

Petitions and Communications received from August 28, 2012, through August 31, 2012, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on September 11, 2012.

**Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information will not be redacted.**

From Southeast Community Facility Commission, submitting their Annual Statement of Purpose and Annual Report for the period July 1, 2011, through July 30, 2012. (1)

From Eastern Neighborhoods Citizen's Advisory Committee, regarding public benefits financing in the Eastern Neighborhoods area plans. Copy: Each Supervisor. (2)

From Susan Walia, regarding parking meter increases. (3)

From concerned citizens, regarding KPOO radio. 10 letters. (4)

From concerned citizens, regarding Sheriff Ross Mirkarimi. 4 letters. (5)

From Controller, submitting Annual Contract Report and Chapter 12 Compliance Report. (6)

From Gary Noguera, submitting support for 8 Washington Project. (7)

From Mayor, submitting notice that Mayor Ed Lee will be out of State from September 2, 2012, until September 4, 2012. Supervisor Farrell will serve as Acting-Mayor. Copy: Each Supervisor. (8)

From Mayor, submitting notice that Mayor Ed Lee will be out of State from September 4, 2012, until September 7, 2012. Supervisor Kim will serve as Acting-Mayor. Copy: Each Supervisor. (9)

From Mayor, appointing the following to the Film Commission: (10)  
Patrick Johnston

\*From various City Departments, submitting notification that the adopted Budget for FYs 2012-2013 and 2013-2014 is adequate for the Department to meet service levels as proposed by the Board: (11)

Arts Commission  
Adult Probation Department  
Department of Technology  
City Administrator  
Department of Child Support Services (Revised)

From Clerk of the Board, reporting the following individuals have submitted a Form 700 Statement: (12)

Nathan Allbee, Legislative Aide - Assuming  
Peter Lauterborn, Legislative Aide - Assuming

From Controller, submitting follow-up of 2008 Audit of Faulty Payroll Payment Controls. (13)

From Department of Public Health, submitting revised Increases in Contracts during FY2011-2012. (14)

\*From Airport Commission, submitting Audits of Delta Air Lines, Emirates, Gotham Enterprises, Harbor Airport, and Philippine Airlines Report. (15)

\*(An asterisked item represents the cover sheet to document that exceeds 25 pages. The complete document is available at the Clerk's Office, Room 244, City Hall.)

SOUTHEAST COMMUNITY FACILITY COMMISSION  
CITY and COUNTY of SAN FRANCISCO



Toye Moses,  
Executive Director

Willie B. Kennedy  
President  
Bobbrie Brown  
Vice-President  
Armina Brown  
Commissioner  
Karen Chung  
Commissioner  
Theo Ellington  
Commissioner  
Brigette R. LeBlanc  
Commissioner  
Al Norman  
Commissioner

Edwin M. Lee, Mayor

MEMORANDUM

**TO:** The San Francisco Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

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

**FROM:** Toye Moses, Executive Director  
Southeast Community Facility Commission

**SUBJECT:** Submission of the Southeast Community Facility Commission  
"Annual Statement of Purpose & Annual Report July 1, 2011 -  
June 30, 2012"

**DATE:** August 23, 2012

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 30 AM 9:49

As legislatively mandated please find enclosed the Southeast Community Facility Commission "Annual Statement of Purpose and Annual Report for 2011 - 2012 Fiscal Year".

Respectfully submitted,

  
Toye Moses, Executive Director  
Southeast Community Facility Commission

TM:cv  
8/2

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# **SOUTHEAST COMMUNITY FACILITY COMMISSION**



## **2011-2012 Annual Report CITY & COUNTY OF SAN FRANCISCO**

**Toye Moses, Executive Director  
1800 Oakdale Avenue, Suite B  
San Francisco, California 94124  
Telephone: (415) 821-1534**

**Meetings & Social Events Reservation Line: (415) 821-0921**

**Facsimile: (415) 821-1627**

**Website: <http://www.sfgov.org/sefacility>**

**SOUTHEAST COMMUNITY  
FACILITY COMMISSION  
ANNUAL STATEMENT OF PURPOSE**

**&**

**ANNUAL REPORT**

**July 1, 2011 – June 30, 2012**

**The Southeast Community Facility Commission is pleased to present this Annual Statement of Purpose and Annual Report to the Mayor, Board of Supervisors, and the Citizens of San Francisco**

**SECF COMMISSIONERS:**

Willie B. Kennedy, President  
Bobbie Brown, Vice President  
Karen Chung  
Al Norman  
Bridget R. LeBlanc  
Theo Ellington  
Armina Brown

**STAFF (current staff)**

Toye Moses, Executive Director  
Francis Starr, Senior Mgmt. Assistant  
Carla Vaughn, Commission Secretary  
Marilyn Ramos, **Events Coordinator**  
**(Temporary Assignment From WWE)**  
Lalonnie Palega, Senior Clerk Typist



**BACKGROUND HISTORY  
&  
ANNUAL STATEMENT OF PURPOSE  
July 1, 2011 - June 30, 2012**

**BACKGROUND HISTORY**

**ORDINANCE SEC. 54.1** of the San Francisco Board of Supervisors established The Southeast Community Facility Commission located at 1800 Oakdale Avenue in 1987. The Southeast Community Facility was built as a **mitigation** measure in return for the Bayview-Hunter's Point community's acceptance of the Southeast Water Treatment Plant in the midst of their neighborhood.

**Additionally**, in order to obtain approval for the construction of the sewage treatment plant, the City of San Francisco agreed to operate and maintain, at City cost, this facility for the benefit of the Bayview Hunters Point community. The members of the **Southeast Community Facility Commission** are appointed and serve at the pleasure of the Mayor.

The Southeast Community Facility located at 1800 Oakdale Avenue is a community-based and oriented facility with numerous programs and services. For example, the Southeast Community Facility has an educational/training complex leased by the San Francisco Community College District, HeadStart Childcare Programs provided by San Francisco State University. In addition, the Southeast Community Facility is leased to non-profit community based organizations that provide services to all San Francisco residents. Most of the programs provided are non-profit in status making them affordable to all members of the public. In conjunction with community based organizations, tenants as well as government agencies, we offer a wide range of assistance in the areas of employment opportunities provided by the Department of Human Services, criminal impingement services and the Community Court are provided by the San Francisco Public Defender and the District Attorney's Office. The San Francisco Sunshine Ordinance mandates that public notices be disseminated in time to allow residents an opportunity to attend all functions at the Southeast Community Facility.

The Southeast Community Facility is centrally located and accessible to members of the public. Many government agencies and community-based organizations have used our facilities (Alex Pitcher Community Room and E.P. Mills Community Center) to hold events, training workshops and seminars, job and health fairs, graduation award ceremonies, and town hall meetings to inform and acquaint San Francisco residents about current events.

## STATEMENT OF PURPOSE

The purpose of the **Southeast Community Facility Commission** is to review and provide guidance regarding the operations of the Southeast Community Facility and the other facilities under its jurisdiction.

The yearly goal of the **Southeast Community Facility Commission** is to promote and advocate improving the general economic, physical, health, public safety and welfare of all residents of San Francisco, but particularly those in the Bayview Hunter's Point Community.

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**SOUTHEAST COMMUNITY FACILITY COMMISSION  
ANNUAL REPORT  
Fiscal Year 2011-2012**

**SOUTHEAST COMMUNITY FACILITY COMMISSION HIGHLIGHTS OF THE YEAR**

**The Southeast Community Facility Commission** continues to oversee the operation and maintenance of the Southeast Community Facility and greenhouses. The Southeast Community Facility continues to have an advisory role with respect to significant decisions relating to the use of the Earl P. Mills Community Facility, including the opportunity to review and provide comments on any and all future leasing activity.

**The Southeast Community Facility Commission** also continues to advocate for and support Bayview Hunter's Point community organizations, health, welfare and economic development activities beneficial to all San Francisco residents, with emphasis on increasing opportunities for those who are disfranchised in the Bayview Hunter's Point area.

**The fiscal year 2011-2012** has been a year of significant accomplishment for the **Southeast Community Facility Commission**. As part of **Mayor Edwin M. Lee's** commitment to revitalizing the Bayview Hunter's Point neighborhood, the 6<sup>th</sup> edition of the **San Francisco Southeast Sector Resource Directory** was created. This Resource Directory is currently being widely distributed throughout the City including the Mayor's Office, Board of Supervisors, Congresswoman Nancy Pelosi, Senators Mark Leno and Leland Yee, Assemblyman Tom Ammiano, Assemblywoman Fiona Ma, City agencies, community based organization, and is also made available to the general public. The updated 6<sup>th</sup> edition of the Southeast Sector Resource Directory is a valuable source for informing San Francisco residents about the wealth of civic, religious, economic and social institutions available in the Bayview Hunter's Point neighborhood. In addition to listing the businesses serving the Bayview Hunter's Point area, we have also included organizations, churches, financial/legal assistance, medical/family support services, educational/training locations, and childcare facilities.

## **SOUTHEAST COMMUNITY FACILITY COMMISSION MEETING HIGHLIGHTS OF THE YEAR - Continued**

The following presenters were invited to present and discuss issues of interest to the community such as, legislation, public safety, law enforcement, health, housing, education, economic development, etc.

**On July 14, 2011:** Ms. Nicole Wheaton, Policy Analyst & Commission Appointment Secretary, Mayor's Office, provided a brief orientation for the Commissioners outlining their responsibilities including what is and what is not allowed.

**Mr. John Roddy**, Deputy City Attorney, City Attorney's Office, discussed what is and what is not allowed regarding the proposed request to change the Charter of the Southeast Community Facility Commission authority also, Rules of Good Government, City/Southeast Community Facility Commission Ordinance, and By-Laws, etc.

**On July 23, 2011:** The Southeast Community Facility Commission held a retreat at the Oceanside Plant to reach a consensus on the direction of the Commission. In addition, the mission and major accomplishments were reviewed along with identifying and analyzing the internal strengths/weaknesses, challenges and opportunities.

**On July 27, 2011:** Captain Paul Chignell, Bayview Station, provided a presentation outlining the vision and goals of the Police Department pertaining to crime, law and fair justice as it relates to the under-represented residents of the Bayview.

**On August 11, 2011:** San Francisco Police Chief Greg Suhr, discussed issues pertaining to crime, violence and the need for communication between the Police Department and the Bayview Community.

**On August 24, 2011:** Dr. Patricia Gray, Assistant Superintendant San Francisco Unified School District/ Zone Schools, provided an update on the Zone Schools and information on the future of Southeast schools. She also discussed goals for the schools and residents of the whole Southeast community.

**On September 8, 2011:** District Attorney Gascón, City and County of San Francisco, provided a general update/follow-up on "Community Status of Courts & Issues In Relation To Residents of Southeast San Francisco".

**On September 28, 2011:** Mr. Ben Chen, Public Relations Officer, San Francisco Public Utilities Commission, provided a general introduction to the San Francisco Public Utilities Commission, percentage of sewage & odor in the Southeast sector, on-going constructions and green energy goals.

**On October 26, 2011:** Ms. Frances Matthew, Outreach, Department of Elections, provided information regarding Rank-choice voting.

**SOUTHEAST COMMUNITY FACILITY COMMISSION MEETING  
HIGHLIGHTS OF THE YEAR - Continued**

**On November 10, 2011:** Ms. Tempe Priestly, CEO, Renaissance Parents of Success, introduced the programs and services provided to the Southeast Sector residents.

**Torrance Bynum**, Project Coordinator, City College/Southeast Campus, provided an update on classes requested by the community.

**On November 22, 2011:** Ms. Lena Miller, Executive Director, Hunter's Point Family, provided a general introduction to the services Hunter's Point Family provides to the community and general introduction to Green College.

**On December 8, 2011:** Ms. Jacqueline Flin, Executive Director, A. Philip Randolph Institute/SF introduced programs and services provided to the residents of District 10, specifically the work being done with teens and job training.

**Ms. Sharon Miller**, CEO, Renaissance Entrepreneurship Center, introduced services provided to the Southeast Sector residents as well as the college education fund "EARN".

**On December 28, 2011:** Ms. Gina Meacham, Manager, Lowe's, provided an update on the hiring of employees from the 94124 community, community organizations that have benefitted from Lowe's being a community partner, projections on community involvement for the next 5 years and the 5 year retention plan.

**Mr. Edward Reiskin**, Director of Transportation of the San Francisco Municipal Transportation Agency provided an introduction of Municipal Transit Authority staff and programs of interest to the residents of the Southeast sector.

**On January 12, 2012:** Mr. Eddy Zheng, Project Manager, Community Youth Center, Bayview Branch, provided an overview of the Community Youth Center.

**On January 25, 2012:** Mr. Colin Dentel-Post, Transportation Planner, San Francisco County Transportation Authority, provided an informational presentation on several transportation projects surrounding the Southeast Community Facility Commission.

**On February 9, 2012:** Ms. Barbara A. Garcia, MPA, Director of Health – San Francisco Department of Public Health regarding health issues affecting the Bayview Hunter's Point community such as HIV/Aids, Prostate Cancer, Asthma, Breast Cancer, Diabetes and Obesity.

**Ms. Sraddha Metha**, Environmental Justice Program, Department of the Environment provided information on the Asthma/Healthy Homes project.

## **SOUTHEAST COMMUNITY FACILITY COMMISSION MEETING HIGHLIGHTS OF THE YEAR - Continued**

**On February 22, 2012:** Ms. Kim Steyer, Assistant District Manager, FoodsCo/Food4Less and Mr. Dan Perri, Store Director (Williams Avenue Location), provided an update of FoodsCo's quality of services to the Bayview Hunter's Point Community customer service practices, employment and retention of residents from zip codes 94124, 94134 and 94107.

**On March 8, 2012:** Mr. Leamon Abrahms, Outreach, San Francisco Public Utilities Commission, provided an introduction to the San Francisco Public Utilities Commission Sewer System Improvement Program.

**On March 27, 2012:** A joint meeting between the Southeast Community Facility Commission and the San Francisco Public Utilities Commission to discuss the proposed Community Economic Benefits plan at the Southeast Community Facility Commission.

**On April 12, 2012:** Mr. Perry Lang, Executive Director, Black Coalition on Aids provided a general overview of the services the organization provides to the residents of the Southeast sector and all San Franciscans.

At the April 12<sup>th</sup> meeting, the Southeast Community Facility Commission unanimously voted to approve the Economic Package as presented at the March 27<sup>th</sup> joint meeting with the San Francisco Public Utilities Commission by Juliet Ellis, Assistant General Manager/ San Francisco Public Utilities Commission/External Affairs.

**On April 25, 2012:** Mr. Colin Dentel-Post, Transportation Planner San Francisco County Transportation Authority, provided an update on the Caltrain Quint Street Bridge Replacement and Quint-Jerrold Connector Road projects.

**On May 10, 2012:** Ms. Toni Battle, Founder of The Legacy Project, a culture enrichment program targeting youth from 7<sup>th</sup> to 12<sup>th</sup> grades, provided a general overview of the program and future goals for "Saturday Schools."

Alberto Vasquez, Sr., Construction Manager, SFUSD-Bond Program and Steve Kolm, Principal, K2A Architecture+Interiors, provided an update on the new Willie L. Brown, Jr., Middle School.

**On May 23, 2012:** Ms. Judy Nemzoff, Community Arts and Education Program Director, San Francisco Arts Commission, provided a report on the Bayview Opera House Renovations.

Torrance Bynum, Dean, City College/Southeast Campus, provided information regarding City College Summer School.

**SOUTHEAST COMMUNITY FACILITY COMMISSION MEETING  
HIGHLIGHTS OF THE YEAR - Continued**

**On June 14, 2012:** Mr. Lance Burton, Planet Fillmore Communications, provided information regarding opportunities for employment and skills development to residents of 94124 in a Video Media Services Company.

**Damon C. Lew**, Assistant Director, Community Relations Community & Government Relations UCSF, provided information regarding employment programs that benefit the Southeast community, internships, etc.

**On June 27, 2012:** Ms. Anne Kronenberg, Director, San Francisco Department of Emergency Management & Mr. Jonathon Bartlett, Operations Specialist, FEMA Region IX, provided information regarding emergency planning and response in San Francisco and what you can expect as a resident.

## **POLICY MANAGEMENT**

As legislatively mandated, implemented and enacted, the following are policies and directives adopted by the **Southeast Community Facility Commission**:

- **To handle** all logistical arrangements for the **Southeast Community Facility Commission** and its committee meetings two - three times monthly.
- **Implement** new security measures after the 911 and recent terrorist incidents by installing an electric gate/intercom system in the Southeast Facility parking lot area. Also installed were new security cameras for the administrative office and the perimeter of parking lot area.
- **In conjunction** with the San Francisco Public Utilities Commission/Commercial Land Management Department continue to manage lease agreements for use of space at the Southeast Community Facility and Greenhouse under the "Clean Water Fund" budget. The lease for the Green House that was renewed to Decorative Plant Services is now responsible for all maintenance costs related to the Greenhouse.
- **Insure** compliance with all relevant City, State and Federal laws and regulations including but not limited to, lease/contract agreements and work/service orders.
- **Continues To maintain** compliance with regulatory requirements and particularly related to the American Disabilities Act.

## **AMERICAN DISABILITIES ACT-COMPLIANCE UPGRADES**

The San Francisco Public Utilities Commission continues to fund large-scale projects to ensure that all entryways, restrooms, water faucets, ramps and general walkways on the Southeast Community Facility premises are American Disabilities Act-compliant.

The Public Utilities Commission workers replaced the roof deck with a waterproof deck, replaced all drinking fountains with high and low rise fountains and installed one new outdoor drinking fountain. Interior handrails were modified per life safety requirements and installed in all restrooms.

Our landscapes were modified for American Disabilities Act compliance including retrofit of pavement, ramps, stairways, irrigation systems, trees were added, planting areas, preparation and execution of pedestrian traffic routing plans and new exterior fences were installed. There has been outreach to Government, Business, Community Organizations and Interested Individuals.



## **BUSINESS DEVELOPMENT, EMPLOYMENT AND TRAINING OPPORTUNITIES**

**The Southeast Community Facility Commission** is very committed to the economic revitalization of Bayview Hunter's Point and wants to see **Mayor Edwin M. Lee's** vision of jobs, housing and economic vitality for area residents become a **reality**. The **Southeast Community Facility Commission's continued efforts** include written letters of support for businesses, individuals and community organizations seeking support in promoting or bringing business to the Bayview Hunter's Point. The Southeast Community Facility Commission successfully partnered with the San Francisco Public Utilities Commission/Waste Water Enterprises in recruiting qualified Southeast Sector young adults for the Class 9910 Pre-apprenticeship Stationary Engineer Program. Special thanks for Commissioner Brigette R. LeBlanc who served as a liaison to the San Francisco Public Utilities Commission/Waste Water Enterprise. The **Southeast Community Facility Commission** has also invited public officials, representatives/entrepreneurs from business enterprises to address and inform/educate the Commission and the community-at-large.

**The Southeast Community Facility Commission would like to extend personal thanks** to the following individuals/organizations for volunteering time, contributing monetary and in-kind donations toward the Southeast Community Facility Health Fair Founders Mural Project, as well as economic development of the Bayview Hunter's Point:

**Ed Harington**, San Francisco Public Utilities Commission General Manager, Michael Carlin, Deputy General Manager, Harlan Kelly, Jr., Assistant General Manager/Infrastructure, Tommy Moala, Assistant General Manager, Juliet Ellis, Assistant General Manager, Tony Flores, Manager/Public Utilities Commission/Waste Water Enterprises, Heidi Hardin, Think Round Inc., Supervisor Malia Cohen, Steve Kawa, Chief of Staff /Mayor's Office, Nicole Wheaton, Director of Appointments & Commission Liaison/ Mayor's Office, City College Chancellor Dr. Don Griffin, former Commissioners Linda Richardson/Louise Jones/ Dr. Harrison Parker/ Dr. Caesar Churchwell/ Mrs. Espanola Jackson, Alma Robinson, Executive Director California Lawyers For the Arts, Jeffrey Betcher/Quesada Gardens, John Chung/Associated Builders, Alan Rathbun/ Decorative Plant Services, Dan Goldman/Sunbourne Nursery,

Siri Dhatta Khalsa/ San Francisco Foliage, Mr. Kofi Bonner/ Bayview Hunter's Point/Lennar; Southeast Community Facility Commissioners, and a host of individuals who have graciously volunteered their time.

## **HEALTH & ENVIRONMENTAL**

The Southeast Community Facility Commission's Health, Housing and Public Safety Advisory Committee, headed by Commissioner Bobbie Brown and Co-Chair Commissioner Theo Ellington, works on issues related to the health and environment of the community, most especially health issues impacting children and young adults.

The September 24, 2012 fourth annual Health Fair in the Alex Pitcher community room of the Southeast Community Facility Commission is titled: **Promoting Healthy Bodies and Minds With A Focus On Obesity, Diabetes & Asthma.**

The Health Fair targets the diabetes and obesity issues facing youth in the Bayview Hunter's Point community. Five Bayview Hunter's Point schools; George Washington Carver, Bret Harte and Dr. Charles Drew, Malcolm X Academy, and Thurgood Marshall regularly participate in the Health Fair by providing assistance in advertising and promoting the event to students and their families. The event is always a success with students and families from each of the schools in attendance.

Various community organizations provide food, nutritional information and giveaways, as well as raffle prizes for students, their families and community members. With the success of this initial health fair sponsored by the Southeast Community Facility Commission and held at the Southeast Community Facility, it was decided unanimously by the Southeast Community Facility Commissioners that this should become an annual event for the community.

Special thanks to all the Health Fair participants, most especially, the University of California Medical and Dental students coordinated by Dr. Willie Moses, UCSF Medical School professors, Harold Brooks, CEO, American Red Cross, Southeast Community Facility Commissioners Willie B. Kennedy, Bobbie Brown and Theo Ellington, former Commissioners Louise C. Jones, Dr. Caesar Churchwell, Dr. Harrison Parker and the Public Utilities Commission/Waste Water Enterprise staff and the Southeast Community Facility Commission staff.

## **FY 2011-2012 BUDGET**

**The Southeast Community Facility Commission's FY 2011-2012 budget was \$1,141,941 of the Southeast Community Facility Fund allocation.**

**The Southeast Community Facility Commission** would like to increase its budget to hire more staff and to improve the infrastructure problems associated with running the facilities.

## **MEMBERSHIP AND ADMINISTRATION**

The Southeast Community Facility Commission has seven members appointed by the Mayor, a support staff of three full-time and one clerical assistant. The current Commissioners are:

**President Willie B. Kennedy, Vice-President Bobbrie Brown, Al Norman, Karen Chung, Brigitte R. LeBlanc, Armina Brown, and Theo Ellington.**

**The Southeast Community Facility Commission** has three Advisory committees and 2 Ad-Hoc committees :

### **Facility Advisory Committee**

Chair, Commissioner **Brigitte R. LeBlanc**, Co-Chair, Commissioner **Armina Brown**, Commission President, **Willie B. Kennedy**, Ex-Officio  
(Focus is on tenant leases, rules & regulations for the use of the Alex Pitcher Community Room and the Earl P. Mills Auditorium)

### **Health, Housing & Public Safety Advisory Committee**

Chair, Commissioner **Bobbrie Brown**, Co-Chair, Commissioner **Theo Ellington**, Commission President, **Willie B. Kennedy**, Ex-Officio  
(Focus is on health)

### **Economic Development Advisory Committee**

Chair, Commissioner **Karen Chung**, Co-Chair, Commissioner **Al Norman**, Commission President, **Willie B. Kennedy**, Ex-Officio  
(Focus is on Economic Development)

### **Governance Ad-Hoc Committee**

Chair, Commission President **Willie B. Kennedy**,  
Co-Chair, Commissioner **Brigitte R. LeBlanc**

### **Joint Public Utilities Commission/Southeast Community Facility Commission Ad-Hoc Committee**

Chair, Commissioner **Theo Ellington**, Co-Chair, Commissioner **Bobbrie Brown**

The FY 11-12 staff is headed by **Toye Moses**, Executive Director, **Francis Starr**, Sr. Mgmt. Assistant, responsible for coordinating all inter-departmental work/service orders, **Carla Vaughn** Commission Secretary, (handles correspondence and agenda items, attends Commission meetings/transcribes minutes, performs routine office tasks, responsible for posting information on the department web-site and mailers), **Marilyn Ramos**, Events Coordinator, on loan from the Public Utilities Commission/Waste Water Enterprises, (coordinates community room rentals/activities, performs routine office tasks, and assists in mailers), **Lalonne Palega** (attends Committee meetings/transcribes minutes, updates Resource Directory, and performs routine office tasks and assists in mailers). Additionally, we have two **work-ordered** personnel assigned from the Department of Real Estate/General Services Administration (**Stationary Engineer** Richard O'Neal, and **Custodian** Claudette McLean).

Through the **Mayor's Youth Employment and Education Program (MYEEP)**, the **Young Community Developers (YCD)**, and the **Public Utilities Commission/Summer Youth Program Project PULL**, the **Southeast Community Facility Commission** has been very fortunate to have talented local high school students assist in the Commission's clerical work and outreach to the community during the summer break.

## THE FUTURE AND IN-COMING YEAR

As legislatively mandated, the Commission will **continue to:**

- **Advocate** for improving the general economic, physical, health, safety and welfare of the residents of the southeast sector while ensuring the safe operation of the Southeast Community Facility, the greenhouse and the Earl P. Mills Center Auditorium.
- **Maintain** good relations with residents and community groups within the southeast sector, the Mayor's office, Board of Supervisors, government officials most especially SF. Public Utilities Commission, City Attorney, SF. Public Defender/Clean Slate Program, District Attorney/Community Court, Mayor's office Workforce, Mayor's Shipyard Citizen Advisory Committee, Young Community Developers, and all the residents of San Francisco.
- **Encourage** local tenants to take stake in the community by becoming home and property owners, and work with developers to increase the percentage of affordable units for sale in development projects in Bayview Hunter's Point.
- **Work** with potential business and housing developers to ensure maximum community benefit opportunities written into the "owner participation agreements".
- **Uphold** its partnership with the Mayor's Office of Community Neighborhoods, Bayview Police Station, San Francisco Public Utilities Commission and the Department of Public Works in promoting clean and safe neighborhoods in San Francisco.
- **Maintain and renew an agreement with the American Red Cross** since the Southeast Community Facility is designated to serve as an Emergency Red Cross shelter site in case of an earthquake or natural disaster. In the process of designing/building a **food storage bunker** to be used for feeding Southeast residents in case of an earthquake.
- **Continue to manage the Alex Pitcher Community Room as well as the E.P. Mills Auditorium** at 100 Whitney Young Circle.
- **Work in conjunction with the Public Utilities Commission/Land Management Division** in the management of the lease agreement for the Southeast Community Facility and the greenhouse under the Clean Water Fund Budget.
- **Work closely with Ed Harrington, Public Utilities Commission/General Manager, Harlan Kelly, Assistant General Manager/Infrastructure, Tommy Moala, Assistant General Manager/Public Utilities Commission/Wastewater Enterprise and Juliet Ellis, Assistant General Manager/Public Utilities Commission/External Affairs** in strengthening communication links with the public, most especially the Southeast residents on broader issues of community concern.

Additionally, the Southeast Community Facility Commission along with its staff works vigorously with the San Francisco Public Utilities Commission to implement the San Francisco Public Utilities Commission's Community Benefits Package for the residents of the Southeast sector.

### **COMMUNITY PARTNERSHIPS IN THE COMING YEAR**

**The Southeast Community Facility Commission** and its staff will continue to foster working relationships with the following **local/city agencies and state/federal officials**:

The Mayor/Office of the Mayor, Board of Supervisors, PUC/General Manager, Mayor's Office of Community Development, City Attorney's Office, Malia Cohen, District 10 Supervisor, San Francisco Police Department Bayview Station, District Attorney, Real Estate Department, Department of Human Services, City College/Southeast Campus, Jeff Adachi Public Defender Office/Clean Slate Program, Assemblyman Tom Ammiano, Assemblywoman Fiona Ma, Senator Mark Leno's Office, Senator Leland Yee's Office, Office of the City Administrator/Redevelopment Division, San Francisco Housing Authority, Parks & Recreation, Department of Public Works, Department of Public Health, MUNI, Mayor's Hunters Point Shipyard Citizen Advisory Committee, US Navy's Restoration Advisory Committee, Congresswoman Nancy Pelosi's Office, Department of Health Services, etc.


Additionally, we will partner with the following **private developers, churches, and community-based organizations**:

Young Community Developers, Goodwill Industry, Providence Baptist Church, The California Lawyers For the Arts, Southeast Alliance for Environmental Justice, Bayview Hunter's Point Foundation, Southeast Community College Campus, Bayview Merchants Association, Tenants/Community Room Users, Bayview Opera House, Bayview Hunter's Point Rotary Club, BAYCAT, etc.

In conclusion, the Southeast Community Facility Commission will continue to foster its commitment in improving the quality of life for the residents of the Southeast Sector and work vigorously to ensure effectiveness of the Bayview Hunter's Point Employment/Housing and Contracting Policy.

The Southeast Community Facility Commission will also continue to promote diversity, health and safety as well as the professional development of its employees.

Respectfully submitted,

  
TOYE MOSES, Executive Director  
**Southeast Community Facility Commission**



To: BOS Constituent Mail Distribution,  
Cc:  
Bcc:  
Subject: Eastern Neighborhoods Area Plans Public Benefits Financing

From: Claudia Flores/CTYPLN/SFGOV  
To: BOS-Legislative Aides/BOS/SFGOV,  
Cc: Mathew Snyder/CTYPLN/SFGOV@SFGOV  
Date: 08/16/2012 12:36 PM  
Subject: Eastern Neighborhoods Area Plans Public Benefits Financing

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Dear Aides-

Attached please find a letter from the Eastern Neighborhoods Citizen's Advisory Committee (EN CAC) members regarding Public Benefits Financing in the adopted Eastern Neighborhoods Area Plans. A hard copy is being sent today through the mail to the Mayor and the Clerk of the Board.

For questions please contact EN CAC staff Mathew.Snyder@sfgov.org or 415-575-6891.

Regards,

Claudia



IFD Letter August 2012 FINAL v2.pdf

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Claudia Flores, Planner  
San Francisco Planning Department  
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SF, CA 94103  
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[F] 415-558-6409  
Claudia.Flores@sfgov.org

BOS-11, LU Clerk  
electronically  
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SAN FRANCISCO

2012 AUG 17 PM 3:43

AK

Eastern Neighborhoods Community Advisory Committee  
c/o San Francisco Planning Department  
1650 Mission Street, Fourth Floor  
San Francisco, CA 94103

August 16, 2012

Mayor Edwin M. Lee  
City Hall, Room 200  
1 Dr. Carlton B Goodlett Pl.  
San Francisco, CA 94103

Members of the Board of Supervisors  
City Hall  
1 Dr. Carlton B Goodlett Pl.  
San Francisco, CA 94103

**Subject: Eastern Neighborhoods Area Plans Public Benefits Financing**

Dear Mayor Lee and Members of the Board of Supervisors:

The Board of Supervisors adopted the Eastern Neighborhoods Area Plans (EN Area Plans, Ordinance No. 297-08) including Public Benefit impact fees (Ordinance No. 298-08) in December 2008. As you know, the EN Plans rezoned portions of the largely industrial neighborhoods of the Mission, Eastern South of Market Area, Central Waterfront, and Showplace Square/ Potrero Hill to promote a balanced mix of residential and commercial development.

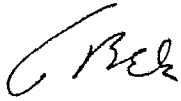
Prior to the EN Plans adoption, both the community and staff worked together on a Public Infrastructure Needs Assessment specifically analyzing open space and streetscape improvements, transit improvements, community facilities, local and neighborhood serving businesses, and affordable housing. The City estimated that the projected cost of the public infrastructure component needed to support both residential and commercial growth was in the range of \$244M to \$395M and further estimated that Public Benefit Fees would only meet 30% of the \$395 million to 50% of \$244 million. In addition, the use of Public Benefit Fees is limited by state law to infrastructure needs only and to address impacts from new development vs. existing infrastructure deficiencies. Other existing sources are projected to meet an additional 12% of these costs, which left a significant funding gap of approximately \$100 to \$234 Million.

The Board of Supervisors, therefore, directed the Capital Planning Committee of the City to establish the Eastern Neighborhoods Infrastructure Finance Working Group (ENIFWG - Resolution No. 510-08) to recommend funding strategies



August 16, 2012  
Subject: Eastern Neighborhoods Area Plans Public Benefits Financing

Respectfully Submitted,



Chris Block  
EN CAC Chairperson



Kate Sofis  
EN CAC Vice-Chairperson

cc: EN CAC Members  
Mat Snyder, Planner, Planning Department



To: BOS Constituent Mail Distribution,  
Cc:  
Bcc:  
Subject: Fw: WE DO NOT WANT METER INCREASES

From: Susan Walia <susan@modcore.com>  
To: mtaboard@sfmta.com, gavin.netsom@sfgov.org, board.of.supervisors@sfgov.org,  
Date: 08/31/2012 11:06 AM  
Subject: WE DO NOT WANT METER INCREASES

---

We do NOT want you to extend the meters, have the meters on Sunday, or any other increases in fees of meters in San Francisco!

--

Susan Walia  
Castro Computer Services  
1500 Castro St. @ 25th St. in Noe Valley  
San Francisco, CA 94114  
(415) 826-6678  
[ccs@castrocomputerservices.com](mailto:ccs@castrocomputerservices.com)

*Our best customers are referred to us by our best customers*



Fund KPOO to broadcast SF Board of Supervisor meetings

carmela Gold

to:

Board.of.Supervisors

08/30/2012 12:36 PM

Hide Details

From: carmela Gold <mail@change.org>

To: Board.of.Supervisors@sfgov.org,

Please respond to no-reply@change.org

Security:

To ensure privacy, images from remote sites were prevented from downloading. Show Images

Greetings,


I just signed the following petition addressed to: SF Board of Supervisors.

-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.  
-----

Sincerely,

carmela Gold  
San Francisco, California

Note: this email was sent as part of a petition started on Change.org, viewable at <http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, [click here](#) 

4



**Please Support KPOO's Broadcast of the Board of Supervisors Meetings**

Matt Bayley to: Board.of.Supervisors

08/30/2012 11:27 PM

Hello,

I'm writing to voice my support for KPOO and their broadcast of the board of supervisors meetings. As a nonprofit institution serving the under-served, KPOO provides a valuable service that connects poor people with their government. Today as housing prices soar through the roof we really need to be doing everything we can to ensure that these populations remain connected and represented. I know that from the board's perspective it may seem unfair to be asked to provide this financial support, but there is simply no alternative. Hopefully you will come to see how vital this small contribution from the board truly is.

Sincerely,

Matthew Bayley



**Fund KPOO to broadcast SF Board of Supervisor meetings**  
Matthew Bayley to: Board.of.Supervisors  
Please respond to no-reply

08/31/2012 12:39 AM

---

Greetings,

I just signed the following petition addressed to: SF Board of Supervisors.

-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.

-----  
Sincerely,

Matthew Bayley  
San Francisco, California

Note: this email was sent as part of a petition started on Change.org, viewable at <http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, click here



Fund KPOO to broadcast SF Board of Supervisor meetings

Scott McCoid

to:

Board.of.Supervisors

08/30/2012 04:57 PM

Hide Details

From: Scott McCoid <mail@change.org>

To: Board.of.Supervisors@sfgov.org,

Please respond to no-reply@change.org

Security:

To ensure privacy, images from remote sites were prevented from downloading. Show Images

Greetings,

I just signed the following petition addressed to: SF Board of Supervisors.


-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.  
-----

Sincerely,

I think it is important to hear what is going on in all city governments. I spend a large portion of time in the city of San Francisco, so I would appreciate hearing more about decisions that are being made.

Scott McCoid  
San Jose, California

Note: this email was sent as part of a petition started on Change.org, viewable at <http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, [click here](#) 



**Fund KPOO to broadcast SF Board of Supervisor meetings**  
Samuel Offenberg to: Board.of.Supervisors  
Please respond to no-reply

08/30/2012 11:01 AM

---

Greetings,

I just signed the following petition addressed to: SF Board of Supervisors.

-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.

-----  
Sincerely,

Cause it's 187 on an undercover cop

Samuel Offenberg  
Oakland, California

Note: this email was sent as part of a petition started on Change.org, viewable at <http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, click here



**Fund KPOO to broadcast SF Board of Supervisor meetings**  
Eric Lynch to: Board.of.Supervisors  
Please respond to no-reply

08/30/2012 11:00 AM

---

Greetings,

I just signed the following petition addressed to: SF Board of Supervisors.

-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.

-----  
Sincerely,

I listen to KPOO frequently, and often catch some of the SF Board of Supervisors meetings on my ride home from work. I find them enlightening and informative. I think that KPOO is offering a great public service by making these meetings publicly available.

Eric Lynch  
San Francisco, California

Note: this email was sent as part of a petition started on Change.org, viewable at <http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, click here





**Fund KPOO to broadcast SF Board of Supervisor meetings**  
Maxine Anderson to: Board.of.Supervisors  
Please respond to no-reply

08/30/2012 09:29 AM

---

Greetings,

I just signed the following petition addressed to: SF Board of Supervisors.

-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.

-----  
Sincerely,

This is the last independent station in SF. We need them and we need to have the BOS meetings aired, on the radio, for those of us who are shut-in or not internet connected.

Maxine Anderson  
San Francisco, California

Note: this email was sent as part of a petition started on Change.org, viewable at <http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, click here



**Fund KPOO to broadcast SF Board of Supervisor meetings**  
Dan Couch to: Board.of.Supervisors  
Please respond to no-reply

08/30/2012 10:45 AM

---

Greetings,

I just signed the following petition addressed to: SF Board of Supervisors.

-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.

-----  
Sincerely,

Dan Couch  
San francisco, California

Note: this email was sent as part of a petition started on Change.org, viewable at  
<http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, click here



**To:** BOS Constituent Mail Distribution,  
**Cc:**  
**Bcc:**  
**Subject:** Fund KPOO to broadcast SF Board of Supervisor meetings

**From:** Art Harry <mail@change.org>  
**To:** Board.of.Supervisors@sfgov.org,  
**Date:** 08/27/2012 08:55 PM  
**Subject:** Fund KPOO to broadcast SF Board of Supervisor meetings

---

Greetings,

I just signed the following petition addressed to: SF Board of Supervisors.

-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.

-----  
Sincerely,

the last station in the baya rea not run by corp america

Art Harry  
RICHMOND, California

Note: this email was sent as part of a petition started on Change.org, viewable at <http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, [click here](#)



Fund KPOO to broadcast SF Board of Supervisor meetings

Deetje Boler

to:

Board.of.Supervisors

08/28/2012 06:26 PM

Hide Details

From: Deetje Boler <mail@change.org>

To: Board.of.Supervisors@sfgov.org,

Please respond to no-reply@change.org

Security:

To ensure privacy, images from remote sites were prevented from downloading. Show Images

Greetings,

I just signed the following petition addressed to: SF Board of Supervisors.


-----  
Fund KPOO to broadcast SF Board of Supervisor meetings

This is a vital public service for the people of San Francisco to hear what is going on with their city government.  
-----

Sincerely,

There are things that happen at the BOS that I can't get there for and I can't watch it on the internet, so that leaves listening to it on KPOO. This is a necessary part of democracy, so you really ought to fund it.

Deetje Boler  
San Francisco, California

Note: this email was sent as part of a petition started on Change.org, viewable at <http://www.change.org/petitions/sf-board-of-supervisors-fund-kpoo-to-broadcast-sf-board-of-supervisor-meetings>. To respond, [click here](#) 



SAIID KAHANGI to: [board.of.supervisors@sfgov.org](mailto:board.of.supervisors@sfgov.org)  
Please respond to SAIID KAHANGI

08/30/2012 05:09 PM

please give Ross M. his job back...this is ridiculous!!

Gitta



To: BOS Constituent Mail Distribution,  
Cc:  
Bcc:  
Subject: Ross Mirkarimi

From: "Moe Amini" <moe@craftsmensguild.com>  
To: <board.of.supervisors@sfgov.org>,  
Date: 08/30/2012 01:31 PM  
Subject: RE: Ross Mirkarimi

---

In terms of support, Ross Mirkarimi. I, do believe He is one of the most educated & efficient and honest American citizen and City of San Francisco NEED him therefore I, would like to support him by this email today to have his job back

Best regards  
MOE AMINI

**From:** Paul Fogarty [mailto:noreply@list.signon.org]  
**Sent:** Thursday, August 30, 2012 9:14 AM  
**To:** moe@craftsmensguild.com  
**Subject:** THANK YOU!!

**THANK YOU EVERYONE!!**

**CONGRATULATIONS...YOUR PETITION "REINSTATE SHERIFF ROSS MIRKARIMI" HAS JUST BEEN SUBMITTED!!**

Now the fate of Ross Mirkarimi will be decided by a vote of the San Francisco Board of Supervisors, so, the battle is not quite over yet...

Please take a few moments to contact the San Francisco Board of Supervisors directly, by phone or email, and urge them to *give Ross his job back!*

board.of.supervisors@sfgov.org  
**(415)554-5184**

It may also help to contact the San Francisco Ethics Commission. They have submitted a mixed opinion, but they are still working on their final report:

[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org)  
**(415)252-3100**

---

This message was sent to Mohsen amini Rad by Paul Fogarty from the SignOn. org system. MoveOn. org Civic Action sponsors SignOn. org, but does not endorse specific campaigns or the contents of this message.

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<http://www.signon.org/unsub.html?i=5767-5204734-WHrXV3>



To: BOS Constituent Mail Distribution,  
Cc:  
Bcc:  
Subject: SIGNED PETITION FOR ROSS MIRKARIMI

From: Fogarty Paul <paulfog@yahoo.com>  
To: Board.of.Supervisors@sfgov.org,  
Date: 08/30/2012 07:06 AM  
Subject: SIGNED PETITION FOR ROSS MIRKARIMI

---

To The San Francisco Board Of Supervisors:

**Please take a few moments to read this signed petition in support Sheriff Ross Mirkarimi and please review the comments from those who signed it.**

**In light of the severe consequences already suffered by the sheriff and the implications of removing a publicly elected official, as well as the precedent being set for all other city officials, *we strongly urge your decisive vote in support of reinstating Sheriff Ross Mirkarimi.***



Signed Petition For Ross Mirkarimi.pdf



Dear San Francisco Board of Supervisors, San Francisco Ethics Commission, and San Francisco Mayor Edwin M. Lee,

We are pleased to present you with this petition affirming one simple statement:

**"LETTER IN SUPPORT OF SHERIFF ROSS MIRKARIMI**

**We voters of the city of San Francisco and those who seek fairness and justice for its citizens, are sending this letter of concern on behalf of all San Francisco's residents and families.**

**Our concerns are the following:**

**We believe all elected officials should have the right to hold office and represent their people within the law without the impending threat of expulsion by other members of office.**

**We believe all citizens should be given a fair opportunity to make changes for the betterment of their lives, family and community without their careers being jeopardized as a result.**

**So, we are writing this letter in support of Sheriff Mirkarimi—San Francisco's duly elected sheriff who has enjoyed a long, exceptional record of public service involving innumerable significant civic issues. While serving in office, he has spearheaded ground-breaking legislation in support of the environment, drug and gun law reform as well as advocacy for the working class and advocacy for those underserved and underrepresented in the community. Sheriff Mirkarimi has unquestionably been a true visionary for innovative change both in and out of San Francisco.**

**Recent allegations and a misdemeanor conviction involving the Sheriff and his family have overshadowed his new position and have cast doubts in the eyes of some on the propriety of his service as sheriff. The allegations and subsequent conviction are indeed serious in light of the responsibilities of an elected official and by no means are to be overlooked. However, we believe the circumstances under which Sheriff Mirkarimi has been suspended do not rise to the extreme level of his expulsion from elected office. It is up to the voters of San Francisco to decide whether or not the Sheriff deserves their trust and confidence.**

**Ms Lopez has spoken on the record in support of her husband. While acknowledging the fight with her husband that led to his misdemeanor conviction, she has clearly stated: "I have never been afraid for my safety in the presence of my husband, or for the safety of my son." Her statements were made without coercion while having had no contact with her husband for over three months. So, without first hand information to the contrary, we believe it is not the responsibility of the general public or those in office to second guess the statements of Ms. Lopez or to decide the best remedy for her family. The criminal justice system is appropriately running its course, and there has been professional intervention, nothing more is needed.**

**Sheriff Mirkarimi took office by a public vote of the people, not by appointment. That means any consideration of his removal would have to meet a much higher standard if it were to reverse the will of the San Francisco voters who elected him to office. Under the circumstances, we don't believe the Sheriff's domestic dispute rises to that standard where a vote of the people should be altogether overruled. Again, it is up to the voters of San Francisco to decide with whom to put their confidence as sheriff.**

**Sheriff Mirkarimi brings incredible insight, value and experience to the office of sheriff and to the city of San Francisco. He graduated as class president from the San Francisco police academy and worked in the district attorney's office for seven years. While city supervisor, he championed legislation that set new standards for other cities to follow—helping to build and maintain San Francisco's world class, leading edge reputation. We need this leadership for the city. And while he has been convicted of one misdemeanor, he has also taken full responsibility for his actions. Sheriff Mirkarimi has publicly apologized and is doing all that has been asked of him by the courts. What more can we ask of our elected officials?**

**Domestic violence is an extremely serious matter, and as a result, the City of San Francisco has a rehabilitative process in place of intervention and prevention. Sheriff Mirkarimi has responsibly acknowledged his shortcomings as a parent and husband yet is fully committed to the system for full resolution, and has said as much on more than one occasion. Through his efforts, he is making changes that will make him a better and more informed father, husband and public servant. If improvement were not an option, such programs would not exist. Now we need to let the process take its course without casting our own additional penalties upon those already decided by the courts. Anything else would only compound the existing difficulties facing the Sheriff, his wife and their son, and contribute further to the problem--not to the solution.**

**We, as members of the community, civil servants, parents, voters of the city of San Francisco and concerned citizens, are signing this letter in support of Ross Mirkarimi's reinstatement as city and county sheriff—the position to which he was elected by the people. We are further open to any discussions with decision makers on the matter of Sheriff Mirkarimi's role as the sheriff of San Francisco.**

"

Attached is a list of individuals who have added their names to this petition, as well as additional comments written by the petition signers themselves.

Sincerely,  
Paul Fogarty

---

Please give his job back

Feri Bourdier  
SF, CA 94115  
Aug 25, 2012

---

Whatever you think of his behavior with his wife prior to his assuming office, I \*cannot\* fathom how that could be twisted into "official misconduct" in the carrying out of his duties as sheriff. He was prosecuted, that should be that.

Steve Freedkin  
Berkeley, CA 94704-2918  
Aug 23, 2012

---

I believe the Ethics Committee should take a stand and vote to NOT RECOMMEND TERMINATION to the Board of Supervisors. Punishment out of proportion to the transgression. Mayor Lee abused his discretion, and the vague standard for "official misconduct" opens the door for future abuses.

Tracy  
San Francisco, CA 94109  
Aug 20, 2012

---

Many others had a chance in life. Look at the SF Fire Chief.

Fred Ponomarenko  
Concord, CA 94521  
Aug 19, 2012

---

A misdemeanor conviction should not be used by the Mayor to remove a political rival.

Julie Setele  
Oakland, CA 94609  
Aug 19, 2012

---

Dan Forsyth  
Boonville, MO 65233  
Aug 19, 2012

---

I support that we the citizens of San Francisco reinstate our Sheriff Ross Mirkarimi.

Rosario Cervantes  
San Francisco, CA 94112  
Aug 19, 2012

---

Kary McElroy  
San Francisco, CA 94117  
Aug 18, 2012

---

---

Jeremy Forsyth  
Piedmontxxx, CA 94610  
Aug 18, 2012

---

Leila Radan  
San Francisco, CA 94118  
Aug 18, 2012

---

Reinstate the democratically elected Sheriff Ross Mairkarimi!

---

Isabel Gutierrez  
Daly City, CA 94015  
Aug 18, 2012

---

Paul Platt  
San Francisco, CA 94112  
Aug 18, 2012

---

Sean Radan  
San Francisco, CA 94123  
Aug 18, 2012

---

Please let the democratic process, not our city's mayor, decide who should serve as the sheriff of San Francisco. Ross Mirkarimi has been wrongfully removed from office. He was removed by our mayor under the false excuse of a minor infraction because Ross is not aligned with the Lee-Brown-Pak power axis of this city. It is time to do the right thing and restore him to the office he was elected to.

---

David Elliott Lewis, Ph.D.  
San Francisco, CA 94109  
Aug 18, 2012

---

Reinstate Sheriff Mirkarimi now, we want him to do his job as elected official, elected, not appointed, I'm a person who visited San Francisco very often and I want to feel safe with a government who respect voters decisions

---

Silvia Ramirez  
Redwood City, CA 94061  
Aug 17, 2012

---

Tami Bryant  
San Francisco, CA 94115  
Aug 16, 2012

---

Sara Molavi  
San Jose, CA 95124  
Aug 15, 2012

---

Wasting public foud,destroy the family. Not caring about the boy.Shame on you. Pressing a hand is not a crime. go and get the real criminal ,if you can. reinstate Ross. he is a good public worker, may be this is your problm. This case if politictly motivated, Dv is BS.

nina pars  
oakland, CA 94619  
Aug 15, 2012

---

tara  
el cerrito, CA 94530  
Aug 15, 2012

---

Mahnani Clay  
San Francisco, CA 94116  
Aug 8, 2012

---

Respect citizens's vote and reinstate Mirkarimi. Only people's vote could recall him if necessary.

Sahand Sahandi  
San Jose, CA 95117  
Aug 6, 2012

---

afshin emadi  
orinda, CA 94563  
Aug 5, 2012

---

The Sherrif was elected by popular vote. In a democratic procedure, a democratic system, no one man can negate the public's will. His removal undermines, subverts and corrupts the democratic procedure for all.

Afshin Zand  
Pleasanton, CA 94588  
Aug 5, 2012

---

Kokab Ebrahimi  
San Jose, CA 95128  
Aug 5, 2012

---

Khosrow Shaeghi  
San Jose, CA 95128  
Aug 4, 2012

---

maani hakim  
berkeley, CA 94703  
Aug 2, 2012

---

Mina  
Los Gatos, CA 95030  
Aug 2, 2012

---

Sima  
Greenbrae, CA 94904  
Jul 27, 2012

---

Parviz jamalian  
San Bruno, CA 94066  
Jul 26, 2012

---

Nazila Massoodi  
Los Altos Hills, CA 94024  
Jul 26, 2012

---

Farrokh Shehabi  
Kensington, CA 94707  
Jul 25, 2012

---

nasrin naraghi  
San Francisco, CA 94132  
Jul 24, 2012

---

zahra kasaei  
san jose, CA 95130  
Jul 24, 2012

---

the woman who took this video has something against Mr. Mirkarimi (obviously)...every single marriage husband and wife argue, why did she put her nose in this families life....Most probably there was something for her....Mr. Mirkarimi must keep this job.

Fariba Tabrizi  
foster city, CA 94006  
Jul 24, 2012

---

I believe he is an honest and educated and very professional American citizen and deserve to be given a fair opportunity to make changes for the betterment of their lives, family and community without their careers being jeopardized as a result.

Mohsen amini Rad  
Cupertino, CA 95014  
Jul 24, 2012

---

REINSTATE SHERIFF ROSS MIRKARIMI".

VJ  
Los Gatos, CA 95032  
Jul 24, 2012

---

nahid barghi  
ca, CA 95120

---

Jul 24, 2012

---

REINSTATE SHERIFF ROSS MIRKARIMI

Alaeddin Hakam  
San Francisco, CA 94188  
Jul 23, 2012

---

REINSTATE SHERIFF ROSS MIRKARIMI

Sara Seyedin  
Monte Sereno, CA 95030  
Jul 23, 2012

---

Please reinstate sheriff ross mirkarimi. He was doing great job.

Nasrin Gaudreau  
saratoga, CA 95070  
Jul 23, 2012

---

FARHAD DORODYANFDORODYAN@YAHOO.COM  
SANTA CLARA, CA 95050  
Jul 23, 2012

---

Gitta Kahangi  
Walnut Creek, CA 94595  
Jul 23, 2012

---

fereshteh  
Seascape, CA 95003  
Jul 23, 2012

---

He is a victom of bunch of bad politics!

Aky Banks  
San Francisco, CA 94107-1907  
Jul 23, 2012

---

Andrea Grimes  
San Francisco, CA 94122  
Jul 23, 2012

---

We love him and support him to back for his position that wasn't fair he wasn't guilty.

Soraia Bakhtiari  
Saratoga, CA 95070  
Jul 23, 2012

---

Robin Won  
San Francisco, CA 94115  
Jul 23, 2012

---

SHAHLA KAABIPOUR  
Saratoga, CA 95070  
Jul 23, 2012

---

armand Der-Hacobian  
San Francisco, CA 94105  
Jul 23, 2012

---

morvarid jamalian  
cupertino, CA 95014  
Jul 23, 2012

---

fari ,moazeni  
Saratoga, CA 95070  
Jul 23, 2012

---

Squeezing a hand is not DV or beating, No one leave all part of body alone and pressing a small area under arm to hurt some one. you know it and all the people with common sense that it does not make sense. It is pure political. Shame on you to waste public money to destroy the family . Have you thought of the boy. You donot care the family . what will happed to the boy.

---

ninasaadat  
berkeley, CA 94707  
Jul 23, 2012

---

tina kardys  
los altos, CA 94022  
Jul 23, 2012

---

Bruce Bahmani  
Danville, CA 94506  
Jul 23, 2012

---

farah Aghajan  
Los Altos Hills, CA 94024  
Jul 23, 2012

---

Disgusting San Francisco politics going-on here to demonize this hard working and moral man.

---

Khash Chamblou  
San Francisco, CA 94103  
Jul 22, 2012



---

Sylvia Alvarez-Lynch  
Daly City, CA 94015  
Jul 22, 2012

---

REINSTATE SHERIFF ROSS MIRKARIMI

houshang Pakpour  
Berkeley, CA 97402  
Jul 22, 2012

---

No one, even elected officials, should have their private lives turned into a public spectacle. This is what happened, and not a case of Official Misconduct.

Michael Tong  
San Francisco, CA 94117  
Jul 22, 2012

---

Michael Lyon  
San Francisco, CA 94110  
Jul 22, 2012

---

as a long term 35 years employee of the city and patient advocate for the patients i serve know that Ross is the only one who will protect jail health services and create an environment of restitution for many of the people i serve who have been in the jail system.

brenda barros  
antioch, CA 94509  
Jul 22, 2012

---

Faramarz Khodayari  
Greebrae, CA 94904  
Jul 22, 2012

---

mehrshad  
San Francisco, CA 94122  
Jul 22, 2012

---

Mansour Taeed  
Kensington, CA 94708  
Jul 22, 2012

---

jo jackson  
San Francisco, CA 94124  
Jul 22, 2012

---

Mehdi Madani  
Mill Valley, CA 94941  
Jul 22, 2012

---

sam fard  
walnut creek, CA 94598  
Jul 22, 2012

---

farshad afsarifard  
sf, CA 94105  
Jul 22, 2012

---

I believe that reinstatement is the right thing to do.

Charlin Sawyer  
Woodacre, CA 94973  
Jul 22, 2012

---

Farzad Mobin  
Palo Alto, CA 94303  
Jul 22, 2012

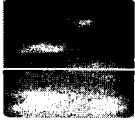
---

**REINSTATE SHERIFF ROSS MIRKARIMI**

Fariba  
cupertino, CA 95014  
Jul 22, 2012

---

Paul Fogarty  
San Jose, CA 95110  
Jul 22, 2012



To: BOS Constituent Mail Distribution,  
Cc:  
Bcc:  
Subject: Remove Ross from Office

**From:** "Geoffrey Haack" <[geoffrey.haack@gmail.com](mailto:geoffrey.haack@gmail.com)>

**Date:** August 29, 2012 1:19:43 PM PDT

**To:** [alisa.somera@sfgov.org](mailto:alisa.somera@sfgov.org), [eric.l.mar@sfgov.org](mailto:eric.l.mar@sfgov.org), [les.hilger@sfgov.org](mailto:les.hilger@sfgov.org), [scott.weiner@sfgov.org](mailto:scott.weiner@sfgov.org),  
[gillian.gillett@sfgov.org](mailto:gillian.gillett@sfgov.org), [malia.cohen@sfgov.org](mailto:malia.cohen@sfgov.org), [Jon.Lau@sfgov.org](mailto:Jon.Lau@sfgov.org), [Carmen.Chu@sfgov.org](mailto:Carmen.Chu@sfgov.org),  
[john.avalos@sfgov.org](mailto:john.avalos@sfgov.org), [david.chiu@sfgov.org](mailto:david.chiu@sfgov.org), [david.campos@sfgov.org](mailto:david.campos@sfgov.org),  
[Sean.Elsbernd@sfgov.org](mailto:Sean.Elsbernd@sfgov.org), [mark.farrell@sfgov.org](mailto:mark.farrell@sfgov.org), [jane.kim@sfgov.org](mailto:jane.kim@sfgov.org),  
[angela.calvillo@sfgov.org](mailto:angela.calvillo@sfgov.org), [frances.hsieh@sfgov.org](mailto:frances.hsieh@sfgov.org), [catherine.stefani@sfgov.org](mailto:catherine.stefani@sfgov.org),  
[viva.mogi@sfgov.org](mailto:viva.mogi@sfgov.org), [olivia.scanlon@sfgov.org](mailto:olivia.scanlon@sfgov.org), [christina.olague@sfgov.org](mailto:christina.olague@sfgov.org),  
[chris.durazo@sfgov.org](mailto:chris.durazo@sfgov.org), [dominica.henderson@sfgov.org](mailto:dominica.henderson@sfgov.org)

**Subject:** Remove Ross from Office

**Reply-To:** [geoffrey.haack@gmail.com](mailto:geoffrey.haack@gmail.com)

Dear Supervisors and Staff Members:

Please vote to remove Ross Mirkarimi from office. Mr. Mirkarimi pleaded guilty to falsely imprisoning his wife. The Ethics Commission found that this act constitutes official misconduct. His wife's attempt to recant what she said on the video is irrelevant. It is not right for someone who has pleaded guilty to a crime to continue to serve as Sheriff, even if he is still legally permitted to carry a gun. It should go without saying that no public official who has admitted to a crime should remain in office, and especially the office of sheriff, one of the two highest law enforcement officials in the county. The office of sheriff must be above suspicion and the appearance of wrongdoing, let alone actual, admitted wrongdoing.

San Francisco must have zero tolerance for domestic violence. The Sheriff's Department is responsible for incarcerating and trying to rehabilitate people who have been found guilty or have pled guilty to domestic violence. The Sheriff's Department operates domestic violence prevention programs in partnership with local organizations. The Department's ability to do these things would be seriously compromised under the leadership of a sheriff who pled guilty to falsely imprisoning his wife

Although pleading guilty to any serious crime constitutes official misconduct and warrants removal from office, this case is not even close. Ross Mirkarimi pleaded guilty to the charge of false imprisonment. As sheriff he is in charge of running the county jail. How ironic, and tragic. A sheriff who pleaded guilty to false imprisonment should not continue in office.

Mr. Mirkarimi was sentenced to three years of probation. If he were to be reinstated, his probation would continue for most of his term of office. The Sheriff's Department, and ultimately the Sheriff, is responsible for supervising probation of offenders. If he were reinstated, to whom would his probation officer report? Would San Francisco have to create a separate, independent probation office outside the Sheriff's Department just to avoid the clear conflict of interest that would arise in having a serving Sheriff on probation? The legal status of such an office would be complex, and it would be expensive for the taxpayers.

By trying desperately to hang onto his job despite his guilty plea, by vilifying the neighbors who rightly acted to report domestic violence, by continuing to minimize his actions, by claiming he is the victim of a political conspiracy, by asserting that removing him would be undemocratic, and by the absurd claim that he is even better qualified to be sheriff because he has personal experience with the criminal justice system, Mr. Mirkarimi has made clear that his guilty plea is insincere and he lacks the moral character to serve as sheriff.

The legal and moral issues are clear and straightforward. However, because many of you have served with Mr. Mirkarimi, your decision may be difficult on a personal level. I urge you to put your personal experiences and impressions of Mr. Mirkarimi aside. Also, this issue is not about Mayor Lee. In deciding which way to vote, please do not consider the effect of your vote on Mayor Lee. San Francisco prides itself on taking leadership on many issues. Please take leadership here and vote to remove a sheriff who has pled guilty of falsely imprisoning his wife.

If any of you are personal friends of Mr. Mirkarimi, you would be doing both him and the residents of San Francisco a service by persuading him to resign immediately.

Thank you for considering this e-mail.

Sincerely

Geoffrey




*cpage, CB  
Box adm.*

**Ben Rosenfield  
Controller**

**Monique Zmuda  
Deputy Controller**

# MEMORANDUM

**TO:** Clerk of the Board of Supervisors

**FROM:** Monique Zmuda, Deputy Controller 

**DATE:** August 30, 2012

**SUBJECT:** City Services Auditor - Annual Contract Report and Chapter 12 Compliance

This report is submitted pursuant to San Francisco Charter Section F1.112, "Authority and Duties of City Services Auditor, Outside Experts." The Charter requires the Controller's Office to submit an annual report to the Board of Supervisors summarizing the City Services Auditor's contracting activities and compliance with Chapter 12 of the Administrative Code. Chapter 12 of the Administrative Code includes a number of the City's human rights and non-discrimination clauses.

The attached report summarizes the City Services Auditor's contracting activities for Fiscal Years 2005 through 2012. Services contracted during this period allowed the City Services Auditor to provide audit and performance evaluations of Citywide operations.

Although the City Services Auditor is not subject to the approval processes of other City agencies in regard to Chapter 12, the City Services Auditor has fully complied with Chapter 12 by meeting the Contract Monitoring Division's (formally known as Human Rights Commission) 12B (Non-Discrimination) and 14B (Local Business Enterprise Subcontracting) requirements for all contracts.

Attachment:  
City Services Auditor Contract List - FY05-12

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BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 31 PM 2:16  
*all*

6

Office of the Controller  
City Services Auditor Contracts  
Fiscal Years: 2005-2012

Fiscal Year	Vendor Name	Description of Service	Department	Contract Amount
2005	A C L SERVICES LTD	ACL Software Maintenance	City Services Auditor Administrative	\$24,375
<b>2005 Total</b>				<b>\$24,375</b>
2008	INSPIRATION QUEST INC	City Services Auditor Strategic Planning Services	City Services Auditor Administrative	\$35,508
	EN POINTE TECHNOLOGIES SALES INC	Crystal Reports Server	City Services Auditor Administrative	\$20,392
<b>2008 Total</b>				<b>\$55,900</b>
2009	C C H INC / Wolters Kluwer	TeamMate software services	City Services Auditor Administrative	\$46,283
	EN POINTE TECHNOLOGIES SALES INC	Clarity Project & Portfolio Mgmt Consulting Services	City Services Auditor Administrative	\$40,000
	XTECH J/V	OpenAir Software Licenses and Implementation Services	City Services Auditor Administrative	\$129,008
	ANGELA J MANIAK	CSA Business Writing	City Services Auditor Training	\$27,000
	RICHARD ALAN FOSTER	CSA Audits Training and Meeting Facilitation Services	City Services Auditor Training	\$4,000
<b>2009 Total</b>				<b>\$246,291</b>
2010	AMERICAN MANAGEMENT ASSOCIATION	CSA Project Management Training	City Services Auditor Administrative	\$16,675
	EDITCETERA	Audit and analytical report editing services	City Services Auditor Administrative	\$50,000
	GRADUATE SCHOOL	Government Auditing Training Services	City Services Auditor Training	\$13,669
<b>2010 Total</b>				<b>\$80,344</b>
2011	RESOURCE DEVELOPMENT ASSOCIATES INC	Survey Research and Statistical Analysis Methods Training Services	City Services Auditor Administrative	\$10,000
	RICHARD ALAN FOSTER	Audits Retreat Services	City Services Auditor Administrative	\$4,000
	TOP STEP CONSULTING LLC	Openair Business Efficiency Assessment	City Services Auditor Administrative	\$4,800
	COURTENAY THOMPSON & ASSOCIATES	Contract Auditing Training Services	City Services Auditor Training	\$9,995
<b>2011 Total</b>				<b>\$28,795</b>
2012	CARMEN CLARK CONSULTING	CSA Organizational Diagnostic and Facilitation Services	City Services Auditor Administrative	\$70,000
	HONIG IDEAGUIDES & 4 HOUR TRAINING	Facilitation Training Services (CSA)	City Services Auditor Administrative	\$4,825
	LEITA HART FANTA	Essential Audit Skills Traing	City Services Auditor Administrative	\$7,520
	WOLTERS KLUWER FINANCIAL SERVICES INC	TEAMMATE AUDIT SFTWR RENEWAL FY12	City Services Auditor Administrative	\$14,900
	WORKFORCE SOFTWARE CONSULTING INC	TeamMate software services	City Services Auditor Administrative	\$14,900
	XTECH J/V	Controller's Office Whistleblower System (COWS) Web Application	City Services Auditor Administrative	\$19,360
<b>2012 Total</b>				<b>\$131,505</b>



To: Joy Lamug/BOS/SFGOV,  
Cc:  
Bcc:  
Subject: File 120876: 8 WASHINGTON

From: "gary noguera" <garynoguera@earthlink.net>  
To: "Carmen Chu" <Carmen.Chu@sfgov.org>, "Christina Olague" <Christina.Olague@sfgov.org>, "David Campos" <David.Campos@sfgov.org>, "David Chiu" <David.Chiu@sfgov.org>, "entire board" <Board.of.Supervisors@sfgov.org>, "ERIC MAR" <Eric.L.Mar@sfgov.org>, "Jane Kim" <Jane.Kim@sfgov.org>, "John Avalos" <John.Avalos@sfgov.org>, "Malia Cohen" <Malia.Cohen@sfgov.org>, "mark farrell" <Mark.Farrell@sfgov.org>, "Scott Weiner" <Scott.Wiener@sfgov.org>, "Sean Elsbernd" <Sean.Elsbernd@sfgov.org>,  
Date: 08/30/2012 07:44 AM  
Subject: 8 WASHINGTON

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Please approve the project at 8 Washington at the higher height.

Thank you

Gary Noguera  
942 Teresita  
SF 94127  
415-469-8899



OFFICE OF THE MAYOR  
SAN FRANCISCO



Orig: Cpage  
Bos-11, COB, 3 Dep  
EDWIN M. LEE City Atty  
MAYOR File

August 31, 2012

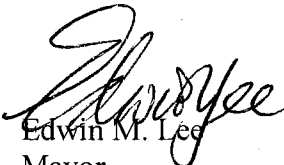
Ms. Angela Calvillo  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 31 AM 11:23  
sk

Dear Ms. Calvillo,

Pursuant to Charter Section 3.100, I hereby designate Supervisor Mark Farrell as Acting-Mayor from the time I leave the State of California on Sunday, September 2 at 1:25 pm, until Friday, ~~Friday~~ *Tuesday* September 4 at 11:59pm.

Sincerely,

  
Edwin M. Lee  
Mayor

cc: Mr. Dennis Herrera, City Attorney

Orig: Cpage BOS-11, COB  
3 Dep, City Attny, File

EDWIN M. LEE  
MAYOR



OFFICE OF THE MAYOR  
SAN FRANCISCO

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BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 31 AM 11:23

August 31, 2012

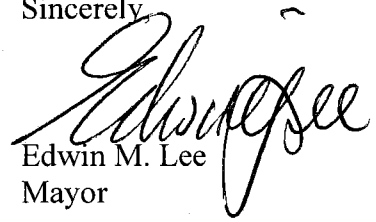
Ms. Angela Calvillo  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

Dear Ms. Calvillo,

Pursuant to Charter Section 3.100, I hereby designate Supervisor Jane Kim as Acting-Mayor from Tuesday, September 4 at 11:59 pm, until Friday, September 7 at 12:12pm.

In the event I am delayed, I designate Supervisor Kim to continue to be the Acting-Mayor until my return to California.

Sincerely,

  
Edwin M. Lee  
Mayor

cc: Mr. Dennis Herrera, City Attorney

9

OFFICE OF THE MAYOR  
SAN FRANCISCO



orig: Rules Clerk  
c. 2013, pages ~~10~~

EDWIN M. LEE  
MAYOR

August 30, 2012

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

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 30 PM 4:00  
DB

Dear Ms. Calvillo,

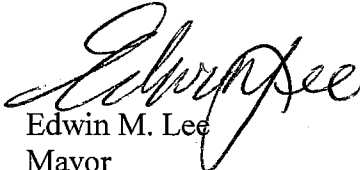
Pursuant to Section 3.100 (18) of the Charter of the City and County of San Francisco, I hereby make the following appointment:

Patrick Johnston to the Film Commission, assuming the seat formerly held by William Adams, for a term ending March 19, 2016.

I am confident Mr. Johnston, a CCSF elector, will serve the City and County well. Attached are his qualifications to serve, which demonstrates how this appointment represents the communities of interest, neighborhoods, and diverse populations of San Francisco.

Should you have any questions related to these appointments, please contact my Director of Appointments, Nicole Wheaton, at (415) 554-7940.

Sincerely,

  
Edwin M. Lee  
Mayor

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

**Notice of Appointment**

August 30, 2012

San Francisco Board of Supervisors  
City Hall, Room 244  
1 Carlton B. Goodlett Place  
San Francisco, California 94102

Honorable Board of Supervisors:

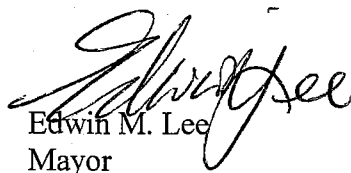
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Should you have any questions related to these appointments, please contact my Director of Appointments, Nicole Wheaton, at (415) 554-7940.

Sincerely,

  
Edwin M. Lee  
Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 30 PM 3:59  
DRS

## **PJ Johnston** a biography

PJ Johnston is a communications consultant specializing in media and public relations, crisis communications, communication strategies, messaging, government affairs and political campaigning.

Johnston has served as a spokesman, speechwriter and media consultant for several prominent public officials, and maintains a regular presence in the Bay Area broadcast, print and digital media.

PJ Johnston Communications' clients range from public agencies and state, county and local officials to private companies, law firms, developers, nonprofit organizations and trade associations – including large companies like Lennar Corp. and Norcal Waste Systems, as well as private nonprofit institutions like the Chinese Hospital, trade associations like BayBio, government agencies such as Job Corps, and cities like Richmond, Calif.

Johnston continues to manage major citywide events; he recently served as director of communications for San Francisco Rising, the city's official 1906 Earthquake & Fire Centennial Commemoration series.

Johnston served as press secretary to Mayor Willie L. Brown, Jr., and was chief public information officer for the City and County of San Francisco from 2001 to 2004. Johnston also served as director of communications for Willie Brown's 1999 re-election campaign, which resulted in a 20-point margin of victory.

Johnston continues to serve in Mayor Gavin Newsom's administration as president of the San Francisco Arts Commission.

Johnston was the spokesman for one of the most sought-after personalities in American politics and manager of all internal and external communications for the Mayor's Office. As chief public information officer for the city, he directed more than 50 department PIOs and managed media and public relations for major events in San Francisco, ranging from presidential visits to international conferences. He was also the city's chief spokesman in times of crisis, such as the aftermath of Sept. 11, 2001; a citywide electrical blackout; and the nation's largest anti-Iraq War protests.

During his eight years in the upper-management ranks of City Hall, Johnston served in several capacities – including executive director of the San Francisco Film Commission and assistant director of public transportation (San Francisco Municipal Railway). Prior to that, he was a journalist working for several publications, including the *San Jose Mercury News*, the *San Francisco Bay Guardian* and the *Eureka Times-Standard*.

Johnston is a fourth-generation San Franciscan and continues to live and work in the city with his wife and children.

**San Francisco  
Arts Commission**

Edwin M. Lee  
Mayor

Tom DeCaigny  
Director of  
Cultural Affairs

Programs:  
Civic Art Collection  
Civic Design Review  
Community Arts & Education  
Cultural Equity Grants  
Public Art  
SFAC Galleries  
Street Artist Licensing

25 Van Ness Avenue, Ste. 345  
San Francisco, CA 94102  
tel 415-252-2590  
fax 415-252-2595  
sfartscommission.org  
facebook.com/sfartscommission  
twitter.com/SFAC



City and County of  
San Francisco

August 29, 2012

Honorable Edwin Lee  
Mayor, City and County of San Francisco  
City Hall, Room 200

Angela Calvillo, Clerk of the Board  
Board of Supervisors  
City Hall, Room 244

Ben Rosenfield, Controller  
City Hall, Room 316

RE: Adopted Budget for FY 2012-13 and FY 2013-14

I hereby certify, in conformance with San Francisco Charter Section 9.115 and San Francisco Administrative Code Section 3.14, that the funding provided in the budget for FY 2012-13 as adopted by the Board of Supervisors is adequate for my department to meet service levels as proposed to the Board. I anticipate that I shall make no requests for supplemental appropriations in FY 2012-13 barring unforeseen circumstances.

As you may know, the Arts Commission has undergone significant transitions in leadership this past year and is in the process of a comprehensive community engagement and planning process. While we believe our proposed FY 2013-14 budget is adequate, we would like to revisit the alignment of our budget with agency strategy as part of the FY 2013-14 and FY 2014-15 budget cycle.

Thank you for your support during this first two-year budget cycle.

Sincerely,

Tom DeCaigny  
Director of Cultural Affairs

cc: Kate Howard, Mayor's Budget Director  
Leo Levenson, Controller's Budget and Analysis Director

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BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 29 AM 10:17  
PM

11

City and County of San Francisco

Adult Probation Department

Hall of Justice



Protecting the Community, Serving Justice and  
Changing Lives

WENDY S. STILL

Chief Adult Probation Officer

August 27, 2012

Honorable Edwin Lee  
Mayor, City and County of San Francisco  
City Hall, Room 200

Angela Calvillo, Clerk of the Board  
Board of Supervisors  
City Hall, Room 244

Ben Rosenfield, Controller  
City Hall, Room 316

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 28 AM 10:35  
RD

RE: Adult Probation Department Adopted Budget for FY 2012-13 and FY 2013-14

Ladies and Gentlemen:

I hereby certify, in conformance with San Francisco Charter Section 9.115 and San Francisco Administrative Code Section 3.14, that the funding provided in the budget for FY 2012-13 and FY 2013-14 as adopted by the Board of Supervisors is adequate for my department to meet service levels as proposed to the Board.

At this time I anticipate that I shall make no requests for supplemental appropriations barring unforeseen circumstances.

The State continues to implement Public Safety Realignment, AB 109, which is the most historic and significant criminal justice reform in California's history. APD will continue to monitor the impact as the implementation proceeds on caseloads and staffing level requirements. In addition, there may be legislative mandates or local law requirements that will impact the operations of the Adult Probation Department. APD will continue to evaluate the impacts of State and local mandates throughout the fiscal year and may need to address needs that are unknown at this time to comply with continuously evolving legislation.

Sincerely,

Wendy S. Still, MAS  
Chief Adult Probation Officer

cc: Kate Howard, Mayor's Budget Director  
Leo Levinson, Controller's Budget and Analysis Director  
Melissa Howard, Policy and Fiscal Analyst

880 Bryant Street, Room 200

San Francisco

California

94103

Phone (415) 553-1706

Fax (415) 553-1771



City & County of San Francisco

**Department of  
Technology**

*Powered by Innovation*

One South Van Ness Avenue, 2nd Floor  
San Francisco, CA 94103-0948  
Office: 415-581-4001 • Fax: 415-581-4002

August 16, 2012

Honorable Edwin Lee  
Mayor, City and County of San Francisco  
City Hall, Room 200

Angela Calvillo, Clerk of the Board  
Board of Supervisors  
City Hall, Room 244

Ben Rosenfield, Controller  
City Hall, Room 316

Subject: Adopted Budget for FY 2012-13 and FY 2013-14

Ladies and Gentlemen:

I hereby certify, in conformance with San Francisco Charter Section 9.115 and San Francisco Administrative Code Section 3.14, that the funding provided in the budget for FY 2012-13 and FY 2013-14 as adopted by the Board of Supervisors is adequate for my department to meet service levels as proposed to the Board.

I anticipate that I shall make no requests for supplemental appropriations barring unforeseen circumstances.

Sincerely,

Jon Walton  
Acting Chief Information Officer

cc: Kate Howard, Mayor's Budget Director  
Leo Levenson, Controller's Budget and Analysis Director

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 27 PM 2:39  
BY M/S







OFFICE OF THE  
CITY ADMINISTRATOR



Edwin M. Lee, Mayor  
Naomi M. Kelly, City Administrator

August 16, 2012

Honorable Edwin M. Lee  
Mayor, City and County of San Francisco  
City Hall, Room 200

Angela Calvillo, Clerk of the Board  
Board of Supervisors  
City Hall, Room 244

Ben Rosenfield, Controller  
City Hall, Room 316

Subject: Adopted Budget for FY 2012-13 and FY 2013-14

Ladies and Gentlemen:

I hereby certify, in conformance with San Francisco Charter Section 9.115 and San Francisco Administrative Code Section 3.14, that the funding provided in the budget for FY 2012-13 and FY 2013-14 as adopted by the Board of Supervisors is adequate for my department to meet service levels as proposed to the Board.

I anticipate that I shall make no requests for supplemental appropriations barring unforeseen circumstances.

Sincerely,

Naomi M. Kelly  
City Administrator

cc: Kate Howard, Mayor's Budget Director  
Leo Levenson, Controller's Budget and Analysis Director

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 AUG 27 PM 2:39  
NK

Revised



CITY AND COUNTY OF SAN FRANCISCO  
DEPARTMENT OF CHILD SUPPORT SERVICES

617 Mission Street, San Francisco, CA 94105-3503 Tel. (415) 356-2700  
Child Support Automated Information System 1-866-901-3212



EDWIN M. LEE  
MAYOR

KAREN M. ROYE  
DIRECTOR

August 13, 2012

Honorable Edwin Lee  
Mayor, City and County of San Francisco  
City Hall, Room 200

Angela Calvillo, Clerk of the Board  
Board of Supervisors  
City Hall, Room 244

Ben Rosenfield, Controller  
City Hall, Room 316

RE: Adopted Budget for FY 2012-13 and FY 2013-14

Ladies and Gentleman:

I hereby certify, in conformance with San Francisco Charter Section 9.115 and San Francisco Administrative Code Section 3.14, that the funding provided in the budget for FY 2012-13 and FY 2013-14 as adopted by the Board of Supervisors is adequate for my department to meet service levels as proposed to the Board.

I anticipate that I shall make no requests for supplemental appropriations barring unforeseen circumstances.

Sincerely,

A handwritten signature in black ink that reads "Karen M. Roye".

Karen M. Roye  
IV-D Director/Department Head

cc: Kate Howard, Mayor's Budget Director  
Leo Levenson, Controller's Budget and Analysis Director

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2012 AUG 30 PM 3:22  
PV

**BOARD of SUPERVISORS**

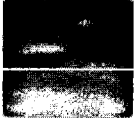


**City Hall**  
**1 Dr. Carlton B. Goodlett Place, Room 244**  
**San Francisco 94102-4689**  
**Tel. No. 554-5184**  
**Fax No. 554-5163**  
**TDD/TTY No. 544-5227**

Date: August 30, 2012  
To: Honorable Members, Board of Supervisors  
From: Angela Calvillo, Clerk of the Board  
Subject: Form 700

This is to inform you that the following individuals have submitted a Form 700 Statement:

Nathan T. Allbee – Legislative Aide – Assuming  
Peter Lauterborn - Legislative Aide – Assuming



**To:** BOS Constituent Mail Distribution,  
**Cc:**  
**Bcc:**  
**Subject:** Fw: Report Issued: Follow-up of 2008 Audit of Faulty Payroll Payment Controls

**From:** "Reports, Controller" <controller.reports@sfgov.org>  
**To:** "Calvillo, Angela" <angela.calvillo@sfgov.org>, "Nevin, Peggy" <peggy.nevin@sfgov.org>, BOS-Supervisors <bos-supervisors.bp2ln@sfgov.microsoftonline.com>, BOS-Legislative Aides <bos-legislativeaides.bp2ln@sfgov.microsoftonline.com>, "Kawa, Steve" <steve.kawa@sfgov.org>, "Howard, Kate" <kate.howard@sfgov.org>, "Falvey, Christine" <christine.falvey@sfgov.org>, "Elliott, Jason" <jason.elliott@sfgov.org>, "Campbell, Severin" <severin.campbell@sfgov.org>, "Newman, Debra" <debra.newman@sfgov.org>, "sfdocs@sfpl.info" <sfdocs@sfpl.info>, "gmetcalf@spur.org" <gmetcalf@spur.org>, CON-Media Contact <con-mediacontact.bp2ln@sfgov.microsoftonline.com>, "ggiubbini@sftc.org" <ggiubbini@sftc.org>, CON-EVERYONE <con-everyone.bp2ln@sfgov.microsoftonline.com>, CON-CCSF Dept Heads <con-ccsfdeptheads.bp2ln@sfgov.microsoftonline.com>, CON-Finance Officers <confinanceofficers.bp2ln@sfgov.microsoftonline.com>, "Collins, Tara" <tara.collins@sfgov.org>, "Eng, Sandra" <sandra.eng@sfgov.org>, "Fitzpatrick, Mary" <mary.fitzpatrick@sfgov.org>, "Updike, John" <john.updike@sfgov.org>, "Rhorer, Trent" <trent.rhorer@sfgov.org>, "Adachi, Jeff" <jeff.adachi@sfgov.org>, "Garcia, Barbara" <barbara.garcia@sfdph.org>, "Yuen, Tom" <tom.yuen@flysfo.com>, "Martinez, Susana" <susana.martinez@sfgov.org>, "Okai, Dora" <dora.okai@sfgov.org>, "Rosenfield, Ben" <ben.rosenfield@sfgov.org>, "Lane, Maura" <maura.lane@sfgov.org>, "LeFranc, Carmen" <carmen.lefranc@sfgov.org>, "Pavkovic, Alan" <alan.pavkovic@sfgov.org>, "Wagner, Greg" <greg.wagner@sfdph.org>, "Jacobi, Elizabeth" <elizabeth.jacobi@sfdph.org>, "Monroe, Robert" <robert.monroe@sfgov.org>, "Thomas, Robert" <robert.s.thomas@sfdph.org>, "Auyong, Angela" <angela.auyong@sfgov.org>, "cmartin@sftc.org" <cmartin@sftc.org>,  
**Date:** 08/29/2012 01:58 PM  
**Subject:** Report Issued: Follow-up of 2008 Audit of Faulty Payroll Payment Controls  
**Sent by:** "Chapin-Rienzo, Shanda" <shanda.chapin-rienza@sfgov.org>

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The Office of the Controller's City Services Auditor Division today issued a memorandum on its follow-up of an April 2008 audit report on faulty payroll payment controls. The follow-up found that all of the 12 recommendations assessed were fully implemented.

To view the full memorandum, please visit our website at:  
<http://co.sfgov.org/webreports/details.aspx?id=1472>

This is a send-only email address.

For questions about the memorandum, please contact Director of City Audits Tonia Lediju at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393, or the CSA Audits unit at 415-554-7469.



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

**Ben Rosenfield**  
Controller

**Monique Zmuda**  
Deputy Controller

## **AUDIT FOLLOW-UP MEMORANDUM**

**TO:** Dennis J. Herrera, City Attorney  
Office of the City Attorney

Sandra Eng, Acting Executive Officer  
Civil Service Commission

Mary Fitzpatrick, Director of Accounting Operations and Systems  
Office of the Controller

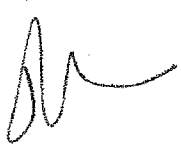
John Updike, Acting Director  
Real Estate Division  
General Services Agency

Trent Rhorer, Executive Director  
Human Services Agency

Jeff Adachi, Public Defender  
Office of the Public Defender

Barbara A. Garcia, Director of Health  
Department of Public Health

T. Michael Yuen, Court Executive Officer  
Superior Court

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

**DATE:** August 29, 2012

**SUBJECT:** **Follow-up of 2008 Audit of Faulty Payroll Payment Controls**

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### **EXECUTIVE SUMMARY**

In April 2008 the Office of the Controller's City Services Auditor Division (CSA) issued an audit report, *Faulty Payment Controls Prevent Accurate Tax Reporting for Some Employees and City Vendors*, that includes 16 recommendations. In 2012 CSA followed up on the status of 9 of the recommendations and found that city departments have fully implemented all of them.

## BACKGROUND, OBJECTIVES & METHODOLOGY

### Background

CSA followed up on 12 of the 16 recommendations in its April 2008 audit report, *Faulty Payment Controls Prevent Accurate Tax Reporting for Some Employees and City Vendors*.<sup>1</sup> As part of a compliance check in 2006, the U.S. Internal Revenue Service (IRS) asked the City and County of San Francisco (City) to determine if any of its employees had been issued both a federal Form W-2, which reports wages to employees, and a federal Form 1099-MISC, which reports other types of income from the City. CSA acted on this IRS request as part of a citywide payroll audit that the division had begun earlier in 2006 in an effort to assess the City's management and human resources functions. CSA reported recommendations to the Office of the City Attorney (City Attorney), Civil Service Commission (Civil Service), Office of the Controller (Controller), General Services Agency's Real Estate Division (Real Estate), Human Services Agency (Human Services), Office of the Public Defender (Public Defender), Department of Public Health (Public Health), and Superior Court of San Francisco (Court). The purpose of the audit was to determine whether the City reports all necessary vendor payments to the IRS, and complies with the San Francisco Charter and Administrative Code to ensure that employees do not engage in activities that are inconsistent, incompatible, or in conflict with their responsibilities.

### Objectives

The objective of this follow-up is to verify whether city departments sufficiently implemented the recommendations in the April 2008 audit report. Consistent with Government Auditing Standards, Section 7.05, promulgated by the United States Government Accountability Office, the purposes of audit reports include facilitating follow-up to determine whether appropriate corrective actions have been taken. CSA follows up on its audits because their greatest benefit is not in the findings reported or the recommendations made, but in the implementation of actions to resolve audit findings.

### Methodology

CSA discussed with key department personnel the status of the corrective actions taken to date, obtained documentary evidence to support the implementation status, and verified the existence of the procedures the departments have established to implement CSA's recommendations. CSA did not follow up on the status of four of the report's recommendations as they were meant to be communicated through directives to all departments from the appropriate City officers and/or departments. Departments were given the opportunity to respond to this follow-up in writing, but none chose to do so.

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<sup>1</sup> Four of the recommendations, numbers 13 through 16, were not directed to particular departments, but were instead citywide recommendations to be communicated through directives to all departments.

## RESULTS

**Recommendation 1: The Court should document the benefits it pays to all its employees to ensure that the Controller can properly process the Court's payroll.**

**Recommendation 2: The Public Defender and Public Health should compensate through payroll for all interpreter services, and issue workorders to employees' home departments, if different. This would allow them to ensure that IRS regulations are complied with, that the City's pension obligations are met, and that home departments can adequately supervise staff in the field.**

**Recommendation 3: Human Services should pay all fringe benefits to its employees through the City's payroll system rather than as vendor payments.**

CSA confirmed that all three recommendations were implemented before the audit report was issued on April 30, 2008.

**Conclusion:** Recommendations 1, 2, and 3 were implemented.

**Recommendation 4: The City Attorney and Real Estate should pay only from a written contract for services in excess of \$2,500.**

Based on a sample of contracts from the City Attorney and Real Estate, CSA confirmed that both have written contracts for services that cost more than \$2,500.

**Conclusion:** Recommendation 4 was implemented.

**Recommendation 5: The City Attorney and Real Estate should comply with the Administrative Code requirement that, for purchases of \$29,000 and over, professional services be contracted only after a formal bid solicitation.**

The City Attorney stated that due to confidentiality issues related to litigation cases, it does not normally have a formal bid process for professional services. The City Attorney stated that it will obtain formal bids for professional services of \$29,000<sup>2</sup> and over only when it does not conflict with the City Attorney's duties and responsibilities set forth in the Charter. In response to CSA's request to the City Attorney for bid documents related to selected professional services that the department had contracted, it stated that these services are exempt from the Administrative code's competitive solicitation requirements, so were not required to be bid out.

CSA reviewed bid documents related to selected professional services that Real Estate had contracted, and confirmed that it complied with the Administrative Code's requirement that, for purchases of \$29,000 and over, professional services be contracted only after a formal bid solicitation.

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<sup>2</sup> The minimum competitive amount, introduced by the Board of Supervisors, increased to \$100,000 in July 2010 and was approved in January 2011.

**Conclusion:** Recommendation 5 was implemented.

**Recommendation 6: The Controller should change the City's accounting procedures so that it can detect the use of 1099-reportable, one-time vendor payments of greater than \$600, which is the amount required to be reported to the IRS each calendar year.**

CSA reviewed the Controller's One-Time Payment Guidelines (Guidelines), issued in April 2008, and verified that the Guidelines contain instructions to departments on one-time vendor payments of greater than \$600, which is the amount required to be reported to the IRS each calendar year.

CSA confirmed that the Controller has produced a report, which lists vendors not currently coded as "Y" (for yes) for 1099-reporting, which were paid using 1099-reportable subobjects. The Controller generated and reviewed the report quarterly in fiscal year 2008-09. However, in the second half of calendar year 2009 and calendar years 2010 and 2011, the Controller did not do so due to a lack of staff. In calendar year 2012 the Controller generated and reviewed the report for the first half of the year, and it plans to generate and review the report quarterly starting July 1, 2012.

**Conclusion:** Recommendation 6 was implemented.

**Recommendation 7: The Controller should change the City's accounting program so that all 1099-reportable payments cause the 1099 issuance check box on the vendor status screen to display "yes." This would allow the Controller to override the issuance of a 1099-MISC in the small number of instances where recipients are truly exempt from 1099 reporting based on IRS regulations, while ensuring that all other recipients of 1099-reportable income properly receive 1099-MISC forms.**

As stated above, CSA confirmed that the Controller has produced a report, which lists vendors not currently coded as "Y" (for yes) for 1099-reporting, which were paid using 1099-reportable subobjects semiannually. The Controller had generated and reviewed the report quarterly in fiscal year 2008-09. However, in the second half of calendar year 2009 and calendar years 2010 and 2011, the Controller stopped doing so due to a lack of staff. For calendar year 2012, the Controller generated and reviewed the report for the first half of the year and it plans to generate and review the report quarterly starting July 1, 2012.

**Conclusion:** Recommendation 7 was implemented.

**Recommendation 8: The Controller should issue to departments written instructions for processing one-time vendor payments. Instructions should include types of payments specifically allowed to be processed as one-time vendor payments and the explicit steps for making them.**

The Controller issued the Guidelines in April 2008 and reissued them in March 2011. CSA verified that the Guidelines include types of payments specifically allowed to be processed as one-time vendor payments and the explicit steps for making them.



**Conclusion:** Recommendation 8 was implemented.

**Recommendation 9: The Controller should establish responsibilities and procedures for ensuring that all required vendor payments are reported to the IRS. Procedures should identify who in the departments and/or Controller is responsible to do so, explicit steps for monitoring the process as payments are made, and a formal process for reconciling that all payments are reported to the IRS.**

CSA verified that the Guidelines contain instructions to departments on procedures for ensuring that all required vendor payments are reported to the IRS. The Controller has assigned an employee to monitor the 1099-reportable payments.

**Conclusion:** Recommendation 9 was implemented.

**Recommendation 10: The Public Defender should ensure that it has on file a federal Form W-9 for each vendor that provides services.**

CSA confirmed that the Controller obtains a list of Form W-9s submitted by the Public Defender for all payments for legal services through the revolving fund.

**Conclusion:** Recommendation 10 was implemented.

**Recommendation 11: If needed for confidentiality, to continue paying for legal services through the revolving fund, the Public Defender and Controller should work together to identify a solution that complies with IRS requirements.**

CSA obtained from the Controller and reviewed a file that lists all Form 1099-reportable payments made through the Public Defender's revolving fund for calendar year 2011. CSA confirmed that the Controller reviewed the file and sent a Form 1099-MISC to each vendor.

**Conclusion:** Recommendation 11 was implemented.

**Recommendation 12: Civil Service should amend its Rule 118.2 to require that all city employees obtain permission from the City's human resources director before accepting work with the City as an independent contractor. In this same section, Civil Service also should change its definition of an independent contractor to conform to that of the IRS.**

CSA verified that Rule 118, Conflict of Interest, requires that all employees obtain the City's human resources director's permission before accepting work with the City as an independent contractor. CSA also verified that the rule defines an independent contractor in a manner that conforms to the IRS definition.

**Conclusion:** Recommendation 12 was implemented.

CSA extends its appreciation to you and your staff who assisted with this follow-up. For questions about this memorandum, please contact me at (415) 554-5393 or [tonia.lediju@sfgov.org](mailto:tonia.lediju@sfgov.org), or CSA at (415) 554-7469.

cc: City Attorney  
Tara Collins  
Susana Martinez  
Dora Okai  
Controller  
Ben Rosenfield  
Carmen LeFranc  
Alan Pavkovic  
Irella Blackwood  
Elisa Sullivan  
Vivian Chu  
Public Health  
Greg Wagner  
Elizabeth Jacobi  
General Services Agency's Real Estate  
Robert Monroe  
Human Services  
Robert Thomas  
Public Defender  
Angela Auyong  
Superior Court  
Cheryl K. Martin

## RECOMMENDATIONS AND RESPONSES

Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
<p>1. The Court should document the benefits it pays to all its employees to ensure that the Controller's Office can properly process the Court's payroll.</p>	<p>Partially Concur. In consultation between the Court and the Controller's Office, the Court began reimbursing the medical payments through the regular payroll system beginning with tax year 2007 and therefore this issue was resolved and the matter is closed.</p>	<p>Completed. No further update.</p>	<p>CSA confirmed that the recommendation was implemented before the audit report was issued on April 30, 2008.</p>	<p>Implemented.</p>
<p>2. The Public Defender's Office and the Department of Public Health should compensate through payroll for all interpreter services, and issue work-orders to employees' home departments, if different. This would allow them to ensure that IRS regulations are complied with; that the City's pension obligations are met; and that</p>	<p><b>Public Defender:</b>          Concur. As of August 31, 2007, the office has discontinued hiring City employees for interpreter services. The office is ensuring it makes vendor payments to non-city employees only.</p> <p><b>DPH:</b>          Concur. DPH stopped making vendor payments to employees for interpreter services in 2006. DPH has also implemented a plan in</p>	<p><b>Public Defender:</b>          Completed. No further update.</p> <p><b>DPH:</b>          Completed. No further update.</p>	<p><b>Public Defender:</b>          CSA confirmed that the recommendation was implemented before the audit report was issued on April 30, 2008.</p> <p><b>DPH:</b>          CSA confirmed that the recommendation was implemented before the audit report was issued on April 30, 2008.</p>	<p>Implemented.</p>

Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
home departments can adequately supervise staff who are in the field.	January 2007 wherein interpreters, who provide more than a nominal service (i.e., 25 hours per year) at San Francisco General Hospital, will be paid through our payroll department rather than through our accounting department as independent contractors.			
3. Human Services should pay all fringe benefits to its employees through the City's payroll system rather than as vendor payments.	Concur. The Agency concurs with this recommendation, and it has already been implemented. There have been no fringe benefits paid outside the City's payroll system since the unique circumstances around the project-based employee discussed in the report ended in July 2006. Payroll and accounting staff have been instructed not to approve any such arrangement in the future.	Completed. No further update.	CSA confirmed that the recommendation was implemented before the audit report was issued on April 30, 2008.	Implemented.
4. The City Attorney's Office and Real Estate should pay only from a written contract for services	<b>Administrative Services - Division of Real Estate:</b> Concur. Since assuming responsibility for building management on February	<b>General Services Agency - Real Estate:</b> The Real Estate has obtained written contracts from vendors for	<b>General Services Agency - Real Estate:</b> Based on a sample of contracts from the Real Estate, CSA confirmed that Real Estate has	<b>General Services Agency - Real Estate:</b>

Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
in excess of \$2,500.	<p>1, 2007, current Real Estate Division management has made a concerted effort to bring contracting into full compliance. Real Estate now only pays for services in excess of \$2,500 if there is a written contract.</p> <p><b>City Attorney:</b>            Concur. The City Attorney's Office will comply with this recommendation.</p>	<p>service in excess of \$2,500.</p> <p><b>City Attorney:</b>            City Attorney has a written contract with the vendor who provided services in excess of \$2,500.</p>	<p>written contracts for services that cost more than \$2,500.</p> <p><b>City Attorney:</b>            Based on a sample of contracts from the City Attorney, CSA confirmed that the City Attorney has written contracts for services that cost more than \$2,500.</p>	<p>Implemented.</p> <p><b>City Attorney:</b>            Implemented.</p>
<p>5. The City Attorney's Office and Real Estate should comply with the administrative code requirement that, for purchases of \$29,000 and over, professional services be contracted only after a formal bid solicitation.</p>	<p><b>Administrative Services - Division of Real Estate:</b>            Concur. Since assuming responsibility for building management on February 1, 2007, current Real Estate Division management has made a concerted effort to bring contracting into full compliance. Real Estate now complies with the Administrative Code requirement that for</p>	<p><b>General Services Agency - Real Estate:</b>            The Real Estate has complied with the administrative code requirement that, for purchases of \$29,000<sup>3</sup> and over, professional services be contracted only after a formal bid solicitation.</p>	<p><b>General Services Agency - Real Estate:</b>            CSA reviewed bid documents related to selected professional services that Real Estate had contracted, and confirmed that it complied with the Administrative Code's requirement that, for purchases of \$29,000 and over, professional services be contracted only after a formal bid solicitation.</p>	<p><b>General Services Agency - Real Estate:</b>            Implemented.</p>

<sup>3</sup> The minimum competitive amount introduced by the Board of Supervisors was increased to \$100,000 in July 2010 and approved in January 2011.

Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
	purchases of \$29,000 and over, professional services are contracted only after a formal bid solicitation.			
	<p><b>City Attorney:</b>            Partially Concur. The City Attorney's Office will comply with this recommendation to the extent it does not conflict with the City Attorney's duties and responsibilities set forth in the Charter.</p>	<p><b>City Attorney:</b>            City Attorney stated that due to confidentiality issues related to litigation cases, City Attorney does not normally have a formal bid for professional services. City Attorney stated that it will obtain a formal bid for professional services of \$29,000 and over when it does not conflict with the City Attorney's duties and responsibilities set forth in the Charter.</p>	<p><b>City Attorney:</b>            The City Attorney stated that due to confidentiality issues related to litigation cases, it does not normally have a formal bid process for professional services. The City Attorney stated that it will obtain formal bids for professional services of \$29,000<sup>4</sup> and over only when it does not conflict with the City Attorney's duties and responsibilities set forth in the Charter. In response to CSA's request to the City Attorney for bid documents related to selected professional services that the department had contracted, it stated that these services are exempt from the Administrative code's competitive solicitation requirements, so were not required to be bid out.</p>	<p><b>City Attorney:</b>            Implemented.</p>

<sup>4</sup> The minimum competitive amount, introduced by the Board of Supervisors, increased to \$100,000 in July 2010 and was approved in January 2011.

Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
<p>6. The Controller's Office should make changes to the City's accounting procedures so that it can detect the use of 1099-reportable, one-time vendor payments of greater than \$600, which is the amount required to be reported to IRS each calendar year.</p>	<p>Concur. The Controller's Office will implement monitoring procedures to ensure that one-time vendor payments greater than \$600 which require 1099 reporting are properly reported.</p>	<p>The Controller's Office issued the One-time Payment Guidelines (Guidelines) in 2008 and reissued them on March 15, 2011. The Guidelines contain instruction on one-time vendor payments of greater than \$600, which is the amount required to be reported to IRS each calendar year.</p> <p>The Controller's Office has produced a report, which lists vendors not currently coded as "Y" (for yes) for 1099-reportable which were paid using 1099-reportable sub-objects semi-annually. The Controller's Office had generated and reviewed the report quarterly in fiscal year 2008-09. However, in second half of 2009, whole year in 2010 and 2011 calendar year, The Controller's Office stopped doing so due to lack of staff. For calendar year 2012, the Controller's Office generated and reviewed the report for the first half of the year and it plans to generate the report quarterly starting July 1, 2012.</p>	<p>CSA reviewed the Controller's One-Time Payment Guidelines (Guidelines), issued in April 2008, and verified that the Guidelines contain instructions to departments on one-time vendor payments of greater than \$600, which is the amount required to be reported to the IRS each calendar year.</p> <p>CSA confirmed that the Controller has produced a report, which lists vendors not currently coded as "Y" (for yes) for 1099-reporting, which were paid using 1099-reportable subobjects. The Controller generated and reviewed the report quarterly in fiscal year 2008-09. However, in the second half of calendar year 2009 and calendar years 2010 and 2011, the Controller did not do so due to a lack of staff. In calendar year 2012 the Controller generated and reviewed the report for the first half of the year, and it plans to generate and review the report quarterly starting July 1, 2012.</p>	<p>Implemented.</p>
<p>7. The Controller's Office should make</p>	<p>Concur. The City is identifying ways to address</p>	<p>The Controller's Office assigned an accounting staff who generates</p>	<p>As stated above, CSA confirmed that the Controller has produced</p>	<p>Implemented.</p>

Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
<p>changes to the City's accounting program so that all 1099-reportable payments cause the 1099 issuance check box on the vendor status screen to display "yes." This allows the Controller's staff to override the issuance of a 1099-MISC in the small number of instances where recipients are truly exempt from 1099 reporting based on IRS regulations, while ensuring that all other recipients of 1099-reportable income properly receive 1099-MISC forms.</p>	<p>this issue effectively within the constraints of the system.</p> <p>The Controller's Office is developing a process that will likely include a combination of reporting, batch jobs and manual work which could include:</p> <p>Producing a report which lists vendors not currently coded as "Y" for 1099-reportable which were paid using 1099-reportable subobjects. The report will be reviewed manually.</p> <p>For vendors needing the 1099 "Y" flag, a W-9 will be requested to provide the FEIN or SSN needed and as a validation that a vendor is one which should be receiving a 1099-MISC.</p>	<p>a report, which lists vendors not currently coded as "Y" (for yes) for 1099-reporting, which were paid using 1099-reportable subobjects every quarter starting July 1, 2012. The report will be reviewed manually. The accounting staff will also follow up with the departments to obtain additional information in order to decide which vendors should be receiving a 1099-MISC.</p>	<p>a report, which lists vendors not currently coded as "Y" (for yes) for 1099-reporting, which were paid using 1099-reportable subobjects semiannually. The Controller had generated and reviewed the report quarterly in fiscal year 2008-09. However, in the second half of calendar year 2009 and calendar years 2010 and 2011, the Controller stopped doing so due to a lack of staff. For calendar year 2012, the Controller generated and reviewed the report for the first half of the year and it plans to generate and review the report quarterly starting July 1, 2012.</p>	



Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
<p>8. The Controller's Office should issue to departments written instructions for processing one-time vendor payments. Instructions should include types of payments specifically allowed to be processed as one-time vendor payments and the explicit steps for making them.</p>	<p>Concur. The Controller issued such a Departmental Instruction on One Time Payments on April 10, 2008.</p>	<p>The Controller's Office has issued the One-time Payment Guidelines (Guidelines) in April 2008. It updated and re-issued the Guidelines in March 2011.</p>	<p>The Controller issued the Guidelines in April 2008 and reissued them in March 2011. CSA verified that the Guidelines include types of payments specifically allowed to be processed as one-time vendor payments and the explicit steps for making them.</p>	<p>Implemented.</p>
<p>9. The Controller's Office should establish responsibilities and procedures for ensuring that all required vendor payments are reported to the IRS. Procedures should identify who in the departments and/or Controller's Office is responsible to do so, explicit steps for monitoring the process as payments are made, and a</p>	<p>Concur. The Controller's Office is responsible for issuing or coordinating all 1099 reporting from City funds. We will continue to work with departments, as needed, to ensure this is done and reconciled.</p>	<p>The Controller's Office has issued the One-time Payment Guidelines (Guidelines) in April 2008, and reissued the Guidelines in March 2011.</p> <p>The Controller's Office has assigned an employee to monitor the 1099-reportable payments and reconcile all payments that are reported to the IRS.</p>	<p>CSA verified that the Guidelines contain instructions to departments on procedures for ensuring that all required vendor payments are reported to the IRS. The Controller has assigned an employee to monitor the 1099-reportable payments.</p>	<p>Implemented.</p>

Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
formal process for reconciling that all payments are reported to the IRS.				
10. The Public Defender's Office should ensure that it has on file federal form W-9 for all vendors that provide services to its office.	<p>Concur. Since 2007, its accounting department has requested form W-9 from all vendors that provide services to our office. When department receives the W-9 forms, staff will submit all to the Vendor Support unit in the Controller's office for processing.</p>	<p>The Controller obtains a list of Form W-9s submitted by the Public Defender for all payments for legal services through the revolving fund.</p>	<p>CSA confirmed that the Controller obtains a list of Form W-9s submitted by the Public Defender for all payments for legal services through the revolving fund.</p>	<p>Implemented.</p>
11. If necessary for purposes of confidentiality to continue paying for legal services through the revolving fund, the Public Defender's Office and the Controller's Office should work together to identify a solution that complies with the requirements of the IRS.	<p><b>Controller's Office:</b>          Concur. The Controller's Office will work with Public Defender to identify a solution that complies with the requirements of the IRS.</p> <p><b>Public Defender's Office:</b>          Concur. The Public Defender's Office will send request to the Controller's Office for issuing 1099 reportable income to its contractors who have been paid for legal services</p>	<p><b>Controller's Office:</b>          The Controller obtains a list of Form W-9s submitted by the Public Defender for all payments for legal services through the revolving fund. The Controller's Office reviews the file and sends a Form 1099-MISC to each vendor.</p>	<p>CSA obtained from the Controller and reviewed a file that lists all Form 1099-reportable payments made through the Public Defender's revolving fund for calendar year 2011. CSA confirmed that the Controller reviewed the file and sent a Form 1099-MISC to each vendor.</p>	<p>Implemented.</p>

Recommendation	Department's Response to Original Report	Reported Status as of this Follow-up	Auditor's Follow-up Work	Results
	through the revolving fund for tax year 2008. By following this procedure, it will meet the requirements of the IRS.			
<p>12. The Civil Service Commission should amend rule 118.2 to require that all employees obtain permission from the City's Human Resources Director before accepting work with the City as an independent contractor. In this same section, the Civil Service Commission should also restate its definition of an independent contractor so that this definition conforms with the IRS definition of an independent contractor.</p>	<p>Concur. The Civil Service Commission is reviewing its Rule 118 – Conflict of Interest to update and incorporate changes in responsibilities and jurisdiction resulting from various ballot measures in recent years.</p> <p>Recommendation #12 will be included in updating Rule 118. Discussions have already commenced with Department of Human Resources staff regarding the suggested Rule amendment.</p>	<p>The Civil Service Commission has updated Rule 118.2 and restated its definition of an independent contractor that conforms with the IRS definition of an independent contractor.</p>	<p>CSA verified that Rule 118, Conflict of Interest, requires that all employees obtain the City's human resources director's permission before accepting work with the City as an independent contractor. CSA also verified that the rule defines an independent contractor in a manner that conforms to the IRS definition.</p>	<p>Implemented.</p>



City and County of San Francisco

# San Francisco Department of Public Health

Barbara A. Garcia, MPA  
Director of Health

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2012 AUG 28 PM 3:59

DWS

Date: August 28, 2012  
TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Anne Okubo, Deputy Financial Officer, Department of Public Health *AO*  
RE: Increases in Contracts during Fiscal Year 2011-12 - Revised

Attached is a revised report of annual increases in contracts per resolution 563-10 that approved a number of behavioral health contracts for the Department of Public Health. This report includes contracts approved by the Board of Supervisors in Fiscal Year 11-12.

If you have any questions on this report, please contact me at 554-2857.

Attachment

cc: Gregg Wagner, Chief Financial Officer, DPH

The mission of the San Francisco Department of Public Health is to protect and promote the health of all San Franciscans.

We shall ~ Assess and research the health of the community ~ Develop and enforce health policy ~ Prevent disease and injury ~  
~ Educate the public and train health care providers ~ Provide quality, comprehensive, culturally-proficient health services ~ Ensure equal access to all ~

barbara.garcia@sfdph.org – office 415-554-2526 fax 415 554-2710  
101 Grove Street, Room 308, San Francisco, CA 94102

14

Department of Public Health  
Increases in Contracts During Fiscal Year 2011-12 - Revised

Agency	BOS Resolution	Total Contract Amount	FY 11-12 Amount	Increase During FY 11-12	Revised FY 11-12	Reason for Increase in FY 11-12
Alternative Family Services	563-10	\$ 11,057,200	\$ 1,795,000	100,000	\$ 1,895,000	Reallocated general fund
Asian American Recovery Services	563-10	\$ 11,025,858	\$ 1,789,912	(9,898)	\$ 1,780,014	
Baker Places	563-10	\$ 69,445,722	\$ 11,464,901	(1,087,616)	\$ 10,377,285	
Bayview Hunters Point Foundation for Community Improvement	563-10	\$ 27,451,857	\$ 4,620,026	676,986	\$ 5,297,012	Program merger
Central City Hospitality House	563-10	\$ 15,923,347	\$ 2,584,959	(243,408)	\$ 2,341,551	
Community Awareness and Treatment Services	563-10	\$ 12,464,714	\$ 3,109,743	2,721,644	\$ 5,831,387	Continue current services pending contract amendment
Community Vocational Enterprises	563-10	\$ 9,705,509	\$ 1,819,087	267,964	\$ 2,087,051	Continue current services awarded from new RFP; reallocation of general fund
Conard House	563-10	\$ 37,192,197	\$ 6,380,535	203,957	\$ 6,584,492	Continue current services awarded from new RFP
Edgewood Center for Children and Families	563-10	\$ 29,109,089	\$ 4,816,553	61,552	\$ 4,878,105	Continue current services awarded from new RFP
Family Service Agency	563-10	\$ 45,483,140	\$ 7,526,671	(473,771)	\$ 7,052,900	
Hyde Street Community Service	563-10	\$ 17,162,210	\$ 2,792,073	(5,389)	\$ 2,786,684	
Instituto Familiar de la Raza	563-10	\$ 14,219,161	\$ 2,325,345	168,861	\$ 2,494,206	Reallocated general fund; Mental Health Services Act and work order funding
Progress Foundation	563-10	\$ 92,018,333	\$ 14,938,041	0	\$ 14,938,041	
Regents of the University of California	563-10	\$ 74,904,591	\$ 12,171,836	907,256	\$ 13,079,092	Reallocated general fund from consolidating two contracts; work order funding.
Richmond Area Multi-Services	563-10	\$ 34,773,853	\$ 5,730,250	1,321,424	\$ 7,051,674	Reallocated general fund from consolidating two contracts; MHSA funding.
San Francisco Study Center	563-10	\$ 11,016,593	\$ 1,819,615	472,121	\$ 2,291,736	Mental Health Services Act funding
Seneca Center	563-10	\$ 63,495,327	\$ 10,307,683	(358,416)	\$ 9,949,267	
Walden House	563-10	\$ 54,256,546	\$ 8,208,415	(8,208,415)	\$ -	See Note below
Westside Community Mental Health Center	563-10	\$ 43,683,160	\$ 7,091,422	(3,065)	\$ 7,088,357	
San Francisco AIDS Foundation	301-11	\$ 19,685,910	\$ 3,515,341	0	\$ 3,515,341	
Netsmart New York	134-12	\$ 31,786,819	\$ 2,623,738	0	\$ 2,623,738	
Addiction, Research and Treatment dba BAART	188-12	\$ 26,043,065	\$ 4,858,422	0	\$ 4,858,422	
Asian American Recovery Services	190-12	\$ 113,859,922	\$ 15,906,398	0	\$ 15,906,398	

Note: Walden House and Haight Ashbury Free Clinics (HAFCI) merged and the Walden House contract was assigned to HAFCI effective July 1, 2012. The FY 11-12 allocation for Walden House of \$8,208,415 was included in the HAFCI contract for FY 11-12.



Report Issued: Airport Commission: Audits of Delta Air Lines, Inc., Emirates, Gotham Enterprises, LLC, Harbor Airport, LLC, and Philippine Airlines Reports, Controller

to:

Calvillo, Angela, Nevin, Peggy, BOS-Supervisors, BOS-Legislative Aides, Kawa, Steve, Howard, Kate, Falvey, Christine, Elliott, Jason, Campbell, Severin, Newman, Debra, 'sfdocs@sfpl.info', 'gmetcalf@spur.org', CON-Media Contact, 'ggiubbini@sftc.org', CON-EVERYONE, CON-CCSF Dept Heads, CON-Finance Officers, Martin, John (SFO), Caramatti, Jean, McCoy, Tryg, Fermin, Leo, Tang, Wallace, Nashir, Cheryl, Franzella, Gary, herman.wai@emirates.com, normandsouza@aol.com, k.westlye@highflyingfoods.com, mliu18@aol.com, eva.cheong@delta.com, ema@mgocpa.com, erourick@mgocpa.com  
08/28/2012 01:41 PM

Sent by:

"Chapin-Rienzo, Shanda" <shanda.chapin-rienzo@sfgov.org>

Hide Details

From: "Reports, Controller" <controller.reports@sfgov.org> Sort List...

To: "Calvillo, Angela" <angela.calvillo@sfgov.org>, "Nevin, Peggy"

<peggy.nevin@sfgov.org>, BOS-Supervisors <bos-

supervisors.bp2ln@sfgov.microsoftonline.com>, BOS-Legislative Aides <bos-

legislativeaides.bp2ln@sfgov.microsoftonline.com>, "Kawa, Steve"

<steve.kawa@sfgov.org>, "Howard, Kate" <kate.howard@sfgov.org>, "Falvey, Christine"

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"ema@mgocpa.com" <ema@mgocpa.com>, "erourick@mgocpa.com"

<erourick@mgocpa.com>,"

Sent by: "Chapin-Rienzo, Shanda" <shanda.chapin-rienzo@sfgov.org>

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA), to conduct periodic concession or compliance audits of the Airport's tenants and airlines. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit tenants and airlines at the Airport to determine whether they complied with the reporting, payment and selected other provisions of their agreements with the Airport.

CSA presents the reports of MGO's recent audits of Delta Air Lines, Inc., Emirates, Gotham Enterprises, LLC, Harbor Airport, LLC, and Philippine Airlines.

To view the full reports, please visit our website at:

Delta Air Lines, Inc. -- <http://co.sfgov.org/webreports/details.aspx?id=1467>

Audit Period: January 1, 2009, through December 31, 2011

Delta correctly reported 23,216 revenue aircraft landings and correctly paid \$15,381,614 in landing fees due to the Airport. However, Delta had multiple late payments resulting in late fee assessments of \$46,721.

Emirates -- <http://co.sfgov.org/webreports/details.aspx?id=1468>

Audit Period: December 15, 2008, through March 31, 2011

Emirates correctly reported 759 revenue aircraft landings and correctly paid \$1,098,216 in landing fees due to the Airport. However, Emirates had multiple late payments resulting in late fee assessments of \$3,720.

Gotham Enterprises, LLC -- <http://co.sfgov.org/webreports/details.aspx?id=1470>

Audit Period: December 1, 2008, through December 31, 2011

Gotham overstated reported gross revenues of \$38,992,859 by including employee discounts of \$26,047, resulting in an overpayment of \$2,223 in rent to the Airport. In addition, Gotham did not always submit on time its certified statement of revenue and lease payments.

Harbor Airport, LLC -- <http://co.sfgov.org/webreports/details.aspx?id=1469>

Audit Period: January 1, 2009, through December 31, 2011

Harbor correctly reported gross revenues of \$3,446,974 and correctly paid \$215,821 in rent to the Airport. However, Harbor did not always submit on time its certified statement of revenues and had multiple late payments resulting in late fee assessments of \$1,179.

Philippine Airlines-- <http://co.sfgov.org/webreports/details.aspx?id=1471>

Audit Period: April 1, 2008, through March 31, 2011

Philippine Airlines correctly reported 1,100 revenue aircraft landings and correctly paid \$2,109,760 in landing fees due to the Airport.

This is a send-only email address.

For questions about these reports, please contact Director of City Audits Tonia Lediju at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393, or the CSA Audits unit at 415-554-7469.

# City and County of San Francisco

Office of the Controller – City Services Auditor

## **AIRPORT COMMISSION:**

**Delta Air Lines, Inc. Paid All  
Landing Fees Due But Owes the  
Airport \$46,721 in Late Charges  
for January 1, 2009, Through  
December 31, 2011**



*August 28, 2012*



**OFFICE OF THE CONTROLLER  
CITY SERVICES AUDITOR**

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

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

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

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

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

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

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: Macias Gini & O'Connell LLP (MGO)



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

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

August 28, 2012

San Francisco Airport Commission  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

John L. Martin, Airport Director  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

Dear Commission President, Commissioners, and Mr. Martin:

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA), to conduct periodic compliance audits of Airport tenants and airlines. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit airlines that do business with the Airport to ensure that they comply with the landing fee provisions of their agreements.

CSA presents the attached report for the compliance audit of Delta Air Lines, Inc. (Delta) prepared by MGO.

**Reporting Period:** January 1, 2009, through December 31, 2011

**Landing Fees Paid:** \$15,381,614

**Results:**

Delta correctly reported 23,216 revenue aircraft landings and correctly paid the landing fees due to the Airport. However, Delta had multiple late payments resulting in late fee assessments of \$46,721.

Responses to the audit report from the Airport and Delta are attached to the report.

CSA appreciates the assistance and cooperation of Airport staff during the audit. For questions about the report, please contact me at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393, or CSA at 415-554-7469.

Respectfully,

Tonia Lediju  
Director of City Audits

Attachment

cc: Mayor  
Board of Supervisors  
Budget Analyst  
Civil Grand Jury  
Public Library

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

**PERFORMANCE AUDIT REPORT  
DELTA AIR LINES**

January 1, 2009 through December 31, 2011



**Certified Public Accountants.**



# Certified Public Accountants.

Sacramento • Walnut Creek • Oakland • Los Angeles/Century City • Newport Beach • San Diego

[mgocpa.com](http://mgocpa.com)

## Performance Audit Report

Macias Gini & O'Connell LLP (MGO) presents its report concerning the performance audit of Delta Air Lines, Inc. (Delta) as follows:

### Background

Delta operates under a lease and use agreement (lease or agreement) with the Airport Commission of the City and County of San Francisco (Commission) to use the landing field facilities at the San Francisco International Airport (SFO) for its air transportation business. Delta entered into this agreement on July 1, 1981 which expired on June 30, 2011. Delta entered into a new agreement effective July 1, 2011 which expires on June 30, 2021. The agreements require Delta to submit to the Airport Department (Airport) a monthly report showing its actual revenue aircraft landings by type of aircraft and other landing data necessary to calculate the landing fees.

The Airport charges Delta a landing fee based on the maximum landing weight of aircraft making revenue landings at the SFO. For every 1,000 pounds of aircraft landed, the Commission sets a fee that it may change annually.

<u>For the Period</u>	<u>Landing Fee</u>
July 1, 2008 to June 30, 2009	\$3.00
July 1, 2009 to June 30, 2010	\$3.15
July 1, 2010 to June 30, 2011	\$3.59
July 1, 2011 to June 30, 2012	\$3.79

Reporting Period(s):  
Lease(s):

January 1, 2009 through December 31, 2011  
L82-0015 until June 30, 2011  
L10-0083 July 1, 2011 to June 30, 2021

### Objective and scope

The purpose of this performance audit was to obtain reasonable assurance that Delta complied with the reporting, payment and other landing fee related provisions of its lease with the Commission. Based upon the provisions of the City and County of San Francisco contract number PSC# 4042-11/12 dated April 1, 2012, between MGO and the City and County of San Francisco, and per Appendix A therein, the objectives of our performance audit were to: verify that landing fees for the audit period were reported to the Airport in accordance with the lease provisions, and that such amounts agree with the underlying accounting records; identify and report the amount and cause of any significant error (over or under) in reporting, together with the impact on fees payable to the Airport; and identify and report any recommendations to improve record keeping and reporting processes of Delta relative to its ability to comply with lease provisions; and identify and report any recommendations to improve the Airport's compliance with significant lease terms and lease management activities.

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CA 95816

2121 N. California Blvd.  
Suite 750  
Walrus Creek  
CA 94596

505 14th Street  
5th Floor  
Oakland  
CA 94612

2029 Century Park East  
Suite 500  
Los Angeles  
CA 90067

4675 MacArthur Ct.  
Suite 600  
Newport Beach  
CA 92660

225 Broadway  
Suite 1750  
San Diego  
CA 92101

*Methodology*

To meet the objectives of our performance audit, we performed the following procedures: reviewed the applicable terms of the lease and the adequacy of Delta's procedures for collecting, recording, summarizing and reporting its revenue aircraft landings; selected and tested samples of daily and monthly landings; recalculated monthly landing fees due; and verified the timeliness of reporting landing fees to the Airport.

*Audit results*

Based on the results of our performance audit for the period from January 1, 2009 through December 31, 2011, Delta correctly reported 23,216 revenue aircraft landings and paid \$15,381,614 in landing fees to the Airport in accordance with its lease provisions. Those amounts agreed to the underlying records.

The table below shows Delta's reported total revenue aircraft landings and landing fees paid to the Airport.

**Revenue Aircraft Landings and Fees Paid  
January 1, 2009 through December 31, 2011**

<u>For the Period</u>	<u>Number of Landings</u>	<u>Landing Fees Paid</u>
January 1, 2009 through December 31, 2009	4,766	\$ 2,838,421
January 1, 2010 through December 31, 2010	9,350	6,074,477
January 1, 2011 through December 31, 2011	9,100	6,468,716
<b>Total</b>	<b>23,216</b>	<b>\$ 15,381,614</b>

*Finding 2011-1 – Late Payment*

During our review of the landing fees paid for the period of January 1, 2009 through December 31, 2011, we noted that Delta had multiple late payments.

Per lease agreement No. 82-0015 dated July 1981, Article IV Rentals and Fees Section 401 Monthly Reports and Invoices, "City shall, in accordance with Sections 403 and 503, calculate such Landing Fees incurred by Airlines during said month and transmit an invoice therefor to Airline. Such invoice shall be paid by Airline within thirty (30) days after the date of such invoice."

Per lease agreement No. 10-0083 dated March 1, 2010, Article IV Rentals and Fees Section 401 Reports and Payments, "In accordance with Sections 403 and 503, Airline shall calculate such Landing Fees incurred during said month and shall pay such amount on behalf of itself and its Affiliate Airlines within fifteen (15) days after the end of each calendar month, without demand or invoice from City, at the same time it submits the Activity Report."

We recalculated the late fee assessments for lease years ended December 2009, 2010 and 2011 to be \$46,721.

*Recommendation*

We recommend that the Airport collect \$46,721 from Delta for assessed late fees during the audit period. Additionally we recommend that the Airport establish procedures to ensure proper collection of late fees.

\*\*\*\*\*

We conducted this performance audit in accordance with the provisions of our contract, as outlined in the objective and scope section above, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives section of this report.

This report is intended solely for the information and use of Delta, the Commission and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Counsel LLP*  
Walnut Creek, California  
August 16, 2012



San Francisco International Airport

August 2, 2012

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

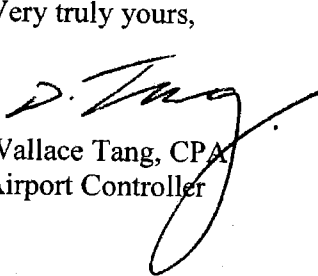
Subject: Performance Audits – Emirates, Delta Airlines, and Philippine Airlines

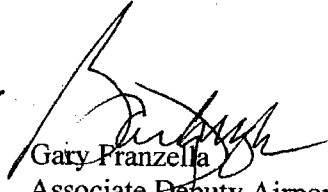
Dear Ms. Lediju:

We have received and reviewed the final draft audit reports of Emirates, Delta Airlines, and Philippine Airlines prepared and sent by Macias Gini & O'Connell LLP via e-mail on July 25, 2012. This letter is to confirm that, based upon the details provided, we agree with the audit results.

Please feel free to call us at (650) 821-2850 (Wallace) or (650) 821-4526 (Gary) if you have any questions.

Very truly yours,

  
Wallace Tang, CPA  
Airport Controller

  
Gary Franzella  
Associate Deputy Airport Director  
Aviation and Parking Management

cc: Tryg McCoy  
Leo Fermin  
Winnie Woo – CSA  
Eugene Ma – Macias Gini & O'Connell LLP  
Elizabeth Rourick – Macias Gini & O'Connell LLP

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE  
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LARRY MAZZOLA  
PRESIDENT

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AIRPORT DIRECTOR

Post Office Box 8097 San Francisco, California 94128 Tel 650.821.5000 Fax 650.821.5005 www.flysfo.com





**Eva Cheong**  
Field Director

**Delta Air Lines, Inc.**  
PO Box 280487  
San Francisco, CA 94128-0487  
T. +1 650 742 7310  
F. +1 650 742 7362

August 3, 2012

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

Dear Ms. Lediju:

SUBJECT: Performance Audit Report, Delta Air Lines

As a result of the recent audit conducted for landing fees paid to the San Francisco International Airport by Delta airlines we have the following response.

We acknowledge the terms of lease agreements and instructions for paying landing fees, however, we respectfully decline to agree to payment of late fees associated with our wire transfer of funds for the years 2009-2011. During the course of that time, had we been aware in our local processing office that our transfers were delayed, we would have taken appropriate actions to correct the issue and pay in a timely manner. In April 2012, as the Airport reported late payments to us, we became aware that our wire transfers were not occurring as we had intended and have taken steps to correct the issue in the future.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eva Cheong".

Eva Cheong  
Field Director – Airport Customer Service

cc: Donnell Harvey, Regional Director Properties and Facilities  
Elizabeth Rourick, Macias Gini & O'Connell LLP

# City and County of San Francisco

Office of the Controller – City Services Auditor

## **AIRPORT COMMISSION:**

**Emirates Paid All Landing Fees Due  
But Owes the Airport \$3,720 in Late  
Charges for December 15, 2008,  
Through March 31, 2011**



*August 28, 2012*

**OFFICE OF THE CONTROLLER  
CITY SERVICES AUDITOR**

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

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

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

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: Macias Gini & O'Connell LLP (MGO)



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

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

August 28, 2012

San Francisco Airport Commission  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

John L. Martin, Airport Director  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

Dear Commission President, Commissioners, and Mr. Martin:

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA), to conduct periodic compliance audits of Airport tenants and airlines. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit airlines that do business with the Airport to ensure that they comply with the landing fee provisions of their agreements.

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**Reporting Period:** December 15, 2008, through March 31, 2011

**Landing Fees Paid:** \$1,098,216

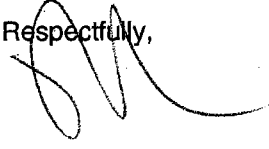
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Emirates correctly reported 759 revenue aircraft landings and correctly paid the landing fees due to the Airport. However, Emirates had multiple late payments resulting in late fee assessments of \$3,720.

Responses to the audit report from the Airport and Emirates are attached to the report.

CSA appreciates the assistance and cooperation of Airport staff during the audit. For questions about the report, please contact me at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393, or CSA at 415-554-7469.

Respectfully,

  
Tonia Lediju  
Director of City Audits

Attachment

cc: Mayor  
Board of Supervisors  
Budget Analyst  
Civil Grand Jury  
Public Library

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

**PERFORMANCE AUDIT REPORT  
EMIRATES**

December 15, 2008 through March 31, 2011



**Certified Public Accountants.**



**Performance Audit Report**

Macias Gini & O'Connell LLP (MGO) presents its report concerning the performance audit of Emirates as follows:

*Background*

Emirates operates under an airline operating permit (agreement) with the Airport Commission of the City and County of San Francisco (Commission) to use the landing field facilities at the San Francisco International Airport (SFO) for its air transportation business. Emirates entered into this agreement on December 15, 2008. The agreement expires when revocation/termination occurs. The agreement requires Emirates to submit to the Airport Department (Airport) a monthly report showing its actual revenue aircraft landings by type of aircraft and other landing data necessary to calculate the landing fees.

The Airport charges Emirates a landing fee based on the maximum landing weight of aircraft making revenue landings at the SFO. For every 1,000 pounds of aircraft landed, the Commission sets a fee that it may change annually.

<u>For the Period</u>	<u>Landing Fee Rate</u>
July 1, 2008 through June 30, 2009	\$3.00
July 1, 2009 through June 30, 2010	\$3.15
July 1, 2010 through June 30, 2011	\$3.59

Reporting Period(s):	December 15, 2008 through March 31, 2011
Operating Permit:	No. 4039

*Objective and scope*

The purpose of this performance audit was to obtain reasonable assurance that Emirates complied with the reporting, payment and other landing fee related provisions of its agreement with the Commission. Based upon the provisions of the City and County of San Francisco contract number PSC# 4042-11/12 dated April 1, 2012, between MGO and the City and County of San Francisco, and per Appendix A therein, the objectives of our performance audit were to: verify that landing fees for the audit period were reported to the Airport in accordance with the agreement provisions, and that such amounts agree with the underlying accounting records; identify and report the amount and cause of any significant error (over or under) in reporting, together with the impact on fees payable to the Airport; and identify and report any recommendations to improve record keeping and reporting processes of Emirates relative to its ability to comply with lease provisions; and identify and report any recommendations to improve the Airport's compliance with significant agreement terms and management activities.

*Methodology*

To meet the objectives of our performance audit, we performed the following procedures: reviewed the applicable terms of the agreement and the adequacy of Emirates' procedures for collecting, recording, summarizing and reporting its revenue aircraft landings; selected and tested samples of daily and monthly landings; recalculated monthly landing fees due; and verified the timeliness of reporting landing fees to the Airport.

*Audit results*

Based on the results of our performance audit for the period from December 15, 2008 through March 31, 2011, Emirates correctly reported 759 revenue aircraft landings and paid \$1,098,216 in landing fees to the Airport in accordance with its agreement. Those amounts agreed to the underlying records.

The table below shows Emirates reported total revenue aircraft landings and landing fees paid to the Airport.

**Revenue Aircraft Landings and Fees Paid  
December 15, 2008 through March 31, 2011**

<u>For the Period</u>	<u>Number of Landings</u>	<u>Landing Fees Paid</u>
December 15, 2008 through March 31, 2009	46	\$ 33,877
April 1, 2009 through March 31, 2010	348	360,589
April 1, 2010 through March 31, 2011	365	703,750
<b>Total</b>	<b>759</b>	<b>\$ 1,098,216</b>

*Finding 2011-1 - Late Payment*

During our review of the landing fees paid for the period of December 15, 2008 through March 31, 2011, we noted that Emirates had multiple late payments.

Per operating permit No. 4039 dated August 2008; Section 4 Fees and Charges "Permittee shall, on or before the fifteenth (15<sup>th</sup>) day of each calendar month, deliver to Director, an operations report. Based on Permittee's Report, City shall calculate the Monthly Fees incurred by Permittee with respect to the prior month and transmit an invoice therefor to Permittee. Permittee shall pay such invoice within thirty (30) days after the date of the invoice. Any payments hereunder, including Monthly Fees, not paid when due shall be subject to a service charge equal to the lesser of the rate of one and one-half percent (1.5%) per month, and the maximum rate permitted by the law."

We recalculated the late fee assessment for years ended March 31 2009, 2010 and 2011 to be \$3,720.

*Recommendation*

We recommend that the Airport collect \$3,720 from Emirates for assessed late fees during the audit period. Additionally, we recommend that the Airport establish procedures to ensure proper collection of late fees.

\*\*\*\*\*



We conducted this performance audit in accordance with the provisions of our contract, as outlined in the objective and scope section above, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives section of this report.

This report is intended solely for the information and use of Emirates, the Commission and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Connell LLP*

Walnut Creek, California  
August 16, 2012



San Francisco International Airport

August 2, 2012

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

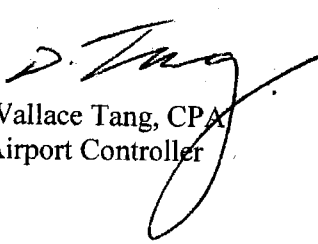
Subject: Performance Audits – Emirates, Delta Airlines, and Philippine Airlines

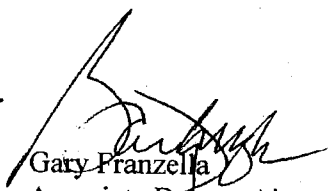
Dear Ms. Lediju:

We have received and reviewed the final draft audit reports of Emirates, Delta Airlines, and Philippine Airlines prepared and sent by Macias Gini & O'Connell LLP via e-mail on July 25, 2012. This letter is to confirm that, based upon the details provided, we agree with the audit results.

Please feel free to call us at (650) 821-2850 (Wallace) or (650) 821-4526 (Gary) if you have any questions.

Very truly yours,

  
Wallace Tang, CPA  
Airport Controller

  
Gary Franzella  
Associate Deputy Airport Director  
Aviation and Parking Management

cc: Tryg McCoy  
Leo Fermin  
Winnie Woo – CSA  
Eugene Ma – Macias Gini & O'Connell LLP  
Elizabeth Rourick – Macias Gini & O'Connell LLP

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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August 01, 2012

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

Re: Performance Audit Report, Emirates

Dear Ms. Lediju,

First of all, thank you for sharing the Performance Audit Report conducted by Macias Gini & O'Connell LLP.

Emirates understood the finding of our multiple Late Payments and we apologize for the inconveniences caused. To minimize and eventually eliminate all late payments, Emirates Group has since upgraded our Payable methodology, from a manual approval at each outstation and forwarding all the paperwork to our NYC regional office for payment processing to now a Computer based electronic accounting system. This upgrade had sufficiently reduced the payment processing time. As a result of this upgrade, going forward you will see a decrease of Late Payment.

If there is further information needed, please feel free to contact me at the below numbers.

Yours truly,

Herman J. Wai  
Airport Services Manager - SFO

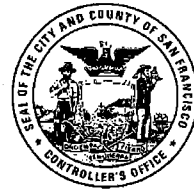
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Tel. No. 650-821-0061 Fax No. 650-821-0064  
Toll Free: 1-800-777-3999 ♦ [www.emirates.com](http://www.emirates.com)

# City and County of San Francisco

## Office of the Controller – City Services Auditor

### **AIRPORT COMMISSION:**

**Gotham Enterprises, LLC,  
Overstated Its Gross Revenues by  
\$26,047 and Did Not Submit on  
Time Its Certified Statement of  
Revenue and Lease Payments for  
December 1, 2008, Through  
December 31, 2011**



*August 28, 2012*

**OFFICE OF THE CONTROLLER  
CITY SERVICES AUDITOR**

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

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

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

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

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

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

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: Macias Gini & O'Connell LLP (MGO)



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

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

August 28, 2012

San Francisco Airport Commission  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

John L. Martin, Airport Director  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

Dear Commission President, Commissioners, and Mr. Martin

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA), to conduct periodic concession audits of Airport tenants. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit the Airport's tenants to determine whether they complied with the reporting, payment, and other selected provisions of their leases with the Airport.

CSA presents the attached report for the concession audit of Gotham Enterprises, LLC, (Gotham) prepared by MGO.

**Reporting Period:** December 1, 2008, through December 31, 2011

**Rent Paid:** \$3,549,224

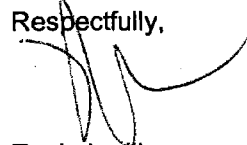
**Results:**

Gotham overstated reported gross revenues of \$38,992,859 by including employee discounts of \$26,047, resulting in an overpayment of \$2,223 in rent to the Airport. In addition, Gotham did not always submit on time its certified statement of revenue and lease payments.

The responses from the Airport and Gotham are attached to this report.

CSA appreciates the assistance and cooperation of Airport staff during the audit. For questions about the report, please contact me at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393, or CSA at 415-554-7469.

Respectfully,

  
Tonia Lediju  
Director of City Audits

Attachment

cc: Mayor  
Board of Supervisors  
Budget Analyst  
Civil Grand Jury  
Public Library

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

**PERFORMANCE AUDIT REPORT  
GOTHAM ENTERPRISES, LLC**

December 1, 2008 through December 31, 2011



**Certified Public Accountants.**





**Performance Audit Report**

Macias Gini & O'Connell LLP (MGO) presents its report concerning the performance audit of Gotham Enterprises, LLC (Gotham) as follows:

*Background*

Gotham doing business as Peet's Coffee & Tea and Firewood Grill has four lease agreements with the Airport Commission of the City and County of San Francisco (Commission) to operate six Peet's Coffee & Tea shops and two Firewood Grill restaurants at the San Francisco International Airport (SFO). These agreements require Gotham to submit to the Airport Department (Airport) a monthly report showing its sales revenue and rent due.

For the period of our performance audit, December 1, 2008 through December 31, 2011, the leases required payment of the greater of monthly minimum rent or percentage rent thresholds outlined below.

**Lease:** 03-0069 (Peet's 123)  
**Reporting periods:** December 1, 2008 through November 30, 2011  
**Lease Term:** September 1, 2004 through November 8, 2015  
**Percentage Rent (per space):** 8% of Gross Revenues achieved up to and including \$750,000, plus,  
10% of Gross Revenues achieved from \$750,000.01 up to and including \$1,400,000; plus  
12% of Gross Revenues achieved over \$1,400,000.

**Lease:** 03-0069A (Grill 1)  
**Reporting periods:** December 1, 2008 through November 30, 2011  
**Lease Term:** December 1, 2003 through November 8, 2015  
**Percentage Rent:** 4% of Gross Revenues achieved up to and including \$1,000,000; plus  
6% of Gross Revenues achieved over \$1,000,000.

**Lease:** 99-0292J (Grill 2)  
**Reporting periods:** January 1, 2009 through December 31, 2011  
**Lease Term:** December 10, 2000 through November 9, 2015  
**Percentage Rent:** 6% of Gross Revenues achieved up to and including \$1,000,000; plus  
8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000; plus  
10% of Gross Revenues achieved over \$1,500,000.

**Lease:** 03-0193 (Peet's 456)  
**Reporting periods:** January 1, 2009 through December 31, 2011  
**Lease Term:** June 2, 2004 through February 23, 2015  
**Percentage Rent:** 8% of Gross Revenue achieved up to and including \$750,000, plus,  
10% of Gross Revenues achieved from \$750,000.01 up to and including \$1,400,000; plus  
12% of Gross Revenues achieved over \$1,400,000.

For the period of our performance audit, the minimum monthly rent for Lease 03-0069A (Grill 1) has been suspended until yearly revenues reach \$2,500,000. The minimum annual guarantee for the three remaining leases under audit is outlined in the table below.

<u>Period</u>	<u>03-0069</u>	<u>99-0292J</u>	<u>03-0193</u>	<u>Total</u>
Lease Year ended 2009	\$ 106,965	\$ 123,843	\$ 48,075	\$ 278,883
Lease Year ended 2010	111,912	127,684	50,139	289,735
Lease Year ended 2011	112,906	134,586	50,367	297,859
	<u>\$ 331,783</u>	<u>\$ 386,113</u>	<u>\$ 148,581</u>	<u>\$ 866,477</u>

The percentage rent owed each month in excess of the monthly minimum is due as additional rent to the Airport.

#### *Objective and scope*

The purpose of this performance audit was to obtain reasonable assurance that Gotham complied with the reporting, payment, and other rent related provisions of its leases with the Commission. Based upon the provisions of the City and County of San Francisco contract number PSC# 4042-11/12 dated April 1, 2012, between MGO and the City and County of San Francisco, and per Appendix A therein, the objectives of our performance audit were: verify that revenues for the audit period were reported to the Airport in accordance with the lease provisions, and that such amounts agree with the underlying accounting records; identify and report the amount and cause of any significant error (over or under) in reporting together with the impact on rent payable to the Airport; and identify and report any recommendations to improve record keeping and reporting processes of Gotham relative to its ability to comply with lease provisions; and identify and report any recommendations to improve the Airport's compliance with significant lease terms and lease management activities.

#### *Methodology*

To meet the objectives of our performance audit, we performed the following procedures: reviewed the applicable terms of the leases and the adequacy of Gotham's procedures for collecting, recording, summarizing and reporting its sales revenue to the Airport; selected and tested samples of daily and monthly sales revenue; recalculated monthly rent due; and verified the timeliness of reporting revenues and rent and submitting rent payments to the Airport.

#### *Audit Results*

Based on the results of our performance audit for the period from December 1, 2008 through December 31, 2011, Gotham overstated its reported gross revenues of \$38,992,859 and paid percentage rent of \$3,549,224 to the Airport in accordance with its lease provisions. Those amounts agreed to the underlying records.

Gross revenues and percentage rent are defined in the leases between Gotham and the City and County of San Francisco. The tables below show Gotham reported total gross revenue and percentage rent paid to the Airport for each of the four leases under audit.

**Sales Revenues and Percentage Rent Paid  
December 1, 2008 through November 31, 2011**

**GOTHAM Lease: 03-0069 (Peet's 123)**

<u>Lease Period</u>	<u>Total Revenue Reported by Tenant</u>	<u>Calculated percentage Rent Stipulated by Lease</u>	<u>Minimum rent Stipulated by Lease</u>	<u>Additional Rent Due</u>	<u>Rent Paid Per Airport Payment Records</u>	<u>(Over) Payment</u>
	A	B	C	D (B-C)	E	F (B-E)
December 1, 2008 through November 30, 2009	\$ 5,820,636	\$ 569,476	\$ 106,965	\$ 462,511	\$ 569,476	\$ -
December 1, 2009 through November 30, 2010	6,157,672	609,921	111,912	498,009	609,921	-
December 1, 2010 through November 30, 2011	<u>6,366,475</u>	<u>634,977</u>	<u>112,906</u>	<u>522,071</u>	<u>634,977</u>	<u>-</u>
Total	<u>\$ 18,344,783</u>	<u>\$ 1,814,374</u>	<u>\$ 331,783</u>	<u>\$ 1,482,591</u>	<u>\$ 1,814,374</u>	<u>\$ -</u>

**GOTHAM Lease: 03-0069A (Grill 1)**

<u>Lease Period</u>	<u>Total Revenue Reported by Tenant</u>	<u>Calculated percentage Rent Stipulated by Lease</u>	<u>Minimum rent Stipulated by Lease</u>	<u>Additional Rent Due</u>	<u>Rent Paid Per Airport Payment Records</u>	<u>(Over) Payment</u>
	A	B	C	D (B-C)	E	F (B-E)
December 1, 2008 through November 30, 2009	\$ 1,059,611	\$ 43,577	\$ -	\$ 43,577	\$ 43,577	\$ -
December 1, 2009 through November 30, 2010	1,115,981	46,959	-	46,959	46,959	-
December 1, 2010 through November 30, 2011	<u>1,112,331</u>	<u>46,740</u>	<u>-</u>	<u>46,740</u>	<u>46,740</u>	<u>-</u>
Total	<u>\$ 3,287,923</u>	<u>\$ 137,276</u>	<u>\$ -</u>	<u>\$ 137,276</u>	<u>\$ 137,276</u>	<u>\$ -</u>

**Sales Revenues and Percentage Rent Paid  
January 1, 2009 through December 31, 2011**

**GOTHAM Lease: 99-0292J (Grill 2)**

<u>Lease Period</u>	<u>Total Revenue Reported by Tenant</u>	<u>Calculated percentage Rent Stipulated by Lease</u>	<u>Minimum rent Stipulated by Lease</u>	<u>Additional Rent Due</u>	<u>Rent Paid Per Airport Payment Records</u>	<u>(Over) Payment</u>
	A	B	C	D (B-C)	E	F (B-E)
January 1, 2009 through December 31, 2009	\$ 3,383,880	\$ 287,837	\$ 123,843	\$ 163,994	\$ 288,388	\$ (551)
January 1, 2010 through December 31, 2010	3,831,327	332,359	127,684	204,675	333,133	(774)
January 1, 2011 through December 31, 2011	<u>3,116,976</u>	<u>260,800</u>	<u>134,586</u>	<u>126,214</u>	<u>261,698</u>	<u>(898)</u>
Total	<u>\$ 10,332,183</u>	<u>\$ 880,996</u>	<u>\$ 386,113</u>	<u>\$ 494,883</u>	<u>\$ 883,219</u>	<u>\$ (2,223)</u>

**GOTHAM Lease: 03-0193 (Peet's 456)**

<u>Lease Period</u>	<u>Total Revenue Reported by Tenant</u>	<u>Calculated percentage Rent Stipulated by Lease</u>	<u>Minimum rent Stipulated by Lease</u>	<u>Additional Rent Due</u>	<u>Rent Paid Per Airport Payment Records</u>	<u>(Over) Payment</u>
	A	B	C	D (B-C)	E	F (B-E)
January 1, 2009 through December 31, 2009	\$ 2,412,149	\$ 246,458	\$ 48,075	\$ 198,383	\$ 246,458	\$ -
January 1, 2010 through December 31, 2010	2,376,153	242,138	50,139	191,999	242,138	-
January 1, 2011 through December 31, 2011	<u>2,239,667</u>	<u>225,760</u>	<u>50,367</u>	<u>175,393</u>	<u>225,760</u>	<u>-</u>
Total	<u>\$ 7,027,969</u>	<u>\$ 714,356</u>	<u>\$ 148,581</u>	<u>\$ 565,775</u>	<u>\$ 714,356</u>	<u>\$ -</u>

*Finding 2011-1 – Certified Statement of Revenues*

During our performance audit for the period from December 1, 2008 through December 31, 2011, we noted that Gotham did not submit its 2009 certified statement of revenues until June 24, 2010 which was past the 90 day due date of March 31, 2010. As a result, Gotham was not in compliance for lease year 2009 per the terms of the lease agreement. Additionally, we noted that the certified statement of revenues included discounts to employees and as a result annual certified amounts did not agree to the monthly sales reports for all years under audit under leases L03-0069, L03-0069A and L03-0193, which properly excluded amounts pursuant to the lease terms.

*Recommendation*

We recommend the Airport establish procedures to ensure Gotham submits a certified statement of annual revenues within 90 days after the end of each lease year. These procedures would ensure the tenant is in compliance with the terms of the lease. Additionally, we recommend that the Airport reconcile the certified statement of revenues to the monthly sales reports and understand/document the reason for the difference.

*Finding 2011-2 – Late Payment*

During our testing of lease payments, we noted that Gotham was late in making its lease payments; however, the recalculated late fees and penalties were below the materiality threshold of \$300. The Airport did not assess or impose the appropriate late fees and penalties during the audit period.

*Recommendation*

We recommend that the Airport establish procedures to ensure proper assessment and collection of late fees.

*Finding 2011-3 – Employee Discounts*

Per lease agreement No. L99-0292J (Grill 2) dated September 1999; Section 4.1 Rent defines gross revenues to be the following:

- a. “The **retail price** of all food and beverage products sold and services rendered in, on, or from the Premises or from such other locations on Airport operated by Tenant, whether operated by a subtenant or a concessionaire, or by any other person or entity, as may herein be provided, whether such sales be for such or on credit, and in case of sales on credit, whether or not payment is actually made; provided, however, that in the event food and beverage is returned by a customer and the sale is canceled, the selling price shall be excluded.”

The Airport interprets “retail price” as the ultimate price paid by the end consumer. As such, we noted that Gotham had incorrectly added back employee discounts in its determination of gross revenues at the Grill 2 location, which resulted in an overstatement of \$26,047 in reported gross revenues and an overpayment of \$2,223 in rent for the audit period.

*Recommendation*

We recommend that the Airport issue a credit memo in the amount of \$2,223 to Gotham for the overpayment of rent. Additionally, we recommend that the Airport establish procedures to monitor and ensure that tenants are properly reporting gross revenues per the terms of the lease agreement.

\*\*\*\*

We conducted this performance audit in accordance with the provisions of our contract, as outlined in the objective and scope section above, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonableness basis for our findings and conclusions based on our audit objectives. Our performance audit report is limited to those areas specified in the scope and objectives section of this report.

This report is intended solely for the information and use of Gotham, the Commission and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Cannelo LLP*

Walnut Creek, California  
August 16, 2012



San Francisco International Airport

August 2, 2012

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

Subject: Performance Audits – Gotham Enterprises and Harbor Airport

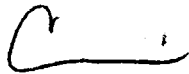
Dear Ms. Lediju:

We have received and reviewed the final draft audit reports of Gotham Enterprises and Harbor Airport prepared and sent by Macias Gini & O'Connell LLP via e-mail on July 25, 2012. This letter is to confirm that, based upon the details provided, we agree with the audit results.

Please feel free to call us at (650) 821-2850 (Wallace) or (650) 821-4501 (Cheryl) if you have any questions.

Very truly yours,

  
Wallace Tang, CPA  
Airport Controller

  
Cheryl Nashir  
Associate Deputy Airport Director  
Revenue Development and Management

cc: Tryg McCoy  
Leo Fermin  
Winnie Woo – CSA  
Eugene Ma – Macias Gini & O'Connell LLP  
Elizabeth Rourick – Macias Gini & O'Connell LLP

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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July 30, 2012

Tonia Lediju

Director of City Audits

Office of the Controller - City Services Auditor Division

City Hall, Room 476

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Ms. Lediju,

Responses to Gotham Enterprises, LLC audit from December 1, 2008 through December 31, 2011.

## Recommendation One

Gotham will submit a certified statement of annual revenues within the required 90 day period at the end of each lease year.

## Recommendation Two

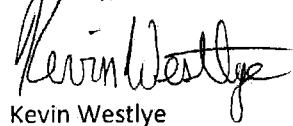
Gotham will pay all lease payments as required to avoid any future late fees.

## Recommendation Three

We will accept the rent credit of \$2,223 when it is complete and have adjusted our accounting procedures to eliminate the rent overpayment moving forward.

Please let me know if there is any additional information we can provide.

Sincerely,

  
Kevin Westlye

COO

Gotham Enterprises, LLC

firewood  
CAFE

100's  
Pier 47  
Restaurant &  
Wine Club

Peet's Coffee  
AND TEA

firewood  
GRILL

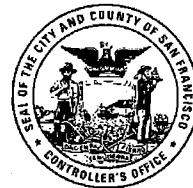


# City and County of San Francisco

Office of the Controller – City Services Auditor

## **AIRPORT COMMISSION:**

**Harbor Airport, LLC, Correctly Paid Its Rent But Owes \$1,179 in Late Charges and Did Not Submit on Time Its Certified Statement of Revenue for January 1, 2009, Through December 31, 2011**



*August 28, 2012*

**OFFICE OF THE CONTROLLER  
CITY SERVICES AUDITOR**

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

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

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

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

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

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

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: Macias Gini & O'Connell LLP (MGO)



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

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

August 28, 2012

San Francisco Airport Commission  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

John L. Martin, Airport Director  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

Dear Commission President, Commissioners, and Mr. Martin

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA), to conduct periodic concession audits of Airport tenants. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit the Airport's tenants to determine whether they complied with the reporting, payment, and other selected provisions of their leases with the Airport.

CSA presents the attached report for the concession audit of Harbor Airport, LLC, (Harbor) prepared by MGO.

**Reporting Period:** January 1, 2009, through December 31, 2011

**Rent Paid:** \$215,821

**Results:**

Harbor correctly reported gross revenues of \$3,446,974 and correctly paid rent to the Airport. However, Harbor did not always submit on time its certified statement of revenues and had multiple late payments resulting in late fee assessments of \$1,179.

The responses from the Airport and Harbor are attached to this report.

CSA appreciates the assistance and cooperation of Airport staff during the audit. For questions about the report, please contact me at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393, or CSA at 415-554-7469.

Respectfully,

Tonia Lediju  
Director of City Audits

Attachment

cc: Mayor  
Board of Supervisors  
Budget Analyst  
Civil Grand Jury  
Public Library

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

**PERFORMANCE AUDIT REPORT  
HARBOR AIRPORT, LLC**

January 1, 2009 through December 31, 2011



**Certified Public Accountants.**



**Performance Audit Report**

Macias Gini & O'Connell LLP (MGO) presents its report concerning the performance audit of Harbor Airport, LLC (Harbor) as follows:

*Background*

Harbor operates under a lease and operating agreement (lease) with the Airport Commission of the City and County of San Francisco (Commission) to operate a concession business at the San Francisco International Airport (SFO). Harbor entered into this agreement on December 10, 2000. The agreement expires November 9, 2015. The agreement requires Harbor to submit to the Airport Department (Airport) a monthly report showing its sales revenue and rent due.

For the period of our performance audit, January 1, 2009 through December 31, 2011, the lease required payment of the greater of monthly minimum rent or percentage rent described below.

- Lease:** 99-0292I
- Reporting Periods:** January 1, 2009 through December 31, 2011
- Lease Term:** December 10, 2000 through November 9, 2015
- Percentage Rent:** 6% of Gross Revenues achieved up to and including \$1,000,000, plus,  
8% of Gross Revenues achieved over \$1,000,000 up to and including \$1,500,000; plus  
10% of Gross Revenues achieved over \$1,500,000.

Minimum monthly rent is specified in the lease and has step increases stipulated by the lease.

<b>Minimum Annual Guarantee</b>	
<b>Period</b>	<b>99-0292I</b>
Lease Year ended 2009	\$ 41,813
Lease Year ended 2010	43,107
Lease Year ended 2011	45,430

The percentage rent owed each month in excess of the monthly minimum is due as additional rent to the Airport.

*Objective and scope*

The purpose of this performance audit was to obtain reasonable assurance that Harbor complied with the reporting, payment and other rent related provisions of its lease with the Commission. Based upon the provisions of the City and County of San Francisco PSC# 4042-11/12 dated April 1, 2012 between MGO and the City and County of San Francisco, and per Appendix A therein, the objectives of our performance audit were: verify that revenues for the audit period were reported to the Airport in accordance with the lease provisions, and that such amounts agree with the underlying accounting records; identify and report

the amount and cause of any significant error (over or under) in reporting together with the impact on rent payable to the Airport; and identify and report any recommendations to improve record keeping and reporting processes of Harbor relative to its ability to comply with lease provisions; and identify and report any recommendations to improve the Airport's compliance with significant lease terms and lease management activities.

*Methodology*

To meet the objectives of our performance audit, we performed the following procedures: reviewed the applicable terms of the lease and the adequacy of Harbor's procedures for collecting, recording, summarizing and reporting its sales revenue to the Airport; selected and tested samples of daily and monthly sales revenue; recalculated monthly rent due; and verified the timeliness of reporting revenues and rent and submitting rent payments to the Airport.

*Audit Results*

Gross revenues and percentage rent are defined in the Agreement for New International Terminal Food and Beverage Facility Operations at the San Francisco International Airport between the City and County of San Francisco and Harbor.

The table below shows Harbor's reported total gross revenue and percentage rent paid to the Airport.

**Sales Revenues and Percentage Rent Paid  
January 1, 2009 through December 31, 2011**

<u>Lease Period</u>	<u>Total Revenue Reported by Tenant</u>	<u>Calculated Percentage Rent Stipulated by Lease</u>	<u>Minimum Rent Stipulated by Lease</u>	<u>Additional Rent Due</u>	<u>Rent Paid Per Airport Payment Records</u>	<u>(Over) Payment</u>
	A	B	C	D (B-C)	E	F (B-E)
January 1, 2009 through December 31, 2009	\$ 1,154,267	\$ 72,341	\$ 41,813	\$ 30,528	\$ 72,341	\$ -
January 1, 2010 through December 31, 2010	1,176,887	74,151	43,107	31,044	74,214	(63) (a)
January 1, 2011 through December 31, 2011	<u>1,115,820</u>	<u>69,266</u>	<u>45,430</u>	<u>23,836</u>	<u>69,266</u>	<u>-</u>
Total	<u>\$ 3,446,974</u>	<u>\$ 215,758</u>	<u>\$ 130,350</u>	<u>\$ 85,408</u>	<u>\$ 215,821</u>	<u>\$ (63)</u>

(a) The Airport over charged Harbor by \$63 for the lease year ended December 2010 and did not issue a credit memo.

For the lease years ended December 2009, 2010 and 2011, the Airport issued credit memos of \$342, \$0 and \$0, respectively, to Harbor due to overpayment. Harbor has used these credit memos in their entirety to pay other outstanding obligations.

*Finding 2011-1 - Certified Statement of Revenues*

Pursuant to agreement No. 99-02921, Section 4.5 Annual Report and Adjustment stipulates that "within 90 days after the end of each lease year, tenant shall submit to Director an unqualified year-end financial report certified by a Certified Public Accountant." We noted that Harbor did not submit a 2009 certified year-end financial report and submitted the 2010 certified year-end financial report on November 4, 2011 which was past the 90 day due date of March 31, 2011. As a result, Harbor was not in compliance with the terms of the lease agreement for lease year 2009 and 2010.

*Recommendation*

We recommend the Airport establish a policy to obtain a certified year-end financial report within 90 days after the end of each lease year. This policy will ensure the tenant is in compliance with the terms of the lease.

*Finding 2011-2 - Late Payment*

During our testing of lease payments made by Harbor to the Airport, we noted that Harbor had multiple late lease payments.

Per lease agreement No. 99-02921, Section 4.2 Monthly Rent Payment, "Tenant shall pay rent for the premises as set forth in Section 4.3 of the lease agreement. Any rent not paid when due shall be subject to a service charge equal to the lesser of the rate of 1.5% per month, and the maximum rate permitted by law."

We recalculated the late fee assessment for lease years ended December 2009, 2010 and 2011 to be \$1,179.

*Recommendation*

We recommend that the Airport collect \$1,179 from Harbor for uncollected late fees during the audit period. Additionally, we recommend that the Airport establish procedures to ensure proper review of the payment receipt date, calculation of late fees per the terms of the lease agreement and timely collection of calculated late fees.

\*\*\*\*\*

We conducted this performance audit in accordance with the provisions of our contract, as outlined in the objective and scope section above, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonableness basis for our findings and conclusions based on our audit objectives. Our performance audit report is limited to those areas specified in the scope and objectives section of this report.

This report is intended solely for the information and use of Harbor, the Commission and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Connell LLP*  
Walnut Creek, California  
August 16, 2012





San Francisco International Airport

August 2, 2012

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

Subject: Performance Audits – Gotham Enterprises and Harbor Airport


Dear Ms. Lediju:

We have received and reviewed the final draft audit reports of Gotham Enterprises and Harbor Airport prepared and sent by Macias Gini & O'Connell LLP via e-mail on July 25, 2012. This letter is to confirm that, based upon the details provided, we agree with the audit results.

Please feel free to call us at (650) 821-2850 (Wallace) or (650) 821-4501 (Cheryl) if you have any questions.

Very truly yours,

  
Wallace Tang, CPA  
Airport Controller

  
Cheryl Nashir  
Associate Deputy Airport Director  
Revenue Development and Management

cc: Tryg McCoy  
Leo Fermin  
Winnie Woo – CSA  
Eugene Ma – Macias Gini & O'Connell LLP  
Elizabeth Rourick – Macias Gini & O'Connell LLP

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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MAYOR

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PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

ELEANOR JOHNS

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PETER A. STERN

JOHN L. MARTIN  
AIRPORT DIRECTOR

Post Office Box 8097 San Francisco, California 94128 Tel 650.821.5000 Fax 650.821.5005 www.flysfo.com

## *Harbor Airport, LLC.*

International Terminal – South Food Court  
San Francisco International Airport,  
San Francisco, Ca. 94128  
Tel: (650) 821-8983.  
Fax: (650) 821-8987

Administrative Office:  
1720 El Camino Real, Suite 200,  
Burlingame, Ca 94010  
Tel: (650) 697-8888  
Fax: (650) 697-9209

August 2, 2012.

Ms. Tonia Lediju,  
Director of City Audits,  
Office of the Controller – City Services Auditor Division,  
City Hall, Room 476,  
1 Dr. Carlton B. Goodlet Place,  
San Francisco, CA. 94102

RE: Performance Audit Report

Dear Ms. Lediju,

I am writing in response to the Performance Audit Report for the period January 1, 2009 through December 31, 2011.

Regarding Finding 2011-1 – Certified Statements of Revenues: we will make every effort to submit future Annual Statement of Revenues on time and certified by our CPA.

Regarding Finding 2011-2 – Late Payments: we will make every effort to make future lease payments on time.

Yours truly,

*Maria Liu*

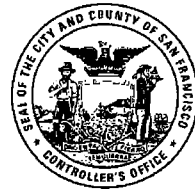
Maria Liu  
Manager

# City and County of San Francisco

## Office of the Controller – City Services Auditor

### **AIRPORT COMMISSION:**

**Philippine Airlines Paid All Landing Fees Due for April 1, 2008, Through March 31, 2011**



*August 28, 2012*

**OFFICE OF THE CONTROLLER  
CITY SERVICES AUDITOR**

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

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
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CSA conducts its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

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

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

CSA Audit Team: Winnie Woo, Associate Auditor

Audit Consultants: Macias Gini & O'Connell LLP (MGO)



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

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

August 28, 2012

San Francisco Airport Commission  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

John L. Martin, Airport Director  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

Dear Commission President, Commissioners, and Mr. Martin:

The City and County of San Francisco's Airport Commission (Airport) coordinates with the Office of the Controller's City Services Auditor Division (CSA), to conduct periodic compliance audits of Airport tenants and airlines. CSA engaged Macias Gini & O'Connell LLP (MGO) to audit airlines that do business with the Airport to ensure that they comply with the landing fee provisions of their agreements.

CSA presents the attached report for the compliance audit of Philippine Airlines prepared by MGO.

**Reporting Period:** April 1, 2008, through March 31, 2011

**Landing Fees Paid:** \$2,109,760

**Results:**

Philippine Airlines correctly reported 1,100 revenue aircraft landings and correctly paid the landing fees due to the Airport.

Responses to the audit report from the Airport and Philippine Airlines are attached to the report.

CSA appreciates the assistance and cooperation of Airport staff during the audit. For questions about the report, please contact me at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393, or CSA at 415-554-7469.

Respectfully,

Tonia Lediju  
Director of City Audits

Attachment

cc: Mayor  
Board of Supervisors  
Budget Analyst  
Civil Grand Jury  
Public Library

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

**PERFORMANCE AUDIT REPORT  
PHILIPPINE AIRLINES**

April 1, 2008 through March 31, 2011



**Certified Public Accountants.**



# Certified Public Accountants.

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## Performance Audit Report

Macias Gini & O'Connell LLP (MGO) presents its report concerning the performance audit of Philippine Airlines as follows:

### Background

Philippine Airlines operates under a lease and use agreement (lease or agreement) with the Airport Commission of the City and County of San Francisco (Commission) to use the landing field facilities at the San Francisco International Airport (SFO) for its air transportation business. Philippine Airlines entered into this agreement on July 1, 1981 which expired on June 30, 2011. Philippine Airlines entered into a new agreement effective July 1, 2011 which expires on June 30, 2021. The agreements requires Philippine Airlines to submit to the Airport Department (Airport) a monthly report showing its actual revenue aircraft landings by type of aircraft and other landing data necessary to calculate the landing fees.

The Airport charges Philippine Airlines a landing fee based on the maximum landing weight of aircraft making revenue landings at the SFO. For every 1,000 pounds of aircraft landed, the Commission sets a fee that it may change annually.

<u>For the Period</u>	<u>Landing Fee</u>
July 1, 2007 to June 30, 2008	\$3.01
July 1, 2008 to June 30, 2009	\$3.00
July 1, 2009 to June 30, 2010	\$3.15
July 1, 2010 to June 30, 2011	\$3.59

Reporting Period(s): April 1, 2008 through March 31, 2011  
 Lease: L82-0317 until June 30, 2011

### Objective and scope

The purpose of this performance audit was to obtain reasonable assurance that Philippine Airlines complied with the reporting, payment and other landing fee related provisions of its lease with the Commission. Based upon the provisions of the City and County of San Francisco contract number PSC# 4042-11/12 dated April 1, 2012, between MGO and the City and County of San Francisco, and per Appendix A therein, the objectives of our performance audit were to: verify that landing fees for the audit period were reported to the Airport in accordance with the lease provisions, and that such amounts agree with the underlying accounting records; identify and report the amount and cause of any significant error (over or under) in reporting, together with the impact on fees payable to the Airport; and identify and report any recommendations to improve record keeping and reporting processes of Philippine Airlines relative to its ability to comply with lease provisions; and identify and report any recommendations to improve the Airport's compliance with significant lease terms and lease management activities.

3000 S Street  
Suite 300  
Sacramento  
CA 95816

2121 N. California Blvd.  
Suite 250  
Walnut Creek  
CA 94596

505 14th Street  
5th Floor  
Oakland  
CA 94612

2029 Century Park East  
Suite 500  
Los Angeles  
CA 90067

4675 MacArthur Ct.  
Suite 400  
Newport Beach  
CA 92660

225 Broadway  
Suite 1750  
San Diego  
CA 92101



*Methodology*

To meet the objectives of our performance audit, we performed the following procedures: reviewed the applicable terms of the lease and the adequacy of Philippine Airlines procedures for collecting, recording, summarizing and reporting its revenue aircraft landings; selected and tested samples of daily and monthly landings; recalculated monthly landing fees due; and verified the timeliness of reporting landing fees to the Airport.

*Audit results*

Based on the results of our performance audit for the period from April 1, 2008 through March 31, 2011, Philippine Airlines correctly reported 1,100 revenue aircraft landings and paid \$2,109,760 in landing fees to the Airport in accordance with its lease provisions. Those amounts agreed to the underlying records. We did not identify significant errors in reporting which would impact the landing fees payable to the Airport.

The table below shows Philippine Airlines' reported total revenue aircraft landings and landing fees paid to the Airport.

**Revenue Aircraft Landings and Fees Paid  
April 1, 2008 through March 31, 2011**

<u>For the Period</u>	<u>Number of Landings</u>	<u>Landing Fees Paid</u>
April 1, 2008 through March 31, 2009	384	\$ 675,721
April 1, 2009 through March 31, 2010	350	643,793
April 1, 2010 through March 31, 2011	366	790,246
<b>Total</b>	<b>1,100</b>	<b>\$ 2,109,760</b>

We did not identify any recommendations for Philippine Airlines to improve its record keeping and reporting processes relative to its ability to comply with lease provisions.

\*\*\*\*\*

We conducted this performance audit in accordance with the provisions of our contract, as outlined in the objective and scope section above, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives section of this report.

This report is intended solely for the information and use of Philippine Airlines, the Commission and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Connell LLP*  
Walnut Creek, California  
August 16, 2012



San Francisco International Airport

August 2, 2012

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

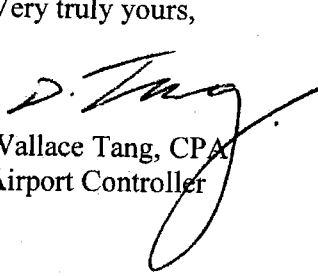
Subject: Performance Audits – Emirates, Delta Airlines, and Philippine Airlines

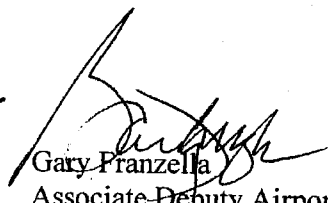
Dear Ms. Lediju:

We have received and reviewed the final draft audit reports of Emirates, Delta Airlines, and Philippine Airlines prepared and sent by Macias Gini & O'Connell LLP via e-mail on July 25, 2012. This letter is to confirm that, based upon the details provided, we agree with the audit results.

Please feel free to call us at (650) 821-2850 (Wallace) or (650) 821-4526 (Gary) if you have any questions.

Very truly yours,

  
Wallace Tang, CPA  
Airport Controller

  
Gary Franzella  
Associate Deputy Airport Director  
Aviation and Parking Management

cc: Tryg McCoy  
Leo Fermin  
Winnie Woo – CSA  
Eugene Ma – Macias Gini & O'Connell LLP  
Elizabeth Rourick – Macias Gini & O'Connell LLP

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

ELEANOR JOHNS

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PETER A. STERN

JOHN L. MARTIN  
AIRPORT DIRECTOR

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**August 20, 2012**

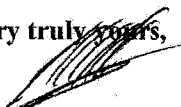
**Ms. Tonia Lediju  
Director of City Audits  
Office of the Controller-City Services Auditor Division  
City Hall, Room 476  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA94102**

**Reference: Performance Audit Report – Philippine Airlines**

**Dear Ms. Lediju:**

**We are acknowledging the findings and recommendations included in the report for the period April 1, 2008 through March 31, 2011.**

**Very truly yours,**

  
**Norman D'Souza  
Station Manager  
SFO Station  
(650) 588-5020**

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San Francisco International Airport  
San Francisco, California 94125

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