

CITIZENS' GENERAL OBLIGATION BOND OVERSIGHT COMMITTEE:

Fiscal Year 2013-14 Annual Report

[Date]

September 25, 2014

Honorable Edwin M. Lee, Mayor
City and County of San Francisco
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Mayor Lee and Members of the Board of Supervisors:

On behalf of my fellow members, I am pleased to present you with the 2013-14 Annual Report of the Citizens' General Obligation Bond Oversight Committee (CGOBOC).

You will recall that CGOBOC was established in 2002 with Proposition F, passed by the voters of San Francisco to review and oversee the delivery of general obligation bond programs. A year later, Proposition C authorized and required CGOBOC to also review and provide input on the work of the City Services Auditor Division (CSA) of the Office of the Controller, including the Whistleblower Program.

This report utilizes a standardized template for reporting key attributes for each of the general obligation bond programs. The template includes the three following attributes:

- Relevant CSA audits and other monitoring where performed
- Total cost of contract change orders where available
- Plans for funding non-bond items such as furniture, fixtures and equipment, and ongoing maintenance costs

In the time since CGOBOC was established, the voters of San Francisco have more than doubled the number of bond projects in the City and County of San Francisco. The recently approved Earthquake Safety and Emergency Response Bond of 2014 and the upcoming Transportation Bond if passed in November promise to add to that expansion. Assuming this expansion of oversight continues, CGOBOC's capacity to effectively fulfill our mandate will be sorely tested.

In addition to general obligation bond oversight, CGOBOC also has oversight responsibilities for the City Services Auditor (CSA) and the City's Whistleblower Program. Accordingly, we have included those areas in our report.

In addition to our core work, we have identified two priority areas that require attention:

Future maintenance costs: Maintenance costs for new capital projects impact the City's operating budget for decades. CGOBOC believes that all future GO bond proposals should include an analysis of the increase or decrease in annual maintenance costs related to each project and the ongoing implications of these costs. The proposed analysis should be part of a long-term funding plan developed by the Mayor and the Board that maintains the great libraries, parks, hospitals and other amazing facilities and capital assets funded by taxpayer-approved general obligation bonds. The ramifications of investing taxpayer money in capital projects without simultaneously planning for their continued viability are sobering.

Transparency: The Committee continues to seek additional and more effective ways to fulfill its mandate of making information about bond programs more accessible to the City's residents. Among the newest initiatives

is a request that we centralize, digitally map and provide open access to data on all active bond projects so that any individual or entity can: a) locate where and when municipal construction is occurring in the City; b) understand how that particular project is funded and what the status of that funding is; c) contact the correct agency about a particular project in which they are interested, and d) access the data to create apps and other tools that increase transparency and ease of use in service to the general public. We will be discussing this initiative in the very near future.

In FY 14-15, subject to further refinement by the Committee, we intend to focus on the following:

1. Bond Projects

- Review current and alternative methods of fulfilling CGOBOC's responsibility to review and report on the expenditure of taxpayer approved bond funding
- Examine the efficacy of CGOBOC requirements and, where necessary, funding annual assessments or audits on each bond project
- Standardize CGOBOC bond and construction close-out process to examine what was promised versus what was delivered, lessons learned and best practices
- Advocate for more specific GO bond scope statements in future GO bond funded projects to enable SF residents to better understand the scope of work and ongoing budgetary impact of bond-funded projects

2. Benchmarking

- Identify potential areas for future benchmarking studies
- Incorporate CGOBOC benchmarking priorities into CSA work plan

3. CSA

- Evaluate overall compliance of CGOBOC with Charter defined responsibilities
- Expand the CGOBOC liaison role in annual work plan development
- Examine and operationalize the role of CGOBOC as Citizen's Audit Review Board
- Integrate applicable CSA audits into the bond oversight process

4. Whistleblower Program

- Implement the whistleblower satisfaction survey currently being finalized
- Develop recommendations on retaliation claims

5. CGOBOC Annual Report

- Standardize the report format
- Refine uniform performance metrics for all GO bond programs focusing on scope, time and budget and discussion of future maintenance costs

6. CGOBOC Annual Report

- Develop and implement consistent liaison guidelines for oversight role of GO bonds and Citizen's Audit Review Board
- Create an onboarding process to ensure continuity of active oversight responsibilities, including pairing new members with experienced CGOBOC members, committee orientation and framework for review of GO bonds and operating functions

We look forward to a productive and challenging year.

Thank you for your consideration.

Sincerely,

Rebecca Rhine

Chair, Citizens' General Obligation Bond Oversight Committee

Cc: Angela Calvillo, Clerk of the Board
Ben Rosenfield, Controller
Nadia Sesay, Director, Office of Public Finance
Civil Grand Jury

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I. Introduction

Background

In March 2002 San Francisco voters adopted Proposition F, the Citizen Oversight of Bond Expenditures Initiative, which established the Citizens' General Obligation Bond Oversight Committee (CGOBOC), a nine-member committee to inform the public about the expenditure of general obligation (GO) bond proceeds, through active review and the publishing of regular reports, to ensure that bond revenues are expended only in accordance with the ballot measure. The ordinance required that the members meet certain minimum qualifications and be appointed as follows: three members by the Mayor, three members by the Board of Supervisors, two members by the Controller, and one member by the Civil Grand Jury. Each member serves a term of two years and may be re-appointed for a second two-year term. The current roster of committee members includes: Jonathan Alloy, Jerry Dratler, Michael Seville, Minneola Ingersoll, Michael Garcia, Corey Marshall, and Rebecca Rhine. Two positions are currently vacant.

To fulfill its purpose, CGOBOC must review and report on the expenditure of taxpayer's money in accordance with the voter authorization. This may include any of the following:

1. Inquire into the disbursement and expenditure of the proceeds of bonds approved by voters by receiving any reports, financial statements, correspondence, or other documents and materials related to the expenditure of bond funds from agencies that receive proceeds from these bonds.
2. Hold public hearings to review the disbursement and expenditure of voter-approved bond proceeds.
3. Inspect facilities financed with the proceeds of bonds approved by voters.
4. Receive and review the City's capital improvement project proposals or plans.
5. Review efforts by the City to maximize bond proceeds by implementing cost-saving measures.
6. Commission independent review of the disbursement and expenditure of bond proceeds.

When CGOBOC was established, it was granted set-aside funding of one-tenth of one percent of gross proceeds from GO bonds to be deposited in a fund established by the Office of the Controller (Controller) and used to cover the costs of oversight activities. If these funds are not used by the end of the bond, they go back to the bond fund. This set-aside was not established when the Laguna Honda Hospital Replacement Program or the Branch Library Improvement Program bond measures were passed, but the oversight funding is available for the bond programs that were more recently approved, including the San Francisco General Hospital Rebuild Program (2008); Clean and Safe Neighborhood Parks (2008 and 2012); Earthquake Safety and Emergency Response (2010 and 2014); and Road Repaving and Street Safety (2011).

In November 2003 the voters added to the duties of CGOBOC by approving Proposition C, which altered the City Charter by amending Section 3.105 and adding Appendix F, requiring the Controller to serve as the City Services Auditor (CSA). The ordinance also added to the duties of CGOBOC by requiring that it serve as a Citizens Audit Review Board (CARB). In this role, CGOBOC provides advisory input to the Controller on requirements set forth in Appendix F, including requiring that CGOBOC: 1) review the Controller's service standards and benchmarks to ensure their accuracy and usefulness; 2) review all audits to assure they meet requirements set forth in Appendix F; 3) review complaints received through the Controller's Whistleblower Hotline and their disposition; and 4) when appropriate, hold public hearings regarding the results of benchmark studies and audits. Appendix F provides that at least two-tenths of one percent of bond proceeds be deposited in the Controller's Audit Fund and used exclusively to implement the requirements of Appendix F.

This report provides an overview of and key updates for GO bond programs, describes the oversight activities undertaken and funds allocated, and summarizes CARB's activities, including the work of CSA and its Whistleblower Program.

II. General Obligation (GO) Bond Program Updates

The primary purpose of CGOBOC is to inform the public about the expenditure of GO bond proceeds. Bond program managers regularly update CGOBOC on project progress and expenditure of bond proceeds. This section provides key updates on active GO bond programs, as follows:

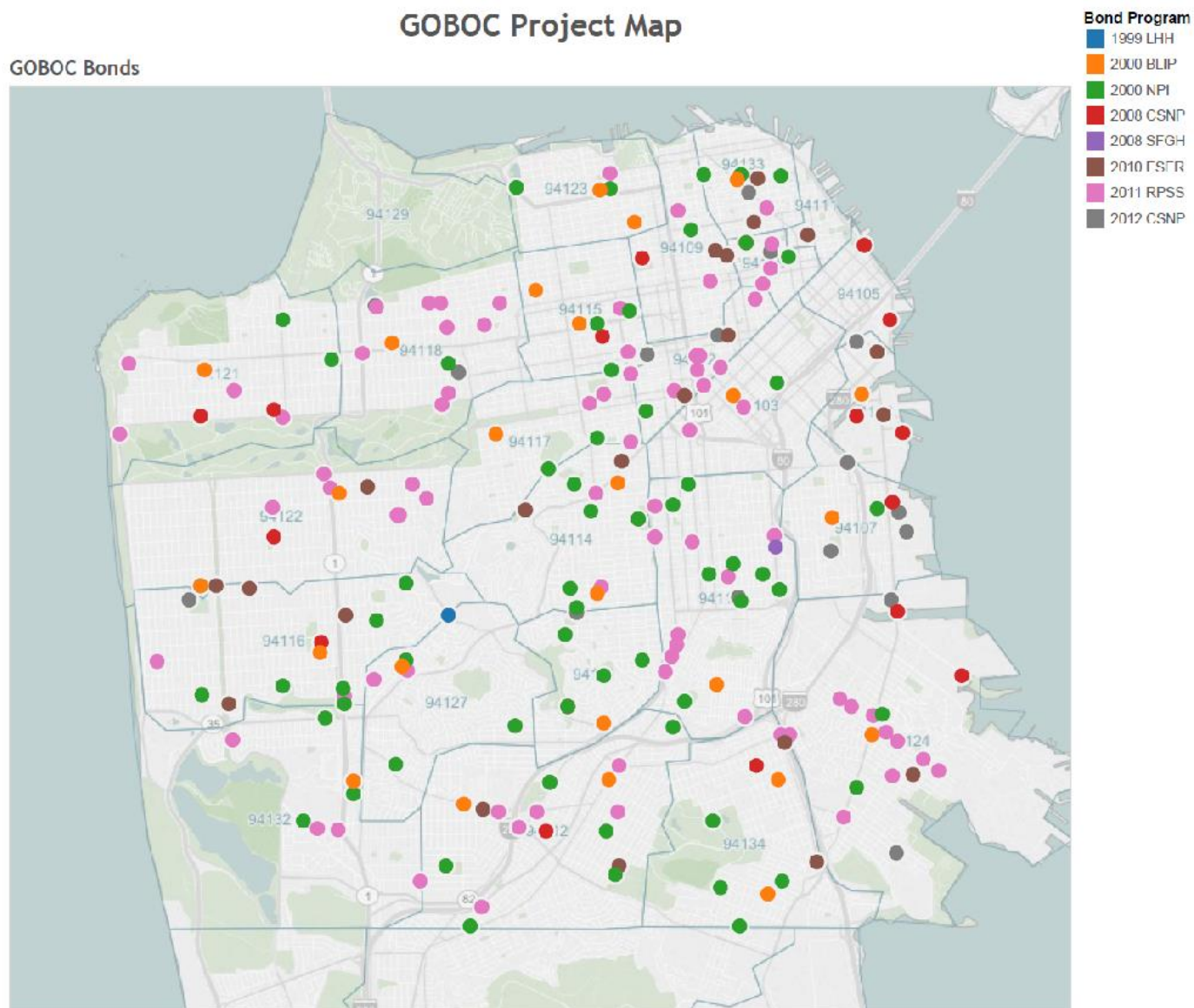
- A. 1999 Laguna Honda Hospital Replacement Program
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GO bond programs have funded over 200 projects across San Francisco since 1999. Figure 1 on the following page shows the location of the GO bond funded projects.

CGOBOC Comments

Generally, the more recent GO bond funded projects have been better managed resulting in projects that are on budget, don't stray from scope and are completed sooner. We attribute these positive changes to improvements in community engagement, project management and the development of more rigorous project scope statements. Looking forward, optimizing community engagement and project compliance and approval processes, carefully considering contractor bidding qualifications, and conducting contractor performance evaluations should all assist in ensuring that GO bond projects continue to be completed in a timely manner and within scope and budget. The more specific the pre-bond scoping the more effective the post-passage oversight process.

Figure 1 – Location of GO Bond Funded Projects



A. 1999 Laguna Honda Hospital Replacement Program

Program Description

Current Budget (all sources)	\$584,946,682
Original Bond Amount	\$296,083,671
Bond Interest	\$26,771,514
Tobacco Settlement Revenue	\$140,992,731
Certificates of Participation	\$120,000,000
Federal Grants	\$1,098,686
Original Completion	December 2009
Current Completion	December 2013
CGOBOC Liaisons	No liaisons currently assigned
Web site:	http://sfdpw.org/index.aspx?page=69

In November 1999 San Francisco voters approved \$299 million in GO bonds to finance the Laguna Honda Hospital (LHH) Replacement Program. Other funding sources as shown above include interest earned on the bonds, Tobacco Settlement Revenue funds under an agreement administered by the state, developer Certificates of Participation, and federal grants. The LHH Replacement Program comprises demolition, construction, and renovation of LHH, including: (a) the construction of three new buildings, South, Link, and East; and (b) renovations to existing facilities. The LHH Replacement Program will result in 780 skilled nursing facility beds and has an estimated cost of completion of \$584.9 million.

Program Status

The new building contracts were closed out and final payment was made in December 2012. The remodel of LHH's Wing H was completed in June 2013. The Office of Statewide Health Planning and Development (OSHDP) issued a certificate of occupancy on December 27, 2013. The certificate of occupancy is a major milestone which allows the space to be turned over to LHH for its use. LHH is in the process of moving furniture, equipment, and personnel into the newly renovated space. However, additional OSHDP comments need to be addressed before the project will be closed with OSHDP. Since the project received the certificate of occupancy, the City has proceeded with the process of closing out the contract with the project's construction manager-at-risk.

CSA Audit & Project Findings

In July 2013 CSA completed a close-out audit of the construction contract for the LHH Replacement Program. The audit found that Public Works generally complied with most of the close-out procedures in the contract, but was unable to provide documentation to verify compliance with 8 of 34 applicable close-out procedures. The report included a recommendation that the Public Works Department use a checklist to ensure completion of all procedures.

Change Orders

As of the April 2013 quarterly report, the project had approximately \$94.5 million in change orders.

Furniture, Fixtures & Equipment (FF&E) Costs

Not Available

Future Maintenance Costs

Not Available

CGOBOC Comments

While the LHH project predates the establishment of CGOBOC, the Committee has diligently tried to monitor the conclusion of the project. As noted in the cover letter, it is crucial that any close out assessment include a close out of the entire bond and not limited to the construction. This should include a detailed analysis of the \$94.5 million in change orders by category, including as a percentage of overall project costs they represent and whether this cost exceeded project contingencies.

B. 2000 Branch Library Improvement Program

Program Description

Current Budget (all sources)	\$196,259,350
Original Bond Amount	\$105,865,000
Bond Interest and Rents	\$7,857,752
Lease Revenue Bond	\$34,056,156
City ESP Bonds	\$2,400,000
State Prop. 14 Bonds	\$9,710,784
Library Preservation Fund	\$18,369,658
Developer Impact Fees	\$2,000,000
Friends of the Library	\$16,000,000
Original Completion	<i>Not available</i>
Current Completion	August 2014
CGOBOC Liaisons	No liaisons currently assigned
Web site:	http://sfpl.org/index.php?pg=2000002301

In November 2000 San Francisco voters approved a \$105.9 million bond for the 2000 Branch Library Improvement Program (BLIP) to fund modernization and improvement of 24 branch libraries. As shown in the table above, these funds were further leveraged with funding made available via the Library Preservation Fund, lease revenue bonds, City ESP bonds, state Proposition 14 bonds, developer impact fees, bond interest and rents, and private Friends of the Library funds, for a total program of \$196.3 million.

BLIP was approved before the formation of CGOBOC, and therefore oversight for the program does not technically reside with CGOBOC. However, CGOBOC has been actively engaged with the San Francisco Public Library and Public Works, meeting once per quarter for the past two years to discuss the status of the remaining bond-funded projects and close-out processes that can inform current and future bond planning efforts.

Program Status

The program has completed all of the original 24 projects—including 7 site acquisitions, construction of 8 new branch libraries, and renovation of 16 branches, as defined following passage of the bond in 2000—with the Bayview Library project completed in February 2013 and the North Beach Library project completed in May 2014. The project scopes for the final two projects were significantly changed from renovation to reconstruction. As a result, both projects encountered numerous delays and project cost increases.

Overall, the original budget for BLIP increased by more than \$60 million due to changes in project scope, including reconstructing instead of renovating facilities; changes in standards over the life of the bond program, such as ADA and LEED; and unforeseen site conditions. Due to the length and complexity of the BLIP, department staff also has been actively identifying opportunities for learning and pursuing improvements that will be implemented for planning and project delivery of future bonds. Some specific recommendations are as follows:

1. Document lessons learned to inform future bond issues.
2. Conclude projects as soon as possible.
3. Review bid processes to ensure that bond funds are optimized.

CSA Audit & Project Findings

CSA did not audit any BLIP projects in the last fiscal year.

In August 2009, CSA completed an audit that determined if Huey Construction Management Co., Inc., (Huey) complied with construction contract terms and conditions in its work on the West Portal Branch Library construction project and evaluated the extent to which the Department of Public Works (DPW) provided sufficient project management oversight in accordance with the contract. The audit found that library patrons, staff, and other stakeholders indicated that they are satisfied with the results of the renovation. However, certain DPW and Huey processes were not consistent with contract terms and conditions. The audit team identified the following:

- The final completion date approved by DPW was not granted in accordance with contract requirements and it is unclear why the contractor was not assessed \$405,000 in liquidated damages.
- DPW approved monthly applications for payment with no or incomplete supporting documentation.
- DPW approved incomplete certified payroll submissions.
- DPW approved change orders without detailed cost information required by the contract.
- DPW did not confirm the state registration of a Huey insurer and approval was given to a noncompliant bond surety company.
- Compensation paid to certain subcontractor employees was not in accordance with prevailing wage rates.

The audit report includes 27 recommendations for the DPW to improve administration of construction contracts for BLIP projects.

In September 2007 CSA completed an audit of BLIP to assess whether escalation factors used to estimate project costs were reasonable, whether best practices for obtaining construction bids were followed, and whether recent changes to staffing and management procedures are adequate to complete the program within the most recent schedule and budget. The audit found project delays averaging 20 months and budget increases of \$51.4 million, or nearly 39 percent. Project delays raised costs an estimated \$16.7 million out of the \$51.4 million total budget increase. Of the five projects completed as of March 31, 2007, but all were within budget, and the Library and DPW were working within the priorities established by the bond proposal. However, the Library and Public Works were already slightly behind their revised schedule for five projects scheduled to begin design in July 2007. Without increased efforts of the bond program management team, even the revised schedule may not be met.

The factors that contributed to delays and cost increases included:

- Applications for state bond funding for five projects took considerably longer than anticipated.
- Delays to five branches were due in part to the Library's decision to increase the size of those projects to meet increased service needs.
- Unclear responsibilities between the Library and DPW and senior management staff vacancies at the Library contributed to some delays.

Other audit findings were:

- Escalation factors used in cost estimates are consistent with industry standards but are inconsistently applied and calculated.
- The Library and DPW have improved bond program management, and further improvements in planning and reporting are recommended.
- The Library and DPW have adequately reached out to potential bidders, but many factors affect contractors' decision to bid or not.

The audit report includes six recommendations for the Library and Public Works to better manage the bond program to complete branch library improvements on schedule and within budget.

Change Orders

Not Available

Furniture, Fixtures & Equipment (FF&E) Costs

Not Available

Future Maintenance Costs

Not Available

CGOBOC Comments

The Branch Library Improvement Program (BLIP) stands as a notable accomplishment for its breadth and its complexity – requiring a lengthy and influential community and stakeholder engagement process. BLIP has successfully delivered 24 bond projects distributed across the city, modernizing a system that required significant repairs and seismic retrofitting to ensure the safety and viability of its facilities.

BLIP also illustrates the need for enhancements in the scoping and planning for GO bond programs to be approved by voters. Conducting extensive community outreach efforts and scoping in advance of voter adoption would have enabled bond projects to be completed more quickly and with less exposure to the city's volatile economic climate, with impacts in the cost of labor, materials, and services. Subsequent bond packages have increasingly conducted much more planning in advance of voter consideration, leading to improvements in cost containment and project delivery. These many dynamics underscore the need for this bond program to conduct a comprehensive close-out process of all bond projects and to actively share lessons learned with other programs – whether in process or in planning – to ensure these learnings can be incorporated.

Both departments (SFPL and DPW) have been very responsive to CGOBOC requests are designing a process for bond close out and sharing lessons learned.

C. 2000 Neighborhood Park Improvement

Program Description

Current Budget (all sources)	\$257,224,470
Original Bond Amount	\$110,000,000
Open Space Fund	\$22,947,262
Revenue Bonds	\$41,227,762
Gifts/Grants	\$21,067,118
Bond Interest	\$10,151,673
Other Sources	\$51,830,654
Original Completion	<i>Not available</i>
Current Completion	Fall 2014
CGOBOC Liaisons	Michael Seville and Minneola Ingersoll
Web site:	http://sfrecpark.org/park-improvements/capital-publications/

The 2000 Neighborhood Park Improvement (NPI) bond is a \$110 million general obligation bond enacted in March 2000 for the acquisition, construction, and reconstruction of Recreation and Park Department (Rec and Park) facilities. As shown in the table above, these funds were further leveraged with funding made available via the Open Space Fund, revenue bonds, private gifts/grants, bond interest, and other sources for a total program of \$257.2 million.

Program Status

The bond program comprises 78 capital projects and 3 acquisitions. The program has completed 76 capital projects. Like the BLIP bond, the NPI bond was approved before the formation of CGOBOC, so oversight of the bond does not technically reside with CGOBOC. However, CGOBOC has been actively identifying opportunities for learning and pursuing improvements for delivery of future bond projects.

With the conclusion of approved bond projects from the 2000 Bond program in 2014, staff completed a comprehensive reconciliation and review of all sources supplementing bond funds, including gifts, grants, lease revenue bonds, General Fund, and Open Space funds. Projects were closed out, and the reconciliation identified \$5,595,792 in project balances and interest earnings.

Staff re-appropriated the \$5.6 million into a Master Project for future allocation. Guided by one restriction in the 2000 Bond – that funds not be used on projects in Golden Gate Park – the RPD Commission approved reallocations to close funding gaps in eight active projects at Coit Tower, Boedekker Park, Randall Museum, Crocker Amazon, Carl Larsen Playground, Lake Merced Boathouse, Balboa Park, and the Great Highway Restrooms. As of June 30, 2014, \$1,942,429 in 2000 Bond funds were remaining for future allocations.

CSA Audit & Review Findings

CSA did not audit any NPI projects in the last fiscal year.

In April 2014 CSA completed an audit of the \$10.8 million Chinese Recreation Center and \$4.6 million Mission Clubhouse and Playground contracts funded by the 2008 CNSP bond and administered by Public Works. CSA engaged SF Delaney Consulting as a specialist to assist in performing the audit, which determined whether the construction contractors complied with cost and certain other provisions of the contracts, whether the construction management teams followed the appropriate change management process, and whether the process was consistent with industry best practices.

The audit found that, although the contractual provisions for each project appear to be sufficient, the change management procedures and processes, including those for evaluation of change orders and recording of supporting documentation, require some improvements. The report includes 12 recommendations for Recreation and Park and Public Works.

In December 2011 CSA conducted an audit that evaluated whether Bauman Landscape and Construction, Inc., (Bauman) complied with its construction contract for the renovation of McCoppin Square Park (McCoppin), whether Public Works and Rec and Park appropriately managed the contract and renovation of McCoppin, and whether Public Works properly used its IMPACT construction management system to manage the contract. The audit found that Bauman complied with most of the contract provisions, and Public Works Rec and Park properly managed the renovation of McCoppin except for change orders, and that Public Works did not effectively use its IMPACT system to manage the contract. The report included nine recommendations for Public Works to improve its project management.

Change Orders

Not Available

Furniture, Fixtures & Equipment (FF&E) Costs

Not Available

Future Maintenance Costs

CGOBOC Comments

This pre-CGOBOC project has provided CGOBOC and Rec and Park with important lessons about the need for specificity and detail which have positively influenced subsequent Rec and Park bonds in 2008 and 2012. Due to the prolonged outreach and project selection process under NPI, each subsequent bond program has invested greater time and energy in conducting proactive community outreach, and increased attention to project identification, scoping and planning in advance of voter consideration of bond proposals. Further, Rec and Park has spent significant time and effort improving coordination with other city departments to facilitate timely delivery of bond projects and to prevent cost overruns due to unforeseen project delays.

Because the majority of NPI projects have been completed, Rec and Park staff were able to reallocate remaining funds to other pressing capital needs that fit the definition supplied under the original voter-approved GO bond. With the possible exception of programs that experience significant cost savings, enhanced planning and project identification efforts underway across bond programs should preclude funding reallocations of this type in future bond programs.

D. 2008 Clean and Safe Neighborhood Parks

Program Description

Current Budget (all sources)	\$223,727,950
Original Bond Amount	\$179,577,229
Revenue Bonds	\$6,609,605
Gifts	\$2,141,945
Private Grants	\$11,593,275
BART Funds	\$1,399,256
Port Funds	\$22,048,608
Open Space Funds	\$46,591
General Fund	\$250,000
2000 NPI Funds	\$61,441
Original Completion	January 2018
Current Completion	January 2018
CGOBOC Liaisons	Michael Seville and Minneola Ingersoll
Web site:	http://sfrecpark.org/park-improvements/capital-publications/

The 2008 Clean and Safe Neighborhood Parks (CNSP) bond is a \$185 million GO bond enacted in February 2008 for specific, voter-approved parks and open space recreation projects, to be completed by both Rec and Park and the Port of San Francisco (Port). The GO bond proceeds are \$151.3 million to Rec and Park and \$33.5 million to the Port, and were further leveraged with funding made available via revenue bonds, gifts, private grants, funding from both the Bay Area Rapid Transit (BART) and the Port, General Fund, Open Space funds, and 2000 NPI bond funds, for a total program of \$223.7 million.

The objectives of the 2008 CNSP bond program are as follows: 1) fix and improve park restrooms citywide; 2) eliminate serious earthquake safety risks in neighborhood and waterfront park facilities; 3) renovate parks and playgrounds in poor physical condition; 4) replace dilapidated playfields; 5) repair nature trail systems in the city's parks; and 6) attract matching community and philanthropic support.

The 2008 CNSP bond is the first parks bond to come under the official authority of CGOBOC. The committee has been actively engaged with Rec and Park, meeting quarterly to discuss project status and how lessons learned from previous project delivery challenges can inform current activities. Rec and Park completed significant project planning and preliminary environmental review in advance of the passage of the 2008 CNSP bond, which has already proven beneficial.

Program Status

The third and final Rec and Park bond sale for this program was successfully completed in February 2012 and proceeds were appropriated. This sale will fund all remaining design and construction for Rec and Park projects under the program. To date, 95 percent of allocated funds have been spent or committed. The fourth and final bond sale for the Port's waterfront park projects is anticipated in late 2014.

As of June 30, 2014, eleven Neighborhood Park projects are complete and open to the public: McCoppin Square, Helen Diller Playground at Mission Dolores, Mission Playground, Chinese Recreation Center, Fulton Playground, Sunset Playground, Lafayette Park, Cabrillo Playground, Cayuga Playground, Palega Playground, and Glen Canyon Park. Two additional projects are in construction: Mission Dolores Park and Raymond Kimbell Playground. Citywide programs are preceding under their implementation plans.

Of 26 projects selected for funds from the Community Opportunity Fund under the 2008 bond, eleven are now complete and open to the public, including Waterfront Playground. Seven projects are in construction, and the

remaining eight projects are working to meet community funding requirements and/or are in design. Approximately 70 percent of the COF program funds are spent or encumbered.

In January 2014 the Port reported that five of ten Port Waterfront Park projects were substantially complete, including the Pier 43 Bay Trail Link; Bayfront Park, Heron's Head Park, and Brannan Street Wharf projects; and the Blue Greenway Planning & Design Guidelines.

CSA Audit & Review Findings

In April 2014 CSA completed an audit of the \$10.8 million Chinese Recreation Center and \$4.6 million Mission Clubhouse and Playground contracts funded by the 2008 CNSP bond and administered by Public Works. The focus of the audit was to determine whether construction contractors complied with cost and certain other provisions of the contracts, whether the construction management teams followed the appropriate change management process, and whether the process was consistent with industry best practices.

The audit found that, although the contractual provisions for each project appear to be sufficient, the change management procedures and processes, including those for evaluation of change orders and recording of supporting documentation, require some improvements. The report included twelve recommendations for Recreation and Park and Public Works.

In August 2013, CSA completed a management review of the 2008 CNSP Bond Program. The management review found that Rec and Park and SF Port lacked a robust project management system, Rec and Park projects were delayed due to staffing shortages, and that SF Port did not have a Memorandum of Understanding (MOU) in place with the Department of Public Works, which led to delays on the Tulare and Bayview projects due to a lack of coordination and role clarity.

The report recommended that Rec and Park hire additional Project Managers, fill vacant positions, develop standardized MOUs, and develop a robust project management system to improve project management and reporting. The report includes 7 recommendations for Rec and Park and SF Port.

In December 2011 CSA conducted an audit that evaluated whether Bauman Landscape and Construction, Inc., (Bauman) complied with its construction contract for the renovation of McCoppin Square Park (McCoppin), whether Public Works and Rec and Park appropriately managed the contract and renovation of McCoppin, and whether Public Works properly used its IMPACT construction management system to manage the contract. The audit found that Bauman complied with most of the contract provisions, and Public Works Rec and Park properly managed the renovation of McCoppin except for change orders, and that Public Works did not effectively use its IMPACT system to manage the contract. The report included nine recommendations for Public Works to improve its project management.

Change Orders

Not Available

Furniture, Fixtures & Equipment (FF&E) Costs

Not Available

Future Maintenance Costs

Not Available

CGOBOC Comments

When compared to the 2000 Neighborhood Parks Improvement (NPI) bond, the 2008 Clean and Safe Neighborhood Parks (CNSP) bond has shown how advance planning and project selection can positively impact the delivery of bond-funded projects. Project selection and budgets were largely established in advance of voter approval. However, CNSP is not without its challenges: issues affecting the delivery of projects at Mission Dolores Park and others – including both facilities renovations and redesign of Helen Diller Playground – instigated CGOBOC to conduct benchmarking studies on the impact of processes for community engagement and project compliance and approval.

While CNSP projects are either substantially completed or open to the public, ongoing project delays and cost increases – Helen Diller Playground was delayed four years; Mission Dolores renovations were delayed five years and increased costs by nearly 50 percent – underscore the need for greater attention to advance planning for bond-funded projects. The impacts of both the civic design review process and protracted community input have been found to create significant project impacts, and CGOBOC will recommend proposals for process improvements in the coming year.

E. 2008 San Francisco General Hospital Rebuild Program

Program Description

Current Budget (all sources)	\$887.4 million
Original Bond Amount	\$887.4 million
Original Completion	May 2015
Current Completion	May 2015
CGOBOC Liaisons	Rebecca Rhine
Web site:	http://sfdpw.org/index.aspx?page=126

The San Francisco General Hospital (SFGH) Rebuild Program consists of new facility construction on the existing SFGH campus, including a 284-bed acute care facility, service building modifications, site utilities relocation, and site improvements. The building will be constructed on base isolators to withstand a major seismic event. The new building will have nine levels, two of which will be below grade, and will contain approximately 453,000 square feet. The project will strive to meet silver LEED certification or better. The project is being funded solely by general obligation bonds approved in November 2008, totaling \$887.4 million.

The SFGH Rebuild Program has eight components: Site Utilities Relocation, Service Building Modification, Increment 1 – Shoring & Excavation, Increment 2 – Steel Framing, Increment 3 – Foundation, Increment 4 – Build-out (New Hospital), Increment 5 – Medical Equipment, and Increment 6 – Building Enclosure. All eight components were permitted by OSHPD in April 2013. Related to Increment 4, Public Works has established two additional OSHPD permitted projects: (1) Existing Hospital (Building 5) Remodels, where the second floor bridge and basement level tunnel tie into the new hospital (Building 25), and (2) the Service Building NPC4 Compliance Project.

The SFGH Rebuild Program is also managing the Emergency Generator Project, which is a lease-financed project to install an emergency generator while replacing the SFGH campus's obsolete steam turbine power generation plant and to do so concurrently with the SFGH Rebuild-required Service Building modifications and generator installations.

Program Status

The fourth bond sale was completed in January 2014. Proceeds from this sale are funding the following projects: (1) continued technical service consultant contracts; (2) continued construction of the Service Building Modifications and the new SFGH Hospital (Increments 4, 5 & 6); and, (3) project management and construction management costs.

Since the March 2014 report, the SFGH Rebuild Program's activities have presented the SFGH Rebuild team with more difficulties to be managed. With the contract's substantial completion date about a year away, it is expected that the increased volume of building trades needing to work concurrently or in tandem will lead to delays and complications in delivering the scope of work on time.

The overall SFGH Rebuild program budget remains constant with executed subcontracts, forecasted future procurements, and identified contingency risk and the project remains within budget. Currently, the project team has managed to the overall budget and schedule successfully, but future unforeseen issues or delays always remain a risk. Upcoming work in Building 5, which is required by the Medical Center as a result of SFGH Rebuild work introducing the bridge and tunnel connection, remains a large risk to the budget because of the high probability of unknown conditions being uncovered in this remodel work, such as an earlier discovery of exhaust fan deficiencies. The Medical Center's need to complete the NPC4 certification of the Service Building also represents a significant risk to the Rebuild budget. These two issues combined could drive more than \$12 million of additional cost to the Rebuild Program. The SFGH Rebuild team is carefully navigating decisions and timelines toward meeting SFGH's needs while maintaining budget, contract timelines, and fidelity to original scopes of work.

The project achieved the 75 percent completion milestone this quarter, which allowed the Rebuild team to capture more than \$10 million dollars from the construction manager/general contractor contingency funding to address the Rebuild Program's needs. This budget capture will offset anticipated elevated costs associated with the more extensive remodels, where the second floor bridge and basement level tunnel tie the existing hospital (Building 5) into the new hospital (Building 25). The contingency disbursement to the City will also buttress against the associated risk of unknown conditions with the more expansive work in Building 5 that is about to be undertaken.

Readiness for operations and licensing remains a major focus as the May 2015 milestone of substantial completion of construction nears. The financial and scheduling demands on SFGH operations, with the support of Public Works and Public Health, have been identified. These demands relate to timely delivery and installation of major furniture, fixtures, and equipment (FF&E) items integrated in the building before and after substantial completion. The SFGH Rebuild Team has progressed with the FF&E procurement and transitional planning necessary to meet the licensing requirements. However, much work lies ahead for operational readiness. SFGH and Public Health continue to be challenged with the information technology needs of the Medical Center and the procurement process associated with it. These operational challenges represent a significant risk of changes to or inadequacies of the building elements and systems. The SFGH Rebuild Team continues to support the Medical Center to manage these risks to budget and schedule.

CSA Audit & Review Findings

In May 2014 CSA completed a contracted audit that assessed the controls of Public Works and Jacobs Project Management Company (Jacobs) over progress billings submitted by Fong & Chan Architects, the Architectural/Engineering consultant on the project. The audit found that controls over Fong & Chan Architects' progress billings generally complied with best practices and the contract requirements, and Public Works' procedures for progress billings and payment applications were effective. However, some instances of noncompliance exist that demonstrate where contract requirements and department controls could be improved. The audit report includes seven recommendations for Public Works to clarify contract requirements, clarify billing process responsibilities and requirements, and improve its policies and procedures for contract and billing oversight.

In May 2013 CSA conducted an audit that evaluated whether Public Works and Webcor Builders (Webcor) have adequate operational controls to ensure that subcontractors comply with all relevant contractual insurance and license requirements, and whether Webcor's bills for certain types of insurance and bonding are based on actual costs that Webcor incurred. The audit found that Webcor correctly applied markups to contractor costs and permanent materials and billed its overhead costs in accordance with contract terms. However, Webcor does not actively monitor compliance with certain contract terms for all subcontractor tiers. The report includes 11 recommendations for Public Works to strengthen contract terms and improve its monitoring of subcontractors' compliance with license and insurance requirements.

In November 2011 CSA conducted an audit that evaluated whether Jacobs complied with its construction management contract for the SFGH Rebuild Program and whether Public Works is adequately managing the contract with Jacobs. The audit also determined whether Public Works and Jacobs implemented adequate controls over the SFGH Rebuild Program to ensure that it remains on budget and on time. The audit found that Jacobs is complying with its construction management contract and that Public Works is properly managing this contract to ensure that Jacobs' performance meets the contracted expectations. The audit also found that Public Works and Jacobs have implemented appropriate controls over the project to ensure that it remains on budget and on time. The audit did not have any recommendations.

Change Orders \$20,228,423 (3.01%)

Change Orders

Contract Sum to Date	Base Scope Buy- out	E&O	Client Requested Changes	Unforeseen Conditions	Code Issues	Total of Non-Base Scope Costs
\$672,943,499	\$652,715,076	\$8,421,204	\$3,098,748	\$4,281,563	\$4,426,907	\$20,228,423
	96.99%	1.25%	0.46%	0.64%	0.66%	3.01%

Furniture, Fixtures & Equipment (FF&E) Costs

Future Maintenance Costs

Operational Cost by SFGH are currently under development as part of the Transition Planning effort to obtain Licensing.

CGOBOC Comments

This bond project has been extremely effective in staying on time and on budget and managing change orders. Issues and concerns remain on IT infrastructure implementation and the extent of renovation required in the current hospital where the new building connects. There is also a concern about post construction funding for FF&E with respect to amount, timing and source currently being addressed.

F. 2010 Earthquake Safety and Emergency Response

Program Description

Current Budget (all sources)	\$426,134,604
Original Bond Amount	\$412,300,000
Fire Facility Bond Funds	\$8,310,696
General Fund	\$5,523,908
Original Completion	Winter 2018
Current Completion	Winter 2018
CGOBOC Liaisons	Jonathan Alloy and Michael Seville
Web site:	http://www.sfearthquakesafety.org/eser-2010.html

The \$420 million Earthquake Safety and Emergency Response (ESER) program was approved by San Francisco voters in 2010 and consists of three components: the Emergency Firefighting Water Supply System, Public Safety Building, and Neighborhood Fire Station program. As shown in the table above, additional funds from Fire Facility Bonds and the General Fund were leveraged, resulting in a total program of \$426.1 million. The ESER program's main objective is to retrofit and seismically rehabilitate San Francisco's aging public safety infrastructure to expedite San Francisco's recovery after a major earthquake or disaster and allow San Francisco's emergency first responders to act more quickly. San Francisco voters recently approved another public safety bond measure in June 2014, the \$400 million 2014 ESER bond. This new bond will fund Police and Fire facilities, Forensic Services and Medical Examiner facilities, and additional Emergency Firefighting Water System.

Program Status

The Public Safety Building project continues to stay on budget and on schedule, with projected completion and occupancy in November 2014. Of the five Water Supply System projects, two are complete, two will be completed in 2015, and one in 2016. For the Neighborhood Fire Station program, many projects are still in the design and planning phases, and the budget appropriation may change depending on the shifting priority and scope of the projects. The final scope for the projects is scheduled to be complete by December 2014.

CSA Audit & Review Findings

In April 2014 CSA completed an audit that assessed the adequacy of the construction management, oversight, and project controls of Public Works over its contract with Charles Pankow Builders, Ltd. (Pankow), the construction manager/general contractor for the Public Safety Building. The audit found that Public Works needs to improve its oversight and controls over the Public Safety Building project to ensure that independent cost estimates and documentation for change orders over \$20,000 are provided and b) Pankow adheres to contract requirements and that all applicable Public Works procedures and requirements are followed. The audit report includes 11 recommendations for Public Works to make necessary improvements.

In October 2013, City Performance completed a management review of the 2010 ESER Bond Program. The review found that the Public Safety Building was 66 days behind schedule due to a delayed permitting process, scheduling and coordination issues with utility companies, and an aggressive bid schedule. In general project staffing, coordination, and reporting was sufficient. However, the Auxiliary Water Supply System component lacked a Memorandum of Understanding (MOU) between the SF Public Utilities Commission (SFPUC) and Department of Public Works (DPW). The report recommended that DPW and SFPUC create an MOU to clearly delineate roles and responsibilities. The report also recommended that DPW consider developing new strategies for attracting and retaining high quality contractors. The report contained 4 recommendations for future improvements.

Change Orders

Not Available

Furniture, Fixtures & Equipment (FF&E) Costs

The project budget includes \$5,523,908 in General Fund revenues for FF&E costs.

Future Maintenance Costs

Not Available

CGOBOC Comments

The new Public Safety Building funded by the ESER bond of 2010 is largely progressing according to the budget and timeline approved by voters, but CSA audit findings about change orders and oversight of the construction manager/general contractor are quite concerning. While not unique to this program, these ongoing issues underscore the need for continued attention to the management of GO bond funded construction projects, and oversight of the city's relationship with contracted construction manager/general contractor for those projects.

More difficult to assess is the progress of fire station renovations, as the number and location of specific projects were not well defined in advance of voter approval. CGOBOC will work in the coming year to enhance project tracking and oversight, and ensure that DPW and affected public safety agencies clearly communicate planned facilities improvements under the bond.

G. 2011 Road Repaving and Street Safety

Program Description

Current Budget (all sources)	\$247,981,264
Original Bond Amount	\$248,000,000
Original Completion	Late 2016
Current Completion	Late 2016
CGOBOC Liaisons	Corey Marshall
Web site:	http://www.streetsbonds.org/

The \$248 million Road Repaving and Street Safety (RRSS) general obligation bond was approved by San Francisco voters in November 2011. With these funds, the City is repaving streets in neighborhoods throughout San Francisco; making vital streetscape improvements for pedestrian and bicycle safety; building curb ramps and fixing sidewalks; repairing deteriorating bridges, overpasses, and stairways; and installing and upgrading traffic signals.

Program Status

The Department of Public Works reported in March 2014 that the paving program projects were moving forward on schedule. At that time 14 contracts were either completed or substantially complete, paving 325 city blocks. Fifteen additional contracts were in the construction phase and will pave 412 blocks. Two additional contracts were in the bid and award phase and will pave 80 blocks in the coming months. The design team is currently working on another seven contracts, which will pave 225 blocks.

The streetscape program is comprised of larger scale, community projects located throughout the City and smaller projects that focus on pedestrian and bicycle safety improvements referred to as “Follow the Paving” or FTP projects. FTP projects are being added to paving projects throughout the City to provide bulb outs to shorten crosswalks, install median islands, and to establish bike lanes where called for. The first of these projects to be completed include the Great Highway Streetscape project and improvements along 24th Street. Construction of the Polk Bikeway (contraflow) is under construction with expected completion in May 2014. The Castro Streetscape Improvements project is now in construction and bids have been received for the Taraval Streetscape project. Both Irving and Potrero streetscape projects have reached finalization of the planning phase.

Challenges to the streetscape program include projects with Muni overhead lines. Projects of this type require the overhead lines to be de-energized and often require diesel bus substitution. This can add significant costs to the projects. The team is working closely with SFMTA to mitigate these costs. Both the Castro and Polk Contra Flow projects include significant costs associated with this requirement.

CSA Audit & Review Findings

In May 2014, CSA completed a management review of the 2011 RRSS Bond Program. The review found that most projects (88 of 118 reviewed) were within schedule, on budget, and had sufficient staffing. However, some programs, such as the streetscape improvements component, may have been understaffed. The review also found that contractor performance was a concern among City Project Managers. All scheduled quarterly CGOBOC reports that provide project details and status updates from the Department of Public Works were not posted on the public website.

The report contained six recommendations regarding project management, staffing, reporting, contracting, staffing, and project implementation.

Change Orders

Not Available

Furniture, Fixtures & Equipment (FF&E) Costs

Not Available

Future Maintenance Costs

Not Available

CGOBOC Comments

With projects underway in a number of programmatic categories, the Road Repaving and Street Safety (RRSS) endeavors to not only work through a significant deficit of street maintenance, but also to help accelerate efforts in other categories such as improvements to streetscapes for pedestrian and bicycle safety, as well as repairs to curb ramps and sidewalks.

The challenge of coordinating bond-funded projects with other existing efforts, however, is that delivery of RRSS bond projects can be delayed by external factors. Projects such as the Polk Street Bikeway have experienced significant project delays. Multiple projects involving relocation of Muni overhead lines have experienced both delays and unexpected cost escalation. These issues further underscore the need for bond projects to be well defined prior to submission for voter approval, and CGOBOC will work with DPW and coordinating agencies to ensure timely delivery of projects.

With such a diversity of locations and project types across the city, clear communication of the duration, location, and impacts of RRSS projects throughout the city is extremely important. In the coming year, CGOBOC will be working with DPW and the SFMTA to make data publicly available for use by citizens, developers, and businesses to help improve the transparency of project locations and impacts.

H. 2012 Clean and Safe Neighborhood Parks

Program Description

Current Budget (all sources)	\$208,324,148
Original Bond Amount	\$195,000,000
2008 CNSP Funds	\$1,813,250
Other Funds	\$1,200,000
Original Completion	November 2018
Current Completion	November 2018
CGOBOC Liaisons	Michael Seville and Minneola Ingersoll
Web site:	http://sfrecpark.org/park-improvements/capital-publications/

In November 2012 San Francisco voters approved a \$195 million GO bond, the 2012 San Francisco Clean and Safe Neighborhood Parks (2012 CNSP) bond. The bond allocates \$99 million for neighborhood parks, selected based on community feedback, their physical condition, the variety of amenities offered, seismic safety risk, and neighborhood density; \$21 million for Golden Gate Park, Lake Merced Park, and McLaren Park; \$12 million for the Community Opportunity Fund; \$15.5 million for failing playgrounds; \$13 million for forestry, trails, and water conservation, and; \$34.5 million for waterfront parks and open spaces. As shown in the table above, additional funds from the 2008 CNSP bond and other Port/Rec and Park funds were leveraged for this program. The current program budget is \$208.3 million, so additional funding sources must be identified.

The 2012 CSNP projects are structured to be completed over approximately six years, beginning in early 2013 and concluding with the last project closeouts in 2018. The sequence of projects was developed to allow for site efficiencies, balance across districts, parity across facility types, allocation of workload resources, to spread contracts over time to improve competitive bidding, and to provide adequate workload capacity of Rec and Park, Port, and Public Works staff.

Program Status

The first sale of bonds occurred in spring 2013 (\$71.8 million), with proceeds appropriated to projects in June 2013. The second sale is tentatively planned for early 2015, with the timing depending on several considerations related to management of the City's public finance program. Timing of the third and subsequent sale(s) is not yet known. Proceeds from the first bond sale funds the planning, design, and construction of five neighborhood parks, funds planning and design for another neighborhood park, and partially funds early planning of five additional neighborhood parks. Three waterfront project sites on Port property will have an allocation for planning and design, and one of those will also receive construction funding.

The first phase includes six projects: Balboa Park, Gilman Playground, Glen Canyon Park, Joe DiMaggio Playground, Mountain Lake Playground, South Park, and West Sunset Playground. All of these have approved concept plans, a milestone that concludes the planning phase. The schedule for Balboa Park has slipped by five months due to delays related to approvals to hire a third-party consultant to develop the Concept Plan. The department made this trade-off to secure expertise in specialized aquatic design experience. Three projects, Gilman Playground, Joe DiMaggio Playground, and South Park, are now slated for completion ahead of schedule. All active projects are currently on budget. However, the City's Capital Planning Committee recently published a report that warns that as demand for construction services continues to grow, the environment will become increasingly favorable for contractors and subcontractors.

CSA Audit & Review Findings

CSA did not audit any 2012 CSNP projects in fiscal years 2012-13 or 2013-14.

Change Orders

Not Available

Furniture, Fixtures & Equipment (FF&E) Costs

Not Available

Future Maintenance Costs

Not Available

CGOBOC Comments

The 2012 San Francisco Clean and Safe Neighborhood Parks (2012 CNSP) bond has already shown the benefits of how advance planning and project selection, continuous program management and improved staffing can improve bond project delivery. The first six projects of the program have already been initiated and – with the exception of project delays due to contracting for development of the Balboa Park concept plan – are proceeding on or ahead of schedule. CGOBOC will continue to monitor project status and budget to ensure there are not further unnecessary delays.

CGOBOC also notes that the booming economy and active construction environment can carry unforeseen impacts for bond programs. While program budgets frequently include contingencies for cost overruns, these conditions can likewise negatively affect both the cost and bidding climate for public projects. CGOBOC will continue to work with bond programs to monitor these dynamics and identify strategies to mitigate the impacts.

III. Citizens Audit Review Board Activities

Overview

Charter Appendix F established CGOBOC as the CARB. In this role, CGOBOC provides advisory input to the Controller on matters set forth in the appendix, including requiring that CGOBOC: 1) review the Controller's service standards and benchmarks to ensure their accuracy and usefulness; 2) review all audits to assure they meet requirements set forth in the ordinance; 3) review complaints received through the Controller's Whistleblower Hotline and their disposition; and 4) when appropriate, hold public hearings regarding the results of benchmark studies and audits.

A. City Services Auditor Activities

Liaisons: Corey Marshall and Jerry Dratler

Background

Charter Appendix F created the City Services Auditor Division (CSA) of the Office of the Controller and established CGOBOC as the CARB. CGOBOC duties as the CARB related to the Controller's Office and CSA include:

- Reviewing the Controller's service standards and benchmarks to ensure their accuracy and usefulness
- Reviewing all audits to assure they meet requirements set forth in the ordinance

The CSA was created through a 2003 Charter amendment that envisions a broad effort to measure, audit, and report on San Francisco's public services and government performance in recognition of the fact that it is often difficult for San Francisco's to judge the effectiveness and efficiency of local government. The mandate is to analyze the City's public service delivery, compare and benchmark San Francisco to best practices nationwide, provide information to citizens, and help drive improvements in city government. CSA has broad authority for reporting on the level and effectiveness of San Francisco's public services and benchmarking the City to other public agencies and jurisdictions; conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services; operating a whistleblower hotline and Web site and investigating reports of waste, fraud, and abuse of city resources; and ensuring the financial integrity and improving the overall performance and efficiency of city government.

Key CSA Accomplishments in Fiscal Year 2013-14

During fiscal year 2013-14 the CSA Audits Unit completed or made significant progress on many of its initiatives, including the following:

- Built audit focus on construction activities and strengthened its construction audit program. Audits and assessments this year focused on change order practices, project controls and oversight, progress payment processes, and the construction project close-out process. An especially significant project was the performance audit of the contractor performance evaluation process in six departments, where CSA determined the adequacy of each department's process regarding construction contractor performance evaluations. All six departments to which the report was directed concurred and applauded the audit findings and recommendations.
- Provided quality assurance through citywide continuous audit programs on the City's key business processes that cut across various city departments, including cash transactions assessments, contract compliance audits, and payroll audits. The Audits Unit developed and implemented two new audit programs in the areas of inventory and cash disbursements. The inventory audits determine whether city departments have adequate inventory processes and controls to ensure that materials, supplies, and tools are accurately accounted for and properly secured. The cash disbursement audits evaluate

whether cash disbursements are made in accordance with governing policies and procedures while adequately safeguarding the City's resources.

- Conducted performance audits of Public Health's billing controls, San Francisco Municipal Transportation Agency's (SFMTA) Taxis and Accessible Services Division, and the City's procurement process, which focuses on the timeliness of contracting for goods and services in the City, one of which has been released and two of which are scheduled for release the first quarter of 14-15.

During fiscal year 2013-14 the City Performance Unit's largest accomplishments included:

- Scaling up CSA's program of researching and publishing detailed benchmarking reports comparing San Francisco's public services to peer jurisdictions. Reports have been issued on street and tree maintenance, the jails, library services, recreation and park services, transit services, and the City's overall financial management and debt position.
- Working in partnership with the Department of Public Health in preparing for and implementing the Affordable Care Act.
- Running a citywide working group to complete the WalkFirst plan. WalkFirst—which consisted of a detailed analysis of accident data, geospatial information, traffic and infrastructure conditions, and demographics—was intended to show where pedestrian deaths and injuries occur and how the City should alter intersections, road designs, and signals.
- Issuing an analysis of the Department of Emergency Management's staffing and scheduling efficiency and effectiveness for the 911 call center.
- Continuing the development of SFOpenBook, an interactive Web tool and now the City's primary effort in making financial information available to the public.

CGOBOC Comments:

As CGOBOC marks 10 years since the formation of CGOBOC as currently constituted, the committee will evaluate oversight and coordination activities with CSA to ensure compliance with charter-mandated responsibilities including bond oversight and citizen's audit review board.

The quality of the audits and reports issued by the CSA is very good. The CSA liaison has requested clarification as to CSA's adherence to audits of the streets, parks and open space projects funded with bond funds. The annual bond report requirement CGOBOC is recommending should resolve any concerns about mandated audit frequency and scope.

B. Whistleblower Program Activities

Liaison: Michael Garcia

Background

The California Government Code, Section 53087.6, authorizes the creation of a process to deal with whistleblower complaints. Specific legislation provides for creation of a whistleblower process under the Controller of the City and County of San Francisco. The Whistleblower Program was initially created in 1988, and until 2003 was managed under various city departments. Charter Appendix F, which created CSA and established CGOBOC as the CARB, legislatively established the Whistleblower Program and placed it under the management of CSA as of July 2004.

City Charter Appendix F gives the Controller broad authority to administer and publicize a whistleblower hotline and website for citizens and employees to report wrongdoing, waste, inefficient practices and poor performance in city government and service delivery. The legislation provides that the Controller investigate and report complaints, and gives CGOBOC oversight responsibility, but ultimately places resolution and/or corrective action with the department head, board, or commission that has jurisdiction. (In some cases, the department may be the Ethics Commission, Department of Human Resources, or one of the City's civil or criminal law agencies.)

CSA continues to staff the Whistleblower Program to meet the requirements assigned to the Controller by Charter Appendix F. The controller and director of city audits will continue to provide adequate staff for the Whistleblower Program to meet program needs and insure that complaints are adequately investigated in a timely fashion.

The Whistleblower Program investigates or otherwise attempts to resolve complaints concerning the following:

- Misuse of city funds.
- Improper activities by city officers and employees.
- Deficiencies in the quality and delivery of government services.
- Wasteful and inefficient government practices.

Every complaint that falls under the jurisdiction of the Whistleblower Program is investigated or referred for investigation. When a complaint is referred to a department for investigation, departments are required to report back to the Whistleblower Program on their investigative findings, including the methodology of the investigation and any corrective or preventative action taken in response to the complaint. Investigators review department responses for adequacy and ask follow-up questions when appropriate.

The Whistleblower Program has a goal to close the majority of complaints within 90 days; however, investigation completion times can vary greatly depending on the complexity of the issues involved. Steps that influence the length of investigations include:

- Researching issues identified in the complaint.
- Accumulating documentation from multiple sources.
- Interviewing witnesses.
- Coordinating resources between departments.

The Whistleblower Program has received an average of 328 complaints per year since fiscal year 2004-05, with the number of complaints declining each of the past five years since a peak of 465 complaints in fiscal year 2008-09.

Whistleblower Complaints and Their Resolution in Fiscal Year 2013-14

As shown in the table below, the Whistleblower Program received 292 complaints during fiscal year 2013-14. Staff investigated 209 (72 percent) of these complaints.¹ The table shows the breakdown of the disposition of the complaints.

Action	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Investigated	55	31	57	66	209 (72%)
Merged With Prior Complaint	7	4	6	32	32 (11%)
Not Enough Info to Investigate	5	10	5	0	20 (7%)
Referred to Department With Jurisdiction	4	1	3	2	10 (3%)
Information Requested	1	1	1	0	3 (1%)
Outside of Whistleblower Jurisdiction	1	4	7	6	18 (6%)
Total	73	51	79	89	292

As shown in the table below, Whistleblower Program staff closed 287 complaints during the fiscal year. Of these complaints, 223 (77 percent) were closed within 90 days.

Age	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
30 Days or Less	39	21	30	29	119 (41%)
31-90 Days	27	26	17	34	104 (36%)
91-180 Days	12	11	10	10	43 (15%)
181-270 Days	3	4	5	2	14 (5%)
271-360 Days	0	0	3	0	3 (1%)
More Than 360 Days	0	1	0	3	4 (1%)
Total	81	63	65	78	287

At the end of fiscal year 2013-14, 64 complaints remained open, with 84 percent of them less than 90 days old.

Highlights of Accomplishments and Initiatives

In fiscal year 2013-14 the Whistleblower Program created a Fraud Hotline webinar series to encourage dialogue and collaboration on best practices with other jurisdictions' fraud hotlines. The webinar series has had participants from 65 jurisdictions.

¹ Investigation includes research and other preliminary information developed to determine whether a full investigation is warranted or possible.

In May 2014 Whistleblower Program staff participated in the ALGA 2014 Annual Conference panel on investigations. Other panelists were staff from the City of Dallas and City of Toronto. The conference was attended by auditors from throughout the United States and Canada. Also in May 2014 program staff presented on fraud and running a fraud hotline. This presentation, assisted by an employee of the San Francisco Public Utilities Commission, occurred at the Association of California Water Agencies' annual conference. Conference attendees included water agency officials from other California jurisdictions.

A new whistleblower complainant survey will be implemented early in fiscal year 2014-15.

CGOBOC Comments:

A concern raised by the public about the administration of retaliation claims under the program has generated much discussion. The reporting on these claims to CGOBOC has been unclear at times and some members find the fact that no claim has ever been sustained troubling. Ethics has recently provided a comprehensive response on the process undertaken in cases of claimed retaliation which is summarized below.

During the past fiscal year, the Ethics Commission received four complaints alleging retaliation from individuals who had also filed a complaint with the Whistleblower Program at the Controller's Office: one individual was not a current or former City officer or employee; one complainant had not been subjected to any employment action; and two complainants presented allegations outside the two-year time period required by SF C&GCC section 4.115(b).

The Ethics Commission has not recently provided any findings or recommendations on policies or practices resulting from the Ethics Commission's investigations of complaints filed under Chapter IV. Nevertheless, staff has long felt frustrated by the narrow scope of the retaliation law, as defined by section 4.115(a) of SF C&GCC. Indeed, the Ethics Commission is not frequently presented with a retaliation complaint that warrants a full investigation. However, it is unclear that it would be beneficial to expand the law to cover complainants who are not current or former City officers or employees, especially as no employment action would or could be taken against those individuals.

For the past several years, the Ethics Commission has not found a City officer or employee to have violated section 4.115(a) and therefore the Ethics Commission has not made any referrals to the Civil Service Commission or imposed any administrative penalties as a result of complaints made to the Ethics Commission.

IV. Use of Oversight Funds

A. Introduction

CGOBOC was established in part to provide oversight for ensuring that bond revenues are expended on authorized activities. Per the San Francisco Administrative Code, one-tenth of one percent of the gross proceeds from GO bonds are used to cover the costs of CGOBOC activities. In addition, per Appendix F, two-tenths of one percent of the gross proceeds are set aside for CSA activities, including the Whistleblower Program.

General Obligation Bonds Issued Since 2008

Description of Issue (Date of Authorization)	Amount Authorized	Amount Issued	CGOBOC (1/10 of 1%) ¹	CSA (2/10 of 1%) ²	Total
Clean and Safe Neighborhood Parks (February 2008); Series 2008B, 2010BD & 2012B	\$185,000,000	\$176,305,000	\$176,305	\$352,610	\$528,915
San Francisco General Hospital Rebuild Program (November 2008); Series 2009A, 2010AC & 2013D	\$887,400,000	\$887,400,000	\$887,400	\$1,774,800	\$2,662,200
Earthquake Safety and Emergency Response (June 2010); Series 2010E, 2012A, 2012E & 2013B	\$412,300,000	\$332,135,000	\$332,135	\$664,270	\$996,405
Road Repaving and Street Safety (November 2011); Series 2012C & 2013C	\$248,000,000	\$203,855,000	\$203,855	\$407,710	\$611,565
Clean and Safe Neighborhood Parks (November 2012); Series 2013A	\$195,000,000	\$71,970,000	\$71,970	\$143,940	\$215,910
Earthquake Safety and Emergency Response (June 2014)	\$400,000,000				
Total:	\$2,327,700,000	\$1,671,665,000	\$1,671,665	\$3,343,330	\$5,014,995

Notes:

¹ Pursuant to Administrative Code Section 5.31c, one-tenth of one percent of gross bond proceeds.

² Pursuant to City Charter Appendix F Section F1.113, two-tenths of one percent of project fund deposits.

B. Oversight Programs Funded and Results – Fiscal Year 2013-14

CGOBOC commissioned two benchmarking studies in fiscal year 2012-13:

- Community Engagement Benchmarking
- Project Compliance and Approval Process Benchmarking

These projects were funded in fiscal year 2012-13 but completed in October 2013. These projects are described in detail in the 2012 CGOBOC annual report.

Potential uses of CGOBOC funds in fiscal year 14-15 are to be determined but the Committee is examining the following options:

- Annual Bond Assessments or Audits
- Open Data Initiative
- CGOBOC Member Training