



August 24, 2024

The Honorable Anne-Christine Massullo
Presiding Judge, Superior Court of California, County of San Francisco
400 McAllister Street, Room 008
San Francisco, CA 94102-4512

Dear Judge Massullo,

In accordance with Penal Code 933 and 933.05, the following is in response to the 2023-2024 Civil Grand Jury Report, *Lifting the Fog: On Budgets, Innovation, Silos, and More*. We would like to thank the members of the 2023-2024 Civil Grand Jury for their interest in the City's budgeting process, oversight management, and service implementation.

We agree with many of the Jury's findings, particularly regarding the challenges and complexities that come with managing a City budget that has grown considerably over the past decade, as well as the need for the Board of Supervisors to more carefully consider the costs and benefits of proposed City legislation and be vigilant in protecting City budget resources against inefficient and unwarranted spending. City departments and services have become siloed over time, and we must continuously look to find opportunities for collaboration and sharing of resources both within and outside of the formal budget process.

The City does, however, disagree with some of the Jury's recommendations on the best ways to address these challenges. For example, we do not believe that the Board of Supervisors is best suited to mandate the City Administrator's scope and Function, nor should the Controller be solely responsible for identifying opportunities for structure overhaul. Budget process improvements are considered annually and were formally updated through Board of Supervisors legislation in 2020. Each of these updates must be done in concert with one another, in public, and in coordination across departments.

On August 20th, the Mayor's Office issued Executive Directive 24-03 regarding comprehensive Charter reform, which acknowledges the complexities of the CCSF Charter and the challenges and bureaucratic systems that have accumulated over many years. In this Directive, I ask the City Controller and the City Administrator to examine ways in which the Charter can better work to serve the residents of San Francisco. The goal of this Directive is to have data-driven, best-practice recommendations placed on the November 2026 ballot, so that voters can have a direct say in the functions and processes of our government. I hope that this Directive precludes the need for many of the more piece-meal recommendations laid out in this report.

We appreciate the opportunity to comment on the Civil Grand Jury report findings and recommendations. Moving forward, and as appropriate, the City plans to continue working with the appropriate departments to improve on these procedures.

Detailed responses from the Mayor's Office, Office of the City Administrator, Controller's Office, and Department of Technology are attached.

Sincerely,



London N. Breed
Mayor

Rachel Cukierman , for Carmen Chu

Carmen Chu
City Administrator, Office of the City Administrator



Greg Wagner
Controller



Michael Makstman
Director, Department of Technology

Report Title [Publication Date]	F#	Finding	Respondent Assigned by CGJ [Response Due Date]	Finding Response (Agree/ Disagree)	Finding Response Text
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	F1	As the city’s budget has grown and become more complex, the Office of the Mayor encounters oversight constraints.	Mayor [August 24, 2024]	Agree	
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	F3	City legislation is not formally assessed for its costs and benefits, which can result in inefficient or unwarranted spending of city funds.	Mayor [August 24, 2024]	Disagree partially	<p>The City disagrees that legislation is not formally assessed for its costs. The functions of legislative analysis described in Finding 3 are currently largely performed by the Budget and Legislative Analyst (BLA). The BLA provides in-depth reports and analysis, including a fiscal impact and cost assessment, for most legislation, but focuses on concrete cost escalation rather than broader financial policy considerations. For example, the BLA typically does not issue reports on the fiscal impact of new contracting legislation.</p> <p>Further, as required in the Administrative Code, the Budget and Analysis Division in the Controller’s Office conducts a fiscal impact analysis of Memoranda of Understanding (MOUs), the Office of Economic Analysis in the Controller’s Office identifies and reports on legislation introduced at the Board of Supervisors that might have a material economic impact on the City, and the City Performance division of the Controller’s Office is required to prepare a fiscal impact statement for the voter information pamphlet.</p> <p>The City does agree that there is no formal process for assessing potential financial or policy benefits of legislation, but does not agree that a feasible, non-partisan solution to this problem exists.</p>
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	F4	Departmental objectives and funding incentivize siloing, which impedes the effective delivery of city services.	Mayor [August 24, 2024]	Disagree partially	<p>The City does not disagree that departments and services can become siloed over time, especially as the City’s budget has grown and become more complex, and that opportunities for collaboration and sharing of resources exist both within and outside of the formal budget process.</p> <p>The City does disagree, however, that departmental funding processes incentivize this outcome. Departmental services can and do become siloed over time, and the budget becomes an enabling channel. While it can be true that restrictions on funding prevent the ability to spend money in certain ways, particularly if it is from State or Federal sources, the City has structures in place to coordinate Citywide efforts and continues to be proactive in finding new ways to leverage shared resources.</p>

2023-24 CIVIL GRAND JURY FINDINGS, RECOMMENDATIONS, AND RESPONSES TO FINDINGS AND RECOMMENDATIONS

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Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R1.1 [for F1]	The Office of the Mayor shall establish a task force to examine how to improve budget oversight and manage the executive branch more effectively by December 31, 2024.	Mayor [August 24, 2024]	Will not be implemented because it is not warranted or is not reasonable	<p>As the size, scope, and complexity of the annual budget has grown, oversight has become increasingly challenging. However, on review of Recommendations 1.1, 1.2, and 1.3, a task force to examine budget oversight and Executive branch management would likely add administrative burden without impactful or feasible recommendations to address these oversight constraints. Instead, the Mayor plans to explore a larger, more comprehensive reform process to streamline operational structure and, with that, associated budge complexity.</p> <p>Executive Directive 24-03 directs the Controller's Office and the City Administrator's Office to undertake a comprehensive, data-focused review of many of these processes. The resulting analysis will be used to inform a Charter Reform proposal that will appear on the November 2026 ballot, allowing voters to decide on a path forward instead of a politically-driven task force.</p>
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R1.2 [for F1]	The task force referenced in R 1.1 shall consist of individuals well qualified in budget processes and shall include present and/or former controllers, budget directors, BOS presidents and a BOS budget committee chairperson.	Mayor [August 24, 2024]	Will not be implemented because it is not warranted or is not reasonable	<p>The response to Recommendation 1.2 reflects the above response to Recommendation 1.1. Such a process would be duplicative to that laid out in Executive Directive 24-03 will unnecessarily complicate the path forward.</p> <p>The Controller's Office and City Administrator's Office are well-equipped to handle this task, will approach comprehensive Charter Reform in an impartial way, and ultimately put forward to voters of San Francisco recommendations that will address the root causes and findings contained in the CGJ report.</p>
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R1.3 [for F1]	The findings of the task force shall result in the publication of a public report for the Mayor and the Board of Supervisors, to be completed by December 31, 2025.	Mayor [August 24, 2024]	Will not be implemented because it is not warranted or is not reasonable	The response to Recommendation 1.3 is a reflection to the above response to Recommendation 1.1.

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Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R3.1 [for F3]	By December 17, 2024, the Mayor, in consultation with the Controller and the City Administrator, shall introduce an ordinance requiring a disclosure of expected costs and benefits associated with all legislative proposals that exceeds a minimum cost threshold. This disclosure shall take place prior to seeking first passage by the Board of Supervisors.	Mayor [August 24, 2024]	Will not be implemented because it is not warranted or is not reasonable	<p>On the City's review of Recommendation 3.1, the functions described in the proposed ordinance are already performed by the Board of Supervisor's Budget and Legislative Analyst (BLA). The BLA's responsibilities are defined in charter and already include independent analysis and reporting on all fiscal matters in legislation referred to the Board of Supervisors' Committees.</p> <p>A parallel or duplicative process, or one that usurps the current role of the BLA in assessing fiscal matters before the Board, would provide neither more clarity into expected costs than currently exists, nor a meaningful avenue to explore the benefits (or lack thereof) of legislative proposals. While it is possible that legislation before the Board of Supervisors could have measurable and tangible outcomes, an analysis of "benefits" is necessarily subjective. The Board of Supervisors, through their legislative process, is the appropriate venue to assess the merits of new legislation and policy, including perceived benefits.</p>
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R4.2 [for F4]	Based on the findings presented in the assessment report, cited in R:4.1, by December 31, 2025, the Mayor and the Board of Supervisors shall introduce legislation to optimize the city's governance structure that increases interdepartmental coordination and improves the delivery of City services.	Mayor [August 24, 2024]	Requires further analysis	Under the Mayor's ED 24-03, the Mayor anticipates a proposal for a Charter Reform ballot measure to be submitted to the Board of Supervisors and, subsequently, the voters of San Francisco. The deadline to place such a Charter amendment on the ballot for next scheduled citywide election, November 2026, would be the end of July, 2026.

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Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	F3	City legislation is not formally assessed for its costs and benefits, which can result in inefficient or unwarranted spending of city funds.	City Administrator [August 24, 2024]	Disagree partially	<p>The City disagrees that legislation is not formally assessed for its costs. The functions of legislative analysis described in Finding 3 are currently largely performed by the Budget and Legislative Analyst (BLA). The BLA provides in-depth reports and analysis, including a fiscal impact and cost assessment, for most legislation, but focuses on concrete cost escalation rather than broader financial policy considerations. For example, the BLA typically does not issue reports on the fiscal impact of new contracting legislation.</p> <p>Further, as required in the Administrative Code, the Budget and Analysis Division in the Controller's Office conducts a fiscal impact analysis of Memoranda of Understanding (MOUs), the Office of Economic Analysis in the Controller's Office identifies and reports on legislation introduced at the Board of Supervisors that might have a material economic impact on the City, and the City Performance division of the Controller's Office is required to prepare a fiscal impact statement for the voter information pamphlet.</p> <p>The City does agree that there is no formal process for assessing potential financial or policy benefits of legislation, but does not agree that a feasible, non-partisan solution to this problem exists.</p>

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Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	F4	Departmental objectives and funding incentivize siloing, which impedes the effective delivery of city services.	Controller [August 24, 2024]	Disagree partially	<p>The City does not disagree that departments and services can become siloed over time, especially as the City's budget has grown and become more complex, and that opportunities for collaboration and sharing of resources exist both within and outside of the formal budget process.</p> <p>The City does disagree, however, that departmental funding processes incentivize this outcome. Departmental services can and do become siloed over time, and the budget becomes an enabling channel. While it can be true that restrictions on funding prevent the ability to spend money in certain ways, particularly if it is from State or Federal sources, the City has structures in place to coordinate Citywide efforts and continues to be proactive in finding new ways to leverage shared resources.</p>
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	F5	Incomplete and inconsistent organization charts do not adequately portray the structure of San Francisco city government. Incomplete and inconsistent organization charts from the Mayor's Office and the Office of the Controller make it difficult for stakeholders, including city residents, to fully and accurately understand the function and structure of San Francisco city government.	Controller [August 24, 2024]	Agree	

2023-24 CIVIL GRAND JURY FINDINGS, RECOMMENDATIONS, AND RESPONSES TO FINDINGS AND RECOMMENDATIONS

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Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R3.1 [for F3]	By December 17, 2024, the Mayor, in consultation with the Controller and the City Administrator, shall introduce an ordinance requiring a disclosure of expected costs and benefits associated with all legislative proposals that exceeds a minimum cost threshold. This disclosure shall take place prior to seeking first passage by the Board of Supervisors.	Controller [August 24, 2024]	Will not be implemented because it is not warranted or is not reasonable	<p>On the City's review of Recommendation 3.1, the functions described in the proposed ordinance are already performed by the Board of Supervisor's Budget and Legislative Analyst (BLA). The BLA's responsibilities are defined in charter and already include independent analysis and reporting on all fiscal matters in legislation referred to the Board of Supervisors' Committees.</p> <p>A parallel or duplicative process, or one that usurps the current role of the BLA in assessing fiscal matters before the Board, would provide neither more clarity into expected costs than currently exists, nor a meaningful avenue to explore the benefits (or lack thereof) of legislative proposals. While it is possible that legislation before the Board of Supervisors could have measurable and tangible outcomes, an analysis of ""benefits"" is necessarily subjective. The Board of Supervisors, through their legislative process, is the appropriate venue to assess the merits of new legislation and policy, including perceived benefits.</p>
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R4.1 [for F4]	By December 31, 2024, the Controller, in their role as City Services Auditor, shall request information from the top ten funded city departments (as presented in Figure 1) to determine 1) how their operating structures and funding requirements constrain the city in its delivery of programs, activities, and services and 2) approaches for better coordination among other components of city government. The assessment shall address with specificity opportunities for 1) organizational reform, 2) cooperative funding models and 3) information sharing approaches that will incentivize these departments to work more collaboratively and effectively with each other and with other parts of city government. This process shall result in the publication of a public report for the Mayor and the Board of Supervisors, to be completed by June 30, 2025.	Controller [August 24, 2024]	Will not be implemented because it is not warranted or is not reasonable	Under the Mayor's ED 24-03, the Controller's Office will play an integral role in leading Charter Reform and any associated recommendations for re-evaluating the operating structures of San Francisco City government. If appropriate, the Controller's office will evaluate changes to funding models as part of that work, with final implementation plans working on the timeline of a potential November 2026 Charter ballot measure.

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Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R5.1 [for F5]	By December 31, 2024, the Controller, in consultation with the Mayor and the City Administrator, shall provide a comprehensive and up-to-date city organization chart for inclusion in the Annual Comprehensive Financial Report that presents and shows the relationship between Charter commissions, key governing boards, city departments, and operating entities.	Controller [August 24, 2024]	Will not be implemented because it is not warranted or is not reasonable	No explanation needed
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R5.2 [for F5]	The Controller shall assure that the up-to-date version of the organization chart is included in the Annual Comprehensive Financial Report (beginning 2025).	Controller [August 24, 2024]	Has not yet been implemented but will be implemented in the future	This will be published in the next Annual Comprehensive Financial Report.
Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R5.3 [for F5]	The Controller shall assure that city publications periodically update the organization chart to reflect the city's operations (ongoing).	Controller [August 24, 2024]	Will not be implemented because it is not warranted or is not reasonable	The Controller's Office does not have authority over all city publications.

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Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	F5	Incomplete and inconsistent organization charts do not adequately portray the structure of San Francisco city government. Incomplete and inconsistent organization charts from the Mayor’s Office and the Office of the Controller make it difficult for stakeholders, including city residents, to fully and accurately understand the function and structure of San Francisco city government.	Department of Technology [August 24, 2024]	Agree	

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Lifting the Fog: On Budgets, Innovation, Silos and More [June 25,2024]	R5.4 [for F5]	The Jury recommends that the Department of Technology fix the website link to the official organization chart at https://sfgov.org/org-chart within 90 days of the release of this report.	Department of Technology [August 24, 2024]	Has been implemented	The website link (https://sfgov.org/org-chart) has been updated and it now points to the official San Francisco org chart presented in the Mayor's Proposed Budget document for the Fiscal Years 2023-2024 & 2024-2025.