

**MINUTES**  
**Citizens' General Obligation Bond Oversight Committee**  
**August 28, 2014 Hearing Room 416 - City Hall**  
**San Francisco, CA 94102**

**1) Call to Order, Roll Call**

The meeting was called to order at 9:33 a.m. The following Committee members were present: Jerry Dratler, Michael Garcia, Corey Marshall, Michael Seville, Rebecca Rhine, Jonathan Alloy, Minneola Ingersoll and Robert Carlson.

**2) Election of Chair and Vice Chair**

The Committee discussed the roles and responsibilities of the Chair and Vice-Chair. Rebecca Rhine was re-elected as Chair. Corey Marshall was elected as Vice-Chair.

Robert Carlson was introduced to the Committee. Mr. Carlson replaces John Madden. His experience and expertise is in the area of public finance law, auditing and government financial statements.

**3) Approval, with possible modification, of the minutes of the May 22, 2014 meeting.**

The minutes were approved. Mr. Carlson abstained. There was no public comment.

(\*NOTE: Full recordings of Committee meetings are available by request from the Controller's Office and on the CGOBOC web site. Meeting Materials are also posted on the web site).

**4) Presentation from the San Francisco General Hospital Rebuild Program.**

Ronald Alameida, DPW (Department of Public Works) Project Manager provided a program budget update, reviewed the Gantt Chart (costs expended to date), progress to date and recent/ current activities.

The project is 78% complete and within budget. The program components were discussed. Most are near completion or closeout with the exception of Increment 4 (core and build out of the new hospital).

Mr. Alameida discussed accomplishments from the previous quarter for the service building and the new hospital project site. Accomplishments for the Service Building included:

- Phase 1 – Campus generators completed and in operation
- Phase 2 – Rebuild generators ready for final testing; performance testing and commissioning activities for boilers
- Requirements for NPC4 Seismic Performance Upgrade Project submitted to OSHPD and under review.

Accomplishments for the New Hospital Project Site:

- Site completion and reinstatement work in progress
- Interior wall and ceiling close-up advancing with architectural completion targeted for November 2014
- Initiated start-up and commissioning process
- Medical Equipment (Increment 5) – advanced as planned
- Permanent power advancing
- New oxygen tanks and enclosure in place
- Paint and floor finishes underway
- Preparing for tie-in to existing hospital

**Recent and Current Activities**

Project Scope and Buy-Outs:

- FF & E buy-out underway with Fixed Equipment requirements integrated in the construction flow.
- Building 5 modification in Plan Review; reduction of scope to align with the budget on-going.

Previous Concerns Resolved or Managed:

- Fire proofing and fire sprinkler sub-contractors' performance schedule impact mitigation engaged
- Timely advancement of Increment 5 work

Current Issues/Concerns:

- FF & E and IT procurement and operational readiness
- Transition and Licensing driven follow-projects
- Unforeseen conditions associated with Building 5
- Budget impact on NPC4 Project to the Rebuild Program

Rebecca Rhine is the Committee's liaison to the project. Ms. Rhine commended former CGOBOC member Terry Micheau, for his continued help and knowledge. She cited the helpfulness and availability of the staff for monthly site visits and document review. There are still concerns about furniture, fixtures and IT.

The Committee commended Mr. Alameida for the 3% change order rate. It is remarkably good for a project of this length. In response to questions about close-out reports, Mr. Alameida told the Committee there are two separate close-out reports for the project – licensing and finances.

There was no public comment.

**5) Presentation from the 2001 Branch Library Improvement Project**

Maureen Singleton, the Library's Chief Financial Officer, reviewed the project status, revenue and expenditures, impact, lessons learned and stewardship.

The goal of the Branch Library Improvement Project is to provide the public with seismically safe, accessible, technologically updated and code compliant City-owned branch libraries in every neighborhood. To date, there have been 16 renovations, 8 new buildings and 1 support services center.

All of the branches (24) are complete and open. One support services center is complete and operational. The demolition of the original North Beach Branch Library is progress. The demolition started in June 2014 and will be completed by October 2014.

Ms. Singleton reviewed the revenues and expenditures. The detailed report of the Friends of the Public Library as of June 30, 2014 was also discussed.

The North Beach Branch Public Library is expected to cost about \$14.5 million dollars. The milestones are as follows:

<u>Milestone</u>	<u>Original Date</u>	<u>Current Date</u>
• Design Completion	9/05	1/30/2012
• Supplemental Appropriation	n/a	April 2012
• Construction of new library start	10/2005	Fall 2012
• Construction Finish	1/2007	2/2014
• Project Completion (open to public)	3/2007	May 2014

### **Impact, Lessons Learned and Stewardship**

#### **Impact of BLIP:**

- Strong community engagement and ownership
- Significant support of small and local business as well as local hire through BLIP
- LEED silver or gold standards for 10 BLIP projects
- Additional 48,788 square feet of new library space in the 24 BLIP branches
- Ten new community meeting rooms – an increase of 111% in the 24 BLIP libraries

#### **Key Lessons Learned from completed projects:**

- Include community input early to minimize impacts on project scope, timelines and costs
- Invest more resources to front-end planning phase for more accurate scoping
- Conduct contractor outreach to maximize competition
- Identify pre-qualified contractors for construction services
- Engage construction experts early during the design phase for constructability review
- Ensure continuing education training for all on anticipated code changes including ADA, LEED, cost estimating and scheduling

#### **Resource Stewardship**

- Branch Post Occupancy Analysis and Investments
- Maintenance Excellence

- Identifying other Library improvement projects to meet evolving patron needs

At this time, there isn't a permanent CGOBOC liaison. Corey Marshall commented on the challenges and value of the lessons learned. He also recommended a presentation from the Department of Public Works (DPW) about implementing the lessons learned, community involvement and the certification costs in all capital projects.

In response to questions about why the project's finances changed over time, Ms. Singleton cited the changes in scope, the costs of LEED certification, ADA requirements and rising construction costs.

The Committee was also reminded, by Ms. Rhine, of the need to develop a formal close-out process per earlier discussions.

City Librarian Luis Herrera expressed his appreciation about completing the project. There was also discussion about sharing the lessons learned among his colleagues who are involved in large capital projects, with check-points along the way. The expected outcome would be better communication and awareness.

There was public comment from a person who did not identify himself. His comments were in regard to how long it took the project to be completed and the subsequent cost to the public. He also commented on the financial issues with the Friends of the Public Library.

**5) Presentation from the City Services Auditor regarding FY2014-2015 Work Plan**

Mark de la Rosa and Peg Stevenson presented the CSA FY2014-15 Work Plan to the Committee. CSA's Charter Mandates were reviewed as well as FY2014-15 Resources. This includes a staff of 55.

Mr. de la Rosa talked about the on-going CSA audits, which also include performance, capital and construction audits.

Ms. Stevenson discussed on-going CSA Performance projects and FY2014-15 major projects.

The liaisons from the Committee to CSA are Jerry Dratler and Corey Marshall. Their report is as follows: "There is a desire to understand CSA's responsibilities, in regard to CGOBOC, and to identify the gap between what the Committee is doing now and what the Committee is required to do under the City Charter. The way we have talked about bridging the gap is to identify ways to leverage the funds the Committee has available as well as ways to improve and enhance reporting. There have been a lot of reports from the various programs but there have also been questions about what the contents of the reports and what the Committee should do – for example – with Peg's reports to enhance the bond reporting. There have also been a number of other discussions about this topic in previous CGOBOC meetings. The true recommendation is to chart the path going forward. The intent is not necessarily to use the funds in any particular way at this time.

Rather, it is to have the Committee agree to make a concerted effort to identify the gap in a way that will get the Committee to the point that it is completely fulfilling all the requirements of the Committee as specified by the Charter”.

Mr. Dratler expressed his opinion that over the last three years, CSA has not audited all street, park and open space general obligation bond funded projects as required under Appendix F of the City Charter.

He also said he felt that CGOBOC failed to fulfil its primary obligation to ensure that bond revenues are expended only in accordance with the ballot measure and that no funds are used for administrative salaries.

The Controller provided some observations in regard to the long list of very specific requirements in the Charter and the Administrative Code. Some of the requirements are very specific. Some are mandated. Others are prohibited. CGOBOC has a similar set of requirements. It is an active part of the CSA Work planning process each year to consider all requirements. The Controller's Office looks at where it is fully meeting the mandates and where there is room to grow. Examples of work to expand the focus of the CSA work in recent years include the construction auditing activities.

During this period of time, (over a three year cycle) CSA has gone from no direct auditing programs occurring on the audit side of the shop related to construction auditing to multiple audits testing a number of different weaknesses and risks in construction bond programs that are going to be performed each year on each major bond programs or programs in the City. There has been a conscious effort to grow into this area. There has also been a number of different performance management, measurement reporting and obligations under the Charter and a number of different work products that work towards them over the years. This is not viewed as a static process. There is experimentation with a variety of tools, such as the Government Barometer, in an effort to turn information that may be incomprehensible into something the public can easily digest. This is an effort to speak to the public transparency goals in Appendix F.

After much discussion, the Committee agreed to an approach to revisit the actual reports that are provided by the various departments as a way to identify and approach gaps.

There was public comment from Derek Kerr, M.D, about the difference between “oversight” and “advisory” as it pertains to CGOBOC.

**6) Opportunity for Committee members to discuss/take action on any Committee matters.**

2014 CGOBOC Work Initiatives:

a. CGOBOC Draft Annual Report

The Committee reviewed each section of the draft report. There was discussion about how best to complete the report. Committee members are requested to provide the Chair with their comments for incorporation into the report.

There was public comment from Derek Kerr, M.D.

b. Benchmarking Reports

The Committee talked about the best way to use the reports now. Mr. Marshall and Ms. Ingersoll agreed to draft a memo to department heads as best practices comments.

There was no public comment.

c. Close-Out Protocols

There was discussion about what the Committee thinks should be reflected in the close-out reports. Mr. Marshall and Mr. Dratler will work with the Controller's Office on these protocols.

There was no public comment.

d. Tours of Projects

Ms. Rhine reminded the Committee that tours of the various projects are available and should be arranged through the respective departments.

There was no public comment.

**7) Opportunity for the public to comment on any matters within the Committee's jurisdiction.**

There was public comment from "Anonymous" about the Friends of the Library, their financial contributions and how the contributions were used over the years. He was especially critical of the City Librarian and expressed his opinion that the vanities of the Committee are reflected by comments made by Mr. Herrera earlier in the meeting and the Committee's response.

The public comment from Derek Kerr, M.D. is as follows: "The Civil Grand Jury Report; "Ethics in the City" addresses the Whistleblower Program (WBP); "San Francisco currently lacks...a strong program, including protection against retaliation and public disclosure of actions taken based on whistleblower information". These transparency concerns mirror those raised by the 2010-11 Grand Jury. Yet in May, CGOBOC's WBP Liaison Mr. Garcia affirmed; "Staff maintain an important balance between transparency and confidentiality". Why the discrepancy?

Three months after reporting the withholding of CGOBOC audiotapes from your website (violating Sunshine Ordinance S: 67.14), I learned that my complaint was... "Closed". How transparent is that? Later, the WBP quarterly report showed my complaint was sustained - but concealed that CGOBOC was the respondent. Still, 5 of 7 meeting tapes from 2013 are missing. Those from 2014 aren't posted within 72 hours.

Please improve transparency by disclosing investigation outcomes to complainants, and timely posting CGOBOC meeting audiotapes".

The meeting was adjourned at noon.