

MEETING AGENDA
Citizens' General Obligation Bond Oversight Committee Meeting

August 31, 2023
9:30 AM to 12:00 PM
City Hall Hearing Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Committee Members

Andrea Marmo Crawford
Brian Larkin
Timothy Mathews
Bart Pantoja
Judi Sanderlin
Tim Tung

This meeting was held in-person.

Note: The Citizens' General Obligation Bond Oversight Committee meetings are live-streamed courtesy of SFGovTV. The agenda, video recording, audio recording, and caption notes are posted at https://sanfrancisco.granicus.com/ViewPublisher.php?view_id=191. Below is a high-level summary of the August 31, 2023, meeting. Presentations for the meeting can be found at <https://sf.gov/meeting/august-31-2023/august-31-cgoboc-meeting>.

1) Call to Order/Roll Call.

The meeting was called to order by Rosanne Torre, Committee Secretary at 9:35 am. The following Committee members were present: Vice Chair Andrea Marmo Crawford, ~~Member Pia Gheen~~, Member Brian Larkin, Chair Timothy Mathews, Member Bart Pantoja, Member Judi Sanderlin, and new Member Tim Tung in Seat 7, appointed by the Mayor.

2) Opportunity for the public to comment on any matters within the Committee's jurisdiction that are not on the agenda.

There was no public comment.

3) Elections of Chair and Vice Chair.

Member Pantoja made a motion to nominate Member Mathews as Chair. Member Larkin seconded the motion. Member Crawford, Member Larkin, Member Mathews, Member Pantoja, Member Sanderlin, and Member Tung voted to approve the motion to elect Member Mathews as Chair.

Member Sanderlin made a motion to nominate Member Crawford as Vice Chair. Member Tung seconded the motion. Member Crawford, Member Larkin, Chair Mathews, Member Pantoja, Member Sanderlin, and Member Tung voted to approve the motion to elect Member Crawford as Vice Chair.

There was no public comment on either nomination.

4) Approval with possible modification of the Minutes of the April 24, 2023, meeting.

Chair Mathews made a motion to approve the minutes with Vice Chair Crawford seconding. Vice Chair Crawford, Member Larkin, Chair Mathews, Member Pantoja, Member Sanderlin, and Member Tung voted to approve the minutes.

There was no public comment.

5) Presentation from various departments on the 2008 and 2012 Clean and Safe Neighborhood Parks GO Bonds and possible action by the Committee in response to such presentation.

Kelli Rudnick, Deputy Director for Capital at the Recreation and Park Department (REC) presented the summary of progress of the 2008 and 2012 Clean and Safe Neighborhood Parks bonds. For the 2008 bond, all bond and bond interest has been spent, with 75 completed projects.

For the 2012 bond, 92% of initial bond issuances have been spent or encumbered, with 77 completed projects. There are 10 open playground projects, 1 playground in planning/design, and 2 playgrounds in bid/award phase. For the community opportunity fund, 27 projects have been delivered for \$45.85 million.

Shannon Cairns, the director the Port's Project Management Office, presented on the waterfront parks for the 2008 and 2012 bonds. All parks funded by the 2008 bond have been completed. For the 2012 bond, 2 parks are complete, 2 are in design/environmental review, and 2 are in construction.

Member Larkin had questions about a lake being renovated along Cross Park Drive in Golden Gate Park. Kelli Rudnick reported that this project is part of the 2012 and 2020 bonds. A project manager (Dan) from REC added that the project is estimated to be completed in November. There was a three week contractor demobilization during Outside Lands. The project found a sinkhole about 25 feet down that is being mitigated for the 100 year old lake. Member Larkin asked if there are any contractor claims. Kelli Rudnick responded that the 2012 bond has one claim at Garfield Pool, and the 2020 bond has one claim at 900 Innes.

Vice Chair Crawford thanked the staff for including leveraged funds in the presentation, as we like to see bond funds having the ability to leverage and raise other funds. Vice Chair had a question about development fees. Kelli Rudnick responded the development impact fees come into the City from development projects, that are required to pay a certain percentage into public benefit. We plan on these funds. We've seen a delay in these funds coming in, as development slows. Vice Chair asked how the funds are accessed. Kelli Rudnick responded that there is a process, a City committee to plan for these funding allocations.

Member Tung asked a follow up question about the development impact fees and the estimation methodology. Kelli Rudnick referred the question to capital planning staff.

There was no public comment.

6) Presentation on the Capital Plan Annual Update and possible action by the Committee in response to such presentation.

Kate Faust, the Capital Planning Manager at the Office of Resilience and Capital Planning, presented the update to the City's 10-year capital plan. She responded to Member Tung's question in the prior item to say that development impact fees are indexed to the City's annual construction cost escalation estimate, although there is a potential change being considered by the Planning Department who manages this work.

The 10-year Capital Plan process was created in 2006 in response to long period of infrastructure underfunding and haphazard approach to funding projects and putting bonds on the ballot. The 2024-33 Capital Plan is building for the future chapter includes racial and social equity, climate resilience, and earthquake safety, areas that span more than the next 10 years.

Kate Faust reviewed general obligation (GO) bond accomplishments and reported that \$6 billion have been approved since 2008, with \$2 billion in the last three years. One of the central aims of the Capital Plan is transparency and to build public confidence. The Board of Supervisors approved the Capital Plan in May with one amendment, adding an additional in GO bond capacity for affordable housing (\$140 million) and public health (\$10 million). Funding for affordable housing is now 50% higher than the previous Capital Plan.

Nishad Joshi, the Capital Plan budget manager, reviewed the GO bond program. The Capital Plan maintains the GO bond cap and accounts for limited bonding capacity until 2028 due to lower, near-term assessed value projections from the Controller and several recently-approved large GO bond ballot measures. Recent additions to the GO bond program has recently included affordable housing and climate resiliency. Nishad Joshi reviewed the approved GO bond schedule, including a March 2024 affordable housing and shelter measure for \$340 million, and a November 2024 public health & shelter measure for \$320 million.

Nishad Joshi reviewed the approved Certificate of Participation (COP) debt schedule. COPs are used for critical programs we don't think will meet voter approval. In fiscal year 2024, proposed projects include 170 Otis exit (Human Services Agency headquarters, which is an unsafe building, to move to new location) for \$70M.

Nishad Joshi reviewed the approved Pay-As-You-Go (cash) program, which was severely impacted by COVID. The Capital Plan aims to restore some of the pre-pandemic levels of funding to this program.

Chair Mathews commented that the planning for the needs of the city's public infrastructure and the investment required is of utmost importance, and that this committee, at the intersection of GO bonds and delivering tangible projects in a transparent way is important. Thank you.

Member Tung asked where the GO bond cap policy is memorialized. Nishad Joshi responded that it is in the Capital Plan administrative policy that is not listed in the City's Administrative Code. Member Tung asked to see it.

Member Tung asked about the schedule of GO bond issuances. For the 2026 transportation bond, is this for the same transportation projects that were included in the 2022 bond measure, which accounted for \$250 million of the \$400 million bond proposal. Is the \$300 million for the 2026 bond measure for the same projects? Member Tung added a question about the other \$150 million from the 2022 bond measure for street improvement projects and what is happening with those.

Nishad Joshi responded that the \$150M in the 2022 bond proposal for streets projects is different than the street resurfacing citywide program. He added that the \$300 million 2026 bond is a compromise to identify the most pressing needs, though it doesn't cover full need as identified in the 2022 bond. The SFMTA has received some federal funding for these projects.

Member Tung asked to confirm that there may be slightly different scope between the 2022 and 2026 bonds, and some external funding, but the sum of those will be sufficient to cover the cost escalation between the 2022 and 2026 estimates. Nishad Joshi responded that the 2026 bond would not cover the entire scope from the 2022 bond and that there is still an unmet need for the SFMTA even after the 2026 bond.

Member Tung asked to clarify that there would be \$30 million of COPs issued in each fiscal year 2024 and fiscal year 2025, for \$60 million total. Nishad Joshi responded that this was correct. Member Tung asked to clarify that the Capital Plan starts with \$89 million for Pay-As-You-Go and then adding \$30 million of COPs, for a total of \$119 million, not \$149 million as shown in the slide. Nishad Joshi responded that the \$149 million includes \$30 million for streets.

Member Pantoja asked about the highlights of the GO bonds. For the Van Ness project, he asked if this has decreased deaths. Kate Faust responded that the SFMTA would be the ones to speak to that, but that reduced deaths was one of the intended outcomes of the projects.

Member Pantoja asked about the other goals of the project, such as moving buses faster, streamlined transit (BRT). Kate Faust said this would also be best asked of the SFMTA.

There was no public comment.

7) Presentation from various departments on the 2020 Health and Homelessness, Parks and Streets GO Bond Program.

Kelli Rudnick, Deputy Director for Capital at the Recreation and Park Department (REC) presented the summary of progress of the 2020 bond for the parks projects. The second issuance occurred in February 2023. All neighborhood parks are in design and construction, and recovery parks have Jackson Playground and Portsmouth Square have CEQA clearance with other projects in planning and design.

Gigi Whitley, Deputy Director of Administration and Finance at the Department of

Homelessness and Supportive Housing (HSH), presented on a section of the bond. This scope of the bond focuses on stabilization, acquisition, construction, expansion and improvement of permanent supportive housing (PSH) units and emergency shelters. The total is \$147 million, with \$30 million issued to date. One of first goals was to acquire transitional aged youth (TAY) navigation center, which opened in spring 2021. It's been a successful program to serve 75 youth. The remainder of bond focuses on the Mayor's goal to move clients from emergency shelter-in-place hotels to permanent housing. The bond supported other local funds to acquire 250 housing units. HSH also leveraged \$115 million in State Homekey fund to acquire 6 properties with 625 PSH units.

Kathy Jung, Director of Facilities and Capital Planning at the Department of Public Health, presented on part of the bond covering \$60M for two critical behavioral health sites. Two key projects are the 242-bed residential step-down facility on Treasure Island, and the psychiatric emergency services renovation and expansion at ZSFG.

Edmund Lee, Streets Resurfacing Manager at Public Works, presented on the part of the bond of \$41.5 million for City's right-of-way and public spaces, which was fully issued in 2021. To date, about 98% has been spent and most projects have been accomplished as intended. Street resurfacing projects were estimated at 300 blocks for \$31.5 million. To date, 372 blocked have been resurfaced. \$5 million for curb ramps completed 123 projects, above the estimated 121 goal. \$5 million for street structures and plazas have completed 6 of the estimated 11 structures; the 1 plaza in the program has not started.

Member Sanderlin asked Public Works about when street resurfacing is completed, what's the anticipated pavement condition index (PCI) change? Edmund Lee responded that the program is maintaining where we are (74). The next report is in December. This GO bond is part of the overall street resurfacing program. Member Sanderlin asked whether this is as much about maintenance than improvement? Edmund Lee responded yes, and that the ultimate goal is a PCI in the 80s where we don't need to invest at this level on an annual basis.

Member Tung asked about how Public Works exceeded their goal at 124% and how did they outperform? Edmund Lee responded that a number of contracts went out in 2021 and there was a dip in costs in bids, accounting for about \$2 million in savings. Recent bids are now more in line with expected costs.

Member Pantoja commented that if no one was on the streets, that would make them easier to repair. Edmund Lee responded that that did help with traffic control. Member Pantoja remarked that a lot is covered in one bond. How does that get appropriated to different projects? Member Sanderlin responded that this is decided in the bond creation process.

Member Pantoja commented that for the parks, there is a balance from previous bond and that it's good that we leverage other funding. He added that he's always enjoyed using the parks and wanted to share kudos for all the work that REC is doing.

Member Crawford asked about ongoing PSH costs, \$550 per person. How is that

spent? Gigi Whitley responded that the PSH model is intended to take someone who is chronically homeless who needs more support than a rental subsidy. Operating costs to support building operation average \$1,100 per unit month. For the adult portfolio, the \$550 per tenant per month (and tenants do pay up to 30% of their income, with caps) supports the wrap-around services, including case management, which are all opt-in. For the family and TAY portfolio, those costs are double. Vice Chair Crawford asked if the \$550 per person is to pay for the services or to refer? Gigi Whitley responded that it pays for the onsite services. For families, there are some referrals such as childcare and workforce. HSH tries to leverage the broader city social services network.

Member Larkin asked why HSH referred to Lower Polk Navigation Center as low-barrier. What is that? Gigi Whitley responded that San Francisco is lead in this kind of low-barrier model to meet people where they are, bringing pets and partners to get them into shelter. Member Larkin asked if there are time limits. Gigi Whitley responded that time limits were suspended during COVID and are still suspended. HSH has put lots of resources in place to get people into permanent housing. Member Larkin commented that this seems like a successful model, different than what you hear about resistance to shelter. Are you looking into doing more of this model? Gigi Whitley responded that since the department formed in 2016 they have been shifting to this model. For larger congregate shelters, HSH is trying to move towards a navigation center model. They are constrained by space and needing the shelter beds. Current strategy is that we don't want people to languish in shelters and that there is a lot happening in the strategic plan to address this. Member Larkin asked what is balance of PSH vs shelter? Gigi Whitley responded that in the strategic plan, most of the investment is focused on housing. We need 1,000-1,500 additional shelter beds and are actively working on expanding shelter beds as well as housing. There are also a lot of new strategies to intervene before someone needs a shelter. Gigi Whitley offered to share the strategic plan with the committee.

There was no public comment.

8) Presentation from various departments on the 2010, 2014 and 2020 Earthquake Safety and Emergency Response GO Bond Programs

Ron Almeida, City Architect and Deputy Director of Public Works, presented on the progress of the 2010, 2014 and 2020 bonds. The 2010 and 2014 bonds are winding down and work has started on 2020 bond projects. Ron Almeida honored Charles Higuera who has retired. Ron Almeida highlighted some recent accomplishments, including reaching completion of Phase 1 of the 911 center project, and Phase 2 begins in November. Some recent overall challenges include price escalation, shortages of skilled workers, and PGE delays.

Michael Rossetto, Project Manager at Public Works, provided an overview of fire station 14 project, which is permitted and lower priority than some other projects in the queue for construction. The Fire Department's network improvement project started in January 2023 is in the planning phase, and is co-managed with the Department of Technology. Public Works also shared that the Fireboat Station 35 project will be financially closed in two months.

Scott Morant, Project Manager at Public Works, reported that the Fire Training facility we've completed survey, acquired 8-acre site. Concept design is scheduled to complete soon, likely end of September or early October. The RFQ for construction management to be issued in the fall. Scott Morant reported that the 2014 Police project is complete with no updates, and that the 2020 \$119 million project for the Ingleside Police Station and Surge Facility construction manager/general contractor (CM/GC) was selected in February 2023.

Michael Rossetto reported that only public art installation is remaining from the Traffic Company and Forensic Services Division project.

Ada Zhu, Project Manager at the Public Utilities Commission, reported on the Emergency Firefighting Water System, which was built in 1910 after the 1906 earthquake. The 2010 projects have been completed. The 2014 projects are at 96% completion. The Clarendon Supply Pipeline added additional layers of water supply, northern and western parts of the city and is anticipated for completion later this year. The 2020 projects are focused on new pipelines to extend coverage to the city. The emergency firefighting water system provides dual purpose of day-to-day drinking water. This effort will allow using of the pipes for emergencies, modeled after the system in Japan. Two projects in process are 19th Avenue and Vicente Street pipelines.

Lisa Zhou, Project Manager at Public Works, reported on the 911 call center project that is under construction, with 65-70% completed. Final completion is expected at the end of this year.

Dan Mauer, Project Manager at Recreation and Park Department, reported that the Kezar Pavilion renovation project is to have Kezar as a recreational facility as well as use as an emergency shelter facility and Mutual Aid station, led by the Department of Emergency Management. The historic facility process underway, two cost-estimators have been commissioned, and community engagement has begun.

Member Pantoja asked when Kezar will be completed. Dan Mauer responded that full completion will be in late 2027, early 2028.

Member Larkin asked Scott Morant about the bids on contracts that are over budget and you did value engineering. Did you do value engineering before you awarded the contract? Scott Morant responded yes, we are completing schematic design, we did check estimate and it came back higher than estimated. Then we did value engineering to get the project back withing project goals and the original estimate. The contract we're awarding is only the pre-construction portion of CM/GC agreement. Member Larkin commented that he liked them doing this upfront, and his experience is that if value engineering is after the contract then there's a 50-50 split. Scott Morant responded that we're not at that stage yet.

Ron Almeida wrapped up the presentation to report that the 2010 bond has 99% of expenditures and appropriations completed, the 2014 bond has 96% expenditures and appropriations completed, and the 2020bond has 41% expenditures and appropriations completed.

Member Tung asked what percent over budget is different from estimates and

whether this is widespread. Ron Almeida responded that generally, inflation is the driver. Each project has site conditions that could influence the structural design and are unique. Supply-side has been bouncing around, with some improvement. Skilled labor is still a challenge. Bringing utilities to the site with PGE has been challenging.

There was no public comment.

9) Liaison Reports on the 2008 San Francisco General Hospital and Trauma Center Earthquake Safety GO Bond Program and 2016 Public Health and Safety GO Bond Program.

Vice-Chair Crawford reported that the focus of today's report is on the 2016 public health and safety bond, as the 2008 bond has been mostly completed. Six components, with many projects, are in this bond and the quarterly status report is provided. Vice Chair Crawford visited two bond-funded health clinics. All bond sales have been completed as of March 2023 at almost \$255.7 million which represents 93% of the total bond program budget.

Vice Chair Crawford highlighted some accomplishments: All community health centers are almost complete. The Southeast Health Center renovations to add dental suites and new two-story health clinic. The facility is beautiful, with interesting art installations, across from Bayview Park. All the new community health centers are built in alignment with wellness approach and built for easiest experience as possible for clients. The Maxine Hall and Castro health clinics are complete, with Castro in the closeout phase, with minor fixes underway. ZSFG building 5 has 19 bond-funded projects for 206 locations. The team has been working hard over the last nine months to make a lot of progress, compared to the slow work in the prior year. This work will continue over the next year to year and a half. The ambulance deployment facility is done as of February 2023. Other neighborhood fire stations projects are removing towers that are no longer needed, with most towers removed. The tower at Station 15 will be restored and is going out to bid this year. The generator replacement projects at fire stations 18, 37, and 44. The Station 18 project targeting to have drawing completed by end of September 2023. Homeless services sites Turk Street and Hamilton Shelter are now complete or in closeout. Two other City-owned site on Polk and Fifth streets have been delayed because the City increased the scope of the projects.

There was no public comment.

10) Liaison Reports on the 2015 Affordable Housing GO Bond Program, 2016 Loans to Finance Acquisition and Rehabilitation of Affordable Housing (PASS) GO Bond Program, and the 2019 Affordable Housing GO Bond Program.

Chair Matthews reported that all spending for the three bonds is in accordance with voters' will. For the 2015 bond, \$310 million is almost spent, with three projects remaining. Results include producing 1,568 affordable housing units. For the 2016

bond of \$350 million, the first issuance of \$71.5 million almost been fully deployed. The second issuance of \$101.5 million has been one-third deployed and the remaining balance has been fully committed to in-progress projects. Through these two issuances, existing housing has been preserved: 1,262 residential units and 45 commercial properties. For the 2019 bond (\$600 million total), the first issuance of \$253 million has been 82% spent or encumbered. The second issuance closed in April 2023. The City is anticipating 3,105 units of affordable housing will be produced, up 713 units as projected back in 2021.

There was no public comment.

11) Presentation from the City Services Auditor regarding the Whistleblower Program; Liaison Report on the Whistleblower Program and possible action by the Committee in response to such presentation and report.

Steven Muñoz, Manager for the Office of the Controller's Whistleblower Program, reviewed the Whistleblower authority, as previously presented to the committee. In fiscal year 2023 (FY23), whistleblower reports were down from the prior year.

The Whistleblower Program closed more reports than received in FY23. 78% of reports received in FY23 came through the online web form. 88% of 581 reports closed in FY23 within 90 days. The Whistleblower Program investigated 333 of the reports received. 39% of investigated reports resulted in corrective or preventive action.

Vice Chair Crawford asked about the annual report, what's included and how the public learns about it. Steven Muñoz responded that quarterly reports are summarized in annual report so we can look at trends over time. We include investigative summaries, with confidential information omitted.

Member Pantoja asked about the presentation's reference to receiving on average 10 reports a day with no information. How do those reports come in? Steven Muñoz responded that they don't know why there was an increase in these reports with little or no information.

Vice Chair Crawford remarked about how when she became liaison and why it fits here, she finds it fascinating. She meets with the team, reviews cases when meeting with them, and especially if one is interested in ethics or how government responds to these reports. San Francisco is on cutting edge of municipalities in this kind of work. We can be proud of it. Chair Matthews echoed Vice Chair Crawford's comment and stated that it's professional work that he's seen in his capacity as a union representative.

There was no public comment.

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

A. Audits Unit – Public Integrity Reviews

Mark de la Rosa, Director of Audits for the Controller's City Services Auditor, reported that since the last meeting in April they have completed one additional audit issued in July on the City's landfill agreement with Recology. This contract had been overseen by the Department of the Environment (DOE). The audit had three overarching findings and nine recommendations, covering improved controls for Recology's reporting. DOE concurred with all nine recommendations. In the current fiscal year there is one ongoing public integrity report on the San Francisco Public Utilities Commission procurement internal controls weaknesses identified in former General Manager Harlan Kelly's procedures.

B. CSA Division – Updates and Workplan

Mark de la Rosa provided an update on the fiscal year 2023-24 (FY24) work plan, starting with the overview of CSA's mandates in the City's Charter as well as the activities of the two divisions of CSA – Audits and City Performance. Natasha Mihal, City Performance Director in the Controller's Office, provided highlights for the FY24 work plan for the City Performance division, including ongoing programs for performance reporting, park and street/sidewalk standards reporting, nonprofit monitoring, and Our City Our Home Committee management, as well as project highlights including work in public health, homelessness, transportation, government operations recovery, nonprofit performance monitoring, and general obligation bond reporting. For the Audits division, Mark de la Rosa highlighted key audit engagements, including work on nonprofits, construction and general obligation program, public integrity, IT and cybersecurity engagements, and cost recovery work. Mark de la Rosa reviewed the list of GO bond expenditure audits, with four bond programs reviews planned.

Chair Mathews reported that the committee will be working on their annual report in the coming months.

C. Public Finance – Upcoming Bond Issuances

Beau Scott of the Office of Public Finance reviewed the calendar of upcoming bond issuances. He reported that the City intends to bring two GO bond transactions to the Board of Supervisors for approval for FY24. One of the transactions is a potential refunding of certain GO bonds subject to market conditions and favorable assessment of savings going forward. The City also tentatively expects to bring the third issuance of the 2016 Preservation and Seismic Safety Affordable Housing bonds to the Board of Supervisors in the latter half of FY24.

D. CGOBOC – FY2022-23 Workplan, Liaison, and Meeting Dates

Natasha Mihal reviewed the calendar of upcoming meetings. Member Tung volunteered to be the liaison of the Earthquake Safety bond program.

There was no public comment.

The meeting was adjourned by Chair Mathews at 12:14 pm.