

MINUTES
Citizens' General Obligation Bond Oversight Committee
October 26, 2006
Room 416, City Hall
San Francisco, CA 94102

1) Call to Order and Roll Call.

Chair Jue called the meeting to order at 9:36 a.m. Mr. Hentz excused. All other members present.

2) Discussion and Possible Action to Approve Minutes of the regular meeting of July 27, 2006.

The minutes of the April 27, 2006 meeting were unanimously approved with modification: deletion of the duplicate "and" between the names of Mr. Hunter and Mr. Stern.

3) Presentation from the Laguna Honda Hospital Replacement Program Regarding its General Obligation Bond Funded Projects Plan, and possible action by the Committee in response to such presentation.

Mr. John Thomas, Program Manager for the Laguna Honda Hospital Replacement Program provided the Committee with an update of the program status. It is expected that in September 2008 construction of the South Residence will be completed; the Link Building is expected to be completed in December 2008. It is anticipated that it will take an additional four months for fixtures and furniture installation. Mr. Thomas noted that although the South Residence will be available several months in advance, residents will not be relocated until the Link building is ready. He stated that the East Residence building will be completed by February 2009.

He noted that they are working on a remodel project of Wings A, B, C and H, which will begin February 2007. The remodel will take approximately 18 months and should coincide with the completion of the Link and South Residence buildings. He stated that the design of the West Residence building is completed, but the program does not have authorization to proceed with construction.

Mr. Thomas presented the Gantt chart and reviewed funding. He noted that the project has received approval to appropriate up to \$393,730,721. He indicated that encumbrance to-date is \$217,745,371, and spending is at \$146,416,980. The overall project budget, including the West Residence is \$610,969,058.

Mr. Morten questioned whether escalation problems have been addressed. Mr. Thomas noted that there is some risk remaining for the remodel of the existing hospital, and they will have a better idea on final construction costs once that has been bid in January. He also noted that there is a program-wide contingency of \$9 million, which has not been touched.

Ms. Singer asked for clarification on contingent aspects of the project that have not been bid, including the existing building remodel, West Wing, Worksite Package Three, Childcare and Consulting Services. Mr. Thomas noted that during the summer they went to the Board of Supervisors and had an ordinance passed which allows them to bring the hospital remodel to Turner subcontractors for first chance to bid. The ordinance indicates that if they are within 10 percent of construction estimates they can proceed; if not, they it will go to bid. He noted that contingencies have been built-in if they do need to go out to bid. There was also brief discussion of Tobacco Revenues and contingency plans if those revenues don't come through.

Mr. Yockey noted that there is \$11 Million in contingency funds that have been specifically identified, which results in a less than 10 percent. Mr. Thomas stated that they have built in the estimates for the remaining work at about 20 percent. Mr. Yockey asked that the department provide the Committee with a memo that articulates (1) what is risk on existing contracts (who is liable for any increased costs); (2) what is remaining work in total, and of that, what are the contingencies and how much is the contingency in each individual project.

Mr. Yockey also requested that the Gantt chart be broken down in detail by each individual building. Mr. Harrington noted that a challenge in this project is that the original budget was at a fairly high level of detail, and it is difficult to break down to a very low level. He indicated that they could provide a recent budget versus actual at detailed level, but could not do so for past years. Mr. Yockey agreed.

Public Comment

Mr. Patrick Monette-Shaw expressed his thoughts on this agenda item.

Mr. Emerick Kalman expressed his thoughts on this agenda item.

Mr. George Wooding expressed his view on issues related to this agenda item.

4) Status Report and presentation from the Controller's City Service Audits Division and possible action by the Committee in response to such presentation.

Ms. Peg Stevenson distributed a list of audits that have been issued since the beginning of the fiscal year along with the audits in progress. She noted that all audits reports are posted on their website. She indicated that performance audits for Department of Telecommunication and Information Services, Department of the Environment and Office of Citizens' Complaints are forthcoming. She stated that the payroll audit program is progressing well. She noted that they are also working on several financial audits.

Ms. Stevenson indicated they are working with the MTA Transit Effectiveness Project. This project is studying issues within the MTA, primarily passenger volume, route usage, and demographic changes since the last study, which occurred over 20 years ago. She stated there are several public outreach processes scheduled. In addition, MUNI is installing automatic passenger counters on busses to measure lines more accurately. They are also developing an operating cost model that shows what it costs to keep the fleet in service.

Other activities of CSA:

- They are procuring consultants for three significant contracts for the Department of Public Health;
- They are involved in joint monitoring process;
- They are working on acquiring departmental performance measures;
- They are working on improvements to streets, parks and sidewalk program; and
- They are working on their annual report.

Public Comment

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

5) This item allows for a presentation by the Controller's Office in response to the Committee's request and discussion and possible action regarding the Whistleblower Complaints Program.

Ms. Peg Stevenson provided a review of the Whistleblower Program. She distributed information showing complaint volume and an Examiner article on the Whistleblower Program. She provided the calendar year complaint volume for 2004, 2005, and 2006. They anticipate that the complaint volume will rise given the advertising of the program and with the implementation of the 311 Call Center. She noted that two-thirds of the complaints can be dealt with immediately through response or referral and one-third require investigation and can be classified as true Whistleblower complaints.

Public Comment

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

6) This item allows for discussion and possible action regarding the Annual Report to the Board of Supervisors as required by Administrative Code Section 5.32(b).

The Committee reviewed the draft Annual Report to the Mayor and Board of Supervisors and proposed modifications. One concern of the Committee is the expiring terms of many of the members. It was moved and accepted that Ms. Jue will revise the report with changes as discussed and send to the Mayor and Board of Supervisors on behalf of the Committee.

Public Comment

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

7) Discussion of Board of Supervisor's Resolution No. 502-06 and possible action regarding the Committee's response to such Resolution, including but not limited to the possible amendment of the Committee bylaws and/or Statement of Incompatible Activities as part of such response.

The Committee discussed the Board of Supervisors Resolution 502-06, which urges each City board, commission, or advisory body to adopt an internal policy regarding members' attendance at meetings of the body, and submit a copy of its policy to the Board of Supervisors by December 1, 2006. Ms. Jue noted that the Committee currently has a policy on attendance, which

is contained in the bylaws and Statement of Incompatible Activities. It was moved and approved that Ms. Jue will submit a letter from the Committee noting that the Committee has already adopted such policy.

8) Discussion of future agenda items and development of 2007 Work Plan.

The Committee briefly reviewed the draft 2007 Work Plan. After discussion, the Committee felt that the new members should determine the 2007 Work Plan, but did offer suggestions. There was also discussion regarding the 1987 Mental Health Facilities Improvement Bonds. The draft Work Plan will be revised to reflect their suggestions.

It was moved and approved that the Controller follow-up on the 1987 Mental Health Facilities Improvement Bond. If there is something in progress, the Committee will not send a letter to the department. However, if there is nothing in progress or action has ceased, the Chair is authorized to write a letter on behalf of the Committee relative to the closure of the bond issue.

Comment [PSJ1]: What is the status of this?

9) General Public Comment.

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

10) Adjournment.

Meeting adjourned at 12:15 pm

Documents Provided:

- *April 27, 2006 Draft Minutes*
- *Laguna Honda Hospital Status Report – October 26, 2006*
- *Audit Plan FY 2006-2007*
- *Examiner Article – July 31, 2006*
- *Complaint Volume Handout*
- *DRAFT Annual Report to Board of Supervisors*
- *Board of Supervisors Resolution 502-06*
- *DRAFT 2007 Work Plan*
- *Recreation and Park Department – Update on Status of Management Audit Response*
- *General Obligation Bonds Project Summary as of September 30, 2006*
- *Bond Accountability Report for the Seismic Safety Loan Program*
- *California Academy of Sciences Quarterly Report – September 2006*