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# ANZSOG CASE PROGRAM

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## The Very Expensive Toilet (Epilogue)

An ANZSOG Teaching Case by Marinella Padula

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### Abstract

Set in the bayside City of San Francisco, this case shows how the quest to build a simple restroom in a popular local meeting place became much more complicated, political and famous than the City would have liked. In late 2022 the California state government awarded a \$1.7 million grant to the City of San Francisco to construct a long-awaited public toilet in the Noe Valley Town Square. In a city short on public toilets and dealing with a public defecation 'epidemic', every extra restroom counts.

What would normally have been an ephemeral piece of local news becomes an international embarrassment when a San Francisco Chronicle columnist picks up the story and questions why a single toilet should take two years and cost as much as a house to complete.

This case outlines the political fallout from the Very Expensive Toilet, including the California Government withdrawing the grant, as well as the bureaucratic hurdles and cost pressures that are placed on essential public infrastructure projects in San Francisco. It shows how even simple-sounding projects can touch on issues of public value, budgeting, waste, transparency, homelessness, public health, inequality and civil rights.

The Epilogue outlines what has changed as a result of the toilet saga, and what lessons the city has learnt about building infrastructure in a city where it is impossible to satisfy everybody.

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## The Very Expensive Toilet (Epilogue)

Despite the prospective happy ending of a free toilet, people inside and outside City Hall still had questions about how the situation had arisen in the first place. ‘The thing about this is, not any one thing makes a toilet cost \$2 million,’ said City Supervisor (Councillor) Rafael Mandelman, ‘It is a layering of a lot of well-intentioned regulations that collectively make things more expensive than they are meant to be,’ (Bajko, 2023). California Assemblymember, and former City Supervisor, Matt Haney (who secured the \$1.7million funding) blamed the City of San Francisco’s tendency to overlook off-the-shelf infrastructure solutions, in favour of ‘bespoke’ creations that were costly and time-consuming to produce (Knight, 2022a). Toilets, like garbage cans, park benches and other street amenities, didn’t need to be reinvented anew or qualify as works of art.

For Haney, the toilet was also emblematic of a much bigger problem with San Francisco’s contracting processes, and he called for an audit. So did City Supervisor Myrna Melgar, ‘Let’s have some transparency,’ she said. ‘The taxpayers are losing our trust when stuff like this happens. We need to make sure they know that we can deliver things on time and at cost, and this system doesn’t,’ (Knight, 2022b).

However, according to San Francisco Chronicle columnist Heather Knight, it was city supervisors (past and present) who, ‘have rubber-stamped expensive projects without asking enough questions, meaning everybody at City Hall needs to work harder to ferret out why the city’s system of building projects is so broken and how to fix it,’ (Knight 2022b). Yet these problems were so entrenched that they seemed indivisible from the city itself. Wrote Knight:

*While the toilet tale prompted chuckles around the country and even the world, its lessons are important. Nobody seems to like the inflated costs, insanely long timelines and massive amounts of red tape involved in getting just about anything done in San Francisco. But the decades of dubious decision-making that created a landscape in which one toilet can cost \$1.7 million has become just part of the city’s fabric — like its fog and hills, but minus the charm (Knight 2022b).*

In February 2023, the toilet donation was approved by San Francisco Recreation and Parks and signed off by the Commission<sup>1</sup>, followed in April 2023 by the San Francisco Board of Supervisors. Since the building itself already met California standards and was donated, several processes could be bypassed or expedited. It also reduced costs (Exhibit A). In total, the San Francisco Recreation and Parks Department estimated savings of approximately \$491,000 (San Francisco Recreation and Parks, 2023). A revised budget (Exhibit A) put the Department’s costs at \$300,000, bringing the project total to \$725,000 (including the donated goods and services). The remainder of the \$1.7 million state grant would be allocated to building more toilets in public parks and recreational spaces (San Francisco Recreation and Parks, 2023). Haney confirmed that the state would make the grant available and hoped the project would lead to city-wide reform on building costs (Bajko, 2023a).

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<sup>1</sup> This involved some minor modifications, such as adding shelving.

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Yet not everyone was satisfied with the outcome. For some, like one San Francisco Recreation and Parks Commissioner, acceptance of the toilet violated the spirit of San Francisco's Chapter 12X law and sent a poor message about equal rights. It also, he believed, set a precedent for using prefabricated buildings (Koehn, 2023). Construction union representatives were also concerned. For others, the new, improved costings were still excessive (Barnmann, 2023) and didn't really address the City's underlying issues (Kukura, 2023). Supervisor Myrna Melgar noted that the city had committed to build 82,000 housing units (more than half of them affordable) by 2031, 'How are we going to get all that done if we can't do a toilet?' she asked (Knight, 2023).

In an attempt to improve the situation, Mandelman requested that the City Administrator draft recommendations to streamline the process for signing small contracts. He also asked the city attorney to draw up legislation repealing the Chapter 12X ban on contracting in 30 states, arguing that it was financially disadvantageous to San Francisco and hadn't achieved change for those affected (Knight, 2023). That legislation was passed 7-4 by the Board of Supervisors in April 2023. What further changes might come to City codes and regulations remained to be seen but the toilet was on track for completion by the end of the year.

Over in Noe Valley, Town Square co-founder Leslie Crawford was relieved that a restroom was in sight but disappointed by how things had transpired: '...The seeds of this space that were planted, were [planted] from a place of social justice,' she said, explaining that the Town Square was the result of a grass-roots community campaign to set up a farmer's market after the owners of a food retailer shuttered the site in response to union organising, 'We began this fight against an out-of-state, anti-union corporation. It is more than frustrating that the city has accepted this quote-unquote gift because really nothing is free,' she said (Bajko, 2023b). Crawford continued:

*The city had an opportunity here to do a remarkable thing, which would have been to build their own prefab unit and replicate that throughout the city in all of the places that badly needed a facility. But instead they took an easy way out, one that takes away jobs from city workers who need to earn a living wage. So while Noe Valley is gaining a bathroom, there are a lot of losses with this agreement (Bajko, 2023b).*

Exhibit A: Revised Noe Valley Town Square Restroom Budget

NOE VALLEY TOWN SQUARE RESTROOM BUDGET			
DONOR EXPENSES	DONOR	RPD EXPENSES	RPD
		Project & Construction Management	\$125,000
A/E Services (MEP and Building)	\$50,000	A/E services (Site Improvements)	\$60,000
Site Demolition	\$30,000	Topographic Survey	\$5,600
Restroom Building	\$135,000	Utility and Sewer Inspection	\$10,000
Building Transport	\$12,000	DBI Permit	\$15,000
Crane	\$15,000	Civic Design Review	\$12,800
Restroom Building- additional fixtures	\$20,000	Mayor's Office On Disability	\$3,000
Building Pad & Installation	\$10,000	Public Works Street Permit	\$4,000
Utility Connections	\$40,000	Planting	\$5,000
Site Improvements	\$55,000	Restroom Augmentation Elements	\$8,000
Donor General Expenses	\$2,500	Donor Plaque & Signage	\$2,000
Contingency	\$55,500	Material testing/inspections	\$5,000
<b>Total Expenses</b>	<b>\$425,000</b>	Utility reserve/contingency	\$15,000
		Reproduction services	\$2,000
		Contingency	\$27,600
		<b>Total Expenses</b>	<b>\$300,000</b>

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