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15 October 1979

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NOTE:

The reader should keep two considerations in mind while reviewing this report: 1) all issues involved in the Charter were not addressed, this is a first cut at issues which were felt to be initially important; and, 2) there are no final conclusions in this report, consensus should not be interpreted as final decision, all judgments remain open to change and none are irrevocable at this point. This report is intended to indicate the current thinking of the Commission and to describe the progress of the revision work.

Questions or comments regarding this report may be addressed to any Charter Commissioner or staff member. Following is a list of those Commissioners who chair the three committees:

Rodney Johnson	Administration and Finance 642-5489
Pat Schultz	Organization of Government 557-0784
Steve Waldhorn	Personnel Administration 326-6200 ext. 3863

In addition, the following individuals are available:

Wilson Chang	Chair, San Francisco Charter Commission 928-5910
Glen Sparrow	Executive Director, San Francisco Charter Commission 552-7887

First Interim Report
of the
San Francisco Charter Commission

This is the first formal report of the San Francisco Charter Commission to the people of the City and County of San Francisco. Its publication marks the end of the initial phase of the work of the Commission on revising the City's Charter. The task of the initial phase was to find out what people thought were the most important issues that must be dealt with in revising the Charter and to determine possible approaches to these issues.

Issue Identification Process

To identify issues of concern to the public the Commission held twenty public hearings during May, June, and July during which more than 175 persons gave testimony. Consequently, the Commission formed three study committees which met frequently during July, August, and September to research and discuss issues.

On Saturday, September 15, 1979 the Commissioners met for a day-long meeting to consider the information gathered to date. The purpose of the meeting was not to make final decisions on the Charter provisions but to identify the issues on which there was agreement and alternatives for dealing with issues on which people did not agree. The meeting also identified for further study issues that had been raised but not fully addressed. This report summarizes the work of the Commission as of that date.

Issues Identified

I. Organization of Government

A. Fragmentation of Authority

The Commission has determined that the extent to which authority and decision-making are fragmented in the present Charter make it difficult for San Francisco's government to respond quickly and appropriately to the needs of San Franciscans, to accommodate change, or to meet the challenge of swiftly developing problems. Government units whose services ought to fit together and support each other often have no way of finding out what each other is doing, and no overlying management is charged with making sure the units agree on what should be done. The result is the situation familiar to so many San Franciscans--the series of phone calls to try to get a problem taken care of only to be referred from agency to commission to bureau to agency and find out in the end that solving that kind of problem is nobody's job.

The City's government structure should be clearly enough drawn so that San Franciscans can tell which official has responsibility for a particular problem and which agencies and officials should be held accountable. The governmental structure should be as simple as possible, with clear lines of responsibility. Similar services should be coordinated under one official, so that they support each other, rather than going in different directions or even conflicting.

B. Nature of Executive

San Franciscans hold the Mayor accountable for the overall administration of the government; when they change mayors it is because they expect that change to make a difference. The Mayor should therefore have the authority to match the responsibility of the office.

A mayor, however, is not usually a professional administrator; some

kind of administrative officer is almost certainly necessary to assist the Mayor. The relationship this administrative officer should have to the Mayor is a complex issue. The Commission has identified four alternative ways of structuring this relationship.

- The administrator would be responsible for the operation of all city departments.
- The administrator would be responsible for the operations of city departments that serve city government (staff departments).
- More than one administrator could be designated to operate particular areas of city government.
- The administrators would be designated but the functions of the office would be unspecified.

A decision will soon be made by the Commission on this issue.

C. The Legislative Body

If the executive branch of government is strengthened, the Commission feels that it is equally important the the Board of Supervisors be given sufficient power to balance the enhanced executive authority.

The Commissioners feel that in order to carry out its proper role, the Board of Supervisors should shift its attention from time-consuming detail which now makes up much of its work to policy determination. The Board should consider the long-range goals of the City, determine what policies are needed to implement those long-range goals, oversee the administration of those policies, and evaluate the effects of past policy decisions. In particular, overseeing the administration of policy requires that the Board be given authority and staff capacity to perform fiscal and performance audits.

The structure of the Board and the demarcation between the overseer role and interference in the administration of the executive branch are still to be discussed.

D. Administrative Structure

Although there is agreement that the government structure of San Francisco needs to be improved, the Commission is still discussing the best method to organize the specific departments and agencies in the executive branch. Some of the alternatives under consideration are:

- The Charter could describe an administrative structure in detail, specifying all departments and their relationship. Such a structure could not be changed without a Charter amendment submitted to the voters; this is the present system.
- The Charter could prescribe a method of organization and then leave the task of organizing the executive branch to each succeeding Mayor.
- The Charter could set forth an administrative structure but could also incorporate a method by which the Mayor could change that structure with the concurrence of the Board of Supervisors.

E. Boards and Commissions

The issue of boards and commissions overseeing the operation of executive departments has been raised but not fully addressed. Boards and commissions are an integral part of San Francisco's current governmental structure; whether they are to be maintained as they are or to be changed, and the degree of change that would be acceptable, is still to be addressed. Questions still to be discussed are the powers and functions of boards and commissions, the degree of independence from the Mayor, the method of selection, and the process of accountability.

F. Delivery of Services

The delivery of services is one of the most important functions that local government performs. San Franciscans need and deserve effective

management and high productivity in government delivery of services to the City and its residents, but many provisions in the current Charter hinder the improvement of management or productivity, or both.

Although there is agreement that the Charter should bring about improvement in the delivery of services, there is not yet agreement on the best way to achieve that result. The alternatives are:

- To identify in the Charter all services to be provided by the City and County and specify the administrative structure for their provision.
- To identify in the Charter broad functional areas of service that the City and County would provide, with the structure and mechanism for service delivery to be supplied by ordinance.

II. Budget and Fiscal Administration

A. The Budget

The budget of any city is the most important document created during the year. It is, at one and the same time, the plan for the year, the embodiment of policies for the city, and the primary mechanism for fiscal control. The Commission feels that the Charter should ensure the budget balances expenditures with revenue and that it shows all revenues (including funds from state and federal government) and expenditures. There is also general agreement as to the need for a capital improvement budget covering several years which should be reviewed and updated every year.

There is agreement that the Mayor should be responsible for the preparation of the annual operating and capital improvement budgets. Together with this responsibility, the Mayor should have the power to raise or lower departmental requests. There is also agreement that the Board of Supervisors should be responsible for reviewing both budgets and that the Board should have the

responsibility and the authority to raise or lower proposed expenditures.

Discussion continues on how the Charter should deal with the form of the budget. The alternatives are:

- The Charter could remain silent as to the form and schedule of the budget, allowing the City to adopt different forms and schedules as budgeting procedures evolve.
- The Charter could specify the types of information to be included in any form of budget adopted, but remain silent on what form to adopt.
- The Charter could specify the form the budget should take but should also specify a method for changing that form by ordinance.

Although there is agreement that the budget process should include public participation, discussion continues on how the Charter can best assure this. The alternatives are:

- The Charter could call for greater public involvement in the budget review process by the Board of Supervisors, but not say how it should be done.
- The Charter could specify how public participation in the budget review by the Board of Supervisors should be set up; for example, "the Mayor shall send the budget to the Board of Supervisors in time to permit extensive public hearings and the publication and distribution of the Mayor's budget for public response."
- The Charter could specify that departments hold public hearings on their budget requests before submitting them to the Mayor.

B. Fiscal Administration

The Commission is sensitive to the importance of sound fiscal administration--the controlling, accounting for, and safeguarding of public funds--and feels the present system needs improvement. Fiscal

administration includes budgeting, accounting, certification of appropriated expenditures, auditing, assessing, collection of taxes and fees, investing, purchasing, and inventory control.

Agreement has not yet been reached on how the Charter could address the distribution of the various functions. The alternatives are:

The Charter could call for all fiscal functions except budgeting and auditing to be performed by a department of finance whose director is responsible to the Mayor. The audit function would be performed annually by an independent outside auditor for the Board of Supervisors. The budget would be prepared by a separate budget office, responsible directly to the Mayor.

The Charter could call for a Controller, appointed by the Mayor, who would be responsible for accounting, certification of appropriated expenditures, purchasing, and inventory control. The audit function would be the responsibility of the Board of Supervisors. The budget would be prepared by a separate budget office directly responsible to the Mayor. As at present, an Assessor and a Treasurer would be elected, and their functions would continue as they are.

III. Personnel and Retirement

A. Personnel Administration

The Commission feels that the present personnel administration system is out of date, that it hinders both efficient and effective personnel administration, and that it does not fully meet the needs either of employees or of the City and County of San Francisco. Consequently, the Commission is considering the division of oversight and administration functions so that

each task can be performed more effectively.

Oversight--It is essential that there be a mechanism by which employees and others can appeal personnel decisions without prejudice. However, time spent in reviewing routine administrative decisions is time that is not available for overseeing the personnel administration system in terms of whether it is doing what it should to provide opportunities for training and advancement, to make sure that employee evaluations are both accurate and fair, and to make sure that the job classification system and compensation systems are operating effectively and fairly. In order to carry out the needed overseer function, a commission responsible for overseeing the personnel administration system should be established, which should be isolated from elected officials, with that isolation reflected in the nature of the appointment and terms of office for members of that body.

Administration--At the same time, it appears that it would be most efficient to have a separate personnel department that would serve all of the line departments in the government. The functions of the personnel department would include job classification, recruitment, training, maintenance of career ladders, and employee evaluation. The personnel department could be headed by an appointed official directly accountable to the Mayor or to the Board of Supervisors or could be headed by an official appointed by the Civil Service Commission or its successor.

Employer-Employee Relations--Insofar as employer-employee relations are concerned there is agreement among members of the Commission that a Charter provision should be considered that would permit a wide range of negotiations between employee organizations and the City and would set up a unified negotiating division for the City and County of San Francisco. Consideration of the details of this issue, however, require both further public discussion and further Commission study.

A related issue that has been raised is what, if any, provision the Charter should make for resolving labor disputes that have reached a deadlock or impasse. The alternatives that have been suggested include fact-finding, public disclosure, non-binding mediation, and binding arbitration. Further study and discussion are needed in order to reach agreement on which of these measures, if any, are best for San Franciscans and how the Charter can best deal with the subject.

B. Retirement and Health Systems

There is general agreement that although retirement and health systems are treated extensively in the current Charter, some provisions are out of date and others provide protection that is more apparent than real. There is also general agreement that any new Charter must include provisions that protect the vested rights of retired as well as current employees, that assure the actuarial soundness of funds, that preclude commingling of funds, and that assure an independent audit of retirement funds.

The Commission is continuing to discuss the role and function of the retirement and health systems boards, the method of setting benefits for new employees, and the desirability of converting much of the present provisions from Charter to ordinance language.

Equal Employment Opportunity--There is complete agreement on the Commission that the Charter will specifically mandate equal employment opportunity for the City and County of San Francisco.

Conclusion

The San Francisco Charter Commission has still to deal with many crucial issues, and all issues are open to reconsideration. Your participation in the continuing deliberations of the three committees of the Commission would be most welcome.

The Commission plans to resolve remaining issues by January when a discussion draft charter will be prepared and presented.

This draft will be widely circulated and discussed with the public in February and March. The comments and suggestions received will be considered and studied and then the Commission will adopt a second discussion draft in May which again will be circulated and discussed. The completed charter will be prepared in July and submitted to the Clerk of the Board of Supervisors in August for placement on the November 1980 ballot.

To present views or seek information please contact the Charter Commission office, 170 Fell Street, Room 16, San Francisco, California 94102. Telephone 552-7887.

