



OFFICE OF THE CONTROLLER


CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Carmen Chu, City Administrator
Office of the City Administrator

FROM: Mark de la Rosa, Director of Audits 
Audits Division, City Services Auditor

DATE: October 17, 2023

SUBJECT: **Public Integrity Review – The Community Challenge Grant Program’s 2023 Solicitation Process Was Deeply Flawed and Needs to Be Redone Properly**

EXECUTIVE SUMMARY

At the request of the City Administrator, the Office of the Controller (Controller), City Services Auditor (CSA), Audits Division, presents its memorandum on the assessment of the Community Challenge Grant Program solicitation process for the 2023 grant cycle. We conducted this assessment in conjunction with the City Attorney’s Office. The assessment found that the results of the Community Challenge Grant program’s 2023 solicitation process cannot be relied upon because the former program director misrepresented key aspects of the process, which also lacked adequate controls and proper documentation. Therefore, the Office of the City Administrator should reevaluate the applications received for the 2023 grant cycle to ensure that all applicants receive a fair opportunity to receive a grant.

BACKGROUND, OBJECTIVE & METHODOLOGY

Background

The Community Challenge Grant (CCG) Program, a division of the Office of the City Administrator (City Administrator), was approved by voters in 1990 and codified in the [San Francisco Administrative Code, Article 12B-1](#). CCG provides funding to community groups, businesses, community benefit districts, schools, and nonprofit organizations to make physical improvements to their neighborhoods through the Community Challenge grants. Also, CCG partners with two city departments, San Francisco Public Utilities Commission (SFPUC) and San Francisco Planning Department, to administer the Urban Watershed Stewardship grants and the Eastern Neighborhood grants, respectively. The Urban Watershed Stewardship grants fund green storm water infrastructure projects to support San Francisco’s watersheds and sewer infrastructure, and the Eastern

Neighborhood grants fund physical improvements in neighborhoods within San Francisco’s eastern region. CCG provides administrative and contracting support for these grants.

Exhibit 1 shows CCG applications received and program funding in the 2023 grant cycle. Exhibit 2 shows Urban Watershed Stewardship and Eastern Neighborhood grant applications received and program fundings for each program in the 2023 grant cycle.

Exhibit 1: CCG applications and funding for the 2023 grant cycle

Program	Applications Received	Amount Awarded	Number of Awarded Organizations
Community Challenge Grants	28	\$2,503,597	24
Total	28	\$2,503,597	24

Sources: CCG

Exhibit 2: Urban Watershed Stewardship and Eastern Neighborhood grant applications and funding for the 2023 grant cycle

Program	Applications Received	Amount Awarded	Number of Awarded Organizations
Urban Watershed Stewardship Grants	7	\$450,000	3
Eastern Neighborhoods Grants	-	-	-
Total	7	\$450,000	3

Sources: CCG and SFPUC

Criminal Complaint and Charges

In August 2023 Lanita Henriquez (Henriquez), director of the Community Challenge Grant Program, and Rudolph Dwayne Jones (Jones), a former city employee who became a contractor on several citywide grants and contracts, were charged with multiple felony counts of misappropriation of public money, bribery, and aiding and abetting financial conflicts of interest. Jones is accused of bribing Henriquez to steer city contracts and grants to entities controlled by Jones. In September 2023 the City Attorney and City Administrator suspended Jones as an individual and five affiliated entities that Jones owns, controls, or manages.¹ This means that neither Jones nor the affiliated entities can do business with the City and County of San Francisco (City) unless and until the suspension is lifted. The suspended affiliates are:

- RDJ Enterprises, LLC
- RDJ-Project Complete, LLC
- Southeast Consortium for Equitable Partnerships
- Urban Equity, LLC
- 20ROC Holdings, LLC

¹ "City Attorney and City Administrator suspend City contractor Rudolph Dwayne Jones and affiliates pending criminal bribery charges," City Attorney's press release, September 7, 2023.

Grant Programs Solicitation Process for 2023 Grant Cycle

Community Challenge Grants:

Eligibility requirements and the overall application and scoring process for the 2023 Community Challenge Grant Program solicitation are summarized below.

Eligibility

According to CCG guidelines, to be considered for funding, applicants must:

- Be a nonprofit organization, community group, merchant association, community benefit district organization, or school; possess Internal Revenue Code Section 501(c)(3) status or identify a 501(c)(3) to serve as fiscal sponsor; and either the applicant or fiscal sponsor must be an approved and compliant supplier with the City.
- Develop a detailed work plan in the specified format.
- Provide a detailed budget in the specified format.
- Have a 5-year and/or 10-year maintenance plan for public art projects detailing maintenance after project completion.
- Identify subcontractors, including providing quotes.
- Provide proof of the insurance required to complete the proposed project, with the adequacy of such insurance to be determined by the City’s Risk Management Division.
- Include design and installation of interpretative signage acknowledging the Community Challenge Grant program, including the program logo.
- Attend a pre-contracting meeting with the CCG program director to review all requirements of the contracting, grant administration, reporting, reimbursement, and closeout processes.
- Hold at least three site visits with the CCG program director, at time of award, midway point, and at project completion. Signage for visitors must be installed before the final site visit.
- Provide at least a 35 percent match for every grant dollar requested, as shown in Exhibit 2.
- Be prepared to enter into a contract within three months of the award announcement, including timely submission of required contract documents and proactive communication with CCG to resolve any outstanding deliverables or other problems.

Organizations are eligible to receive funding for the following types of CCG projects:

- Greening or urban agriculture, including gardens, sidewalk gardens, median enhancements, planting, decorative planters/boxes, and landscaping.
- Shared spaces or parklets, including mini-parks, plazas, dog parks, and trail restoration.
- Street maintenance, including sidewalk sweeping, litter/graffiti abatement, and power washing.
- Public art, including murals, mosaics, sculptures, and new media art.
- Activation initiatives or stewardship on prior CCG funding projects.
- Neighborhood amenities, including lighting, seating/benches, bike racks, neighborhood branding, and community activation initiatives.

Exhibit 2: Funding levels for Community Challenge Grants 2023 grant cycle

Category	Category
Budget Size	\$15,000 to \$175,000 ^a
Project Duration	12-18 months, depending on the project scope and timeframe ^b
Required Match	35 percent for all projects ^c

Notes:

^a The minimum funded grant amount is \$15,000, and the maximum amount is \$175,000. To meet CCG’s 2023 budget, the advisory panel cut 20 percent of funding to recurring applicants and 15 percent to new applicants requesting \$100,000 or more.

^b On a limited basis, the CCG program director may authorize a project duration that exceeds 18 months based on a project’s complexity and scope. The duration is established at the beginning of the grant contract and represents the period during which the awardee must complete the project.

^c Grant awardees must provide a 35 percent match of cash, volunteered labor (valued at \$25 per hour), donated materials and/or supplies, or services.

Source: CCG

Permits and Approvals

- The applicant must engage permit-issuing agencies in advance of applying.
- For projects on property owned by the City, the applicant must obtain the required permits, approvals, and/or authorization from all departments with regulatory jurisdiction over the project area, including resolution of all issues regarding the City’s acceptance and future maintenance. Applicants also must address the liability related to project improvements to the satisfaction of all departments with jurisdiction over the project area.
- For projects on property owned by the San Francisco Unified School District (SFUSD), the applicant must receive the SFUSD architect’s approval.
- For projects on private property, the applicant must include written permission from the owner(s) of the proposed site.

Application Review, Approval, and Award Process, and Reporting Requirements

According to CCG guidelines:

- CCG screens applications for completeness, adherence to CCG guidelines, and to ensure proposed projects meet the intended use of CCG funding.
- Complete applications that comply with CCG guidelines are referred to the CCG Advisory Committee (hereafter referred to as scoring panelists) for review. The scoring panelists evaluate and score applications based on the evaluation criteria and recommend funding, as shown in Exhibit 3.
- The City Administrator gives final approval on recommended funding.
- After the grant contract is fully executed, funds are available to reimburse the grantee.
- Grantees electronically submit detailed quarterly reports with a photo record of each phase of the project. After project completion, grantees develop and submit a final report that includes a photo record of each phase of the project.

Exhibit 3: Evaluation criteria for Community Challenge Grants 2023 grant cycle

Evaluation Criteria	Points
Design & Impacts: Presents a sound, well-researched, and feasible project design, and describes the expected impact of the project.	20
Community Engagement: Describes a compelling need for the project in the community. Demonstrates support for and involvement in the project from neighbors and other beneficiaries.	20
Racial Equity: Presents a clear approach to increase engagement and participation of communities of color, including, but not limited to, community outreach and engagement, inclusion and participation, and sourcing from local businesses owned by people of color.	15
Capacity: Demonstrates ability to complete the project in the allowed timeframe, identifying the project lead and their qualifications, the specific roles and responsibilities of all organizations involved in the project, and all resources required to complete the project.	20
Budget: Proposes a reasonable, well-researched, and feasible project budget based on the project design and scale.	15
Maintenance: Presents a well-defined and appropriate plan of action to preserve and maintain the project after completion.	10
Total	100

Source: CCG

Urban Watershed Stewardship Grants:

Eligibility

SFPUC partners with CCG to offer grants for community-based projects that help manage stormwater using green infrastructure. Applicants must be 501(c)(3) nonprofit organizations or identify a 501(c)(3) fiscal sponsor and be an approved and compliant city supplier. Funds are awarded at two levels based on award size, project duration, and match requirements, as shown in Exhibit 4.

Exhibit 4: Funding levels for Urban Watershed Stewardship Grants 2023 grant cycle

Funds Awarded at Two Levels	Medium Projects	Large Projects
Award Size	\$15,000 - \$75,000	\$75,001 - \$150,000
Project Duration	9-12 months	12-18 months
Match Requirements	35 percent	25 percent

Source: SFPUC

Grant Application Review and Award

SFPUC sets the award amount based on the annual budget and works with CCG to conduct outreach and hold grant workshops. The SFPUC advisory panel, composed of three SFPUC employees, reviews and scores applications for award based on the evaluation criteria, as shown in Exhibit 5. The CCG program director works with SFPUC to review the projects’ scopes to ensure no overlap exists between Urban Watershed Stewardship grants and Community Challenge grants. The CCG program director executes the grant contracts and provides administrative support to grantees.

Project Execution and Grant Closeout

SFPUC provides technical assistance to grantees and approves final design before construction begins. In coordination with CCG, SFPUC reviews and approves signage, reports, and billing submittals. Also, CCG and SFPUC attend final site visits before grant closeout. CCG bills SFPUC for its administrative and contracting support, as well as reimbursement to grantees. All Urban Watershed Stewardship grants are funded by SFPUC’s budget.

Exhibit 5: Evaluation criteria for 2023 Urban Watershed Stewardship Grant cycle

Evaluation Criteria	Points
<p>Project Concept & Design</p> <ul style="list-style-type: none"> • Project goals clearly expressed in the application’s narrative section. • Application includes a well-developed conceptual plan of the project drawn to scale that shows an understanding of how stormwater moves on the site. • Applicant proposes to harvest and use rainwater. • Applicant proposes to install green stormwater management facilities (i.e., bioretention planters, permeable pavement, etc.). • Applicant proposes to remove impervious surfaces and replace them with pervious surfaces or plantings. • Project pilots a new technology or idea not yet explored in San Francisco. 	30
<p>Project Feasibility</p> <ul style="list-style-type: none"> • Project is well-planned, complete, and ready for implementation at time of award. • Project demonstrates an understanding of existing site conditions such as soil type, subsurface utility conflicts, proximity to building foundations, etc., and how the stormwater will flow safely into and out of the green infrastructure facilities. • Applicant must agree to enter into a contract for the project within three months of award notification. • Mid-scale projects must be able to be completed within 12 months of entering into a contract, while large-scale projects must be able to be completed within 18 months of entering into a contract. • Proposed project has adequate design and engineering support for successful implementation. • Except for proposals for simple sidewalk landscaping, applicant’s project team must include a landscape architect or civil engineer who can assess stormwater 	25

Evaluation Criteria	Points
flows on site and design the proposed project to manage flows. Designs should meet SFPUC design standards for green infrastructure.	
Geographic Distribution / Public Access & Participation <ul style="list-style-type: none"> • Qualified applicants with high-quality applications that meet our criteria who have not previously received funding from the Community Challenge grants/Urban Watershed Stewardship grants will receive priority. • Projects within Environmental Justice and/or Disadvantaged neighborhoods will receive priority. • Project’s funded improvements are in areas physically and/or visually accessible to the public. • Project offers neighborhood residents the opportunity to participate in the planning, design, implementation, or maintenance phases of the project. Community involvement in all aspects of the project is preferred and encouraged. 	20
Budget <ul style="list-style-type: none"> • Application includes a complete and detailed project budget using the fillable Budget Form and adhering to budget maximum percentages. 	15
Maintenance <ul style="list-style-type: none"> • Application includes an adequate five-year maintenance plan with identified maintenance staff and detailed activities. 	10
Total	100

Source: SFPUC

Objective

At the request of the City Administrator, CSA, in conjunction with the City Attorney’s Office, assessed the role and influence of the scoring panelists on CCG’s solicitation process for grants in the fiscal year 2023-24 grant cycle² and internal controls to mitigate any undue influence.

Methodology

To achieve the objective, we:

- Compared the list of grantees to the list of suspended contractors and affiliates in the September 2023 suspension order issued by the City Attorney and City Administrator.
- Interviewed two of the three purported scoring panelists for the Community Challenge grants for the 2023 solicitation cycle and three scoring panelists for prior cycles. Interviews were conducted with an investigator from the City Attorney’s Office.
- Reviewed and compared panelist score sheets, where available, and final scores submitted by Henriquez as CCG program director to staff of the Office of the City Administrator and the City Attorney’s Office.

² CSA is also assessing CCG grant cycles before fiscal year 2023-24 as part of our larger public integrity reviews.

- Interviewed staff from the Department of Public Works (Public Works), Recreation and Park Department (Rec and Park), and SFPUC Urban Watershed Stewardship Grants program.

This assessment is for a nonaudit service. Generally accepted government auditing standards do not cover nonaudit services, which are defined as professional services other than audits or attestation engagements. Therefore, the City Administrator is responsible for the substantive outcomes of the work performed during this assessment and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the nonaudit service.

RESULTS

Observation – The Community Challenge Grant Program’s 2023 solicitation process was invalid and lacked transparency.

In her role as the former director of the CCG Program, Henriquez misrepresented the 2023 solicitation process by stating that it was transparent, fair, and had the appropriate controls to ensure that applications were reviewed without undue influence and in a manner that would ensure public trust. Specifically, Henriquez undermined the integrity of the solicitation process because she:

- Falsely stated that the process used three scoring panelists.
- Reduced the final scores of two applications without explanation.
- Did not document the steps in the process in one location, making it difficult to ensure (or subsequently determine) that a legitimate process was followed. Also, this failure to properly document the solicitation process makes it impossible to provide complete score sheets to applicants who might question why their applications were not approved for funding.

Further, we found that one application included a falsified letter of support from the Housing Authority of the City and County of San Francisco (Housing Authority). This application had as the fiscal sponsor the Southeast Consortium for Equitable Partnerships, one of the now-suspended entities associated with Jones. Although there is no evidence that Henriquez knew the letter of support was forged, which apparently it was, the fact that it is a fake undermines the scoring process used for the 2023 solicitation cycle.

The Scoring Panel for the 2023 Grant Cycle Was Completely Inadequate and Not What Henriquez Stated It Was

Henriquez represented to the city administrator, deputy city administrator, and deputy city attorney that three people reviewed and scored applications for the 2023 Community Challenge grant cycle. Henriquez kept a scoring sheet showing scores from three panelists for each of the 28 CCG applications. However, we found profound irregularities in the panel and process used. First, we could only confirm the participation of two panelists, one of whom had a conflict of interest that should have disqualified them from fulfilling this role. And based on available documents, the other panelist may have scored only 26 of 28 applications. Further, it appears there was no third panelist, as the person identified to us as fulfilling that role stated they were asked to participate but declined.

In light of what we found and the fact that Henriquez’s scoring sheet shows three scores for each of the CCG applications, it appears that many of the recorded scores are invalid either because they came from a panelist who had a conflict of interest that should have disqualified their participation or because the scores were fabricated. The irregularities we identified with the scores attributed to each panelist are described below.

Scoring Panelist No. 1 Worked for an Organization Affiliated With Jones:

CSA and an investigator from the City Attorney’s Office interviewed scoring panelist 1, a community member living in the East Bay, and found that scoring panelist 1:

- Had an undisclosed conflict of interest. Whether or not scoring panelist 1 knew or understood, they participated at the direction of Jones who had a financial conflict of interest. At the time of their review of applications, they were employed by one of the now-suspended Jones-affiliated entities, RDJ Enterprises, LLC, and reported directly to Jones. Jones’ affiliate organization, Southeast Consortium for Equitable Partnerships, was a fiscal sponsor for one of the CCG applicants when he asked his employee to score applications.
- Had no contact with Henriquez or the other panelists. Jones coordinated the entire process with this panelist, including their receipt and submittal of applications. Jones asked the panelist to review the applications and handed the panelist a flash drive that contained the applications and score sheets used to document the review of the applications.
- Was not required to sign a confidentiality statement or to otherwise assess or report any potential conflict of interest regarding the application review process.

Scoring Panelist No. 2’s Paper Trail Is Scant:

Henriquez’s files that should support the panel’s scores for the 2023 CCG grant cycle are incomplete for scoring panelist 2. Of the 28 applications allegedly scored, the City Administrator could only locate 26 score sheets completed by scoring panelist 2. Therefore, it is impossible to determine whether this panelist scored the other 2 applications and, if so, whether those scores were accurately transferred to Henriquez’s scoring sheet.

The Person Identified as Scoring Panelist No. 3 Did Not Participate:

The person identified as scoring panelist 3 is a city employee who told CSA and an investigator from the City Attorney’s Office that Henriquez asked them to participate in scoring the 2023 CCG grant applications, but they declined to participate and did not review or score any applications. Thus, we cannot determine the source, accuracy, or reliability of the listed scores for a third panelist. Given that there is no evidence indicating that a third panelist participated, it is possible that the scores attributed to this panelist were fabricated by Henriquez.

Final Scores for the 2023 Grantees Are Unreliable

The CCG grant applications’ final scores were computed as an average of the scores attributed to three scoring panelists. These final scores are unreliable for the reasons stated above. Namely, scoring panelist 1 had an undisclosed and significant conflict of interest, only 26 score sheets were

located for scoring panelist 2, and there are no score sheets for the purported scoring panelist 3, consistent with the fact that the person who supposedly was the third panelist told us they did not participate in the process.

On April 12, 2023, Henriquez submitted to a deputy city attorney a spreadsheet that appears to show the scores of three panelists for all 28 applicants. However, this spreadsheet does not include the panelists’ names. On April 18, 2023, Henriquez submitted another spreadsheet to the city administrator and deputy city administrator summarizing all applications received, an indication of whether each applicant was awarded or denied funding, and grant award amounts for each grantee.

We compared both spreadsheets and found inconsistent application scores. The April 18th spreadsheet shows lower scores for two applicants than does the April 12th spreadsheet, and neither explains these discrepancies. Further, the April 12th spreadsheet shows three applications scoring 12 to 15 points in the maintenance category, which is more than the maximum allowable score of 10 points for this category.

Of the 28 applications, 24 were approved for funding. Of the remaining 4 that were not selected for funding:

- One applicant withdrew its application.
- One proposed project did not meet the funding criteria because the garden is not open to the public and only operates during school hours. The average total score given to the application was 94, but that score was later lowered to 88 without explanation.
- Two proposed projects did not meet the funding criteria because operating costs for a project without a greening element are ineligible and the projects did not meet the five-year maintenance requirement. One of these applications received an average total score of 93, but that score was later lowered to 89 without explanation.

One of the Five Letters of Support for the Top-Scoring Application Was Falsified

The top-scoring application had as its fiscal sponsor Southeast Consortium for Equitable Partnerships, which is now a suspended entity. Also, one of the letters of support supposedly came from the Housing Authority but appears to have been forged, as the Housing Authority confirmed it never provided such a letter (although it did identify that Jones had asked for a letter). According to the Housing Authority, it asked Jones for additional information about the proposed project’s property location but he never responded, so it never provided a letter of support. It is unclear what Jones’ role was in the preparation of the application and why he requested the letter of support on behalf of the applicant organization instead of the applicant doing so itself.

The Process Had Weak Internal Controls, Including a Lack of Segregation of Duties, and Henriquez Provided No Documentation of Her Review of the Process

Pursuant to the requirements of Chapter 21G of the San Francisco Administrative Code,³ the 2023 CCG solicitation process should have been an open and competitive process. However, our assessment found several inconsistencies that undermine both the transparency and fairness in the award process. The written CCG grant guidelines explain Henriquez’s role to review applications for completeness, adherence to CCG guidelines, and to ensure proposed projects meet the intended use of CCG funding. However, we could find no evidence of her role for the 2023 solicitation cycle. Also, the process outlined in the guidelines list is missing key elements that would strengthen it. Specifically, the program director’s responsibilities as laid out in the guidelines are inconsistent with industry best practices because they ignore the need to segregate duties between or among different employees. According to the Green Book,⁴ although not required, but consistent with industry best practices, key duties and responsibilities should be divided to reduce the risk of error, misuse, and/or potential fraud. If segregation of duties is impractical because of limited personnel or other factors, alternative control activities should be used to address risk of fraud, waste, and/or abuse.

In contrast to the segregation of duties recommended by the Green Book, and based on the limited information and documentation available, Henriquez, as the program director and sole employee of CCG, was responsible for:

- Writing the request for proposal.
- Designing the application and scoring rubric.
- Holding application and technical workshops with grantees.
- Assigning applications to the scoring panel.
- Sending award announcements.
- Administering the grant application.
- Performing the initial review and approval of invoices before final review and payment processing by accounting staff.

The lack of documentation, misrepresentation about the number of scorers, and the fact that one of the scorers had a significant conflict of interest combine to undermine both the transparency and fairness in the award process. As stated above, score sheets for scoring panelist 2 are incomplete and there appears to have been no scoring panelist 3. We are left to conclude that the final scores attributed to scoring panelist 3 may have been fabricated by Henriquez.

CCG did not include a process for appeals or protests in its 2023 CCG guidelines or application. For example, requests for proposal from the Mayor’s Office of Housing and Community Development, Office of Economic and Workforce Development, and Grants for the Arts include a formal appeals or protest process. Each gives clear instructions outlining the process, states the method(s) and

³ Chapter 21G became effective on January 1, 2022. The Office of Contract Administration issued related Rules and Regulations in December 2021.

⁴ *Standards for Internal Control in the Federal Government* (known as the Green Book) provide the overall framework for establishing and maintaining an effective internal control system, <https://www.gao.gov/assets/gao-14-704g.pdf>.

acceptable reasons for an appeal, and specifies a deadline or period during which an appeal will be considered. Instead of establishing a formal appeal or protest process, Henriquez emailed applicants who were not awarded funding, giving them an opportunity to contact the CCG office and schedule a meeting to review their application and/or discuss the award decision without stating a deadline to do so. To ensure fairness and transparency, it would have been preferable to have a formal, documented, and time-limited process for appeals or protests.

Roles of Public Works and Rec and Park

For proposed projects on property owned by either Public Works or Rec and Park, CCG applicants must obtain the required permits, approvals, and/or authorization from the department(s) with regulatory jurisdiction over the project area, including resolution of all issues regarding the City’s acceptance and future maintenance. Further, liability related to the project improvements must be addressed to the satisfaction of all departments with jurisdiction over the project area.

Applicants engage with both CCG and Public Works during the application process. According to Public Works, it reviews and identifies proposed projects under its jurisdiction and, subject to department approval, may provide letters of support for applicants to attach to their applications. When a proposed project is not under its jurisdiction, Public Works advises the applicant of the appropriate department to contact. Once grants have been awarded, the CCG program director is to notify Public Works of any projects on Public Works property or otherwise under its jurisdiction. According to Public Works, it is aware of all projects awarded in the 2023 CCG grant cycle that are under its jurisdiction.

According to Rec and Park, applicants interested in applying for a CCG grant for a project on Rec and Park property or otherwise under its jurisdiction share project information with Rec and Park and request a letter of support. Rec and Park verifies that the proposed project is under its jurisdiction and, like Public Works, subject to department approval provides letters of support for applicants to attach to their applications. Rec and Park also advises applicants of the appropriate department to contact if the proposed project is not under its jurisdiction. After grants have been awarded, the grantee notifies Rec and Park of a funded project under its jurisdiction. According to Rec and Park, it reviews the list of grantees listed on CCG’s website to ensure it is aware of any projects under its jurisdiction and is aware of all projects awarded in the 2023 CCG grant cycle under its jurisdiction.

Urban Watershed Stewardship Grants

All seven applications for the Urban Watershed Stewardship grants were scored by three SFPUC employees. Henriquez did not participate in the scoring of these applications and did not have a role in determining any of the scores or award determinations. Our assessment did not include a review of SFPUC’s scoring process for the Urban Watershed Stewardship grants.

Recommendations

In relation to the Community Challenge Grant Program, the Office of the City Administrator should:

1. Select new panelists to reevaluate the CCG applications received for the 2023 grant cycle.
2. Develop written procedures to document the role of the program’s staff related to the grant solicitation process and ensure that all required steps taken during a solicitation process are adequately documented. These procedures should be communicated to staff and stored in a centralized location accessible to staff.
3. Create standardized confidentiality and conflict-of-interest forms and require staff and scoring panelists to complete, sign, and retain such forms consistent with the retention requirements in the San Francisco Administrative Code, Chapter 21G, or in City Administrator policy.

cc: City Administrator
Rachel Cukierman
Katharine Petrucione

City Attorney
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Public Utilities Commission
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Public Works
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Ramses Alvarez

Rec and Park
Lisa Bransten
Abigail Maher
Beverly Ng

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

Attachment

Department Response

City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator

October 17, 2023

Mr. Mark de la Rosa
Director of Audits
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Agency Response to Public Integrity Review of the Community Challenge Grant Program’s 2023 Solicitation Process

Dear Mr. de la Rosa:

Thank you for your review of the Community Challenge Grant (CCG) Program’s 2023 solicitation process. With many current and potential CCG grantees impacted by recent events, I deeply appreciate the thorough and expeditious review your team conducted, and concur with the findings and recommendations included in the report.

Following the misconduct charges filed against Lanita Henriquez by the San Francisco District Attorney, our office took immediate action to suspend contracts, request independent review, and stabilize operations. On September 1, 2023, the City Attorney and our office initiated citywide suspension actions against RDJ Enterprises, LLC and affiliated entities, and I requested an independent public integrity review of the 2023 grant process. Pending the review, we paused entering into new contracts from the 2023 cycle and dedicated interim staff resources to continue supporting the work of existing contracted grantees. We have further worked to stabilize operations by prioritizing the recruitment and hiring of program staff and, as of October 2, 2023, have on-boarded a new program manager with extensive community and grantmaking experience to begin the work of restoring support for the CCG program.

We are heartened to see many of your recommendations affirm the actions we have already begun to standardize best practices across our 25 operating divisions. In February of this year, we initiated an internal effort with the City Attorney’s Office to refresh and draft an update to our FPPC Form 700 filing requirements. We plan to submit legislative amendments to the Board of Supervisors for their consideration this month. This May, for the first time, we made ethics training a requirement for all staff, not just Department Heads, Deputy Directors, and employees involved in contracting and purchasing. In July of this year, we began a multi-division review of disclosure and conflicts-of-interest practices connected to grantmaking and contracting functions within the office. That review will result in an office-wide policy, expected to roll out this fall, for identifying and avoiding conflicts of interest. The policy will include clear disclosure

processes for individuals involved in public grantmaking and contracting functions and the creation of new tools for implementation.

Our office takes seriously our responsibility to serve the public with integrity and transparency. There is no tolerance for public corruption in our City operations and this review provides a strong foundation to strengthen and improve the CCG program in service to the many community organizations and residents who seek to make a positive impact in their neighborhoods. I value our collective efforts to rebuild public trust through action and look forward to continuing to work with you.

Again, I thank the teams at the Controller’s and City Attorney’s Offices for your focus on delivering this review.

Sincerely,

A handwritten signature in black ink, appearing to be 'Carmen Chu', with a stylized flourish at the end.

Carmen Chu
City Administrator
City and County of San Francisco