

MINUTES

Citizens' General Obligation Bond Oversight Committee
September 25, 2003
Room 416, City Hall
San Francisco, CA 94102

1. Call to Order and Roll Call

Chair Yockey called the meeting to order at 1:05 PM. Mr. Yockey noted that there was a quorum. Mr. Wunderman was absent.

2. Discussion and Possible Action to Approve Minutes

The minutes of the July 24, 2003 meeting were adopted as submitted.

There was no public comment on this item.

3. Discussion and Possible Action Regarding Staff and Member Reports and Correspondence to and from Administering Departments Relating to the Status of Remaining Bond Proceeds

Ms. Jodi Darby went over the new information received from departments on the status of remaining bond proceeds, a summary of which is provided to the Committee today. Ms. Darby said that we have resolved all 9 outstanding bonds, except for #5, 1988 Public School Facilities Improvement Bonds. We have not received any response from the School District so far. As reported in an earlier meeting, #2 (1987 Police Dept. Facility Improvement Bonds, and #9 (1990 Correctional Facilities Improvement Project Bonds) are closed because of your action. The balances are being reverted back to the debt service. The rest of the bonds are active, and their responses are attached to the summary sheet.

Ms. Darby said that a new spreadsheet with updated information on bonds would be provided to the Committee at the next meeting.

Chair Yockey asked the members if they would like to read over the information provided by staff, and if they have questions, we could add this item to a future meeting agenda for discussion. Members concurred.

There was no public comment.

4. Discussion of Possible Action Regarding Letter to Departments Regarding Certification of Use of Funds. (Continued from July 24, 2003 meeting)

Chair Yockey noted that Mr. Micheau proposed this item in an earlier meeting and that Controller Ed Harrington agreed with the idea. Mr. Yockey asked members if they agreed

with sending letters to the department heads to obtain expenditure certifications. All members present agreed that it was a good thing to do.

Discussion followed among the members, Deputy City Attorney Mark Blake, Controller Harrington and staff about the format of the letter, the certification form, frequency of the certifications and other issues. It was agreed to modify the draft letter before issuing to departments. Mr. Yockey stated that it is the consensus of the Committee that we issue letters to departments for each annual period, for each bond issue. The letters would be issued to the Department Heads asking for certification of expenditures from both the Department Head and the Finance Manager. The cut off period would be September. Staff will issue the letters by the end of September, asking the departments to respond by October 30th. Ms. Darby would be the contact person on behalf of the Committee for departments, if they have questions.

Mr. Harrington stated that the Controller's Office would issue quarterly reports to the Committee and highlight change orders that are over 10% of the budget or \$1 million, and if there are multiple changes. These reports would help the Committee prioritize their work and decide if it needs additional explanation from the bond-issuing department on the reported change orders.

There was no public comment.

5. Presentation of the San Francisco Community College District Regarding its General Obligation Bond Funded Projects, and Possible Action by the Committee in Response to Such Presentation.

Mr. Peter Goldstein, Vice Chancellor for Finance and Administration, presented to the Committee activities related to the 1997 Educational Facilities Bonds. Also present from the College District were John Bilmont, Controller, and David Liggett, Director of Facilities and Planning and Construction. Mr. Yockey welcomed Mr. Robert Varni, Chairman of the College District's Bond Oversight Committee. Mr. Goldstein responded to questions from the members. Mr. Yockey said that the Committee would like a document from departments that will give a snapshot of the bond-related activities, in a simple format. Mr. Goldstein promised that in the future milestone charts, they would add a visual presentation to show the difference between completed projects and the projects in progress. They will specifically note any projects that appear to be in either timeline or financial difficulty so that the Committee gets the information in a document and not in the oral presentation.

Ms. Von Rock-Ricci thanked Mr. Goldstein for the concise and articulate presentation. Mr. Yockey added his thanks.

In response to the inquiry from Mr. Goldstein, Mr. Yockey stated that at this time we do not know when the Community College District will be scheduled to appear before the Committee next. However, we will provide plenty of notice.

There was no public comment.

6. Presentation of the San Francisco Unified School District Regarding its General Obligation Bond Funded Projects, and Possible Action by the Committee in Response to Such Presentation.

Mr. George Kozitza, Chief Business Officer, and Rhoda Parhams, Director of Facilities Design and Construction, attended the meeting to present the activities related to the 1997 Educational Facilities Bonds.

Mr. Yockey said that the School District has not responded to the Committee's letter asking for information relating to the 1988 Public School Facilities Improvements Bonds. Mr. Kozitza and Ms. Parhams said that they were not familiar with such a request. Ms. Ribble said that the request was sent to Mr. Philip Smith, who was then in charge of the bond projects. Mr. Yockey asked staff to forward the letter to Mr. Kozitza for a response.

After discussing the information provided in the handouts for a while, Committee members felt that a lot of data was provided, but it was not what the Committee was looking for. Mr. Yockey stated that the Committee is authorized to oversee bond-related projects only. He requested, in the future, that deferred maintenance and non-bond-related projects not be included with information shared with the Committee. It was mentioned in the presentation that the School District has borrowed funds in anticipation of the Board of Supervisors' appropriation. Ms. Singer said the Committee would like to see actual numbers and schedules, such as original timelines vs. actual current estimates, and actual dates; original budget vs. actual current expenditures and estimated final costs.

The School District was asked prepare a follow-up presentation for a future meeting. Ms. Jue asked that the handouts be sent to Committee staff a week in advance of the meeting.

There was no public comment on this item.

7. Discussion and Possible Action Regarding the Proposed Charter Amendment Designating the Controller as City Services Auditor and Containing Provisions Assigning Additional Responsibilities to the Committee.

Mr. Yockey said that he would like a brief discussion on the proposed Charter Amendment (Prop. C) to determine the impact on the Committee responsibilities and work load so that we could add it to the Committee annual report.

Mr. Harrington said that the Ballot Measure C has multiple authors. The Board of Supervisors feels that there are too many ad hoc and other committees, and it is trying to eliminate inactive committees or combine them in some fashion to come up with a smaller version of the mix. In this case, the Board did not want to create another advisory committee, and this Committee has the representation that the Board wanted. The Controller

was not consulted when the Board designated this Committee as the Citizens Audit Review Board in addition to its current responsibilities. Mr. Harrington said that as described in the last meeting, the Committee would provide advisory input to the Controller in the following areas:

- Review Controller's service standards and benchmarks to ensure their accuracy and usefulness
- Review audits to ensure they meet the requirements set forth
- Review citizen and employee complaints received through the whistleblower complaint hotline the disposition of these by the Controller

Mr. Harrington stated that one major difference in workload between the current bond-related responsibilities and the advisory role to the Controller would be that all reports would be coming from one source – the Controller - instead of coming from a variety of people. It would depend entirely upon the Committee how active and involved it would like to be in its advisory role. The service standards would go through the budget process. Approximately, 10 departments would be audited annually. The Finance and Audits Committee of the Board is tasked to do hearings on these audits. It would be up to the Committee to decide whether it wants to be the lead agency or let the Board take the lead. The Controller can provide regular reports on the whistleblower activity without taking away the confidentiality, and the Committee could review them. The purpose of an advisory committee is to have a civilian oversight without taking away the independence of the Controller.

Mr. Yockey expressed his concern that already the Committee is meeting often to take care of the bond oversight responsibility and that Prop C would add more meetings.

Mr. Harrington said that the new advisory role will not commence until next July, and it is our hope that the Committee's bond activity would become more structured by then.

There was no public comment.

8. Discussion and Possible Action Regarding Agenda Items for Next Meetings

One Committee member would like to see if the next meeting could be held in the afternoon. Staff will check on the availability of the committee room in the afternoon and inform members.

The October 23rd meeting would have a presentation from the Public Library.

The Committee will discuss the draft annual report in its November meeting. Mr. Yockey asked Ms. Darby to distribute the draft to all members so that they could provide their comments to her. Ms. Darby will compile the comments for the November meeting discussion.

Ms. Darby reminded the Committee that it would have to elect the officers for next year. Mr. Yockey said that this could be done in the November meeting.

Ms. Darby announced that we have received a Sunshine and Conflict of Interest Laws training video from the City Attorney's office for 2003. Viewing the video will meet the training requirement for 2003. Mr. Cunnie is required, and for other members it is optional to view the video.

Mr. Micheau inquired about the two reports mentioned by the College District in their presentation. The monthly report submitted to Mr. Harvey Rose, Budget Analyst, and the quarterly report submitted to the Controller. He asked if these reports could be made available to this Committee. Mr. Harrington said that the Controller's office does receive quarterly reports. Since they are voluminous, it would be desirable if individual members let us know if they want the report rather than sending them to everybody. Mr. Yockey concurred with Ed's suggestion. He said that he would rather have the Committee staff focusing on getting us information pertinent to the meetings 4 - 5 days before the meeting rather than on the ongoing reports. It would be more useful to have the materials with 5 days lead time to the Committee members on the items coming up in the meetings as opposed to picking up everybody's reports. We would leave it to individual members as to which reports they would like to have and let the Controller know. Mr. Micheau asked if someone in the Controller's office looks at these reports to glean information for this Committee. Mr. Harrington said we do not look at the reports to glean information for the Committee. Mr. Harrington added that the monthly reports from the School District are sent to Mr. Harvey Rose because he is a member of their Bond Oversight Committee.

Mr. Micheau said that as we get more sophisticated, we could organize the Committee to have members focus on specific areas. Mr. Yockey said that we would do this as part of our annual report discussion.

There was no public comment on these discussions.

8. General Public Comment

None.

9. Adjournment

There being no further business, the meeting adjourned at 3:45 PM.