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LURIE UNVEILS TRANSFORMATIVE RESTRUCTURING OF CITY BUREAUCRACY TO FIX SAN FRANCISCO AND STAMP OUT CORRUPTION

New Plan Centralizes Contract Management and Oversight, Streamlines Construction Management, and Ends a Broken Permit System



SAN FRANCISCO— Today, Daniel Lurie announced a comprehensive and actionable accountability plan to overhaul a failing city bureaucracy, stamp out corruption, and ensure City Hall finally starts delivering measurable results. Without addressing the underlying problems in city government’s foundation, San Francisco will never be successful in providing solutions on public safety, homelessness, small business, housing production and more. The three pillars of the plan are centralizing contracts to end the era of departments functioning as independent fiefdoms, reforming construction management, and overhauling the permitting process. Lurie's accountability plan will address the systemic inefficiencies and absent coordination that have plagued the city and bred a culture of corruption.

*“We can’t fix San Francisco without fixing a broken city government that blocks progress and rewards corruption,” **said Daniel Lurie, a longtime non-profit executive, father of two, and lifelong Democrat.** “My plan restores accountability, speeds permitting for new housing and businesses, and reduces construction impacts on our neighborhoods. From public safety to housing*

affordability and homelessness, these reforms will finally enable us to get results on the biggest issues plaguing San Francisco.”

As the only integrated city and county in the state with a nearly \$15 billion budget and over 33,000 employees, San Francisco should have unparalleled levels of coordinated service delivery and collaboration. From out-of-control spending on non-profits that are not getting results to [Van Ness Bus Rapid Transit \(BRT\)](#), the [Nightmare on Taraval Street](#), [Toiletgate](#), or the five years and \$500,000 the city spent on trash can designs that [were later tossed](#), San Franciscans suffer from a bureaucracy that can't get out of its own way. Critically, a [recent state report](#) found it takes longer and costs more to build housing in San Francisco than anywhere else in California.

*“The City Hall insiders I’m running against created the dark spaces for corruption to grow like mold,” **added Lurie**. “Since January of 2016, they made changes to a total of 4,516 sections of the municipal code. They nibbled around the edges, rubber-stamped countless unaccountable contracts, and lacked the creativity and courage to change the system itself.”*

Daniel Lurie’s comprehensive plan to reform the city’s bureaucracy is as follows:

1. **Centralize contract management and oversight** into a specialized unit of experts to oversee the \$5 billion of taxpayer money that goes out the door each year.
2. **Reform the Broken Permitting Process** and the Department of Building Inspection to bring transparency into the shadows and end the need to hire “permit expeditors.”
3. **Streamline construction management** to centralize planning and coordination to avoid debacles like the Nightmare on Taraval Street and a \$1.7 million public toilet.

Click [HERE](#) or see below to read Lurie’s detailed plan and see what experts and community leaders are saying about his transformational proposal:

*“The ongoing construction on Taraval Street has taken a significant toll on small businesses like mine. We’ve lost over 30% of our revenue, leading to layoffs and uncertainty for our employees,” **said Lok Lei, owner of Smile House Cafe on Taraval Street**. “There has been a lack of urgency from the departments leading the construction, and there has been little to no communication on when the project is set to end. City Hall needs to do more to support businesses during these disruptions. Daniel Lurie’s commitment to real change gives me hope for a better future for San Francisco.”*

“We need to build. Daniel will bring new ideas to implement accountability and certainty in the land use entitlement process and smart growth to develop communities for all San Franciscans to live, work, and play,” **said Allan Low, Real Estate and Land Use Partner at Perkins Coie.**

“Lack of contract management and centralized responsibility have created significant issues dealing with non-profits in San Francisco. Centralizing contracts is a great first step but it’s a significant endeavor and needs dedicated commitment from top down to succeed,” **said Ditka Reiner, expert on technology and service contracts and negotiations.** *“Talking to Daniel, its clear he’s committed to and understands the complexities of creating an effective process that will streamline oversight, ensure that taxpayer dollars are used efficiently and services are delivered as expected to the benefit of the recipients. These proposals are a crucial first step to restoring credibility and accountability to the non-profit relationships.”*

“My husband and I experienced many challenges in navigating construction disruptions near our restaurant on Taraval Street. The lack of communication and support from city officials left us feeling helpless and deeply affected our business,” **said Mandy Chen, owner of 8 Immortal Seafood on Taraval Street.** *“I believe Daniel Lurie has the empathy and dedication to address these issues and provide better leadership for San Francisco’s small businesses.”*

City Hall Accountability Plan

- Reform the Bureaucracy
- Make Our City Safe & Clean
- Stomp Out Corruption

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FOR **MAYOR** 偉

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San Francisco faces one of the greatest tests of its history.

Chronic problems worsen even as historically large budgets are deployed to combat them. San Francisco should be the crown jewel for innovation, forward-looking investment, and good governance. Instead, City Hall has become the textbook example of bureaucratic bloat, incompetence, and corruption.

“Solutions to our greatest challenges will remain out of reach until we completely rethink how City Hall functions.” – Daniel Lurie

- ▶ **The number of people struggling with homelessness, mental health, and addiction is shattering records and wreaking havoc on our streets, even as the city has poured billions into nonprofit organizations promising solutions.**
- ▶ **A shortage of shelter beds is a major impediment to addressing all of the problems listed above, and one of the biggest obstacles to providing new beds is the city’s own building department—not a lack of funding.**
- ▶ **As the city’s commercial center seeks to reinvent itself amidst dramatic changes in commercial real estate use and our small businesses struggle to expand or get off the ground, the city’s own corrupt permitting process stands in the way.**
- ▶ **Small businesses lose customers and sales when disorganized construction and street improvement projects like the “Nightmare on Taraval Street” run over schedule, and agencies responsible fail to coordinate or respond.**
- ▶ **Adding a single public restroom to a Noe Valley park cost over \$1.7 million and took 18 months because the project bounced between eight departments and agencies, racking up staff costs at every step.¹**

City Hall’s way of doing business was established for a different era. San Francisco has new challenges to meet, requiring an overhaul of government. We need to solve big problems and not let our processes get clogged by bureaucracy or, worse, hijacked to serve political agendas rather than the city’s best interests. I have advocated for charter and commission reform since I launched this campaign. But we need more than reform. We need a complete culture reset to yield the results San Franciscans deserve. City Hall insiders are unable to catalyze the cultural shift that is needed to tackle our biggest challenges. As Mayor, I’ll create a new system that rewards accountability and results.

"I've worked with City Hall to get big things done for our city, but I'm not captured by its narrow thinking. I can see clearly that San Francisco needs much more than a new coat of paint. We need to shore up the foundation that we will build on for many years to come. That's what this plan does. We will change the mindset of city government from one that stymies results to one that delivers them. To meet the big challenges that will determine the future of our city, we will reshape the city government to be more nimble, accountable, and transparent. And in doing so, we will stomp out the corruption that infests every corner of City Hall. **My administration will ensure San Francisco paves a new path on good governance.**"



Background

As the only integrated city and county in the state with a nearly \$15 billion budget and over 33,000 employees, San Francisco should have unparalleled levels of coordinated service delivery and collaboration. Yet time and again, residents are baffled by a City Hall that just can't seem to get out of its own way. Layers of bureaucracy and a culture of departments operating as individual fiefdoms drive up staff costs and create dark spaces for corruption to grow like mold.

We need bold reforms to shake up the status quo, clean out the rot in our systems, and end a culture of legalized corruption. **This is a concrete plan to get our government back to work for all San Franciscans.**

Daniel Lurie's Plan:

- 1. Centralize contract management and oversight** into a specialized unit of experts to oversee the \$5 billion of taxpayer money that goes out the door each year.
- 2. Reform the broken permitting process** and the Department of Building Inspections to bring transparency and end the need to hire permit "expeditors".
- 3. Streamline construction management** to centralize planning and coordination to avoid debacles like the Nightmare on Taraval Street and the \$1.7 million toilet.



1. Contracting & Accountability

San Francisco spends an average of \$5.2 billion per year across 10,000 contracts with over 4,000 suppliers, about 600 of which are nonprofit organizations.² Nearly one-third of the city's annual budget goes out the door every year with little meaningful oversight or accountability. Over 50% of nonprofits receive funding from two or more departments.³ While layers of bureaucracy mask overspending, poor performance, and mismanagement from public scrutiny, San Franciscans see the results of a broken system on our streets every day.

The city currently has a decentralized, inconsistent, and disorganized contract process in which individual departments are able to bring almost any contract they want to the Board of Supervisors. At the same time, the service providers and nonprofits who are trying to do good work face a mountain of hurdles to becoming a vendor and then are often not paid until months after their contracts are approved.

\$5.2
Billion
spent per
year across:

10,000 Contracts

4,000 Suppliers

600 of which are Nonprofits

“The nonprofits paid billions to help overcome the homelessness and mental health crisis need clear metrics written into their contracts so they can be held accountable.” – Daniel Lurie

Proposal

1. Centralize contract management and oversight in a streamlined unit of contract experts who will work with the departments to write contracts with standard measurements, clear deliverables, and outcomes. We will implement penalties and consequences for missing targets. This solution will shrink the overall size of the bureaucracy and increase effectiveness. Simply calling for better monitoring and auditing of contracts without requirements does not go far enough. We need to claw back the ability of individual departments to unilaterally take a bad contract to the Board of Supervisors for a rubber stamp approval.⁴

2. Require all contracts to be written with clear outcomes, measurable deliverables, and regular reporting requirements. Currently, many contracts are not structured in a way that can be audited for performance in any meaningful way. We must develop internal knowledge of best practices for writing and monitoring contracts.

3. Ensure prompt payment to contractors and tie payment to performance. Structure contracts to incentivize performance, with a percentage of payment reserved until certain outcome targets are met on time. Consider a bonus structure for exceeding outcomes or delivering ahead of schedule if appropriate to the deliverables.

4. Develop a Contractor Scorecard to track and assess in real-time how well larger contracts over \$1,000,000 are meeting goals, timelines, and budget expectations. This provides both parties as well as the public with a clear understanding of progress and enough runway to make adjustments when something isn't working. This makes it easier for the Board of Supervisors and the Mayor to get a snapshot of past performance before approving another contract.

5. Improve the process for requests for proposals (RFPs), notification and outreach, and technical assistance to get a wider range of bids on opportunities. Competition keeps costs down but the current practice of sticking with the same usual suspects – often out of convenience – edges out other smaller nonprofits or contractors who may be better suited to the work but don't have the internal capacity to take on the administrative burden of entering the system.

6. Hire a Chief Financial Officer for Nonprofit Contracts who reports directly to the Mayor to provide additional oversight and coaching for departments to oversee contract monitoring and ensure they're being managed to the budget.

7. Create centralized master contracts for organizations that work with multiple departments, using a customized statement of work for each department's needs. This would lighten the administrative burden on both the city contractors and nonprofits while reducing duplication of services and fostering collaboration. It also allows for more streamlined monitoring.

8. Require nonprofit representatives to register as lobbyists. Currently, nonprofits are exempted from most lobbying regulations despite the fact that many have employees who essentially operate as government relations personnel. The law needs to be explicit that nonprofits doing more than \$1 million of business with the city are subject to the same expectations as any business. Lobbyists are required to register with the city, file quarterly reports on City personnel whom they meet with, and describe the topic discussed and what action they were pursuing. Nonprofit staff who perform essentially the same function as lobbyists for businesses have no requirements to disclose to the public who they meet with and why.

2) *San Francisco Chronicle*, "S.F. spent \$5.8 billion on city contracts last year. Here's where that money goes," Mar. 20, 2023; 3) City & County of San Francisco, Office of the Controller City Performance Unit, Monitoring of Nonprofits that Contract with the City, Nov. 27, 2023; 4) Some enterprise agencies such as the MTA, PUC, Port, and Airport may need to retain more independence in contracting, subject to an evaluation.



2. Reform Permitting & the Department of Building Inspections

New housing construction, small business expansions, and even simple home remodels must go through a black box maze of City Hall bureaucracy to obtain approvals. It's a frustrating process only made easier by hiring professional "expeditors" that add to the project's costs. San Francisco is the slowest city in California to approve new housing, with an average of 523 days — compared with 385 days for the next slowest jurisdiction in our state. The process after approval is even worse, taking an average of 605 days to issue a building permit, compared to 418 days in the next slowest jurisdiction.⁵ These delays cost affordable and market-rate housing developers time and money and cause uncertainty that drives up the cost of housing and discourages the creation of affordable and middle-income housing. With the looming threat of the state taking away local control for planning and entitlement of new housing, we need urgent change to maintain our voice in future city planning.

"As homelessness and housing costs soar and small businesses struggle to survive, many problems can be traced directly to the broken permitting process. It's time to change that." – Daniel Lurie

Proposal

1. Improve online approvals tracking to create a transparent, user-friendly online approvals tracker to track where permits and entitlements are in the process, whose desk they're on, and their contact info. Identify where the bottlenecks are and address them immediately. This extends into every department that touches a permit, not just the Department of Building Inspection. Additionally, publish all requirements and interpretations of relevant municipal codes that will be applied to post-entitlement permits and ensure staff apply them consistently to reduce subjectivity.⁶

2. Streamline permitting for projects over 10 units of housing or 100 square feet of commercial space by requiring city departments to conduct a Project Review meeting with the applicant team and key personnel from DBI, PUC, MTA, DPH, and Fire together to determine what construction documents and studies are needed prior to application. Getting everyone on the same page saves time and money on all sides by preventing multiple rounds of review and departmental overreach.

3. Create a permit "shot clock" that sets maximum review times and KPIs for everyone who touches a permit after a Project Review meeting sets the requirements and timeline.

4. Allow for more flexible staffing for plan check and review processes. The city's hiring process is so broken it can take a year to hire for some positions while 13.7% of budgeted positions sit vacant, causing service delays and costly overtime. Contracting with external Plan Check firms so internal staff can spend their time more efficiently by quarterbacking a team of consultants that can be quickly scaled up or down based on demand.

3. Centralize & Streamline Construction Management

All over San Francisco, residents see their streets and sidewalks torn up for months only to experience the same thing again a year later. Too often siloed departments duplicate work, create redundant positions, and fail to properly coordinate. Perhaps nowhere is this more evident in the everyday lives of residents than in what feels like never-ending street construction. There are at least five different groups dedicated to engineering and construction management across the Public Utilities Commission, MTA, airport⁵, the Port, Public Works, Rec and Park, and others. As long as staff teams are kept siloed and inefficient, we are going to keep digging up and paving over those same blocks year after year. This is the broken system that had residents logging almost 25,000 calls to 311 for torn-up streets and sidewalks, defective street paving, and backed-up sewers from January to October 2023.⁸

25,000
311 calls for:

Torn-up streets and sidewalks

Defective street paving

Backed-up sewers

“Over-budget and delayed infrastructure projects like Tavel Street will keep tormenting residents until we streamline and add transparency to the construction management process.” – Daniel Lurie

Proposal

1. Centralize teams in Construction and Design from siloed departments so construction on streets and sidewalks is less disruptive to small businesses and neighborhoods

2. Designate a single Small Business Liaison Group with the sole function of ensuring the impacts of construction projects on small businesses and neighborhoods are minimized.

3. Dedicate a specialized internal group to oversee construction done by third parties like telecommunications companies.

4. Set aside a Small Business Relief Fund on all major city-run construction projects that disrupt sales or damage property in advance so merchants can be rapidly reimbursed.

5. Move away from our antiquated system of choosing contractors based on the lowest bid to a “best value” contracting process that grades based on past work, performance, and metrics. Ensure that contracts are scoped properly from the beginning so that costly change orders can't be justified.

6. Equip and train staff with project delivery and construction management software systems.

In some cases, staff are currently logging correspondence manually and using Excel.

5) San Francisco Chronicle, "S.F.'s housing approval process takes 10 months longer than anywhere else in California, state says" Oct. 25, 2023; 6) <https://www.hcd.ca.gov/sites/default/files/docs/policy-and-research/plan-report/sf-housing-policy-and-practice-review.pdf>; 7) Given SFO's unique projects, leaving a specialized team embedded within the department likely makes the most sense; 8) https://data.sfgov.org/City-Infrastructure/311-Cases/vw6y-z8j6/data_preview; analyzed by Lurie for Mayor.



Measuring Success of Reforms

Too often, siloed departments measure performance in terms of the number of activities performed instead of evaluating how well they achieve an outcome. We need a performance management overhaul that laser-focuses on accountability and outcomes to make real-time, data-driven decisions that lead to results. The true measure of these reforms' success is in the outcomes they will yield for the residents of San Francisco. We must use best practices from successful nonprofits like Tipping Point Community and the private sector to set bold outcome measurements and transparently track progress.

"City Hall makes excuses for bad outcomes by focusing on process. My administration will have a laser focus on results." – Daniel Lurie

How We Will Measure City Hall Performance

Contracting & Accountability

Example Outcome Indicators:

- ▶ Number of shelter beds created and cost per bed
- ▶ Number of people permanently housed
- ▶ Total \$ amount saved with improved contracting

Permitting Reform

Example Outcome Indicators:

- ▶ Number of new housing units built
- ▶ Number of new businesses created

Centralize Construction Management

Example Outcome Indicators:

- ▶ Citywide street and sidewalk quality
- ▶ Projects completed on-time and under-budget

Accountable Leadership & New Ideas for San Francisco

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Learn more about Daniel's plans: DanielLurie.com/priorities

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Daniel Lurie was born and raised in San Francisco. He founded Tipping Point Community in 2005. Under his direction as CEO, Tipping Point has raised over half a billion dollars to help house, employ, educate and support hundreds of thousands of Bay Area families. Last year alone, Tipping Point provided over six thousand people with services that either helped them transition out of homelessness or prevented them from experiencing it.

Last year, he co-founded the Civic Joy Fund, an organization that aims to increase civic engagement and assist in the economic recovery of San Francisco. Daniel also led efforts to construct an 100% affordable housing development with union labor on Bryant Street that came in on-time and under budget.

Former Mayor Ed Lee selected Daniel in 2013 to lead the San Francisco Bay Area Super Bowl 50 Host Committee, an effort that brought over \$240 million in economic impact to the region. Following the devastating fires in the North Bay in 2017, Daniel and Tipping Point partnered with 90 Bay Area business and community leaders to organize Band Together – a benefit concert that raised \$17 million for those hardest hit by the deadly fires. In total, Tipping Point’s Emergency Fire Relief Fund raised over \$34 million.

Lurie is a lifelong Democrat. He lives in San Francisco with his wife Becca and two school-aged children.