

# MAINTENANCE BUDGETING AND ACCOUNTING CHALLENGES FOR GENERAL FUND DEPARTMENTS

*MAINTENANCE ECONOMICS VERSUS MAINTENANCE POLITICS:  
Pay Now or Pay More Later*



Photo: CampbellPM

June 2016



City and County of San Francisco  
Civil Grand Jury, 2015-2016

## ***Members of the Civil Grand Jury***

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## **THE CIVIL GRAND JURY**

The Civil Grand Jury is a government oversight panel of volunteers who serve for one year. It makes findings and recommendations resulting from its investigations.

Reports of the Civil Grand Jury do not identify individuals by name. Disclosure of information about individuals interviewed by the jury is prohibited. California Penal Code, section 929

## **STATE LAW REQUIREMENT**

### **California Penal Code, section 933.05**

Each published report includes a list of those public entities that are required to respond to the Presiding Judge of the Superior Court within 60 to 90 days as specified.

A copy must be sent to the Board of Supervisors. All responses are made available to the public.

For each finding, the response must:

- 1) agree with the finding , or
- 2) disagree with it, wholly or partially, and explain why.

As to each recommendation the responding party must report that:

- 1) the recommendation has been implemented, with a summary explanation; or
- 2) the recommendation has not been implemented but will be within a set timeframe as provided; or
- 3) the recommendation requires further analysis. The officer or agency head must define what additional study is needed. The Grand Jury expects a progress report within six months; or
- 4) the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

	costs of operation and maintenance a criteria for getting its approval to add General Obligation Bond propositions to the queue.	
R:V.2.	We recommend in the interest of transparency and accountability that the Mayor carry forward plans to include information on projected life-cycle operating costs and maintenance costs in Five Year Plans.	Mayor
R:V.3.	In the furtherance of transparency and accountability and best practices in government, a. the Controller’s Statement on General Obligation Bond propositions in the Department of Elections Voter Information Pamphlet should include a Life-Cycle Cost estimate, containing the projected life-cycle Maintenance and Repair cost for the proposed Capital Project. b. the Controller should instruct General Fund departments to report annually to GOBAC: 1) the inflation-adjusted Life-Cycle Maintenance and Repair Cost estimate for each General Obligation Bond funded project; 2) the amount budgeted for Operating Cost and Maintenance Cost of that asset; 3) the reasons for any budgeted shortfall; and 4) the immediate and long-term consequences of any budgeted shortfall.	a: Controller, President of the San Francisco Election Commission b: Citizen’s General Obligation Bond Advisory Committee, Controller
R:V.4.	In furtherance of transparency, accountability and the public’s right to know, GOBAC should prepare an annual report summarizing each General Fund department’s life-cycle Maintenance and Repair cost estimates report and a consolidated report for all General Fund departments.	Citizen’s General Obligation Bond Advisory Committee
R:VI.1-a.	To avoid future growth and cost escalation that will result from pushing back the starting date for reducing the backlog from 2019 to 2025 (or 2031 under historical funding levels), the Mayor should include in the proposed budget to the Board of Supervisors restoration of the annual ten percent growth rate to the Pay-as-you-go Program budget.	Mayor, Mayor’s Office of Public Policy and Finance, City Administrator, Director of the Capital Planning Program
R:VI.1-b.	To avoid future growth and cost escalation that will result from pushing back the starting date for reducing the backlog from 2019 to 2025 (or 2031 under historical funding levels), and after review by the Budget and Legislative Analyst’s Office, the Board of Supervisors should approve future budgets containing restoration of the annual ten percent growth rate to the Pay-as-you-go Program.	Board of Supervisors
R:VI.2-a.	In furtherance of good stewardship, the Board of Supervisors should require General Fund departments during budget hearings to describe what factors led to the accumulation of deferred maintenance in individual departments.	Board of Supervisors
R:VI.2-b.	In furtherance of good stewardship, the Mayor should propose in the Fiscal Year 2017-2018 Budget and thereafter sufficient funds for	Mayor,