

MEETING MINUTES

**Citizens' General Obligation Bond Oversight Committee
October 3, 2016 Hearing Room 416 - City Hall
San Francisco, CA 94102**

1) Call to Order, Roll Call

The meeting was called to order at 9:35 a.m. The following Committee members were present: Robert Carlson, Kevin Hughes, Brian Larkin, Brenda Kwee McNulty and Jennifer Warburg. Larry Bush was excused.

2) Approval, with possible modification, of the minutes of the July 28, 2016 meeting.

The minutes were approved with no modifications. There was public comment from Derek Kerr, M.D., Patrick-Monette Shaw and Jerry Dratler.

Derek Kerr, M.D.

"The July meeting minutes make no mention of the Whistleblower Program. That's because you didn't review it. According to CGOBOC's Work Plan, the Whistleblower Program was to be reviewed in May. But that meeting was canceled, and the item wasn't forwarded to July's agenda or today's. The last time you reviewed the Whistleblower Program was in January. The next scheduled review is January 2017. Twelve months without an open discussion. You did hear a Civil Grand Jury presentation on the Whistleblower Protection Ordinance in March - but that doesn't qualify as oversight of the Whistleblower Program. CGOBOC cut its reviews of Whistleblower Program reports to twice annually, even though reports are issued quarterly. Given your heavy workload overseeing bond projects, please consider relinquishing oversight of the Whistleblower Program to another agency - perhaps the proposed Public Advocate."

Patrick Monette Shaw

"CGOBOC's July 28 meeting minutes are completely defective on agenda item 4, the CSA presentation.

On audiotape of that meeting, Chairperson Brian Larkin and CSA director Tonia Lediju discussed change orders in depth. Larkin stated regarding "design-build projects" that "They are not going to get [design] errors and [design] omissions change orders, any more. They're going to give up a certain amount of control over their projects."

Max Cherney's September 15, 2016 [*SF Weekly*](#) article ("*5 Corrupt Ways to Influence San Francisco Politics*") is troubling, since the fifth way involves change orders.

If design errors and design omissions change orders will no longer be reported, is that only for design-build projects, or all bond-funded construction projects? Does this mean the CSA unit will no longer provide design errors and omissions change orders to

projects CGOBOC oversees, or just projects CSA oversees? These minutes must be made clearer.”

Jerry Dratler

Mr. Dratler's public comment focused on the draft CSA Work Plan. He expressed his opinion that a final version of the draft has not been published.

A response was made that the final work plan has been published and is located on the Controller's web site.

(*NOTE: Full recordings of Committee meetings are available by request from the Controller's Office and on the CGOBOC web site. Meeting Materials are also posted on the web site after approval by the Committee).

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

John Thomas, Project Manager from Public Works, provided a quarterly status report to the Committee that included an overview of the bond's scope and budget (including accountability and the cost of issuance), highlights and accomplishments, upcoming milestones, risks, issues or concerns in regard to the budget, scope or schedule. He also reviewed the individual programs that are part of the project.

The Committee's liaison to the program is Kevin Hughes. Mr. Thomas and Mr. Hughes were not able to meet in advance of the Committee meeting. The discussion between Mr. Thomas and the Committee focused on the areas the budget (confidence that any leftover monies will be spent on the program; the availability of the budget for the Streetscape Paving Projects (the construction budget will not be available until the last bond sale); and, various aspects of the curb ramp program.

There was no public comment.

4) Presentation from the SFMTA about the 2014 Transportation and Road Improvement Bond.

Monique Webster, MTA Program Manager, and Sean Kennedy, Transit Planner, provided an update about the 2014 Transportation and Road Improvement Bond. The \$500 million dollar 2014 Bond was passed by voters to provide improved transit and safe streets. The first issuance was completed in July 2015 for \$69.7 million dollars.

Ms. Webster reviewed major milestones and accomplishments for Improved Transit, Safer Streets and the Capital Improvement Program for FY 2017-2021, Mr. Kennedy reviewed project changes and challenges as well as the overall spending rates (which are improving) as the projects begin construction.

The liaison report was provided by Brenda Kwee McNulty and Brian Larkin. Ms. McNulty commended the MTA about the sensitivity required to coordinate the progress of the project with other agencies and partners. She also expressed her opinion that

inclusion of the public should not be the reason projects are delayed. Mr. Larkin requested more detailed reports that include both schedule and budgets. He also asked for more information as to why the overhead rates for the MTA staff are higher than those for the Public Works staff.

The Committee talked with Ms. Webster and Mr. Kennedy about the need for better metrics in the more detailed report. There were questions about the reason for only one bidder for the 5 Fulton Project and the need for more active engagement with contractors. Maintenance costs for MUNI Forward are part of the operating budget. More clarification of the Geary Street Project was also requested.

There was public comment from Jerry Dratler in regard to the MTA/PW calculation of overhead and why there isn't a standard for City overhead costs.

5) Presentation from the Recreation and Parks Department about the 2000 Neighborhood Park Bond, the 2008 Clean and Safe Park Bond and the 2012 Clean and Safe Neighborhood Parks Bond..

Dawn Kamalanathan, Project Manager, and David Beaupre (Project Manager – the Port) reviewed the current status the three bonds. The 2000 Bond is 99% spent with 1% remaining. The 2008 Bond is 98% spent/encumbered and 2% remaining that will be used for smaller projects such as the trails and forestry. The 2012 Bond is well underway. The Margaret S. Hayward Playground is ready to go into construction. The next steps include a Life Cycle Analysis (the first comprehensive analysis of the department's deferred maintenance needs); The FAMIS conversion, currently underway and known as F\$P, will change the project close-out process in a big project which may mean big changes in the reporting after the implementation in July 2017); and, Hiring (three more Project Managers are coming soon. A new Capital Manager is in place).

David Beaupre provided an update on the Waterfront Parks. Of the 2008 Bond Waterfront Parks, seven projects are complete. Crane Park Cove is in Design/Environmental Review. Blue Greenway Public Art is in construction. Tulare Park has been postponed indefinitely.

The 2012 Bond Waterfront Bonds have 3 projects in design/environmental review: Islais Creek Improvements, Agua Vista Park and Crane Cover Park. The Cruise Terminal Plaza is complete. Accomplishments for Crane Cove include: completed design and advertising for construction bids for the first contract, site preparation and surcharge as well as 50% completion of the contract documents for the second contract and park construction. Bond schedules were reviewed and are on track.

The liaison for these bonds is Robert Carlson. He said he had gone on tours with both Dawn and David and expressed his satisfaction with the work on the various bond projects.

There was no public comment.

6) Response from the Mayor's Office of Housing to the Committee questions at the July 28th, 2016 CGOBOC meeting.

Jennifer Warburg and Larry Bush (Committee liaisons) will meet with the Mayor's Office of Housing later this week. More meetings have also been requested. The Committee asked that projects are listed as part of the updates in the future as well as baseline numbers. There was also discussion about, and clarification of some of the information in an article in the Chronicle dated September 16th, 2016 regarding 4 of the housing projects. The first bond sale will happen in October 2016. There were also questions about residency requirements.

There was public comment from Patrick Monette-Shaw:

"As I reported in my September 23 Op-Ed in the *San Francisco Examiner* ("*New commission might help housing crisis*"), during CGOBOC's July 28 meeting MOHCD suddenly changed planned uses of the bond presented on January 28. The previous "Middle-Income Rental Program" and "Expiring Regulations Preservation" categories vanished. New "Middle-Income Teacher Housing" and new "Middle-Income Buy-In Program" sub-categories appeared, replete with market-rate units, final allocations "still TBD."

I questioned why 18 months into planning bond uses, allocation categories keep shifting at MOHCD's sole discretion, without forewarning to CGOBOC?

Here we go again. On page 7 of MOHCD's presentation to CGOBOC today there's a new table showing how this Housing Bond fits into MOHCD's overall funding strategy. But the new table — once again — doesn't correlate to the revised bond allocations presented to you on July 28. I'm not surprised by the obfuscation.

Where's the metrics CGOBOC will use evaluating this bond's spending?"

7) Opportunity for Committee members to comment or take action on any matters within the Committee's jurisdiction.

A. CGOBOC response to CGJ Recommendations: Maintenance Budgeting and Accounting Challenges for General Fund Departments: the recommendation from the CGJ is about concerns that investments are not enough to maintain the resources. The Committee discussed and agreed to amend the final comments and issue the response to the CGJ.

There was public comment from Jerry Dratler. He said the CGJ should go to the Board of Supervisors requiring disclosure from all departments.

B. CGOBOC Annual Report

The due date for liaison reports is October 15th, 2016. Last year's report will be sent to the Committee as a content reference guide.

There was public comment from Jerry Dratler.

“Mr. Dratler discussed CGOBOC's role as the Citizens Audit Review Board (CARB). CARB's principal responsibilities are to review all CSA audits and the Controller's service standards and benchmarks. Mr. Dratler distributed a memo in which he concluded that CGOBOC's compliance with CARB requirements is weak because of CGOBOC's failure to ensure that CSA mandated audits are included in the annual CSA work plan.

He stated that the mandated audits are not in the 2016/2017 draft CSA work plan and the plan has not been approved by CGOBOC and there was not an opportunity for public comment on the work plan. Mr. Dratler observed that the work plan does not provide information on how the \$17.9 million CSA budget has been allocated by project.

Mr. Dratler stressed that CGOBOC's annual report needs to acknowledge where CGOBOC has not fulfilled its sworn responsibilities in Appendix F of the City Charter.”

The response from the Committee was that Mr. Dratler's information is not correct. CSA's approved work plan is posted on the Controller's web site.

C. FY16-17 CGOBOC Annual Work Plan

This item was moved to the November meeting. There was no public comment.

D. Liaison Assignment Review

This item was approved but will be re-visited as vacancies are filled. There was no public comment.

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

There was public comment from Patrick Monette-Shaw.

“First, I respectfully request CGOBOC change its meeting procedures by moving the Public Comment period from the end of each meeting to being the second or third agenda item. For people with disabilities like me, we should not have to wait for several hours before you get to the end of your meetings to then be able to address you under General Public Comment. My sense is that there will be very few members of the public wanting to address you, and it would tack on little extra time to your meetings by so doing.

Second, I strongly urge this Committee to start broadcasting your three to four meetings per year on SFGOV TV. The cost is nominal, and the transparency for bond oversight by doing so would be invaluable. Surely Mr. Rosenfield's overall budget for the Controller's Office — and CGOBOC's own budget — could easily fund this nominal cost.”

There was public comment from Jerry Dratler. Mr. Dratler expressed his opinion that the CGOBOC budget is underspent and has money to fund broadcasting through SFGOVTV.

The meeting was adjourned at 11:50 a.m.