

MINUTES
Citizens' General Obligation Bond Oversight Committee
January 26, 2012
Hearing Room 416 - City Hall
San Francisco, CA 94102

1) Call to Order, Roll Call

The meeting was called to order at 9:34 a.m. Maura Lane, Committee Assistant, called the roll. The following Committee members were present: Terrance Flanagan, Sanford Garfinkel, John Madden, Corey Marshall, Rebecca Rhine and Thea Selby, Chair. Jonathan Alloy and Robert Muscat were excused. Regina Callan was absent.

Ms. Selby noted that "opportunity for the public to comment on any matters within the Committee's jurisdiction" was omitted from the agenda in error. It will be added to the agenda as Item 7.

2) Approval of the minutes of the November 17, 2011 meeting

The minutes were approved as presented.

There was public comment from Patrick Monette-Shaw who had his usual criticisms that, although the minutes provided more information regarding specific comments made by members of the public than they have in the past, more information could still be provided but also suggested that meetings be televised. Ben Rosenfield, the Controller, responded that the option of televised proceedings would be explored with SFGTV. The Controller's Office is also working with SFGTV to post the audio recordings of CGOBOC meetings on the CGOBOC website. A direct link to the CGOBOC website, from the City's website under "agencies" was also requested.

3) Presentation from the San Francisco General Hospital Rebuild Program and possible action by the Committee in response to such presentation.

Ron Alameida, SFGH Project Manager, reviewed an update of activities for the project. The update included a budget overview, a Gantt chart that outlined costs expended to date, previous quarter accomplishments and current and upcoming activities. Mr. Alameida said that \$423 million dollars of the bond sold, to date. Of that amount, \$243 million dollars has been spent and \$76.3 million has been encumbered. This leaves a balance of \$104 million dollars as of the date of the most recent report and represents a change of \$20 million dollars from the previous report. In the past quarter, the remainders of the trade packages to be bid have been bid, with the exception of the low voltage trade bid. This particular bid is going to be restructured to get it into budget. The cabinetry (doors, frames, and roofing) site improvement packages have been rebid which resulted in earlier resolution of HRC and compliance issues. The low voltage bid documents will also realign bids to be within the forecasts.

The expended amount to date, for construction, is \$132.4 million dollars. In terms of securing subcontracts and final CMCG lump sum contracts, about 95% of total construction costs to be contract with the remaining 5% of construction scope to be finalized through the life of the project. The uncaptured scope includes projected Increment 4 and 6 plan review and revisions as the project advances to the final stages of permitting. Increment 5, which is the medical equipment phase, is planned to advance later this year. There was also some remodel work in the existing hospital building 5 related to connecting the bridge and the tunnel. These are the elements of the last 5% which will be bid out in the future.

Mr. Alameida reviewed the Gantt chart. The schedule showed that site utilities, shoring and excavation/foundation are complete, with the exception of close-out documents which are predicated on the advancement of the other increments. A major milestone for the project is that exposure to unforeseen and unknown conditions are now in the past. As of late December and early January 2012, activity streams specified under "increment" on the Gantt chart have begun. The steel framing – a good milestone - has started.

OSHPD staffing for Increment 4 Plan Review is a concern and needs to be finalized so that activity on the site is not interrupted. Other concerns have to do with the Low Voltage Systems Scope and Costs. This is a large package and can influence the budget. It will go out to bid late February, early March. The Generator Project has been delayed by OSHPD but remains a high priority for the project.

Mr. Alameida expressed his appreciation of the liaisons, saying that monthly meetings have been scheduled. He said it is an opportunity to share and to go into more depth than is afforded at the larger Committee meetings. There were questions from the Committee regarding the OSHPD process. Mr. Alameida said the first part is a review of project drawings in Sacramento. OSHPD is consistent in that the approved drawings will accurately represent what will be built. This can be a challenge when it comes to non-OSHPD jobs. Details may need to be tweaked in order to get approval in the field. The field team goes to the project weekly and is made up of 3 people. Changes involving mechanical or electrical activity are always referred to Sacramento which can take 3 months and result in sluggish activity in the field. This was originally identified as an issue.

Other questions had to do with complaints from the residents and neighborhood about noise levels. Terry Salsa, Noise Litigation Committee Representative, discussed the steps taken and plans to mitigate the noise over the next 10 – 12 months. Steps have been taken to switch conferences to the other side of the building. Electrical equipment will be used because of the lower noise levels.

The liaisons were asked for their perspective. Ms. Selby said that she and Mr. Garfinkel found the discussions helpful, especially in identifying topics that may not come up at the meeting of the larger group. The liaisons are trying to identify ways to work with the bond, identify some of the problem areas and find resources to help keep them on time, scope and budget. One idea has to do with OSHPD – to have an outside consultant review and facilitate approval of Increment 5 and to get Increment 5 approved. Another idea has to do with on-site people (the three people from OSPD) and having outside

consultants see how effective they are and to assist as needed in the area of cost estimating and constructability review to make sure that everything is complete, clear and correct before going to OSHPD. A third idea is to have a third party help with determining whether the information provided is accurate for the bond sales. It was noted that OSHPD seldom approves work in the beginning stages of the work. Ms. Rhine noted that hiring external consultants does not solve all ills and is not always the best use of funding. She also asked for clarification about contingencies in the budget for items that may be put into plan once everything is initiated. Mr. Alameida clarified that 95% is under hard contracts with the remaining 5% pending activities that may need to be initiated.

Mr. Marshall noted that the project status section needs to be clearer and included in the reporting. The program components for all bond projects needs to include dates. All information needs to be consistent and complete. "Current Issues and Concerns" need more clarification even though they are included in the "project status" section of the report. Mr. Roux confirmed that these specific reporting requirements have been requested in the past. The Executive Summary should include all "hot" issues in order to provide context.

There was public comment from Patrick Monette Shaw regarding change orders, in general, and the problems with change orders with the Laguna Honda Hospital Bond Project. He also commented on omissions and errors. Ms. Selby requested that change orders be added as one of the indicators that will be added to the Executive Summary of each project. The reason for each change order was requested. Mr. Rosenfield, Controller, pointed out the information regarding change orders on page 6 of the Laguna Honda Hospital Report. Definitions will also be included.

4) Presentation from the Laguna Honda Hospital Project regarding the 1999 General Obligation Bond.

John Thomas, Project Manager, provided a project update that included remodel major accomplishments and new building closeouts.

Repairs to damaged roof concrete and rebar have been accomplished. This aspect of the work constituted approximately 60% of the entire structural roof. The repair activity began at the end of May and was completed at the end of October 2011. The activity was completed in time for new roofing to be placed in advance of the rainy season.

As of January 31st, 2012, two major slab repair activities (the infill of the kitchen slab which had been severely torn apart by pre-1950 renovations, and the infill of the dishwasher slab, which had been severely degraded by years of water and chemical intrusions) are now complete.

A miscellaneous structural repair to the substandard concrete, an activity that has been ongoing since late 2008, is finally nearing completion. This includes infilling rock pockets, voids in concrete; rebar placement, and major crack repairs. Once completed, contract work, beginning with mechanical, electrical and plumbing trades, will mobilize.

Air handling units (AHUs) were placed on January 7, 2012 and exhaust fans will be placed by the end of January 2012.

The new roof was installed after Thanksgiving (2011). This assured the team that interior work could continue during the winter without concern for water damage.

Phase I of the main lobby for the remodel is nearly complete. Next steps include: 1) OSHPD approval of the interim life safety measures; 2) LHH administration relocation; and, and 3) lobby to be taken out of service with the remodel to commence.

Mr. Thomas said the date for the remodel completion is December 2012. In regard to the New Building Contract Closeout, Mr. Thomas reported that all change orders have been negotiated and the audit of Turner allowances and fees has been completed.

The Design Contract: On December 12, 2011, the City and County of San Francisco filed a lawsuit in San Francisco Superior Court against Stantec Architecture, Inc. and related entities. The lawsuit seeks recovery of damages for breach of contract, professional negligence and indemnity, and is seeking declaratory relief related to a dispute arising from the design and construction of the Laguna Honda Replacement Project.

There was an extensive discussion about change orders. The reasons for the change orders were provided on page 6 of the LHH quarterly report to the Committee dated December 31, 2011. Mr. Thomas reviewed the project's funding and budget status as of December 31, 2011.

There was public comment from Patrick Monette Shaw about the total funding of the project and a complaint about the change orders associated with the project.

5) Presentation from the City Services Auditor regarding the Whistleblower Program.

Ms. Tonia Lediju, City Services Audits Director, and Mr. Steven Flaherty, CSA Auditor, presented the Whistleblower Program's Annual Report for the time period of July 2010 – June 2011. A copy of the report can be found on the Controller's website under CSA Reports.

The Controller's Office Whistleblower Program was established by the passage of Proposition C in 2003. California government code states that any investigative audit conducted shall be kept confidential, except to issue any report of an investigation that has been substantiated, or to release any findings resulting from a completed investigation that are deemed necessary to serve the interests of the public.

The Whistleblower Program received 365 complaints from July 2010 – June 2011 of which 215 were either investigated or referred to the appropriate department. Examples of sustained complaints investigated by the Whistleblower Program were reviewed.

The Whistleblower Report for Fiscal Year 2011-12 Quarter was reviewed. A total of 68 complaints were received during July 2011 through September 2011. Of the 68 complaints, 47 complaints (69%) were investigated or referred to other departments for investigation. Sustained complaints include: 1) \$200,000 in unreported new construction; 2) time and attendance issues of shift managers; and, 3) misuse of City vehicles for personal purposes.

More than half (57%) of the complaints were investigated and closed in less than 30 days. For complaints older than 90 days, the reasons contributing to the length of the investigations included: 1) expanded scope – investigation expanded to review multiple years of documentation; 2) multiple allegations in one complaint; 3) staff individual(s) named in the complaint on leave; and, 4) difficulty obtaining information from the complainant.

The Ethics Commission reported that there were no investigations regarding retaliation open at this time.

In prior CGOBOC meetings, there have been recommendations about changes to the Whistleblower Program reporting. The following changes have been made: 1) beginning in FY 2011-12, the Whistleblower Program will issue quarterly reports, in addition to the annual report; 2) Quarterly and annual reports will feature all complaints sustained, in part or in whole; and 3) reports will also include corrective or preventative action taken.

A progress report of the Civil Grand Jury recommendations was provided. These recommendations include: 1) modifications to the Whistleblower Program complaint tracking system; 2) a more proactive system is under development for more communication with the whistleblower; 3) training to educate all city employees about the Whistleblower Program has started; and 4) best practices/benchmarking studies of other jurisdictions as to how confidentiality issues might be better managed is being developed.

There was public comment from Derek Kerr, M.D., Maria Rivera, M.D., Patrick Monette Shaw and Hal Smith. Their comments have been added as addendums to the minutes.

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

The Committee talked about ways to make use of Committee bond proceeds to contract with one or more contractors to audit G.O. bonds expenditures. This item will be agendized under the Committee category at the next meeting.

Mr. Flanagan revisited the idea of developing a web site that would allow citizens to provide comments/ideas/information to the Committee. Ken Roux, Deputy City Attorney, reviewed the guidelines about such communications as referenced by the Brown Act. This item will also be agendized under the Committee category at the next meeting.

There was public comment from Patrick Monette Shaw in response to Mr. Flanagan's recommendation and from Derek Kerr, M.D. about the Committee's dependence on the Controller's Office and the Committee's oversight responsibilities.

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

There was public comment from Patrick Monette Shaw and Derek Kerr, M.D. about most of the issues previously covered in their respective public comments.

The meeting was adjourned at 12:10 p.m.

DRAFT