

MINUTES
Citizens' General Obligation Bond Oversight Committee
December 3rd, 2009
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 a quorum was present. The following committee members were present: Kristin Chu (Vice Chair), Sanford Garfinkel, Richard Morten, Robert Muscat, Abraham Simmons, Michelle Sexton, Thea Selby and Egon Terplan. Hunter Stern (Chair) was excused.

2) Approval of the Minutes of the meeting of October 22nd, 2009.

Abraham Simmons made a motion to approve the minutes, with one correction, from the October 22nd, 2009 Committee Meetings. The motion was seconded by Robert Muscat and unanimously approved.

There was no public comment.

3) Presentation from City Services Audit regarding an update on the 2008 Clean and Safe Neighborhood Recreation and Park Bond Plan for CGOBOC Programmatic Audit and possible action by the Committee in response to such presentation.

Peg Stevenson, of City Services Audits (Performance) referenced the memo presented by Michael Wylie at the meeting on October 22, 2009. She provided an overview of the memo for those committee members who were not at the October meeting. In 2008, CSA commented on some broad management issues regarding the Park Bond as it was just getting started. In this memo, there were comments on the same issues in regard to where they are with their staffing preparations to deliver the new bond program. The software systems that are being used for the project management and public reports for reviewed. CSA also reviewed the schedule and timeline as well as the macro financial planning and escalation rates that were built into it for consistency of the rates. These were the major subjects and were not meant to be a full audit. The memo prepared for the last meeting was an update to those subjects.

The memo comments again on the staffing and scheduling delays. There are many good things including the improvement of the MOU's in place between the departments. The system they are using has a good set of reports. The updating is consistent and useful. The items that were issues during the first review in 2008 are being resolved in good order. Since there have already been some scheduling delays working with the department to see if the delays create some challenges to delivery of the bond program. If there are interventions that can be done by any other member of the City family (in terms of staffing) or the Controller's Office, in terms of financial management then this can be addressed.

Rhoda Parhams (Director) and Phil Ginsburg (Recreation and Park General Manager) responded to questions from the Committee. Mr. Simmons had questions about the escalation process and whether contractors are submitting lower bids because of the economy in terms of 20 – 30% reduction. Mr. Ginsburg addressed concerns from then Controller's Report regarding staffing issues and project delays. He reaffirmed the commitment to deliver the bond projects on time and on/under budget with transparency with a significant amount of community involvement. He acknowledged the scheduling challenges but is optimistic about the level of work that has taken place and the community involvement that has happened in respect to these projects. After the bond measure passed, the department experienced a 5-6 month delay in getting started with the projects. This was in large part due to city-wide discussions that were taking place in regard to how the design work was going to be placed and how much of it would be placed with Department of Public Works staff and how much placed with outside design professionals. After working through the process, Recreation and Park revised the schedules. The schedules were approved by the Recreation and Park Commission October 2008 and brought back to CGOBOC in June 2009. He does not see any cost impact as a result of the delays experienced early in the program. There is a reserve assigned to each project. The bond projects are benefiting from the current economic climate.

In response to questions from Mr. Morten regarding the General Fund and staffing, Mr. Ginsburg responded that none of the staffing is financed from the General Fund. There is greater scrutiny of the requisitions because of the economic climate and requisition approval is taking longer. An offer letter is going out for a Project Manager I this week with the expectation that the person would start on January 1st.

One of the reasons some of the bond projects have been delayed because of the desire to include the community. The Community Opportunity Fund Task Force worked with the community for over a year to design the criteria and process by which the Opportunity Funds would be distributed. The process is now completed. The expectation is the process will now go before the Recreation and Park Commission in January 2010 with the guidelines the Task Force created. The project will then go to the implementation phase. The Restroom Task Force is another process that went on for quite some time. It has come up with recommendations and projects that have been approved unanimously by the Commission. This has not delayed parts of the bond, only those phases that affect those pieces of the bond. These projects are very community driven. It has taken the community some time to reach consensus.

There were questions regarding the Department of Public Work's role in design and the desire of getting projects done quickly while using City employees. The discussion regarding the use of City employees rather than outside design firms were part of labor negotiations. Schedules were revised based on those discussions. The Committee expressed frustration with the explanation regarding delays. Mr. Ginsburg reviewed the lengthy conversations that took place with DPW regarding expectations, with the labor unions regarding the types of projects that should be done in-house and not contracted to external agencies. These conversations took place during a budget cycle. They were lengthy and extensive in scope. The investment in time resulted in a healthy Memorandum of Understanding between Recreation and Park/Department of Public

Works. There are regular and continuing conversations among the three groups and the design professionals. Mr. Ginsburg also reminded the Committee that Recreation and Park is the client and expects both the Department of Public Works and any outside design professionals to meet timelines.

There were also questions about the bond money, revised schedules, budgets to which Ms. Parhams and Mr. Ginsburg responded.

There was no public comment on this item.

4) Discussion/Possible Action:

Discussion of the 2009 CGOBOC Annual Report and possible action by the Committee in response to such discussion.

The Committee reviewed some of the ideas for the 2009 CGOBOC Annual Report. A draft report will be discussed at the January 2010 meeting.

There was no public comment on this item.

5) Discussion/Possible Action

Presentation from City Service Audit regarding the Assessor's Audit and CGOBOC's role as Citizen's Audit Committee and possible action by the Committee in response to such presentation.

Ms. Tonia Lediju, City Services Auditor Director, and Steve Flaherty of City Services Audit, presented an overview of the audit of Office of the Assessor-Recorder. The department continues to improve its operations. Background information about the Recorder-Assessor's Office was provided. The department was the subject of a review of the property tax assessment functions by the State Board of Equalization (February 2008), an investigation by the Civil Grand Jury (June 2006), and a business process engineering project report by KPMG Consulting, LLC (2001).

The objectives of the audit were to determine whether the department efficiently and effectively captures and timely appraises all assessable changes in ownership, captures and timely appraises all assessable new construction, and tracks and monitors its transactions to ensure that it efficiently uses resources. The scope of the audit included transactions in the department's workload during fiscal year 2007-2208.

There were three findings: 1) the Department is not in compliance with state law requiring lien date assessments on in-progress new construction; 2) the Department could reduce loss of staff time if it received DBI building plans electronically; and 3) Appraisers spend approximately a third of their time on clerical tasks, delaying their main duties of property valuations.

Recommendations to the Department included: 1) annually appraise and enroll new construction in-progress per state law; 2) efficiently obtain building plans from DBI; and 3) relieve appraisers from performing too many clerical tasks.

Recommendations were made as to streamlining the processing of change-in – ownership transactions and improving administrative practices.

There was no public comment on this item.

6) Discussion Item:

Opportunity for the Committee to discuss other business.

The Committee discussed various housekeeping matters regarding the January 2010 meeting including agenda items, elections, the draft 2010 workplan, 2009 Annual Report and committee liaisons with the Controller's Department.

There was no public comment on this item.

The meeting adjourned at 11:30 a.m.