

MINUTES
Citizens' General Obligation Bond Oversight Committee
April 28th, 2011
Hearing Room 416 - City Hall
San Francisco, CA 94102

1) Call to Order, Roll Call

Ms. Maura Lane, Committee Assistant, called the meeting to order at 9:35 a.m. at which time there was a quorum. The following Committee members were present: Abraham Simmons (Chair), Sanford Garfinkel, John Madden Rebecca Rhine, Robert Muscat and Thea Selby. The following member was absent: Regina Callan. Jonathan Alloy and Corey Marshall were sworn in as members of the committee.

2) Approval of Minutes of the meeting held on January 20th, 2011

The minutes of the January 2011 meeting were approved with 2 abstentions by new committee members who were not members of the Committee at the time of the last meeting.

3) Overview and discussion of the City's Capital Plan.

Brian Strong, Director, provided an update of the FY 2012-2021 Capital Plan. The review included an overview of San Francisco's services and infrastructure, funding principles and the ten year capital plan. Maintenance of existing structures was also discussed.

Accomplishments for FY 2010-2011 were discussed. Some of the accomplishments include: 1) June 2010 approval of the Earthquake Safety and Emergency Response (ESER) GO Bond by 79% of the voters; 2) 400 City blocks paved, 1,900 curb ramps, 4 streetscape improvement projects, and final approval if the Better Streets Plan; 3) several re-openings of a number of City Projects; 4) groundbreaking of several branch libraries; 5) continued progress of San Francisco General Hospital, Public Utility Commission headquarters and Presidio Parkway; and 6) several sustainability projects including living roofs, LED streetlights and energy efficiency.

The budget for this year's capital plan is about \$25 billion dollars. This includes funding from external agencies that partner with us to do a lot of capital work within the City. These are public agencies (Hunter's Point, some of the work at Treasure Island, the Unified School District, City College and the Housing Authority). The Enterprise departments, with the exception of the Port, tend not to be involved in GO bonds. They do a lot of debt on their own, specifically the Airport and PUC. Most of the effort of the Capital Plan and CGOBOC is focused on the General Fund Departments.

Mr. Strong presented a slide that showed the funding sources by department type. The General Fund departments are those representing Public Safety, Health and Human Services, Infrastructure and Streets, Recreation, Culture and Education, Economic and Neighborhood Development and some general government. Enterprise departments that may use GO bonds include the Airport, Public Utilities Commission, Metropolitan Transportation Agency and the Port. There are also state and federal dollars that come into play. There is some debt associated with the Moscone Center and the Library (represented by BLIP). The FY 2012-2021 funding for the entire capital program is: General Fund – 4%, GO Bonds – 17%, State, federal and other – 39%, and other debt – 40%. The breakdown of the funding for the General Fund Program is: GO Bonds – 54%, State, federal and other – 19%, General Fund – 14%, and other debt – 13%.

Funded and deferred programs were discussed. The goal is to set aside enough money (approximately 10% annually) from the General Fund to ensure that everything is in a state of good repair and renewal. As an example, approximately \$2.7 billion dollars is funded for earthquake safety with \$567 million dollars is deferred to a future time. Other programs in this category include disability access, parks and open spaces, overall maintenance and repair as well as other improvements.

There was no public comment.

4) Presentation from various departments regarding the Earthquake Safety and Emergency Response (ESER) Bonds.

Charles Higuera, ESER Bond Program Manager for the Department of Public Works, provided a status report on the project to the Committee. There are three components to the program: Public Safety Building, Neighborhood Fire Stations and Support Facilities and the Auxiliary Water Supply System (AWSS). Each component is comprised of two parts: 1) Direct Project Costs, and 2) Bond Oversight, Accountability, and Cost of Issuance. The first two components are exclusively under the management of the Department of Public Works. AWSS is under the direct management of the Public Utilities Commission. Gabriella Judd Corelli and David Myerson, new project managers, were introduced to the Committee. Ms. Corelli will focus on Neighborhood Fire Stations and Support Facilities. Mr. Myerson will focus on the AWSS.

The \$412.3 million dollar General Obligation Bond was authorized in June 2010 with approval by 79.4% of the voters. This speaks to the public's awareness of the need to be proactive in order not to find ourselves at an enormous disadvantage in the event of an emergency or natural disaster. The degree to which we have a resilient city will result in a faster rebound.

The first sale of the ESER bond funds at the end of last year were used: 1) to complete the design of the Public Safety Building (PSB) and start the first phase of construction in Fall 2011; 2) to complete the design of eleven to fourteen Focus Scope fire stations; start the design of five to six comprehensive/seismic projects, fire boat station and the Equipment Logistic Center; 3) to complete the planning of the Auxiliary Water Supply System (AWSS) pipe network repair and replacement; and 4) to initiate the design of the five AWSS above-ground facilities and new fire cisterns.

Mr. Higuera reviewed the timeline and schedule. The Committee was told that the scope of work, baseline budget and schedule are currently being developed for projects within the Neighborhood Fire Stations and the AWSS bond components. The project teams are working very closely with the respective departments. Assistant Deputy Chief Thomas Doudiet is the primary liaison in regard to working with Fire administration. Chief Doudiet confirmed the effectiveness of the current work relationship for the fire station related projects. The AWSS element of the work is getting underway. The first major aspect of the work is to develop a planning document as to how to modernize the entirety of the system, which is almost 100 years old.

There was no public comment.

5) Presentation regarding the Whistleblower Program Process and Policies.

John Madden, CGOBOC's liaison to the Whistleblower Program, was asked by CGOBOC Chairman Abraham Simmons, to prepare a written report for the full Committee regarding the processes and policies of the Whistleblower Program. (A copy of this report is located on the Controller's website under the CGOBOC meeting materials for April 28th, 2011). Mr. Madden expressed his opinion that the procedures and protocols complied with City Charter requirements and that investigations are adequately documented. He also said that follow-up was performed in a reasonable and professional manner.

At the request of the Committee, Mr. Madden reviewed examples of high, medium and low risk cases. There was extensive discussion about other city investigative agencies such as the Ethics Commission, the City Attorney's Office, the District Attorney's Office and others as they relate to Whistleblower complaints and investigations. At the request of the Committee, the Whistleblower Program will be on the agenda again in the future.

There was public comment from Dr. Kerr, Dr. Rivera and Douglas Yep in regard to the perspective of the Whistleblower Program and the risks of retaliation.

6) Discussion of the 2010 CGOBOC Annual Report

The Committee reviewed and approved the 2010 CGOBOC Annual Report. It will be sent to the Board of Supervisors and placed on the Committee's web site.

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

There was no public comment.

The meeting was adjourned at 11:35 a.m.