



MEMORANDUM

TO: Citizens General Obligation Bond Oversight Committee

FROM: Peg Stevenson, City Performance Director

DATE: August 20, 2014

SUBJECT: Update for August 2014 CGOBOC Meeting

Highlights of the City Services Auditor's (CSA) performance and technical assistance work in the period are:

- The City Services Auditor issued two benchmarking reports since the last Citizens General Obligation Bond Oversight Committee meeting. Highlights from the Benchmarking- Financial Condition report, issued on June 30th, 2014, include:
 - San Francisco performs as well as or better than at least half of its peers for nine of the 16 performance measures used in this report, which address debt, budgetary reserves, and other measures that demonstrate the strength of a City's financial position and financial management.
 - Although San Francisco has more outstanding debt per resident than any of its peers (\$14,850 of outstanding debt per person in 2013), it has a very low level of general bonded debt as a percentage of the assessed value of taxable property. By this measure, San Francisco's debt is approximately nine to 17 times lower than the debt carried by some of its peers.
 - In 2008, San Francisco's pension fund had enough assets to cover more than 100% of its long-term liabilities. As of 2013, pension funding was down to 81%, most likely due to the recent economic recession. Despite this decrease, San Francisco has a higher level of pension funding than most of its peers.
 - In recent years, San Francisco has paid 28% to 38% of the estimated amount that is necessary to cover its long-term costs for "other post-employment benefits" (e.g., retiree healthcare costs). In this case, San Francisco ranks better than only four of the peer cities.
- Highlights from the Benchmarking Water and Wastewater Rates report, issued on July 29th, 2014, which compares the water and wastewater rates, services, and infrastructure provided by the SFPUC with similar services provided by peer agencies in 14 other metropolitan areas include:
 - San Francisco's water customers' gross water use is significantly lower than its peers, on a per capita basis. SFPUC's water service has the sixth largest total service population in the nation, but ranks eleventh in the nation with respect to total gallons of water sold.

- The SFPUC has higher water and wastewater rates compared to most of its peers. However, San Francisco falls well within and exceeds Environmental Protection Agency (EPA) recommended guidelines for household affordability.
 - As a percentage of median household income, San Francisco retail users pay between 20 to 80 percent less than retail users in most peer cities. This may in part be due to San Francisco's low retail gross water usage, in combination with the utilization of an expansive regional water system with a large customer base. By complementing its relatively small retail customer base with a large wholesale customer base, SFPUC retail and wholesale customers are able to share regional water utility costs system-wide.
 - Within its peer group, San Francisco ranks average in terms of volume of wastewater treated and population served. However, San Francisco and its peer group rank high nationally in these categories. SFPUC wastewater services has the nineteenth largest total service population in the nation and ranks twenty-third with respect to total gallons of water treated (both metrics fall below the 50th percentile within the peer group).
- On July 21st, 2014, CSA issued a survey and analysis on mobile technology use by City departments. Many departments and agencies within the City and County of San Francisco have implemented or considered mobile technologies. Common themes emerged from mobile technology implementation across many City departments interviewed:
- **Mobile Technology is a Key Strategic Initiative:** Twenty-three departments are currently using one or more types of mobile devices, and another six are very interested in using mobile devices.
 - **Use Mobile Technology if a Strong Business Case Exists:** Many CCSF Chief Information Officers (CIOs) and Information Technology (IT) Managers believed that departments should invest in and employ mobile technology only if they have a strong business case; the business operations should drive the technological solution.
 - **Mobile Technology is Constantly Evolving:** The evolution of mobile technology is extremely fluid with new or enhanced device features and applications regularly available. A citywide mobile technology forum for CIOs and IT Managers would be an ideal venue to share lessons learned and avoid "reinventing the wheel."
 - **Security is a Critical Challenge:** Mobile security is a concern for the majority of City departments interviewed on this topic, yet only six were able to implement an enterprise-grade security solution. Almost all departments are interested in lessons learned and financial investments in security solutions already made by City departments.

A table listing performance reports issued since CGOBOC's last meeting is below.

7/29/2014	Controller's Office City Services Benchmarking: Water and Wastewater Rates
7/21/2014	Mobile Technology Use in the City and County of San Francisco: A Survey
6/30/2014	Controller's Office City Services Benchmarking: Financial Condition
6/2/2014	Public Education Enrichment Fund: Annual Report FY 2014-15
5/28/2014	Jail Population Study Update
5/28/2014	Road Repaving and Street Safety Bond Program Management Review