

MINUTES
Citizens' General Obligation Bond Oversight Committee
January 24, 2008
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. Ms. Shawn Leonard absent, all others present. Quorum present.

2) Election of Officers

Ms. Kristin Chu moved that Mr. Hunter Stern be appointed Chair of the Committee, and Mr. Dick Morten be appointed as Vice Chair of the Committee. Ms. Julia Hansen seconded the motion and it was unanimously approved.

3) Discussion and Possible Action to Approve Minutes of the regular meeting of December 6, 2007.

Mr. Stern moved to approve the minutes of December 6, 2007. Mr. Morten seconded the motion and it was unanimously approved.

4) Presentation from the Department of Public Works on Contract Reform and the Department's Project Management, and possible action by the Committee in response to such presentation.

Mr. Fred Abadi, Director of Engineering, Department of Public Works provided the Committee with a brief background on the City's contracting process. Mr. Abadi stated the City has studied the problems with this process. The study determined contractors complain that the City bidding and contract administration processes are cumbersome and difficult to understand; that engineers are difficult to work with; that conflict resolution often leads to litigation that there is a lengthy close-out process; and that there are poor change order and payment practices. He indicated that these problems ultimately result in a loss of contractors, fewer bids and increased costs to the City.

Mr. Abadi stated that as a result of these on-going problems, a Construction Contracting Task Force has been established to address the problems. He noted members of the Task Force include every contracting city department and representatives of small, medium and large contractors. The goal of the Task Force is to improve the contracting process for both the City and the contractors.

Mr. Joe Cheung, Deputy Chief of Public Facilities for the Department of Public Works provided additional information on the Task Force. As a result of the work of the Task Force, nine areas were targeted for improvement, and working groups were established to address the nine areas. Mr. Cheung briefly described the working groups: (1) Partnering and dispute resolution; (2) Payment and change orders; (3) Procedures; (4) Training; (5) Office of Labor Standards Enforcement; (6) First source hiring; (7) Specifications and contract requirements; (8) Human

Rights Commission; and (9) On-going communications with the contracting community. He stated that improvements in the City's contracting process have been made based on establishing trust and a cooperative bidding environment.

Mr. Stern asked for further explanation of the change order pilot, and Mr. Cheung noted that they are working to create an electronic change order. He stated that the current process tends to hold up the contractor's cash flow and indicated that they are also considering the addition of a "bid item allowance" to expedite change orders.

Mr. Morten asked what can be done with contractors who have not worked well, and asked if a contractor could be forbidden from bidding on a City contract. Mr. Harrington noted that a poor contractor can be de-barred and that a list of de-barred contractors is listed on the City's website.

After discussion regarding the nine targeted areas, the Committee requested that the Department of Public Works be regularly included on the Committee agenda to provide updates the progress of contract reform.

Public Comment

No public comment.

5) Presentation from the Department of Public Works on the Department's Memorandum of Understandings (MOUs), past and present, and possible action by the Committee in response to such presentation.

Mr. Edgar Lopez provided the Committee with a list of Memorandum of Understandings (MOUs) for General Obligation Bond funded projects. The list includes both active and proposed bond projects. He summarized select MOUs, including the California Academy of Sciences, Laguna Honda Rebuilt Project, Recreation and Park, and the 2000 Branch Library Improvement Program.

Brief discussion ensued, and Ms. Chu requested that Mr. Lopez provide the Committee with copies of the active MOUs and provide some detailed background as well. Mr. Lopez stated he would work with the Controller's office to get the MOUs distributed to the Committee.

Public Comment

No public comment.

6) Presentation from the Mayor's Office of Public Finance regarding the General Obligation Bonds Debt Calendar.

Mr. Anthony Ababon from the Mayor's Office of Public Finance gave a presentation on the General Obligation Bonds forward debt calendar for the calendar year 2008.

He gave a brief description of the Branch Library Improvement Bond Program, GO Bonds, Series 2008A, the General Obligation Refunding Bonds, Series 2008-R1, the Clean and Safe Neighborhood Parks, General Obligation Bonds, Series 2008B, and the Affordable Energy Improvement Loan Program, General Obligation Bonds, Series 2008C.

Mr. Stern asked what the current outstanding debt of General Obligation Bond funds. Mr. Ababon stated that the legal debt limit for total bonding of the Capital Program cannot exceed three percent of the assessed value of the City, and indicated that it is currently at 1.4 percent. He noted that the 1.4% amount is considered of "moderate debt" based on rating agencies evaluation criteria for prudent debt limit.

Public Comment

None.

7) Status Report from the City Services Audit Division, Whistleblower Program, and possible action by the Committee in response to such presentation.

Ms. Peg Stevenson, Director, City Services Audit Division noted that they have issued one major report on the Department of Public Health Benchmarks, and noted some upcoming audits.

She introduced Ms. Donna Crume, new Manager of the Whistleblower Program. Ms. Crume discussed the Whistleblower Program and distributed their FY 2007-08 annual newsletter. She noted that the 3-1-1 Call Center is now fielding whistleblower hotline calls, and call takers have been fully trained to screen the calls to determine which are true whistleblower calls.

Mr. Stern noted that one member of the Committee serves as a liaison to the Whistleblower program and asked for a volunteer to serve in that capacity. Ms. Chu volunteered and was assigned as the Whistleblower liaison.

Public Comment

None.

8) Opportunity for the public to comment on any matters within the Committee's jurisdiction

No Public Comment.

9) Adjournment.

Meeting adjourned at 12:10 pm.

Documents Provided:

- *December 6, 2007 Draft Minutes*
- *PowerPoint – Construction Contracting Environment in San Francisco*
- *Memorandum of Understanding (MOU) for GO Bond Funded Projects*
- *General Obligation Bonds Forward Debt Calendar for Calendar Year 2008*
- *Whistleblower Annual Newsletter – FY 2007-08*
- *General Obligation Bond Project Summary*
- *Laguna Honda Hospital Replacement Program Status Report – December 31, 2007*
- *California Academy of Sciences Quarterly Report – December 31, 2007*
- *Draft 2008 Work Plan*