

MINUTES
Citizens' General Obligation Bond Oversight Committee
September 29th, 2011
Hearing Room 416 - City Hall
San Francisco, CA 94102

1) Call to Order, Roll Call

There was not a quorum at 9:30 a.m. Kenneth Roux, the Deputy City Attorney assigned to CGOBOC, noted that in these circumstances, and at the discretion of the Chair, the Committee can put off taking actions on items until such time as there is a quorum. Another option, in the interests of the members of the public who have shown up to the meeting that was set at 9:30 a.m., is to have an informational meeting. Items on the agenda for which action is not expected to happen, may be presented. The meeting will officially begin when there is a quorum. Committee agreed to hold an informal meeting until such time as there was a quorum.

Maura Lane, Committee Assistant, called the roll. The following Committee members were present: Jonathan Alloy, Thea Selby (Chair), Terrance Flanagan and Regina Callan. Sanford Garfinkel, John Madden and Corey Marshall were excused due to prior commitments.

2) Presentation from the Recreation and Park Department regarding the 2000 Neighborhood Recreation and Parks Bond and the 2008 Clean and Safe Park Bond.

Ms. Selby called for the presentation of both bonds (items 4 and 5 on the agenda) together and asked that the Rec & Park Department present ideas, especially about the 2008 Clean and Safe Park Bond, on how to take the delays in the projects and shrink them.

Dawn Kamalanathan, Rec. and Park Capital and Planning Director, was joined by her colleagues from the Port. The Port Project represents \$33 million dollars of the \$85 million dollar Park GO bond program. The Port's projects are progressing.

Ms. Kamalanathan provided an update on the 2000 Neighborhood Recreation and Parks Bond which is substantially completed. The last two major projects, now open to the public, are Hamilton Rec. Center and the Palace of Fine Arts. There is a small amount of funding from the 2000 bond which has been allocated to the Mission Dolores Playground Project, currently in construction. There also remain about half a dozen projects that remain in "close-out" while open to the public. The remaining administrative work of figuring out the remaining fund balances is currently underway. Remaining funds will be moved to some of the other projects currently in progress. There were questions from the Committee regarding the allocation and usage of any remaining money for other capital projects. The Recreation and Parks Commission will make decisions regarding where remaining money will be allocated as this is a policy discussion. The only restriction to the 2000 Bond funds is that the money cannot be spent on Golden Gate Park work.

There was no public comment for this item.

There are mutual concerns regarding the schedules for the 2008 Clean and Safe Park Bond Projects. Ms. Kamalanathan expressed her opinion that, after careful analysis, most of the delays occurred in the early years of the project as it was getting off the ground. The focus is to maintain the current schedules and not allow for additional slippage, plus trying to aggressively identify strategies that will allow time to be regained, where possible. The current schedule was reviewed. A goal is to have all Phase 1 projects delivered by November 2012 which is also a time to approach voters for additional funding.

There were questions from Mr. Flanagan about delays early in the project and about the length of time it takes to go from conception to design to beginning of construction. Ms. Kamalanathan said some of the delays had to do with the expectations from the public. The need for buy-in and consensus from the public does have an impact on the project. The delays in the 2008 bond have only been schedule delays and have not resulted in increased costs to date. This is the result of two factors: 1) the benefit of the City from a favorable bidding climate over the past few years; and 2) the three levels of cost estimating that were used to build the project budgets. The cost estimating was conservative in both the estimates and the contingency. On the other hand, the schedule planning was overly optimistic. The budget planning and process for robust projects has served the department well as they move through this process.

The delays in the 2008 project were in the city-wide program and not the parks programs. The various projects were reviewed along with the community processes which took longer than expected but were approved unanimously. This will probably translate into higher customer satisfaction. Two projects have had unexpected delays because of Environmental Impact Review requirements. Regulatory coordination and delays have also been problematic. Additional staff has been hired to help with many of the complex administrative matters that pertain to more than 70 different programs. Mr. Alloy had questions about job order contracting and shifting of funds to the front end of projects. This is a lesson learned that can be applied to Phase II of some of the projects.

Ben Rosenfield, Controller, pointed out that the City has, in a couple of other major bonds, employed a strategy of getting design work prior to seeking voter approval of GO bonds and then using GO bonds, once approved by the voters, to reimburse those prior costs. Some of that work was actually done on the 2008 Parks Bond but less on the 2000 Park Bond. He expressed his opinion that this could be a strategy for the next Parks GO bonds. This results in design work that gets started earlier and move more quickly to breaking ground after a GO Bond is passed. An example of this is the work on the SF General Hospital Rebuild Project where ground was broken very quickly after the bonds were passed. Secondly, if design work has begun, the cost estimates are better because the evaluation of site conditions has begun before going to the voters and setting the budget.

Ms. Selby requested a list from Ms. Kamalanathan of ten ideas that focus on the amount of time that 2008 Bond projects are behind schedule at the moment and some of the ways lost time can be made up. Other Committee members had questions about DPW's lack of

staff to focus on the design of some of the projects, the charges to the project by DPW for the design work and the use of private companies to do some of the design work. Ms. Kamalanathan expressed her opinion that without City consensus to use private companies, it will not happen. Discussions about the use of private design companies have caused delays in the past. Also, the City currently lacks the tools to do the necessary work load analysis.

Mr. Rosenfield responded that these decisions are usually a budget planning questions for DPW to have with the Mayor and the Board of Supervisors (BOS) as part of their budget production. The forecasting of work is an on-going discussion (the 12 months that is directly ahead of a department) in order to have the time to hire needed professionals and/or engage in contracting out some of the work. In the past, some of the Mayors and BOS have not been willing to engage in this process. Mr. Rosenfield also noted that the Committee could provide specific ideas in the Committee's Annual Report to the Board of Supervisors so the Mayor and BOS can consider some of these issues.

In response to questions about city-wide project management and IT solutions, Mr. Rosenfield said the Controller's Office could - at a future meeting - provide an update about the resources being used by different construction departments. The city charter authorizes some departments to enter directly into construction contracts. These departments use different project management tools of a variety of levels of sophistication. The idea of consolidating these resources into a single platform is a good one.

Over the next six months, the remaining projects in the 2008 Park bond will be going out to bid. Conversations are now underway with DPW to request additional design resources as well as the impact of the additional work on other projects. Other strategies include incorporating DPW staff in the discussions with outside architects as a blended approach to take advantage of the variety of resources as well as the use of in-house expertise. Blended teams ensure a smooth transition during the movement from concept design to more detailed design and into construction. Another source of delay has to do with the approval of DBI permits for building. Meetings with DBI and City Planning have resulted in a commitment of priority processing for Rec. and Park projects. There are staffing constraints throughout the City, which in turn, impact timelines. Third party constructability reviews are being conducted to identify the most efficient ways to conduct project sequencing and delivery. There is work with contractors in DPW to reduce the turnaround time for submittals of RFIs to allow contractors to move more quickly. At this time, the average review time is fourteen days. The goal is to reduce the review time to seven days.

Ms. Selby asked for a summary of reductions at the time of the next quarterly report to CGOBOC. There was also a request for best practices regarding community involvement. At this time, Mr. Roux noted that the Committee now had a quorum and that the meeting be called to order and roll call taken. The discussion of this item continued after roll call.

Ms. Selby noted that the goals are the same for everyone but that projects need to be on track and the need for ways for the Committee to help keep the projects moving. Mr. Flanagan wanted to know how much of the outreach to stakeholders is legally required

and how much is tolerance on the part of Rec. & Park? Ms. Kamalanathan responded that it is not a matter of tolerance on the part of Rec. & Park. Legal requirements for outreach are fairly minimal in regard to Park projects. Although efforts are made to manage constraints but Parks are different from fire stations and even libraries. The public has very specific personal opinions about how park spaces are used and designed. Mr. Flanagan asked that the review of best practices of other jurisdictions include the matter of how to include the public. Ms. Selby reviewed the liaisons discussion that will take place later in the meeting.

There was public comment from Patrick Monette-Shaw in regard to the expenditure of bond funds for design work before the bond passes. Mr. Rosenfield responded that the City's first Capital Plan proposed the concept of a capital planning revolving fund into which would be appropriated general funds money for that given year's budget and then spent on pre-voter approved design work. This process was used for the SF General Hospital Rebuild Project. The City appropriated about \$29 million dollars from the general fund which was then spent on pre-design work. The bond was passed. The funds were reimbursed to the fund. The intent of the first Capital Plan was that the reinvested money would then be recycled into the pre-design work on the next bond. Unfortunately, in the fiscal year that the fund was repaid, it coincided with a very bad financial year for the City. The Mayor and the BOS made the decision to liquidate the balance in the fund and return the money to the General Fund to avoid other service reductions. There isn't a balance in the fund. In the event that the City wanted to employ this strategy going forward, then funds will have to be appropriated from General Fund money to fund the pre-plan work.

3) Call to order/Roll Call

The meeting was called to order at 10:15 a.m. at which time there was a quorum. Ms. Rebecca Rhine and Mr. Robert Muscat were in attendance.

4) Approval of Minutes of the meeting held on August 11, 2011

The minutes of the August 11th, 2011 meeting were approved.

There was public comment from Patrick Monette-Shaw, who expressed his opinion that the public comment sections of the minutes should reflect more details of the opinions expressed. Ken Roux, Deputy City Attorney, said that minutes are a summary of the meeting. There is nothing in the City charter that specifies that a direct transcription is required. Mr. Rosenfield said the Controller's Office will explore ways to post digital audio recordings with the Department of Technology on the Controller's web site.

5) Discussion of the Committee's Response to the Civil Grand Jury Report

Prior to the meeting, Ms. Selby sent a draft response to the Civil Grand Jury response to the Committee for their review. At the August 11th, 2011 meeting, the Committee asked that John St. Croix, the Executive Director of the Ethics Commission, be invited to attend the next meeting because City rules regarding retaliation have been delegated to the Ethics Commission. This would also help to inform the Committee's response on its finding. The Committee's response is due by October 11th, 2011

Mr. St. Croix provided an overview of the role of the Ethics Commission. The Commission is tasked with monitoring campaigns and activities of the candidates and to enforce conflict-of-interests rules for City and County of San Francisco employees. He described the relationship the Commission has with other City departments in regard to investigations. In response to questions from the Committee about the length of time it takes for investigations and how investigations are prioritized, Mr. St. Croix talked about the impact of staff reductions due to budgetary constraints both at the Commission and in other City departments. At this time, his investigative staff has been reduced from 4 people to two people to handle the same work load. Although he was successful in clearing the backload of investigations when he was first appointed Executive Director to the Commission, the staff reductions have resulted in a backlog.

When asked about the number of cases regarding retaliation, Mr. St. Croix said the Commission had actually received very few cases in past years. When investigated, some were found not to have merit. Others could not be proven.

The Committee agreed to delegate to the Chair authority to respond to the Civil Grand Jury.

There was public comment from Patrick Monette-Shaw, Dr. Kerr, Hal Smith and Bob Perry. The comments from Dr. Kerr, Mr. Smith and Mr. Perry acknowledged the seriousness and thoroughness of the Committee's response to the concerns about the Whistleblower Program and the response to the Civil Grand Jury report.

6) CGOBOC Draft FY12-13 Work Plan and Budget

The Committee reviewed a draft work plan that would increase the number of full committee meetings from four to six per year. The concept of liaisons to the GO Bond Projects was discussed as a way for Committee members to develop in-depth knowledge and a better understanding of the bonds. The Committee members who are absent will be contacted in regard to the GO bonds in which they have an interests and assignments made. The Committee approved the work plan. The next meeting is scheduled for Thursday, November 17th, 2011.

The meeting adjourned at 11:45 a.m.