



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
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MEMORANDUM

TO: Citizens' General Obligation Bond Oversight Committee

FROM: Mark de la Rosa, Director of Audits 
Audits Division, City Services Auditor

DATE: August 18, 2023

SUBJECT: CSA Audits Activity Update

The following are highlights of the City Services Auditor (CSA) Audits Division's activity from June 2 through August 18, 2023.

Date Issued	Report
6/7/2023	<p>Airport Commission: SF Uncork'd, LLC, Reported Revenue and Paid Rent in Accordance With Its Lease for January 1, 2018, Through December 31, 2019</p> <p>SF Uncork'd, LLC, correctly reported gross revenues and complied with provisions of its lease agreement with the Airport. The tenant reported gross revenues of \$4,668,333 and paid \$367,240 in rent to the Airport for the audit period in accordance with the lease agreement. As part of the year end true-up, the Airport issued \$407 in credit memos to the tenant due to excess payments.</p>
6/7/2023	<p>Airport Commission: Marshall Retail Group (MRG) San Francisco, LLC, Reported Revenue and Paid Rent in Accordance With Its Lease for January 1, 2018, Through December 31, 2019</p> <p>Marshall Retail Group (MRG) San Francisco, LLC, correctly reported gross revenues and complied with provisions of its lease agreement with the Airport. The tenant reported gross revenues of \$22,271,253 and paid \$3,486,748 in rent to the Airport for the audit period in accordance with the lease agreement. As part of the year end true-up, the Airport issued \$163,348 in credit memos to the tenant due to excess payments.</p>

Date Issued	Report
6/7/2023	<p data-bbox="402 310 1360 415">Airport Commission: High Flying Foods SFO, LLC, Reported Revenue and Paid Rent in Accordance With Its Lease for January 1, 2018, Through December 31, 2019</p> <p data-bbox="402 457 1406 640">High Flying Foods SFO, LLC, correctly reported gross revenues and complied with provisions of its lease agreement with the Airport. The tenant reported gross revenues of \$12,180,969 and paid \$1,123,904 in rent to the Airport for the audit period in accordance with the lease agreement. As part of the year end true-up, the Airport issued \$5,807 in credit memos to the tenant due to excess payments.</p>
6/7/2023	<p data-bbox="402 716 1382 783">Airport Commission: Bank of America, N.A., Reported Revenue and Paid Rent in Accordance With Its Lease for September 1, 2018, Through December 31, 2019</p> <p data-bbox="402 825 1398 968">Bank of America, N.A., correctly reported gross revenues, remitted rent, and complied with provisions of its lease agreement with the Airport. The tenant reported gross revenues of \$257,623 and paid \$281,333 in rent to the Airport for the audit period in accordance with the lease agreement.</p>
6/27/2023	<p data-bbox="402 1043 1117 1075">Whistleblower Program Fiscal Year 2023 Quarter 3 Results</p> <p data-bbox="402 1117 1417 1226">During January 1 through March 31, 2023, (Quarter 3), the Whistleblower Program received 152 reports. The Whistleblower Program investigated 97 (63 percent) of the 153 reports it closed in Quarter 3.</p>
6/29/2023	<p data-bbox="402 1302 1398 1411">Ocean Avenue Association Generally Complies With Some Provisions of the Management Agreement but the Board of Directors Does Not Effectively Govern the Organization or Community Benefit District</p> <p data-bbox="402 1453 1412 1785">The audit of the Ocean Avenue Association (OAA) found that OAA's Board of Directors does not effectively govern the organization or the Ocean Avenue Community Benefit District (CBD). Although OAA complies with key provisions of its management agreement, it does not fully comply with other provisions related to annual and midyear reports, budget allocations, eligible expenditures, and accounting records. Also, OAA has implemented many of the strategic plan's recommendations but is still implementing a few recommendations. Further, OAA does not always properly administer grant agreements and has not implemented grant management policies.</p>

Date Issued	Report
7/13/2023	<p data-bbox="407 310 1403 384">SF Environment: Recology San Francisco Generally Managed the Landfill Disposal Fees Appropriately but Did Not Always Comply With Its City Contract</p> <p data-bbox="407 426 1403 642">The audit of Recology San Francisco (Recology SF) found that Recology SF and its affiliate, Recology Hay Road Landfill, in general, have controls and processes to appropriately measure waste disposal and calculate corresponding disposal fees. Recology SF also adhered to the solid waste disposal fee schedule and obtained the City's approval to use reserve funds. However, the audit found that Recology SF has not complied with several of the Agreement's provisions.</p>
8/8/2023	<p data-bbox="407 720 1403 825">Contract Monitoring Division: Two of the Three Prime Contractors and One of the Two Joint Ventures Audited Did Not Fully Comply With Certain Provisions of Chapter 14B, the Local Business Enterprise Ordinance</p> <p data-bbox="407 867 1403 1085">The audit of the contractor compliance with the San Francisco Administrative Code, Chapter 14B, Local Business Enterprise (LBE) Utilization and Non-Discrimination in Contracting Ordinance found that all prime contractors and subcontractors were appropriately LBE-certified, as applicable, but two of the three prime contractors and one of the two joint ventures in our sample did not fully comply with certain LBE provisions of Administrative Code Chapter 14B.</p>