

MINUTES
Citizens' General Obligation Bond Oversight Committee
April 22, 2004
Room 416, City Hall
San Francisco, CA 94102

1) Call to Order and Roll Call

Chair Jue called the meeting to order at 9:30 AM. Roll Call was taken and it was noted that there was a quorum.

Mr. Cunnie and Ms. Von Rock-Ricci were absent.

Mr. Wunderman has resigned.

2) Discussion and Possible Action to Approve Minutes

The draft minutes of the January 22, 2004 meeting were adopted with an addition prepared at the request of Mr. Hentz and approved by the Committee.

There was no public comment.

3) Presentation of the San Francisco Unified School District Regarding its General Obligation Bond Funded Projects.

Dr. George Kozitza, Chief Business Officer of SFUSD, described SFUSD's methodology behind preparing two spreadsheets regarding projects and financial data. Ms. Rhoda Parhams, Director of Construction, and Mr. Paul Cardoni, State Funding Coordinator, joined Dr. Kozitza in responding to questions from the Committee.

Ms. Singer said that she found that it was difficult to understand the spreadsheets. Dr. Kozitza responded that the information was provided in the format suggested by Committee staff and that SFUSD attempted to adapt that format to their projects. Ms. Singer said that it is not the format per se but the content provided. She stated that the Committee has been holding hearings for over a year and that if SFUSD representatives had attended the meetings it would have been clear that the Committee consistently has sought information about the specific projects being undertaken and the budgetary performance of each. Ms. Singer said that while the District staff may have followed the Library format provided to them, the information provided in the District's presentation was insufficient to permit a thorough review.

Ms. Parhams said that in their last presentation, they had provided timelines and had reviewed projects that were completed with State funding. In response to an inquiry from Ms. Jue, Ms. Parhams said that she had provided footnotes on each project and apologized for not bringing a copy with her. Mr. Yockey said that he has seen these footnotes online and they refer only to the technology projects.

Mr. Yockey pointed out that there are projects listed on the spreadsheet that show no fund source. Mr. Yockey added that the District's presentation materials indicate that the District has exceeded its budget on 11 projects by \$12.5 million to date and has spent \$23 million for

8 projects which show no money budgeted. Mr. Yockey said that he did not see any provision for or explanation of these apparent cost overruns in the District's spreadsheets.

Ms. Parhams referred back to the District's quarterly report and said that no projects were scaled back. The District financed its project costs using general fund money along with funds from other internal sources and the state.

Mr. Micheau noted that this issue goes to the core of the Committee's request to all departments to provide some forecasting along with their historical budgetary data. He added that today's presentation was not bound by the two spreadsheets and that the District representatives could provide additional explanation on screen through other materials.

Ms. Jue stated that the presentation materials did not clearly describe the various funding sources or the completion dates of projects. Ms. Parhams referred back to the quarterly report that was provided to the Committee last year and said that the report provided information on various sources of funds and timelines.

During the presentation, Ms. Parhams and Mr. Cardoni stated that the data provided in these spreadsheets is from November 2003. In response Mr. Yockey observed that 5 months of activity was not reflected in the data provided to the Committee. Mr. Yockey said that this is the third time the Committee has asked for budgeted vs. actual expenditure information along with comprehensive timelines for project completion and that that information had not yet been provided.

Mr. Yockey made a motion for the Committee to request that the City Controller conduct a review of the SFUSD general obligation bond capital program with emphasis on financial controls and accounting in order to better inform the Committee that bond proceeds are expended appropriately.

Dr. Kozitza said that the District provided the information in the format requested by the Committee. Ms. Jue said that the format is correct but was not implemented correctly to provide useful information.

Mr. Wong seconded the motion made by Mr. Yockey.

Mr. Hentz stated that as part of the Controller's review the items that were funded by other fund sources should be looked at for reconciliation purposes. Mr. Yockey stated that the Committee is charged with the expenditures under the general obligation bonds, and he did not want a motion that exceeded the Committee's authority. In response to an inquiry from Ms. Jue, Deputy City Attorney Michael Martin said that the Committee does not have any jurisdiction over the SFUSD as an entity; however, Mr. Martin advised that it was within the Committee's mandate to seek a review by the Controller of the District's expenditures on City general obligation bond-funded capital programs.

At the request of Ms. Jue, Mr. Yockey restated the wording of motion he had made earlier as: We ask the City Controller to conduct a review of the San Francisco Unified School District

general obligation bond financial controls and accounting systems to provide assurance to the Committee that bond proceeds are being expended and accounted for appropriately. Mr. Yockey's motion was adopted unanimously. Mr. Yockey volunteered to work with the City Controller to provide guidance as to what information the Committee would like to see.

Ms. Jue informed Dr. Kozitza that Mr. Yockey and the Controller's Office would be in touch with him regarding the review.

Members asked about the timeline for the Controller's review and whether a special meeting was necessary to follow up on that review. Staff advised that date of the review would be determined after the request had been conveyed to the Controller.

Staff informed Dr. Kozitza that Controller's staff had not received updates, as of the date of the meeting, for the General Obligation Bond Projects Summary spreadsheet from the School District despite repeated requests. Dr. Kozitza said that he was not aware of the request. Committee staff was asked by the Chair to supply the District contact person's name to Dr. Kozitza.

There was no public comment.

4) Discussion with the Deputy City Attorney and Possible Action on Revising Committee Bylaws & Proposition E Ethics Reforms

Mr. Martin advised that the Committee has been provided with a draft of the Committee's Bylaws revised to reflect the new responsibilities assigned to the Committee under Proposition C of November 2003, which installs the Committee as the Audit Review Board for the City. Mr. Martin further advised that the Committee could not act to adopt the bylaws until its next meeting. Following discussion and comments from the members, Chair Jue observed that this will be an action item at the next Committee meeting.

The next item discussed was the Statement of Incompatible Activities as required under the Proposition E ethics reforms. Mr. Martin said that this draft statement is based on the template provided by the Ethics Commission and that if the Committee wishes to delete any section it first must apply for a waiver from the Ethics Commission. Mr. Martin said that the Committee is required to submit the Statement to the Ethics Commission by August 1.

Committee members engaged in a discussion regarding Section I of the Statement, particularly the items regarding the ownership of City general obligation bonds and representation of a City complainant or whistleblower. Staff asked if the language in the paragraph preceding the bullets could be changed. Mr. Martin stated that he would contact the Ethics Commission to see what kind of flexibility they would allow. This item was postponed to the next meeting for further discussion and possible action.

In response to an inquiry from members, Mr. Martin said that the City Attorney is holding the next Sunshine training on May 3rd. While Mr. Martin indicated that he believed

provision was being made for a recording of the training, he strongly urged all members to attend the May 3rd training.

Mr. Martin brought to attention the cover memo from the City Attorney to the Good Government Legal Guide for 2004. He said the Guide is available online if anyone wishes to refer to it.

There was no public comment.

5) Discussion and Possible Action Regarding Agenda Items for Future Meetings

Staff proposed to the Committee to hold a special meeting in May to allow for discussion with the Controller regarding the Committee's new duties under Proposition C. Staff further proposed to add agenda items regarding revisions to the Committee work plan, further discussions on the Bylaws and the possible adoption of the Statement of Incompatible Activities for the Committee. Staff also asked members to consider requesting a presentation from the Recreation and Park Department.

Ms. Jue stated that there was some urgency about reviewing the Rec & Park bond program in the light of its upcoming proposed bond sale. Staff stated that the Committee should be receiving Bond Accountability reports from the Department. In response to an inquiry from Ms. Jue, staff said that no formal request of any kind has been received from Supervisor Ma, even though copies of the presentations made by the Department of Recreation & Park during previous Committee meetings have been provided to the Supervisor at her request. Following discussion, staff was requested to mail to Committee members copies of the latest Neighborhood Parks Bond Accountability Report and the Neighborhood Parks presentation materials from previous appearances by the Department before the Committee.

The Committee agreed upon holding a special meeting on May 20th with the following agenda items:

1. Presentation from the Department of Recreation and Park
2. Controller's presentation and discussion on Proposition C
3. Discussion on Committee's New Work Plan
4. Committee Bylaws
5. Statement of Incompatible Activities for the Committee

The possibility of moving the July 22nd regular meeting was discussed, and it was agreed to postpone the decision for a new meeting date to the May 20th meeting.

There was no public comment.

6) General Public Comment

None

7) Adjournment

There being no further business, the meeting adjourned at 12:40 PM.