

File No. B0639

Committee Item No. 26
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date October 10, 2013

Board of Supervisors Meeting Date _____

CMTE BOARD

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- CIVIL GRAND JURY REPORT
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Completed by: Erica Dayrit Date October 4, 2013
Completed by: _____ Date _____



MEMORANDUM

RECEIVED 9/3/13
VIA EMAIL
FNR FILE 130639

TO: Civil Grand Jury

FROM: Ben Rosenfield, Controller *BR*
Peg Stevenson, Performance Director *Peg Stevenson*

DATE: September 3, 2013

SUBJECT: Response to the Report "You Can Only Manage What You Measure"

The Controller's Office has reviewed the report, "Auditing the City Services Auditor: You Can Only Manage What You Measure." We appreciate and share the Civil Grand Jury's belief in the importance of performance measurement and benchmarking as tools in the effective management of public resources. The report provides helpful feedback in a number of areas within this broad field. We have attached our required responses to the report's findings and recommendations, and offer the following general observations:

- **Best Practice Cities.** The report highlights Portland, Oregon and Vancouver, Washington for recognition by the Governmental Accounting Standards Board (GASB) and the International City/County Manager Association (ICMA) for performance measurement. Please note that San Francisco is one of only five of the 20 largest U.S. cities to be awarded the 2013 Certificate of Excellence for Performance Measurement by ICMA. San Francisco also received ICMA awards in 2009, 2010, and 2011.
- **Benchmarking.** We concur that regularizing our benchmarking work will add value for both the public and city leadership. We have worked during the past two years to grow our benchmark reporting of San Francisco versus comparable services in other jurisdictions, and have plans to complete reports on a quarterly basis in the year ahead. It should be noted that benchmarking is also performed in many of the technical assistance projects and audits we have performed during the last decade, a fact not mentioned in the report's narrower focus on our recent reporting.
- **Performance Reporting.** The report focuses heavily on our annual performance measure report as the suggested vehicle to improve public transparency and access to performance information. We do not believe that this single static report is the only platform available to increase the public's ability to gauge government efficiency. We have placed a major development emphasis during the past two years on improving

public access to key government financial and performance information, first through a bimonthly “Government Barometer” and then more recently in an interactive web tool, SFOpenBook, that allows a member of the public to search, browse, and download financial, budget, economic, and performance information. Improvements to these higher-use, self-navigational products during the year ahead will continue to improve public access into the efficiency and effectiveness of city government.

- **Performance Measurement.** We concur with the report’s assessment that a mixed set of departmental performance information – ranging from measurements of inputs, outputs, outcomes, efficiency, and service quality – provide the most balanced view of performance. We will continue to work with departments to revise performance data captured in our central system to improve this balance for selected departments – during this last year, for example, efficiency measures were added and updated for 16 departments.

Thank you for your review and thoughts regarding this important topic, and for the opportunity to respond to the report’s findings and recommendations.

Finding	Response	Explanation
<p>Finding 1. The absence of measures of inputs, outputs, cost-output, per capita cost and labor efficiency as required by Appendix F of the San Francisco Charter make it difficult for citizens to evaluate and comment on the level and funding of City services.</p>	<p>Agree in part</p>	<p>We agree that the City will benefit from more unit cost efficiency measures of the types being recommended by the CGJ. However, there are multiple sources of measures, data and reports that provide citizens with the ability to evaluate and comment on City services. San Francisco is among the best in class of municipalities providing such information, and has a robust transparency effort.</p>
<p>Finding 2. A 2010 data integrity audit of 10 departments in the APMR found that 40 percent of the reported performance measures in the 10 departments are inaccurate. Due to these inaccuracies the APMR cannot be considered a reliable report.</p>	<p>Disagree in part</p>	<p>We agree that data integrity and accuracy are important components of a performance measurement program. Data integrity reviews are a best-practice feature of performance measurement programs, as a means to improve reliability of measures over time. The data integrity audit referenced here was a follow up to our own measure validation program that tested a sample subset of measures in all city departments. The 40% proportion does not apply to the larger BPMS database or overall to the APMR and it is not correct to extrapolate that the APMR is therefore not reliable. In addition, we have now completed the follow up testing of all departments and all failing measures were revisited and an action plan developed to improve accuracy.</p>
<p>Finding 3. Performance measurement reports that lack inputs, outputs, cost-output and outcomes should not be supplemented with numerous customer service and satisfaction measures. Combining performance measures with non-performance measures reduces the utility of the report and is contrary to the intent of Appendix F.</p>	<p>Disagree in part</p>	<p>The Controller's Office has designed and used the BPMS system to allow departments to track many different types of measures. Measures can be quantitative, qualitative, milestones, customer-service related, etc. We have encouraged this type of use so that departments are not penalized when they make an effort to measure and track many types of functions. Overall we believe that this approach builds a larger and better performance measurement effort in the City. We do concur that a balanced set of performance measure types for each department provides the highest utility to both the public and City management.</p>
<p>Finding 4. Understaffing at the CSA might result in the CSA's inability to perform its mandated functions pursuant to Sec. F1.100(d)(9).</p>	<p>Agree in part</p>	<p>We agree that, as a result of conscious and financially-appropriate decisions made by the Controller's Office, Mayor, and Board of Supervisors through the annual budget process, staff vacancies have in some instances led to not performing all the work that would be desirable in the City's performance program. While we believe we are meeting Charter mandates, restoration of funding for staffing as the City's financial position has improved will allow the dedication of additional resources to the program. It should be noted that resources devoted to performance measurement work need to be balanced with all of the other mandates and projects that are performed by the Controller's Office and CSA in a given year.</p>
<p>Finding 5. There are several databases that are not fully utilized by the CSA to generate benchmarking reports that reflect industry standards outputs measures. Association databases like the ones utilized by the San Diego Independent Budget Analyst's report on recreation and parks and library departments are available. In addition ICMA maintains a benchmarking database of 18 government service areas.</p>	<p>Agree</p>	<p>There are many databases developed by professional associations, industry groups and municipalities that have high-value information. The CSA uses these in our benchmarking and technical assistance projects, and will continue to do so going forward.</p>

Finding	Response	Explanation
<p>Finding 6. The City data provided in the street maintenance benchmarking report does not allow the reader to determine if the cities included in the report are comparable.</p>	<p>Disagree</p>	<p>CSA chose the cities included in the street maintenance benchmarking report because they were comparable to San Francisco in one or more important respect such as size, jurisdiction or the types of work performed. We did detailed research to make the comparisons "apples to apples" by including and excluding costs and comparing functions and programs that are fundamentally providing the same or largely similar services.</p>
<p>Finding 7. The per capita spending reported in the DPW street cleaning benchmarking report included spending on salaries, benefits, equipment maintenance, equipment replacement, and contracts. It is important that benchmarking reports isolate and report on cost-output and labor efficiency. The DPW benchmarking report lacked cost-output and labor efficiency measures.</p>	<p>Agree in part</p>	<p>We agree that benchmarking reports should strive to report on unit cost and efficiency measures and will endeavor to include more of such measures in future benchmarking reports.</p>
<p>Finding 8. If benchmarking information for all 48 City departments were prepared by the CSA, the discourse about the level and funding of City services would be enhanced. Benchmarking non-enterprise City departments would make an immediate contribution to the discussion of general fund spending levels.</p>	<p>Agree</p>	<p>We agree that benchmarking information for all City departments would improve the City's understanding and discourse about public services. We are working to do more benchmarking while balancing that work with all other demands on CSA time and resources.</p>

Recommendation	Response	Explanation
<p>R1.1 The CSA include department inputs measures in the APMR.</p>	<p>Already implemented and ongoing</p>	<p>Continuous improvement in the use of performance data in the measurement and management of the City are key program goals. Each year, CSA works to bring additional input, output and unit cost measures into the APMR, with new measures added and removed each year. Over 80 input measures are currently tracked in the system. Further, it should be noted that the APMR is not the only tool used to provide this information to the public. During this past year, we also released an interactive website, SF OpenBook, that gives the public access to a large amount of the City's financial, economic, demographic, and performance information, with plans to expand and better integrate this data in the current and future fiscal years. We believe that, over time, this tool will become a better platform for providing performance, financial, and other information to the public than the APMR.</p>
<p>R1.2 The CSA include department per capita cost calculations in the APMR.</p>	<p>Requires further analysis</p>	<p>Per Capita Measures are not formally mandated or mentioned in Appendix F. As noted in the Grand Jury Report, "Reporting per capita costs for cities that may have different service levels (outputs) has the potential to be misleading." Similarly comparing departmental efficiency according to their per capita costs could be inaccurate when different types of services and costs are provided. We do believe, however, that per capita cost information, properly presented, can provide helpful information to both the public and City management, and have incorporated these high-level measures into our regular benchmarking reports. We will explore the incorporation of per capita cost calculations in other public reporting, potentially including the APMR, SFOpenBook, or other reporting formats.</p>

Recommendation	Response	Explanation
<p>R1.3 The CSA include department outputs measures in the APMR.</p>	<p>Already Implemented and ongoing</p>	<p>Continuous improvement in the use of performance data in the measurement and management of the City are key program goals. Each year, CSA works to bring additional input, output and unit cost measures into the APMR, with new measures added and removed each year. Over 100 output measures are currently tracked in the system. Further, it should be noted that the APMR is not the only tool used to provide this information to the public. During this past year, we also released an interactive website, SF OpenBook, that gives the public access to a large amount of the City's financial, economic, demographic, and performance information, with plans to expand and better integrate this data in the current and future fiscal years. We believe that, over time, this tool will become a better platform for providing performance, financial, and other information to the public than the APMR.</p>
<p>R1.4 The CSA report cost-output labor measures (cost per unit of output or the units of service provided per full time equivalent employee)</p>	<p>Already Implemented and ongoing</p>	<p>Continuous improvement in the use of performance data in the measurement and management of the City are key program goals. Each year, CSA works to bring additional input, output and unit cost measures into the APMR, with new measures added and removed each year. Currently, approximately 50 labor efficiency measures are tracked in the system. Further, it should be noted that the APMR is not the only tool used to provide this information to the public. During this past year, we also released an interactive website, SF OpenBook, that gives the public access to a large amount of the City's financial, economic, demographic, and performance information, with plans to expand and better integrate this data in the current and future fiscal years. We believe that, over time, this tool will become a better platform for providing performance, financial, and other information to the public than the APMR.</p>
<p>R2. The CSA continue to audit the accuracy of reported performance measures in the APMR to ensure an improved error rate that is acceptable to the Citizens' General Obligation Bond Oversight Committee</p>	<p>Already Implemented and ongoing</p>	<p>We concur that continuous work to ensure and improve the accuracy of department-reported performance measures is an important component of the program. The referenced audit of performance measures from the APMR was only a small sample of CSA's work to improve the validity and relevance of performance measures included in the APMR. CSA has since completed our validation effort, which has included review of data from all city departments. CSA has also completed a follow up re-examining all the measures which failed to meet data accuracy standards and setting out an action plan for improving performance measure validity and relevance, and plan to perform continued validation work in the year ahead.</p>
<p>R3. The CSA eliminate performance measures from department performance measurement reports that do not meet the GASB SEA qualitative characteristics (relevance, understandable, comparable) and are inconsistent with the legislative Intent of Appendix F.</p>	<p>Will not be implemented, not warranted</p>	<p>CSA's performance programs includes updating department performance measure sets by working with every department to remove outdated and unused measures and to add new measures that more accurately reflect the work done by departments. The GASB SEA qualitative characteristics are a good starting point for the development of performance measures, but the GASB structure is not the only format that can be used for the development of performance measures. While CSA has the ability to influence department performance measure sets the departments are ultimately responsible for development of performance measures. In addition we believe that BPMS and other platforms should continue to be able to be used by departments to report a variety of types of measures.</p>

Recommendation	Response	Explanation
<p>R4.1 The CSA spend and staff to a level that will allow it to fulfill all of the requirements of Appendix F and remain within the dedicated source of revenue under Sec. F1.100(d)(9).</p>	<p>Already implemented and ongoing</p>	<p>As noted above, we believe that we are fulfilling all Charter mandates. At the same time, we are filling vacancies in FY14 and additional staff hours will be made available for the performance program.</p>
<p>R4.2 The Citizens' General Obligation Bond Oversight Committee monitor open positions and spending in the CSA to ensure the CSA has adequate staff and consultant resources to ensure that all of the requirements of Appendix F are being achieved.</p>	<p>Requires further analysis</p>	<p>In the July 2013 meeting of the CGOBOC this issue was discussed. CSA is willing and able to report on our staffing status in our normal quarterly reports to CGOBOC. These reports also contain status updates on CSA work and often comment on Appendix F requirements. CGOBOC can determine their satisfaction or what further information they would like to receive from CSA.</p>
<p>R5. The CSA utilize industry standard outputs measures when preparing benchmarking reports.</p>	<p>Already implemented</p>	<p>We have recently completed two additional benchmarking reports: Jail Population and Library Services and in each of these used industry standards and existing databases. Each benchmark report has been developed using research on industry standard measures. Benchmarks are subject to the availability and comparability of data. Benchmark reports tentatively planned for FY14 include parks and recreation, transportation, public safety, and financial and debt management, and industry outputs will be incorporated in these and future reports.</p>
<p>R6. CSA benchmarking reports provide data that enable the reader to determine that peer cities in the report are providing comparable services (outputs) to San Francisco.</p>	<p>Already implemented</p>	<p>We concur that comparability is an important consideration in benchmarking work. Appendix F, Section 101 states that CSA shall review benchmarks and conduct comparisons of agencies performing similar functions. In each of CSA's published benchmarking reports similar services are compared. Where exceptions were found clarifying context is also researched and included in the report. Both the Jail and Library services reports provided general descriptions of the similarities and differences of the comparison cities, with similar information provided in all future reports.</p>
<p>R7. Benchmarking reports prepared by the CSA report labor efficiency in the manner prescribed by Sec. F1.101(a)(2).</p>	<p>Already implemented and ongoing</p>	<p>We also believe that unit cost measures are important and have included them in our benchmarking efforts, as possible and appropriate - It is not feasible to always include specific types of measures due to the variation in industry benchmarks and the availability of data. The Street Maintenance report included expenditures per road repavement mile and expenditures per street tree. The Jail report included cost per jail day. The Library report included cost per borrower and program attendees per \$1000 in expenditures. Other efficiency measures included Number of Potholes "Repalred Yearly (In Thousands per Pothole Crew FTE)", "Street Trees Pruned Annually per Tree Maintenance FTE", and other measures. We will continue to work to include efficiency measures in future benchmarking and other reporting.</p>
<p>R8. The CSA benchmark the City's general fund departments prior to benchmarking the City's enterprise departments.</p>	<p>Will not be implemented, not warranted</p>	<p>While the majority of our recent and planned benchmarking reports have focused on General Fund operations, we believe that the funding source for a given service should be one consideration among many when setting benchmarking priorities. Benchmark reports planned for FY14 include parks and recreation, transportation, public safety, and financial and debt management, the majority of which are at least partially funded through the City's General Fund.</p>

Attachment A

Dept	Program	Goal	Performance Measure	FY12 Actual	FY13 Target (if available)	FY13 Projected	FY14 Target	FY15 Target
AAM	Asian Art Museum	Provide quality programs on Asian	City cost per visitor	\$ 34.15	\$ 28.48	\$ 22.77	\$ 32.86	\$ 34.28
ADP	Administration - Adult Probation	Maximize staff effectiveness	Probationers per Probation Officer	102	N/A	64	50	50
ADP	Administration - Adult Probation	Maximize staff effectiveness	Probation officer cost per active probationer	863.45	N/A	971.44	1000	1000
CON	Payroll & Personnel Services	Provide accurate, timely financial transactions	Cost per 1000 checks issued	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00
DBI	Inspection Service	Improve Code Enforcement Turnaround Time	Inspections per inspector/day (building)	11.4	11	11	11	11
DBI	Inspection Service	Improve Code Enforcement Turnaround Time	Inspections per inspector/day (electrical)	13.3	11	11	11	11
DBI	Inspection Service	Improve Code Enforcement Turnaround Time	Inspections per inspector/day (plumbing)	10.1	11	11	11	11
DEM	DEM Emergency Communication	Respond quickly to incoming calls	Calls handled per dispatcher FTE/hour	13	14	14	14	14
DPH	Laguna Honda	Improve health outcomes among San Francisco	Cost per patient per day at Laguna Honda	\$ 790	\$ 835	NA	\$ 876	\$ 920
DPW	BSES	Maintain cleanliness of City streets/sidewalks	Cost per curb mile mechanically swept (controlled routes)	\$ 69.06	\$ 73.40	\$ 73.40	\$ 73.40	\$ 73.40
DPW	BSSR	Maintain City streets in good repair	Cost per block paved by BSSR	\$ 26,853	\$ 23,021	\$ 23,021	\$ 23,021	\$ 23,022
FAM	Admissions	Provide quality art and educational experience to attract a large and diverse audience	City cost per visitor [All museums]	\$ 7.24	\$ 7.65	\$ 7.58	\$ 8.66	\$ 8.81
JUV	Log Cabin Ranch	Improve results for residents placed at Log Cabin Ranch	Cost per youth per day - Log Cabin Ranch	567	577	577	577	577
JUV	Juvenile Hall	Provide a safe and secure environment for staff and detainees	Cost per youth per day - Juvenile Hall	\$ 367	\$ 377	\$ 377	\$ 377	\$ 377
LIB	Systemwide	Meet citizens' needs in quantity and availability of library collections	Collection Expenditures per Number of Borrowers	\$ 22.41	N/A	\$ 22.54	\$ 23.65	\$ 25.79
LIB	Systemwide	Meet citizens' needs in quantity and availability of library collections	Expenditures per Number of Visits	\$ 12.76	N/A	\$ 12.82	\$ 13.31	\$ 13.44
LIB	Systemwide	Meet citizens' needs in quantity and availability of library collections	Expenditures per Circulation of physical & eMedia materials	\$ 8.15	N/A	\$ 8.26	\$ 8.42	\$ 8.60
MTA	Goal 3: Improve the environment and quality of life in San	Objective 3.4: Deliver services efficiently	Cost per revenue mile	\$ 26.82	N/A	\$ 27.89	\$ 29.01	\$ 30.17
MTA	Goal 3: Improve the environment and quality of life in San	Objective 3.4: Deliver services efficiently	Cost per boarding	\$ 2.93	N/A	\$ 3.05	\$ 3.17	\$ 3.30

Attachment A

Dept	Program	Goal	Performance Measure	FY12 Actual	FY13 Target (If available)	FY13 Projected	FY14 Target	FY15 Target
MTA	Goal 3: Improve the environment and quality of life in San	Objective 3.4: Deliver services efficiently	Farebox recovery ratio	31%	N/A	31%	30%	30%
PRT	Maintenance	Financial Stability - Improve utilization of maintenance resources	Maintenance cost per square foot of Port facilities	\$ 1.73	\$ 1.71	\$ 1.64	\$ 1.71	\$ 1.71
PRT	Real Estate & Management	Economic Impact - Achieve maximum revenue from leasing activities	Revenue per square foot of rentable space	4.7	4.6	4.7	4.7	4.7
PUC	Customer and Community	Invest in customers/communit	Cost per gallon of water	\$ 0.70	N/A	\$ 0.78	\$ 0.84	\$ 0.94
PUC	Customer and Community	Invest in customers/communit	Cost per gallon of wastewater	\$ 0.99	N/A	\$ 1.04	\$ 1.09	\$ 1.15
PUC	Customer and Community	Invest in customers/communit	Cost per Kilowatt hour of electricity	\$ 0.10	N/A	\$ 0.11	\$ 0.08	\$ 0.10
REC	Neighborhood and Citywide Services	Improve the quality of park maintenance and create safe, welcoming parks and facilities	Operating Investment Per Acre of San Francisco Parks Maintained (Excluding Golf and Natural Areas)	\$ 15,250	N/A	\$ 16,265	\$ 15,250	\$ 15,250
REC	Neighborhood and Citywide Services	Improve the quantity of park maintenance and create safe, welcoming parks	Number of Permits Issued Per RPD Permit Staff	4,687	N/A	4,605	4,687	4,687
SCI	Academy of Sciences	Ensure that visitors receive an excellent guest experience	City cost per visitor	\$ 1.96	\$ 1.98	\$ 1.98	\$ 2.01	\$ 1.94
SHF	Custody	Provide for the secure and safe detention of persons arrested or under court order	Average Daily Population Cost per day	\$ 150.49	N/A	\$ 174.70	\$ 168.73	\$ 175.44



City and County of San Francisco
Citizens' General Obligation Bond Oversight Committee
Rebecca Rhine, Chair
Jonathan Alloy, Vice Chair

Reviewed 8/20/13
11-1-13
VIA EMAIL

Presiding Judge Cynthia Ming-Mei Lee
Superior Court of California – Civil Grand Jury
County of San Francisco
400 McAllister Street, Room 008
San Francisco, CA 94102-4514

August 27, 2013

RE: Citizens General Obligation Bond Oversight Committee (CGOBOC) –
Response to Civil Grand Jury Report of June 2013 Auditing the City Services
Auditor

Dear Presiding Judge Lee:

I am responding to the two findings in the June 2013 Civil Grand Jury that pertain to the Citizens' General Obligation Bond Oversight Committee (CGOBOC).

Finding #2: Data Integrity

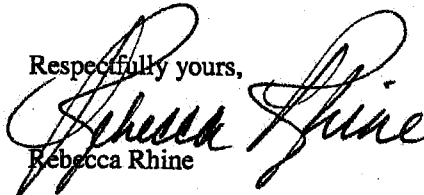
CGOBOC will work with the Controller's Office City Services Auditor to ensure that the performance measures provided by the Departments are as accurate and consistent as possible. We believe that more time is needed in order to better understand and provide feedback on quantifiable reporting. The Committee liaison(s) will review the Performance Measure integrity with the Controller's Office staff and provide helpful suggestions to CGOBOC on suggested improvements.

Finding #4: Understaffing

The Controller's Office has agreed to incorporate staffing level and other resource data into their regular reports to CGOBOC so we can monitor this issue.

Please let me know if further information is required.

Respectfully yours,


Rebecca Rhine

City Hall, Room 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4694

TEL: 554-5212
FAX: 554-7466
cgobo.committee@sfgov.org

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

DATE: July 1, 2013
TO: Members of the Board of Supervisors
FROM: *AC* Angela Calvillo, Clerk of the Board
SUBJECT: 2012-2013 Civil Grand Jury Report

We are in receipt of the San Francisco Civil Grand Jury report released Monday, July 1, 2013, entitled: **Auditing the City Services Auditor: You Can Only Manage What You Measure.** (Attached)

Pursuant to California Penal Code, Sections 933 and 933.05, the Board must:

1. Respond to the report within 90 days of receipt, or no later than October 3, 2013.
2. For each finding:
 - agree with the finding; or
 - disagree with the finding, wholly or partially, and explain why.
3. For each recommendation indicate:
 - when the recommendation was implemented;
 - when the recommendation will be implemented;
 - that the recommendation requires further analysis; or
 - that the recommendation will not be implemented, and explain why.

Pursuant to Administrative Code, Section 2.10, in coordination with the Committee Chair, the Clerk will schedule a public hearing before the Government Audit and Oversight Committee to allow the Board the necessary time to review and formally respond to the findings and recommendations.

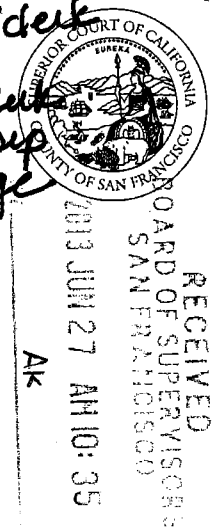
The Office of the Budget and Legislative Analyst will prepare a resolution, outlining the findings and recommendations for the Committee's consideration, to be heard at the same time as the hearing on the report.

Attachment

- c: Honorable Cynthia Ming-mei Lee, Presiding Judge (w/o attachment)
Martha Mangold, Foreperson, 2012-2013 San Francisco Civil Grand Jury (w/o attachment)
Mayor's Office
Ben Rosenfield, Controller
Jon Givner, Deputy City Attorney (w/o attachment)
Rick Caldeira, Legislative Deputy
Debra Newman, Office of the Budget and Legislative Analyst
Severin Campbell, Office of the Budget and Legislative Analyst

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN FRANCISCO
CIVIL GRAND JURY

BOS-11 (direct)
orig: desk
C: COB
Leg Clerk
Leg. Dep
cpage



June 27, 2013

Angela Calvillo
City Hall, 1 Dr. Carlton B. Goodlett Place
Room 244
San Francisco, CA 94102

Dear Ms. Calvillo,

The 2012 – 2013 Civil Grand Jury will release its report entitled, "*Auditing the City Services Auditor: You Can Only Manage What You Measure*," to the public on July 1, 2013. Enclosed is an advance copy of this report. Please note that by order of the Presiding Judge of the Superior Court, Hon. Cynthia Ming-mei Lee, this report is to be kept confidential until the date of release.

California Penal Code §933.5 requires a response to the Presiding Judge no later than October 3, 2013. For each finding in the report, you must either (1) agree with the finding; or (2) disagree with it, wholly or partially, and explain why.

Further, as to each recommendation, your response must either indicate:

- 1) That the recommendation has been implemented, with a summary of how it was implemented;
- 2) That the recommendation has not been, but will be, implemented in the future, with a timeframe for implementation;
- 3) That the recommendation requires further analysis, with an explanation of the scope of that analysis and a timeframe for discussion, not more than six months from the release of the report; or
- 4) That the recommendation will not be implemented because it is not warranted or reasonable, with an explanation. (California Penal Code § 933 and §933.05)

Please provide your response to Presiding Judge Lee at the address below.

Very truly yours,

Martha M. Mangold, Foreperson
2012 – 2013 Civil Grand Jury

400 McAllister Street, Room 008
San Francisco, CA 94102-4512
Phone: 415-551-3605

**Auditing the City Services Auditor:
You Can Only Manage What You Measure**

June 2013



City and County of San Francisco
Civil Grand Jury, 2012-2013

MEMBERS OF THE 2012-2013
CIVIL GRAND JURY
CITY AND COUNTY OF SAN FRANCISCO

Martha Mangold, Foreperson
Fred A. Rodríguez, Foreperson Pro Tem
Leslie Finlev, Recording Secretary
Maria Martinez, Corresponding Secretary

Jon Anderson	Corinna Kaarlela
Jennifer Angelo	Daniel Kreps
Jeanne Barr	Hilary Pedigo
Paul Cheng	Theresa Sabella
Jerry Dratler	Suzanne Tucker
Hülda E. Garfolo	Thomas Walker
D. Peter Gleichenhaus	Stuart Williams
Shelly Hing	

Disclosure

The San Francisco Civil Grand Jury is required to appoint one of the nine members to the Citizens' General Obligation Bond Oversight Committee (CGOBOC) for a two-year term. Generally, the appointee commences CGOBOC service subsequent to the completion of the Civil Grand Jury term (June 30). In February 2013, the Jury was advised that the current Civil Grand Jury appointee to CGOBOC was unable to continue serving. In April 2013, this Jury appointed a current juror to fill the vacancy and for the upcoming term. The Jury makes this disclosure, as there are findings and recommendations in this investigation that pertain to CGOBOC.

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.

Table of Contents

Issue	5
Summary	5
Background	6
Investigation.....	7
1. Measuring Efficiency: Industry Standards and Best Practices	7
Findings and Recommendations.....	11
2. Benchmarking	12
Findings and Recommendations.....	16
Response Matrix	17
Methodology.....	20
Glossary	21
Appendices.....	22
Appendix 1: San Francisco Charter Appendix F	22
Appendix 2: S.F. Consolidated Budget – Uses of Funds.....	30
Appendix 3: GASB Service Efforts and Accomplishments	31
Appendix 4: Recreation and Park – Performance Measures	35
Appendix 5: CSA Audit of Performance Measures.....	38
Endnotes.....	39

Issue

How can the citizens of San Francisco judge the effectiveness and efficiency of their large and complex City government? In response to concerns about these issues, the residents of San Francisco passed Proposition C in 2003, which was codified in Appendix F of the San Francisco Charter. Proposition C was a mandate for San Francisco government to provide informational tools for its citizens to assess the effectiveness of City services and compare the City's progress in delivering these services with other cities.

The 2012-13 Civil Grand Jury investigated the City's compliance with two specific requirements of San Francisco Charter Appendix F:

- Section F1.101(a)(2), which requires the City Services Auditor (CSA) to report on labor efficiency by reporting either the cost per unit of output or the units of service provided per full time equivalent employee.
- Section F1.101(a), which requires the CSA to review performance and cost benchmarks developed by City departments and conduct comparisons of the performance and cost of San Francisco City government with other cities, counties and public agencies.

Summary

There have been two legislative efforts in San Francisco to address the lack of financial transparency in government reporting:

- "The San Francisco Performance and Review Ordinance" passed in 1999 required City departments to prepare and submit annual departmental efficiency plans to the Mayor's Budget Director and the Board of Supervisors.¹
- San Francisco Charter Appendix F (see Appendix 1), created after the 2003 passage of Proposition C, established the office of the City Services Auditor (CSA) to address the lack of transparency in City reporting.

Neither of these efforts resulted in the creation and distribution of City labor efficiency reports nor the benchmarking of City departments against comparable cities.

The City's Five-Year Financial Plan FY 2011-12 through FY 2015-16 forecasts expenses increasing faster than revenues and projects the budget gap to grow to \$829 million in FY 2016.² Wages and benefits account for slightly less than 52 percent of the City budget, and a more effective management of labor costs will ensure the continuation of existing City services in an era of reduced federal and state funding.

The 2012 San Francisco City and County budget was \$6.8 billion, with \$3.5 billion (52 percent) allocated to expenses for salary (\$2.4 billion) and benefits (\$1.1 billion). The average 2012 salary per full time equivalent employee is \$93,329 and the average 2012 employee fringe benefit expense per City employee is \$41,362, for a total average of \$134,691 per employee per year (see Appendix 2). Despite these expenditures, there are no financial reports issued by the CSA that monitor the labor efficiency of the City's budgeted 26,182 employees as required by Appendix F.

Based on our investigation, the 2012-13 Civil Grand Jury makes the following recommendations to bring the City into compliance with the requirements of Appendix F:

- The CSA include five inputs measures in the Annual Performance Measure Reports (APMR) issued by the CSA for all 48 City departments: actual salary expense, operating expense, capital expenditures, total expense, and actual FTEs from the City's payroll and general ledger systems.
- The CSA compute per capita (per resident) amounts for operating expense, capital expense, total expense, and general fund expense for all 48 departments in its APMR.
- City department operating data (inputs measures, e.g., tons of asphalt; outputs measures, e.g., miles of road maintained) be included in the APMR for the purpose of computing cost-output (efficiency) measures.
- The CSA benchmark all 48 City departments against comparable cities.

Background

The City Administrative Code was amended to include Chapter 88 after the passage of "The San Francisco Performance and Review Ordinance of 1999." The rationale for this ordinance was to address insufficient articulation of department programs, missions, and goals in the financial materials received by the Board of Supervisors.³ Section 88.4 of the Administrative Code required City departments to prepare efficiency plans.⁴ The 2007-08 Civil Grand Jury issued a report, *The Numbers Have Something to Say, Is Anybody Listening?*⁵ The report concluded that department efficiency plans were ignored by department directors and the City administration. Legislative changes made to section 88.4 in 2011 had the practical effect of eliminating the efficiency plan requirement.

Section F.101(a) of San Francisco Charter Appendix F (called Appendix F in this report) established the City Services Auditor (CSA) position and defined the responsibilities of the CSA. The responsibilities of the 63 budgeted full time equivalent employees (FTEs) in the CSA are very broad: audit City management practices, oversee City contracting procedures, and conduct regular performance audits of City departments. Appendix F Sec. F1.113 also established funding for the CSA department in the amount of .2 percent

of the annual City budget (about \$12.5 million). The rationale for the CSA is explained in Sec. F1.100 (b) of Appendix F:

It is often difficult for individual San Franciscans to judge the effectiveness and efficiency of local government in providing direct services to residents because of the size and complexity of city government. Consistent with the goals of open government, City government should establish tools to enable residents to assess the effectiveness and efficiency of city services; to compare the city's progress in delivering such services to that of other cities, counties, and government agencies; and, where appropriate, to adopt best practices used in other jurisdictions when consistent with the goals of San Francisco residents.

Other key sections of Appendix F state:

- Section F1.101(a) requires the CSA to “review performance and cost benchmarks developed by City departments” and “conduct comparisons of the cost and performance of San Francisco City government with other cities, counties and public agencies performing similar functions.”
- Section F.101(a)(2) requires the CSA to assess “Measures of efficiency including cost per unit of service provided, cost per unit of output, or the units of service provided per full time equivalent position.”
- Section F101(c) requires “the results of benchmarking studies as well as comparative data” to be made available on the City’s website.
- Section F1.111 authorizes the Citizens’ General Obligation Bond Oversight Committee to function as an independent Citizens’ Audit Review Board. Its role, in part, is to “[r]view the Controller’s service standards and benchmarks to ensure their accuracy and usefulness,” and “[w]here it deems appropriate, hold public hearings regarding the results of benchmark studies and audits to encourage the adoption of ‘best practices’ consistent with the conclusions of the studies and audits.”
- Section F1.113 requires the Mayor and the Board of Supervisors to budget an amount equal to at least two-tenths of one percent (0.2%) of the City's overall budget . . . to implement this provision. This amount . . . shall be used exclusively to implement the duties and requirements of this Appendix.” (Added November 2003)

Investigation

1. Measuring Efficiency: Industry Standards and Best Practices

A desire to find financial information on the efficiency of City departments led the 2012-13 Civil Grand Jury to investigate performance measurement in government. We learned

about two organizations that address this issue: the Government Accounting Standards Board⁶ (GASB) and the International City/County Management Association⁷ (ICMA).

In 2010, GASB issued voluntary guidelines for performance measurement reporting, *Service Efforts and Accomplishments* (SEA) (see Appendix 3). SEA information complements traditional financial statements to provide a more comprehensive portrait of how a government is managing manages the financial resources entrusted to it.

The SEA guidelines identify four components essential for an effective report that would allow users of government financial information to assess the efficiency of the provision and delivery of government services. The four essential components are:

- Purpose and scope - why the SEA performance information is being reported and the government sector to which it relates
- Major goals and objectives - a basis for assessing the degree to which a government has achieved the intended results of its various programs and services
- Key measures of SEA performance - key indicators identified by the government as being the most important to report users
- Discussion and analysis of results and challenges - narrative about the factors that affect the level of achievement of results and plans for addressing challenges

The SEA guidelines also identify qualitative characteristics for governmental financial reporting. These are: relevance, understandability, comparability, timeliness, consistency, and reliability.

The GASB recommends that SEA reports include the following data:

- Inputs: e. g., tons of asphalt used to repair roads
- Outputs: e. g., miles of roadway repaired each year
- Cost-output: e., g. cost to repair a mile of roadway
- Outcomes: e. g., physical condition of roadways

A report with inputs data on the tons of asphalt and the labor used to repair a road combined with outputs data such as the miles of roadway repaired can be used to compute the cost-output (unit cost) of repairing a mile of road. The cost to repair a mile of road can be reported over multiple years and benchmarked against the same cost-outputs measure in comparable cities. Other department-specific performance measurement data that is relevant, understandable, comparable, reliable, and accurate can be included in performance reports.

Appendix F Sec. F1.113 legislated that .2 percent of the City budget or about \$12.5 million in funding be provided annually to ensure that the CSA achieves its objectives. Appendix F Sec. F1.111 authorizes the Citizens' General Obligation Bond Oversight Committee (CGOBOC) to oversee the CSA and "review the Controller's service standards and benchmarks to ensure their accuracy and usefulness."

CGOBOC minutes⁸ and meeting materials indicate that about 30 percent of the currently budgeted CSA staff positions are unfilled and that the CSA has used only 75 percent of the dedicated source of revenue provided under Sec. F1.100(d)(9) to perform its mandated functions.

This Jury's goal was to determine if the CSA is effective in providing San Francisco citizens with reports that monitor how City government is managing the financial resources entrusted to it.

The GASB establishes government accounting standards, and organizations such as ICMA provide training in the area of performance management. The ICMA maintains a benchmarking database of 18 government service areas. Portland, Oregon, and Vancouver, Washington, have been recognized by GASB and ICMA for excellence in performance measurement reporting.

The Jury looked for a San Francisco department performance report that could be compared with performance reports issued by Portland and Vancouver. Based upon the similarity of tasks performed, the only department to meet the criteria was Recreation and Parks. Using reports from each of the three cities, the Jury compiled a table comparing performance measures reported by San Francisco with those reported by the best practices cities (see Figure 1).

The 2010 Recreation and Parks Department Performance Measure Report issued by the CSA (see Appendix 4) has substantially fewer input measures and no labor efficiency and benchmarking performance measures compared with GASB and ICMA best practices cities. In addition, the two performance measures are not easily located in the Recreation and Parks Annual Performance Measure Report (Rec & Park APMR). Given all the data collected by the City, the CSA should be able to report operating expenditures, capital expenditures, FTEs, cost per acre, or other similar standard measures utilized by best practice cities.

City and County of San Francisco
2012-2013 Civil Grand Jury

	FY2009-2010 Portland Oregon	FY 2009-2010 Vancouver Washington	FY 2009-2010 San Francisco California
<u>Inputs</u>			
Operating expenditures	\$73,300,000		
Capital expenditures	\$ 8,700,000		
Total expenditures	\$82,000,000		
Permanent staff (FTEs)	445	58	
Seasonal staffing (FTEs)	381		
Volunteer (FTEs)	222		
Number of park volunteer hours	-		70,180
Number of recreation volunteer hours	-		58,834
Total volunteer hours	460,746		129,014
Total paid staff hours	1,700,000		
<u>Cost- output</u>			
cost per acre per year to maintain city parks		\$2,790	
cost per acre per year to maintain community parks		\$4,108	
<u>Per capita</u>			
Operating spending per capita	\$126		
Capital spending per capita	\$15		
Cost per city resident for park grounds		\$11.31	
Cost per city resident for recreation programs		\$12.14	
<u>Benchmarking</u>			
Park operating budget per capita- Portland	\$109		
Park operating budget per capita -six city average (Charlotte, Cincinnati, Denver, Kansas City, Sacramento, Seattle)	\$96		
<u>Other measures</u>			
Cost recover for fee supported programs	34%		
Recreation total cost recovery		76%	
Administrative costs as a percentage of operating budget		13%	
Workers compensation claims per /100 workers	7.6		
Percentage of maintenance done that is preventive (hours spent ,goal 52%)	58%		
Volunteer hours as a percentage of paid staff	27%		
Management to-full-time staff ratio on Dec. 31		1:7.3	

Figure 1: Comparison of recreation and park performance reporting in three U.S. cities
(Source: Compiled by 2012-13 Civil Grand Jury with information from city reports of
Portland, OR.; Vancouver, WA.; and San Francisco, CA.)⁹

The 2010-11 San Francisco Annual Performance Measure Report¹⁰ (APMR) has 1,024 performance measures for 48 City departments. Many of the measures in the report are customer service and customer satisfaction measures. Both customer service and satisfaction are important performance measures; however, they do not report on the effectiveness of City government, which is a requirement of Appendix F and the focus of this report.

Ninety-four (9 percent) of the 1,024 performance measures reported in the APMR deal with the timely delivery of employee reviews.¹¹ The employee performance review process is important, but this specific measure is not relevant to assessing the City's effectiveness in achieving the goals and objectives of San Francisco citizens.

The CSA audited the performance measures of 10 City departments in the 2010 APMR and found that 40 percent of the measures were inaccurate (see Appendix 5). The 10 City departments audited by the CSA have 210 performance measures in the APMR and 72 measures were reviewed in the audit.

The Jury reviewed all 48 APMR department reports and found no labor efficiency measures or labor benchmarking measures.

Findings and Recommendations

Based on its investigation on measuring efficiency, the Jury has the following conclusions and recommendations:

Finding 1. The absence of measures of inputs, outputs, cost-output, per capita cost, and labor efficiency as required by Appendix F of the San Francisco Charter makes it difficult for citizens to evaluate and comment on the level and funding of City services.

Recommendation 1.1 The CSA include department inputs measures in the APMR.

Recommendation 1.2 The CSA include department per capita cost calculations in the APMR.

Recommendation 1.3 The CSA include department outputs measures in the APMR.

Recommendation 1.4 The CSA report cost-output labor measures (cost per unit of output or the units of service provided per full time equivalent employee).

Finding 2. A 2010 data integrity audit of 10 departments in the APMR found that 40 percent of the reported performance measures in the 10 departments are inaccurate. Due to these inaccuracies the APMR cannot be considered a reliable report.

Recommendation 2. The CSA continue to audit the accuracy of reported performance measures in the APMR to ensure an improved error rate that is acceptable to the Citizens' General Obligation Bond Oversight Committee.

Finding 3. Performance measurement reports that lack inputs, outputs, cost-output and outcomes should not be supplemented with numerous customer service and satisfaction measures. Combining performance measures with non-performance measures reduces the utility of the APMR and is contrary to the intent of Appendix F.

Recommendation 3. The CSA eliminate performance measures in the APMR that do not meet the GASB SEA qualitative characteristics (relevance, understandable, comparable) and are inconsistent with the legislative intent of Appendix F.

Finding 4. Understaffing at the CSA might result in the CSA's inability to perform its mandated functions pursuant to Sec. F1.100(d)(9).

Recommendation 4.1 The CSA spend and staff to a level that will allow it to fulfill all of the requirements of Appendix F and remain within the dedicated source of revenue under Sec. F1.100(d)(9).

Recommendation 4.2 The Citizens' General Obligation Bond Oversight Committee monitor open positions and spending in the CSA office to ensure that the CSA has adequate staff and consultant resources and all of the requirements of Appendix F are being achieved.

2. Benchmarking

The CSA is required under Secs. F1.101(a) and (c) of Appendix F to prepare and issue reports that benchmark San Francisco City departments against comparable cities and to post the benchmarking reports on the City's website. In the 10 years following the enactment of Appendix F, the CSA has completed only two benchmarking reports.

Our Jury conducted online searches to identify cities that benchmark their individual city departments and found a benchmarking report issued by the San Diego Independent Budget Analyst for the recreation and parks and public library departments. The initial report was issued in 2007¹² and an updated report was issued in 2012.¹³

The process used by the San Diego analyst provides an example of how benchmarking reports can be prepared and association databases utilized to identify and select peer cities. The San Diego analyst used the Public Library Data Service Statistical Report that is published annually and presents data from 873 public libraries in the U.S. on finances, library resources, and annual use figures. Comparable data is available from the Center for City Park Excellence, which maintains a database of park facts for the 60 largest cities in the U.S.

This jury elected to focus on the library¹⁴ section of the San Diego analyst's 2007 report for the purpose of illustration and to provide a comparison to the 2011 Department of Public Works benchmarking report issued by the CSA. The Jury consolidated the library data from many individual slides in the 2007 San Diego analyst's report into the table below (Figure 2).

City	Total	Total Library	Avg. library	Total Library	Library	Library	Total Library
	Library Sq. ft.	Circulation	Service hours		General Fund	Operating	Full Time
	Per 1,000	Per 1,000	Per 1,000	Sq. Feet	Expenditures	Expenditures	Equivalent
	Residents	Residents	Residents		Per capita	Per capita	Employees
	FY2006	FY2006	FY2006	FY2006	F2006	F2006	FY2006
Detroit	280	935	59.0	644,773		\$ 41.25	0.44
Phoenix	309	8,887	32.9	451,732	\$ 21.81	\$ 22.72	0.31
San Diego	403	5,364	57.2	526,163	\$ 27.95	\$ 29.90	0.31
Indianapolis	468	16,573	96.2	389,780		\$ 37.04	0.53
Las Vegas	484	7,965	44.2	631,156		\$ 34.02	0.35
San Francisco	697	9,340	69.50	556,653	\$ 42.31	\$ 74.69	0.74
Dallas	768	5,921	58.1	968,017	\$ 20.05	\$ 21.70	0.34
San Jose	777	15,155	46.9	740,729	\$ 25.49	\$ 31.62	0.35
Seattle	1,046	14,967	129.1	605,287	\$ 76.73	\$ 90.57	0.79
Denver	1,347	16,051	79.0	775,739	\$ 49.98	\$ 54.04	0.72
Average	658	10,116	67.2	629,003	\$ 37.76	\$ 43.76	0.49
S. F. % of average	106%	92%	103%	88%	112%	171%	152%

Figure 2: Library benchmarking: comparison of 10 U.S. cities
(Source: Compiled by 2012-13 Civil Grand Jury with information from The City of San Diego, Office of the Independent Budget Analyst Report, Benchmarking of the Park and Recreation and Library Departments issued November 9, 2007)

The first four columns in the table (Figure 2) illustrate that the peer cities in the report have comparable measures: library square feet per 1,000 residents, circulation per 1,000 residents, library service hours per 1,000 residents, and total library square feet. San Francisco is within 11 percent of the average of the peer cities in all four columns.

The last three columns in the table compare general fund expenditures per capita, library operating expenditures per capita, and the number of FTEs per 1,000 residents of each city. San Francisco's per capita operating expenditure of \$74.69 per citizen is 171 percent higher than the average of the 10 peer cities. San Francisco has .74 library employees per 1,000 residents or 152 percent of the .49 FTE average of the 10 cities. The above benchmarking example demonstrates that when benchmarking data is prepared and available, San Francisco citizens have informational tools with which to examine and query whether "City services are delivered in an efficient and cost-effective manner"¹⁵ consistent with the goals of Appendix F.

The first benchmarking report, issued by the CSA in 2011, benchmarked five City services in the Department of Public Works (DPW). The benchmarked service areas in the report are: street and sidewalk cleaning, illegal dumping, street maintenance, and graffiti abatement. The CSA sent a questionnaire to seven cities: Chicago, San Jose, Oakland, Seattle, Sacramento, Washington, D. C., and Vancouver, Canada. The CSA report structure was similar for each of the five service areas.

The chart below (Figure 3) summarizes the per capita costs for the five services in the CSA report. Our Jury report focuses on street cleaning.

- San Francisco spends an average of \$17 more per capita for five services we tested. The largest gap occurs in road resurfacing and reconstruction. Please note: road resurfacing and reconstruction is included within the total street maintenance expenditures.

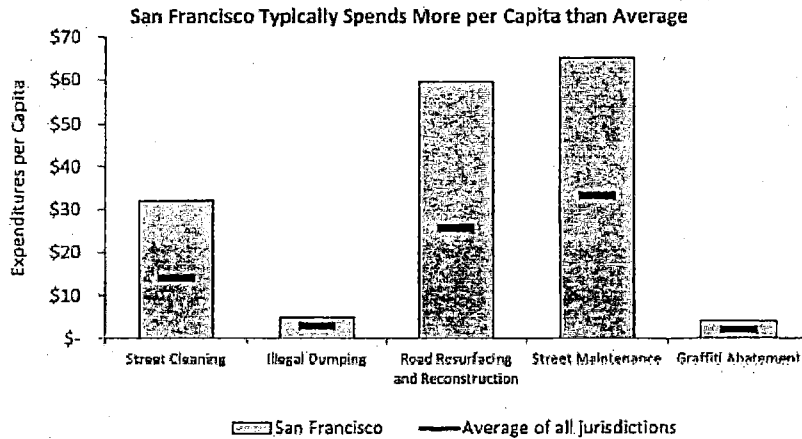


Figure 3: San Francisco per capita costs for five services within street maintenance (Source: City and County of S.F., Office of the Controller-City Services Auditor Street Maintenance Benchmarking Report FY 2011, p. 3, May 8, 2012)

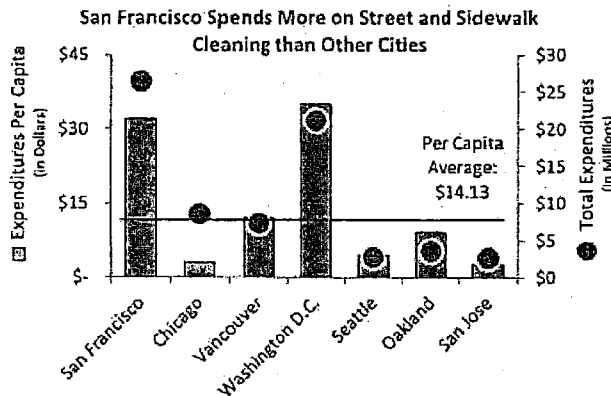
The table below (Figure 4) shows three specific attributes of the cities included in the *CSA 2011 Street Maintenance Benchmarking Report*. It is unclear if the cities selected in the report deliver similar city services (outputs).

City	Population	Population Density (persons per square mile)	Land Area (In square miles)
Chicago	2,695,600	11,374	237
San Jose	945,942	5,358	177
San Francisco	824,525	17,543	47
Seattle	606,660	7,251	84
Vancouver	603,502	13,623	44
Washington, D.C.	601,723	8,784	69
Sacramento	466,488	4,727	99
Oakland	390,724	5,009	78

Figure 4: Comparison of population, population density, and land area of eight cities (Source: City and County of S.F., Office of the Controller- City Services Auditor Street Maintenance Benchmarking Report FY 2011, p. 9, May 8, 2012)

The chart below (Figure 5) is a more detailed presentation of City spending on street and sidewalk cleaning. It shows that San Francisco spends more on street and sidewalk cleaning than other cities. The CSA Street Maintenance benchmarking report does not include the number of curb miles swept (outputs) for each city or the cost per curb mile swept (cost-output). The number of curb miles swept can be easily computed by taking the number of curb miles cleaned times the cleaning frequency (weekly, bi-weekly, monthly etc.). Reporting per capita costs for cities that may have different service levels (outputs) has the potential to be misleading and is not consistent with the intent of Sec. F1.101(a).

The street cleaning figures below include both mechanical and manual street cleaning, and include salaries, benefits, equipment maintenance, equipment replacement, and contracts.



Figures 5: Comparison of street and sidewalk cleaning costs in seven U.S. cities (Source: City and County of S.F., Office of the Controller - City Services Auditor, Street Maintenance Benchmarking Report FY 2011, p. 10, May 8, 2012)

Findings and Recommendations

Finding 5. There are several databases that are not fully utilized by the CSA to generate benchmarking reports that reflect industry standards outputs measures. Association databases like the ones utilized by the San Diego Independent Budget Analyst's report on recreation and parks and library departments are available. In addition the ICMA maintains a benchmarking database of 18 government service areas.

Recommendation 5. The CSA utilize industry standard outputs measures when preparing benchmarking reports.

Finding 6. The City data provided in the street maintenance benchmarking report does not allow the reader to determine if the cities included in the report are comparable.

Recommendation 6. CSA benchmarking reports provide data that enable the reader to determine that peer cities in the report are providing comparable services (outputs) to San Francisco.

Finding 7. The per capita spending reported in the DPW street cleaning benchmarking report included spending on salaries, benefits, equipment maintenance, equipment replacement, and contracts. It is important that benchmarking reports isolate and report on cost-output and labor efficiency. The DPW benchmarking report lacked cost-output and labor efficiency measures.

Recommendation 7. Benchmarking reports prepared by the CSA report labor efficiency in the manner prescribed by Sec. F1.101(a)(2).

Finding 8. If benchmarking information for all 48 City departments were prepared by the CSA, the discourse about the level and funding of City services would be enhanced. Benchmarking non-enterprise City departments would make an immediate contribution to the discussion of general fund spending levels.

Recommendation 8. The CSA benchmark the City's general fund departments prior to benchmarking the City's enterprise departments.

Response Matrix

Findings	Recommendations	Responses Required
<p>1. The absence of measures of inputs, outputs, cost-output, per capita cost and labor efficiency as required by Appendix F of the San Francisco Charter make it difficult for citizens to evaluate and comment on the level and funding of City services.</p>	<p>1.1 The CSA include department inputs measures in the APMR.</p> <p>1.2 The CSA include department per capita cost calculations in the APMR.</p> <p>1.3 The CSA include department outputs measures in the APMR.</p> <p>1.4 The CSA report cost- output labor measures (cost per unit of output or the units of service provided per full time equivalent employee)</p>	<p>City Controller</p> <p>City Controller</p> <p>City Controller</p> <p>City Controller</p>
<p>2. A 2010 data integrity audit of 10 departments in the APMR found that 40 percent of the reported performance measures in the 10 departments are inaccurate. Due to these inaccuracies the APMR cannot be considered a reliable report.</p>	<p>2. The CSA continue to audit the accuracy of reported performance measures in the APMR to ensure an improved error rate that is acceptable to the Citizens' General Obligation Bond Oversight Committee</p>	<p>City Controller and CGOBOC</p>
<p>3. Performance measurement reports that lack, inputs, outputs, cost-output and outcomes should not be supplemented with numerous customer service and satisfaction measures. Combining performance measures with non-performance measures reduces the utility of the report and is contrary to the intent of Appendix F.</p>	<p>3. The CSA eliminate performance measures from department performance measurement reports that do not meet the GASB SEA qualitative characteristics (relevance, understandable, comparable) and are inconsistent with the legislative intent of Appendix F.</p>	<p>City Controller</p>

Findings	Recommendations	Responses Required
<p>4. Understaffing at the CSA might result in the CSA's inability to perform its mandated functions pursuant to Sec. F1.100(d)(9).</p>	<p>4.1 The CSA spend and staff to a level that will allow it to fulfill all of the requirements of Appendix F and remain within the dedicated source of revenue under Sec. F1.100(d)(9).</p> <p>4.2 The Citizens' General Obligation Bond Oversight Committee monitor open positions and spending in the CSA to ensure the CSA has adequate staff and consultant resources to ensure that all of the requirements of Appendix F are being achieved.</p>	<p>City Controller</p> <p>CGOBOC</p>
<p>5. There are several databases that are not fully utilized by the CSA to generate benchmarking reports that reflect industry standards outputs measures. Association databases like the ones utilized by the San Diego Independent Budget Analyst's report on recreation and parks and library departments are available. In addition ICMA maintains a benchmarking database of 18 government service areas.</p>	<p>5. The CSA utilize industry standard outputs measures when preparing benchmarking reports.</p>	<p>City Controller</p>
<p>6. The City data provided in the street maintenance benchmarking report does not allow the reader to determine if the cities included in the report are comparable.</p>	<p>6. CSA benchmarking reports provide data that enable the reader to determine that peer cities in the report are providing comparable services (outputs) to San Francisco.</p>	<p>City Controller</p>

Findings	Recommendations	Responses Required
<p>7. The per capita spending reported in the DPW street cleaning benchmarking report included spending on salaries, benefits, equipment maintenance, equipment replacement, and contracts. It is important that benchmarking reports isolate and report on cost-output and labor efficiency. The DPW benchmarking report lacked cost-output and labor efficiency measures.</p>	<p>7. Benchmarking reports prepared by the CSA report labor efficiency in the manner prescribed by Sec. F1.101(a)(2).</p>	<p>City Controller</p>
<p>8. If benchmarking information for all 48 City departments were prepared by the CSA, the discourse about the level and funding of City services would be enhanced. Benchmarking non-enterprise City departments would make an immediate contribution to the discussion of general fund spending levels.</p>	<p>8. The CSA benchmark the City's general fund departments prior to benchmarking the City's enterprise departments.</p>	<p>City Controller</p>

Methodology

The 2012-13 Civil Grand jury conducted Internet searches to secure information on the topic of performance measurement of City departments.

The Jury reviewed materials prepared by the Government Accounting Standards Board (GASB) and International City/County Management Association (ICMA), articles written in professional journals on performance management in government, and performance measurement reports issued by other cities and by the independent budget analysts in other cities. The Jury also reviewed numerous financial reports generated by the office of the City Controller and individual City departments. Particular focus was placed on the Annual Performance Measurement Report and the Annual City Budget.

The Jury conducted interviews with administrative and departmental City employees to discuss performance reporting. Minutes of the Citizens General Obligation Bond Oversight Committee were reviewed.

Glossary

APMR	Annual Performance Measure Report issued by the City Services Auditor.
Appendix F	Appendix F of the San Francisco City Charter - the section of the City Charter that details the authority and duties of the City Services Auditor.
Chapter 88	Chapter 88 of the City Administrative Code - established following the approval of the San Francisco Performance and Review Ordinance of 1999
CGOBOC	Citizens' General Obligation Bond Oversight Committee - established with the adoption of Proposition F in 2002. The nine members of the CGOBOC are responsible for informing the public concerning the expenditure of general bond proceeds. The CGOBOC also is the independent Citizen's Review Board for the CSA.
CSA	The City Controller also has the title of City Services Auditor.
DPW	San Francisco Department of Public Works - the department responsible for City owned building repair, street cleaning and forestry, and street and sewer repair.
GASB	Government Accounting Standards Board - the organization that establishes accounting standards for federal, state and municipal government.
FTE	Full Time Equivalent employee - a unit of measure. One FTE is 2,080 hours (40 hours x 52 weeks).
ICMA	International City/County Management Association - an association dedicated to advancing professional local government worldwide.
Proposition C	A measure on the 2003 ballot to expand the functions of the City Controller by creating and funding the City Services Auditor function.
SEA	Service Efforts and Accomplishments - a GASB recommended standard for reporting on how well government is managing the financial resources entrusted to it.

Appendices

Appendix 1: San Francisco Charter Appendix F

F1.100. FINDINGS.

(a) City residents rely upon the government of the city and county to deliver many important services affecting the health, vitality and economy of San Francisco. These include services related to the maintenance and cleanliness of streets and parks, health care, emergency services, transportation and public works. Recognizing the difficult economic times the City faces, preservation and enhancement of such services can be achieved only by ensuring that city services are delivered in an efficient, cost-effective manner, and that government waste and unnecessary bureaucracy are curtailed to the greatest extent possible.

(b) It is often difficult for individual San Franciscans to judge the effectiveness and efficiency of local government in providing direct services to residents because of the size and complexity of city government. Consistent with the goals of open government, City government should establish tools to enable residents to assess the effectiveness and efficiency of city services; to compare the city's progress in delivering such services to that of other cities, counties and government agencies; and, where appropriate, to adopt best practices used in other jurisdictions when consistent with the goals of San Francisco residents.

(c) The San Francisco Controller is uniquely situated to provide objective, rigorous measurement of City service levels and effectiveness because the Controller is already charged with assessment of departmental performance and fiscal soundness. In addition, the Controller is appointed to a ten-year term, and therefore is sufficiently independent to render impartial assessments of the city's provision of public services.

(d) Therefore, this Charter Amendment:

(1) Establishes the Controller as the City Services Auditor, with the authority to conduct independent management and performance audits of departments providing services to San Francisco residents;

(2) Instructs the Controller/City Services Auditor to publish comparisons of the performance of San Francisco departments, the services they deliver, and the outcomes they achieve with other public agencies;

(3) Requires that the Controller/City Services Auditor perform comprehensive financial and performance audits of selected city departments each year;

(4) Mandates that the Controller/City Services Auditor review standards for street and park maintenance in consultation with responsible City departments and perform an annual Clean Streets/Clean Parks audit to track whether these standards are met;

(5) Provides the Controller/City Services Auditor the authority to review citywide standards for government contracting processes and the development of Requests For Proposals to ensure that the selection process is fair and unbiased;

(6) Prohibits conflicts of interest in the auditing process by preventing companies that have participated in departmental operations from acting as outside auditors, requiring that all employees participating in audits be designated confidential employees for labor-relations purposes, and permitting the Controller to obtain outside independent assistance when in-house employees are subject to potential conflicts of interest;

(7) Requires the Controller/City Services Auditor to administer and publicize a whistleblower hotline and website for citizens and employees to report wrongdoing, waste, inefficient practices and poor performance in city government and service delivery;

(8) Authorizes the Citizens' General Obligation Bond Oversight Committee to also function as an independent Citizens Audit Review Board to advise the Controller/City Services Auditor, to recommend departments in need of comprehensive audit, and to review citizen complaints received through the whistleblower program; and

(9) Provides a dedicated source of revenue equivalent to two-tenths of one percent of the budget of the City and County of San Francisco. (Added November 2003)

F1.101. CITY SERVICES AUDITOR; SERVICES AUDIT UNIT.

(a) In addition to the other duties prescribed by this Charter, the Controller shall perform the duties of a City Services Auditor, responsible for monitoring the level and effectiveness of services provided by the government of the City and County of San Francisco to the people of San Francisco. The City Services Auditor shall establish and maintain a Services Audit Unit in the Controller's Office to ensure the financial integrity and improve the overall performance and efficiency of City government. The Services Audit Unit shall review performance and cost benchmarks developed by City departments in consultation with the Controller and based on their departmental efficiency plans under Chapter 88 of the Administrative Code, and conduct comparisons of the cost and performance of San Francisco City government with other cities, counties and public agencies performing similar functions. In particular, the Services Audit Unit shall assess:

(1) Measures of workload addressing the level of service being provided or providing an assessment of need for a service;

(2) Measures of efficiency including cost per unit of service provided, cost per unit of output, or the units of service provided per full time equivalent position; and

(3) Measures of effectiveness including the quality of service provided, citizen perceptions of quality, and the extent a service meets the needs for which it was created.

(b) The service areas for which data is collected and comparisons conducted shall include, but not be limited to:

(1) The cleanliness and condition of streets, sidewalks, and the urban environment and landscape;

- (2) The performance of other public works and government-controlled public utilities, including water and clean water programs;
 - (3) Parks, cultural and recreational facilities;
 - (4) Transportation, as measured by the standards set out in Charter Section 8A.103, provided, however, that primary responsibility for such assessment shall continue to be exercised by the Municipal Transportation Agency pursuant to Charter Section 8A.100 et seq.;
 - (5) The criminal justice system, including the Police Department, Juvenile and Adult Probation Departments, Sheriff, District Attorney and Public Defender;
 - (6) Fire and paramedic services;
 - (7) Public health and human services;
 - (8) City management; and,
 - (9) Human resources functions, including personnel and labor relations.
- (c) The information obtained using the service measurement standards set forth above shall be compiled on at least an annual basis, and the results of such benchmark studies, as well as comparative data, shall be available on the City's website. (Added November 2003)

F1.102. STREET, SIDEWALK, AND PARK CLEANING AND MAINTENANCE.

(a) The Services Audit Unit shall conduct annually a performance audit of the City's street, sidewalk, and public park maintenance and cleaning operations. The annual audit shall:

- (1) Include quantifiable, measurable, objective standards for street, sidewalk, and park maintenance, to be developed in cooperation and consultation with the Department of Public Works and the Recreation and Park Department;
- (2) Based upon such measures, report on the condition of each geographic portion of the City;
- (3) To the extent that standards are not met, assess the causes of such failure and make recommendations of actions that will enhance the achievement of those standards in the future;
- (4) Ensure that all bond funds related to streets, parks and open space are spent in strict accordance with the stated purposes and permissible uses of such bonds, as approved by the voters.

Outside of the audit process, the City departments charged with cleaning and maintaining streets, sidewalks, and parks shall remain responsible for addressing individual complaints regarding specific sites, although the Controller may receive and investigate such complaints under Section F1.107.

(b) In addition, all city agencies engaged in street, sidewalk, or park maintenance shall establish regular maintenance schedules for streets, sidewalks, parks and park facilities, which shall be available to the public and on the department's website. Each such department shall monitor compliance with these schedules, and shall publish regularly data showing the extent to which the department has met its published schedules. The City Services Audit Unit shall audit each department's compliance with these requirements annually, and shall furnish recommendations for meaningful ways in which information regarding the timing, amount and kind of services provided may be gathered and furnished to the public. (Added November 2003)

F1.103. MANAGEMENT PRACTICES.

The City Services Audit Unit shall:

- (1) Conduct and publish an annual review of management and employment practices, including City policies and MOU provisions, that either promote or impede the effective and efficient operation of city government;
- (2) Identify the top five City departments by workers compensation claims, list the cost of these claims, and recommend ways to reduce both workplace injuries and improper claims;
- (3) Identify the top five departments by overtime expenditures and report on the cause and potential mitigations for any excessive overtime spending; and,
- (4) Conduct best practices reviews and other studies and assist departments in implementing their findings. (Added November 2003)

F1.104. PERFORMANCE AUDITS.

The City Services Audit Unit shall conduct periodic, comprehensive financial and performance audits of city departments, services, and activities. Except as provided in Section F1.102, the Controller shall have discretion to select, on a rotating basis, departments, services, and activities for audit, giving priority to matters affecting direct services to the residents of the City and County of San Francisco. In selecting audit subjects, the Controller shall give preference to requests for performance audits made by the Audit Review Board, the Mayor, the Board of Supervisors, department heads, and commissions; provided, however, that absent extraordinary circumstances, no department, activity, or service shall be subject to repeated audits in two successive years. (Added November 2003)

F1.105. AUDIT RESULTS.

- (a) Before making public any portion of any draft, notes, preliminary or final report relating to the operations or activities of a City officer or agency, the Controller shall deliver a copy of the draft report to any such officer, and to the head of any agency discussed in such report and provide the officer and agency, in writing, with a reasonable deadline for their review and response. The Controller shall include in any report, or portion thereof that is made public, a copy or summary of all such officer and agency responses. In addition, the audit shall include an analysis of the anticipated costs and/or savings of any recommendations contained in the report.
- (b) The Controller shall publish the results of all final performance audits and a summary of agency responses, shall deliver copies of such audits to relevant department heads, Audit Review Board, Mayor, City Attorney, Board of Supervisors, San Francisco Civil Grand Jury, and San Francisco Public Library, and shall make the audits available on the City's website. Each department subject to recommendations by the Controller shall include with its next two annual budget requests following such audit a report on the status of the Controller's recommendations. In particular, the report shall include:
 - (1) the Controller's final audit recommendations;
 - (2) a plan to address the Controller's findings and to implement the Controller's recommendations;
 - (3) any costs or savings reflected in the proposed budget attributable to implementation of Controller recommendations; and

(4) a statement of the recommendations that the department does not intend to implement and the basis of the department head's determination not to adopt the Controller's recommendation.

(c) To avoid conflicts of interest, all employees engaged in preparation of audits shall be designated as confidential employees. If the Controller determines that any member of the regular audit staff is unable to participate in an audit due to a potential conflict of interest, or as a result of the employee's collective bargaining representation, the Controller shall have the option of assigning other employees regardless of civil service job description, hiring outside experts, or contracting for such services with an outside individual or agency. (Added November 2003)

F1.106. OVERSIGHT OF CONTRACTING PROCEDURES.

The Controller shall have the duty to perform regular oversight of the City's contracting procedures, including developing model criteria and terms for City Requests for Proposals (RFPs), auditing compliance with City contracting rules and procedures, and, where appropriate, investigating cases of alleged abuse or conflict of interest. Nothing in this Section shall be construed to alter the existing jurisdiction of City departments and agencies with respect to contracting. Should the Controller find that there has been an abuse or conflict of interest, he or she shall refer that finding to the Ethics Commission, the District Attorney, and the City Attorney for possible enforcement action. (Added November 2003)

F1.107. CITIZENS' COMPLAINTS; WHISTLEBLOWERS.

(a) The Controller shall have the authority to receive individual complaints concerning the quality and delivery of government services, wasteful and inefficient City government practices, misuse of City government funds, and improper activities by City government officers and employees. When appropriate, the Controller shall investigate and otherwise attempt to resolve such individual complaints except for those which:

- (1) another City agency is required by federal, state, or local law to adjudicate,
- (2) may be resolved through a grievance mechanism established by collective bargaining agreement or contract,
- (3) involve allegations of conduct which may constitute a violation of criminal law, or
- (4) are subject to an existing, ongoing investigation by the District Attorney, the City Attorney, or the Ethics Commission, where either official or the Commission states in writing that investigation by the Controller would substantially impede or delay his, her, or its own investigation of the matter.

If the Controller receives a complaint described in items (1), (2), (3), or (4) of this paragraph, the Controller shall advise the complainant of the appropriate procedure for the resolution of such complaint.

(b) If the Controller receives a complaint alleging conduct that may constitute a violation of criminal law or a governmental ethics law, he or she shall promptly refer the complaint regarding criminal conduct to the District Attorney or other appropriate law enforcement agency and shall refer complaints regarding violations of governmental ethics laws to the Ethics Commission and the City Attorney. Nothing in this Section shall preclude the Controller from investigating whether any alleged criminal conduct also violates any civil or administrative law, statute, ordinance, or regulation.

(c) Notwithstanding any provision of this Charter, including, but not limited to Section C3.699-11, or any ordinance or regulation of the City and County of San Francisco, the Controller shall administer a whistleblower and citizen complaint hotline telephone number and website and publicize the hotline and website through press releases, public advertising, and communications to City employees. The Controller shall receive and track calls and emails related to complaints about the quality and delivery of government services, wasteful and inefficient City government practices, misuse of government funds and improper activities by City government officials, employees and contractors and shall route these complaints to the appropriate agency subject to subsection (a) of this Section. The Board of Supervisors shall enact and maintain an ordinance protecting the confidentiality of whistleblowers, and protecting City officers and employees from retaliation for filing a complaint with, or providing information to, the Controller, Ethics Commission, District Attorney, City Attorney or a City department or commission about improper government activity by City officers and employees. The City may incorporate all whistleblower functions set forth in this Charter or by ordinances into a unified City call center, switchboard, or information number at a later time, provided the supervision of the whistleblower function remains with the Controller and its responsibilities and function continue unabridged. (Added November 2003)

F1.108. CUSTOMER SERVICE PLANS.

The Controller shall assess the progress of City departments' compliance with Charter Section 16.120 and any implementing ordinances requiring City departments to prepare effective customer service plans. The Controller shall make recommendations to departments to improve the effectiveness of such plans. The Controller shall report to the Board of Supervisors and Mayor the failure of any department to comply substantially with the Controller's recommendations regarding customer service plans. (Added November 2003)

F1.109. LEGISLATION.

The Controller may propose legislation to the Board of Supervisors and the Mayor to improve City programs and services and to make the delivery of such programs and services more efficient. (Added November 2003)

F1.110. ACCESS TO RECORDS; PRELIMINARY REPORTS.

(a) The Controller shall have timely access to all records and documents the Controller deems necessary to complete the inquiries and reviews required by this Appendix. If a City officer, employee, agency, department, commission, or agency does not comply with the Controller's request for such records and documents, the Controller may issue a subpoena. The provisions of this subdivision shall not apply to those records and documents of City agencies for which a claim of privilege has been properly and appropriately raised, or which are prepared or maintained by the City Attorney, the District Attorney, or the Ethics Commission for use in any investigation authorized by federal, state law or local law.

(b) Notwithstanding any other provision of this Charter, or any ordinance or regulation of the City and County of San Francisco, and except to the extent required by state or

federal law, all drafts, notes, preliminary reports of Controller's benchmark studies, audits, investigations and other reports shall be confidential. (Added November 2003)

F1.111. CITIZENS AUDIT REVIEW BOARD.

In addition to its duties under Article V of Chapter 5 of the Administrative Code, the Citizens' General Obligation Bond Oversight Committee shall serve as a Citizens Audit Review Board. In its role as the Review Board, the Oversight Committee shall provide advisory input to the Controller on matters pertaining to the functions set forth in this Appendix, and, in particular, shall:

- (1) Review the Controller's service standards and benchmarks to ensure their accuracy and usefulness;
- (2) Review all audits to ensure that they meet the requirements set forth above;
- (3) Subject to appropriate rules ensuring the confidentiality of complainants, as well as the confidentiality of complaints referred to and handled by the District Attorney, the City Attorney, and the Ethics Commission, review citizen and employee complaints received through the whistleblower/complaint hotline and website and the Controller's disposition of those complaints; and
- (4) Where it deems appropriate, hold public hearings regarding the results of benchmark studies and audits to encourage the adoption of "best practices" consistent with the conclusions of the studies and audits. An audio or video recording of such hearings shall be made available for public inspection free of charge. (Added November 2003)

F1.112. OUTSIDE EXPERTS.

(a) Notwithstanding any other provision of this Charter or any ordinance or regulation of the City and County of San Francisco, the Controller shall be authorized to contract with outside, independent experts to assist in performing the requirements of this Appendix. In doing so, the Controller shall make good faith efforts as defined in Chapter 12D of the Administrative Code to comply with the provisions of Chapters 12 et seq. of the Administrative Code, but shall not be subject to the approval processes of other City agencies. The Controller shall submit an annual report to the Board of Supervisors summarizing any contracts issued pursuant to this Section and discussing the Controller's compliance with Chapters 12 et seq. Contracts issued by the Controller pursuant to this Section shall be subject, where applicable, to the requirements of Section 9.118.

(b) No outside expert or firm shall be eligible to participate or assist in an audit or investigation of any issue, matter, or question as to which that expert or firm has previously rendered compensated advice or services to any individual, corporation or City department other than the Controller. The Controller shall adopt appropriate written regulations implementing this provision, and shall incorporate this requirement in all written contracts with outside experts and firms utilized pursuant to this Section. (Added November 2003)

F1.113. CONTROLLER'S AUDIT FUND.

Notwithstanding any other provision of this Charter, the Mayor and Board of Supervisors shall be required to budget an amount equal to at least two-tenths of one percent (0.2%) of the City's overall budget, apportioned by fund and excluding bond related debt, to implement this provision. This amount shall be referred to as the Controller's Audit Fund,

and shall be used exclusively to implement the duties and requirements of this Appendix, and shall not be used to displace funding for the non-audit related functions of the Controller's Office existing prior to the date this provision is enacted. If the funds are not expended or encumbered by the end of the fiscal year, the balance in the fund shall revert to the General Fund or the enterprise funds where it originated. (Added November 2003)

F1.114. OPERATIVE DATE; SEVERABILITY.

(a) This charter amendment shall be operative on July 1, 2004. This amendment shall not affect the term or tenure of the incumbent Controller.

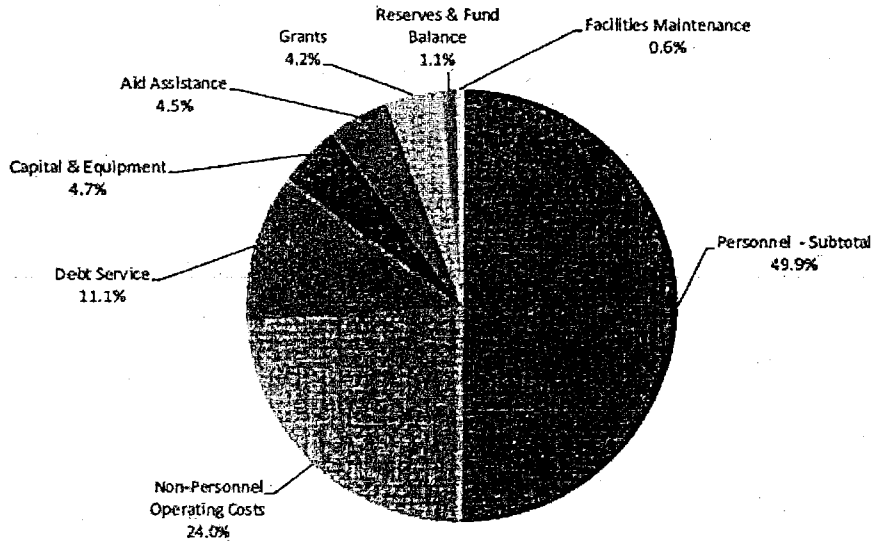
(b) If any section, subsection, provision or part of this charter amendment or its application to any person or circumstances is held to be unconstitutional or invalid, the remainder of the amendment, and the application of such provision to other persons or circumstances, shall not be affected. (Added November 2003)

Appendix 2: S.F. Consolidated Budget – Uses of Funds

Uses of Funds (Adopted Budget)

Budget Year 2011-2012

Uses of Funds - All Funds



Type of Use	Gross		Net of Recoveries	
	FY 2011-2012 Final Budget	% of Total	FY 2011-2012 Final Budget	% of Total
Personnel - Salaries & Wages	\$2,443,562,725	36.8%	\$2,362,925,021	34.6%
Personnel - Fringe Benefits	\$1,082,945,287	15.8%	\$1,047,208,033	15.3%
Personnel - Subtotal	\$3,526,508,012	51.6%	\$3,410,133,054	49.9%
Non-Personnel Operating Costs	\$1,692,764,387	24.8%	\$1,636,903,070	24.0%
Debt Service	\$760,290,470	11.1%	\$760,290,470	11.1%
Capital & Equipment	\$318,539,451	4.7%	\$318,539,451	4.7%
Aid Assistance	\$310,706,652	4.5%	\$310,706,652	4.5%
Grants	\$287,250,291	4.2%	\$287,250,291	4.2%
Reserves & Fund Balance	\$71,972,394	1.1%	\$71,972,394	1.1%
Facilities Maintenance	\$37,971,557	0.8%	\$37,971,557	0.6%
Services of Other Depts, Recoveries	(\$172,236,275)	-2.5%	\$0	0.0%
Grand Total	\$6,833,766,939	100.0%	\$6,833,766,939	100.0%
Average Per Employee (FTE)				
Personnel - Salaries & Wages	\$93,329	69.3%		
Personnel - Fringe Benefits	\$41,362	30.7%		
Personnel - Subtotal	\$134,690	100.0%		

City and County of San Francisco Consolidated Budget and Annual Appropriation Ordinance
FY ending June 30, 2012, File No. 110387 Ordinance 147-11, Page 26

Appendix 3: GASB Service Efforts and Accomplishments



July 2010

New Suggested Guidelines Will Help Governments Provide a More Complete Picture of Their Performance

Following a unanimous vote of the Board, the GASB has issued Suggested Guidelines for Voluntary Reporting, *SEA Performance Information*. The issuance of the Suggested Guidelines comes after more than two decades of extensive research, monitoring, and constituent outreach.

Traditional financial statements provide vital information regarding a government's fiscal and operational accountability. Service efforts and accomplishments (SEA) performance information complements financial statements to provide a more comprehensive portrait depicting how a government is managing the financial resources entrusted to it. SEA information allows constituents to better evaluate not only a government's performance in delivering services, but also to what degree it is addressing priorities.

The Suggested Guidelines is composed of four essential components of an effective SEA report and six qualitative characteristics representing the attributes SEA performance information needs to possess. The document also identifies the keys to effectively communicating SEA performance information.

SEA Reporting: The Basics

The expected goal of SEA reporting is to assist users of this information (including citizen groups, state legislators, city council members, and other interested persons) to evaluate the operational efficiency of the services governments provide and to offer the means to assess governments' effectiveness in achieving their goals and objectives.

SEA performance information includes data regarding a government's:

- Inputs (like the number of firefighters, or tons of asphalt used to repair roads)
- Outputs (such as the graduation rate at area high schools, or miles of roadways maintained each year)
- Outcomes (for instance, percentage of emergency medical service incidents responded to within 5 minutes, or the physical condition rating of roadways)
- Cost-output and cost-outcome measures (cost per ton of trash collected, or cost per student reading at grade level by grade 4.

The Makings of an Effective SEA Report

What are the critical ingredients of an effective SEA report? The four essential components described in the Suggested Guidelines set out the kinds of information an effective SEA report would contain in order to allow users of governmental financial information to assess the efficiency and effectiveness by which the goals and objectives of governmental services are being achieved.

The four essential components are:

- *Purpose and scope*—this component conveys why the SEA performance information is being reported and what portion of a government it relates to.
- *Major goals and objectives*—this component provides a basis for assessing the degree to which a government has or has not achieved the intended results of its various programs and services by providing the major goals and objectives established by the government.
- *Key measures of SEA performance*—this component presents the key indicators identified by the government as being the most important to report users, and that reflect a government's efforts toward achieving its major goals and objectives.
- *Discussion and analysis of results and challenges*—this component addresses, in narrative form, the factors that affected the level of achievement of results and discusses the government's plan for addressing the challenges of the future.

The six qualitative characteristics are those that information in general purpose external financial reports should possess. These characteristics were identified in Concepts Statements No. 1, *Objectives of Financial Reporting*, and No. 2, *Service Efforts and Accomplishments Reporting*. They represent the attributes of the information contained in an SEA report that effectively communicates SEA performance to users. The six qualitative characteristics of an SEA report are:

- *Relevance*—Relevant information improves a user's ability to assess the level of accomplishment of a government's goals and objectives with potentially significant accountability or decision-making implications.
- *Understandability*—Understandable SEA performance information is readily comprehended by users of the information.
- *Comparability*—Comparable information provides a clear frame of reference for assessing the SEA performance of a government and its agencies, departments, programs, or services. Effective SEA reports include comparative information such as the same measures from earlier periods, established targets, industry standards,

or other similar entities. This comparative information provides users with a basis and context for assessing a government's performance.

- *Timeliness*—In order to be timely, SEA performance information needs to be issued while it is still of value in assessing accountability and making decisions. The passage of time can limit the value of even the most accurate information.
- *Consistency*—Consistent information provides a basis for comparing similar SEA performance information over time. If a measure has been modified or replaced, the SEA report should explain the reasons behind the change.
- *Reliability*—It is important for readers to know they can rely on the reported SEA performance information and that it is verifiable.

Effectively Communicating SEA Performance Information

For an SEA report to effectively communicate SEA performance information to users, three key issues need to be considered:

- The intended audiences
- The level of reporting necessary to meet the needs of the intended audiences
- The forms of communication most appropriate for the intended audiences.

Due to the importance of these three considerations, a section on how to effectively communicate SEA performance information is included in the Suggested Guidelines.

Intended Audiences. Different potential audiences need different types of information and understand and analyze SEA performance information in different ways. Different audiences, for example, may need SEA performance information for different programs or services, different types of SEA performance measures, in different levels of detail—and may need to receive or access the information in different ways. While many citizens may find a high-level summary of selected results focused on major programs and services to be sufficient for their needs, elected officials may need much more detailed information to satisfy their informational needs. Investors and creditors may need different information to make assessments about a government's overall efficiency and effectiveness.

Multiple Levels of Reporting. An SEA report that communicates effectively contains different levels of detail so that users can find their appropriate and desired level. These levels of detail can be presented in many ways, such as in one comprehensive document, or in several separate documents organized by service area. An SEA report is most effective when it is organized in a hierarchical structure that proceeds through levels of information from more general to more specific and detailed. This structure may, for example, proceed from overview, to introductory summary, to information on specific programs or services as a whole, to performance data that provides measures relating to specific strategies or activities within programs and

services. Ultimately, it is important to make multiple levels of reporting available to give users of SEA performance information access to as much or as little information as is necessary to satisfy their informational needs.

Forms of Communication. A government's intended audiences may impact the forms of communication needed to communicate SEA performance information. Many forms can be considered when deciding how to communicate an SEA report. Printed materials, electronic documents, articles, and news segments are just a few examples of the different forms through which SEA performance information may be communicated.

Further Information

- [Order the Suggested Guidelines](#)
- [Read the news release](#)
- [Read more about SEA Performance Information](#)

Appendix 4: Recreation and Park – Performance Measures

RECREATION AND PARK COMMISSION - Department Performance Measures

Performance Measures

	2007-2008 Actual	2008-2009 Actual	2009-2010 Target	2009-2010 Actual	2010-2011 Target
NEIGHBORHOOD and CITYWIDE SERVICES					
Improve the quality of park maintenance and create safe, welcoming parks and facilities					
• Number of trees planted	2,220	1,141	1,500	893	1,500
• Number of street-scape trees planted	154	118	50	41	50
• Percentage of Emergency urban forestry work orders completed within 24 hours.	100%	100%	100%	100%	100%
• Citywide percentage of park maintenance standards met for all parks inspected	88%	89%	90%	91%	90%
• Number of neighborhood service areas with a rating of 80% for standards compliance	9	9	9	9	9
• Citywide percentage of park maintenance standards met in neighborhood parks	88%	90%	90%	91%	90%
• Citywide percentage of lawn standards met in parks	83%	84%	90%	89%	90%
• Citywide percentage of turf athletic field standards met in parks	86%	91%	90%	91%	90%
• Citywide percentage of restroom standards met in parks	91%	92%	92%	92%	92%
• Citywide percentage of park features meeting cleanliness ratings	86%	89%	90%	91%	90%
• Percentage of scheduled restroom cleanings completed	93%	100%	100%	95%	100%
• Percentage of graffiti work orders completed within 48 hours	81%	84%	100%	74%	100%
• Number of graffiti orders for top 10 impacted facilities	1,246	741	n/a	307	n/a
• Percentage of FTE labor hours devoted to graffiti abatement	17%	19%	n/a	20%	n/a
• Number of park volunteer hours	58,279	64,340	60,000	70,180	60,000
• Percentage of San Franciscans who rate the quality of park buildings or structures as good or very good (biennial survey)	n/a	46%	n/a	n/a	75%

RECREATION AND PARK COMMISSION - Department Performance Measures

Performance Measures

	2007-2008 Actual	2008-2009 Actual	2009-2010 Target	2009-2010 Actual	2010-2011 Target
Improve the quality of park maintenance and create safe, welcoming parks and facilities					
• Percentage of San Franciscans who rate the quality of the City's park grounds (landscaping) as good or very good (biennial survey)	n/a	66%	n/a	n/a	75%
• Percentage of San Franciscans who rate the cleanliness of the City's park restrooms as good or very good (biennial survey)	n/a	n/a	n/a	n/a	75%

RECREATION AND PARK COMMISSION - Department Performance Measures

Performance Measures

	2007-2008 Actual	2008-2009 Actual	2009-2010 Target	2009-2010 Actual	2010-2011 Target
Increase access to, and improve quality of, Recreational Programming					
• Number of individuals registered in aquatics courses	512	4,234	4,000	3,045	4,000
• Number of recreation volunteer hours	51,450	39,815	35,000	58,834	40,000
• Percentage of recreation courses with 70% enrollment (new registration system metric)	28%	73%	70%	68%	70%
• Number of pre-school age children registered in recreation courses (new registration system metric)	792	4,566	4,500	6,193	4,500
• Number of youths aged 6-17 registered in recreation courses	n/a	19,468	19,000	24,524	19,000
• Number of adults registered in recreation courses (new registration system metric)	551	6,865	6,800	8,483	6,800
• Number of adults 55+ registered in recreation courses (new registration system metric)	444	3,379	8,000	9,914	8,000
• Number of individuals registered in recreation courses (new registration system metric)	10,400	36,396	36,400	49,916	36,400
• Satisfaction rate among recreation activity users	98%	98%	95%	99%	100%
• Percentage of households receiving 50% activity fee scholarships	1%	3%	5%	11%	7%
• Total number of park facility permits created (picnic tables, recreational centers, fields, etc)	n/a	21,628	20,000	21,627	20,000
• Percentage of users who rate the quality of the City's adult recreation programs as good or very good (biennial survey)	n/a	47%	n/a	n/a	65%
• Percentage of users who rate the quality of the City's children and youth recreation programs as good or very good (biennial survey)	n/a	56%	n/a	n/a	65%
• Percentage of users who rate RPD's customer service as good or very good (biennial survey)	n/a	57%	n/a	n/a	65%

RECREATION AND PARK COMMISSION - Department Performance Measures

Performance Measures

	2007-2008 Actual	2008-2009 Actual	2009-2010 Target	2009-2010 Actual	2010-2011 Target
Demonstrate and promote the Department's environmental stewardship					
• Number of pounds of dry pesticides used	1,624	1,514	1,500	1,093	700
• Number of gallons of liquid pesticide used	184	63	120	65	160
• Number of tons of diverted material	519	509	500	136	600
Improve RPD infrastructure in both buildings and grounds					
• Percentage of work orders completed	64%	56%	65%	62%	65%
• Percentage of emergency work orders completed	100%	94%	100%	99%	100%
• Percentage of health and safety work orders completed	81%	77%	85%	86%	85%
• Percentage of routine maintenance work orders completed	63%	55%	65%	83%	65%
• Percentage of capital projects completed as scheduled	60%	23%	100%	23%	75%
• Percentage of capital projects started as scheduled	54%	20%	100%	19%	75%
• Percentage of capital projects completed on or under budget	63%	100%	100%	100%	90%
DEPARTMENT-WIDE/OTHER					
All City employees have a current performance appraisal					
• # of employees for whom performance appraisals were scheduled	854	771	949	798	817
• # of employees for whom scheduled performance appraisals were completed	740	549	949	671	817
• % of employees for whom annual performance appraisals were completed for the fiscal year	87%	72%	100%	84%	100%

Appendix 5: CSA Audit of Performance Measures

Performance Measure Validation

In FY 2010-11, the PM Program implemented a validation process designed to confirm that the data entered in the PM System is supported by primary source documentation. The purpose of the validation process is to assess the accuracy of the data in the PM System and provide departments with recommendations to improve their performance measurement data management and controls.

34 percent of 10 City departments' performance measures were validated for primary source documentation during the summer of 2010.

Over the next four fiscal years, a sample of all 48 City departments' performance measures will be validated through this process. During the summer of 2010, 72 measures were validated for 10 City departments, representing 34% of these department's performance measures. At the end of the process, more than 370 performance measures will be validated, representing a third of all measures in the PM System.

Exhibit 3 shows the results of the first round of City departments that were validated during the summer of 2010.

Exhibit 3 Summer 2010 Validation Results					
	Total # of Measures in the PM System	% of Measures Reviewed	# of Measures Reviewed	# of Measures Validated as "Accurate"	% of Measures Validated as "Accurate"
10 City Departments	210	34%	72	43	60%

"Validated as accurate" means the PM Program was able to review and verify primary source documentation for the

performance measure, and the department accurately calculated the result of the measure in the PM System. "Invalid" means the primary source documentation was missing, incomplete, and/or the department estimated or miscalculated the result.

Specific findings and recommendations have been reported directly to department staff to improve data entry processes and procedures and correct historical data, where applicable. *The ultimate goal of the validation effort is to increase the veracity of the PM System's performance measurement data in order to increase the City's use of performance measurement data to inform decisions.*

Endnotes

¹ San Francisco Administrative Code Chapter 88: Performance and Review Ordinance of 1999, SEC. 88.1. *et seq.*

² City and County of San Francisco Five-year Financial Plan Fiscal Years 2011-12 through 2015-16 Five-Year Financial Plan Executive Summary, page 5

³ *Supra*, SEC. 88.2. FINDINGS AND PURPOSES. (a) Findings. Waste and inefficiency in City programs undermine the confidence of San Francisco residents and reduce the City's ability to adequately address vital public needs. The City is seriously disadvantaged in its efforts to improve program efficiency and effectiveness because of insufficient articulation of program vision, mission and goals, including inadequate information on program performance. And the Board of Supervisors' policy making, spending decisions, and program oversight are seriously handicapped by insufficient attention to program performance and results.

⁴ *Supra*, SEC. 88.4

⁵ San Francisco 2007-08 Civil Grand Jury "The Numbers Have Something to Say, Is Anybody Listening?" July, 2008

⁶ Government Standards and Accounting Board, <http://www.gasb.org/Cite> to GASB website

⁷ International City/County Management Association, <http://icma.org/en/icma/home>

⁸ Minutes, Citizens' Government Oversight Bond Obligation Committee, November 29, 2012

⁹ Complete Sources: City of Vancouver, Washington, Departmental Annual Performance Snapshots – FY January 2010 - December 2010, Data Performance Reports 2011, Parks and Recreation Performance Snapshot pages 32-33;

City of Portland, Service Efforts and Accomplishments: 2009-10, 20th Annual Report on City Government Performance, December 2010, Portland Parks & Recreation, pages 28-31;

City and County of San Francisco, Office of the Controller – City Services Auditor, Annual Year-end Performance Measure Report, Fiscal year 2009-10, December 2, 2010, Recreation and Park Commission - Department Performance Measures, pages 130-133

¹⁰ City and County of San Francisco, Office of the Controller – City Services Auditor Annual Year-end Performance Measure Report Fiscal Year 2010-11, November 29, 2011

¹¹ *Ibid.*

¹² The City of San Diego, Office of the Independent Budget Analyst Report, Benchmarking of the Park and Recreation and Library Departments issued November 9, 2007.

¹³ The City of San Diego, Office of the Independent Budget Analyst Report, Update to Benchmarks of the Library and Park and Recreation Departments issued January 20, 2012.

¹⁴ The Jury chose to use the library and park systems as an example only, and to demonstrate that through benchmarking citizens have information that allows them to engage in dialogue regarding spending priorities. The Jury did not investigate the San Francisco Public Library or the San Francisco Recreation and Park Department.

¹⁵ San Francisco Charter Appendix F sec. F.1.100

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

Clerk of the Board

Subject:

Hearing - Civil Grand Jury Report - "Auditing the City Services Auditor: You Can Only Manage What Your Measure"

The text is listed below or attached:

Hearing on the recently published 2012-2013 Civil Grand Jury report entitled "Auditing the City Services Auditor: You Can Only Manage What Your Measure."

Signature of Sponsoring Supervisor: Agal Casillas

For Clerk's Use Only: