

MINUTES
Citizens' General Obligation Bond Oversight Committee
July 26, 2007
Room 416, City Hall
San Francisco, CA 94102

1) Call to Order, Roll Call

Ms. Donna Hood, Committee Assistant, called the meeting to order at 9:34 a.m. Quorum present.

2) Swearing-In of Member

Mr. Michael Stover, Deputy Director, Board of Supervisors, swore in Ms. Julia Hansen as the Civil Grand Jury appointee to the Citizens' General Obligation Bond Oversight Committee.

3) Discussion and Possible Action to Approve Minutes of the regular meeting of May 31, 2007.

The minutes of May 31, 2007 were unanimously approved.

4) Presentation from the Steinhart Aquarium Improvement Project and the California Academy of Sciences regarding their General Obligation bond funded project plans, and possible action by the Committee in response to such presentation.

Mr. Edgar Lopez, Department of Public Works, introduced himself along with staff from the Academy of Sciences and the construction project team. Mr. Lopez provided the members with a brief presentation on the overall bond project. He noted that the Academy was founded in 1853 and is the fourth largest natural history museum, the third oldest museum and the oldest continuing operating aquarium in the United States.

Mr. Lopez then reviewed the project budget. He stated that although the project's budget has increased, the City's obligation remains the same as the Academy has used its own funds for cost overruns. He briefly described fund allocation and discussed the project schedule, which is on-target and expected to be completed in October 2007. He noted that it will take approximately one year for staff and over 1.7 million specimens to move into the new site.

Ms. Alison Brown, CFO, California Academy of Sciences, reviewed the project budget, sources and uses of funds, and discussed cost increases. She noted that they currently have \$471,000,000 in-pocket, and that a fund raising campaign will begin in the fall to raise an additional \$13,000,000.

In response to questions from the Committee, Ms. Brown described some of the cost increases, including construction costs (steel, concrete, and dry wall) and aquarium life-support systems. She noted that they are 100 percent bid on construction.

Mr. Stern requested that the Academy notify the Committee when all of the bond funds are expended and provide a summary of bond expenditures for the two-percent art requirement. Mr. Morten asked that the Academy report on any excess bond monies to be expended and how they may be applied. Mr. Lopez noted that they do not expect to have any excess funds, but will report on any that may exist.

Public Comment

No public comment.

5) Presentation from the Recreation and Park Department regarding General Obligation bond funded projects under the 1997 Zoo Facilities bond and possible action by the Committee in response to such presentation.

Ms. Mary Hobson, Project Manager, updated the status of the 1997 Zoo Facility bond. She provided the Committee with a history and background of the bond program, which has a baseline program budget of \$73 million. She noted that the implementation plan includes collaboration with the Recreation and Park Department (program and project management), the San Francisco Zoological Society (program planning and project design) and the Department of Public Works (contract administration and construction management).

Ms. Hobson noted that the 1997 Zoo Facilities Improvement bond is fully sold. She stated that there were four bond sales for a total of \$48 million. Combined with other funds received, the total program budget is \$87,652,578. She noted that the program has been implemented in two phases: the first includes 12 capital improvement projects that were funded with the first three bond sales. Phase two, estimated at \$7,394,330, includes six infrastructure, health and safety improvement projects.

Mr. Morten asked how surplus close-out funds will be expended. Ms. Hobson stated that any remaining funds will be returned to the master project and listed in the program-wide services as "reserve", where they become available to other projects to cover cost over-runs. She indicated that whatever is left will be available for exhibit infrastructure projects until the funds are depleted. She stated that she carries a 10 percent reserve to cover unanticipated cost over-runs.

Brief discussion ensued regarding the Zoo projects. Mr. Stern requested that future reports provide an overall summary of funding sources, and not be limited to the 1997 Zoo Facilities bond. He requested that they provide more detail related to the funding of active projects. Ms. Hobson noted that alternative sources of funding, which are privately gifted to the City, do not provide detailed expenditure information, but she will request the data.

Public Comment

Mr. Emeric Kalman expressed his views on issues related to this agenda item.

6) Presentation from the Recreation and Park Department on the 2000 Neighborhood Recreation and Parks bond program, and possible action by the Committee in response to such presentation.

Mr. Yomi Agunbiade, General Manager, Recreation and Park Department provided an overview of the 2000 Neighborhood Park Improvement Bond, which include 75 projects. He stated that the total general obligation bond appropriation of \$110 million has been sold, and covers acquisition, construction and re-construction of parks and facilities, as defined in the Recreation and Parks Department Capital Plan, and as required by Proposition C.

Mr. Agunbiade indicated that the Recreation and Park Department owns approximately 230 parks, which includes 25 playgrounds and play areas, three fields and courts, 10 recreation centers, community pools, club houses, and landscape areas.

Mr. Agunbiade stated that since the year 2000, the Capital Improvement Division has worked on 75 neighborhood bond improvement projects. Of those, 44 are completed or in close-out; 25 projects remain; and six were cancelled by the Recreation and Parks Commission. He noted that in addition to bond funds, these projects also received funding from alternate sources. He summarized the current project status summary and indicated that two projects are in planning, eight are in design, three are in bid/award, 12 are in construction, six in close-out, 38 completed, and six cancelled.

Mr. Agunbiade noted that the Neighborhood Park Program revenues as of June 30, 2007 are \$253,844,921, with pledged gifts of \$11,258,897, for a total revenue source of \$265,103,818.

Mr. Agunbiade briefly discussed the Budget Analyst recommendations. He indicated that in response to that report they have restructured their Capital Division to project-management only and have hired six project managers.

Mr. Agunbiade stated that they have implemented a project management tracking and reporting system called IMPACT. The system will enable managers to track all stages of project development, including financial data drawn from the City's FAMIS system, within one centralized system, which is expected to be fully implemented by the fall of 2007. Mr. Bruce Hart, vendor for IMPACT, provided a brief demonstration. He noted that the software was developed specifically for overall program management and to develop accountability at the lowest level. He stated that all project information is accumulated so project and senior managers can successfully manage the project – scope, status, schedule and budget.

The Committee discussed the interface between IMPACT and FAMIS. They want to ensure that no financial data is lost in the interface. Ms. Hobson stated that the system is currently being tested with five projects and that the test period will last approximately one month, at which time implementation will be expanded. She believes that everything should be populated in a couple months, with full roll-out in several months.

Mr. Stern asked the Controller to describe their experience with IMPACT. Controller Harrington indicated that the Controller's Office has no experience with IMPACT. He noted that the Controller's FAMIS system was designed to pay bills, not manage construction projects. He stated that any robust construction management project in the City will require IMPACT or equivalent software to acquire lower-level detail. He feels that once IMPACT has been running

for a bit, departments will ask the Controller's office to put information in the FAMIS system so they match. He stated that the systems interface is controlled and reconciled.

Ms. Chu asked about project timelines and noted that projects seem to be late. Mr. Agunbiade agreed, and provided the background of the bond programs and the difficulties and barriers that were faced early-on. Additional discussion ensued regarding the history of the bond program and how funding determinations were made.

Ms. Rike asked that the Department include in their next report a separate schedule that identifies "in use" versus "completed" projects, to which Mr. Agunbiade indicated he would.

Ms. Hansen asked if the IMPACT system will be available on SFGOV.org for public viewing. Ms. Parham, Project Manager, Recreation and Parks Department indicated that they are working on a specific report that will be available on the Recreation and Parks website that will capture the budget and timeline for public viewing.

Motion

Mr. Morten moved that the Controller's Office review the current application of IMPACT and other management tools being utilized by the Recreation and Parks to finalize the disbursements on projects that are using the 2000 Neighborhood Park Improvement funds, and to report back to the Committee, and give guidance and recommendations for improvement to the Recreation and Park Department and the Capital Improvement Division. Julia Hansen seconded, motion passed unanimously.

Public Comment

None.

7) Status report from the Controller's City Services Audits Division, and possible action by the Committee in response to such presentation.

Ms. Peg Stevenson, Director, City Services Auditor (CSA) Division briefly described the history of the CSA. She noted that the Committee has an oversight role, which focuses on audits and the Whistleblower program. She stated that there are four programs within CSA: audits, performance measurement and management, city projects (technical assistance), and the Whistleblower program.

She stated that since the last meeting, CSA has released two financial audits of the MTA, one on cable car fare collections and the other on parking meter/citation revenue. They also completed concession audits at the Port and Airport, and the auditing of city grants and contractees to determine if any funds were used for political activities. In addition, they completed a report on monitoring single audit recipients, the Civil Grand Jury's Continuity Report, and have issued a performance audit on the Department of Building Inspection. She noted that in August two annual reports issued: one on the overall CSA program and one on inspections of the streets, parks and sidewalks.

Ms. Stevenson noted that they are currently working on an audit of the Library bond, and will soon issue an audit on the Port's management of stores and inventory. Upcoming projects include an audit of the Care Not Cash program, and a general fund audit of the Assessor's office. They will also conduct a focused audit on one of the Library bond projects and review micro-issues. In addition, they will also be conducting performance measurement validation for any department they audit.

Ms. Hansen asked if the information is available on the Controller's website to which Ms. Stevenson responded that it is. She noted that other projects have links which enable the public to view project handouts and presentations.

Public Comment

Mr. Emeric Kalman expressed his views on issues related to this agenda item.

8) General Public Comment

Mr. Emeric Kalman expressed his opinions on a variety of issues.

9) Adjournment.

Meeting adjourned at 12:45 pm.

Documents Provided:

- *May 31, 2007 Draft Minutes*
- *California Academy of Sciences Quarterly Report – June 30, 2007*
- *1997 Zoo Facilities Improvement Bond Annual Report – July 2007*
- *2000 Neighborhood Parks Improvement Bond Annual Report – July 2007*
- *CGOBOC Gantt Chart*
- *Whistleblower Program Annual Newsletter*
- *Laguna Honda Hospital Replacement Program Status Report – June 30, 2007*