

MINUTES
Citizens' General Obligation Bond Oversight Committee
May 24, 2012
Hearing Room 316 - City Hall
San Francisco, CA 94102

1) Call to Order, Roll Call

The meeting was called to order at 9:30 a.m. Maura Lane, Committee Assistant, called the roll. All committee members were present except for Thea Selby, who joined the meeting at 11 a.m.

2) Approval of the minutes of the March 22, 2012 meeting

The minutes were approved as presented.

There was no public comment.

3) Presentation from the 2011 Road Repaving and Street Safety Bond Program.

This is the first presentation of the 2011 Road Repaving and Street Safety Bond Program to the Committee. John Thomas, of the Department of Public Works, is the Project Manager.

Mr. Thomas reviewed the components of the program. It is a \$248 million dollar bond program that focuses on repaving and reconstructing streets, improving sidewalks and curb ramp accessibility, the improvement of streetscapes and the upgrade of transit street signals. The details of the components are as follows:

1. \$149M to repave and renew over 1300 street blocks and improve street conditions from 64 to 66;
2. \$22M to design and construct 1,900 curb ramps and repair 125,000 square feet of sidewalk maintained by the City;
3. \$7M to seismically strengthen structures;
4. \$50M to implement streetscape, pedestrian and bicycle safety features such as the installation of pedestrian countdown signals, accessible pedestrian paths, bike lanes and other improvements citywide;
5. \$20M to upgrade and rehabilitate transit signals along key corridors which will speed up average MUNI travel time along these routes by 8%.

The first bond sale was for \$76.5 million dollars.

Street Resurfacing - \$44.1 million dollars

Projects were prioritized based on pavement condition index (PCI) scores, street type and use (functional classification, transit or bicycle route), equitable geographic distribution and complaints. Proposed projects are subject to utility clearances. During one year, the goal is to pave over 400 blocks and design/construct over 600 curb ramps on those blocks.

Curb Ramps - \$8.8 million dollars

Project selection will be based on the City's ADA Transition Plan which prioritizes curb ramps identified by residents with disabilities that serve civic buildings, transit stops, and places of public accommodation such as employers and commercial areas. Mr. Thomas discussed the phases (planning, in design, in construction and constructed) for 1,288 ramps.

Sidewalks - \$5 million dollars (There are two programs: SIRP and ASAP)

The purpose of the Sidewalk Inspection and Repair Program (SIRP) is twofold:

1. To inspect 200 square blocks of the City's most heavily traveled corridors; and,
2. To repair 25,000 square feet of public sidewalks under contract.

The scope of work for FY2011-2012 included:

1. Inspected 172 blocks;
2. Issues 2,483 Notices to Repair to private property owners. Of this, 167 outstanding Notices to Repair will be referred to the Board of Supervisors for assessment to property owners.
3. Repaired 148,479 square feet of sidewalk fronting 179 square blocks of which 68,304 square feet are fronting public properties.

The Accelerated Sidewalk Abatement Program (ASAP) is a complaint-driven inspection of damaged sidewalks around the City-maintained street trees, schools, city, state and federal buildings, and other public lands.

The scope of work for FY2011-2012 included:

1. Inspected 196 public locations;
2. Repaired 26,547 square feet of damaged sidewalks around 47 public locations;
3. Inspected over 190 private properties; closed 254 outstanding "Notices to Repair, and;
4. Closed 254 outstanding "Notices to Repair", and;
5. Repaired sidewalks fronting 7 private property locations.

Street Structures - \$5.2 million dollars

The projects selected are based on legal mandates, safety risk, level of structural deterioration, usage frequency, and the locations on priority emergency access routes. The Islais Creek Bridge will be rehabilitated of the "short term" structural, mechanical and electrical deficiencies cited in the 2008 bridge study. The 4th Street Bridge will include work to correct issues which inhibit the bridge from opening and closing properly on hot days.

Streetscape - \$5.6 million dollars

The project works with Planning, SFMTA and other departments to select and prioritize the projects. Criteria selection includes (but is not limited to):

- In a community supported program or plan;
- A commercial corridor;
- A transit route;
- A bicycle route; a greenway connection; on a pedestrian high-injury corridor; coordinated with utility companies and City agencies, and;
- Coordinated with a paving project (project readiness).

The draft prioritized list has been shared with community groups, including: WalkSF, the San Francisco Bicycle Coalition and SF Beautiful. Their input has been incorporated.

Next steps include discussions with the Board of Supervisors and presentation to the Capital Planning Committee.

Transit and Traffic Signals - \$4.7 million dollars

There are three elements to this part of the project.

The "Transit Signal Priority (TSP) Phase 1 is in the construction phase. Construction by the Traffic Signal Shop has begun and is on schedule to complete the work by the end of 2012.

"New Traffic Signals" is in the design phase. The design work is scheduled to begin the fall of 2012 and be completed by the end of the year.

"Traffic Signal Infrastructures" is in the design and construction phases. The SFMTA has begun design coordination with the Department of Public Works (DPW). This work will be coordinated with the DPW repaving schedule.

The liaisons from CGOBOC for this project are Thea Selby and Terrance Flanagan. Mr. Thomas was reminded to include contact information in the presentation materials going forward. There will also be the customary Gantt charts, and budget and schedule information as the project gains more traction.

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

The Emergency Safety and Emergency Response Bond is made up of three components: 1) Public Safety Building (PSB); 2) Neighborhood Fire Stations (NFS); and, 3) Auxiliary Water Supply System. The overall project is managed by Charles Higueros, Project Manager, of the Department of Public Works (DPW).

Samuel Choi is the project manager for the Public Safety Building. Mr. Choi said that 60% of the construction documents (CD) were completed in February 2012. 50% of the construction documents for Fire Station #30 were completed in March 2012. The site and pile permits (addendum) were issued in March 2012. The balance of 5 addenda and 2 additional permits will be submitted by September 2012.

Of the 50 bid trade packages, 20 have been bid or are in the process of award with construction cost-to-date tracking at 2% below budget.

The Public Art conceptual designs were approved by the SFAC/Visual Arts Committee in January (for art at Fire Station #4) and February (for art at South Plaza).

Construction activities include: 1) mobilization, clear and grub; 2) the installation of temporary utilities and dewatering tanks; and 3) the installation of soils mix shoring wall.

Key milestones were reviewed. At this time, the project is on schedule. Mr. Choi expressed his opinion that the October 2014 completion date commitment made to the voters will be met.

Photos were shown of several construction sites. There was discussion about the seismic standards and that it is higher than for other buildings in the Mission Bay area. Mr. Choi confirmed that the standard is 1.5 or 50% more than required by the building code.

Neighborhood Fire Station

Gabriella Corelli, Project Manager, reviewed the Neighborhood Fire Stations. The purpose of the work in this area is to ensure the safety of the fire fighters. Focused scope projects include: 1) continued design on the focused scope portfolio; 2) finalizing the scope delivery method for the Fire Station portfolio; and 3) bid station#28 for the roof. The bid schedule for summer construction was established for the Focused Scope portfolio.

Progress to date on the Comprehensive and Seismic Projects include: 1) completion of Group 3 (large projects) surveys, reports, cost estimates SFFD review and comment. 2) Seismic station scope was identified. As a result, Station 43, then 9, was reprioritized from high to low (43) and medium (9). Station 16 was added to the ESER 1 implementation as the next high priority station. 3) Some stations were recommended for reconstruction rather than remodeling. 4) The resources needed for the Group 3 design effort were identified and planned. 5) CMSS Services was contracted and began multiple efforts including cost controls, schedules and document control. 6) Visits were made to Los Angeles and Long Beach Fire Boat Stations because both are comparable facilities. 6) Meetings with the Port and BCDC were held to discuss preliminary planning alternatives.

Ms. Corelli discussed the scopes of work, program budget and funding for the Neighborhood Fire Stations. There were questions from the Committee regarding the Boathouse in terms of historic committees and commissions. The locations of the Fire Station Projects (seismic improvement and comprehensive renovation, comprehensive renovation and focused scope renovation) were also identified on a color-coded slide.

In discussions about the project schedule, Ms. Corelli talked about some of the concerns regarding Station 43 which was built in the 1970's. The concerns are about the design of the building. Mr. Flanagan asked for clarification about some of the costs.

AWSS

David Myerson, PUC Project Manager, updated the Committee.

AWSS Modernization – Planning:

- The AECOM/AGS Joint Venture is proceeding with planned work. The draft project report is due by November 2012.
- AWSS pipe network improvements to follow the adoption of the plan.

AWSS Core Facilities – Planning:

- Ashbury Tank, Jones Tank, Pump Station 1, and Twin Peaks Reservoir – the Conceptual

- Engineering Report has been submitted and design started.
- Pump Station 2: CER completion scheduled by October 2012

AWSS Cisterns – Planning

- 19 repair cistern candidates and 38 new cistern location candidates identified and design started

The Committee asked for, and received, clarification as to how the cisterns were identified. Mr. Myerson said that 14 are immediate repair candidates, 4 don't have leakage problems and 10 have minor repair needs. A map that shows the locations of groups 1 and 2 cisterns, as well as existing functional cisterns, was also reviewed.

The Steering Committee members are: Ed Harrington and Steve Richie (SFPUC), Joanne Hayes-White (SFFD) and Mohammed Nuru (SFDPW). The purpose of this committee is to provide high-level policy direction guiding the AWSS bond implementation and long-range planning.

The Technical Oversight Committee members are: Harlan Kelly, Jr., Phil Stevens, Charles Higuera, Jeet Bajwa, David Briggs, Howard Fung, Kathy How, Gary Hoy and Irina Torrey. This committee reviews technical findings and makes recommendations for each implementation phase.

The schedule and budget were evaluated. The physical plants (Jones Street Tank, Ashbury Heights Tank, Twin Peaks Reservoir, Pump Stations 1 & 2) are currently in design.

Marisa Fernandez provided an overview of the budget. The overall budget for ESER 1 is \$420,429,000. The budget for Neighborhood Fire Stations increased by \$8,129 million dollars, from \$64 million dollars to \$72,129 million, to include previous Fire Facility Bond Funds to supplement ESER 1 NFS funds. As a result, the overall budget increased from \$412.3 million to \$420,429 million dollars. There were questions from the Committee regarding how leftover bond money is allocated and used. Responses from Nadia Sesay (Office of Public Finance), Peg Stevenson (CSA) and Ken Roux, City Attorney were that funds on deposit in the project fund shall be applied to finance the project as intended in the bond language pursuant to the bond measure. When such purposes have been accomplished, any monies remaining in such account shall be applied to the payment of the principle of and interest on any series of bonds; provided the City does not have qualified projects conforming to the intent of the bond measure for which the remaining funds could be applied.

In addition, there will need to be one or more bond sale (totaling about \$158 million) to complete all components of the project.

Ms. Fernandez also reviewed ESER 1 allocations and expenditures. The total budget is \$420,429,000.00. The first and second bond sales totaled \$262,850,000.00. The City job orders and encumbrances total \$64,411,455.00. Expenditures are \$25,696,988.00.

5) Presentation from the City Services Auditor regarding CSA Reports and Audits

Peg Stevenson (CSA Performance) and Tonia Ledijs (CSA Audits) updated the Committee about activities and accomplishments.

As a reminder, a charter amendment (Appendix F, November 2003) created the City Services Auditor Division (CSA). The allocated funding is 2/10 of one percent (0.2%) of the City budget. The budget for CSA in FY1022-12 is \$11.5 million dollars. At this time, CSA has 49 staff members. CSA's work is driven by: charter and administrative code requirements, limited risk analysis, the Mayor, Board, leadership and department requests, and bond and capital programs.

A breakdown, by City organization, of the FY 2011-12 allocations was discussed by Ms. Stevenson.

CSA's organization has 2 units: Audits and City Performance/Operations. The Audits division focuses on performance audits in the areas of compliance, management and construction, concessions and financial audits and Whistleblower investigations.

The focus areas for City Performance and Operations are financial and operational analysis, standards, performance measures, benchmarking; and, technical assistance and professional contracting.

The FY11-12 CSA overall work plan achievements were reviewed, along with highlights from both divisions.

The Committee liaisons to CSA are Rebecca Rhine and Terrance Flanagan. The role of the liaison is to provide feedback and recommendations that support the CSA mandate to produce reports that include an assessment of worker productivity, an assessment of the continuing need for specific services or functions, comparisons with other jurisdictions and, where appropriate, an analysis of the benefits of adopting best practices of those other jurisdictions.

Ms. Rhine updated the Committee on progress to date since the initial meeting in November 2011. The liaisons have quarterly meetings with CSA and have met three times. They are on target to meet the quarterly goal for the year.

A number of reports have been reviewed. The most recent report reviewed was the Street Maintenance Benchmarking Report. This is the first in a series of planned benchmarking reports. The liaisons look forward to the continued evolution of the benchmarking reports.

The overall focus continues to be for the Committee to exercise its responsibility to focus on reports and materials that may be useful to the citizens of San Francisco. The current focus on benchmarking, both by major area and geography, is a big step in that direction. Ms. Rhine said that she and Mr. Flanagan look forward to upcoming reports on the Department of Public Health and other major city services areas.

The integration of benchmarking data into bond analysis that will provide voters with the facts needed to determine whether the money being raised by a particular bond can, in fact, cover the cost of the promised results.

A number of suggestions have been made to CSA. These suggestions focus on the areas of improved readability and clarity, the inclusion of organization charts and staffing levels, and a deeper focus on efficiency in the form of a cost per unit analysis.

In addition, Ms. Rhine said the Controller's Office continues to develop and refine new reports that have resulted in such reports as the Street Maintenance Benchmarking Report and the Citywide Nonprofit Monitoring Program: Findings Memorandum.

Recommendations for Audits have not yet been fully discussed. At this time, the liaisons are meeting the goal of periodic reports to the full Committee.

Next steps were reviewed. Ms. Rhine and Mr. Flanagan expressed their opinions that as the Controller's Office releases the results of benchmarking studies, it is critical that when the results indicate significant deviations, that the Committee dig deeper and understand the specific factors resulting in higher costs or lower productivity. This should include a focus on highlighting best practices and recommending implantation of same, where appropriate. In meeting the challenge of providing useful information to the public, questions about why San Francisco is more expensive and how other cities are able to achieve better results.

Finally, the opinion was expressed that CGOBOC should support the following CSA recommendations in its report to the Board of Supervisors:

- Expansion of benchmarking efforts to include both efficiency/cost per unit information and best practices;
- Inclusion of efficiency/cost per unit information in the Budget and Performance Management System database; and,
- Reconciliation of benchmarking data and proposed bond measures to quantify the accuracy of anticipated expenditures and results.

There was no public comment.

6) Presentation from the City Services Auditor regarding the Whistleblower Program

The Whistleblower Presentation was provided by Tonia Lediju (CSA Audits Director) and Steve Flaherty (Analyst for the Whistleblower Program).

The Controller's Office Whistleblower Program was established by the passage of Prop C in 2003. California Government Code states that any investigative audit conducted should 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.

Ms. Lediju reviewed FY 2011-2012 Quarter 2 and 3 reports. In quarter 2 (October – December 2011) there were 68 complaints. Of the 68, 49 were investigated, 16 sustained and 16 recommended corrective actions.

Mr. Flaherty said that in quarter 3 (January – March 2012) 116 complaints were received. Of this number, 87 were investigated, 23 of the complaints were sustained and 23 recommended corrective actions.

Retaliation statistics (from the Ethics Commission) for the same period of time were reviewed. In quarter 2 (October – December 2011) 1 complaint was filed, one was closed and one remains open. (In this situation, two employee allegations were consolidated into one complaint).

In quarter 3 (January – March 2012) 5 complaints were filed (two retaliation complaints were related to a whistleblower complaint. Of these two, one was closed and one remains open). At this time, 7 remain open and 3 have been closed. Of those closed for both time periods, none were sustained.

Sustained complaints during quarter 2 included:

- Property owners not complying with the terms of their lead hazard grant agreements
- An Unpermitted auto repair shop opened in a residential neighborhood
- A board secretary signed correspondence and a leave request on behalf of the board chairman
- A property owner received a homeowner's exemption for a rental property.

Sustained complaints during quarter 3 included:

- Employees did not fulfill the cost saving requirement of taking unpaid furlough days during FY 2010-11, resulting in unrealized savings of \$183,000.00.
- \$21,500 of unreported new construction was not reported to the Assessor-Recorder's Office,

There were questions from the Committee regarding investigation closure times for both quarters. Most investigations are closed within 30 – 60 days. Investigations requiring more time may be more complex and involve multiple departments.

In a report issued by the Civil Grand Jury last year, several recommendations were made in regard to improvements to the Whistleblower Program. The following recommendations were made:

- Modifications to the Whistleblower Program complaint tracking system;
- A more proactive system must be developed for communicating with the whistleblower;
- Training to educate all City employees about the Whistleblower Program; and,
- Best practices/benchmark studies of other jurisdictions as to how confidentiality issues might be better managed.

The recommendations have either been implemented (Items 2 & 3) or are in various stages of progress.

The Committee passed a motion for the liaisons to work with Controller's Office staff to develop a list of recommendations to be given to the Ethics Commission in regard to retaliation complaints.

There was public comment regarding the Whistleblower Program from Derek Kerr, M.D. and Maria Rivero, M.D. DR. Kerr's comments are as follows:

“Two weeks ago, I submitted a Sunshine request for the Annual Budgets of the Whistleblower Program. The budget determines how much a Whistleblower Program can do. I was informed that there were no budgets specific to the Whistleblower Program. But the information would be pulled together as a customized report. Then I thought – what kind of Whistleblower Program has no distinct budget? Is it because it’s tiny? Is it an “as needed” operation with rotating staff rather than dedicated specialists? Maybe it’s just a clearing-house for tips? If so, the public should know how it works. The Los Angeles Fraud Hotline has a best-practice solution. They disclose:

1. How many complaints are out-sourced to the implicated parties;
2. The names of those departments;
3. Whether the complaints are Substantiated, Unsubstantiated or Not Investigated- by each department.

We should follow LA’s lead in transparency.

Public comment from Maria Rivero, M.D.:

“Please consider doing a satisfaction and retaliation survey of the Whistleblowers who use this program – especially those who file medium and high risk complaints. Whistleblower retaliation is known to occur often. From benchmark studies in the literature, we know that anywhere from 20-90% of whistleblowers suffer retaliation. This quarter’s report from the Whistleblower Program reveals that no whistleblower retaliation complaints were substantiated. The Ethics Commission has not substantiated a single whistleblower retaliation in the past 10 years. This is so far off from benchmarks figures that it raises a red flag. There should not be a firewall between the whistleblower program and Ethics Commission investigations of retaliation because retaliation is a side-effect of the Whistleblower Program. Therefore; it is not ethical to run a Whistleblower Program without follow-up about retaliation. Please conduct a survey of Whistleblower retaliation. Thank you.”

5) Opportunity for the Committee to comment on any matters within the Committee’s jurisdiction.

- a) Draft CGOBOC Annual Report: Ms. Selby reviewed progress to date on the draft and the revision of some of the original formats. The motion was made that the liaisons will provide paragraphs that describe their activities with their respective bond projects over the past year. This information is due to Chairman Selby by June 15th. The Chair will finalize the report and bring it back to the Committee in July. The Clerk assigned to the Committee will make the arrangements to schedule the item before GAO. GAO will forward to the Board of Supervisors. The motion was passed.
- b) Status Report- CGOBOC Consulting Contracts: After extensive discussion, the Committee agreed to a special meeting in July to work through the details regarding this item.
- c) Follow-Up Response(s) to the 2007/2008 and 2010/2011 Civil Grand Jury Recommendations: The motion was made to approve the responses to the Civil Grand Jury and passed by the Committee.

6) Opportunity for the public to comment on any matters within the Committee’s jurisdiction

Dr. Kerr thanked the Committee.

The meeting was adjourned at 12:15.