

**MINUTES**  
**Citizens' General Obligation Bond Oversight Committee**  
**March 22, 2012**  
**Hearing Room 316 - City Hall**  
**San Francisco, CA 94102**

**1) Call to Order, Roll Call**

The meeting was called to order at 9:3 a.m. Maura Lane, Committee Assistant, called the roll. All committee members were present except for John Madden, who was excused.

**2) Approval of the minutes of the January 26, 2012 meeting**

The minutes were approved as presented.

There was public comment from Peter Warfield, Executive Director – Library Users Association, regarding making sure the draft minutes are on the meeting materials table.

**3) Presentation from the 2001 Branch Library Improvement Program.**

Luis Herrera, City Librarian, provided the status report of the Branch Library Improvement Program (BLIP). Mr. Herrera's presentation focused on the program status, BLIP revenues and expenditures, and challenges/opportunities.

The goal of the program is to provide the public with seismically safe, accessible, technologically updated and code compliant City-owned branch libraries in every neighborhood.

At this time, 22 out of 24 branches are complete and open. There were 7 openings in 2011: Park, Presidio, Merced, Anza, Visitacion Valley, Ortega and Golden Gate Valley.

The Bayview Branch is in the construction phase. North Beach is in the "bid and award" phase.

Mr. Herrera reviewed the projects revenues and expenditures. The sources of funding are from the 2000 Proposition A Bonds and Interest, 1989 Earthquake Safety Bond which account for \$115,301,580.00. Expenditures against these two sources are \$112,313,916.00. Funding from other sources totals \$74,698,028 of which \$55,117,984 has been spent.

Other additional funding sources include G.O Bond Proceed Interest Earning (\$481,000, expenditures pending supplemental appropriation) and Library Preservation Funds from SFPL Fund Reserve (\$5,778,742.00 – expenditure pending supplemental appropriation). The subtotal from anticipated funding sources is \$6,259,742.00. It was approved by the Capital Planning Committee on March 5, 2012.

The total projected program budget is \$196, 259, 350.00. The milestones for the North Beach Branch Library were reviewed. Mr. Herrera noted that the North Beach Branch Library was originally envisioned as a renovation with a small (500 square foot) addition. In March 2007, the Library Commission voted to change the scope to a new 8,500 square foot facility. This scope change resulted in a change in the schedule and budget. Mr. Flanagan had questions about the supplemental appropriation pending before the Board of Supervisors.

There were questions from the Committee regarding local hire requirements, the sources of delays and cost increases, building in the closeout process for bond projects and the best usage and ways to leverage the Library Preservation Funds. In response to Mr. Alloy's questions about the status of the new Bayview Library, Mr. Herrera responded that the project is on schedule to open in February 2013. He also said the project had exceeded HRC and local hiring goals.

There were questions about the Library Preservation Fund and the best use of the funds, from Mr. Herrera's perspective as the City Librarian. He expressed his opinion that the primary obligation to the public is to maintain public service levels at all 27 libraries and the main library. The Commission grapples with wanting to extend hours. At this time, San Francisco is the only urban library in the nation that has not suffered any reductions in service during the economic recession. The operational side is the primary focus. Although the Commission has the authority to issue more debt for capital needs, it tends to be very judicial in how this is approached.

At this time, the Commission is looking at a post occupancy evaluation of the projects that will be completed. In addition, there are some projects that were not part of BLIP (for example, the Chinatown Library) for which some of the funds could be used. Mr. Herrera reminded the Committee that there are only so many dollars available and an appropriate balance needs to be maintained.

In response to questions from the Committee about lessons learned from completed projects that could be applied to other G.O Bond Projects, Mr. Herrera cited the following:

1. Anticipate a full community process and its impact on the project scope, timeline and cost
2. Invest more resources to front-end planning phase for more accurate scoping
3. Conduct contractor outreach to identify prequalified contractors to maximize competition
4. Include construction experts early in the design phase for review
5. Ensure continuing education for all on anticipated code changes including ADA, cost estimating and scheduling.

The last 10 projects will meet green building standards (Presidio and Parkside received LEED Silver; Park and Anza received LEED Gold).

In response to questions from Terrance Flanagan about the audit process pertaining to supplemental appropriation funds, Ben Rosenfield, the Controller, responded that any time a request to appropriate funds goes forward, it works through a process that involves a review of the allocations by both the Mayor's Budget Office initially to initiate the

supplemental appropriation process. Ultimately, it is reviewed by the Mayor's Budget Analyst, Harvey Rose. These reviews are typically regarding reasonableness – for example the percentage of a construction project is allocated for soft costs versus hard costs within norms for the City and elsewhere. This review occurs at the front end every time.

The Committee asked that a copy of the next BLIP presentation before CGOBOC be provided as part of the meeting packet materials. BLIP is scheduled to present again later in the year.

There was public comment from “Anonymous” and Peter Warfield. Both speakers expressed their opinions about the lack of transparency in the BLIP process, the use of funds, and the lack of accountability by the Friends of the Library, executive salaries, the way decisions were made and the involvement of the public in the decision-making process. Mr. Warfield also expressed his opinion that there were deceptions regarding the book collections at some of the branches, architectural decisions that combined or eliminated some areas of the libraries, landmark-worthiness issues, financial issues of all kinds, and questions about how the money was really spent.

Thea Selby, CGOBOC Chair, asked that the agenda be re-ordered so that Items 4 and 5 are presented together. Item 7 (Opportunity for the public to comment on any matters within the Committee's jurisdiction will follow to make sure the public has the opportunity to hear the discussion and comment).

**5) Presentation from the 2000 Neighborhood Park Bond Program and the 2008 Clean and Safe Park Bond Program.**

Phil Ginsburg, General Manager, expressed his appreciation for the support and guidance from members of the Committee in regard to the Capital Planning Program. By November 2012, the goal is to have all of the city-wide programs in the 2000 Neighborhood Park Bond Program either completed or under construction. The department is working through the process for a 2012 Park Bond. He thanked Corey Marshall, CGOBOC Committee member, for serving on the working group. Some of the lessons learned with the 2008 Clean and Safe Park Bond will definitely come into play in the schedules for the 2012 Bond. Recreation and Park is a client and dependent upon numerous other agencies for various approvals. These relationships, and experiences from the past, are factored into the schedule planning for the 2012 Park Bond Program once it is approved by the voters in November.

Dawn Kamalanathan, Director of Capital and Planning, said the 2000 Neighborhood Park Bond project is almost complete. In response to questions from the Committee regarding the approximate \$5 million dollar surplus from the 2000 Neighborhood Park Bond Program and how such a surplus could happen. Ms. Kamalanathan explained that there were problems with delivery due to poorly defined expectations about which projects would be delivered for those funds. The scoping and budgeting process all occurred in a flexible manner over several years after the bond's passage. The result was that the Board of Supervisors had to re-appropriate what was thought to be remaining funds. In addition,

all of the original projects envisioned for this particular bond did not occur (example: the Mission Dolores Project which was deferred until the 2008 Bond Program). There have been both bond savings and delays. The Recreation and Park Commission becomes involved in how the remaining funds might be used because there is always need for other projects that are still in line.

Mr. Rosenfield clarified the reapportionment process that happens when all bond monies aren't spent. The appropriation has to be consistent with the legal language that was approved by the voters when originally adopted in 2000. In the case of this particular bond, the language was fairly open and broad. The 2000 Bond excludes investment in Golden Gate Park.

Ms. Kamalanathan provided a status report about the 2008 Clean and Safe Bond. The status of the 13 parks involved in the project is as follows:

- Complete: McCoppin Square (1), Sunset playfield
- Construction: Chinese Rec. Center, Mission Playground, Dolores Playground, Sunset Playground, Cayuga, Fulton and Palega
- Bid/Award: Lafayette, Cabrillo
- Design: Glen Canyon
- Planning: Kimbell and Dolores Park

Ms. Kamalanathan reviewed the schedule status and budget. The total budget for this bond is \$151.5 million dollars of which \$88.7 million has been appropriated to date. The total expenditures and encumbrances total \$69.7 million or 46% of the total budget. The projected summer and fall expenditures and encumbrances were also reviewed.

David Dupray, Project Manager, reviewed the status and spend-down schedule of the Waterfront Open Spaces Project. There were questions about slippage on some of the projects. There is some slippage on the Crane Cove Park because of a community planning process (based on direction from the Port Commission, the Board of Supervisors and the Mayor's Office) to better define what the Blue Greenway Projects. The planning process took two years. This delay was not anticipated at the inception of the bond. This process also informed the funding for the prioritized projects.

The Committee discussed reasons for other delays in the 2008 Clean and Safe Neighborhood Bond Program. Per Mr. Marshall, the delays fall into several broad categories: 1) unexpected regulatory delays, such as permits; 2) EIR requests; 3) the identification of historic aspects; 4) internal/external design; 5) community engagement; and 6) site delays.

In response to some of the comments from Committee members, Ms. Rhine reiterated the importance of Committee members understanding the regulatory process for bonds and the need not to make assumptions about how it does/does not work. Other topics discussed included the permit process. Ms. Kamalanathan also spoke about the challenges of having the community involvement because of the span of time it tends to take and the competing interests and advocates for single interests.

There was public comment from Peter Warfield about the time constraints in regard to public comment and the need for the Committee to spend as much time listening to the public as they do asking their own questions and getting responses. He said the public can provide a great deal of help and knowledge, when allowed, which might be useful for the Committee's deliberations. He asked that projects turn in their materials in advance so that materials are not in a constant state of flux on the table and that they also be ready for the quarterly packets and to meet the 72 hour posting notices. He also agreed that the Arts Commission does not have clear procedures in certain areas, such as their process for approvals and design detail. He suggested that presentation opportunities be provided for people (the public) other than the projects.

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

The Committee discussed Item A (the use of Committee bond funds to contract with one or more vendors to audit G.O. Bond expenditures) and then Item B (committee website).

Item A has to do with ways the 1/10 of 1% Committee budget can be used to help the liaisons to work with the various projects to stay on time, on scope and budget and/or to explore what's going on with a specific bond and bring the information back to the Committee for discussion. There are currently four bonds that come under the Committee budget: Recreation & Park, General Hospital, ESER and BLIP.

Mr. Rosenfield provided Ms. Selby with information that CSA has twelve consulting companies that have been vetted by CSA that could be used for this purpose. The role of the consultants and areas to which consultants could be assigned was discussed. Per Ken Roux, the City Attorney, in response to a recommendation by Mr. Flanagan, Bond proceeds money cannot be used to look at the efficacy of CSA Performance Reports but such a review is not outside of the Committee's scope. Mr. Rosenfield reminded the Committee that although they have 1/10 of 1% of the budget, the Controller's Office has 2/10 of 1% of the budget, including the GO Bonds activity. He said that if there were specific issues/questions regarding the activities of a certain bond, the Controller's Office would be happy to have a conversation about how to best find the information.

The annual dollar amount is about \$20 million. It includes both operating and capital, although the capital part is lumpy. The 1/10 of 1% is about \$1.8 million in bond proceeds to date. Ms. Sesay, Director of the Office of Public Finance, provided a spreadsheet that summarized the proceeds. At this time, there is about \$972,000.00 available to the Committee.

Mr. Flanagan asked for clarification regarding what funds can be used for which projects. Mr. Roux responded that when the drafters were preparing the guidelines, it was understood that this is the manner in which bond proceeds are used. When the voters authorized the bond issuance, the ordinance and the ballot language create a contract between the government and the voters. The bond proceeds can only be expended within

the parameters that correspond with the parameters of the ballot. As a fundamental principle of bond law, the Committee cannot expend bond proceeds on anything other than the project specifically authorized by the voters at the time of the bond issuance.

The Committee talked about ways to use the money for work with consultants. They agreed it will be a work in progress and talked about some of ideas they have about areas to be explored that will benefit the bonds.

Mr. Rosenfield reminded the Committee that the Controller's Office could prepare a process map that would help them understand the approval process in the City (what approvals are required from what bodies). He suggested that the Committee might want to gain an understanding about the different processes and timelines before going further. The departments that own the various processes could be asked to join the Committee for a conversation about the rationale behind how things are done and why. This would provide a full picture and have those who own the process and procedures in the room for a discussion. There was further discussion about the outcomes of such a meeting and how the information might be used by the Committee.

Mr. Alloy made a motion that the Committee would authorize the Chair and Co-Chair to work with staff at the Controller's Office and City Attorney's Office, if needed, to engage in discussions and negotiate on behalf of the Committee with pre-approved vendors to bring contracts forward for CGOBOC approval for specific bond oversight projects.

There was public comment from Peter Warfield regarding the importance of community engagement. He gave examples of situations (ex. Some of the BLIP projects) in which community engagement may have prevented some of the actions that took place and the lack of time allowed on meeting agendas for the public to participate.

The Committee unanimously passed the motion.

In response to a request from Mr. Flanagan, Mr. Rosenfield reminded the Committee that CSA (Audits and Performance) and the Whistleblower Program are on the agenda for presentations on the May meeting agenda.

There was no public comment.

B. Committee website: Mr. Flanagan revised his previous proposal which would have involved setting up a link on the CGOBOC website for the public to comment or place materials on items under CGOBOC's auspices. Under the Brown Act, the Committee would not respond to comments. Mr. Marshall reminded the Committee of an already existing robust tool – 311 – and the number of inputs for communicating.

Mr. Rosenfield provided information regarding the City's capabilities, at this time, for real-time posting with comment to the web site itself. Mr. Roux noted that this question has been brought before other policy bodies in the City in the past and none have decided to take such public comment because of issues regarding the ways to handle defamatory comments, hate speech, threatening speech.

The motion was set aside with the understanding that there would be future discussions about the ways to include the public. Mr. Rosenfield provided examples (Capital Planning Committee) of ways in which the City reaches out to the public and provides information. Mr. Roux pointed out the distinctions in discussing a capital project and discussing the funding mechanism.

Ms. Rhine made the point that the goal is to let the citizens of the City and County of San Francisco know there are a lot of public projects and public policies that are serving them, working effectively and are successful. It is important to counter-balance some of the negatives. Mr. Marshall expressed his opinion that the information provided to the public is well-rounded and accurate.

Item 6 (2011 Road Repaving and Street Safety Bond) was deferred to the May meeting.

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

There was public comment from Hal Smith and Peter Warfield. Mr. Smith's comments were various and focused on the use of SFGTV so that more people can see the Committee meetings, the Whistleblower Program and Civil Grand Jury reports. Mr. Warfield's comments focused on the library.

The meeting was adjourned at noon.