as a representative on
prozac and working 0 the working
group revisions to rose I have
two minutes to proceed you first
in objective 2 policy 2 point 1
the meaning of the high areas
has been weakened precisely the
criticism from harvey rose

draftrts have incorporated the additional criteria of the
maintenance funding to quote
high needs this will cover to
the acquisition of true needs
areas to prove that point on
June 3rd on the prozac rec and
park department used this
criteria that the audit crazed

to promote the acquisition of
the reservoir for 990-0000 to the san francisco puc not
because it's a high needs area
the highest priority but because
the residents pledged \$9.02 of
us voted against it.

Pay to play linked or licks are being incriminated into the
acquisition fund into the rose

and this is wrong and must be

rewritten and map 7 obscures

this area by labeling that the

high percentage of youth and low

income householders our second

issue in the comment highlighted

number 5 I urge you not to pass

that on to the phone bill until this is resolved

>> thank you. Next speaker. . We can alternative between slides

>> hello supervisor kim and supervisor wiener and supervisor

cowen I'm robin please boo don't

approve the current draft of the rose this recreation and open

space element is too important

and effects too many people to be rushed through the approval

process as it has been in spring

instead we should make sure it's right and more diverse
activities should be included in the policy. Among the major
concerns in the

name of bio diversity a word
that means almost anything this
proposes to remove notary
republic and a half plant to cut
down trees since san francisco's
trees are noting non-native s
only if a couple of plant are
endangered and most of the bay
area native don't flourish in san francisco's wet climate.
You'll find the areas heavily
man custody with volunteer and
gardener hours or their
flammable and overrun with
bureaus and leaves that can kill that's subject to the natural
areas program the goal of the proposed policy is the
transformation of san
francisco's open space to mimic
the value the dry scrub of the
san bruno mounts who's vision is this.
I'm running out of them so
invested interests most san
franciscans are shocked at the
overman occurring of their trees
and destruction of them you May
not want our name associated
with the results. Thank you very much

>> thank you, Ms. Johnson. >> good afternoon, supervisors
I'm carolyn johnson.

I'd like to talk about the word bio diversity.

As the previous speaker said it means different things to
different people.

My idea of bio diversity is lots
of species of animals and plant
we have far more in san francisco then the days pictured.

I don't know if you know with

the christmas pound are

something that the audubon

society has been doing here in

san francisco they started in

1915 they counted the species of

birds every christmastime and

it's a good way to keep with bio

diversity we have far, far more

species of birds than in 1915.

and while we've lost maybe a

hvenl of species we've gained

dozens and dozens and dozens of

bird species so when people are

talking about the authors of

second 4.2 is a different five

of kind of bio diversity we have

to increase areas that have
natural we have to somehow make
a it better for bio diversity I
don't think it's true their idea
of bio diversity is to restore
it to the way it used to be maybe when there were slithering
different species but far fewer
the older ones this is a form of
north america stage which has
nothing to do with science I
don't think anybody can argue 80
is global warming that's not something people doesn't know
what it is and we know that
cutting down trees increases is
so we need to stop that

>> thank you, Ms. Johnson.

>> next speaker

>> hello, I'm chris with the

friends of recreation and thank you very much supervisors for
having me do as much as I can to
convince you not to accept the

road the first is the recreation element the name of the
department is the san francisco rec and park department yet in
the seven years in which the
work was can you think on
rooirsz the rose recreation

constituents were not included

and the queries didn't ask about the recreation of the open space

the spur put together a

committee that didn't represent

recreation so only until the

last 2 years of the 7 we were included I'm grateful that the task force I work with was

willing to balance recreation go

with the open space by diversity

issues of dogs, etc. So much

work is included in the rose it

didn't include the word recreation when we were talking

about recreation and open space. One of the things missing the

map they've included for the

first time in this version those

are the recreation spaces in san

francisco tennis courts, golf course and basketball courts,

etc. So this is the map.

Let me ask you this. Why we it

out how howl we're doing with

parks how about recreation can

you answer that question because

there is no standard in the rose

for recreation space up in the

former rose they refer to the

standards recreation park
association which day with our
increasing population we should
are 40 swimming pools we have 9. 4 hundred tennis court barrel a
hundred now so the more you add
people more demands on
recreation the less the supply
and the less budget don't accept
the rose without those standards. Thank you

>> thank you Mr. Kelly.

>> hello good afternoon, supervisors I'm Kelly the
presidential with the bay area
for the trust for public land that's a national organization
to make sure that everyone has a
park and garden and playground trails within 10 minutes of
their homes it is across the
country we know first hand
what it means to set up the communities.

By poorn with the rec and park
department we've helped to
renovate and create parks most
recently we've completed balboa
park and the hay playground.
we have the competitive scores
where the cities are meeting parks.

With san francisco in the top
third eave focused on the
respect respect spaces.

By developing and approving the
rose plan san francisco will
maintain and have opportunity

for organizations like the trust for public and private
partnership and bring important parks into the community

the rose we see a valuable tool

we want to commend the plan on

two specific points first policy 102 for the recreation

facilities in the high needs

area this approach aligns with

the system and we've voted for

the hunters point area by

implementing the rose we can

continue to partner with rec and park.

The second is the objective

engaged community in stewardship

of the rec and park department

program we're glad to see this

>> thank you.

>> good afternoon, supervisors.

Supervisor wiener you you've

voiced a number of my concerns regarding policy 4.2 and this is

not a guide it's a new
management procedure and there's
no balanced evidenced in this
rose which x tolls and celebrates the program from past
experience we know that this
means heavy use of toxic pesticides the destruction of
trees and any and all plants on
the hit lacing list and that
means missing the 18 century deadline

Laughter:

>> if I can say something
about trees our tree coverage in
san francisco is 12 percentage
other eras the trees provide
oxygen and they provide wind
breaks and improve our quality
of life, they make our city healthier.

San francisco perry purports to be progressive please don't turn
barney back the clock in our
open space and don't
deludicrously our hilltops and
our thriving eco system does not
allow the seizures of our life without paroleable open spaces
please reject the rose 23

section 4.2 is not removed >> thank you. Next speaker, please.
>> hello, I'm casey an environmental educator working

in the tenderloin and in the excelsior.

I'm here to talk about the
against support of the rose as
it stands so long as section 4.2
is involved in this or is
included in this plan or this
series of guidelines we're at
risk of losing a grateful of our
effort and hillside.

The map sounds good on paper but
that's only until you look at
what bio diversity means in this
context and also until it's consequences of its
implementation are examined.

What we've already seen the
destruction of the effort in
your honor, areas the worldwide
use of herbicides this is
leading to and it will lead to
erosion and more innovation of
or suck suction of innovation
weeds and grass comes next and
the types of things that grow in
a clear-cut area is not what
people want this will encourage

development the wide areas people wouldn't federal court
them and advocate for them it
will make it easier to seize
those areas and have them
developed for needed housing and
also the cost of it I'm against
it please don't vote for it
>> thank you. Next speaker.

>> hi I'm speaking as an
individual today.

I'd like to start with my plea
to please vote against this.

Very often we see people that
build a bridge or develop a park
we still talk about them but

it's good for people to stop something that would be a problem.

my concern is policy 4.2 will

bake conflict into the rose and

that will mean for the next 20

years or until it survivors

again there will be an area of

conflict which will lead to a great expenditure of money, a

waste angle of time and effort

and hearings like this one you

get a room of people that says

please don't do it so, please
vote against it.

There's two other points one
phil beginnings ginsburg

attacked talked about a word I
didn't find a word relevant so I
request someone either Mr.

Ginsburg define what they mean
by ecological integrity and the

second is what peter mentioned they were not trying to build
one area out of nothing there's

one this is less successful the dunes this was an old this it
was knocked down and the area
was acquired they 3wr5ug9 in said.

>>and planted things the next
time I looked I couldn't find on ant.

>> thank you very much. Next speaker.

Actually let me call the next
batch of card if you will start
to line up

Calling names: Come on up.

Those are all the cards I have by the way,

>> I'm melinda and supervisor

wiener you are my supervisor and

i came up up to ask for voting

no for this 4.2 is in it.

It's as has been said before a

land grab for the n ap I'm not

happy with the way they've done the other parts they've been

given so to have them as a model

for our management ever our

natural areas is not a good model I don't believe.

I think there's a lot of ways we

can manage land and not necessarily their way.

In terms of getting it back to

what is natural with global

change I think the plants would

be different now as is our

coastline anyway that's all I

want to say I encourage you to vote no

>> thank you very much. >> next speaker.

>> thank you very much

supervisors for having this hearing.

I'm norma miller no time familiar with legal language so

I have not really be able to

understand all of this that's

mainly my point is that over the

years I've seen how committees

are formed and grow and pass and

other people have been coming in

and take over the work and go by the guidelines but I find the guidelines are so slippery and we've already you've already heard from the last few speakers how the guidelines have been misinterpreted to create a negative effect on our public lands and I just would like you to be very careful about the language it's slippery and who knows how it is going to be interpreted it's already been enough damage done by the natural areas program so I'm asking you not to pass this with this 4.2.

Kermit R. Kubitz
415-412-4393
mesondk@yahoo.com

From: Kit Kubitz <mesondk@yahoo.com>
To: "Norman.Yee@SFGov.org" <Norman.Yee@SFGov.org>; "scott.wiener@sfgov.org" <scott.wiener@sfgov.org>; "Katy.tang@sfgov.org" <Katy.tang@sfgov.org>; "Eric.Mar@sfgov.org" <Eric.Mar@sfgov.org>; "Mark.Farrell@SFGov.Org" <Mark.Farrell@SFGov.Org>; "malia.cohen@sfgov.org" <malia.cohen@sfgov.org>; "David.Chiu@sfgov.org" <David.Chiu@sfgov.org>; "David.Campos@sfgov.org" <David.Campos@sfgov.org>; "London.Breed@sfgov.org" <London.Breed@sfgov.org>; "John.Avalos@sfgov.org" <John.Avalos@sfgov.org>; jacquie proctor <jacquieproctor@hotmail.com>; "Board.of.Supervisors@sfgov.org" <Board.of.Supervisors@sfgov.org>
Sent: Monday, June 23, 2014 8:54 AM
Subject: Reasons to reject, or request modification of ROSE Section 4.2

Dear San Francisco Supervisors

Enclosed is the letter which I previously submitted to the BOS Land Use Committee requesting modification or rejection of Sec. 4.2 of the Recreation and Open Space Element (ROSE) modification to San Francisco's General Plan. While not able

to attend the meeting, I reviewed both the supporting reports from the San Francisco Planning Department and other related Departments including the Park and Recreation Department. They suggested that the proposed ROSE was a) the subject of extensive public discussion and hearings and balanced and b) within the purview of the Planning Department to present a proposal which was not subject to language modification by the Board of Supervisors. Neither of these propositions is correct or supportive of Element 4.2.

I gave three reasons in the letter to the Land Use Committee for not adopting a ROSE plan modification containing 4.2 without substantial modification including: lack of clarity of intention, limits and consequences of 4.2, unless clarified; premature implementation of 4.2 as a policy prior to completion of the Significant Natural Area Resource Management Plan EIR, and lack of legal authority for 4.2 without further review.

The presenting agencies at the Land Use Committee suggested that element 4.2 was balanced, and represented a lengthy public process as a consensus. However, the vast majority of the public comments at the Land Use Committee were opposed to 4.2, and the result was NO RECOMMENDATION by the Land Use Committee after questioning by Supervisors Wiener and the other members.

I suggest that Section 4.2 has not been fully publicly vetted, is opposed by significant community groups and segments, and should not be adopted without modification. In terms of the claim that the Planning Department has control of the language of the ROSE, the BOS is the ultimate authority on ordinances and policies in San Francisco, and if it does not wish to adopt the ROSE with Section 4.2 as written, it can send the ROSE back to the Planning Department for modification as directed by the BOS. The San Francisco Board of Supervisors should not be presented a fait accompli by its City Departments.

My reasons for suggesting Element 4.2 of the ROSE may lead to unintended consequences or results as exemplified by the following circumstances. As part of a recent federal rule making by the US Fish and Wildlife Service, critical habitat was established for a plant, the Franciscana manzanita, despite numerous public comments about the need for preservation of San Francisco Parks for recreational use.

Incredibly, in the Final Rule establishing Franciscan Manzanita critical habitat, 73 acres were added based on recommendations and information from the San Francisco Park and Recreation Department, which had not been included in the original proposal. These 73 additional acres in McClaren Park and Diamond Heights were never the subject of public hearing, notice or comment. No San Francisco resident was ever given the opportunity by the Park and Recreation Department to evaluate, comment on, or protest the selection of this additional acreage. This recommendation and consignment of SF Park land to a potential federal use restriction was made without any public, Park Commission, or BOS approval or hearing process.

This is the type of staff action which might be permitted under Element 4.2, unless clarified.

ADDITION OF 73 ACRES TO CRITICAL HABITAT BY SF PARK AND REC

See the following excerpt from the USFWS rule making. According to the June 28, 2013 proposal for critical habitat for Franciscan Manzanita,

“Revisions to Proposed Critical Habitat Designation
On September 5, 2012, we proposed 11 units, consisting of approximately 318 ac (129 ha) in City and County of San Francisco, California, as critical habitat for *Arctostaphylos franciscana* (77 FR 54517). As stated above, we are correcting the acreage of the original proposal to a total of 197 ac (80 ha).

We are now proposing to increase the designation by approximately 73 ac (30 ha) to a total of approximately 270 ac (109 ha) in 13 critical habitat units in the City and County of San Francisco, California. We propose this increase based on additional information on habitat suitability that San Francisco Parks and Recreation Department (SFPRD) staff provided to us. The additional areas include: Two subunits in Unit 9 (Diamond Heights) so that the unit now consists of three subunits; and two new units at McLaren Park: Unit 12 (McLaren Park East), which consists of two subunits, and Unit 13 (McLaren Park West). Below, under Revised Proposed Critical Habitat: Additional Units, we provide an updated unit description for proposed Unit 9 and unit descriptions for proposed Units 12 and 13.”

SNARMP STILL UNDER REVIEW

At the same time, the SNARMP is still undergoing environmental review, and identifies, in the current draft, on the Planning Department EIR and Negative Declaration website, the "maintenance alternative" rather than the

"maximum restoration" alternative as the environmentally preferred alternative for the City's parks. Element 4.2 should not be adopted to be used as a basis for biasing or modifying the SNARMP to ratchet up the "maximum restoration" alternative over the maintenance alternative in the SNARMP EIR process.

See the following descriptions of San Francisco land use for parks including recreational use in the SNARMP which may have been affected by the Park and Rec staff decision to include areas such as McLaren Park as critical habitat:

- "Mount Davidson, the highest point in San Francisco, is in south-central San Francisco. Elevations range from approximately 600 to 900 feet above sea level. Developed facilities are minimal and include trails, access roads, a bus turnaround, Works Progress Administration (WPA) stairs and retaining walls, a water tank, and the cement cross (owned by the Council of Armenian-American organizations of Northern California and not part of the Natural Area). Forests dominate the landscape at Mount Davidson, covering three-quarters of the Natural Area (SFRPD 2006). As a highly visible focal point within the City that supports a diverse array of habitats, plants, and animals, Mount Davidson has high natural resource and recreational values for the citizens of San Francisco, include City views, high levels of recreational trail use, and extensive urban forest (SFRPD 2006).
- McLaren Park is near the southeast corner of San Francisco. Elevations in McLaren Park range from approximately 100 and 125 feet above mean sea level in the southern and northern corners of the park to just over 525 feet above mean sea level along Mansell Street. Recreation facilities within McLaren Park include over 11 miles of trails, tennis courts, ball fields, a golf course, picnic areas, overlooks, and an amphitheater. The Natural Area at McLaren Park is composed of grassland, scrub, and tree-dominated vegetation series. As one of the largest Natural Areas in the City, McLaren Park has high natural resource and recreation values for San Franciscans, including trails, scenic views, and extensive grasslands (SFRPD 2006)."

For all of the reasons stated above, the ROSE should not be adopted if it contains element 4.2 as proposed. Section 4.2 should be sent back to the Planning Department for some or all of the following modifications

Add: "This element 4.2 should not be used to allocate, modify use of, or consign any San Francisco Park land to any federal use, critical habitat, or federal program controlling land

use. There are already multiple federal land use programs neighboring San Francisco including the Presidio and Golden Gate National Recreation Area. Element 4.2 should not be used to convert multi-use recreation areas to single use or purpose areas, or by restricting public access, without notice, public hearing, and San Francisco Board of Supervisors Approval."

I request that the Clerk of the Board of Supervisors include these comments in the record and provide copies to the BOS for use in consideration of the ROSE plan modification including proposed element 4.2

Kermit R. Kubitz
415-412-4393
mesondk@yahoo.com

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: File 140098: NO on Beverage Tax

From: - marylinn - [<mailto:mng973128@excite.com>]
Sent: Wednesday, July 09, 2014 10:48 AM
To: Board of Supervisors (BOS)
Subject: NO on Beverage Tax

To Whom It May Concern,
Please send the following message to all the supervisors ASAP.

To the Board of Supervisors,

I oppose the Beverage Tax. NO! NO! on Beverage Tax.

Marylinn.

From: Board of Supervisors (BOS)
To: BOS-Supervisors; Wong, Linda (BOS)
Subject: File 140098: NO on Beverage Tax

From: Alice Ng [<mailto:achangng@yahoo.com>]
Sent: Wednesday, July 09, 2014 10:39 AM
To: Board of Supervisors (BOS)
Subject: NO on Beverage Tax

To Whom It May Concern,
Please send the following message to all the supervisors ASAP.

To the Board of Supervisors,

I oppose the Beverage Tax. NO! NO! on Beverage Tax.

Alice

From: Board of Supervisors (BOS)
To: BOS-Supervisors; Wong, Linda (BOS)
Subject: File 140098: Oppose Beverage Tax (NO)

From: ng [<mailto:ayongng@yahoo.com>]
Sent: Wednesday, July 09, 2014 10:42 AM
To: Board of Supervisors (BOS)
Subject: Oppose Beverage Tax (NO)

To Whom It May Concern,
Please send the following message to all the supervisors ASAP.

To the Board of Supervisors,

I oppose the Beverage Tax. NO! NO! on Beverage Tax.

Alfonso



**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER**

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

**Ben Rosenfield
Controller**

**Monique Zmuda
Deputy Controller**

2014 JUL -9 AM 11:25
le

July 9, 2014

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1-Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

*File 140098
BOS 11, page 1
B+F clerk*

RE: File 140098 – Initiative Ordinance regarding a tax on sugar-sweetened beverages

Dear Ms. Calvillo,

Should the proposed ordinance be approved by the voters, in my opinion, it would have a significant impact on the cost of government.

The ordinance provides for a tax of two cents per fluid ounce on sugar-sweetened beverages sold in San Francisco, with the tax revenue dedicated to funding nutrition and health programs. Depending on consumer and market factors, the tax is estimated to generate between \$35 million and \$54 million annually.

Revenue collected through the tax would be dedicated to health purposes with 40% to the San Francisco Unified School District for student nutrition services, 25% to the Department of Public Health (DPH) and to the Public Utilities Commission for health programs and for public drinking water stations, 25% to the Recreation and Park Department for recreation programs and 10% to DPH for community grant programs in health-related areas. Up to two percent of revenue may be used for administration and evaluation by the Treasurer/Tax Collector and other City departments.

The ordinance specifies that these tax revenues may not be used to replace funds already budgeted by the City for the purposes of the ordinance. The Controller’s Office estimates that this baseline expenditure amount is currently approximately \$25 million—with approximately \$20.6 million in DPH programs and \$4.4 million in Recreation and Park Department programs.

The ordinance would place the tax on the initial distribution of each sugar-sweetened beverage in the City and details exemptions of various types such as infant formula, medical products, and others. Further discussion of the proposed ordinance’s effects will be available in a forthcoming report from the Controller’s Office of Economic Analysis.

Sincerely,

for Ben Rosenfield
**Ben Rosenfield
Controller**

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller’s statement appears in the Voter Information Pamphlet.

12

File 140557

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: FW: Thank You for Laura's Law Bill!!!

From: J Sottile [mailto:jim_sottile@yahoo.com]
Sent: Wednesday, July 09, 2014 4:41 PM
To: Farrell, Mark (BOS)
Cc: Kim, Jane (BOS); bos@sfgov.org
Subject: Thank You for Laura's Law Bill!!!

Supervisor Farrell,

As a resident of the Downtown/Tenderloin neighborhood for more than a decade I would like to personally thank you for offering a Laura's Law bill here in SF.

Seeing the victims of substance abuse on the street, who sleep in doorways along Sutter, Geary, Taylor and Post street my hope is that additional relief may come in the form of delivering mental health services.

I also helped campaign for the sit/lie ordinance and just view this as another tool for making SF a more liveable city.

Thank You for your Leadership,
Jim Sottile
94102

Files: 140557
140558

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: File 140557, 140558: Support for Laura's Law
Attachments: TAC_Laura's Law_Support_San Francisco Supervisors_7_8_14.pdf; AOT Studies (2012).pdf; AOT Saves Money.pdf

From: Kathryn Cohen [<mailto:Cohenk@treatmentadvocacycenter.org>]
Sent: Tuesday, July 08, 2014 8:27 AM
To: Board of Supervisors (BOS)
Subject: Support for Laura's Law

July 8, 2014

San Francisco City and County Board of Supervisors
City Hall, Room 244
San Francisco, CA 94102-4689

Re: Support for Laura's Law

Dear Board of Supervisors:

We urge you to support the implementation of Laura's Law in San Francisco City and County. Authorizing Laura's Law will increase the likelihood that individuals with mental illness who are deteriorating will receive treatment when it is most likely to avert a crisis or disaster. **By authorizing Laura's Law, you will provide San Francisco County with a proven mechanism for saving taxpayers significant costs and saving lives.**

The Treatment Advocacy Center is a national non-profit with supporters throughout the state of California. The mission of our organization is to eliminate barriers to the timely and effective treatment of severe mental illness like schizophrenia and bipolar disorder. Our focus and expertise is on civil commitment laws like Laura's Law.

Laura's Law is a less restrictive alternative to hospitalization and incarceration. One of the goals of the law is to provide effective treatment while protecting an individual's due process rights. Civil commitment is always a last resort, but is necessary for a small but significant population of people who are unable to recognize they are ill (roughly 50% of people with schizophrenia and 40% of people with bi-polar disorder). I have included information you may find helpful as you look at the issue of implementing the law in San Francisco County.

AOT has produced measurable results in multiple states, virtually all of them positive. Kendra's Law is New York's law (on which the criteria of Laura's Law are based) that allows court-ordered community treatment for someone with a severe mental illness. Five years after taking effect, the New York Office of Mental Health reported that among participants in the program:^[1]

- 74 percent fewer individuals experienced homelessness;
- 77 percent fewer individuals experienced psychiatric hospitalization;
- 83 percent fewer individuals experienced arrest;
- 87 percent fewer individuals experienced incarceration;

Similar studies throughout the country have confirmed the effectiveness of these laws when implemented including Florida, Ohio, Georgia, North Carolina, Washington D.C. and others. Much of this data is highlighted in the first attachment (AOT studies).

The weight of evidence both in California and throughout the country demonstrates that, when implemented, assisted outpatient treatment laws save money and improves lives:

- AOT produced 50% cost savings in the first year of AOT participation in New York.^[ii]
- Nevada County estimates a savings of \$1.81 for every \$1 invested.^[iii]
- Implementation of AOT in North Carolina was cost neutral in the first year and cost savings every year thereafter.^[iv]

Feel free to contact us if we can be a resource in any way.

Sincerely,

Kathryn Cohen, Esq.
Legislative and Policy Counsel
Treatment Advocacy Center

Kathryn Cohen, Esq.
Treatment Advocacy Center
Legislative and Policy Counsel
200 North Glebe Road, Suite 730
Arlington, VA 22203

Phone: (703) 294-6004
Cell: (202) 630-2197
Fax: (703) 294-6010

The Treatment Advocacy Center (www.treatmentadvocacycenter.org) is a national nonprofit organization dedicated to eliminating barriers to the timely and effective treatment of severe mental illnesses. TAC promotes laws, policies, and practices for the delivery of psychiatric care and supports the development of innovative treatments for and research into the causes of severe and persistent psychiatric illnesses, such as schizophrenia and bipolar disorder.

The information above is educational only as the Treatment Advocacy Center does not undertake to offer specific legal advice relating to any given situation. No attorney-client relationship is created by this communication. You are encouraged to seek out any needed legal advice from appropriate professionals who are duly licensed and authorized to practice in your state.

We take no money from pharmaceutical companies. The American Psychiatric Association awarded TAC its 2006 presidential commendation for "sustained extraordinary advocacy on behalf of the most vulnerable mentally ill patients who lack the insight to seek and continue effective care and benefit from assisted outpatient treatment.

^[i] These statistics cited in this summary are from the following source: N.Y. State Office of Mental Health (March 2005). *Kendra's law: Final report on the status of assisted outpatient treatment*. New York: Office of Mental Health.

^[ii] Swartz MS, Swanson JW: Can States Implement Involuntary Outpatient Commitment Within Existing State Budgets? *Psychiatric Services* 64: 7-9, 2013.

^[iii] Anderson, Tom. 2012. Testimony supporting AB 1569 before the California State Assembly Committee on Health, March 29, 2012; Report to the Nevada County Grand Jury: Laura's Law in Nevada County, A Model for Action – Saving Money and Lives, 2011-2012.

^[iv] Swartz MS, Swanson JW: Can States Implement Involuntary Outpatient Commitment Within Existing State Budgets? *Psychiatric Services* 64: 7-9, January 2013.



Treatment Advocacy Center Backgrounder

Assisted Outpatient Treatment Saves Money

SUMMARY: Forty-four states permit the use of assisted outpatient treatment” (AOT), also called “outpatient commitment.” AOT is court-ordered treatment for individuals who have a history of treatment nonadherence as a condition of their remaining in the community. Studies and data from states using AOT show that it can reduce mental health system and criminal justice system costs. Additionally, research and experience indicate that states with existing resources can implement AOT without new funding.

* * *

AOT produced 50% cost savings in the first year of AOT participation in New York. Contrary to the expectation of increased costs, recent evidence has demonstrated improved clinical outcomes and substantial net cost savings associated with Kendra’s Law. A 2012 cost-impact study reviewed expenses for AOT program administration, legal and court services, mental health and other medical treatment, and criminal justice involvement. Researchers “compared costs for selected participants in New York City for the year before and two years after AOT initiation and found that participation produced net cost savings of 50% in the first year and an additional 13% in the second year; in five other counties, savings of 62% in the first year and an additional 27% in the second year were noted.”¹

AOT resulted in cost savings of 40% in North Carolina and programs were implemented without additional funding. A recent analysis examined mental health services and criminal justice involvement costs for county-based AOT programs in North Carolina that were operated within existing state and county allocations and revenue sources. The study compared costs for persons receiving AOT to a similar population without it and found that “[o]utpatient commitment of six months or more, combined with provision of outpatient services, appeared to result in cost savings of 40%.” Most of the cost-savings came from the effectiveness of AOT in reducing rehospitalization rates. The researchers noted that their findings “suggest that states with adequate services to provide consumers on outpatient commitment may implement a program without new funding.”²

AOT saved \$1.81 for every dollar spent in Nevada County, California. The county program implemented AOT using California Mental Health Services Act (MHSA) funds. The program received national recognition in July 2011 with an Achievement Award in Health from

the National Association of Counties for innovation that “modernizes county government and increase(s) its services.” In the first 30 months of its AOT program, Nevada County estimates that it saved \$1.81 for every dollar spent, for a total savings of over \$500,000.³

AOT significantly reduced hospitalization and incarceration costs in Seminole County, Florida. After the state passed an AOT law in 2004, Seminole County implemented an AOT program using existing services and funding allocations. As a result, between June 1, 2005, and November 30, 2006, 36 people received AOT through Seminole Behavioral Healthcare. In the year prior to receiving AOT, participants averaged 117 days of hospitalization and 23 days of incarceration. After placement in the program, the participants experienced significant reductions in both hospitalization days (43 percent, for a cumulative savings of \$303,728) and incarceration days (72 percent, for a cumulative savings of \$14,455).⁴

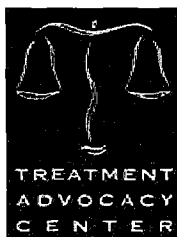
ENDNOTES

¹ Swartz MS, Swanson JW, Steadman HJ, et al: New York State Assisted Outpatient Treatment Program Evaluation. Duke University School of Medicine, Durham, NC, June, 2009. Available at http://www.omh.ny.gov/omhweb/resources/publications/aot_program_evaluation/ Accessed on January 9, 2013; Assisted Outpatient Treatment for Persons with Severe Mental Illness: the Data and the Controversy. Presented at the annual meeting of the American Psychiatric Association, Philadelphia, May 5-9, 2012.

² Swartz MS, Swanson JW: Can States Implement Involuntary Outpatient Commitment Within Existing State Budgets? *Psychiatric Services* 64: 7-9, 2013

³ Anderson, Tom. 2012. Testimony supporting AB 1569 before the California State Assembly Committee on Health, March 29, 2012; Report to the Nevada County Grand Jury: Laura’s Law in Nevada County, A Model for Action – Saving Money and Lives, 2011-2012.

⁴ Esposito RE, Westhead VA, Berko J: Outpatient Commitment Law: Effective but Underused. *Psychiatric Services* 59: 328, 2008



Treatment Advocacy Center Backgrounder

Assisted outpatient treatment (AOT)

SUMMARY: Forty-five states permit the use of assisted outpatient treatment (AOT), also called outpatient commitment. AOT is court-ordered treatment (including medication) for individuals who have a history of medication noncompliance, as a condition of their remaining in the community. Studies and data from states using AOT prove that it is effective in reducing the incidence and duration of hospitalization, homelessness, arrests and incarcerations, victimization, and violent episodes. AOT also increases treatment compliance and promotes long-term voluntary compliance, while reducing caregiver stress. The five states that do not have AOT are Connecticut, Maryland, Massachusetts, New Mexico and Tennessee.

Assisted outpatient treatment reduces hospitalization.

Several studies have clearly established the effectiveness of AOT in decreasing hospitalization.

Researchers in 2009 conducted an independent evaluation of New York's court-ordered outpatient treatment law ("Kendra's Law") and documented a striking decline in the rate of hospitalization among participants. During a six-month study period, AOT recipients were hospitalized at less than half the rate they were hospitalized in the six months prior to receiving AOT (i.e., the hospitalization rate dropped from 74 percent to 36 percent). Among those admitted, hospital stays were shorter: average length of hospitalization dropped from 18 days prior to AOT to 11 days during the first six months of AOT and 10 days for the seventh through twelfth months of AOT (Swartz et al. 2009, 26-29).

A randomized controlled study in North Carolina (part of the so-called "Duke Study") in 1999 demonstrated that intensive routine outpatient services alone, without a court order, did not reduce hospital admission. However, when the same level of services (at least three outpatient visits per month, with a median of 7.5 visits per month) were combined with long-term AOT (six months or more), hospital admissions were reduced 57 percent, and length of hospital stay was reduced by 20 days compared to individuals receiving the services alone. The results were even more dramatic for the subset of individuals with schizophrenia and other psychotic disorders. For them, long-term AOT reduced hospital admissions by 72 percent and length of hospital stay by 28 days compared with the services alone. The participants in the North Carolina study were from both urban and rural communities and "generally did not view themselves as mentally ill or in need of treatment" (Swartz et al. 1999).

A 1986 study in Washington, D.C., found that the average patient's number of hospital admissions decreased from 1.81 per year before AOT to 0.95 per year after AOT (Zanni and deVeau 1986). In a more recent Washington study of 115 patients, AOT decreased

hospitalization by 30 percent over two years. The savings in hospital costs for these 115 patients alone was \$1.3 million (Zanni and Stavis 2007). In Ohio, the decrease in hospital admissions was from 1.5 to 0.4 (Munetz et al. 1996) and in Iowa, from 1.3 to 0.3 over a 12 month period (Rohland 1998).

In an AOT program in Florida, AOT reduced hospital days from 64 to 37 days per patient over 18 months, a 43percent decrease. The savings in hospital costs averaged \$14,463 per patient (Esposito et al. 2008).

Only two studies have failed to find court-ordered outpatient treatment effective in reducing admissions. One was a Tennessee study in which "outpatient clinics [were] not vigorously enforcing the law," and thus non-adherence had no consequences (Bursten 1986). The second was a Bellevue Hospital (New York City) study that pre-dated the enactment of Kendra's Law and was based on a small AOT pilot program at that hospital (Policy Research Associates 1998). The study authors acknowledged that they could not "draw wide-ranging conclusions ... [due to] the modest size of [the] study group." As in the Tennessee study, there were no consequences to an individual for non-adherence, calling the significance of the findings into serious question. Although not statistically significant because of the small study group, the Bellevue study suggests that the court orders did in fact help reduce the need for hospitalization. Patients in the control group spent a median of 101 days in the hospital, while patients in the court-ordered group spent a median of 43 days in the hospital during the study.

Assisted outpatient treatment reduces homelessness.

A tragic consequence for many individuals with untreated mental illnesses is homelessness. At any given time, there are more people with untreated severe psychiatric illnesses living on America's streets than are receiving care in hospitals. In New York, when compared to three years prior to participation in the program, 74 percent fewer AOT recipients experienced homelessness (New York State Office of Mental Health 2005).

Assisted outpatient treatment reduces arrests and incarceration.

A study of the New York State Kendra's Law program published in 2010 concluded that the "odds of arrest in any given month for participants who were currently receiving AOT were nearly two-thirds lower" than those not receiving AOT (Gilbert et al. 2010).

According to a New York State Office of Mental Health 2005 report on Kendra's Law, arrests for AOT participants were reduced by 83 percent, plummeting from 30 percent prior to the onset of a court order to only 5 percent after participating in the program (New York State Office of Mental Health 2005, 18).

In a Florida report, AOT reduced days spent in jail among participants from 16.1 to 4.5 days, a 72 percent reduction (Esposito et al. 2008).

Similarly, the Duke study in North Carolina found that, for individuals who had a history of multiple hospital admissions combined with arrests and/or violence in the prior year, long-term AOT reduced the risk of arrest by 74 percent. The arrest rate for participants in long-term AOT was 12 percent, compared with 47 percent for those who had services without a court order (Swanson et al. 2001).

Assisted outpatient treatment reduces violence, crime, and victimization.

The 2005 New York State Office of Mental Health report also found that Kendra's Law resulted

in dramatic reductions in harmful behaviors for AOT. Among AOT recipients at six months of assisted outpatient treatment compared to a similar period of time prior to the court order: 55 percent fewer recipients engaged in suicide attempts or physical harm to self; 47 percent fewer physically harmed others; 46 percent fewer damaged or destroyed property; and 43 percent fewer threatened physical harm to others. Overall, the average decrease in harmful behaviors was 44 percent (New York State Office of Mental Health 2005, 16).

A 2010 study by Columbia University's Mailman School of Public Health reached equally striking findings about the impact of Kendra's Law on the incidence of violent criminal behavior. When AOT recipients in New York City and a control group of other mentally ill outpatients were tracked and compared, the AOT patients – despite having *more* violent histories – were found four times less likely to perpetrate serious violence after undergoing treatment (Phelan et al. 2010).

The Duke Study in North Carolina found that long-term AOT combined with intensive routine outpatient services was significantly more effective in reducing violence and improving outcomes for severely mentally ill individuals than the same level of outpatient care without a court order. Results from that study showed a 36 percent reduction in violence among severely mentally ill individuals in long-term AOT (180 days or more) compared to individuals receiving AOT for shorter terms (0 to 179 days). Among a group of individuals characterized as "seriously violent," 63.3 percent of those not in long-term AOT repeated violent acts, while only 37.5 percent of those in long-term AOT did so. Long-term AOT combined with routine outpatient services reduced the predicted probability of violence by 50 percent (Swanson et al. 2001b).

The North Carolina study further demonstrated that individuals with severe psychiatric illnesses who were not on AOT "were almost twice as likely to be victimized as were outpatient commitment subjects." Twenty-four percent of those on AOT were victimized, compared with 42 percent of those not on AOT. The authors noted "risk of victimization decreased with increased duration of outpatient commitment" and suggested that "outpatient commitment reduces criminal victimization through improving treatment adherence, decreasing substance abuse, and diminishing violent incidents" that may evoke retaliation (Hiday et al. 2002).

Assisted outpatient treatment improves treatment compliance.

AOT has also been shown to be effective in increasing treatment compliance. In New York, according to the 2005 New York State Office of Mental Health report, AOT led to a 51 percent increase in recipients' exhibition of good service engagement, and more than doubled the exhibition of "good" adherence to medication (New York State Office of Mental Health 2005, 11-13).

In North Carolina, only 30 percent of AOT patients refused medication during a six-month period, compared to 66 percent of patients not under AOT (Hiday and Scheid-Cook 1987). In Ohio, AOT increased attendance to outpatient psychiatric appointments from 5.7 to 13.0 per year; it also increased attendance at day treatment sessions from 23 to 60 per year (Munetz et al. 1996).

AOT also promotes long-term voluntary treatment compliance. In Arizona, "71 percent [of AOT patients] . . . voluntarily maintained treatment contacts six months after their orders expired" compared with "almost no patients" who were not court-ordered to outpatient treatment (Van Putten et al. 1988). In Iowa, "it appears as though outpatient commitment promotes treatment compliance in about 80 percent of patients while they are on outpatient commitment. After

commitment is terminated, about three-quarters of that group remained in treatment on a voluntary basis" (Rohland 1998).

The New York Independent Evaluation also yielded interesting findings on the likelihood of voluntary compliance after AOT is allowed to expire. For individuals who received AOT for periods of six months or less, the researchers found that post-AOT sustainability of improvements in medication adherence depended on whether intensive outpatient services were continued on a voluntary basis. Those who continued with intensive services maintained their substantial increase in medication adherence relative to the pre-AOT period (from 37 to 45 percent); those who discontinued such assistance dropped back to near the pre-AOT levels (33 percent). Patients who received AOT for more than six months, however, experienced *increased* medication adherence *whether or not intensive services were continued*. The medication adherence rate was higher for those who continued intensive services than for those who did not (50 percent vs. 43 percent), but both groups maintained substantial improvements from the pre-AOT rate (37 percent) (Swartz et al. 2009, 39-44).

Assisted outpatient treatment improves substance abuse treatment outcomes.

Individuals who received a court order under New York's Kendra's Law were 58 percent more likely to have a co-occurring substance abuse problem compared with a similar population of mental health service recipients not receiving AOT. Furthermore, the prevalence of substance abuse at six months in AOT as compared to a similar period of time prior to the court order decreased substantially: 49 percent fewer abused alcohol (from 45 percent to 23 percent), and 48 percent fewer abused drugs (from 44 percent to 23 percent) (New York State Office of Mental Health 2005, 16).

Assisted outpatient treatment reduces caregiver stress.

A study published in 2004 examined the impact of AOT on those who serve as primary caregivers for people with severe mental illness (typically, family members). The level of reported stress was compared for caregivers of individuals who received AOT of at least six months, those who received brief AOT, and those who received no AOT. The results indicated that extended AOT (six months or more) significantly reduced caregiver stress. Not surprisingly, improved treatment adherence was also found to reduce caregiver stress. Notably, the study showed that AOT operates as an independent factor from treatment adherence in reducing stress. That is, AOT "contributes significantly to reduced caregiver strain, over and above its effect on treatment adherence" (Groff et al. 2004).

STUDIES REFERENCED

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From: Chen, Vivian Ai Yi [AChen@sfwater.org]
Sent: Wednesday, July 09, 2014 10:44 AM
To: Board of Supervisors (BOS)
Cc: Yuan, Jane (CON); Thaik, Sanda (PUC); Yee, Peter (PUC)
Subject: Admin Code Section 10.170-1(F) - Grant Budget Revision Notification
Attachments: BOS Notification Memo for Civic Center Sustainable District Plan June 20....pdf

Vivian Chen

Capital Projects & Grants
SF Public Utilities Commission
Phone: 415-487-5280
Fax: 415-928-3672
achen@sfwater.org

Grant Budget Revision Notification

Date: July 8, 2014
To: Clerk of the Board of Supervisors
CC: Controller's Office Operations Unit
From: Anna M. Roche
Subject: Grant Budget Revision

**Environmental Protection Agency (Funder)
Sustainable Civic Center Grant - XP-00T5900**

In accordance with Administrative Code Section 10.170-1(F), this memo serves to notify the Board of Supervisors of a Federal or State grant line item budget revision in excess of 15% requiring funding agency approval.

We have attached a copy of the approved budget revision documentation submitted to the funding agency.

Attachment: Budget revision documentation

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 0348-0044

| SECTION A - BUDGET SUMMARY | | | | | | |
|--|---|-----------------------------|-----------------|-----------------------|-----------------|-----------------|
| Grant Program Function or Activity (a) | Catalog of Federal Domestic Assistance Number (b) | Estimated Unobligated Funds | | New or Revised Budget | | |
| | | Federal (c) | Non-Federal (d) | Federal (e) | Non-Federal (f) | Total (g) |
| 1. Sust. Civic Center | | \$ | \$ | \$ 970,000.00 | \$ 793,636.00 | \$ 1,763,636.00 |
| 2. | | | | | | 0.00 |
| 3. | | | | | | 0.00 |
| 4. | | | | | | 0.00 |
| 5. Totals | | \$ 0.00 | \$ 0.00 | \$ 970,000.00 | \$ 793,636.00 | \$ 1,763,636.00 |
| SECTION B - BUDGET CATEGORIES | | | | | | |
| 6. Object Class Categories | GRANT PROGRAM, FUNCTION OR ACTIVITY | | | | | Total (5) |
| | (1) | (2) | (3) | | | |
| a. Personnel | \$ | \$ 291,000.00 | \$ | \$ | \$ | \$ 291,000.00 |
| b. Fringe Benefits | | 104,760.00 | | | | 104,760.00 |
| c. Travel | | | | | | 0.00 |
| d. Equipment | | | | | | 0.00 |
| e. Supplies | | 9,500.00 | | | | 9,500.00 |
| f. Contractual | | 960,500.00 | 397,876.00 | | | 1,358,376.00 |
| g. Construction | | | | | | 0.00 |
| h. Other | | | | | | 0.00 |
| i. Total Direct Charges (sum of 6a-6h) | | 970,000.00 | 793,636.00 | 0.00 | 0.00 | 1,763,636.00 |
| j. Indirect Charges | | | | | | 0.00 |
| k. TOTALS (sum of 6i and 6j) | \$ | \$ 970,000.00 | \$ 793,636.00 | \$ 0.00 | \$ 0.00 | \$ 1,763,636.00 |
| 7. Program Income | \$ | \$ | \$ | \$ | \$ | 0.00 |

Authorized for Local Reproduction

BOS-11

From: Board of Supervisors (BOS)
To: Miller, Alisa
Subject: FW: Please remove Ordinance #140715 from the July 10, 2014 BOS Rules Committee agenda

From: Anmarie Mabbutt [mailto:tenniselement@yahoo.com]
Sent: Wednesday, July 09, 2014 12:49 PM
To: Yee, Norman (BOS); Tang, Katy (BOS); Campos, David (BOS); Calvillo, Angela (BOS); Caldeira, Rick (BOS); Board of Supervisors (BOS)
Subject: Please remove Ordinance #140715 from the July 10, 2014 BOS Rules Committee agenda

Dear Supervisors Yee, Tang and Campos,

The San Francisco Board of Supervisors including the Rules Committee does not have the authority to consider or decide whether to submit Initiative Ordinance #140715 to the voters for the November 2014 election.

Municipal Elections Code Section 305(a)(1) prohibits you and the rest of the Board of Supervisors from submitting Ordinance #140715 to the voters for the November 2014 election.

Municipal Elections Code Section 305(a)(1) reads in part:

(1) The Board of Supervisors shall be prohibited from considering or deciding whether to submit an ordinance or Charter amendment to the voters unless, at least 30 days before the date of the first committee hearing concerning the proposed ordinance or Charter amendment, the following materials are delivered to the Clerk of the Board of Supervisors and available for public review:

- (A) A draft of the proposed ordinance or Charter amendment that is approved as to form by the City Attorney; and
- (B) A legislative digest prepared by the City Attorney.

Neither of these items have been delivered to the Clerk of the Board for Ordinance #140715. Please review the copy of the initiative ordinance that is included in the legislative file for Ordinance #140715. The Ordinance is not approved as to form by the City Attorney and the City Attorney did not prepare or submit to the Clerk of the Board a Legislative Digest for Ordinance #140715.

Having failed to provide these materials to the Clerk or make them available for public review at least thirty days prior to the first committee hearing scheduled for Ordinance #140715 on July 10, 2014, the BOS is clearly prohibited from "considering or deciding" to submit Ordinance #140715 to the voters for the November 2014 election.

It seems the BOS has also failed to follow several other required procedures and laws for the introduction and consideration of an Initiative Ordinance including but not limited to City Charter section 2.105 and the BOS Legislative Processes Handbook.

The very first sentence of City Charter Section 2.105 requires the BOS to "meet and transact its business according to rules which it shall adopt." This was not done for Ordinance #140715. In

violation of the BOS' Legislative Processes, Ordinance #140715 was never verbally introduced at roll call during the June 17th BOS meeting. Nor does it appear to have been electronically submitted to the BOS before the end of the meeting on June 17th, 2014. I have reviewed the June 17th meeting in its entirety - Ordinance #140715 was never introduced by Supervisor Chiu or any other Supervisor during the meeting. I have also submitted public records request to the Clerk of the Board for proof of the electronic submission of this Ordinance on June 17, 2014. Nothing has been provided that would indicate the required electronic submission was made.

Also, the title of Ordinance #140715 violates City Charter Section 2.105 - it does not "clearly reflect the content of the ordinance." Nowhere in the short or long title of the Ordinance is there any mention of artificial turf! **The average citizen/voter would have no idea this Ordinance was about the installation of artificial turf on any of San Francisco's playgrounds, walking trails and athletic fields!** Right now, just one day before the scheduled hearing on Ordinance #140715 by the Rules Committee, it is not even possible for the average person to view a copy of Ordinance #140715 unless they submit a public records request to the Clerk of the Board. There are currently no active links on the BOS website that allow people to actually view the text of the Ordinance.

For you or any of the other Supervisors to proceed to consider or decide whether to submit Ordinance #140715 to the voters for the November 2014 election appears not only illegal but also unethical. It would be both wrongful and knowing for you to proceed with Ordinance #140715 in light of the requirements of Municipal Elections Code Section 305(a)(1). As such, it seems any supervisors who consider this Ordinance may be guilty of official misconduct per City Charter Ethics Section 15.105(e).

For your convenience, I am providing links to the text of City Charter Sections 2.105 - [http://www.amlegal.com/nxt/gateway.dll/California/charter_sf/1996charter?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco_ca\\$sync=1](http://www.amlegal.com/nxt/gateway.dll/California/charter_sf/1996charter?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1) and Municipal Elections Code Section 305(a)(1) - [http://www.amlegal.com/nxt/gateway.dll/California/elections/municipalelectionscode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco_ca\\$sync=1](http://www.amlegal.com/nxt/gateway.dll/California/elections/municipalelectionscode?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1).

Thank you for your time. I look forward to hearing from you.

Sincerely,

Anmarie Mabbutt

From: Nevin, Peggy [peggy.nevin@sfgov.org]
Sent: Thursday, July 10, 2014 11:50 AM
To: BOS-Supervisors; BOS-Legislative Aides
Subject: Issued: Follow-up of Audit of the San Francisco Public Utilities Commission's Water Enterprise Warehouse Inventory Management

From: Reports, Controller (CON)
Sent: Thursday, July 10, 2014 10:50 AM
To: Calvillo, Angela (BOS); Nevin, Peggy; Kawa, Steve (MYR); Howard, Kate (MYR); Falvey, Christine (MYR); Elliott, Jason (MYR); Campbell, Severin (BUD); Newman, Debra (BUD); Rose, Harvey (BUD); SF Docs (LIB); Kelly, Jr, Harlan (PUC); Horn, Nancy (PUC); Thoburn, Alan (PUC); Cretan, John (PUC); Wong, Frank (PUC); CON-EVERYONE; CON-CCSF Dept Heads; CON-Finance Officers
Subject: Issued: Follow-up of Audit of the San Francisco Public Utilities Commission's Water Enterprise Warehouse Inventory Management

The Office of the Controller's City Services Auditor Division (CSA) today issued a memorandum on the results of its field follow-up assessing the extent to which the SFPUC's Water Enterprise has implemented the 13 recommendations made in a CSA audit report of April 2011, *Water Enterprise Should Continue to Improve Its Inventory Management*. The memorandum states that, of the 13 recommendations, 7 have been fully implemented or otherwise closed, 4 have been partially implemented, and 2 have not yet been implemented.

To view the full memorandum, please visit our Web site at:
<http://openbook.sfgov.org/webreports/details3.aspx?id=1769>
This is a send-only e-mail address.

For questions about the memorandum, 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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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

MEMORANDUM

TO: Harlan L. Kelly, Jr., General Manager
San Francisco Public Utilities Commission

FROM: Tonia Lediju, Director of City Audits
City Services Auditor Division 

DATE: July 10, 2014

SUBJECT: San Francisco Public Utilities Commission: Follow-up of 2011 Audit of Water
Enterprise Warehouse Inventory Management

EXECUTIVE SUMMARY

The Office of the Controller's City Services Auditor Division (CSA) issued an audit report on April 12, 2011, *Water Enterprise Should Continue to Improve Its Inventory Management*. CSA has completed a field follow-up to determine the corrective actions that the Water Enterprise of the San Francisco Public Utilities Commission (SFPUC) has taken in response to the report.

The audit report contains 13 recommendations, all of which were included in the field follow-up. Of the 13 recommendations, 7 have been implemented or otherwise closed. One of the other 6 recommendations, although only partially implemented, is also considered closed. Thus, 5 recommendations remain open. Of these, 3 are partially implemented and 2 have not been implemented.

The Exhibit shows the status of each of the 13 recommendations (by its recommendation number in the audit report).

| EXHIBIT | Status of Recommendations |
|----------------------------------|---------------------------|
| Status | Recommendation Numbers |
| Implemented and Closed | 1, 2, 3, 7, 8, 9, 11 |
| Partially Implemented and Closed | 6 |
| Partially Implemented and Open | 10, 12, 13 |
| Not Implemented and Open | 4, 5 |

Source: CSA

BACKGROUND, OBJECTIVE & METHODOLOGY

Background

The Charter of the City and County of San Francisco (City) provides CSA with broad authority to conduct audits. CSA conducted the Water Enterprise audit under that authority and pursuant to its annual audit plan. The Water Enterprise, one of three utility enterprises of SFPUC, consists of six divisions:¹

- Natural Resources
- Hetch Hetchy Water²
- Water Quality
- Water Supply and Treatment
- City Distribution
- Water Resources Management

Three of the Water Enterprise's divisions have a materials management or materials and supply section, with an inventory warehouse: City Distribution Division (City Distribution), Hetch Hetchy Water and Power (Hetchy), and Water Supply and Treatment (WS&T). The primary function of the materials management section in each of these three divisions is to provide other sections of the division with the parts and materials they require in a timely manner and at the lowest cost. At the time of the 2011 audit, the Water Enterprise held inventory valued at \$2.2 million, of which the City Distribution warehouse had the largest share, then valued at \$1.4 million. The Hetchy and WS&T warehouses had inventory valued at \$309,000 and \$479,000, respectively.

The Water Enterprise uses MAXIMO, an asset management and work-order system, to electronically support a number of inventory and warehouse functions: cataloging stocked items, maintaining information such as specifications and stock type, and tracking inventory data, including storeroom and bin location, bin balances, and physical count frequency. Most inventory transactions begin manually and are then entered in MAXIMO by staff performing inventory or materials management functions. The audit found that the Water Enterprise had mostly adequate controls over its warehouses, but made 13 recommendations for the Water Enterprise to improve its inventory management practices.

Objective

The objective of this follow-up was to verify the degree to which SFPUC has implemented the 13 recommendations in CSA's April 2011 audit report. Consistent with Government Auditing Standards, Section 7.05, promulgated by the United States Government Accountability Office, the purposes of audit reports include facilitating follow-up to determine whether appropriate corrective actions have been taken. CSA follows up on its audits because their benefit is not in

¹ The names of some divisions may have changed since the audit. This memo uses the historical names to maintain continuity with the 2011 audit report upon which this field follow-up is based.

² Hetch Hetchy Water and Power is a stand-alone enterprise composed of the Power Enterprise and a portion of the Water Enterprise's operations (Hetch Hetchy Water), specifically the upcountry water supply and transmission service. Several of the facilities are joint assets, used for both water transmission and power generation.

the findings reported or the recommendations made, but in the implementation of actions to resolve audit findings.

This field follow-up is a nonaudit service. Government Auditing Standards does not cover nonaudit services, which are defined as professional services other than audits or attestation engagements. Therefore, SFPUC is responsible for the substantive outcomes of the work performed during this follow-up and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the nonaudit service.

Methodology

To conduct the field follow-up, CSA:

- Obtained documentary evidence from all three inventory warehouses.
- Visited and inspected the City Distribution warehouse, which is the one with the largest amount of inventory.
- Verified SFPUC's reported status of the 7 recommendations that SFPUC had reported as implemented.
- Summarized the issues related to those recommendations that have not yet been implemented.
- Documented the results of the fieldwork.

RESULTS

Of the 13 recommendations in the report, 7 (54 percent) have been implemented, 4 (31 percent) have been partially implemented, and 2 (15 percent) have not been implemented. Details of these recommendations and the implementation status of each are provided below.

Recommendation 1 – Ensure that all bin locations at the City Distribution warehouse are clearly and properly labeled according to policy.

CSA confirmed that all but eight of the tool bin locations in the City Distribution warehouse were properly labeled, in accordance with City Distribution's policies and procedures, which require a numbering sequence depicting warehouse number, location, aisle number, section, and bin/column number.

According to City Distribution's materials coordinator, the unlabeled bins were a work-in-progress. They are often used to temporarily store "special-order" parts. These parts are kept for very short periods, then transferred to the jobs for which they have been requested. He also stated that the unlabeled bins are sometimes used for other purposes, including storage of obsolete items, items that need to be secured, or items that are in frequent use and for which ready access is needed. City Distribution later provided documentation showing that all of the bins now have been labeled.

Conclusion: Recommendation 1 has been implemented.

Recommendation 2 – Assign annual inventory count teams, consisting of warehouse staff and SFPUC Finance staff working together, to efficiently count and verify balances.

Documentation from all three warehouses verifies that the annual inventory count for fiscal year 2012-13 was jointly conducted by SFPUC's Finance staff and staff from each of the warehouses.

Conclusion: Recommendation 2 has been implemented.

Recommendation 3 – Ensure that a manager approves adjustments to inventory.

Documentation from City Distribution and WS&T shows that managers (or their designees) now approve inventory adjustments for these warehouses. However, Hetchy acknowledged that it had made an inventory adjustment exceeding \$1,000, in connection with the Rim Fire, that had no manager's approval. Hetchy stated that it would take corrective action by submitting details of the adjustment to SFPUC's accounting unit. Hetchy later determined that this adjustment had been made in error and that the item was returned to stock. Hetchy then took the additional step of requiring its warehouse personnel to coordinate inventory adjustments with the assistant materials coordinator before making the adjustment in MAXIMO, the SFPUC's inventory management software. CSA considers these steps adequate to address the recommendation. No exception is noted.

Conclusion: Recommendation 3 has been implemented

Recommendation 4 – Work with the SFPUC Information Technology unit to resolve discrepancies and ensure that MAXIMO keeps an accurate account of all fuel inventory carried by Water Enterprise warehouses.

After discussing this recommendation with SFPUC, CSA agrees that SFPUC should address this issue simultaneously throughout the department rather than doing so location-by-location.

Conclusion: Recommendation 4 has not yet been implemented.

Recommendation 5 – Implement an electronic inventory issuance process at the City Distribution, Hetchy, and WS&T warehouses.

After discussing this recommendation with SFPUC, CSA agrees that SFPUC should address this issue simultaneously throughout the department rather than doing so location-by-location.

Conclusion: Recommendation 5 has not yet been implemented.

Recommendation 6 – Ensure that warehouses reconcile daily the Issued from Stores forms with MAXIMO inventory issued reports to confirm that data was correctly entered into MAXIMO. To maintain adequate separation of duties,³ the reconciliations should be performed by an individual who did not enter the issue information into MAXIMO.

According to Hetchy, it considers this recommendation to be cost-prohibitive, so will not implement it. Hetchy further stated that its high degree of inventory accuracy does not merit this additional step.

Although documentation from both City Distribution and WS&T indicates that they do reconcile MAXIMO inventory reports to the Issued from Stores forms, staff of these two warehouses agree with Hetchy that doing so daily is not cost-effective.

CSA determined that at both City Distribution and WS&T, the person entering the inventory information into MAXIMO is not the same person who reconciles the Issued from Stores forms with the MAXIMO inventory reports.

Conclusion: Recommendation 6 has been partially implemented. The two warehouses at which reconciliations are being performed appear to be maintaining an adequate separation of duties. However, all of the warehouses consider daily reconciliations cost prohibitive and unjustifiable due to the high accuracy rates of the annual inventory counts.

CSA concurs with this determination and no longer consider daily reconciliations to be necessary.

Recommendation 7 – Formally document discrepancies in Issued from Stores forms and MAXIMO inventory amounts. Report discrepancies to a supervisor to approve any corrections in MAXIMO.

The finding upon which this recommendation is based notes that MAXIMO can generate a daily report of all warehouse issues, and that by not reconciling Issued from Stores forms to the MAXIMO report, staff may not identify when it bills the wrong work order or enters the incorrect item or quantity into MAXIMO. Thus, this recommendation relates to the results of daily reconciliations.

Documentation from Hetchy shows that daily reconciliation would be costly and supports the assertion that the high degree of inventory accuracy does not merit this additional step. CSA verified that WS&T regularly reconciles its Issued from Stores forms to MAXIMO/COGNOS reports, but does not do so daily. City Distribution and WS&T stated that they concur with Hetchy's determination that daily reconciliations would be cost-prohibitive and that current inventory accuracy does not merit this additional step.

³ The 2011 audit report upon which this follow-up is based states that the issue of separation of duties only applied to WS&T.

WS&T stated that no discrepancies were found during the period under review (fiscal year 2012-13). WS&T further noted that, had inventory discrepancies been found, the established policy requires that they be reported to WS&T management, SFPUC's Finance and IT offices, and then be noted in MAXIMO.

Conclusion: Recommendation 7 has been implemented to the extent that the department deems cost-effective. CSA agrees that daily reconciliations are not warranted.

Recommendation 8 – Ensure that Hetchy retains Issued from Stores forms.

Documentation from Hetchy shows that it retains its Issued from Stores forms. Hetchy documented the form used for this purpose, titled Hetch Hetchy Warehouse Stock Order.

Conclusion: Recommendation 8 has been implemented.

Recommendation 9 – Implement additional supervisory review of WS&T warehouse operations by someone with knowledge of the operation, but who has no custody or recording responsibilities, such as the manager of the WS&T warehouse, to ensure adequate control over inventory when separation of duties is not possible. This person should review the daily reconciliation of inventory issues to MAXIMO and the results of cycle counts and required adjustments.

WS&T sample inventory count sheets show evidence of supervisory review. WS&T noted that the inventory count for fiscal year 2012-13 found no discrepancies. WS&T also provided verification that it has hired additional staff, which has addressed the issue of the segregation of duties.

Conclusion: Recommendation 9 has been implemented.

Recommendation 10 – Ensure that City Distribution improves its tool management practices by:

- a. Inventorying its tools yearly to update the inventory list.
- b. Keeping a record of its tool inventory in MAXIMO.
- c. Assigning responsibility for the tool inventories and management to the shop supervisors.
- d. Developing policies and procedures for tool management.

Documentation from City Distribution shows that the warehouse has started using MAXIMO/COGNOS to issue and track tools and equipment. City Distribution's manager states that recommendation items a, b, and d are largely complete and that item c is projected to be fully implemented by the end of September 2014.

Conclusion: Recommendation 10 has been partially implemented

Recommendation 11 – Ensure that Hetchy improves its tool management practices by:

- a. **Inventorizing its tools yearly to update the inventory list.**
- b. **Considering implementing an electronic tool checkout system.**
- c. **Completing its policies and procedures for tool management.**

Hetchy submitted a copy of its current Tool Room Policies and Procedures, which require annual tools inventory counts. Sample tool room inventory count sheets show that Hetchy now uses MAXIMO to maintain tool inventory.

Conclusion: Recommendation 11 has been implemented.

Recommendation 12 – Ensure that WS&T improves its tool management practices by:

- a. **Inventorizing all tools in shops and on trucks and record the inventory in MAXIMO.**
- b. **Annually inventorizing all tools in shops and on trucks thereafter to update the tool inventory.**
- c. **Assigning responsibility for the tool inventory and management of tools to its shop supervisors.**
- d. **Developing policies and procedures for tool management.**

Documentation shows that WS&T's warehouse has started using MAXIMO/COGNOS to issue and track tools and equipment and that WS&T has developed policies and procedures for materials management. According to WS&T, it is in the process of setting up tool storage facilities and the inventorizing of existing tools and equipment is an ongoing effort. WS&T also stated that it expects to fully comply with this recommendation by the end of September 2014.

Conclusion: Recommendation 12 is partially implemented.

Recommendation 13 – Develop a dollar threshold for determining which tools need to be secured both in the tool room and at the division shops. To deter theft, tools above the threshold should be kept in locked cabinets or drawers until needed.

Consistent with Hetchy's policies and procedures, Hetchy's assistant materials coordinator confirmed that all Hetchy tools valued at more than \$100 are put in the MAXIMO tool room inventory module. Hetchy also referred to its response to Recommendation 6, which notes that the current inventory is highly accurate.

City Distribution states that it:

- Is in the process of setting up facilities for storage of tools.
- Is making an ongoing effort to inventory existing tools and equipment.
- Expects to fully comply with this recommendation by the end of September 2014.

According to WS&T, while awaiting a city or departmentwide policy on the issue of a dollar threshold, it is monitoring and tracking all items issued through the warehouse.

Conclusion: Recommendation 13 is partially implemented.

SFPUC's response is attached. CSA extends its appreciation to you and your staff who assisted with this audit follow-up. If you have any questions or concerns, please contact me at (415) 554-5393 or tonia.lediju@sfgov.org.

cc: SFPUC

Nancy Hom

John Cretan

Alan Thoburn

Cheryl Sperry

Frank Wong

Controller

Ben Rosenfield

Mark P. de la Rosa

Nicholas Delgado

Debbie Richardson

Edvida Moore

Board of Supervisors

Budget Analyst

Citizens Audit Review Board

City Attorney

Civil Grand Jury

Mayor

Public Library

ATTACHMENT: DEPARTMENT RESPONSE



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

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San Francisco, CA 94102
T 415.554.3155
F 415.554.3161
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June 23, 2014

Tonia Lediju, Audit Director
Office of the Controller, City Services Auditor Division
City Hall, Room 476
One Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: Management's Response to Limited-Scope Follow-up Audit for
Water Enterprise Inventory Management

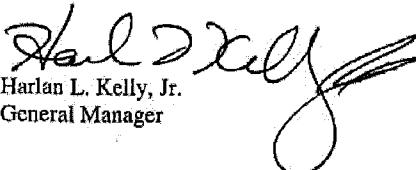
Dear Ms. Lediju:

Thank you for providing us the opportunity to review your audit recommendation determination status for City Service Auditor's April 2011 report "*Water Enterprise Should Continue to Improve Its Inventory Management*".

We appreciate your staff's time and effort on the project and look forward to working again with you in the future.

If you have any questions or need additional information, please do not hesitate to contact me at (415) 554-1600.

Sincerely,


Harlan L. Kelly, Jr.
General Manager

cc: Michael Carlin, Deputy General Manager
Todd L. Rydstrom, Assistant General Manager Business Services & CFO
Steve Ritchie, Assistant General Manager, Water
Nancy L. Hom, Director, Assurance & Internal Controls

Edwin M. Lee
Mayor
Vince Courtney
President
Ann Moller Coen
Vice President
Francesca Vietor
Commissioner
Anson Moran
Commissioner
Art Torres
Commissioner
Harlan L. Kelly, Jr.
General Manager



RECOMMENDATIONS AND RESPONSES

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|--|---|---|---------------------------|
| The San Francisco Public Utilities Commission should: | | | |
| <p>1. Ensure that the City Distribution warehouse labels all bin locations clearly and according to its standard policy.</p> | <p>City Distribution: Concur. Completed on 4/4/11. Hetchy & WS&T: Not applicable.</p> | <p>Obtained and reviewed a copy of City Distribution's standard policy for managing bin locations.</p> <p>Visited and toured City Distribution warehouse located at 1990 Newcomb Street and observed that most of the tool bins were labeled according to the policies and procedures, which require a numbering sequence depicting bin location, aisle number, and section and bin column/number. Viewed labeling description and samples of bin labels.</p> <p>Also observed eight bins did not have labels. Upon inquiry, City Distribution's materials coordinator explained that the unlabeled bins are often temporary storage places for "special-order" parts. They are kept for very short periods then transferred to the jobs for which they had been requested. He also gave some additional reasons for the bins that were unlabeled.</p> <p>Since the site visit, City Distribution has informed CSA that all the bins are now labeled, and has provided supporting documentation in the form of photographs.</p> | <p>Implemented</p> |

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|--|---|--|---------------------------|
| <p>2. The Water Enterprise assigns annual inventory count teams consisting of warehouse staff and SFPUC Finance staff working together to efficiently count and verify balances.</p> | <p>City Distribution: Concur. Completed on 6/30/11.</p> <p>Hetchy & WS&T: The annual inventory counts at these two locations were conducted by Finance staff, with support from Hetchy, and WS&T staff. Prospectively, if Finance staff is not available for a full count, two-person count teams could be utilized, as noted in the "GAO Executive Guide Standards."</p> | <p>City Distribution: Obtained documentation verifying that fiscal year 2012-13 Annual Physical Inventory count was jointly conducted by two-person count teams from both the PUC's Finance staff and City Distribution staff.</p> <p>Hetchy: Obtained documentation verifying that the fiscal year 2012-13 Annual Physical Inventory count was jointly conducted by two-person count teams from both the PUC's Finance staff and Hetchy staff.</p> <p>WS&T: Obtained documentation verifying that the fiscal year 2012-13 Annual Physical Inventory count was conducted by members of the PUC's Finance staff, with assistance from warehouse staff.</p> | <p>Implemented</p> |

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|--|---|---|---------------------------|
| <p>3. The Water Enterprise ensures that adjustments to inventory are approved by a manager</p> | <p>City Distribution: Concur. Completed on 6/30/11.</p> <p>Hetchy: Current warehouse procedures require that inventory adjustments greater than \$1,000 be sent to SFPUC Accounting. All adjustments are approved by the Asst. Materials Coordinator. Additionally, IT has created a monthly report, showing all inventory adjustments—regardless of the amount—for management approval.</p> <p>WS&T: An existing, warehouse procedure requires that inventory adjustments are documented in MAXIMO, and that pertinent managers and supervisors are notified.</p> | <p>City Distribution: Obtained documentation from City Distribution showing that recent inventory adjustments were signed by the supervising manager of the warehouse.</p> <p>Hetchy: Obtained documentation from Hetchy stating that an adjustment, exceeding \$1,000, had been made in support of the Rim Fire, and that it had not been approved by a manager. Hetchy also stated that it would take corrective action by submitting, via email, the details of the adjustments to SFPUC accounting. According to Hetchy's assistant materials coordinator, Hetchy now has a stated policy that all adjustments to inventory must be signed by a manager.</p> <p>WS&T: Obtained documentation from WS&T showing that inventory adjustments were signed by the supervising manager's designee.</p> | <p>Implemented</p> |

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|---|--|--|-------------------------------|
| <p>4. The Water Enterprise works with SFPUC Information Technology Unit to resolve discrepancies and ensure that MAXIMO keeps an accurate account of all fuel inventory carried by Water Enterprise warehouses.</p> | <p>City Distribution: SFPUC is looking at Purchasing an upgrade of the EJ Ward Fuel View software suite 4.0. It has been approved and funded. The software upgrade purchase includes consulting services from E J Ward that are allocated for an analysis of the PUC's business requirements for configuration of the new release of the Fuel View software suite. ITS plans to ask for a "gap/fit" report as part of this Ward upgrade project.</p> <p>Estimated implementation date 11/30/2013.</p> | <p>According to SFPUC, the consensus of opinion is that this recommendation is not one which should be implemented on a location-by-location basis. Instead, SFPUC needs to address this at large.</p> <p>CSA concurs with this determination.</p> | <p>Not Implemented</p> |

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|---|---|--|-------------------------------|
| <p>5. The Water Enterprise implements an electronic inventory issue process at City Distribution, Hetchy, and WS&T.</p> | <p>City Distribution: Partially concur. City Distribution will explore the possibility of DatasplICE.</p> <p>Estimated date to complete: 9/23/2013.</p> <p>Hetchy: Per ITS, feedback from testing that was done for barcode scanning in 2012 did not result in recommendation of that system.</p> <p>Hetchy and ITS piloted a new Maximo mobile system in the first half of 2013, which has been recommended for use in PUC. Once this system is fully funded, development and implementation will begin, most likely in Quarter 2 of fiscal year 2013-14. The timeline is contingent on funding.</p> <p>WS&T: Implementation is pending further directives from the Enterprise.</p> | <p>According to SFPUC, the general consensus of opinion is that this recommendation is not one which should be implemented on a location-by-location basis. Instead, SFPUC needs to address this at large. Full resolution of this is pending an SFPUC ITS recommendation for a department-wide solution.</p> <p>CSA concurs. CSA will recommend that this issue be revisited in a future field follow-up of this audit.</p> | <p>Not Implemented</p> |

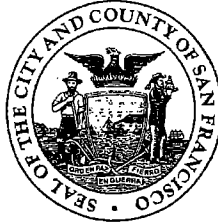
| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|---|--|---|-------------------------------------|
| <p>6. The Water Enterprise' ensures warehouses conducts daily reconciliations of the <i>Issued from Stores</i> forms with MAXIMO inventory issued reports, to confirm data that was correctly entered into MAXIMO. To maintain adequate separation of duties, the reconciliations should be performed by an individual who did not enter the issue information into MAXIMO.</p> | <p>City Distribution: This audit recommendation has been implemented. As additional control measures, City Distribution also performs semi-annual counts along with random cycle counts throughout the year.</p> <p>Hetchy: "Issues from Stores" form is retained for one fiscal year, and when variances occur, is referenced. Staffing levels do not allow daily reconciliations and labor costs greatly outweigh possible accuracy gains at this point. Daily reconciliations will occur if accuracy degrades.</p> <p>WS&T: This was implemented at the time of 4/12/11 report. It is an ongoing practice that WS&T reconciles "Issued from Stores" forms with "MAXIMO Issued" reports once a week. Warehouse staff also performs a weekly cycle count. Each year year-end inventory adjustment rate indicates a high level of accuracy between what is recorded in MAXIMO and actual inventory.</p> | <p>Hetchy: According to Hetchy, it would be cost-prohibitive and time-consuming to implement the recommendation. Hetchy further noted that its current inventory accuracy does not merit this additional step. CSA accepts this determination.</p> <p>City Distribution & WS&T: CSA has verified that WS&T does reconcile its Issued from Stores forms to MAXIMO/COGNOS reports. However, while this is done regularly, it is not done on a daily basis. City Distribution and WS&T have stated that they concur with Hetchy's determination that the daily reconciliation process would be cost prohibitive.</p> <p>CSA also verified that WS&T is maintaining an adequate separation of duties, as the employees responsible for entering data into MAXIMO are not the same employees who perform the reconciliation of Issued from Stores forms to the MAXIMO Inventory reports.</p> | <p>Partially Implemented</p> |

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|---|---|---|---------------------------|
| <p>7. The Water Enterprise formally documents discrepancies in Issued from Stores forms and MAXIMO inventory amounts. Report discrepancies to a supervisor to approve any corrections made to MAXIMO.</p> | <p>City Distribution: Not Applicable.</p> <p>Hetchy: It would be cost-prohibitive to implement this recommendation, which relates to the results of daily reconciliations.</p> <p>WS&T: Implemented.</p> | <p>City Distribution: According to City Distribution, it has attempted to implement this reconciliation, but agrees with Hetchy's assertion that the recommendation is cost-prohibitive and unnecessary. In support of this, City Distribution provided documentation showing that the accuracy rate of its inventory count for the period is greater than 99 percent. Hetchy: Based on Hetchy's response to this recommendation, it is not applicable to Hetchy. WS&T: Documentation states that for the period under review (fiscal year 2012-13) there were no discrepancies in the inventory count. WS&T further stated that had there been any discrepancies, they would have been reported to WS&T management, SFPUC's Finance and IT units.</p> | <p>Implemented</p> |
| <p>8. The Water Enterprise requires Hetchy to retain its Issued from Stores forms.</p> | <p>City Distribution: Not applicable.</p> <p>Hetchy: This has been implemented; all issued from stores forms are retained in the warehouse for two fiscal years.</p> <p>WS&T: Not applicable.</p> | <p>Hetchy: Obtained samples of Hetchy's Issued from Stores forms (one for each month in fiscal year 2012-13). The fact that Hetchy was readily able to provide these forms at CSA's request indicates that Hetchy retains these forms. Hetchy's form is called Warehouse Stock Order.</p> | <p>Implemented</p> |

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|---|---|---|-------------------------------------|
| <p>9. The Water Enterprise implements additional supervisory review of WS&T warehouse operations by someone with knowledge of the operation, but who has no custody, or recording responsibilities, such as the manager of the WS&T warehouse, to ensure adequate control over inventory when separation of duties is not possible. This person should review the daily reconciliation of inventory issues to MAXIMO, and results of cycle counts and required adjustments.</p> | <p>In Progress</p> | <p>WS&T: Documentation shows that WS&T has hired someone who is knowledgeable in inventory matters to input inventory data into MAXIMO.</p> <p>As noted for Recommendation 6, WS&T also provided documentation showing that it performs periodic reconciliations. Also, the documentation shows that the reconciliations are reviewed and signed off by staff other than the staff that had input the data. The supervisor's signature is also affixed to documentation of incidents of inventory adjustments.</p> | <p>Implemented</p> |
| <p>10. City Distribution improves its tool management practices by doing the following:</p> <ul style="list-style-type: none"> a. Conducting annual inventories of its tools to update the current inventory list. b. Keeping a record of its tool inventory in MAXIMO. c. Assigning responsibility for the tool inventories and management to the shop supervisors. d. Developing policies and procedures for tool management. | <p>City Distribution: We have an implementation plan, which includes identifying persons (shop supervisors) to oversee tool inventories, conducting inventory counts, recording info in Maximo, and developing policies and procedures. Estimated implementation date 10/7/2013.</p> <p>Hetchy & WS&T: Not Applicable</p> | <p>City Distribution: According to its manager, City Distribution's warehouse has started using MAXIMO/COGNOS to issue and track tools and equipment, and provided copy of a printout from MAXIMO/ COGNOS. The manager states that recommendation items a, b, and d are largely complete, and that item c is projected to be fully implemented within six months. (CSA determined that this six-month period will extend through September 2014.)</p> | <p>Partially Implemented</p> |

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|--|---|--|-------------------------------------|
| <p>11. Hetchy improves its tool management practices by:</p> <ul style="list-style-type: none"> • Conducting annual inventories of its tools to update the current inventory list. • Considering implementing an electronic tool checkout system. • Completing its policies and procedures for tool management. | <p>Hetchy: We have entered all tools into MAXIMO with a dollar amount greater than \$100, and are using MAXIMO to electronically checkout/issue those tools. Hetchy has completed a policies manual for tools.</p> | <p>Hetchy: Obtained a copy of Hetchy's policies and procedures for the management of tools. Also obtained a screen shot of data that had been entered into MAXIMO, indicating that Hetchy has implemented an electronic tool checkout system. Also obtained documentation verifying that a physical inventory count had been conducted.</p> | <p>Implemented</p> |
| <p>12. WS&T improves its tool management practices by doing the following:</p> <ul style="list-style-type: none"> • Performing an inventory of all tools in shops and on trucks and record the inventory in MAXIMO. • Conducting an annual inventory thereafter to update the tool inventory. • Assigning responsibility for the tool inventory and management of tools to its shop supervisors. • Developing policies and procedures for tool management. | <p>WS&T: It is an ongoing effort to reach fully-implemented status.</p> | <p>WS&T: CSA obtained documentation from WS&T showing that it has developed policies and procedures for materials management. CSA also obtained documentation verifying that WS&T has started using MAXIMO/COGNOS to issue and track tools/equipment. However, WS&T notes that it is in the process of setting up facilities for the storage of tools and that it is an ongoing effort to inventory existing tools and equipment. WS&T states that it expects full implementation to occur within six months. (CSA determined that this six-month period will extend through September 2014).</p> | <p>Partially Implemented</p> |

| Recommendation | 2013 Status per SFPUC | CSA Field Follow-up Work | Determination |
|---|-----------------------|---|-------------------------------------|
| <p>13. A dollar threshold is developed for determining which tools need to be secured, both in the tool room (at Hetchy), and at the division shops. To deter theft, tools above the threshold should be kept in locked cabinets or drawers until needed.</p> | <p>Implemented</p> | <p>Hetchy: Obtained a copy of Hetchy's Tool Room Policies and Procedures stating that "all power tools or tools exceeding \$100 will be entered, and usage managed in the MAXIMO database. Hetchy also provided a screen shot showing stocked items that have been entered into MAXIMO.</p> <p>City Distribution and WS&T: Both informed CSA that:</p> <ul style="list-style-type: none"> • They are in the process of setting up facilities for storage of tools. • The inventorying of existing tools/equipment is an ongoing effort. <p>WS&T also stated that while awaiting a city or departmentwide policy on the issue of a dollar threshold, it is monitoring and tracking all items issued through the warehouse.</p> | <p>Partially Implemented</p> |



JOHN ARNTZ
Director

orig: Leg Dep
c: BOS-11, COB
cpage

RECEIVED
BOARD OF SUPERVISORS
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2014 JUL 11 PM 3:06

HAND DELIVERED

July 11, 2014

ANGELA CALVILLO, CLERK OF THE BOARD

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

Re: CERTIFICATION OF THE "**POLICY REGARDING TRANSPORTATION PRIORITIES
(RESTORE TRANSPORTATION BALANCE)**" INITIATIVE PETITION

Enclosed is a copy of the letter sent to the proponent of the above named petition, certifying that the petition did contain sufficient valid signatures to qualify for the next general, municipal, or statewide election occurring in the City and County of San Francisco at any time after 90 days from the date of this certificate of sufficiency.

If you should have any questions or need additional information, please contact Erlisa Chung, Voter Services Division, at (415) 554-4374.

Sincerely,

John Arntz
Director of Elections

By: _____
Erlisa Chung
Voter Services Division

Encl.: Copy of Certified letter to Proponent

Cc: Honorable Edwin Lee; Mayor
John Arntz, Director of Elections
Dennis Herrera, City Attorney

17



CERTIFIED MAIL: 7011 2000 0001 6406 5128

July 11, 2014

Jason P. Clark
491 Frederick St. #3
San Francisco, CA 94117

Re: CERTIFICATION FOR THE "**POLICY REGARDING TRANSPORTATION PRIORITIES
(RESTORE TRANSPORTATION BALANCE)**" INITIATIVE PETITION

Dear Jason P. Clark,

As provided in *California Elections Code, Chapter 2, Article 1, Section 9115 (a)*, a random sample of 528 signatures (of the total 17,593 submitted) for the *Policy Regarding Transportation Priorities (Restore Transportation Balance)* established that the number of valid signatures of registered San Francisco voters was sufficient for the initiative to qualify for the next regularly scheduled election.

Based on this statistical sampling, the total number of valid signatures submitted on this petition was determined to be greater than the 9,702 signatures required for qualification.

I hereby certify that the *Policy Regarding Transportation Priorities (Restore Transportation Balance)* qualifies for the next general, municipal, or statewide election in the City and County of San Francisco occurring at any time after 90 days from the date of this certification of sufficiency.

If you should have any questions, please contact Erlisa Chung at (415) 554-4374.

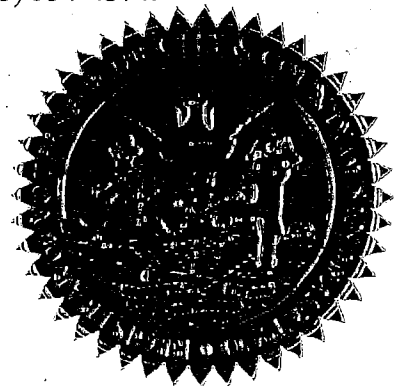
Sincerely,

John Arntz
Director of Elections

By: _____

Erlisa Chung
Voter Services Division

cc: Honorable Edwin Lee; Mayor
John Arntz, Director of Elections
Angela Calvillo, Clerk of the Board
Dennis Herrera, City Attorney



Commissioners
Michael Sutton, President
Monterey
Jack Baylis, Vice President
Los Angeles
Jim Kellogg, Member
Discovery Bay
Richard Rogers, Member
Santa Barbara
Jacque Hostler-Carnesin, Member
McKinleyville

STATE OF CALIFORNIA
Edmund G. Brown Jr., Governor

Fish and Game Commission



BOS-11
page
Sonke Mastrup, Executive Director
1416 Ninth Street, Room 1320
Sacramento, CA 95814
(916) 653-4899
(916) 653-5040 Fax
www.fgc.ca.gov

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2014 JUL 11 PM 4:26

To: ALL INTERESTED AND AFFECTED PARTIES

Notice of Location Change for Discussion/Adoption Hearings on Proposed Regulatory Actions

The August 6, 2014, Fish and Game Commission hearing at the Hilton San Diego Mission Valley has been relocated to the DoubleTree by Hilton Golf Resort San Diego, 14455 Penasquitos Drive, San Diego, CA 92129.

This location change affects the following Commission regulatory actions published in the California Regulatory Notice Register:

- Scheduled Discussion and Possible Adoption of Upland Game Bird Hunting Regulations, Section 300, Title 14, CCR – Published May 9, 2014 Register 2014, No. 19-Z (Notice File # Z2014-0429-05)
- Scheduled Discussion and Possible Adoption of Waterfowl Hunting Regulations, Section 502, Title 14, CCR – Published May 9, 2014, Register 2014, No. 19-Z (Notice File # Z2014-0429-06)
- Scheduled Discussion and Possible Adoption of Regulations for the Use of Tiger Salamander as Bait, Sections 200.12, 200.29 and 200.31, Title 14, CCR – Published June 20, 2014, Register 2014, No. 25-Z (Notice File # Z2014-0606-01)
- Scheduled Discussion and Possible Adoption of Regulations for the Take of Rare Plants, Section 786.9, Title 14, CCR – Published June 20, 2014, Register 2014, No. 25-Z (Notice File # Z2014-0606-02)
- Scheduled Discussion and Possible Adoption of Pacific Hagfish Trap Regulation, Section 180.6, Title 14, CCR – Published June 20, 2014, Register 2014, No. 25-Z (Notice File # Z2014-0609-01)
- Scheduled Discussion and Possible Adoption of Commercial Herring Fishery Regulations, Sections 163 and 164, Title 14, CCR – Published June 20, 2014, Register 2014, No. 25-Z (Notice File # Z2014-0609-02)

For additional information, please refer to the appropriate Notice Register on-line at www.oal.ca.gov, or by contacting our office.

FISH AND GAME COMMISSION

Dated: July 9, 2014

Sonke Mastrup
Executive Director

18

From: Board of Supervisors (BOS)
To: BOS-Supervisors
Subject: FW: Arguello Sunday Streets

-----Original Message-----

From: madabuu [<mailto:madabuu@yahoo.com>]
Sent: Sunday, July 13, 2014 12:06 PM
To: susan@livablecity.org
Cc: beth@livablecity.org; Board of Supervisors (BOS); Mar, Eric (BOS)
Subject: Arguello Sunday Streets

Dear Susan,

I don't see how Sunday Streets is anything but a nuisance that detracts from life in the City.

After working hard and having a very stressful week, I wake up to find the bike shop across the street from me blasting disco music into the street from their high powered audio system. HOW DOES THAT MAKE THE CITY MORE LIVABLE???!!!!

Further down the street, the YWCA had their own obnoxious dance music along with some women shaking their ugly fat behinds. (I can avoid the visual pollution, but I can't avoid the nose pollution.)

This is just more of the same. Turning San Francisco into a playground for whoever grabs the the politicians' ear. Your event just pollutes the city.

SUNDAY STREETS is a nuisance like Bay to Breakers, Outside Lands, that all turn my front yard into a mess and ruin the neighborhood.

Matt Butler
756 Arguello Blvd
SF, CA 94118

19

File 140785

From: Esperanza Macias [esperanza.macias@ifrsf.org]
Sent: Monday, July 14, 2014 11:19 AM
To: Board of Supervisors (BOS)
Subject: Letter of Support for the Board of Supervisors
Attachments: ResolutionSupportLetter.pdf

Dear Clerk of the Board,

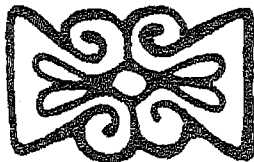
Please accept the attached communication for distribution to the Board of Supervisors.

Thank you for your assistance.

Regards,

--

Esperanza Macias
Instituto Familiar de la Raza
Development Manager
(415) 229-0549



INSTITUTO FAMILIAR DE LA RAZA, INC.

2919 Mission Street
San Francisco, CA 94110

(415) 229-0500
Health Services FAX: (415) 647-3662
Administration FAX: (415) 647-0740

July 14, 2014

San Francisco Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102-4689

Dear Supervisors,

I am writing this letter to encourage your support for Supervisor Campos' Resolution Urging the City and County of San Francisco to Commit Resources Towards Addressing the Needs of the Rising Number of Unaccompanied Minors Fleeing from Central America.

As you know, the large numbers of immigrant children arriving in the United States have been reported nationally in the media. Numerous advocates have called for humanitarian support for these children who represent a threat whatsoever to our national security. Campos' resolution heeds the call for this critical and timely support.

While national leaders disagree on whether or not to assist these Central American children, San Francisco has the proud distinction as being the first city in the United States to become a Sanctuary City. The value of this designation has never been more important than when it involves the survival of these children from Honduras, Guatemala, and El Salvador. Never have the lives of so many innocent children been at risk. Never before has our status as a Sanctuary City been able to help so many children.

Supervisor Campos' resolution to support the Central American unaccompanied minors is essential to demonstrate our commitment as a Sanctuary City and to our diverse immigrant population. San Francisco has the opportunity to again lead the country with its support for these innocent immigrant children.

As with many immigrant, Latino, and social service organizations, Instituto Familiar de la Raza is prepared to do its part to ensure their health and well-being. Having provided service to multiple waves of immigrants over its 35-year history, Instituto understands many of the issues and needs facing these children. With your support, Instituto and many of our partner organizations intend to provide critical services to ensure these children will not be forgotten or ignored.

I strongly urge your support for the Campos resolution. Please feel free to contact me if you have any questions or if I can provide additional information.

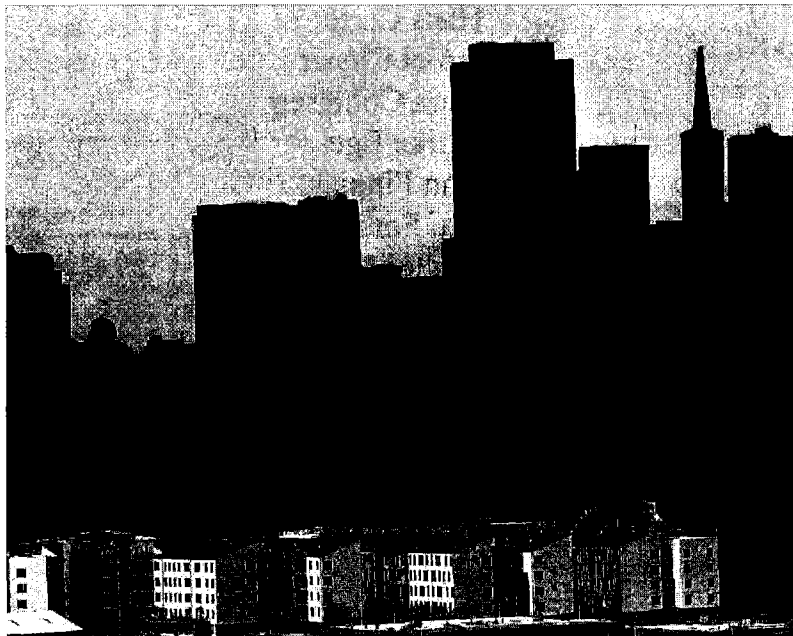
Sincerely,

Estela R. Garcia, DMH
Executive Director

The Mayor's Office of Housing

**UNDER PRESSURE AND CHALLENGED
TO PRESERVE DIVERSITY**

June 2014



City and County of San Francisco
Civil Grand Jury 2013-2014

City Hall
1 Dr. Carlton B. Goodlett Pl, San Francisco, CA 94102
Phone 415-554-6630

MEMBERS OF THE 2013-2014
CIVIL GRAND JURY
CITY AND COUNTY OF SAN FRANCISCO

Elena Schmid, Foreperson
Robert van Ravenswaay, Foreperson Pro Tem
Thomas Duda, Recording Secretary
Maryta Piazza, Corresponding Secretary

Larry Bush
Hans Carter
Daniel Chesir
Barbara Cahrssen
Mike Ege
John Finnick
Kai Forsley
Charles Head
David Hoiem
Joseph Kelly
Mazel Looney
Claudia O'Callaghan
Ernestine Patterson
Michael Skahill

THE CIVIL GRAND JURY

The Civil Grand Jury is a government oversight panel of volunteers who serve for one year. It makes findings and recommendations resulting from its investigations.

Reports of the Civil Grand Jury do not identify individuals by name. Disclosure of information about individuals interviewed by the jury is prohibited. California Penal Code, Section 929

STATE LAW REQUIREMENT California Penal Code, section 933.05

Each published report includes a list of those public entities that are required to respond to the Presiding Judge of the Superior Court within 60- to 90 days, as specified.

A copy must be sent to the Board of Supervisors. All responses are made available to the public.

For each finding the response must:

- 1) agree with the finding, or
- 2) disagree with it, wholly or partially, and explain why.

As to each recommendation the responding party must report that:

- 1) the recommendation has been implemented, with a summary explanation; or
- 2) the recommendation has not been implemented but will be within a set timeframe as provided; or
- 3) the recommendation requires further analysis. The officer or agency head must define what additional study is needed. The Grand Jury expects a progress report within six months; or
- 4) the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

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ISSUE

Housing affordability is a complex topic with many aspects. The Jury decided to center its research on the 2014 Affordable Housing goals championed by Mayor Lee in his January, 2014 State of the City speech.¹ The Jury wanted to investigate the feasibility of delivering a successful response to the Mayor's housing production goal (30,000 units by 2020) by focusing on the portion (one-third, or 10,000 units) that is characterized as "affordable".

This housing target requires that for the next 6-7 years, developers need to complete housing unit numbers much greater than any single year's maximum to date. The Jury also focused their research on the consequences the Affordable Housing target would have on the agency charged with executing the San Francisco (the "City") Affordable Housing policy - the Mayor's Office of Housing and Community Development (MOHCD). The Jury concedes its lack of expertise in housing policy and development, and will not recommend or critique specific policy regulations.

The Jury was interested in whether:

1. The housing targets are achievable.
2. There is sufficient transparency and access to housing program and results to ensure that the public can accurately assess whether Affordable Housing objectives are being achieved and underlying policy is working.
3. Fairness is being applied when new or recently vacated Affordable Housing units are made available for occupancy.

SUMMARY

This report looks at housing that is sponsored or regulated by City government that falls under the rubric of "Affordable Housing." This term primarily refers to government subsidized and deed restricted or price controlled housing targeted at citizens qualified under Area Median Income (AMI) rules. Affordable Housing includes multifamily development projects using government funding sources, units made available through mandate by the City's Inclusionary Housing Ordinance, and funding for all of the support programs required to ensure neighborhood suitability and occupancy compliance.

MOHCD has been tasked to meet their Affordable Housing target while simultaneously providing expertise to the former San Francisco Redevelopment Agency, and the San Francisco Housing Authority. MOHCD funding was buoyed by the City's Housing Trust Fund starting this fiscal year, but funding declines in the last few years from State sources, such as the "tax increment" and State Affordable Housing bonds, means project funding challenges for any increase in new Affordable Housing availability. Add to this daily newspaper accounts of record pricing for rentals and ownership properties in San Francisco and the need for public

¹ <http://www.sfmayor.org/index.aspx?recordid=507&page=846>

transparency and fair access to housing opportunities has never been greater.

The Jury concluded that:

- The City should continue a robust commitment to housing production policies where a substantial percentage of units are Affordable Housing. Focus on policies to increase the number of opportunities for Middle Income households and special needs populations, as only 20% of regional housing targets for this income group have been met.
- Proper public notification should be served for any diversion of Housing Trust Funds away from the goals approved for Affordable Housing by voters in 2012 with Proposition C, such as providing additional financing for the San Francisco Housing Authority Re-envisioning program.
- Navigation and public access to content on the MOHCD website needs substantial improvement.
- Public communications, including the MOHCD Annual Report and quarterly reports of housing pipeline, Affordable Housing achievement data, funding data and operational metrics are in the public interest but are not easily found nor produced with any regularity by MOHCD.
- Other valuable housing pipeline, achievement and housing project reporting needs to be completed in conjunction with the Planning Department and DBI.
- Below Market Rate (BMR) programs administered by MOHCD place a costly and time-consuming burden upon developers and property agents, which may discourage outreach and fair access. Marketing improvements, such as language template materials, are needed to enroll constituencies of qualified applicants.
- Efficiencies in the BMR housing application process are needed through implementation of improved database and web technologies.

While improvements are warranted, the Jury found that the Mayor's Office of Housing and Community Development is a sophisticated agency helping to advance the local Affordable Housing agenda. Additional transparency will allow the public scrutiny required to properly assess the level of resource commitment and impact of present Affordable Housing policies.

San Francisco Affordable Housing programs will not resolve the housing affordability crisis currently overtaking the City. At best, these publically funded programs will provide relief for a limited number of citizens and help to sustain a level of economic diversity important to core values expressed in the Housing Element of San Francisco's General Plan.² Accountability and transparency will be essential as 2020 approaches and projected regional population increases require another major evaluation of "next steps" for City housing policy.

² SF Housing Element; http://www.sf-planning.org/ftp/general_plan/11_Housing.html#HOU_1_1

Acronyms

| | |
|------------|---|
| “The City” | City and County of San Francisco |
| ABAG | Association of Bay Area Governments |
| AMI | Area Median Income |
| BOS | Board of Supervisors |
| BMR | Below Market Rate |
| CAPER | Consolidated Annual Performance and Evaluation Report |
| CCHO | Council of Community Housing Organizations |
| CDBG | Community Development Block Grants |
| COP | Certificate of Preference |
| DALP | Down payment Assistance Loan Program |
| DBI | Department of Building Inspection |
| HCD | California Department of Housing and Community Development |
| HTF | Housing Trust Fund |
| HUD | Department of Housing and Urban Development |
| MOH | Mayor’s Office of Housing (former title) |
| MOHCD | Mayor’s Office of Housing and Community Development (current title) |
| OCII | Office of Community Infrastructure and Investment (successor to the SF Redevelopment Agency) |
| OEWD | Office of Economic and Workforce Development |
| RHNA | Regional Housing Needs Assessment |
| SFRA | San Francisco Redevelopment Agency (now defunct) |
| SFHA | San Francisco Housing Authority |

BACKGROUND

Housing is a complicated subject affecting all of us in different ways. It is the essence of a stable environment and the basis for healthy communities. Housing conditions change in step with the economy and have become a great challenge for local government as it attempts to foster and maintain strong local communities based on economic inclusion and diversity. San Francisco residents have seen housing prices rise to such an extent recently that the social fabric of the City is being altered and the terms “gentrification” and “crisis” are commonly seen in newspapers and blogs.

Contributing factors include demand growth from improved employment (especially in technology), land availability constraints, regulatory policies and zoning choices. This has coincided with an improving economic cycle characterized by increasing employment but stagnant wage growth in non-tech sectors. The results have been market rate rentals and home ownership pricing that is beyond the reach of most citizens. An urgency to address housing availability and affordability in the City has amplified,³ forcing City government to respond with efforts to improve affordable housing stock and policies to protect current residents.

Qualification for government sponsored programs hinge on the Federal and State concept that considers anyone paying more than 30 percent of gross income in rent or mortgage to be “burdened” and anyone paying more than 50 percent to be “severely burdened”⁴. These benchmarks are based on the notion that a family needs enough discretionary income to afford other necessities. Affordable rent, therefore, means that a family’s total housing costs including utilities should not consume more than 30% of their gross income.

The term “Affordable Housing” in this report refers to efforts by City government to provide rental and ownership opportunities to specific income categories – primarily Very Low, Low and Moderate income categories based on the Area Median Income (AMI) as defined by the Federal Department of Housing and Urban Development (HUD). Income and family size relative to the geographic area’s median income and family size determines one’s qualifying income tier. For example, “Very Low” income means 31%-50% of AMI while “Moderate”

| 2014 % of AMI | Number in household | | | |
|------------------|---------------------|-----------|------------|------------|
| | 1 | 2 | 3 | 4 |
| 25% | \$ 17,000 | \$ 19,450 | \$ 21,850 | \$ 24,300 |
| 50% | \$ 34,000 | \$ 38,850 | \$ 43,700 | \$ 48,550 |
| 100% | \$ 67,950 | \$ 77,700 | \$ 87,400 | \$ 97,100 |
| 120% | \$ 81,550 | \$ 93,250 | \$ 104,900 | \$ 116,500 |
| 150% | \$101,950 | \$116,550 | \$131,100 | \$145,650 |

Source: MOHCD

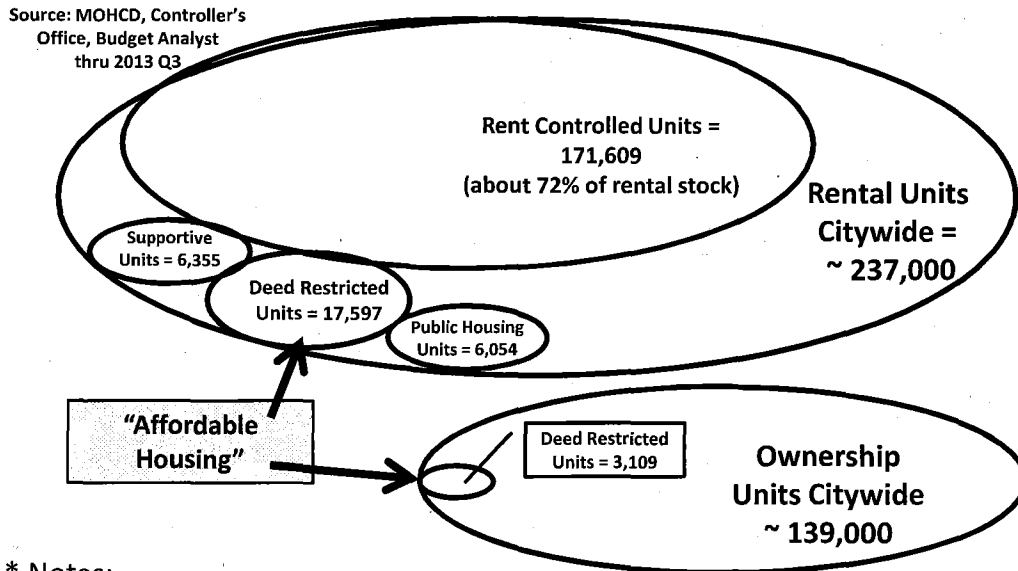
³ The San Francisco Survey, November, 2013 <http://thesanfranciscosurvey.com/> and University of San Francisco Affordability and Tech poll, December, 2013

<http://www.sfgate.com/file/698/698-USF%20Affordability%20and%20Tech%20poll%20Dec%202013.pdf>

⁴ The Census Bureau’s 2011 American Housing Survey data for the San Francisco Bay Metro Area shows 55% of renters are “burdened”. Nationally, the “burdened” rate is about 50%, a figure which jumped about 12% from 2000 to 2010. JCHS study; Harvard University; 2013; pg. 5.

income means 81-120% of AMI.⁵ Affordable housing customized to special needs populations, such as seniors and the disabled⁶ have also been funded and built based on this qualifying income model. Housing that has been built by the City and occupied under City programs are considered “Deed Restricted.” Deed Restricted housing units have contractual terms that set and limit rent amounts and increases, or prescribe future terms of sale in the case of ownership units.

San Francisco Housing Stock* - 2014



*** Notes:**

- Includes both occupied and vacant unit counts from the 2012 One Year American Community Survey (ACS), US Census Bureau data.
- Total Ownership and Total Rental Units are approximate using ACS ratios.
- Supportive Housing (Chronic Homeless) is permanent housing only; does not include Transitional Housing or Emergency shelters
- Public Housing does not include 8,954 privately owned units subsidized by Section 8 vouchers

Figure 1 - SF Housing Stock

The roots of the community-based housing movement go back more than 50 years.⁷ Since that period, housing policy and legislation implemented in San Francisco has ranged from Federal public housing programs to State redevelopment projects to City bond initiatives to address the housing needs of low and moderate income populations.

The development of new Affordable Housing from the 1990's to 2011 was primarily driven by two agencies, the San Francisco Redevelopment Agency (SFRA) and the City's Mayor's Office of Housing (as MOHCD was called then). These agencies developed over 10,000 affordable

⁵ Readers who are not familiar with the concepts of AMI and definitions are encouraged to go to Appendix 1.

⁶ See SF Housing Element, Part 1, March 2011; page 1.48 for a list and housing needs of all special needs groups.

⁷ For reviews of this history, see From Urban Renewal and Displacement to Economic Inclusion: San Francisco Affordable Housing Policy 1978-2012; Rosen, Marcia; National Housing Law Project; 2012; and Domhoff, William; UCSC ; Who Rules America? http://www2.ucsc.edu/whorulesamerica/local/san_francisco.html

housing units from FY2002/3 through FY2010/11.⁸ The State decided to close all Redevelopment Agencies in early 2012 and the burden for continued progress on existing SFRA housing projects was transferred to a successor agency, called the Office of Community Infrastructure and investment (OCII).⁹ The portfolio transferred to OCII consists of “enforceable obligation” development projects already funded by prior State commitments. These are (1) Hunter’s Point Shipyard (aka Candlestick), (2) Mission Bay, (3) Transbay, and (4) SB2113 Replacement Housing.¹⁰

The City, through MOHCD, manages the former Redevelopment Agency's affordable housing assets. MOHCD is also working with OCII via a Memorandum of Understanding to provide staff expertise to complete these legacy projects. The Affordable Housing from these projects will be transferred over to MOHCD as an asset for marketing and occupancy implementation. For legal reasons OCII is managed as a separate City enterprise agency with its own Oversight Board and citizens Commission. Their primary responsibility is to ensure that the Affordable Housing portion of these projects are developed consistent with the terms of Dissolution Law. Final dissolution of OCII will occur once the scope of all “enforceable obligation” projects concludes. Completion of these projects is very much in the public interest.

The term “Public Housing” is used to refer to Federally funded housing programs targeted at Extremely Low Income populations (<30% AMI). The administration of these properties has been the responsibility of the San Francisco Housing Authority since 1938.¹¹ This includes housing for 12,691 residents living in 6,054 public housing units, and subsidized rental assistance (known as Section 8 vouchers) to over 19,000 residents in 8,954 privately owned housing units.¹²

⁸ SF Legislative & Budget Analyst; Affordable Housing Report; 2012, pg. 11

⁹ For more details on the Successor Agency see <http://www.sfredevelopment.org/>

¹⁰ SB2113 covers funding replacement of affordable housing lost in older Redevelopment Agency projects. See the following for details: <http://www.sfredevelopment.org/index.aspx?page=187>

¹¹ SFHA has three major programs: (1) the public housing program operated by SFHA; (2) the Housing Opportunities for People Everywhere (HOPE) VI low-income housing operated by nonprofit corporations selected by SFHA, and (3) the housing voucher (Section 8) program. Budget Analyst’s Housing Authority Report, page iii.

¹² SF Legislative & Budget Analyst; Housing Authority Report; 2013, pg. 1

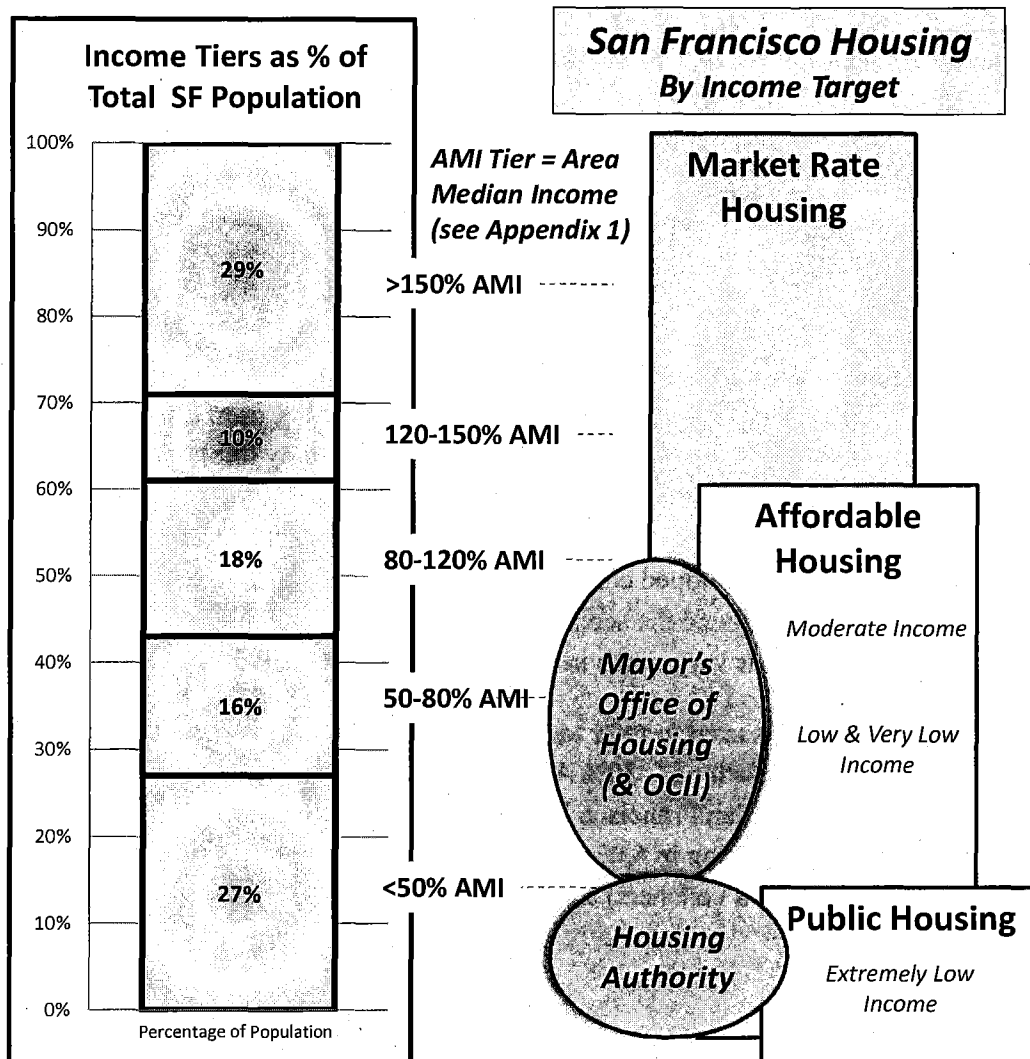


Figure 2 - SF Housing by Income Target¹³

Funding Affordable Housing

Public funding for Affordable Housing comes from a variety of federal, state and local sources, including tax credits, bonds, loans, grants and local Affordable Housing fee programs. From FY 2002/3 – FY 2010/11, the total amount of public funding was some \$1.9B.¹⁴

Funding available for Affordable Housing can be volatile and may vary widely each year depending on the source. For example, Federal Affordable Housing tax credits allocated to the state of California have remained fairly constant since 2006.¹⁵ However, amounts are

¹³ SFHA can serve up to 80% AMI, but does so rarely. MOHCD's 241F program has units housing up to 150%AMI.

¹⁴ SF Legislative & Budget Analyst; Affordable Housing Report; 2012, pg. 15

¹⁵ California Tax Credit Allocation Committee; Annual Reports 2006-2013; found at http://www.treasurer.ca.gov/ctcac/annual_reports.asp

competitively awarded statewide to projects meeting specific housing or resident criteria and during that period San Francisco's annual awards have varied from as high as \$118M to \$56M per year.¹⁶ Other Federal funding sources for the City, such as grant totals for HUD HOME, HOPWA and Community Development Block Grants, remained fairly constant year over year.

State sources like State Affordable Housing Bond issues from Propositions 46 (2002) and Proposition 1A (2006)¹⁷ are no longer available. San Francisco received \$286M, or 11% of the total funding available to local projects from these sources from FY2002/3 – FY2010/11.

City and local funding sources provided 38% of the \$1.9B Affordable Housing total from FY2002/3 – FY2010/11.¹⁸ Most of this was provided using a funding technique called "tax increment" financing used by the Redevelopment Agency. Over 40% of total redevelopment tax increments were allocated just to low and moderate income housing in FY2009/10 and tax increments averaged about \$50M annually, making up over 60% of financing from City and local sources.¹⁹ With the dissolution of the Redevelopment Agencies in 2012, this funding source is no longer available, although the four enforceable obligation projects will be allowed to use previously awarded tax increments.

The dissolution of the SFRA and the slow national economic recovery set the stage for the passage of Proposition C by the voters of San Francisco in 2012. This proposition created and funded the Affordable Housing Trust Fund (HTF) from the City's General Fund.²⁰ The HTF will provide \$20M of funding this year, increase incrementally each year, and provide a significant, stable and predictable funding source for City affordable housing programs for the next 30 years.

Local City funding also includes the Affordable Housing Fund (AHF) (not to be confused with the Trust Fund) and fees which come from building development. Fees are assessed on commercial and residential developers and include the Jobs-Housing Linkage and the Affordable Housing Program Fees. Hotel tax allocations and other revenue transfers also go into this Fund.

The Jobs-Housing Linkage has been assessed on commercial developers since 1996 and is based on a schedule tied to the square footage of a commercial property project. The Affordable Housing Fee assessment for residential projects is calculated at a rate equivalent to 20% of total housing units being developed. The collection of both fees is directly based on the level of real estate development activity in the City, which, in turn, is tied to the economy. Very few fees were collected from 2008-2012, but there was a large increase to almost \$15M in FY2012/13 and it is estimated this total will double in FY2013/14.²¹

¹⁶ SF Legislative & Budget Analyst; Affordable Housing Report; 2012, pg. 15; not including previous Credit returns

¹⁷ http://www.hcd.ca.gov/Housing_Bonds.pdf

¹⁸ SF Legislative & Budget Analyst; Affordable Housing Report; 2012, pg 15

¹⁹ Ibid, pg. 62 and pg. 15

²⁰ See Appendix 3 for a full description of the Housing Trust Fund (HTF)

²¹ MOHCD figures.

Inclusionary Housing is an alternative method for residential developers to pay the Affordable Housing Fee. This choice allows a private sector developer to provide “inclusionary” units either on-site (requiring 12% of total units) or at a nearby off-site location (requiring 20% of total units). Inclusionary Housing choices are used to increase Affordable Housing supply for both rental and ownership projects. Inclusionary Housing is encouraged as it can increase social and economic integration in building projects that might otherwise lack this diversity.

The City has made several adjustments to the Inclusionary Housing percentages over the years, the last being part of Proposition C in 2012. All Inclusionary options add to a developer’s total cost of project development. Adjustments to the formula have been made to balance financial feasibility for residential developers with Affordable Housing policy objectives.

Inclusionary Housing is also referred to as Below Market Rate (BMR). When Inclusionary units are completed, they are administrated by strict BMR/Inclusionary Program rules defined by MOHCD. MOHCD works with rental property managers and Affordable Housing counseling agencies to oversee the process of applying and qualifying for BMR rental units. For ownership units, MOHCD is similarly involved in overseeing the BMR ownership process that includes mortgage counseling and Down Payment Loan Assistance for qualified applicants.

Public Housing and the Housing Authority

In 2012/13 the Housing Authority was in a downward spiral. The residents of Public Housing were in jeopardy from financial mismanagement of Public Housing funds by the Authority and deferred maintenance and repair on their 48 Public Housing sites.²² The Mayor eventually stepped in, replacing administrators and seating a new cadre of Housing Authority commissioners. Restructuring plans were formulated by City Administration and community organizations. San Francisco now has a clear plan for rehabilitating, replacing and managing these properties. This process, known as Housing Authority Re-envisioning, resulted in the authorization of a Rental Assistance Demonstration Program (RAD) award from HUD in January, 2014²³.

In addition to proposing an innovative financing strategy to address long-term viability of the Authority’s portfolio, the Re-envisioning Plan’s execution requires that MOHCD provide construction and project development expertise to the Housing Authority. First phase work has begun on an award assignment for 21 of the Authority’s Public Housing properties. The task at hand is to rehabilitate all 4,575 existing Authority units on 41 properties²⁴ and recapitalize²⁵ these housing assets for eventual transfer of ownership to private entities.

²² SF Budget Analyst; Housing Authority Report, 2013, pg. 6

²³ For a description of the RAD Implementation Plan see http://www.sfha.org/CHAP_Presentation_011514.pdf

²⁴ See http://www.sfha.org/SFHA_RFQ_Presentation_013014-DRAFT-REV012914_2.pdf

²⁵ Recapitalize means to restructure the debt and equity mixture to improve overall financial stability of an asset

MOHCD Housing Development From Funding Thru Construction

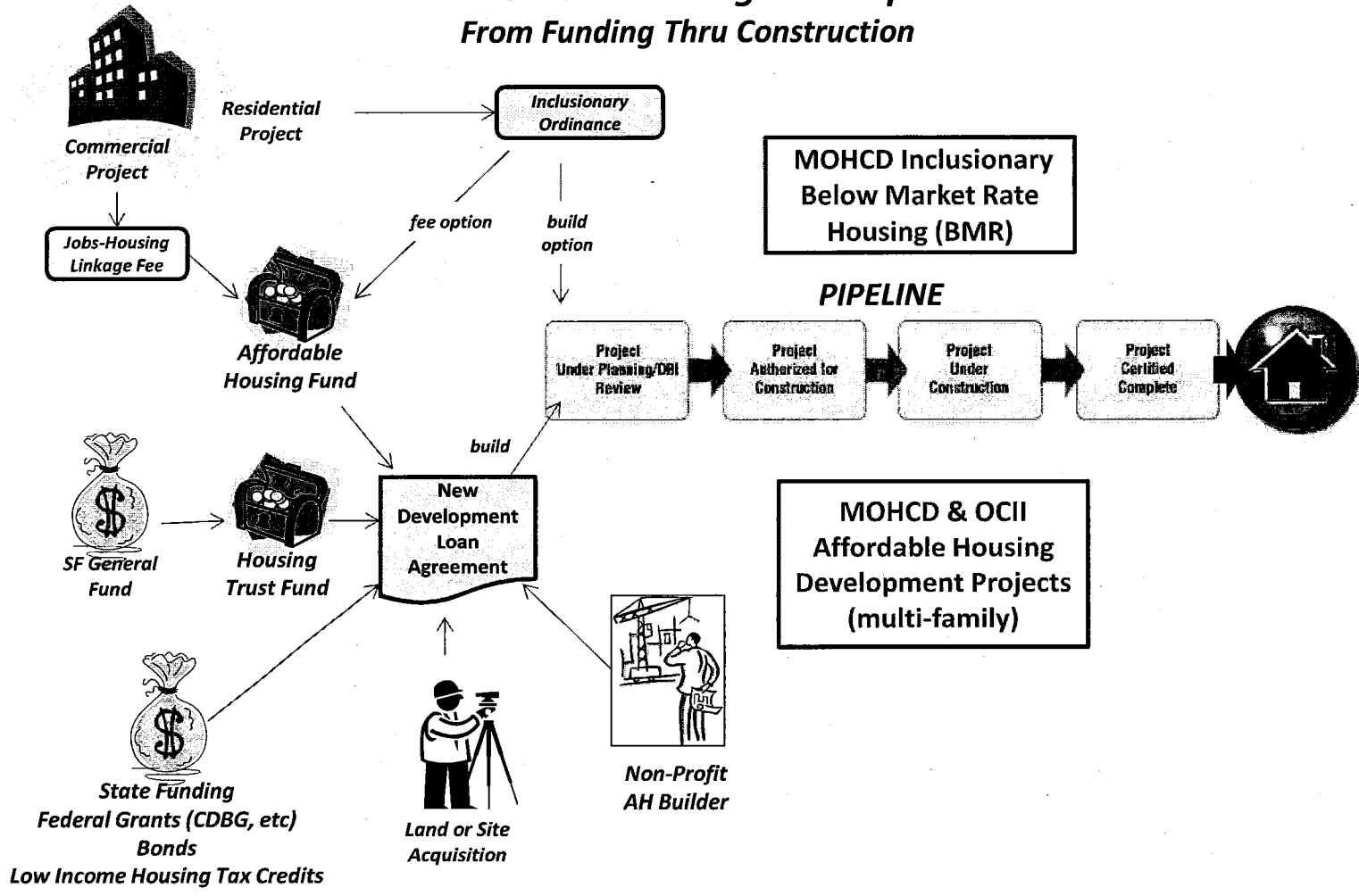


Figure 3 - MOHCD Housing Development

Challenges ahead for MOHCD

Affordable Housing was the topic of a Budget and Legislative Analyst performance audit delivered to the Board of Supervisors in early 2012. This comprehensive report discussed financing of Affordable Housing projects, the role that the Planning Department and Planning Commission play in development, analysis of various policies and regulatory ordinances such as Inclusionary Housing, and provided a series of recommendations for both the Planning Department and MOHCD.

A great deal has changed for MOHCD in the last two years since the issuance of the Budget and Legislative Analyst Performance Report in 2012:

- With the closure of the State Redevelopment Agencies, the OCII successor agency is tasked with completing four large redevelopment projects. There is a contract agreement in place for MOHCD to provide expertise for development and BMR occupancy, plus eventual transfer of Affordable Housing assets to MOHCD
- The Housing Trust Fund was created and now provides MOHCD with a new source of funds, just as local funding sources declined by 20% from \$101M to \$80M from FY2009/10 to FY2012/13 primarily as a result of the elimination of the tax increment²⁶
- The Housing Authority launched its Re-envisioning Plan to rebuild their distressed properties and MOHCD will provide evaluation expertise of the SFHA properties, help manage their pipeline and assist in securing gap funding if needed. The potential for long-term assistance is yet to be determined. The Housing Trust Fund may need to provide stabilization funding to the Housing Authority for emergency repairs.
- The Mayor announced his high profile 2014 Housing Agenda for San Francisco that includes the production of 10,000 affordable housing units by 2020.

It is evident that this has become a challenging period for MOHCD. The Agency will need to navigate a great deal of change and rely on adept management to handle the additional responsibilities demanded by this new agenda.

The Mayor's Office of Housing and Community Development has a good reputation as an innovative and effective agency for developing affordable housing. According to the local San Francisco non-profit think tank, SPUR, "MOH is in the best position to oversee the long-term implementation of the recommendations ...; to integrate and better coordinate the city's housing priorities, resources and programs; and to achieve the economies of scale by avoiding duplication of administrative functions."²⁷ It is clear to the Jury that MOHCD's success will be extremely important in increasing the effectiveness and efficiency of the City's Affordable Housing resources.

²⁶ Figures from MOHCD.

²⁷ Re-envisioning the San Francisco Housing Authority, SPUR memorandum attachment; Karlinsky, Sarah; 6/24/13

DISCUSSION

1. The 30K Target

In Mayor Lee's January, 2014 "State of the City" address, the top agenda item for his administration was to make more housing units, both market rate and affordable, available in San Francisco to increase the supply of housing options. Mayor Lee's address included specific proposals to improve access to housing opportunities for "rent burdened" low and middle income residents by 2020.²⁸ The overall target is to produce 30,000 new units of housing with at least one-third being "affordable". Mayor Lee also championed a plan with seven principles, or pillars, that outline a strategic approach to achieving this target. (This Jury report will refer to this initiative from the Mayor as the "30K Target", although the affordable portion is 10,000 units).

The seven pillars present an agenda that includes protections for tenants and existing housing stock, tackling serious problems with Public Housing, reducing impediments to increased production, and improving Affordable Housing programs. The numeric goal takes advantage of projects already in the planning pipeline, but still represents a significant challenge for City planners and builders. Also, while the residential real estate market is enjoying a strong recovery, it is doubtful that the City can build its way out of the current affordability crisis,²⁹ and one should not expect market rate rental housing and ownership prices in the City to decrease even if the target is met. However, the Jury does subscribe to the principle that the availability of housing that is affordable to a spectrum of socio-economic levels fosters a more vital and dynamic urban environment and is in the best long-term interest of all its citizens.³⁰

Seven principles (pillars) plan

- 1) Protect residents from eviction
- 2) Stabilize at-risk rent controlled units
- 3) Revitalize Public Housing
- 4) Double down-payment loan assistance program amounts
- 5) Build more affordable housing faster – better tools, fewer delays
- 6) Continue to build market rate units
- 7) Make construction of new homes easier

The Mayor's 30K Target requires that 5,000 market rate and Affordable Housing units be constructed each year over the next six years, or about 3,500 market rate and 1,500 affordable units per year. Historically, these are aggressive targets and represent an increase of about 8% in the total existing housing stock of some 376,000 units in San Francisco today.³¹ Even in the pre-recession years of easy credit financing and much larger federal housing assistance funding from 2005 to 2009, the maximum total annual completion rate for both market rate and affordable

²⁸ <http://sfmayor.org/index.aspx?page=983>

²⁹ For a perspective, see Welch, Calvin, "SF Controller Shows Supply & Demand Does Not Work in the San Francisco Housing Market", SF Information Clearinghouse, October 2013 and Lamb, Jonah, "Leveling SF housing field could take 100,000 new units", SF Examiner article; Feb 12, 2014

³⁰ The General Plan also states this. See Housing Element Part 2, 2008; The City's Housing values; pg. 4

³¹ Planning Department; 2013 Housing Inventory; pg 5

housing was 3,366 units achieved in 2009 and the 20 year average is about 1,700 units per year from 1995-2013,³² or only one-third of the 30K annual target rate. The chart below depicts housing entitlements from Planning, authorizations from DBI and the number of new units built. The large spike in entitlements in 2010 was from Candlestick-Hunters Point and in 2011 came from Treasure Island and Park Merced project approvals.

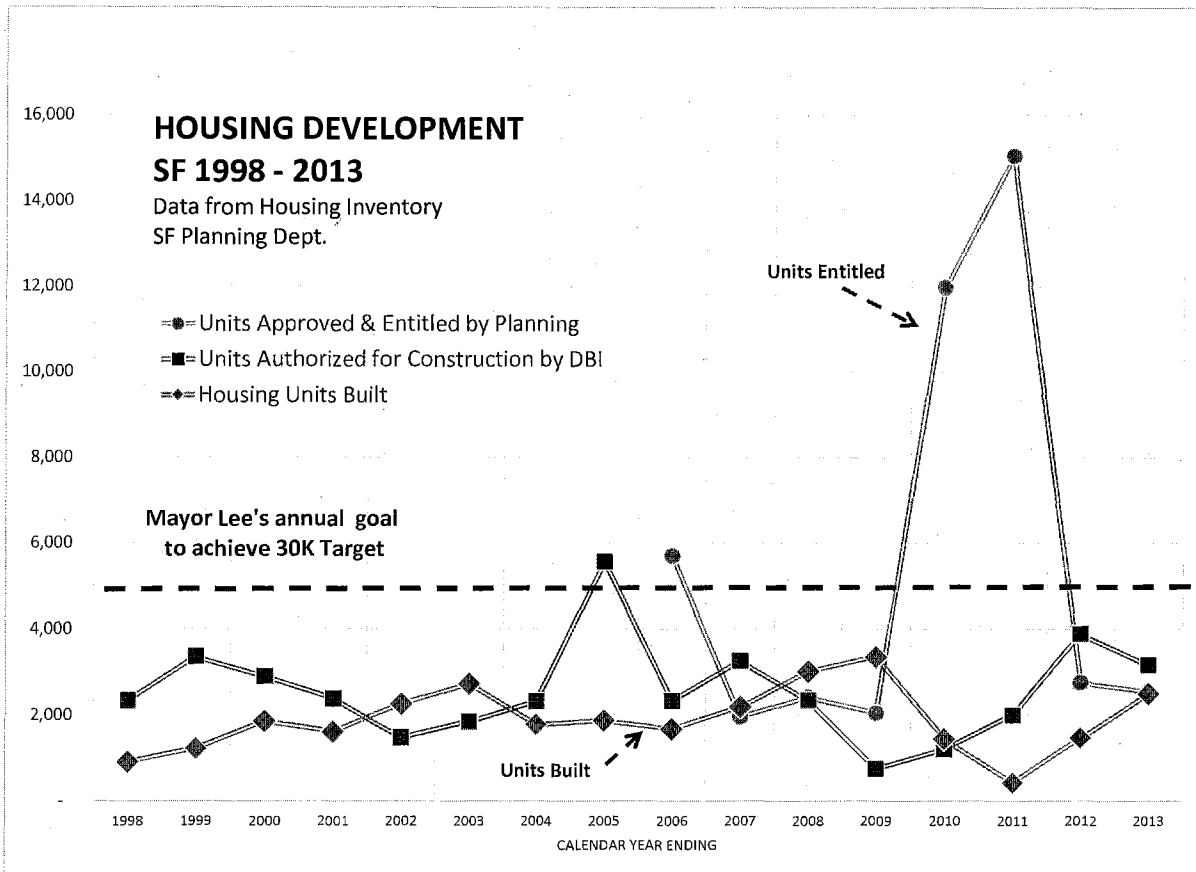


Chart 1 - SF Housing Development 1998-2013

Are the new 30K Targets achievable? The Housing Pipeline Report, which is a forecast tracking report, tallies the number of projects applying for approval with the Planning Department. The latest report shows that the housing pipeline is full.³³ The report lists 857 residential or mixed use projects capable of delivering 50,400 net housing units. There is always uncertainty with the pipeline and projects may not progress to completion, but having close to 40,000 units “entitled”, or approved by Planning, is extremely healthy for achieving the 30K goal, especially since 167 projects are in construction and will release 6,000 units into the local housing supply. It is important to note that just three projects, Hunter’s Point/Candlestick Redevelopment (10,500 units), Treasure Island (7,800 units) and Park Merced (5,860 units) represent over 60% of the

³² Ibid, pg. 6

³³ Housing Pipeline Report, Q4, 2013; Planning Department; February, 2014, pg. 3

entitled units (these projects include both market rate and Affordable Housing).

More important to the Jury, however, is the number of affordable units in the pipeline, and where funding for projects would come from. As previously discussed, the four former Redevelopment projects have sufficient funding agreements to move onward to completion with their Affordable Housing components. The latest pipeline report from MOHCD³⁴ includes these projects, with about 3,400 affordable units for Hunter's Point/Candlestick, Transbay (downtown), and Mission Bay. There are an additional 567 units representing about 11 multi-family new development and rehabilitation projects also entitled, or just over 4000 total in the active MOHCD pipeline. To complete the scenario, the Mayor's Affordable Housing target is within reach if one includes the Housing Authority's Public Housing rehabs (4,575 units) plus units added to the housing stock through the Inclusionary Housing Ordinance. It should be noted that the Housing Authority rehabilitation project does not add new units to the overall housing stock for the City.

MOHCD, SFRA and their builder partners have built or rehabilitated over 13,000 affordable housing units over the last 10 years.³⁵ For the Jury, though, the point is not to be concerned with historical rates of construction, but to acknowledge that MOHCD is being challenged not only by the 10,000 affordable unit goal, but also by additional responsibilities discussed previously. All involved, including MOHCD personnel, may be tasked with performing heroic efforts unless funding is properly managed, staffing is maintained and inefficiencies in the planning, entitlement and construction processes are removed.

Removing Bureaucratic Barriers and Achieving Economically Diverse Targets

In one effort to examine policy and recommend administrative processing improvements, Mayor Lee issued an Executive Directive³⁶ to the Planning Department and the Department of Building Inspection (DBI). The departments responded with a memorandum that made a series of short-term administrative change recommendations to speed reviews and project approvals.³⁷ Among the recommendations were:

- priority processing for 100% affordable housing projects and expedited processing based on the proportion of affordable units proposed by the project
- specialists dedicated to facilitating Affordable Housing projects through the approval process
- more efficient methods of review based on interagency agreements
- expedited hiring of staff involved in the project entitlement process
- online system tracking, and transparency of affordable projects and approval milestones

³⁴ MOHCH, Affordable Housing Entitlements spreadsheet, Q1 2014

³⁵ Budget Analyst Affordable Housing Report 2012, Table 3 and SF Planning, Housing Inventory 2013, Affordable Housing Chapter charts

³⁶ Executive Directive 13-01

³⁷ See http://www.sf-planning.org/ftp/files/publications_reports/SF-Planning-Permitting-Process-June2011.pdf

Additional recommendations for policy change, regulatory improvement and administrative efficiency are expected from the Affordable Housing Task Force also convened by Mayor Lee. This Task Force consists of housing experts, City departments, tenant and housing advocates, realtors and property owner stakeholders, and is expected to issue their final report in July, 2014.

Another stakeholder reaction to the 30K Target comes from the Council of Community Housing Organizations (CCHO) which represents 22 community-based housing developers and tenant advocates. Among a variety of practical recommendations, their response called for the City to build to a “historical Housing Balance of a minimum of 30% housing affordable for households up to 120% of [AMI].”³⁸ This figure reflects the ratio of new affordable units built as a percentage of all new units since 2000.³⁹

It is also important to note that Redevelopment projects have historically maintained this high affordable unit ratio in their projects. The three major OCII projects, Hunter’s Point/Candlestick, Mission Bay and Transbay will have from 29% to 35% of their housing units be affordable. If one excludes the Housing Authority’s rehabs (4,575) from the 10,000 affordable units targeted for 2020 and only counts new Affordable Housing units, the result for the 30K Target (which is 18%) falls short of maintaining this historic ratio.

The 30% affordable ratio also reflects the percentage from the recent Regional Housing Needs Allocation (RHNA), a state mandated community planning document that involves the California Department of Housing and Community Development (HCD) and the Association of Bay Area Governments (ABAG). HCD determines total housing need based on growth projections for each region in the state for an eight year period. ABAG distributes an allocation to each of the Bay Area jurisdictions included in the City’s General Plan Housing Element. The previous RHNA was prepared in 2007, and the new version covers 2014-2022.⁴⁰

Ensuring affordable housing parity and a fair distribution of housing built across all income tiers is a policy area that concerns the Jury. It’s no surprise that in the last seven years, as Table 1 (following page) shows⁴¹, housing constructed in the City is sufficient to meet demand of only the highest income earners. The City is projected to achieve 113% of the RHNA housing target for the market-rate tier, and about 65% for the low-income tiers. But achievement for the low and moderate income categories is only expected to reach 16% and 25% of the housing need respectively.

³⁸ CCHO’s Housing Plan for 2014 – A 2014 Balanced Housing Agenda for San Francisco; pg 4; CCHO; <http://www.sfcho.org/cchos-housing-plan-for-2014/>

³⁹ Housing Inventory 2006, 2009, 2013, Table 19.

⁴⁰ Available at http://onebayarea.org/pdf/final_supplemental_reports/Final_Bay_Area_2014-2022_RHNA_Plan.pdf

⁴¹ Condensed from a table in SF Budget Analyst, Affordable Housing Report, 2012, Table 1.1 pg. 19

Table 1 - Housing Allocation/Achievement 2007-2014

| Household income as a Percentage of Area Median Income | Regional Housing Needs Allocation Target 2007-2014 | Percentage of Target Projected to be Met by June, 2014 |
|--|--|--|
| Extremely Low (<30% of AMI) | 3,294 | 62% |
| Very Low (31%-50% of AMI) | 3,295 | 69% |
| Low (50%-79% of AMI) | 5,535 | 16% |
| Moderate (80%-120% of AMI) | 6,754 | 25% |
| Market (> 120% of AMI) | 12,315 | 113% |
| TOTAL | 31,193 | 67% |

The RHNA targets for the 2014-2022 mandate (Table 2 below) have a similar affordable housing need ratio (35%) as the 2007 allocation (39%) shown in Table 1. Mayor Lee’s 30K target with its one-third (33%) affordable goal would represent a more balanced outcome of Affordable to market rate housing over the previous RHNA period. The Jury supports policy efforts that further attainment of this Affordable goal. However, as noted earlier, the percentage of new affordable units will be closer to 18% if all 30,000 units are delivered per the 30K plan. Monitoring progress is important during this upcoming timeframe and provides an opportunity for project and policy adjustments to influence actual construction numbers.

| 2014-2022 San Francisco Housing Targets (RHNA/ABAG) | | | | |
|---|---------------|---------------------|----------------------------|---------------|
| Very Low 0-50% | Low 51-80% | Moderate 81-120% | Above Moderate 120%+ | Total |
| 6,234 | 4,639 | 5,460 | 12,536 | 28,869 |

Table 2 - SF Housing Targets 2014-2022

The most serious aspect of the 2007-2014 construction trend illustrates the problem faced by middle class families in the City. A 2012 study of the San Francisco Housing Market⁴² shows that Middle Income earners are about 32% of the citywide population distribution of income categories. Compare this to the production percentages for regional housing production targets from the previous chart (about 20%) and the issue of housing availability for the Middle Income tier is clear.⁴³

| San Francisco Household Income Distribution, 2009 | | |
|--|-----------------------------|--------------------------------------|
| Household Income as a Percentage of Area Median Income | Percentage of households | Approx Target achievement projection |
| Less than 50% of AMI (Extremely, Very Low) | 30% | 65% |
| 50% - 120% of AMI (Low, Moderate) | MIDDLE INCOME 32% | 20% |
| > 120% of AMI | 38% | 113% |

Table 3- Middle Income Unit Construction

⁴² MOHCD/Seifel Consulting; Briefing Book: State of the Housing Market Study; 2012; downloaded Mar, 2014 from <http://sf-moh.org/modules/showdocument.aspx?documentid=5818>

⁴³ Certain funding is restricted and must be used only for lower income housing. See Appendix 2.

The Housing Market study further notes that the number of households in the City grew by over 40,000 from 1990 to 2010.⁴⁴ Housing availability becomes an important decision factor in choosing where to live. However, the number of households in the City that are classified as Middle Income (50-120% of AMI) declined by over 5,000 during that same 20-year period.⁴⁵ The demographic trend is that lower and upper income populations are growing and the “middle” is not.

Just as dramatic has been the citywide decline in the number of households with school age children. The Moderate Income tier (50%-80% of AMI) had a 10% decline in the count of households with children in the City from 1990 to 2010.⁴⁶ Only about 13% of all City residents are under 18, the smallest percentage among major cities in the U.S.⁴⁷ Availability of housing options, particularly for home ownership, and the cost of living are among several factors⁴⁸ contributing to this trend.

This Jury report does not endorse specific housing policy options. The list of potential solutions for increased housing supply is long, and an examination of these strategies is beyond our scope for this report and best left to housing policy experts to recommend.⁴⁹ The Jury anticipates that the Mayor’s Task Force on Housing will deliver a set of policy recommendations in July.

However, the Jury supports the need to maintain an equitable distribution of market rate and Affordable Housing construction numbers. Actual housing production needs to better reflect the income distribution of the City’s population. Once the Redevelopment/OCII dissolution is complete, the Jury fears that current funding streams and Inclusionary Housing policies will not be able to create enough affordable housing to maintain any balance in the ratio between Market Rate and Affordable Housing.

Findings:

F1. Housing development in the last decade has fallen far short of regional need targets. New production overwhelmingly delivered market rate units despite housing need targets for a broader income spectrum. This has reduced the number of housing opportunities affordable to the majority of citizens.

F2. Housing construction for Middle Income households is not meeting regional housing targets. Local government programs to address the situation are limited.

⁴⁴ Household includes all of the people who occupy a housing unit, family related, unrelated or single.

⁴⁵ Briefing Book, slide 17

⁴⁶ Briefing Book, slide 54

⁴⁷ <http://www.sfgate.com/bayarea/article/Families-exodus-leaves-S-F-whiter-less-diverse-3393637.php>

⁴⁸ Other factors include urban density, safety, schools, and open space.

⁴⁹ Please see Appendix 4 for a listing of various proposals found in the literature to increase housing supply.

Recommendations:

R1. The Jury recommends the Board of Supervisors convene a hearing this calendar year to review the final report from the Mayor's Housing Task Force and ensure that policy recommendations improve the relationship between Market Rate and Affordable Housing to reflect the economic diversity of the City, and include annual monitoring of regional housing achievement numbers as defined by the Regional Housing Needs Allocation and the Housing Element.

R2. The Jury recommends that MOHCD articulate strategies to improve achievement of regional housing targets for Middle Income households and establish incremental targets by year. The Jury also recommends that MOHCD report annually to the Board of Supervisors on progress in achieving these targets and include best practice research from other municipalities about Middle Income policy solutions.

2. The Housing Trust Fund

The Housing Trust Fund (HTF) resulted from passage of Proposition C in 2012 with approval by 65% of the voters. The HTF receives appropriations from the City’s General Fund meant to provide a stable source of funding “established ... to support creating, acquiring and rehabilitating Affordable Housing and promoting affordable home ownership programs in the City.”⁵⁰

The HTF is expected to provide \$1.33B over 20 years in support of this objective.⁵¹ The first year allocation (FY 2013/14) is for \$20M, and the initial budget was structured such that MOHCD will use 70 percent of HTF monies to provide local financing for the construction and major rehabilitation of affordable multifamily housing.⁵² It is also a Charter requirement that MOHCD dedicate \$15 million in the first five years of the Housing Trust Fund to “Housing Stabilization” and “Downpayment Loan Assistance” programs. The projected expenditures from the HTF for the current and next fiscal years are:

| SF Housing Trust Fund - Proposed FY2013-14 & FY2014-15 Budget | | |
|---|---------------------------|---------------------------|
| Program Area | Projected FY 2013-14 Uses | Projected FY 2014-15 Uses |
| | \$M | \$M |
| Downpayment Assistance Loan Programs | \$2.0 | \$3.0 |
| Housing Stabilization | \$2.8 | \$3.1 |
| Complete Neighborhood Infrastructure | \$0.2 | \$1.0 |
| Affordable Housing Development | \$13.8 | \$14.5 |
| Program Delivery | \$1.2 | \$1.2 |
| TOTAL HTF | \$20.0 | \$22.8 |
| Source: MOHCD, HTF Budget Final Public Version POST HEARING, Oct, 2013 | | |

Table 4 - HTF Budget

It is important to note that the passage of Proposition C was for “the creation, acquisition, and rehabilitation of rental and ownership housing affordable to households earning up to 120% of the Area Median Income.”⁵³ The Redevelopment Agency funding stream it was meant to replace was, in general, restricted to developments up to 80% of AMI. The HTF is more flexible and can be used to provide financing for projects supporting moderate income populations.

⁵⁰ SF Charter, Sec 16.110

⁵¹ Refer to Appendix 3 for more detail about the Housing Trust Fund.

⁵² MOHCD document, “Housing Trust Fund Program Descriptions”, obtained Oct, 2013

⁵³ Charter Sec 16.110

Housing Authority Need?

An area of concern for the Jury is that the Housing Authority Re-envisioning contains a short-term recommendation for SFHA, in partnership with MOHCD, to “identify financial assistance to address emergency repairs and immediate capital improvements” to help stabilize the public housing stock and service programs in distress.⁵⁴ The Housing Trust Fund can be used as a source of capital to provide these stabilization funds. The Charter states, “The City may disburse monies from the Housing Trust Fund ... on terms determined by the Mayor's Office of Housing in its sole discretion.”⁵⁵

The Jury supports the notion that any diversion or loan of funds to the Housing Authority plan should not result in a permanent loss in HTF funds available to MOHCD to achieve new affordable housing goals for traditional low and moderate income populations as originally voted on in 2012. The City’s Administrative Code only requires reporting from MOHCD to the Board of Supervisors every fifth year beginning 2018.⁵⁶

The Jury agrees that if required, the HTF should be utilized as an emergency gap funding source for support of the Housing Authority, but recommends that public notification occur whenever HTF funds are allocated to Housing Authority rehabilitation, disclose impacts to HTF budget allocations, and publically report repayment or fund recapture activities.

Finding:

- F3. Housing Authority properties may require stabilization funds or other gap financing measures to successfully enable the public-private partnership strategy agreed to by stakeholders in the Re-envisioning plan. The City’s Housing Trust Fund could be used to provide funding resources to help support the Re-envisioning plan.

Recommendation:

- R3. The Jury recommends that as Housing Trust Fund (HTF) funds are allocated to Housing Authority properties, MOHCD and the Mayor document a funding analysis for the allocation and the impact these disbursements may have on MOHCD Affordable Housing goals and programs to the Board of Supervisors and the public in the year of encumbrance. Reports should include annual updates on repayment.

⁵⁴ Re-envisioning; pg 17

⁵⁵ San Francisco Charter, Section 16.110.d.1. – Housing Trust Fund - Uses of the Housing Trust Fund

⁵⁶ Administrative Code Section 1.60

3. Affordable Housing Documents and Data Availability

The process of developing a single Affordable Housing unit depends on a series of decisions impacted by regional growth objectives, choices and availability of funding, and local neighborhood considerations that often lead to passionate housing policy debates.

The interest of the public in San Francisco to increase funding for Affordable Housing development was evident with the passage of Prop C, the Housing Trust Fund Ordinance. The Jury feels that the public is best served when easy access to strategy, goals and progress data is provided. Transparency will help assure that the Affordable Housing development agenda is on track and help provide the foundation for orderly discussions about policy.

The Mayor's Office of Housing and Community Development has a good record for managing the delivery of new development and Inclusionary units, including comparative achievement with other regional municipalities.⁵⁷ Not only has the Housing Division been a leader in creating Affordable Housing stock, the Community Development Division provides grants and support services to disadvantaged populations in the City. During this investigation, however, the Jury found deficiencies in the availability of public documentation, including policy, strategy and program information, and performance measures. This lack of attention to public communications can potentially sidetrack the overall MOHCD agenda and erode public confidence.

As MOHCD steps up to their expanded role, what follows are public transparency and communication issues that cause the Jury concern.

Website

With increasing public focus on housing, the MOHCD website needs significant improvement in navigation and content management. The agency has over 50 staff positions and should be capable of resourcing this task.

Finding:

- F4. Public information on the City's Affordable Housing strategy and operations is difficult to find on the MOHCD website. News, reports and documents related to Agency responsibilities are scattered or posted under obscure sections. Many documents and links are outdated and the site is poorly organized for seeking portfolio, project activity and operational reporting information.

⁵⁷ Budget Analyst Affordable Housing Report 2012, pg.19

Recommendation:

R4a. To keep the public and the Board of Supervisors informed on a timely basis, the Jury recommends that the MOHCD website be made much more user friendly with improved navigation and better public access to content.

R4b. The Jury recommends that MOHCD immediately designate a website manager responsible for technical design and ease-of-use, plus content management including timely posting of documents and metrics reports that are in the public interest.

Public Reports

The current MOHCD 5-year Consolidated Plan 2010-2014⁵⁸ is over 200 pages long. Required by HUD, the document is a valuable resource for housing experts and is comprehensive in explaining strategic goals and objectives of local housing policy, program objectives and challenges, along with specific goal metrics. Other policy presentations found on the website, like the 2012 Briefing Book⁵⁹, further analyze and discuss policy detail.

These materials, however, are lengthy and technically oriented. There are few documents that are accessible or readable by the general public. The Agency needs to create “public friendly” summaries that help the public understand the goals, objectives and the complex environment of Affordable Housing production and public assistance program management.

The Jury contrasts this lack of easily understood public material to the efforts of New York City. The New York New Marketplace Plan 2003-2014⁶⁰ covers the complex effort that produced 167,000 units of affordable housing during the Bloomberg administration. The Jury found this document to be a straightforward analysis of the NYC Affordable Housing program with simplified housing policy, strategy and program explanations, including funding details for specific projects.

MOHCD has not published an Annual Report since 2009. Although the Jury was told that one was being prepared for publication in Spring of this year, a draft was not available to the Jury in time for review. MOHCD needs to make their Annual Report a routine annual communication to the public and assure it is easily accessed on the website. The New York Report is an excellent template for improving the MOHCD Annual Report on Affordable Housing.

There is also a lack of numbers on Affordable Housing plans, production and goal accomplishment on the MOHCD website. MOHCD works with the Planning Department to provide Affordable Housing construction numbers for the annual San Francisco Housing

⁵⁸ <http://sf-moh.org/Modules/ShowDocument.aspx?documentid=4605>

⁵⁹ <http://sf-moh.org/modules/showdocument.aspx?documentid=6977>

⁶⁰ <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-Annual-2013-FINAL.pdf>

Inventory. However, the 2012 Report was a year late due to staffing issues at Planning, and there was no good data source for Affordable Housing numbers other than making a direct request to MOHCD staff.

Citywide housing construction forecasts are in the Quarterly Pipeline Report also published by the Planning Department. However, Affordable Housing data is not a separate part of this report and an Affordable Housing pipeline spreadsheet had to be requested from MOHCD personnel in order to view new construction and Inclusionary forecasts.

Chicago produces a comprehensive quarterly Pipeline Progress Report on affordable housing.⁶¹ It includes project updates on affordable rental units, including rehabilitation and new construction, homeownership fairs, and policy and legislative issues, with detailed data reporting every three months.

Finding:

F5. MOHCD has not provided consistent, timely, or easy-to-read documentation on the City's Affordable Housing strategy, goals and progress, and has not published an Annual Report since 2009.

Recommendations:

R5a. The Jury recommends MOHCD publish an Annual Report on their website by March of each year. This report should be oriented to a general audience and include information highlights and measures that communicate achievement towards City Affordable Housing program goals.

R5b. The Jury recommends MOHCD publish a quarterly Affordable Housing Pipeline Report within a month of each quarter's closing. This may be done within the Planning Department's Quarterly Pipeline Report, but should also include quarterly Affordable Housing program progress highlights.

Metrics and Leverage Reporting

The lack of consistently available factual data on Affordable Housing progress and forecasts has contributed to erroneous reporting in press articles⁶² that end up eroding public confidence in the performance of both MOHCD and the Planning Department.

⁶¹ "2009-2013 Affordable Housing Plan, 2013 Third Quarter Progress Report"; <http://www.cityofchicago.org/dam/city/depts/dcd/general/FullReport20133.pdf>

⁶² See <http://www.sfexaminer.com/sanfrancisco/san-francisco-housing-trends-make-it-difficult-for-modest-earners-to-find-a-place-to-live/Content?oid=2629169> Per MOHCD "note that this statistic "Number of Affordable Units that Those Fees Could Finance" is inaccurate. MOHCD's average per unit subsidy for an affordable housing development is between \$150,000 to \$200,000 per unit. Based on the \$200k/unit estimate, \$37 million can support the creation of approximately 185 units [not 3,995]. The Chronicle also got this fact incorrect in a recent article."

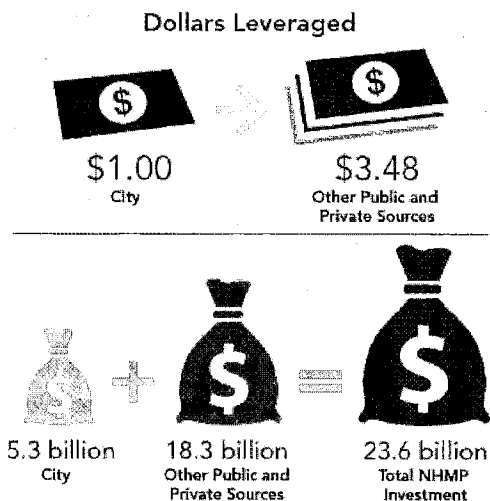
MOHCD and the Office of Economic and Workforce Development (OEWD) collect and report metrics to HUD in their annual Consolidated Annual Performance and Evaluation Report (CAPER).⁶³ There are many Affordable Housing performance measures that the Jury finds useful and informative in this report that can easily be extracted and repurposed for public reporting.⁶⁴

A new report mandated by the Board of Supervisors in 2012, known as The Dashboard, is a hybrid of the Housing Inventory and the Pipeline reports meant for policy makers. This report has various challenges including tabulation of the Regional Housing Needs Assessment achievement targets and inclusion of the City defined “Middle Income” category. Production of the report is labor intensive, but new staffing in the Planning Department is expected by midyear. MOHCD and Planning must not defer the commitment to compile this report and update it on a regular schedule.

Leverage is a metric that helps illustrate whether public funds are being managed for maximum impact. Leverage is a measure that indicates the capital commitment the City makes to fund a project and depends on the availability of multiple funding sources. This graphic shows the leverage that New York City was able to exercise through their access to local capital markets⁶⁵.

The Jury feels that highlighting the effectiveness of local resources for Affordable Housing by reporting leverage is a good way to get public support. Although this measure has its limitations⁶⁶, the Jury found leverage calculations already on the Affordable Housing Loan Committee’s Cost Comparison spreadsheets. As each Housing Agency and capital market is different, the Jury is not suggesting that the NYC leverage number is an appropriate target for San Francisco. Rather that this metric should be a standard component of MOHCD’s public reporting.

NEW YORK CITY’s Financing Leverage



THE NEW HOUSING MARKETPLACE PLAN 2003-2014

⁶³ For example on pg. 29 of the 2012-2013 CAPER, “Goal 4: Families and individuals have safe, healthy & affordable housing”, the Jury found many important performance measures worth sharing.

⁶⁴ See Appendix 5 for examples.

⁶⁵ <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-Annual-2013-FINAL.pdf>, page 13

⁶⁶ For a discussion of limitations see “Leveraging Federal Funds for Housing, Community, and Economic Development”; US GAO, May 2007; accessed at <http://www.gao.gov/new.items/d07768r.pdf>

Finding:

F6. MOHCD lacks discipline in posting and providing website access to their Affordable Housing metrics and program results reporting.

Recommendations:

R6a. The Jury recommends MOHCD track and publish metrics with greater frequency using measures based on pipeline and HUD CAPER reporting that help the public to assess the progress of new development and housing support program efforts.

R6b. The Jury recommends MOHCD work with the Planning Department to formulate a Memorandum of Understanding (MOU) specifying timing and responsibility for the preparation and publication of Affordable Housing pipeline data in the Quarterly Pipeline Report. A new report commonly referred to as The Dashboard should be completed. An effort to publish these reports on SF Open Data should be prioritized.

R6c. The Jury recommends MOHCD establish a metric for accounting public contributions per development project. This financing leverage measure should be reported in the MOHCD Annual Report by project type.

New Development Project Updates

The Jury was interested in looking at multi-family new development project information over the lifecycle of a project. However, case file documents on completed projects, with the exception of Affordable Housing Loan Committee documents, could not be easily produced by MOHCD in response to a request from the Jury. The inability of MOHCD to collect documents was a concern for the Jury. It calls into question internal record keeping procedures for completed projects and public transparency. The Jury was also surprised to find that no routine post-project evaluations were undertaken by MOHCD, a best practice in project management methodology.

A good model for project status and document availability is Boston's website, as illustrated by the screen capture on the following page.⁶⁷

⁶⁷ The Boston Redevelopment Authority's Projects website is organized by project with access to key documents <http://www.bostonredevelopmentauthority.org/projects/development-projects>

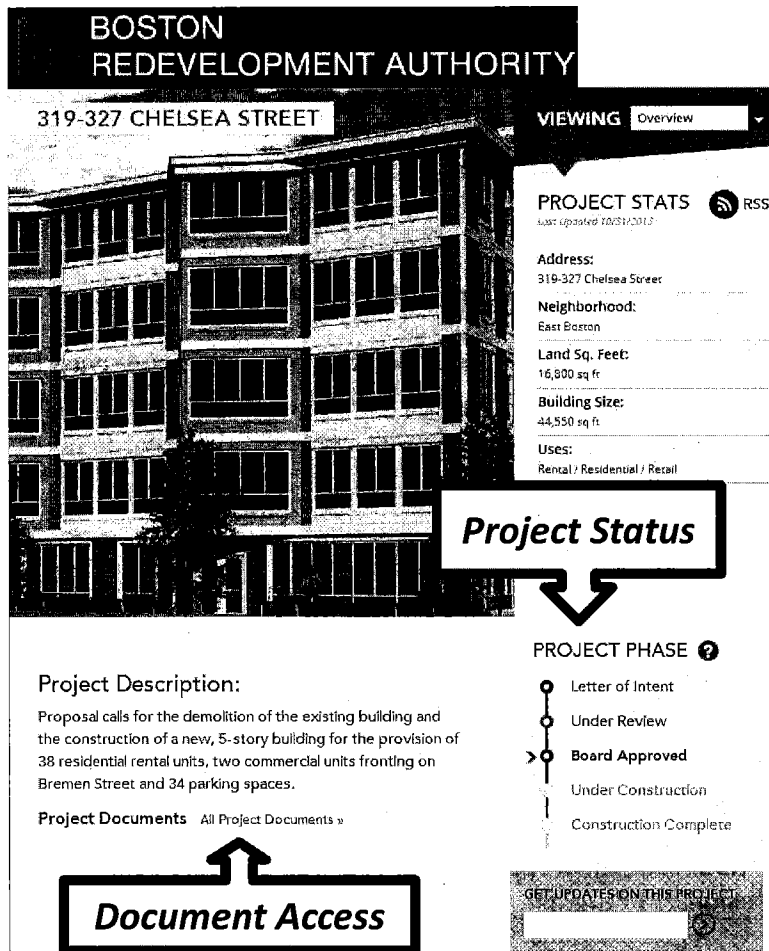


Figure 4 - Project Page Example

Finding:

F7. Project phase documentation related to MOHCD new development projects are not readily available for public inspection.

Recommendation:

R7. The Jury recommends MOHCD use their website to post up-to-date housing development project information and provide access to key milestone documents as is done on the Boston Redevelopment Authority website.

Anecdotes relayed to the Jury during our investigation indicate that MOHCD has done a very good job of facilitating projects and has successfully worked to sustain a vibrant Affordable Housing community. The Jury notes that the public is also a stakeholder in defining Affordable Housing policy and the lack of readable public documents and failure to provide easy and timely access to data on their website is a serious deficiency.

The recent focus on achieving the 10,000 affordable unit goal and with other responsibilities being taken on by MOHCD, the Jury urges MOHCD to prioritize their efforts to improve their public reporting profile and management of their website. With expanded leadership duties comes increased responsibility.

4. Fair Access to BMR Affordable Housing Opportunities

MOHCD's BMR (Below Market Rate) program offers ownership and rental housing opportunities to qualified applicants. The jury looked into the details of this program to better understand how the process worked for applicants and how fair access to housing opportunities were being managed.

The current inventory of BMR properties includes:

Table 5- BMR Units by Program

| BMR PROGRAM | Ownership | Rental | Total |
|---|------------------|---------------|--------------|
| BMR Inclusionary Housing (IH) Program | 874 | 622 | 1,496 |
| BMR Condo Conversion (CC) Program | 318 | 0 | 318 |
| Former SF Redevelopment Agency BMR (Inclusionary) Program | 900 | 850 | 1,750 |
| GRAND TOTALS | 2,092 | 1,472 | 3,564 |

The current pipeline through 2016 for BMR units is:

Table 6 - BMR Pipeline

| Service Type | Closing Fiscal Year 2013/14 | Pipeline Closing 2014/15 | Pipeline Closing 2015/16 (Estimates) | Total |
|---------------------------------|------------------------------------|---------------------------------|---|--------------|
| Resale Units BMR IH, CC, LEP | 32 | 38 | 40 | 110 |
| New Ownership Units BMR | 100 | 221 | Not available | 321 |
| New Rental Units BMR IH | 282 | 194 | 100 | 576 |
| Re-Rental Units BMR IH | 15 | 18 | 21 | 54 |
| GRAND TOTALS | 429 | 471 | 161 | 1,061 |

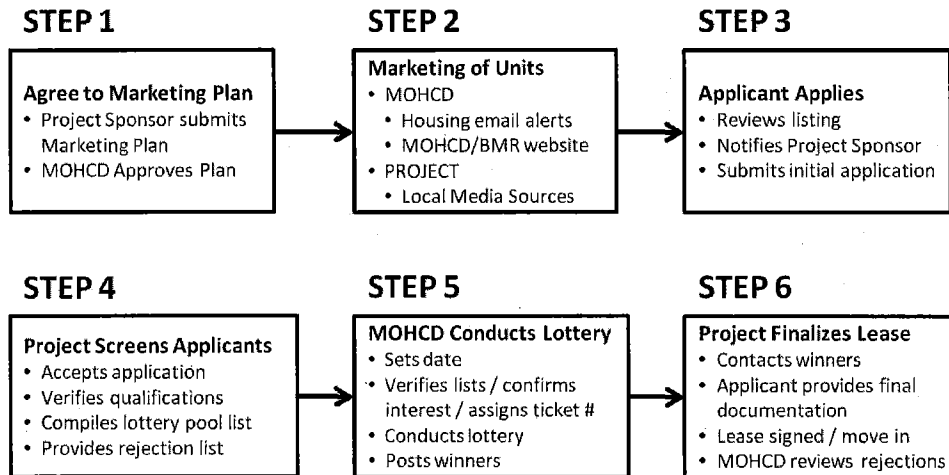
The pipeline reflects a 30% increase in the expected number of units in the program with most of the units coming from Inclusionary Housing projects.

BMR housing is primarily aimed at middle-income households, reflecting City policy to help maintain a diverse workforce within the City. Properties are targeted toward applicants in the 50-120% AMI range. It includes both rental and ownership properties. The latter are generally offered to the upper end of this AMI range. As previously discussed, a decrease in middle-income households has accompanied the City's overall population increase just as more types of housing normally priced toward this category have gone out of reach.⁶⁸

Inclusionary Housing units are a major component of the BMR Program. This requires working with developers of market rate projects, which can present challenges for MOHCD in enforcing Inclusionary Housing Ordinance compliance⁶⁹ and ongoing monitoring of the BMR Program. It requires MOHCD to track all new projects and units being constructed under the Inclusionary Ordinance, approve compliance plans, provide regulations training to developer partners, and monitor all aspects of occupancy and BMR implementation. From interviews with staff and housing developers, the Jury learned that the occupancy process for Inclusionary BMR units can take more than six months for a major project. This includes marketing project units, screening applicants, conducting a lottery and final qualification of lottery winners prior to tenant leasing.

BMR Occupancy Process

BMR Marketing, Application, and Occupancy Process



The above graphic describes the process for BMR rental projects. Ownership projects will be slightly different, but in terms of marketing, initial application and qualification, they are similar.

Figure 5 - BMR Process

⁶⁸ City & County of San Francisco, *Joint Presentation on Housing*, 2012

⁶⁹ Costs for the Inclusionary Housing Program are self-funded; administrative costs in recent years have ranged between \$650,000 - \$700,000 annually..

Marketing

MOHCD works with developers and their property management partners (“developer partners”) to market BMR units in accordance with fair housing policy goals. Project partners are required to submit a marketing plan to MOHCD for approval.⁷⁰

Submitted plans are evaluated for diverse neighborhood outreach, standardized language describing eligibility criteria for available units, a media plan including at least five diverse local publications, and listing of ownership units on the local Multiple Listing Service. MOHCD offers a “marketing template” to developer partners, offers training to project employees, and requires contracting with Inclusionary Housing consultants. Effectiveness of marketing campaigns are not regularly evaluated by MOHCD. The entire process places a significant time burden and cost on project partners, which can lead to deficiencies in ensuring fair access to affordable housing.

Marketing to potential applicants is also done through the MOHCD website using an internal subscription email service. This allows for timely notification, especially for re-rental opportunities. The notice provides basic information about project vacancies, including rent and application criteria, and contact information for submitting applications. Currently there are over 16,000 subscribers to this service.

Finding:

F8. MOHCD’s current procedures for marketing BMR units places too much responsibility upon developers without sufficient guidance. Additionally, results of marketing campaigns are not regularly evaluated for effectiveness.

Recommendation

R8a. The Jury recommends MOHCD provide developer partners with more comprehensive materials in the Marketing template, including model BMR program marketing plans, advertising samples, marketing templates in multiple languages, directories of approved consultant and public agency partners, and training materials including web delivered training videos, to set clearly understood minimum standards for outreach.

R8b. The Jury recommends MOHCD implement regular evaluations of marketing effectiveness and marketing materials by surveying applicants to indicate source of notification by housing opportunity.

⁷⁰ City And County Of San Francisco, *Inclusionary Affordable Housing Program Monitoring And Procedures Manual 2013*, Pp 72-74

The BMR Application

The application process for a BMR rental unit is time-consuming and complex. The MOHCD website does not provide clear instructions for an applicant. Potential applicants who wish to get a detailed understanding of the process are referred to a download of an 80-page Procedures Manual that was written for use by MOHCD staff and developer partners.

All BMR program applicants must complete and submit a preliminary application to the property agents of the developer partner. Each project or available unit requires a separate submission that often requires a personal visit to the agent's office and completion of a paper form to enter the lottery. All application follow ups or inquiries are also done with individual project agents.

Compare this process to much more efficient and accurate internet resources available to applicants for Affordable Housing in New York City. New York's Department of Public Housing utilizes a similar business process, but provides a clearer web-based interface for document submission, application management and status tracking via an Affordable Housing Portal.

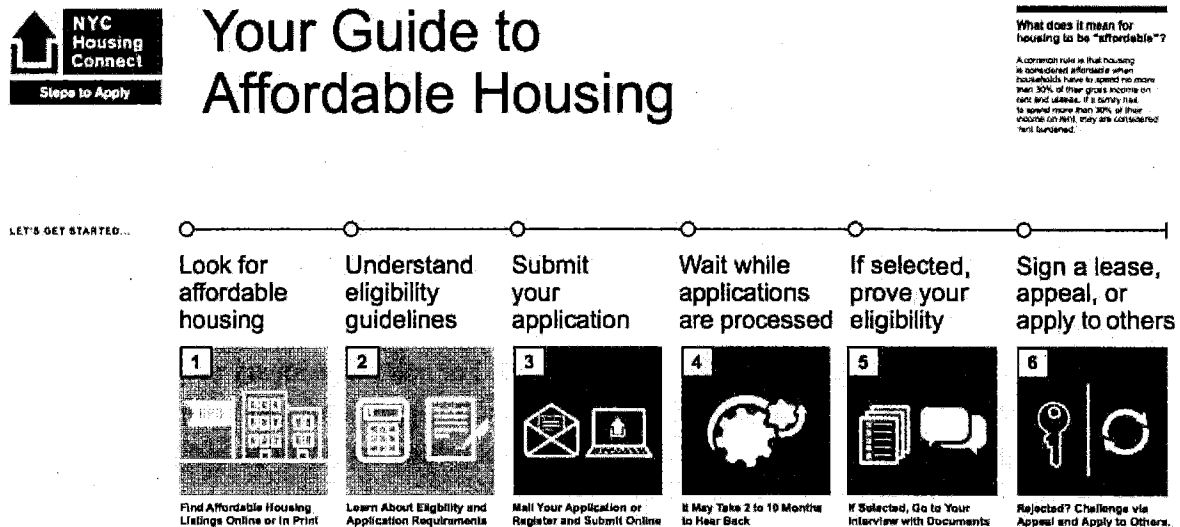


Figure 6 - NYC Web Portal

MOHCD is currently in the planning and design for their own portal website⁷¹ that is similar in concept to New York's. Its implementation will be more user-friendly and efficient for both applicants and developer partners to manage a number of application processing and BMR Program tasks. Creating a database tool becomes even more important given the anticipated

⁷¹ "MOHCD Single Family Programs Data Tracking and Administration Business Requirements"; 9/24/13

growth of the BMR program and increasing compliance monitoring responsibilities.

Finding

F9. The process of applying for an Affordable Housing opportunity is poorly explained and not easily managed on the current MOHCD website. Significant burdens are placed on applicants to manage individual applications for each opening through the process. Similarly, substantial cost and processing burdens are placed on developer partners using inefficient tools to comply with MOHCD procedures. As the portfolio of Affordable Housing properties grows, economies of scale for managing and processing applications will be required.

Recommendation

R9a. MOHCD should provide applicants clear, concise materials on the application process, and conduct and evaluate applicant feedback satisfaction surveys after each new major development project comes on-line.

R9b. MOHCD should prioritize the completion of their Single Family Program Data and Administration System. MOHCD should measure and report on the cost effectiveness of process improvements and efficiencies from implementation of this system in their Annual Report.

Application Screening

To assure fairness in selection, a lottery conducted by MOHCD is used for initial elimination of applicants. Final consideration and qualification occurs only within the pool of lottery winners. Anyone who thinks they meet the eligibility income and residence criteria may enter the lottery with submission of their preliminary application, as vetting a large number of applicants for eligibility prior to the lottery would be cost prohibitive. For one inclusionary project with 49 units, there were over 4,000 applications and similar unit to application ratios for other projects have been reported in the press. The sheer volume of submitted applications is a major issue and is expected to grow.

The lottery allows the application process to be split into two stages with associated personal information from applicants:

1. pre-lottery application – preliminary qualification questions and contact details only are recorded for inclusion in the lottery,
2. detailed financial application - for lottery winners, where personal and financial data is verified for final qualification prior to lease signing

Lottery entrants are placed into preferential pools based on the following priorities:

1. SF Redevelopment Agency Certificate of Preference (COP) Holders: These are households displaced by Redevelopment Agency activity in the Western Addition and Hunters Point in the 1960's.
2. Displaced San Francisco Tenant COP Holders: per recent legislation, certain private market households in San Francisco who were evicted under the Ellis Act
3. Persons who either live or work in San Francisco
4. The general public

In addition to certified income statements required by MOHCD, the developer partner can review and deny lottery winners based on developer partner property management criteria.⁷² All denials have to be reviewed and approved by MOHCD. The property manager's list of criteria for denial can include:

- Inappropriate Household Size
- Insufficient Income to Pay Rent
- Credit/Bankruptcy History
- Eviction History
- Criminal History

Some of these criteria have implications for fair housing. As the number of high-end inclusionary rental projects increased, there were instances of stricter rejection criteria used by property managers beyond those prescribed by BMR Program guidelines.⁷³ Federal fair housing laws require that all applicants (for both market rate and BMR units) be regarded equally in terms of the right to occupancy. However, agents using more stringent screening criteria, such as an applicant's credit history, have created situations restricting access to BMR units in populations MOHCD would consider "qualified".

Unequal access may also be compounded by marketing deficiencies of affordable opportunities to disadvantaged populations and neighborhoods. This includes poor advertising outreach and impediments in the application process, such as language and accessibility. The burden presented by language issues has been placed on developer partners. Their effectiveness in providing interpretive services is too often constrained by budget and priorities. Recently MOHCD began working with nonprofit and other housing support agencies to make key consumer documents available in several languages.

A recent report by MOHCD⁷⁴ indicates a distribution of ethnic groups in BMR rental units that differs significantly from citywide percentages of similar low income populations.

⁷² Procedures Manual, pp. 52-53.

⁷³ Lagos, Marisa, "San Francisco housing dreams haunted by debt," *San Francisco Chronicle*, 5 December 2013.

⁷⁴ 2013-2018 *Analysis of Impediments to Fair Housing Choice*, 2013

“Alongside a decline in African American and white low-income populations, the City has seen a slight increase in the population of low-income Asian renters and a large increase in low-income Latino residents. Considering the overall growth in low-income Latino residents, the significant under-representation of Latino households in new affordable housing developments warrants concern. 14% of the City’s very low-income households are Latino/Hispanic but only 7% of the residents in new MOH housing are Latino/Hispanic”⁷⁵

Certain actions are being undertaken by MOHCD to address this issue. In addition to monitoring developer partner compliance where possible, MOHCD is playing an advocacy role to relax screening criteria that contributes to equalizing BMR participation among various disadvantaged groups. For example, the office is working with partners to encourage a more flexible approach to looking at criminal and eviction histories, including sunset periods for consideration of negative events. Recently passed criminal history nondisclosure legislation (“Ban The Box”) by the Board of Supervisors may also help to facilitate access for certain otherwise qualified individuals.⁷⁶

Continuing progress also requires MOHCD staffing levels adequate for training and consistent monitoring. Sensitivity toward fair access to BMR rental housing is not adequately conveyed to project partners in the Procedures Manual. Awareness training for developer partners is another key strategy to improving qualification fairness and the ethnic occupancy statistics for BMR rentals.

A similar access problem exists with BMR Ownership housing. African Americans were particularly underrepresented and in explaining this underrepresentation of African Americans in BMR housing, and declining representation in affordable housing, one stakeholder states, “There is a general lack of knowledge about how to apply for housing and a perception that the lottery system will not benefit African Americans because they are such a small part of the population. Credit issues are another large barrier to applying for housing to the point where people assume they won’t pass the credit test before they even try. Past criminal histories are also a barrier no matter how long ago the crime was committed.”⁷⁷

Ownership programs have down payment percentage requirements. These thresholds may also be a contributing factor. One consideration for MOHCD would be to subsidize down payment requirements to a lower threshold for applicants that is in alignment with the Federal Housing Authority standard of 3%.

⁷⁵ Ibid, pg. 145

⁷⁶ <http://www.jacksonlewis.com/resources.php?NewsID=4762>

⁷⁷ Impediments, pg. 153.

Finding

F10. MOHCD does not provide clear and concise expectations to project partners with regard to broad community outreach and the impact of applicant denials to BMR program goals. This can create potential impediments to fair housing choice for underrepresented ethnic groups.

Recommendation

R10a. The Jury recommends MOHCD work to improve the ethnic diversity of residents in their BMR programs and monitor progress in mitigating any institutional barriers to fair housing choice. Data on representational statistics should be collected and evaluated at regular intervals, preferably every 2 years. Any statistical disparities should be reported to the Board of Supervisors.

R10b. The Jury recommends MOHCD work with developer partners to standardize criteria used for BMR rental application denials. Strategies to reduce minimum down payment requirement denials for BMR ownership units should be given consideration.

Recertification and Monitoring

BMR tenants are required to be recertified annually for eligibility in order to have their leases renewed. An existing tenant's household income is allowed increase up to twice the target AMI over time for the project to accommodate increases from job promotions. The developer partner is required to do recertification, and decisions to deny renewal must be approved by MOHCD.⁷⁸ Other aspects of qualification, such as increased household size, can also block renewal.

In 2012 the Legislative and Budget Analyst Report found that MOHCD had not monitored the ongoing eligibility of residents in certain inclusionary rental units for ten years.⁷⁹ Efforts improved after personnel shifts occurred at MOHCD, but uneven monitoring extends to other projects as well, including at least one project facing renovation and expansion.⁸⁰

The 2012 Budget Analyst report also recommended MOHCD work with the Department of Building Inspection to receive notice of entitled units and require project partners to submit monitoring schedules in advance of project completion.⁸¹ However, there are bureaucratic obstacles to implementation of such procedures. In fact, getting the list of new projects that come under the Inclusionary program remains difficult and often requires MOHCD staff to manually

⁷⁸ *Procedures Manual*, p. 54.

⁷⁹ *Performance Audit*, p. 76.

⁸⁰ Sabatini, Joshua, "Residents concerned about homes, rent as S.F. complex undergoes changes," *San Francisco Examiner*, 5 January 2014.

⁸¹ *Performance Audit*, p. 78.

cross-reference data from DBI. Last year, several Inclusionary Housing projects were not identified as such by the Planning Department and DBI. MOHCD was able to track down these errors. Had this detailed checking effort not been made, \$1.5 million in affordable housing fees could have been overlooked.⁸² Double checking is time-intensive enough to be unsustainable at current staff levels as City housing project entitlements increase.

The Budget Analyst Report also recommended establishment of a nominal per-unit monitoring fee to offset administrative costs to MOHCD. Monitoring fees are not yet in place, but are slated to be included in a future amendment of the Inclusionary Housing Ordinance.

Finding

F11. Errors in identifying Inclusionary Housing projects can affect the creation of BMR compliance plans. Issues with data accuracy from the Planning Department and the Department of Building Inspection impact the ability of MOHCD to approach inclusionary developers in a timely manner.

Recommendation

R11. The Jury recommends that the Planning Department and the Department of Building Inspection make internal process changes to improve the accuracy of data tagged as a new Affordable Housing project under the Inclusionary Housing Program.

⁸² MOHCD estimate.

CONCLUSION

What comes after 2020 for Affordable Housing?

“San Francisco has a deep commitment to promoting fair housing... The unfortunate truth is that unequal access to housing remains a fact of life for many San Francisco residents.... In other words, San Francisco’s high cost housing market is a far-reaching impediment to fair housing choice.”⁸³

San Francisco Affordable Housing production will be particularly challenged once the SFRA/OCII dissolution is complete. Couple this loss with decreasing State and Federal funding resources and the picture could be glum for providing additional housing support to financially vulnerable segments of the City’s population. However, the Jury does subscribe to the notion that the availability of housing that is affordable to the widest spectrum of socio-economic levels fosters a more vital and dynamic urban environment and is in the best long-term interest of all our citizens. This means continuing to invest in building Affordable Housing stock to provide opportunities to those in need who otherwise are unable to afford market rate pricing.

Residential projects take years to design and build. It is not unusual for projects to take 4-6 years in the City today and rarely can a project be completed in two years from entitlement. The Mayor’s 30K plan is a goal that will provide some relief to the current shortage, but exactly how far it will go in addressing the affordability issue depends on many factors and the outlook tends to be gloomy. San Francisco’s population increase toward one million by 2032, and its role as a job center and transit nexus, will mean more need for housing and competition for funds with a host of other infrastructure needs.⁸⁴ On the other hand, the current affordability “crisis” could also dissipate, at least temporarily, should technology employment turn out to be a bubble, as occurred in 2000 after the “dot com” cycle when laid-off workers left San Francisco and vacancy rates increased⁸⁵.

The Jury believes that San Francisco can become a national showcase for successful Affordable Housing policy. Public investment in Affordable Housing results in a common public good and this resource benefits more than just affordable housing tenants. Leadership and results backed by data will allow the City to prepare itself politically and financially to nurture policies that can sustain a culturally and economically diverse population. The Jury feels that recommendations for improving transparency and citizen access to housing will lead to the City of the future that all San Franciscans will be proud to call home.

⁸³ 2013-2018 *Analysis of impediments to Fair Housing Choice*; 2013; MOH website; pg. iii; <http://sf-moh.org/modules/showdocument.aspx?documentid=6333>

⁸⁴ Schreiber, Dan, SF Examiner; Dec 29, 2013; <http://www.sfoxaminer.com/sanfrancisco/san-francisco-at-1-million-citys-population-is-booming-once-again/Content?oid=2659836>

⁸⁵ Per US Census data, San Francisco’s population declined by 6,010 (-0.8%) between April, 2000 and July 2001.

RESPONSE MATRIX

| FINDINGS | RECOMMENDATIONS | RESPONSE REQUIRED |
|---|--|-----------------------------|
| <p>Finding 1 Housing development in the last decade has fallen far short of regional need targets. New production overwhelmingly delivered market rate units despite housing need targets for a broader income spectrum. This has reduced the number of housing opportunities affordable to the majority of citizens.</p> | <p>Recommendation 1 The Jury recommends the Board of Supervisors convene a hearing this calendar year to review the final report from the Mayor's Housing Task Force and ensure that policy recommendations improve the relationship between Market Rate and Affordable Housing to reflect the economic diversity of the City, and include annual monitoring of regional housing achievement numbers as defined by the Regional Housing Needs Allocation and the Housing Element.</p> | <p>Board of Supervisors</p> |
| <p>Finding 2 Housing construction for Middle Income households is not meeting regional housing targets. Local government programs to address the situation are limited.</p> | <p>Recommendation 2 The Jury recommends that MOHCD articulate strategies to improve achievement of regional housing targets for Middle Income households and establish incremental targets by year. The Jury also recommends that MOHCD report annually to the Board of Supervisors on progress in achieving these targets and include best practice research from other municipalities about Middle Income policy solutions.</p> | <p>MOHCD</p> |
| <p>Finding 3 Housing Authority properties may require stabilization funds or other gap financing measures to successfully enable the public-private partnership strategy agreed to by stakeholders in the Re-envisioning plan. The City's Housing Trust Fund could be used to provide funding resources to help support the Re-envisioning plan.</p> | <p>Recommendation 3 The Jury recommends that as Housing Trust Fund (HTF) funds are allocated to Housing Authority properties, MOHCD and the Mayor document a funding analysis for the allocation and the impact these disbursements may have on MOHCD Affordable Housing goals and programs to the Board of Supervisors and the public in the year of encumbrance. Reports should include annual updates on repayment.</p> | <p>MOHCD</p> |

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| <p>Finding 4 Public information on the City's Affordable Housing strategy and operations is difficult to find on the MOHCD website. News, reports and documents related to Agency responsibilities are scattered or posted under obscure sections. Many documents and links are outdated and the site is poorly organized for seeking portfolio, project activity and operational reporting information.</p> | <p>Recommendation 4 4a. To keep the public and the Board of Supervisors informed on a timely basis, the Jury recommends that the MOHCD website be made much more user friendly with improved navigation and better public access to content. 4b. The Jury recommends that MOHCD immediately designate a website manager responsible for technical design and ease-of-use, plus content management including timely posting of documents and metrics reports that are in the public interest.</p> | <p>MOHCD MOHCD</p> |
| <p>Finding 5 MOHCD has not provided consistent, timely, or easy-to-read documentation on the City's Affordable Housing strategy, goals and progress, and has not published an Annual Report since 2009.</p> | <p>Recommendation 5 5a. The Jury recommends MOHCD publish an <u>Annual Report</u> on their website by March of each year. This report should be oriented to a general audience and include information highlights and measures that communicate achievement towards City Affordable Housing program goals. 5b. The Jury recommends MOHCD publish a quarterly Affordable Housing <u>Pipeline Report</u> within a month of each quarter's closing. This may be done within the Planning Department's <u>Quarterly Pipeline Report</u>, but should also include quarterly Affordable Housing program progress highlights.</p> | <p>MOHCD MOHCD Planning Department</p> |

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| <p>Finding 6 MOHCD lacks discipline in posting and providing website access to their Affordable Housing metrics and program results reporting.</p> | <p>Recommendation 6 6a. MOHCD needs to track and publish metrics with greater frequency using measures based on pipeline and HUD CAPER reporting that help the public to assess the progress of their new development and Housing Support Program efforts.</p> <p>6b. MOHCD should work with the Planning Department to formulate a Memorandum of Understanding (MOU) specifying timing and responsibility for the preparation and publication of Affordable Housing pipeline data in the <u>Quarterly Pipeline Report</u>. A new report commonly referred to as The Dashboard should be completed. An effort to publish these reports on SF Open Data should be prioritized.</p> <p>6c. MOHCD should establish a metric for accounting public contributions per development project. This financing leverage measure should be reported in the MOHCD Annual Report by project type.</p> | <p>MOHCD</p> <p>MOHCD Planning Department</p> <p>MOHCD</p> |
| <p>Finding 7 Project phase documentation related to MOHCD new development projects are not readily available for public inspection.</p> | <p>Recommendation 7 The Jury recommends MOHCD use their website to post up-to-date housing development project information and provide access to key milestone documents as is done on the Boston Redevelopment Authority website.</p> | <p>MOHCD</p> |

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| <p>Finding 8 MOHCD's current procedures for marketing BMR units places too much burden upon developers without sufficient guidance. Additionally, results of marketing campaigns are not regularly evaluated for effectiveness.</p> | <p>Recommendation 8 8a. The Jury recommends MOHCD provide developer partners with more comprehensive materials in the Marketing template, including model BMR program marketing plans, advertising samples, marketing templates in multiple languages, directories of approved consultant and public agency partners, and training materials including web delivered training videos, to set clearly understood minimum standards for outreach. 8b. The Jury recommends MOHCD implement regular evaluations of marketing effectiveness and marketing materials by surveying applicants to indicate source of notification by housing opportunity.</p> | <p>MOHCD MOHCD</p> |
| <p>Finding 9 The process of applying for an Affordable Housing opportunity is poorly explained and not easily managed on the current MOHCD website. Significant burdens are placed on applicants to manage individual applications for each opening through the process. Similarly, substantial cost and processing burdens are placed on developer partners using inefficient tools to comply with MOHCD procedures. As the portfolio of Affordable Housing properties grows, economies of scale will be required.</p> | <p>Recommendation 9 9a. MOHCD should provide applicants clear, concise materials on the application process, and conduct and evaluate applicant feedback satisfaction surveys after each new major development project comes on-line. 9b. MOHCD should prioritize the completion of their Single Family Program Data and Administration System. MOHCD should measure and report on the cost effectiveness of process improvements and efficiencies from implementation of this system in their Annual Report.</p> | <p>MOHCD MOHCD</p> |

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| <p>Finding 10 MOHCD does not provide clear and concise expectations to project partners with regard to broad community outreach and the impact of applicant denials to BMR program goals. This can create potential impediments to fair housing choice for underrepresented ethnic groups.</p> | <p>Recommendation 10 10a. The Jury recommends MOHCD work to improve the ethnic diversity of residents in their BMR programs and monitor progress in mitigating any institutional barriers to fair housing choice. Data on representational statistics should be collected and evaluated at regular intervals, preferably every 2 years. Any statistical disparities should be reported to the Board of Supervisors. 10b. The Jury recommends MOHCD work with developer partners to standardize criteria used for BMR rental application denials. Strategies to reduce minimum down payment requirement denials for BMR ownership units should be given consideration..</p> | <p>MOHCD MOHCD</p> |
| <p>Finding 11 Errors in identifying Inclusionary Housing projects can affect the creation of BMR compliance plans. Issues with data accuracy from the Planning Department and the Department of Building Inspection impact the ability of MOHCD to approach inclusionary developers in a timely manner.</p> | <p>Recommendation 11 The Jury recommends that the Planning Department and the Department of Building Inspection make internal process changes to improve the accuracy of data tagged as a new Affordable Housing project under the Inclusionary Housing Program.</p> | <p>Planning Department Dept. Building Inspection</p> |

METHODOLOGY

The 2011/12 Civil Grand Jury interviewed representatives of San Francisco City Departments relevant to this report. This included multiple interviews with leadership, managers and staff personnel at MOHCD, OCII and Planning. An additional number of interviews were conducted with critical non-government stakeholders, including both for-profit and non-profit housing developers, and leaders from advocacy organizations involved with Affordable Housing.

Initially, the Grand Jury relied upon the San Francisco Legislative and Budget Analyst's Performance Audit of San Francisco's Affordable Housing Policies and Programs authored in January, 2012 to inform an initial perspective on the City's Affordable Housing issue. Further research was conducted from various presentations and publically available resources listed in the Bibliography.

Housing allocation, pipeline and achievement data presented came from reports authored by State agencies on the One Bay Area website, San Francisco Planning Department reports and MOHCD reports available on their website. MOHCD provided additional spreadsheets to the Jury that may not be posted on their public site.

Financial data presented came from MOHCD, the San Francisco Legislative and Budget Analyst, San Francisco City Controller's reports and the California Tax Credit Allocation Committee's website.

This report looked primarily at the Housing Division of MOHCD and only briefly at the Community Development Division.

The investigation did not look at depth into the San Francisco Housing Authority, the Rent Stabilization Board, The Treasure Island Development Authority or the Office of Economic and Workplace Development except as they may overlap with MOHCD in achieving City Affordable Housing objectives.

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GLOSSARY

Affordable Housing by definition is housing that is either rented or owned at prices affordable to households with low to moderate incomes. The United States Department of Housing and Urban Development (HUD) determines the thresholds by household size for these incomes for the San Francisco HUD Metro Fair Market Rent Area (HFMA). The HFMA includes San Francisco, Marin, and San Mateo counties. The standard definitions for housing affordability by income level are as follows: (*SF Housing Inventory 2011 page 18*)

Extremely low income: Units affordable to households with incomes at or below 30% of the HUD median income for the San Francisco HFMA; (*SF Housing Inventory 2011 page 18*)

Very low income: Units affordable to households with incomes at or below 50% of the HUD median income for the San Francisco HFMA

Lower income: Units affordable to households with incomes at or below 60% of the HUD median income for the San Francisco HFMA

Low income: Units affordable to households with incomes at or below 80% of the HUD median income for the San Francisco HFMA

Moderate income: Units affordable to households with incomes at or below 120% of the HUD median income for the San Francisco HFMA

Market rate: Units at prevailing prices without any affordability requirements. Market rate units generally exceed rental or ownership affordability levels, although some small market rate units may be priced at levels that are affordable to moderate income households. Housing affordability for units is calculated as follows:

Affordable rental unit: A unit for which rent equal 30% of the income of a household with an income at or below 80% of the HUD median income for the San Francisco HFMA, utilities included; (*SF Housing Inventory 2011 page 18*)

Affordable ownership unit: A unit for which the mortgage payments, PMI (principal mortgage insurance), property taxes, homeowners dues, and insurance equal 33% of the gross monthly income of a household earning between 80% and 120% of the San Francisco HFMA median income, assuming a 10% down payment and a 30-year 8% fixed rate loan. (*SF Housing Inventory 2011 page 18*)

Inclusionary Affordable Housing Program units: These units are rental units for households earning up to 60% of the San Francisco median income, or ownership units for first-time home buyer households with incomes from 70% to up to 110% of the San Francisco median income. (*SF Housing Inventory 2011 page 18*)

Community Development Block Grant Program (CDBG): local communities can use the resources of the CDBG program to develop flexible, locally designed community development strategies to their own programs and funding priorities that address one or more of the national objectives of the program. The national objectives include benefiting low- and moderate-income persons, aiding in the prevention or elimination of blight and addressing other urgent community development needs. (*SF 2010-2014 Five-Year Consolidated Plan*)

Condominium: A building or complex in which units of property, such as apartments, are owned by individuals and common parts of the property, such as the grounds and building structure, are owned jointly by all of the unit owners. (*SF Housing Inventory, 2011, Appendix E, page 49*)

Condo Conversion Ordinance (CCO). Prevents the loss of rent controlled units in San Francisco

Deed Restricted: Housing units that have contractual terms that set and limit rent amounts and increases, or prescribe future terms of sale in the case of ownership units.

Developer Partner: Any company or non-profit agency that is responsible for the preparation and occupancy of an Affordable Housing project and is responsible for on-site property management operations.

Entitlement: approvals for the right to develop property for a desired purpose or use are commonly referred to as "entitlements."

General Plan: Collection of Objectives, Policies, and Guidelines to direct guide the orderly and prudent use of land. (*SF Housing Inventory, 2011, Appendix E, page 49*)

HOME: The HOME Investment Partnerships, introduced in the Cranston-Gonzalez National Affordable Housing Act of 1990, provides funding that can be used for rehabilitation, new construction, acquisition of affordable housing and tenant-based rental assistance. (*SF 2010-2014 Five-Year Consolidated Plan*)

HOPESF: Public housing revitalization initiative seeking to transform eight of San Francisco's most distressed public housing sites by creating thriving, mixed-income communities, without displacing current residents. See <http://hope-sf.org/index.php>

Housing Opportunities for Persons with AIDS (HOPWA): The program allocates funds to meet the housing needs of persons with HIV/AIDS. Supportive services may also be included in the program. (*SF 2010-2014 Five-Year Consolidated Plan*)

Housing Trust Fund (HTF) The New York City Housing Trust Fund (HTF), funded by \$130 million in Battery Park City revenues, provides subsidies for innovative acquisition programs, rehabilitation of portfolios of housing, and to facilitate rehabilitation and new construction targeted to households earning below 30% of AMI and between 60-80% of AMI. Housing Development Fund Corporations (HDFC) Housing Development Fund Corporations are nonprofit entities that oversee limited equity housing cooperatives or rentals to provide low-income housing for New Yorkers. (*New York City New Marketplace Program 2003-2004, Appendix pgs 32-34*)

Housing Unit: A dwelling unit that can be a single family home, a unit in a multi-unit building or complex, or a unit in a residential hotel. (*SF Housing Inventory, 2011, Appendix E, page 49*)

HUD: Department of Housing and Urban Development – Federal Cabinet-level department created by the Housing Act of 1949 (Federal).

Inclusionary Housing Units: Housing units made affordable to lower- and moderate-income households as a result of legislation or policy requiring market rate developers to include or set aside a percentage (usually 10% to 20%) of the total housing development to be sold or rented at below market rates (BMR). In San Francisco, this is usually 15%, and it applies to most newly constructed housing developments containing five or more dwelling units. (*SF Housing Inventory, 2011, Appendix E, page 49*)

Leverage (aka Financial Leverage): The combination of multiple sources of funds, including federal, state, local, and private funds, to finance development projects. Financial leveraging refers to the degree to which a business or an investor utilizes borrowed funds.

Low Income Housing Tax Credit (LIHTC): LIHTC refers to federal tax credits awarded to qualified low-income housing projects. To be eligible, projects must be substantial rehabilitation or new construction with at least 20% of apartments reserved for low-income households. The credits are sold to investors to generate equity for the rehabilitation or new construction work. (*New York City New Marketplace Program 2003-2004, Appendix pgs 32-34*). In San Francisco, this included the South of Market Earthquake Recovery Redevelopment Plan and enabled the SFRA to restore and replace damaged facilities.

Median Income: The median divides the household income distribution into two equal parts: one-half of the households falling below the median household income and one-half above the median. (*SF Housing Inventory, 2011, Appendix E, page 49*)

Mayor's Office of Housing and Community Development (MOHCD): In San Francisco, the Mayor's Office of Housing (MOHCD) is the lead agency responsible for the consolidated planning process and for submitting the Consolidated Plan, annual Action Plans and Consolidated Annual Performance Evaluation Reports to HUD. MOHCD administers the housing activities of the CDBG program and all HOME activities. Under its Community Development Division, MOHCD also administers CDBG public facility, non-workforce development public service and organizational planning/capacity building activities, and all ESG activities. MOHCD also is the lead agency for the HOPWA program.

Office of Economic and Workforce Development (OEWD): Responsible for economic development and workforce development activities of the CDBG program.

Pipeline: All pending development projects -- filed, approved or under construction. Projects are considered to be "in the pipeline" from the day they are submitted for review with the Planning Department, the Redevelopment Agency (SFRA), or the Department of Building Inspections (DBI), until the day the project is issued a Certificate of Final Completion by DBI. (*Housing Inventory, 2011, Appendix E, page 49*)

Section 8: HUD's Housing Choice Voucher program, commonly referred to as Section 8, is the nation's largest affordable housing program for renters. HPD's Section 8 program serves nearly 37,000 households and is the nation's fifth largest. Participants receive a voucher that covers the difference between 30% of their gross annual household income and the cost of their rent plus utilities. Payments are made directly to the participating landlord. (*New York City New Marketplace Program 2003-2004, Appendix pgs 32-34*)

Single Room Occupancy (SRO) Units: Residential hotel rooms, typically occupied by one person, lacking bathroom and/or kitchen facilities. (*SF Housing Inventory, 2011, Appendix E, page 49*)

Stakeholder – any person or organization with an interest or concern in something and having an interest in its success.

Tax Increment Financing: Property tax increases that result from growth in property values due to redevelopment. The SFRA was allowed to use this as a funding technique to issue tax increment bonds.

APPENDICES

Appendix 1 – AMI Tiers Explained

From: MOH Presentation: Housing for San Francisco Residents; MOH, Controller’s Office; Office of Workplace and Economic Development; Feb, 2012.

Definitions:

Rent Burden - paying more than 30% of gross income for rent or mortgage (including utilities) is “burdened”; paying more than 50 percent is “severely burdened”.

Household - All of the people who occupy a housing unit as their usual place of residence

- Not all households are families
- A household may be unrelated people or one person living alone

AMI = Area Median Income

Area = A particular geographical area, e.g., San Francisco

Median = Middle point – half of the population is below and the other half above

Income = Total income from all persons in a household

AMI categories differ by household size

Deed Restricted Affordable Housing

Legally bound to rent or sell to households under income limits at a price that is “affordable”. San Francisco City supports 20,706 units of deed restricted affordable housing (2013 Q3).

What qualifies as affordable?

Step 1. Check the table below for the San Francisco City Area Median Income and household size (based on a 3 county formula by MOHCD) and figure out the AMI tier. (Example: income for a 2 person household of \$38,850 puts one in the 50% AMI tier).

| 2014 | Number in household | | | |
|----------|---------------------|------------|------------|------------|
| % of AMI | 1 | 2 | 3 | 4 |
| 25% | \$ 17,000 | \$ 19,450 | \$ 21,850 | \$ 24,300 |
| 50% | \$ 34,000 | \$ 38,850 | \$ 43,700 | \$ 48,550 |
| 100% | \$ 67,950 | \$ 77,700 | \$ 87,400 | \$ 97,100 |
| 120% | \$ 81,550 | \$ 93,250 | \$ 104,900 | \$ 116,500 |
| 150% | \$101,950 | \$ 116,550 | \$ 131,100 | \$ 145,650 |

Source: MOHCD

Step 2. “Affordable housing” means paying only 30% of your income for rent and utilities. (Example: The 50% AMI couple earning \$38,850 per year should only be paying \$971 per

month to not be “rent burdened”). This means that one has enough money left over for other necessities, such as food, transportation, taxes, etc.

Note that as one goes up the wage scale and if you keep the rent burden the same, higher wage earners will have more dollars left over after paying their rent. (Example: the 50% AMI couple will have \$2,266 left per month, while the 120% AMI couple can afford a rental for \$2,331 per month and will have \$5,439 left for taxes and other expenses or savings.

Step 3. Check the monthly rental or mortgage amount (plus utilities) against the MOH tables found on their website and if it’s greater than the 30% benchmark, then it is considered “unaffordable”.

Example: the chart below is affordability data for typical City occupations:

| 2010 AMI Income Category (1 worker household) | Occupation | 2008 EDD Employment Estimates | 2008 EDD Job Openings | 2010 Hourly Wages (median) | 2010 Annual Wages (median) |
|--|--|-------------------------------------|-----------------------------|-------------------------------------|----------------------------------|
| Less than 50% AMI (Very Low Income) | Waiters and Waitresses | 20,150 | 13,360 | \$10.00 | \$21,000 |
| | Personal and Home Care Aides | 2,560 | 13,490 | \$11.00 | \$23,000 |
| | Cashiers | 20,010 | 10,050 | \$11.00 | \$24,000 |
| 50% AMI to 80% AMI (Low Income) | Receptionists and Information Clerks | 8,080 | 2,410 | \$16.00 | \$34,000 |
| | Customer Service Representatives | 10,700 | 4,640 | \$19.00 | \$40,000 |
| | Bookkeeping, Accounting, and Auditing Clerks | 13,170 | 1,990 | \$22.00 | \$45,000 |
| 80% AMI to 120% AMI (Moderate Income) | Executive Secretaries and Administrative Assistants | 21,280 | 3,400 | \$26.00 | \$55,000 |
| | First-Line Supervisors/Managers of Office and Administrative Support | 13,060 | 2,910 | \$28.00 | \$58,000 |
| | Elementary School Teachers, Except Special Education | 6,300 | 2,210 | \$29.00 | \$61,000 |
| 120% AMI to 150% AMI (Above Moderate) | Market Research Analysts | 4,500 | 2,360 | \$40.00 | \$84,000 |
| | Management Analysts | 9,610 | 2,650 | \$44.00 | \$92,000 |
| | Registered Nurses | 15,370 | 4,470 | \$49.00 | \$101,000 |
| Over 150% AMI (Upper Income) | Computer Software Engineers, Applications | 10,830 | 4,350 | \$51.00 | \$107,000 |
| | Financial Managers | 8,130 | 1,700 | \$67.00 | \$139,000 |
| | Lawyers | 9,820 | 2,660 | \$76.00 | \$158,000 |

SOURCE: MOH; State of the Housing Market Study

Rental Opportunities (2012 data) – percentage of Craigslist rental opportunities that are affordably priced for each income tier

| % of Units Affordable at Income Limit | | | | | |
|---|-----------------------|----------------|----------------|-----------------|-----------------|
| Unit Size | Household Size | 50% AMI | 80% AMI | 120% AMI | 150% AMI |
| Studio | 1 person | 6% | 54% | 93% | 97% |
| 1-Bedroom | 2 people | 4% | 33% | 79% | 93% |
| 2-Bedroom | 3 people | 5% | 16% | 60% | 77% |
| 3-Bedroom | 4 people | 14% | 20% | 51% | 68% |
| % of Households within Income Category | | | | | |
| All SF Households | | 0-50% | 50-80% | 80-120% | 120-150% |
| | | 30% | 15% | 17% | 10% |

a. Affordable rent is based on San Francisco Mayor's Office of Housing published rents and equals maximum monthly rent for each unit type and includes the cost of utilities.

b. Percentage equals the portion of units on the market with asking rents equal to or less than the affordable rents for each unit type.

Source: San Francisco Mayor's Office of Housing, SF Controller's Office, Craigslist, Seifel Consulting Inc.

Housing Challenges faced by AMI Groups in San Francisco

- **VERY LOW INCOME HOUSEHOLDS (0-50% AMI)**
 - Rental apartments out of reach
 - Target for deed-restricted rental
- **LOW INCOME HOUSEHOLDS (50-80% AMI)**
 - Smaller rental affordability gaps
 - Fewer deed-restricted units
- **MODERATE INCOME HOUSEHOLDS (80-120% AMI)**
 - For-sale homes out of reach
 - The focus for affordable ownership programs
- **ABOVE MODERATE INCOME HOUSEHOLDS (120-150% AMI)**
 - Relatively well served by rental market
 - Smaller ownership affordability gap

Appendix 2 - Affordable Housing Policy and Rental Unit Development

Specific policy strategy to date has been to target rental opportunities at low and very low income AMI populations. This is appropriate for two reasons:

1. Very few people in low income ranges can obtain ownership financing. Affordable housing ownership opportunities are more appropriate for middle income or higher wage earner categories who can qualify for a mortgage.
2. Funding sources have restrictions on maximum income limits and many Federal and State programs restrict development to rentals for lower income ranges.

Note in the chart below that the AMI income mix between rental and ownership housing opportunities shows the implementation of this strategy.

| Development of Affordable Housing Units FY 2002-03 thru FY 2010-11 | Very Low Income (<50% of AMI) | Low to moderate (50%-120% of AMI) |
|---|----------------------------------|--------------------------------------|
| | Total | Total |
| Rental | 9,325 | 1,351 |
| Ownership | 26 | 1,381 |
| | 9,351 | 2,732 |

Production of Deed Restricted Affordable Rentals⁸⁶

The development of rental projects through 2012 has relied primarily on a variety of Tax Credits, Tax increments, Bonds, Loans and Grants as seen in the chart below:

Funding for Deed Restricted Affordable Rental Development

Sources of Public Financing for Affordable Housing
FY 2002-03 through FY 2010-11
Source: MOH, SFRA, Tax Credit Allocation Committee, Department of Housing and Community Development

| | Percent of Total |
|--|---------------------|
| Federal and State Tax Credits | 36% |
| Tax Increment Revenues and Bond Proceeds | 24% |
| State Loans and Grants | 16% |
| Federal Grants | 10% |
| City General Fund, Affordable Housing Fees | 10% |
| Other Income | 4% |
| Total | 100% |

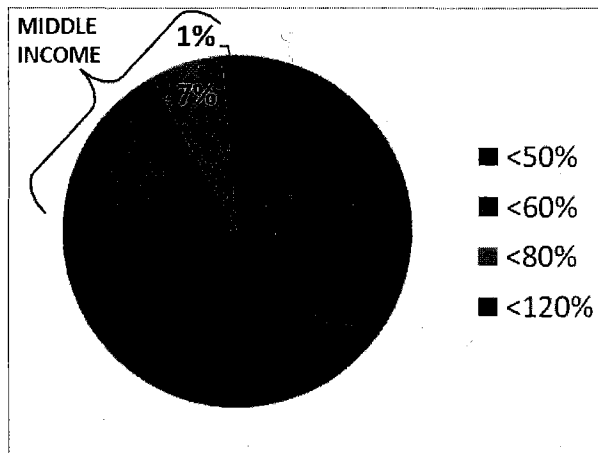
However, there are often restrictions on the type of financing:

⁸⁶ From Housing for San Francisco Residents presentation by MOHCD, Controller & OEWD; Feb. 2012

| | |
|--|---|
| Sources of financing for Low Income projects (0-60% of AMI) | Sources of financing for Middle Income projects (60%-120% of AMI) |
| <ul style="list-style-type: none"> • Local • Federal <ul style="list-style-type: none"> ○ Block Grants, HOME Grants, Low Income Housing Tax Credits • State <ul style="list-style-type: none"> ○ Bond Propositions | <ul style="list-style-type: none"> • Only Local <ul style="list-style-type: none"> • Tax increment and Bond Proceeds • City General Fund (now the Housing Trust Fund) • Affordable Housing Fund |

The net result is that the bulk of the 18,000 units of affordable rentals are targeted at low and very low income tiers (< 60%) as seen below.

- Total SF Rental: 212,000 Units
- Deed Restricted Affordable Rental: 18,000 Units
- 24% of City rental units target middle income households
- 16% deed restricted at 50-60% AMI
- 7% deed restricted at 60-80% AMI



Source: Mayor's Office of Housing, SF Redevelopment Agency

At over \$400,000 per unit, local funds are best spent in areas that can get maximum leverage (return per dollar). This means rental housing directed at lower income residents.

Appendix 3 - Housing Trust Fund – Legislative Summary

San Francisco Charter Section 16.110

Fund Structure

1. HTF is funded through General Fund Revenue
2. Fund size is based on current and projected increases in General Fund Revenue
 - a. Tax increments
 - b. Hotel Tax
 - c. New Revenue

Fund Growth

| Year | Allocation |
|--------------|------------------|
| 1 | \$20.0 |
| 2 | \$22.8 |
| 3 | \$25.6 |
| 4 | \$28.4 |
| 5 | \$31.2 |
| 6 | \$34.0 |
| 7 | \$36.8 |
| 8 | \$39.6 |
| 9 | \$42.4 |
| 10 | \$45.2 |
| 11 | \$48.0 |
| 12 to 30 | \$50.8 |
| Total | \$1,339.2 |

In Year 1 (FY 2013/14), \$20M will be allocated to the HTF

Years 2-12, the HTF will grow by \$2.8 Million annually

After Year 12, the HTF will increase or decrease according to annual discretionary revenues to the General Fund

Primary Goal – Balanced Growth

- Affordable Housing Production and Infrastructure Programs
- Homeownership and Housing Stabilization
- Market Rate and Below Market Rate Incentives and Stimulus

Programs

Within these broad goals, three funding categories are called out specifically in the Charter Amendment, as follows:

- No later than July 1, 2018, the City shall appropriate \$15 million for use as a down payment on the purchase of a home for qualifying households (the “Downpayment Assistance Loan Program”);
- No later than July 1, 2018, the City shall appropriate *up to* \$15 million for use as assistance to reduce the risk to current occupants of a loss of housing and/or to help current occupants make their homes safer, more accessible, more energy efficient, and more sustainable (the “Housing Stabilization Program”); and,
- The City may use monies to operate and administer a Complete Neighborhoods Infrastructure Grant Program. A *maximum* of 10% of any year’s appropriation may be used for this purpose.

Example use of Trust Fund:

Per MOHCD “most of the city is housed in smaller buildings (75% of the building stock is comprised of buildings with fewer than 20 units). Deterioration, TIC conversions, and replacement with new market rate condo projects, all threaten to remove these units from the rental stock. However, Tax credit programs, the principle funding source for affordable housing rental development, have traditionally been difficult to use for scattered site developments.” Their recommendation was to establish a small site acquisition and rehabilitation program dedicated to the preservation of small buildings serving low-income tenants.⁸⁷ The Housing Trust Fund would provide MOHCD with a stable source of funding to carry out this agenda.

Sources:

1. Mayor’s Office Housing presentation to Long Term Care Coordinating Council; Sept 13, 2012
2. Mayor’s Office of Housing; Housing Trust Fund Program Descriptions, Oct, 2013

⁸⁷ MOHCD document, “2013-2018 Analysis of impediments to Fair Housing Choice”, pg 169

Appendix 4 – Proposals to Increase/Preserve Housing Stock

Proposals (in no particular order) include:

| PROPOSAL | DESCRIPTION/COMMENTS |
|--|--|
| Secondary units | Proposals are being put forth by Supervisors to legalize secondary units (aka “in-law” units) and to create programs for new construction. Legislation to undertake a pilot program in District 9 was recently passed. |
| Micro Units | "Micro-apartments" of 220 square feet, for example, including bathroom, kitchen and closet. As a test 120 are now in the pipeline in the Mid-Market area. See Chronicle article http://www.sfchronicle.com/business/article/Micro-apartment-developments-on-rise-in-S-F-4951775.php?t=a9f64630b4286e4899#/0; Carolyn Said, Nov 11, 2013 |
| Inclusionary Dial | Allow flexibility in the calculation of inclusionary obligations to change the “dials” (or percentages) of inclusionary housing formulas. See MOH document, “Housing Trust Fund Program Descriptions”, pg. 4, 2012. |
| Incentives to heighten intensity and incorporate housing | Incentive opportunities to redevelop existing low intensity uses, such as grocery stores and strip shopping centers to heighten intensity and incorporate housing through “incentive zoning”. See Legislative Analyst Report “Feasibility of Housing Above Retail (BOS File No. 051203) (OLA No. 050-05), Sept. 26, 2005. |
| Community Land Trusts | Community land trusts buy or build property, sell it to low income residents at a below-market price, but retain a ground lease imposing conditions on the buyer. See Legislative Analyst Report “HOUSING TRUSTS, File 99-0146”, March 26, 1999. |
| Condo Conversions | While evidence suggests a substantial loss of affordable units, legislation can make homeownership opportunities available for median and moderate-income households within a price range otherwise not available in the housing market. See Legislative Analyst Report “HOPE Initiative and Legislation (File # 020934, 020936)”, Aug 23, 2002; and “Approving a Method for Community Land Trusts to Convert Existing Residential Buildings to Limited Equity Condominiums (File No. 032031) (OLA No. 031-04)”, Jan 11, 2005. |

| | |
|---|---|
| Mortgage Assistance Programs | Includes low interest first mortgages, deferred second mortgages and/or grants which assist with down payment and closing cost expenses. See Legislative Analyst Report "Mortgage Assistance Programs (File #: 010719)", Feb 10, 2003. |
| Reduce the direct costs of housing development | See Legislative Analyst report "San Francisco Housing Development (File # OLA #: 005-03)", June 11, 2003 (1) Rezoning land use to increase the supply of land available for housing development; (2) Relaxing Floor-to-Area restrictions for housing development downtown; (3) Increasing height and density allowances along major transit corridors; (4) Providing direct subsidies to affordable housing developers; (5) Altering parking requirements; and (6) Maintaining consistency of development fees. |
| Reduce the uncertainty costs of housing development | See Legislative Analyst report "San Francisco Housing Development (File # OLA #: 005-03)", June 11, 2003 (1) Pursuing program environmental impact reports; (2) Revising conditional use requirements; and (3) Reducing the costs of discretionary review. |
| Affordable Housing Bond Issuance | See SPUR article "San Francisco's Affordable Housing Bond" on the 1996 Prop A results. http://www.spur.org/publications/spur-report/2002-08-02/san-francisco-s-affordable-housing-bond |
| Vacancy Reduction | Policies to reduce the number of vacant units. Currently San Francisco has 35,000 vacant units per 2008-2012 ACS Survey. This probably includes units held off the market by landlords involved with aspects of rent control regulation and units undergoing renovation. |
| Short-term rental regulation | aka Air-bnb issue, potential housing is being removed from the City residential rental stock and being rented out as "hotel space" through listings on short term rental websites. Legislation to collect hotel tax revenues has been passed, but the practice of converting to short-term rentals reduces the long-term housing stock available to local citizens. Tenants in controlled buildings have been evicted or displaced by landlords seeking to improve rental income through conversion to a short-term rental. |
| City Pension Fund investment | Require that some portion of the SF City Employee Retirement System help finance Affordable Housing projects as a local social investment strategy. See AFL-CIO Building Investment Trust http://www.aflcio-bit.com/ |

| | |
|--------------------------------------|--|
| Loan Insurance Programs | HUD sponsored rental housing loan default guarantees for private developers. Facilitates access to credit. See Budget Analyst Affordable Housing Performance Audit Report, 2012, pg.67 |
| Document Recording and Transfer fees | This is a major funding source nationwide for State and local Housing Trust Funds, but is not currently authorized locally. See Budget Analyst Affordable Housing Performance Audit Report, 2012, pg.64. |

Appendix 5 – Metrics Sample (from CAPER)

The Consolidated Annual Performance and Evaluation Report (CAPER) is an annual report prepared by MOHCD and OEWD.

The report “represents the annual report of the City and County of San Francisco's implementation of four U.S. Department of Housing and Urban Development (HUD) programs:

- The Community Development Block Grant (CDBG);
- The Emergency Solutions Grant (ESG);
- The HOME Investment Partnership (HOME); and
- The Housing Opportunities for Persons With AIDS (HOPWA) Programs.

The 2012-2013 CAPER serves two purposes: 1) a summary of resources used during the program year July 1, 2012 through June 30, 2013; and 2) a self-evaluation of a) progress and challenges addressing priorities; and b) key accomplishments.”

The example on the next two pages is taken from the CAPER and list goals and achievement for one objective directly related to Affordable Housing.

The Jury recommends that MOHCD extract these metrics and make them available on the MOHCD website and their Annual Report as part of routine public information access.

The Jury would also like to see additional metrics related to budgets, spending and leverage added to the information made available publically.

GOAL 4: FAMILIES AND INDIVIDUALS HAVE SAFE, HEALTHY AND AFFORDABLE HOUSING

Objective 1: Create and maintain permanently affordable rental housing through both new construction and acquisition and rehabilitation programs for individuals and families earning 0-60% of AMI

| Performance Measure | 5-year Goal | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | % of Five-Year Goal |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------------|
| | | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | |
| # of new affordable rental units completed | 1,700 | 231 | 341 | 120 | 135 | 206 | | | | | | 28% |
| # of new affordable rental units completed through acquisition and rehabilitation or conversion of an existing property | 300 | 0 | 0 | 0 | 0 | 0 | | | | | | 0% |
| # of units in existing non-profit owned affordable housing projects that will be maintained and preserved | 700 | 212 | 212 | 101 | 1,729 | 2,863 | | | | | | 277% |
| # of affordable rental units created through the City's Inclusionary Housing Program | 50 | 0 | 0 | 0 | 0 | 0 | | | | | | 0% |

Objective 2: Create and maintain permanently affordable ownership housing opportunities through both new construction and acquisition and rehabilitation programs for individuals and families earning up 120% of AMI

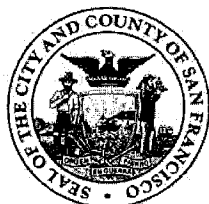
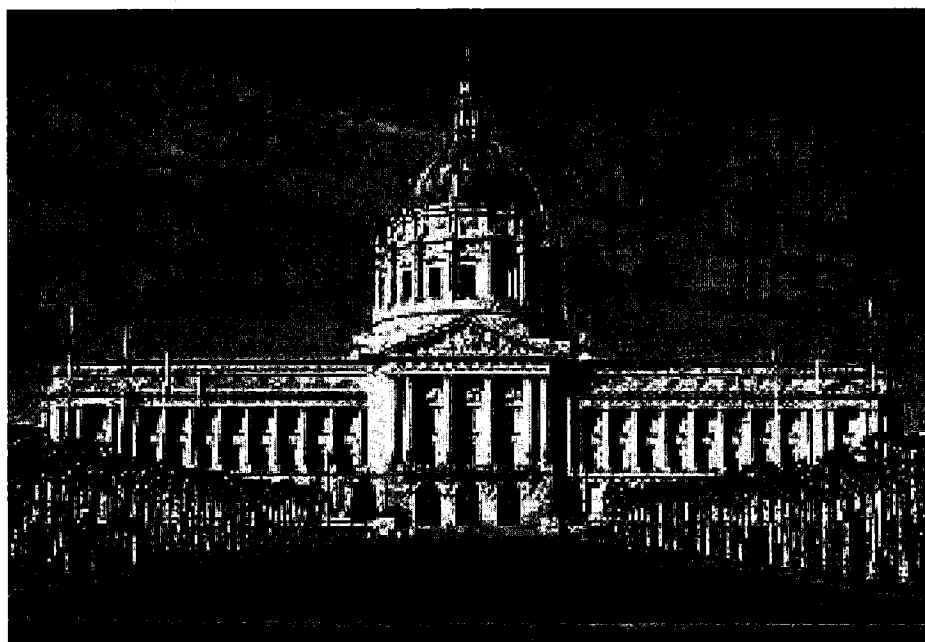
| Performance Measure | 5-year Goal | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | % of Five-Year Goal |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------------|
| | | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | |
| # of first time homebuyers receiving financial assistance | 500 | 100 | 46 | 60 | 33 | 100 | 120 | | | | | 40% |
| # of homeowners receiving post-purchase, default, and foreclosure prevention services | 1,500 | 300 | 322 | 500 | 309 | 500 | 249 | | | | | 59% |
| # of homeowners avoiding foreclosure | 240 | 41 | 49 | 79 | 86 | 85 | 115 | | | | | 104% |
| # of new first-time homeowners in below market rate homes (BMR) through the City's Inclusionary Housing Program | 300 | 100 | 30 | 35 | 38 | 60 | 48 | | | | | 39% |
| # of new affordable homes completed | 30 | 0 | 0 | 32 | 32 | 32 | 0 | | | | | 107% |
| # of homes rehabilitated or assisted by Housing Rehabilitation programs | 350 | 70 | 224 | 5 | 4 | 25 | 5 | | | | | 67% |

| Objective 3: Reduce the barriers to access housing affordable to low and moderate-income individuals | | | | | | | | | | | | |
|--|-------------|---------------|---------------|---------------|---------------|---------------|--------|--------|--------|--------|--------|---------------------|
| Performance Measure | 5-year Goal | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | % of Five-Year Goal |
| | | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | |
| # renters receiving counseling assistance to find and/or maintain housing appropriate for their needs and budget | 5,000 | 293 | 246 | 142 | 276 | 0 | 0 | | | | | 10% |
| # of potential first-time homebuyers receiving pre-purchase counseling and education services | 4,575 | 902 | 661 | 610 | 668 | 813 | 1,360 | | | | | 59% |
| # of homeowners created | 415 | 41 | 49 | 79 | 86 | 85 | 115 | | | | | 57% |
| # of subscribers who will receive regular updates on affordable rental and homeownership opportunities thru a centralized online resource | 2,500 | 1,000 | 40 | 10,500 | 10,500 | 0 | 0 | | | | | 422% |
| Objective 4: Provide both services and premanently affordable, supportive housing opportunities for people with specific needs | | | | | | | | | | | | |
| Performance Measure | 5-year Goal | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | % of Five-Year Goal |
| | | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | |
| Acquire, rehabilitate or construct new units in partnership with community-based non-profits | 100 | 88 | 58 | 90 | 227 | 391 | | | | | | 285% |
| # of beds in residential care facilities for te chronically ill that will be supported on an annual basis with funding for services and operations | 113 | 113 | 113 | 113 | 113 | 113 | 163 | | | | | 344% |
| # of units in supportive housing developments receiving operating and leasing subsidies | 1,400 | 636 | 691 | 793 | 822 | 1,140 | | | | | | 108% |
| Objective 5: Meet the need for affordable and accessible housing opportunities for our aging population and people with physical disabilities | | | | | | | | | | | | |
| Performance Measure | 5-year Goal | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | % of Five-Year Goal |
| | | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | |
| Percent of new City supported affordable rental units that will be accessible/adaptable | 75% | 231 (100%) | 341 (100%) | 120 (100%) | 135 (100%) | 206 (100%) | | | | | | 133% |
| # of units with improved accessibility features for people with disabilities in private and non-profit owned low-income housing | 15 | 50 | 0 | 50 | 0 | 105 | | | | | | 0% |

END OF REPORT

Survey of San Francisco Commission Websites

June 2014



City and County of San Francisco

Civil Grand Jury 2013-2014

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MEMBERS OF THE 2013-2014
CIVIL GRAND JURY
CITY AND COUNTY OF SAN FRANCISCO

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Thomas Duda, Recording Secretary

Maryta Piazza, Corresponding Secretary

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Claudia O'Callaghan

Ernestine Patterson

Michael Skahill

THE CIVIL GRAND JURY

The Civil Grand Jury is a government oversight panel of volunteers who serve for one year. It makes findings and recommendations resulting from its investigations.

Reports of the Civil Grand Jury do not identify individuals by name. Disclosure of information about individuals interviewed by the jury is prohibited. California Penal Code, section 929

STATE LAW REQUIREMENT California Penal Code, section 933.05

Each published report includes a list of those public entities that are required to respond to the Presiding Judge of the Superior Court within 60 to 90 days, as specified.

A copy must be sent to the Board of Supervisors. All responses are made available to the public.

For each finding the response must:

- 1) agree with the finding, or
- 2) disagree with it, wholly or partially, and explain why.

As to each recommendation the responding party must report that:

- 1) the recommendation has been implemented, with a summary explanation; or
- 2) the recommendation has not been implemented but will be within a set timeframe as provided; or
- 3) the recommendation requires further analysis. The officer or agency head must define what additional study is needed. The Grand Jury expects a progress report within six months; or
- 4) the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

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ISSUES

Commissions are the place for citizens to participate in the democratic process. Commissioners must make ethical choices free from conflicts of interest. For citizens to participate, the commission meetings must be open, invite public comment, and be accessible to all. Commissioners and commissions must also be accountable. Responsibilities include holding and attending meetings, posting annual reports, completing training and disclosing financial holdings. The 2013-2014 Civil Grand Jury reviewed the internet presence of commissions for compliance, openness, accessibility, and accountability.

SUMMARY

The jury looked at the purpose, activities, appointed members, and meetings of each commission, as well as its compliance with ethical and procedural requirements. Using the Budget and Legislative Analyst 2011 Report on Boards and Commissions¹ as a guide, the jury developed a survey form that was used to provide information on 32 commissions and 225 commissioners. This information was obtained between January 2, 2014 and May 1, 2014.

Compliance by Commissioners with the ethical requirements of filing a Statement of Economic Interest (SEI Form 700)² and providing evidence of completing ethics training³ and Sunshine Act Training⁴ was difficult to determine.

The Jury is pleased to find that the commissions reviewed did well complying with open meeting standards. We noted consistent practices, with advance notice and scheduling of meetings, preparation of agenda, invitation of public comment, and posting of meeting minutes.

Not all of the commission websites made it easy to find a statement that provides information about requesting accommodation for physical disability and/or language support. It is important that meetings be open and accessible to all people.

The city should have a list of active commissions including their functions. Records of commissioner meeting attendance are not readily available. A review of lists and resources available from SF311.org, the City Attorney, the Mayor's Office and the Clerk of the Board failed to provide one easily accessible and complete list of commissions.

¹ Budget and Legislative Analyst (2011) Report on Boards, Commissions, Committees, Task Forces and other Oversight and Advisory Bodies .

² California Fair Political Practices Commission: Form 700 SEI.
<http://www.fppc.ca.gov/INDEX.php?id=500>.

³ AB1234 California Legislative Digest, February 22, 2005 Accessed March 30, 2014.

http://www.leginfo.ca.gov/pub/05-06/bill/asm/ab_1201-1250/ab_1234_bill_20051007_chaptered.html.

⁴ San Francisco Administrative Code Chapter 67 Sunshine Ordinance.

The Jury, with much difficulty, eventually located a list in the index of an 100 page opinion from the City Attorney.⁶ We believe a simple, easily accessible and complete list of commissions and relevant information should be readily available for the public.

BACKGROUND

Commissions are where the citizens, our elected officials, and City Departments intersect. The Budget and Legislative Analyst's (2011) report on commissions and commissioners provides a very good description of the role of commissions and commissioners in San Francisco Government.⁵ To summarize: Many of the commissions provide advice and develop policy for city departments and elected officials. Commissioners are members of the public who are appointed by government officials to represent the best interests of the city. Forming a commission involves describing its purpose, scope of activities, how long the commission will exist, and who will appoint its members. Most commissioners are appointed by the Mayor because commissions are part of the executive branch of San Francisco Government. However, the Board of Supervisors makes appointments, as do individual supervisors, and for a few commissions, a city department or a community group appoints a commissioner who provides knowledge on specific issues.

In the Good Government Guide, the San Francisco City Attorney does not differentiate among commissions, boards, committees, authorities, task-forces and other entities which are a part of city/county government.⁶ The Budget Analyst identifies commissions formed by administrative code or city charter as having the primary departmental oversight responsibility for most city/county departments. Some commissions not created by code have limited authority and are charged with collecting and distilling information on a specific topic for some combination of the Board of Supervisors, the Mayor, other elected officials and/or City departments.⁷

California AB1234,⁸ adopted in 2005, requires that each commissioner complete a minimum of two hours of ethics training every two years. Commissioners in San Francisco are charged with acting in the best interest of the city and its residents. Commissioners must not use their office for personal or political gain, and they must file financial disclosure forms, report gifts, and campaign contributions, and provide evidence of completion of mandated ethical trainings.⁹

⁵ Budget and Legislative Analyst (2011) Report on Boards, Commissions, Committees, Task Forces and other Oversight and Advisory Bodies.

⁶ City Attorney of San Francisco (2010) Good Government Guide. San Francisco.

⁷ Budget and Legislative Analyst (2011) Report on Boards, Commissions, Committees, Task Forces and other Oversight and Advisory Bodies.

⁸ AB1234 California Legislative Digest, February 22, 2005.

⁹ California Fair Political Practices Commission AB1234 and Online Ethics Training.

Commissions are expected to hold regular meetings, which are announced in advance with an agenda, and are accessible to the public, allowing public comment on issues prior to voting by the commissioners.¹⁰

DISCUSSION

The following sections discuss survey questions and the results of the selected responses. Jurors reviewed commission websites and other online resources maintained by the City including those of the Ethics Commission, SF311.org, and Data.sfgov.org.

Compliance with Statement of Economic Interest Form 700, Ethics, and Sunshine Act Training.

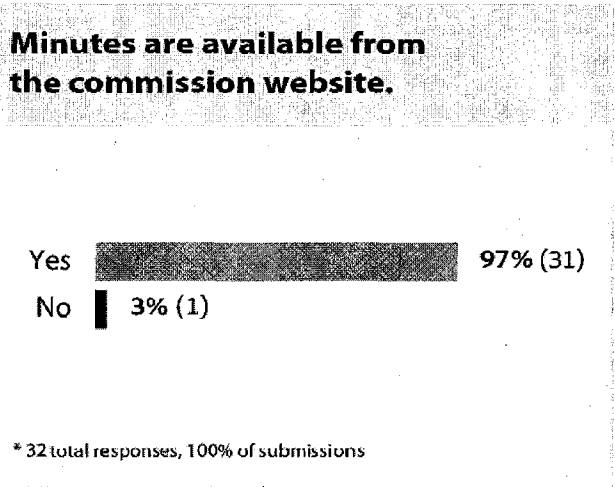
To assure that commissioners engage in fair political practices, without financial conflicts of interest, and that they are working on behalf of and in the best interest of the people of the City of San Francisco, commissioners are required to submit financial disclosures (Form 700) and to complete training in ethics and the Sunshine Ordinance.¹¹ The survey was conducted over a period of time during which commissioners were still complying with these requirements. Therefore, the compliance with these elements was difficult to discern for some commissioners. With a more timely completion of these important requirements by the commissioners, that information would have been an interesting element of this report.

Open Meetings

For citizens to engage in the political process and to have influence upon issues which matter to them, they must be able to participate. For the purpose of maintaining a record of the actions taken and to inform interested parties as to the activities of government entities, keeping and posting meeting minutes are required.

¹⁰ California Attorney Generals Office (2003) The Brown Act: Open Meetings for Local Legislative Bodies.

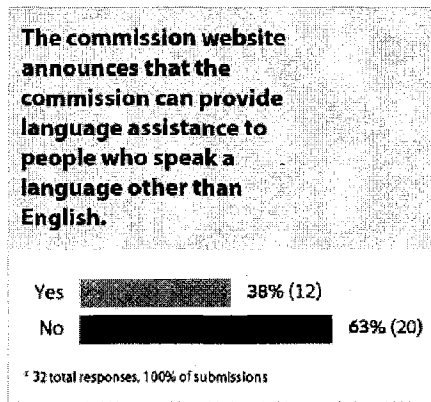
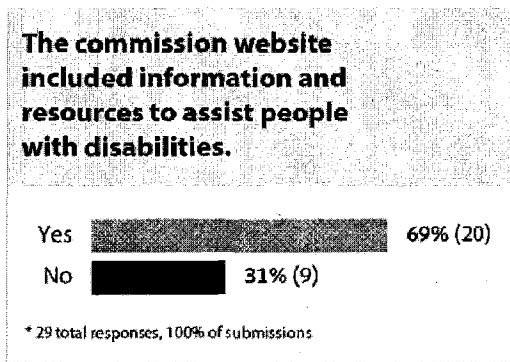
¹¹ San Francisco Administrative Code Chapter 67 Sunshine Ordinance Article IV Policy Implementation <http://www.sfbos.org/index.aspx?page=5550>.



The Jury is impressed by the open meeting culture of San Francisco.

Accessibility

For all members of the public to participate and have influence on the political process meetings must be accessible.

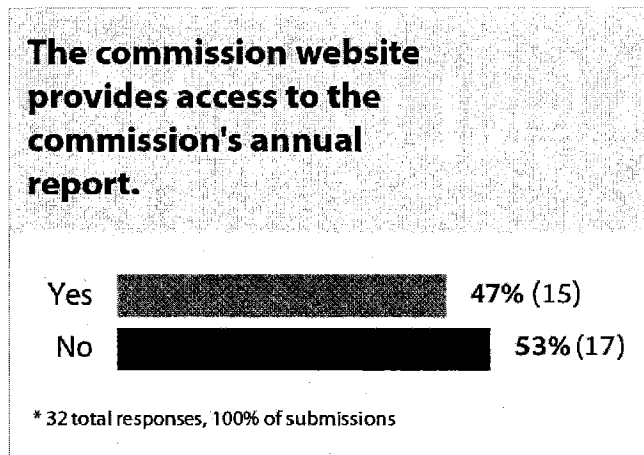


The Statement of Accommodation was not easily found in all cases. Most commissions refer requests for accommodation to the Mayor's Office of Disability. By not following up on those requests, the commission neglects its responsibility to this issue. The Rent Board Commission and the MTA websites are good examples of providing support pages for non-English speakers within the site. For those who wish assistance where resources are not readily available, it should be clearer that assistance is available when requested in advance.

Accountability

Annual Report

Commissions are required to produce an annual report highlighting their projects, outcomes, effectiveness, and community contributions.¹² City Administrative Code does not permit annual reports to be distributed in paper form.¹³ Instead, posting the annual report to the commission's website and providing a link to the San Francisco Public Library, as described in San Francisco Administrative Code Section 8.16, makes the information available to the people of San Francisco.¹⁴



At the time of the review, 47% of the commissions had posted an annual report.

Attendance

In 2006 Mayor Newsom established a policy on commissioner attendance requiring commission secretaries to submit an annual attendance record and to request that the commission's liaison be contacted regarding commissioners who miss more than three meetings in one fiscal year.¹⁵ Also in 2006, the Board of Supervisors passed a resolution that all commissions should develop an attendance policy.¹⁶

In 2011, Mayor Lee reiterated the importance of attendance at meetings and requested a posting of commissioner attendance at meetings. We noted that the Mayor's website has

¹² San Francisco Administrative Code 1.56 (a) Annual Reports.

¹³ San Francisco Administrative Code 8.12.5 Electronic Distribution of Multi-page Documents.

¹⁴ San Francisco Administrative Code Section 8.16 Filing Annual Reports and Official Documents with the San Francisco Public Library.

¹⁵ <http://www.sfcityattorney.org/Modules/ShowDocument.aspx?documentid=686>, p. 161.

¹⁶ <http://www.sfcityattorney.org/Modules/ShowDocument.aspx?documentid=686>, p.162.

recorded commissioner attendance for FY 2011-2012.¹⁷ Attendance records have not been updated since then.

The jury found only one commission website that posts an attendance roster. To verify meetings and commissioner attendance, we looked at the minutes of every commission for every meeting to determine the proper responses for our survey, including: if or if not the meeting occurred, and for each commissioner, if or if not present and if not present then, if excused.

Attendance is a criterion on which a commissioner's performance is assessed. Except as noted above, there is no ongoing effort to maintain a current attendance record.

List of Commissions

Every resident has a right to know which commissions exist and the purposes for which they are maintained. Complete, concise, accurate information is not available. The jury expended much time in its attempt to create an accurate and complete list of commissions. After 9 months of research and attempts to compile this list, the Jury was able to locate an alphabetical list in the Index to the "City Attorney Opinion 2010-01" on pages 98-99. This obscure location is not easily accessible to the residents of the City.⁶

Commissioner vacancies are posted to a webpage by the Clerk of the Board who maintains a list of only those commissions to which the Board of Supervisors makes appointments, hence it is not complete. The annual list of entities maintained by the City Attorney also has notable omissions. A tabulation of SF311.org quarterly reports from commissions was also not complete.

¹⁷ Office of the Mayor, City and County of San Francisco, Mayoral Appointments. Accessed June 13, 2014 <http://www.sfmayor.org/index.aspx?page=617>.

FINDINGS AND RECOMMENDATIONS

Accessibility

Finding 1

A statement that informs the process of requesting accommodation for physical disability and/or language support is not easily found or present on many commission websites.

Recommendation 1a

The Mayor's Office on Disability should coordinate with commissions to ensure that statements for accommodation are easily located on commission websites.

Recommendation 1b

When commission websites are developed to include language support, that support should be provided in the same languages used in the voter's guide.

Accountability

Annual Report

Finding 2

Fewer than 50% of the commissions post an annual report as required.

Recommendation 2

The Mayor should ensure that each commission posts its annual report on the commission website and provides a URL link to the SFPL, promptly.

Attendance

Finding 3

Commissioner Attendance records are not readily available to the public. To discover this information after the fact is difficult.

Recommendation 3

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All commissions should keep and post to their website a record of commissioner attendance. Maintenance of an ongoing record should be required.

List of Commissions

Finding 4

There is no easy reference to all of the commissions in San Francisco. The most complete list the Jury was able to find is located in the Index of the City Attorney Opinion 2010-01, (pages 98-99).

Recommendation 4

The City Attorney should ensure that there is an annual list of active commissions that is complete and listed alphabetically.

1
2

RESPONSE MATRIX

| | | |
|---|---|-------------------------------------|
| <p>Accessibility</p> <p>Finding 1 A statement that informs the process of requesting accommodation for physical disability and/or language support is not easily found or present on many commission websites.</p> | <p>Recommendation 1a The Mayor's Office on Disability should coordinate with commissions to ensure that statements for accommodation are easily located on commission websites.</p> <p>Recommendation 1b When commission websites are developed to include language support, that support should be provided in the same languages used in the voter's guide.</p> | <p>Mayor's Office on Disability</p> |
| <p>Accountability</p> <p>Finding 2 Fewer than 50% of the commissions post an annual report as required.</p> | <p>Recommendation 2 The Mayor should ensure that each commission posts its annual report on the commission website and provides a URL link to the SFPL, promptly.</p> | <p>Mayor</p> |
| <p>Attendance</p> <p>Finding 3 Commissioner Attendance records are not readily available to the public. To discover this information after the fact is difficult.</p> | <p>Recommendation 3 All commissions should keep and post to their website a record of commissioner attendance. Maintenance of an ongoing record should be required.</p> | <p>Mayor</p> |

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|--|---|----------------------|
| | | |
| <p>List of Commissions</p> <p>Finding 4 There is no easy reference to all of the commissions in San Francisco. The most complete list the Jury was able to find is located in the Index of the City Attorney Opinion 2010-01, (pages 98-99).</p> | <p>Recommendation 4 The City Attorney should ensure that there is an annual list of active commissions that is accurate, complete and listed alphabetically.</p> | <p>City Attorney</p> |

METHODOLOGY

An extensive literature review was conducted and jurors interviewed staff members from San Francisco's Executive and Legislative branches regarding the operations of commissions, selection of commissioners, and assessment for re-appointment or potential removal from commission. Jurors also observed several commission meetings.

Using the Budget and Legislative Analyst 2011 Report on Boards and Commissions,¹⁸ the jury developed questions in a survey format. The survey was pilot tested during the last two weeks of December 2013. Because of the length of the survey and to protect commissioner confidentiality, the survey was divided into two parts. Data collection began during the second week of January 2014 and was completed on May 1, 2014. Jurors reviewed a commission website to locate specific items or information on the site that would answer the survey questions. Information may also have been gathered from SFData.org, sf311.org, and the Ethics Commission website. Data were collected about 225 commissioners from 32 commissions in San Francisco.

Forms were spot checked for accuracy and errors as they were submitted and a random selection of nine forms were reviewed for validation purposes. The questions and format of the survey forms are found in APPENDIX A and APPENDIX B.

¹⁸ Budget and Legislative Analyst (2011) Report on Boards, Commissions, Committees, Task Forces and other Oversight and Advisory Bodies.

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<http://www.sfmayor.org/index.aspx?page=617>

San Francisco Administrative Code 8.12.5 Electronic Distribution of Multi-page Documents.

2013-2014 Civil Grand Jury City/County of San Francisco Commissions Report

San Francisco Administrative Code 1.56 (a) Annual Reports.

San Francisco Administrative Code Chapter 67 Sunshine Ordinance

San Francisco Administrative Code Section 8.16 Filing Annual Reports and Official Documents with the San Francisco Public Library.

APPENDICES

APPENDIX A: Commission Survey Form Part 1

APPENDIX B: Commission Survey Form Part 2

Please note the new instructions for completing the survey Forms

Introduction: Data collection for this survey takes place in two documents. This one, titled APPENDIX A at the top and the other titled APPENDIX B on top. When you complete the questions and submit this form, the form for APPENDIX B will automatically load in your web browser.

To complete this survey you will be asked to gather information from various online sources, and in some cases compare or reconcile information contained on different web-sites. This process may require that you have more than one browser window or tabs open at the same time. Except for the website for the commission you are collecting information on, links to the websites needed to complete this form will be provided and highlighted in blue.

At the beginning of APPENDIX A and APPENDIX B you will be asked to identify the commission name of the commission your are researching. This will allow us to match the forms later in the data collecting process. Additionally, you are asked to enter your name and email address into each form. This allows us to keep track of who completed the forms and to provide you with an email copy of your responses to the questions. You may find the email containing your replies to Appendix A very helpful to organizing your replies to APPENDIX B.

Please retain your reply emails containing your responses.

To begin, in addition to this page, you will need to locate and open the web site for the commission on which you are collecting information. This can usually be done by searching the internet using Google or Bing or another search engine in another tab or browser window. Once you have opened that web site, check to be sure that you are on the commission web page which will be different from the department web page. Links to the other web sites you will need to visit to complete this form are provided on the form.

If you find an error or experience difficulty please contact me at sfcgj.mskahill@gmail.com. I will do my best to resolve the issues.

Name of person completing this form

E-mail

Date Completed

At the end of this form, bottom left --> submit button, and bottom right --> save button. entering your E-mail here enables you to receive a receipt of your responses when you submit the completed form, and to receive an e-mail link to the partially completed form should you chose to save it and return later.

Section 1

Commission Name:

Commission Site URL

This Entity is a:

Section 2: Commissioners and Appointments

Using this link to the [Online Database of Commission and Board Appointments](#) For commission information, Scroll down the page and type the commission name into the appropriate field. For commissioners information and query for the results. Enter the commissioner name into the appropriate field.

Compliance: 2013 Financial Disclosures and Ethics

Statement of Economic Interests (SEI) Form 700, Sunshine Ordinance Declarations, and Certificate of Ethics Training can be found at this link to DATASF:
[Form 700 sunshine declaration and certificate of ethics training](#)

Commissioners

Appointed By

Some commissions have requirements or qualifications that must be met to fill specific commissioner positions where the qualifications may differ among the commissioners on the commission, in this case the commissioner position number and the qualifications are matched, hence the name, the commissioner position number must be matched with the qualifications for that position.

While completing the following section, whenever possible please match the commissioner name with their correct position number, which also then matches to the requirements for membership on the commission.

It is not always possible to determine the position number that the individual holds, in which case, record one names for each position number in the order given.

Why 24? In almost every case you will be finished with this and other sections of the survey with far fewer than 24 responses. There are, however, a few commissions with as many as 24 commissioners. To construct a data collecting ins

Commissioners

Appointed By

Commissioner 1 Appointed By

Commissioner 1: 2013 Financial Disclosures (form 700) and ethics and sunshine training within the past 2 years

| | Yes | No | Other |
|--------------------|-----------------------|-----------------------|-----------------------|
| Form 700 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| SF Ethics Training | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Sunshine Training | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Commissioner 2 Appointed By

2013 Financial Disclosures (form 700) and ethics and sunshine training within the past 2 years

| | Yes | No | Other |
|--------------------|-----------------------|-----------------------|-----------------------|
| Form 700 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| SF Ethics Training | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Sunshine Training | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Commissioner 3 Appointed By

2013 Financial Disclosures (form 700) and ethics and sunshine training within the past 2 years

| | Yes | No | Other |
|--------------------|-----------------------|-----------------------|-----------------------|
| Form 700 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| SF Ethics Training | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Sunshine Training | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Commissioner 4 Appointed By

Investigator Notes: Optional.

Coding and Confidentiality

Guidelines civil grand jury reports require that no names be disclosed. Much of the data we are collecting is name associated. Hence, we must use coding methods that allow us to track the integrity of our data, but protects the confidentiality of people.

When you were recording names above, you were asked to reconcile and match the commissioner position number and name information provided. And it is understood that it may not have been possible to do so.

Coding question:

- A) I was able to reconcile and match the commissioner position number and name while completing this form
- B) I was not able to reconcile and match the commissioner position number and name while completing this form

Use the email you receive upon submitting this form as a key to complete the remainder of the survey.

Save or Submit

Save: If you wish to continue completing this form at another time click the SAVE button to the right and below: You will receive an email with a link back to this form. The link will expire in 3 days.

Submit: To submit this form complete the 2 validation questions then select the submit button to the left and below. Once you have submitted this form, you will receive an e-mail receipt containing your responses.

IMPORTANT: The responses to this form will help you to complete the remaining questions associated with this survey. Once you have submitted this form, check your email for the auto-reciept. Print that e mail and use the list of commissioners as an organizing guide in the next part of this survey.

Validation of Responses: Enter your name and check the validate box to indicate that you have completed this form truthfully and to the best of your ability..

Enter your name: Validate

you will automatically be redirected to the commission form when you select the submit button.

Commissioner Survey and Report Card: Continued. 2nd of two forms

If you locate errors or have difficulty please send me an e-mail sfcgj.mskahill@gmail.com I will do my best to resolve the problem.

Name of person completing this form

E-mail

Date Completed

For continued data security please enter you name and email again. At the end of this form, bottom left --> submit button, and bottom right --> save button. entering your E-mail here enables you to receive a receipt of your responses when you submit the completed form, and to receive an e-mail link to the partially completed form should you chose to save it and return later.

Section 1

Commission Name:

Commission Site URL

Was this commission Created in 2013

- Yes
- No

Did this commission sunset in 2013

- Yes
- No

If this commission is associated with a city Department, what is the name of the department?

Is there a link to the associated department on the commissions web site?

- Yes
- No

Section 2: Commissioners

Coding Label: Position Member

Select "Position" label if the numerical order of commissioners from the commissioner survey is identical to the designated commission position number.

Select "Member" Label if the numerical order of commissioners varies from the designated commission number.

Duplicate your response from the coding question on your Email Key.

- A) I was able to reconcile the commissioner name and commission position number when completing the previous form.
- B) I was not able to reconcile the commissioner name and commission position number when completing the previous form

The Role of this commission and it's commissioners (select all that apply).

- Advisory
- To Make Policy
- Quasi-Judicial
- Other

Compensation and Insurance information can be located in this [spreadsheet of Boards and Commissions](#) created By Hans Carter from San Francisco City Attorney Opinion 2010-01

Commissioners on this commission are eligible to participate in the City/County of San Francisco Health Plan. Yes
 No

The commissions received financial compensation. Yes
 No

The amount of compensation is
per

Section 3: Locating Standard Information for Commissions

For the following questions, select "yes" if you are able, and select "no" if you are not able to locate the requested resource on the commission web-site.

- Commission Telephone Number Yes No
- Commission e-mail Address Yes No
- Next commission meeting announcement Yes No
- Regular meeting, day, time, location indicated Yes No
- Information about accessibility and resources for persons with disabilities. Yes No
- Does the Commission site contain a link to a translation resource, like Google-translate Yes No
- Does the Commission site announce multi -lingual support? Yes No
- Commission Calendar Yes No
- Does the Calender indicate the dates of regular meetings during 2013? Yes No
- Is there access to meeting agenda? Yes No
- Are meeting minutes posted on the site? Yes No
- Is a statement prioritizing agenda topics posted? Yes No
- Are annual reports for the commission posted? Yes No
- Are other reports from the commission posted? Yes No
- Is a statement of incompatible activities posted? Yes No
- Are commissioners names given Yes No
- Is biographical information give about the commissioners. Yes No.
-

Section 4: Commission Meetings

Commission Meetings and the Public Record.

In this section it will be necessary to determine the meeting schedule for the commission, record the date of each public meeting locate agenda and minutes for each meeting, and to review the minutes to verify that the meeting did occur, determine if commissioners were present, establish that members of the public had an opportunity to comment on issues before the commission, and to assess if an interested party reviewing the minutes would be informed as to the activities of that meeting.

This commission meets:

Meeting Status Legend

Confirmed = the meeting was held as scheduled and is supported by minutes

None Scheduled = No meeting was scheduled

Canceled: A scheduled meeting was announced as canceled..

No Meeting = The commission web-site indicates a meeting, but that meeting was not scheduled and/or did not occur

Planned Break = The canceled meeting was announced in advance as a break from the regular meeting schedule

Other = a condition that does not meet any of the above criteria

Attendance Legend

Attendance information taken from Meeting minutes:

Present: The commissioner was present for the meeting.

/P: The Commissioner was present for the meeting, but arrived late or left the meeting early.

Absent: Indicates that the commissioner was not present for the meeting.

Excused: The commissioner had significant reason or made prior arrangements to be absent.

Other: For a position that is not filled or condition otherwise not described above.

For each month, below, select the date or dates of regular commission meetings, then respond to questions pertaining to each meeting

January 2013

1st January Meeting
2013

Meeting Status

Select all that apply

Confirmed

public comments were heard.

None Scheduled

Minutes are posted

Canceled

Minutes are detailed.

No Meeting

Planned Break

Other

Commissioner Attendance

For integrity in process, Please retain the order in which you listed commissioner names associated with the position number that you established when completing APPENDIX A. Grand Jury rules do not allow for names to be identified within reports. It is important to retain name and position number integrity to validate our findings

1st January Meeting Attendance

| | Present | /P | Absent | Excused | Other |
|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 1 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 2 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 3 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 4 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 5 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 6 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 7 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 8 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 9 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 10 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 11 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 12 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 13 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 14 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 15 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

1st February
Meeting 2013

Meeting Status

- Confirmed
- None Scheduled
- Canceled
- No Meeting
- Planned Break
- Other

Select all that apply

- public comments were heard.
- Minutes are posted
- Minutes are detailed.

Commissioner Attendance

First December Meeting

| | Present | /P | Absent | Excused | Other |
|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 1 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 2 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 3 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 4 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 5 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 6 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 7 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 8 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 9 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 10 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 11 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 12 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 13 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 14 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Position 15 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Notes

How many meetings was this commission scheduled to hold between January 1, and December 31, 2013

How many meetings did this commission actual hold between January 1 and December 31, 2012

VALIDATE AND SUBMIT

OR

SAVE

SAVE: If you wish to save this form, Select SAVE at the bottom right of this form. You will receive an email with a link back to this form. The link will expire in three days.

SUBMIT: To submit this form, respond to the validation questions (Name, Date, Validate) below then select SUBMIT, at the bottom left corner of this form. You will receive and email that contains your responses to this form. Please retain that email.

Enter your name here:

Enter Today's Date

I assert that I have completed this form truthfully and to the best of my ability

Validate

Then select submit, below and to the left.