

File No. 130102

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date February 14, 2013

Board of Supervisors Meeting Date \_\_\_\_\_

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The complete document can be found in the file.

Citizen's General Obligation Bond Oversight Committee  
2011 Annual Report  
To be presented to the Government Audit & Oversight Committee  
December 2012

December 3, 2012

Honorable Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlet Place  
San Francisco, CA 94102

Honorable Edwin M. Lee, Mayor  
City and County of San Francisco  
City Hall, Room 200  
1 Dr. Carlton B. Goodlet Place  
San Francisco, CA 94102

Dear Mayor Lee and Members of the Board of Supervisors:

On behalf of my fellow members, I am pleased to present you with the 2011 Annual Report of the Citizen's General Obligation Bond Oversight Committee (CGOBOC).

CGOBOC was established in 2002 with Proposition F, passed by the voters of San Francisco to review and oversee the delivery of general obligation bond programs. A year later, Proposition C authorized and required CGOBOC to also review and provide input on the work of the City Services Auditor Division of the Office of the Controller, including the Whistleblower Program.

There have been many positive changes that occurred in 2011 to improve the effectiveness of CGOBOC's work; assist bond programs to ensure that projects stay on time, on scope and on budget; and provide better oversight for both the City Services Auditor and the Whistleblower Program.

The Committee requests an opportunity to present a summary of this 2011 Annual Report to the Government Audit and Oversight Committee of the Board of Supervisors. We look forward to a discussion regarding improvements to CGOBOC's operations and key updates on bond projects.

Best regards,



Thea Selby

Chair, Citizen's General Obligation Bond Oversight Committee

Cc: Angela Calvillo, Clerk of the Board  
Ben Rosenfield, Controller  
Nadia Sesay, Director, Office of Public Finance  
Civil Grand Jury

## Citizen's General Obligation Bond Oversight Committee 2011 Annual Report

This report covers two main areas: (1) improvements to CGOBOC's operations and (2) key updates on bond programs.

### **AREA 1: Improvements to CGOBOC's Operations**

There have been four substantial changes involving the Committee functions and operations. Effective January 2012, CGOBOC:

1. Increased the frequency of general meetings from four times a year to six times a year.
2. Assigned liaisons to each program overseen by the Committee to gain a more in-depth understanding of the bond programs, City Services Auditor, and Whistleblower Program.
3. Began developing a process and plans for using the statutory set-side of 0.1% of bond revenue that is allocated to CGOBOC to conduct oversight activities in order to guide City departments in staying on time, on scope and on budget.
4. Responded to the Civil Grand Jury's Report on the Whistleblower Program, as well as to prior Civil Grand Jury reports with unresolved recommendations.

#### **1. Increased Frequency of CGOBOC Meetings for Better Oversight**

CGOBOC did not feel quarterly meetings were sufficient to provide effective oversight given the increased level of bond authorizations and pace of activity across bond programs, the City Services Auditor, and the Whistleblower Program. Agendas were too big, and at times both the public and Committee members felt that there wasn't enough time to sufficiently get to the level of detail necessary to make effective decisions. Positively, the previous issue of not reaching quorums for CGOBOC meetings ceased to be a problem. Committee members, therefore, agreed to increase their time commitment to attend bi-monthly meetings, as they felt the increased frequency would be beneficial in moving more agenda items forward.

#### **2. Assigned Program Liaisons to Gain In-Depth Understanding of Programs**

Concurrent with increasing meeting frequency, CGOBOC members have also been assigned to serve as liaisons to the programs overseen by the committee (i.e., bond programs, City Services Auditor, and Whistleblower Program). Liaisons meet regularly with program managers and City staff to gain a more in-depth understanding of the reach, challenges and progress for each program. This has had the following positive effects:

- Each program is getting consistent and timely attention from the liaisons, which means that changes and challenges are acknowledged more rapidly than before.
- Liaisons report back to CGOBOC and summarize what they understand to be the issues at the end of the project manager's report. Construction management, whistleblower and audit programs are complex. Liaisons can spend the time to understand the nuances and details, and effectively summarize the salient points to the full Committee. This enables the effective

use of the limited time during Committee hearings and deeper oversight of program operations.

- Liaisons develop expertise as they get to know their programs, allowing CGOBOC members to better identify project risks involving being on time, on scope and on budget.

The table below shows the CGOBOC liaisons assigned to the programs overseen by the Committee.

PROGRAM AREAS	CGOBOC LIAISONS
<i>San Francisco General Hospital Rebuild Program</i>	Thea Selby
	Sanford Garfinkel
<i>Road Repaving and Street Safety Bond</i>	Terrance Flanagan
	Thea Selby
<i>Earthquake Safety and Emergency Response Bond Program (ESER)</i>	Robert Muscat
	Jonathan Alloy
<i>2000 Parks Bond and 2008 Clean &amp; Safe Neighborhood Parks Bond</i>	Corey Marshall
<i>Whistleblower Program</i>	John Madden
	Regina Callan
<i>City Services Auditor</i>	Rebecca Rhine
	Terrance Flanagan
<i>Branch Library Improvement Project</i>	Corey Marshall

### 3. Developed a Process for Using Oversight Funds

When CGOBOC was established, it was granted a set-aside funding of 1/10<sup>th</sup> of 1% of each bond's value for oversight of that bond program. These oversight funds, which currently total \$1,080,865, have not yet been used. If these funds are not used by the end of the bond, they go back to the bond. These set-aside funds were not established when the Laguna Honda Hospital (the reason for CGOBOC being established) or the Branch Library Improvement bond measures were passed. These funds, however, are available for the bond programs that were more recently approved, including the General Hospital, Clean & Safe Neighborhood Parks, Earthquake Safety and Emergency Response, and the Road Repaving and Street Safety bond programs.

As of September 2011, bond issuance and CGOBOC funds available totaled as follows:

General Obligation Bonds Issued Since 2008

**Actual**

Description of Issue (Date of Authorization)	Authorized	Issued	CGOBOC	CSA	Total
Clean and Safe N.Parks (2/5/2008)	\$185,000,000	\$102,950,000	\$102,950	\$205,900	\$308,850
San Francisco General Hospital (11/4/08)	\$887,400,000	\$426,345,000	\$426,345	\$852,690	\$1,279,035
Earthquake Safety & Emergency Response (6/8/10)	\$412,300,000	\$79,520,000	\$79,520	\$159,040	\$238,560
	\$1,484,700,000	\$608,815,000	\$608,815	\$1,217,630	\$1,826,445

**Projected in FY 2011-12 (Estimates)**

Description of Issue (Date of Authorization)	Authorized	Issued	CGOBOC (1/10 of 1%)	Audit (2/10 of 1%)	Total
Clean and Safe N.Parks (2/5/2008)	\$185,000,000	\$82,050,000	\$82,050	\$164,100	\$246,150
San Francisco General Hospital (11/4/08)	\$887,400,000	\$250,000,000	\$250,000	\$500,000	\$750,000
Earthquake Safety & Emergency Response (6/8/10)	\$412,300,000	\$140,000,000	\$140,000	\$280,000	\$420,000
	\$1,484,700,000	\$472,050,000	\$472,050	\$944,100	\$1,416,150

Cognizant that these funds support CGOBOC's mission to ensure that bond programs are on time, on budget and on scope, we set out to establish a system for determining (1) what the funds should be spent on and (2) how to appropriately use the funds. For example, CGOBOC has identified a potential project for each bond. In addition, the Controller's Office has provided assistance in developing the scope of work for two projects and putting these projects out to bid to consultants, including a community engagement benchmarking study to be implemented in the next few months.

Other projects identified by CGOBOC are not bond-specific, but are general to all bond programs. The Controller's Office may take on these projects using funds that they are allocated per the Administrative Code of 2/10 of 1% of the bond issuance. We are excited about the possibilities for these consulting projects to find best practices and to identify ways we can make the bond-funded improvements to the City and County of San Francisco the best they can be.

These projects may include:

- Reviewing project management systems used across bonds to determine whether there is room for standardization.
- Providing an annual third-party review of bonds to be used by CGOBOC as an independent assessment of bond.
- Providing flow charts on how a bond flows through the various city departments to gain a better understanding of the interdependence and the maximized order of permits and approvals.

**4. Responded to Civil Grand Jury Reports**

CGOBOC submitted our response to the Civil Grand Jury and updated the status in April 2011. CGOBOC largely agreed with the Civil Grand Jury recommendations regarding improvements to the Whistleblower Program.

We implemented or are implementing the following changes to improve transparency and case tracking, while maintaining and prioritizing the confidentiality of individual complainants:

- The Whistleblower Program's website has been revamped in the Controller's website for easier access.
- The Controller's Office has increased publicly available information regarding complaints filed with the program.
- Whistleblower liaisons report back to CGOBOC quarterly regarding additional program detail and metrics.
- CGOBOC has worked with the Controller's Office on establishing best practices from other cities to most equitably and effectively handle whistleblower cases.
- CGOBOC continues to monitor the progress of the Whistleblower Program.

## **AREA 2. Key Updates on Bond Programs**

Below are key updates on the bond programs currently ongoing and overseen by CGOBOC.

### **SF General Hospital Improvement Bond Program**

*Liaisons: Thea Selby and Sanford Garfinkel*

San Francisco voters approved a General Hospital Improvement bond measure in 2008 for \$887M. As of 8/31/12, \$677M have been issued, with \$273M unencumbered. The website for this bond program is as follows: <http://sfdpw.org/index.aspx?page=126>.

This project is on time, on budget and on scope, with the experience from the Laguna Honda bond program having helped this project by allowing SF General to have money to more effectively develop project costs prior to placing the bond measure on the ballot and using a 3rd party estimator to provide a "reality check" review of bids by contractors in order to minimize change orders. A better economic climate has also helped the SF General Hospital project overall. Finally, the project manager benefits from having done similar projects before, and appears to adapt to challenges fast enough to keep the project on track.

Some of the difficulties have arisen regarding the Office of Statewide Health Planning and Development (OSHPD) approvals. When necessary, project manager Ron Alameida has spent significant time in Sacramento helping push through the project. Nonetheless, much of the risk comes from owner requested changes and from the difficulty in getting OSHPD approvals.

#### **Recommendations**

1. Continue to follow up on OSHPD approvals (one more major one to go) to ensure they do not slow down the bond.
2. Keep regular meetings between liaisons and bond project manager to ensure changes are being monitored.
3. Keep a close eye on the finishings as they take the longest and are most likely to get off schedule.

### **Laguna Honda Hospital Bond Program**

*Liaisons: Thea Selby and Sanford Garfinkel*

In 1999, San Francisco voters approved a bond to update Laguna Honda Hospital. This was prior to the existence of CGOBOC, but the bonds were not issued until 2005. This project is vastly underscope, overbudget, and overtime, and prompted the creation of CGOBOC. Originally to cost \$401M, it is now estimated to cost \$581M (of which \$299M are bond monies). Originally to provide 1,200 beds, it now provides 780 beds. Originally to be completed almost a decade ago, it is now projected to be completed by late fall 2014, 15 years after the start date, and 10 years after issuance of the first tranche of the bond.

Some of the lessons learned from this hospital project have been incorporated into the SF General Hospital Improvement Project, which include the following:



1. Perform pre-build work. Voters should know that what they are voting on has been carefully vetted in advance. Projects since Laguna Honda have included a "pre-build" component in which a careful and more accurate budget development is completed prior to placing the bond on the ballot.
2. Bring on general contractor at the design phase to reduce disconnect between the designers and the contractor.
3. Bring on key subcontractors at the design phase as well.
4. Have a 3<sup>rd</sup> party estimator vetting bids to minimize change orders. A low bid isn't low if the bidder then submits a slew of change orders. When you have a change order, you are not competing against other bidders, so there is less incentive to keep the bid low, which encourages cost overruns.

Laguna Honda is 97% complete, according to project manager John Thomas.

**Earthquake Safety and Emergency Response Bond Program (ESER)**

*Liaisons: Jonathan Alloy and Bob Muscat*

The City's Earthquake Safety and Emergency Response Program will seismically repair our aging infrastructure and enhance emergency response for the safety of our community. The first phase of the program, a \$412 million San Francisco Earthquake Safety and Emergency Response Bond (ESER Bond), was approved by 79% of voters on the June 8, 2010 ballot. The website for this bond program is as follows: <http://sfearthquakesafety.org/>.

During FY2012, the Committee held public oversight hearings on the ESER Bond on November 17, 2011 and May 24, 2012. The Committee liaisons held several project reviews with City staff at DPW headquarters, and conducted site tours of fire stations and the emergency water supply system; they completed a site tour of the public safety building in FY2013.

The ESER Bond has three primary components, described below with status on scope, schedule and budget for each.

- **Neighborhood Fire Stations** The San Francisco Fire Department finalized and approved scope for all 21 stations to be addressed in this bond in February 2012. Focused Scope improvements will proceed at 16 stations; Comprehensive Renovation will proceed at 1 station; and Seismic renovations will proceed at 4 stations, 3 of which involve construction of new buildings.  
The original budget of \$65.1 million has been supplemented with \$8 million of previous Fire facility bond funds. The Committee reviewed this budget change in its May 24, 2012 hearing. Overall, Neighborhood Fire Station project portfolio is trending towards the project budget of \$73.1 million, as tracked by Focused Scope bids and Comprehensive and Seismic cost estimates received to date.
- **Public Safety Building.** The San Francisco Department of Public Works has 90% construction documentation completed for the Public Safety Building and Fire Station 30. This will be followed by cost validation and QA/QC measures, including peer reviews, constructability reviews, and interdisciplinary coordination reviews. Construction

started in December 2011. Initial activities include mobilization and temporary utilities set-up; construction of soil-mix shoring wall around perimeter, including tie-back installation and commencement of pile-driving at basement level.

The project schedule aligns with the commitment to voters, with a target move-in date in October 2014. The substantial completion is on track to be in May 2014.

The project is trending towards the project budget of \$239 million, as evidenced by the accumulative bid prices to date on trade packages that have been bid. A remainder of approximately thirty out of a total of fifty trade packages will be bid and awarded by the end of CY2012.

- **Emergency Water Supply System.** The approved scope includes improvements to two pump stations, two storage tanks, the primary reservoir, as well as associated cisterns, and a portion of the pipe network and tunnels. Expenditures towards the elements of this project total \$3.89 million through June 30, 2012, out of the approved budget of \$101.08 million. The forecast cost is on target with no variance.

#### Recommendations

1. Improve evaluations of current conditions before scoping new work, to understand dependencies and underlying required costs that affect the ability to execute planned tasks.
2. Maintain a significant goal for local hire and MBE participation in contracts and look for ways to prepare packages that enable smaller and local firms to bid competitively.
3. Continue to phase work to expedite process and permit approvals to meet or beat schedule and budget targets.
4. Continue to engage affected communities on project plans (such as fire stations) and cooperate with public agencies on task coordination across programs (such as street repair).

#### **2011 Roadway Repaving and Street Safety Bond**

*Liaisons: Terrance Flanagan and Thea Selby*

Repaving work funded by the \$248 million Roadway Repaving and Street Safety Bond began in the spring of this year. After reviewing the draft project plan dated March 2012, CGOBOC liaison held an initial meeting with the Department of Public Works (DPW) staff responsible for managing the Roadway Repaving and Street Safety project. The website for this bond program is as follows: <http://sfdpw.org/index.aspx?page=1580>

To date, the City has issued bonds amounting to \$76.5 million to cover the first phase of the project. Proceeds from this sale will be allocated in the following manner.

- \$45 million will go to street resurfacing
- \$14.7 million for two years of curb ramp improvements

- \$5 million for sidewalk improvements
- \$5.2 million for street structures improvements
- \$5.6 million for planning and implementation of Streetscape improvements

Some street repaving has already begun. Other segments of the project are still in either the design and bid phase.

### **Recommendations**

At our initial meeting, CGOBOC liaison made several recommendations regarding the DPW's project plan, as follows:

1. Enter into MOU. In order to ensure effective coordination between DPW and the San Francisco Public Utilities Commission (SFPUC), the DPW should enter into MOUs with each of these two organizations. An MOU is now in place with the SFPUC that does, in considerable detail, assign payment responsibilities to the respective parties as well as SFMTA. However, CGOBOC liaison feels there should also be some reference in the MOU specifying who is responsible for ensuring effective coordination between DPW and the SFPUC in the area of street repair to ensure street construction is done in tandem, thereby avoiding the need for re-excavations and repaving which are both costly and highly inconvenient to the public.
2. Consult very early on in the Streetscape project with neighborhood groups to help avoid costly delays in later phases of the project.
3. Provide an explanation on how unit costs for each of the five project segments were calculated and how they compare with similar work performed in other jurisdictions. The current report simply lists the project's deliverables but provides no explanation on the process followed in arriving at those deliverables. (While at the moment the DPW lacks comparable information, CGOBOC Liaison was advised that it does belong to a regional organization that has or can obtain comparative statistics. Moreover, the CSA should be able to provide some assistance in this area.)
4. Publicize decisions regarding which streets will be repaved. DPW advised the CGOBOC liaison that with respect to road repaving the project would concentrate most of the bond proceeds on streets categorized as either "good" and "fair" that together comprise 28% of the City's blocks. Those blocks with a "poor" grade (23%) would be repaired when additional funds are secured.
5. Break out bond monies. In addition to the proceeds from the Roadway Repaving and Street Safety Bond, road and street repair is also being funded by money from other governmental agencies and the City's general fund. In order for CGOBOC to accurately assess progress in the Repaving and Street Safety project, it is important that Quarterly Status Reports break out work funded by proceeds from the bond measure.

CGOBOC has received DPW's first Quarterly Status Report on the project and based on the information contained in that report, another meeting will be held before the DPW's next presentation to CGOBOC scheduled for November 2012.

**2000 Neighborhood Recreation and Parks - \$110 million - <http://parkbonds.sfgov.org/2000/>**

**2008 Clean and Safe Neighborhood Parks - \$185 million - <http://sfrecpark.org/2008Bond.aspx>**

*Liaison: Corey Marshall*

#### **2000 Neighborhood Parks Improvement Bond Overview**

The 2000 Neighborhood Parks Improvement Bond is a \$110 million general obligation bond enacted in March 2000 for the acquisition, construction and reconstruction of San Francisco Recreation and Parks facilities. These funds were further leveraged with funding made available via the Open Space Fund, revenue bonds and private funds for a total program of more than \$257 million. Of the original 80 bond program projects – defined following passage of the bond in 2000 – the program has completed 75 capital projects. Four projects have been cancelled and one project remains active.

#### **Status**

The Neighborhood Parks Improvement Bond was approved prior to the formation of the Citizens General Obligation Bond Oversight Committee (CGOBOC). Therefore, oversight for the 2000 Neighborhood Parks Improvement Bond does not technically reside with the CGOBOC. The committee has been actively identifying opportunities for learning and pursuing improvements that have been implemented for delivery of the 2008 bond and integrated into planning efforts for the bond passed in November 2012.

#### **Recommendations**

1. **Thoroughly document lessons learned to inform future bond issues.** Since this bond program did not benefit from the structured oversight of CGOBOC, program staff should complete a comprehensive process of project close out to document the successes and shortcomings of project planning and delivery. Both city capital planning staff and department staff have already improved bond program planning with the development of the city's 10-year capital plan, but should also conduct a thorough operational review of project delivery procedures to benefit future bond programs in this department and others. This analysis should include consideration of the duration of bond project delivery; over 12 years, the Neighborhood Parks Improvement bond has been impacted by numerous factors – including economic conditions, construction costs, regulatory requirements and changing priorities – that could be better controlled or considered with a shorter bond delivery cycle.
2. **Conclude remaining projects as soon as possible.** Many of the lessons learned about challenges in project delivery have been learned via this bond program, which will conclude 12 years after voter approval. Capital planning and department program staff should work to close out all remaining work on these bond projects to focus efforts on subsequent (2008) and future (2012) bond programs.

#### **2008 Clean and Safe Neighborhood Parks Bond Overview**

The 2008 Clean and Safe Neighborhood Parks General Obligation Bond is a \$185 million general obligation bond enacted in February 2008 for specific, voter-approved parks and open space recreation projects, to be completed by both RPD and the Port of San Francisco. These funds were further leveraged with funding made available via the revenue bonds, gifts, private funds, and funding from both the Bay Area Rapid Transit (BART) and the Port for a total program of more than \$213.6 million. Of the original 12 major RPD bond program projects, two have been

completed, seven are in construction, one is out for bid, two projects are in design, and one project is in the planning stage.

#### **Status**

The Clean and Safe Neighborhood Parks bond is the first parks bond to come under the official authority of the CGOBOC. The committee has been actively engaged with the Recreation and Parks Department (RPD), meeting once per quarter for the past year to discuss project status and how previous project delivery challenges can inform these activities. The department completed significant project planning and preliminary environmental review in advance of passage of the 2008 bond, which has already proven beneficial. CGOBOC is further investigating ongoing project delivery challenges common to all bonds under the committee's jurisdiction, including procurement of consulting services to examine the city's community outreach methodology and the design review process for city construction.

#### **Recommendations**

1. **Document lessons learned to inform future bond issues.** Program staff are actively engaged with identification of ways to streamline or expedite project delivery, but should iteratively document the successes and shortcomings of project planning and delivery to make adjustments in real time. Staff should actively coordinate and communicate with staff in all involved departments and active capital projects.
2. **Actively inform CGOBOC and Controller's studies of community outreach and design review.** These functions have been identified as potential points of delay and cost escalation and will be studied under contract with qualified consultancies. Department and project staff should closely coordinate efforts to ensure that any findings can be immediately acted upon to impact projects currently under way.
3. **Coordinate future bond planning efforts.** RPD has made great strides in improving pre-planning for bond programs, but coordination with other ongoing efforts can still be improved. This could lead to cost savings and opportunities to optimize engagement of construction contractors when delays happen.
4. **Clearly communicate project delivery constraints and sources.** While delays in project delivery may be inevitable, actively communicating the sources of those challenges both to CGOBOC and the public could enable more active response. Timely communication and coordination could potentially avoid costly delays and cost escalation.
5. **Set out a clear process for monies that are not fully spent.** There are approximately \$5M in unused funds from the 2000 bonds. We recommend using the process elaborated in the 2008 bond to ensure the best use of those funds for the many good capital projects as yet unfunded.

#### **2000 Branch Library Facilities Improvement - \$105.9 million**

*Liaison: Corey Marshall*

*Web site: <http://sfpl.org/index.php?pg=2000002301>*

#### **Overview**

The 2000 Branch Library Improvement Bond is a \$105.9 million bond approved by San Francisco voters in November 2000 to fund modernization and improvement of 24 branch library projects. These funds were further leveraged with funding made available via the Library Preservation

Fund, lease revenue bonds, grants and private funds for a total program of \$196.3 million. Of the original 24 bond program projects – including 7 site acquisitions, construction of 8 new branch libraries and renovation of 16 branches, defined following passage of the bond in 2000 – the program has completed 22 branch library projects. The project scopes for two remaining projects – North Beach Library and Bayview Library – were significantly changed from renovation to reconstruction. As a result, both projects have encountered numerous delays and project cost increases.

#### **Status**

The Branch Library Improvement Program (BLIP) was approved prior to the formation of the Citizens General Obligation Bond Oversight Committee (CGOBOC). Therefore, oversight for the 2000 Branch Library Improvement Bond does not technically reside with the CGOBOC. However, the committee has been actively engaged with the San Francisco Public Library (SFPL) and Department of Public Works (DPW), meeting once per quarter for the past year to discuss status of two remaining bond-funded projects and close out processes that can inform current and future bond planning efforts. Of the two remaining projects, Bayview is projected for completion in February 2013 and North Beach is anticipated to begin construction by Fall 2012.

Due to the length and complexity of the BLIP, department staff has also been actively identifying opportunities for learning and pursuing improvements that will be implemented for planning and project delivery of future bonds.

#### **Recommendations**

1. **Document lessons learned to inform future bond issues.** Since this bond program did not benefit from the structured oversight of CGOBOC, program staff should complete a comprehensive process of project close out to document the successes and shortcomings of project planning and delivery. Especially in light of challenges with project scoping and related project delivery, department staff should work with the Controller to determine opportunities for future improvement in the project delivery cycle as part of the bond closeout process. This analysis should include documentation of incidents and factors that have caused significant project delays and cost increases attributable to significant changes in scope, advance bond planning and structure, project sequencing, and program coordination to optimize project delivery.
2. **Conclude remaining projects as soon as possible.** Many of the lessons learned about challenges in project delivery have been learned from significant scope changes in this bond program driven by poor advance planning, which will conclude 12 years after voter approval. Capital planning and department program staff should work to close out all remaining work on these bond projects to focus efforts on future bond programs. With increasing levels of economic and construction activity, expediting final projects could mitigate any potential cost escalation caused by delays in project delivery.
3. **Review bid process to make sure the bond monies are being optimized.** Have a checklist for what the qualifiers should be looking for in addition to bid to ensure that the final price isn't significantly higher. Local hire, helping small businesses and unbundling contracts should be included as things to look at for the best bid.

## CONCLUSION FOR BOND OVERSIGHT

After BLIP, Laguna Honda and the 2000 Rec and Park bond, the general obligation bonds have been coming in more on time, on scope and on budget. We attribute this to better scoping out of the bond prior to beginning. MOUs, optimized community engagement processes, processes for monies that are not fully spent, and carefully thought-out bidding qualifications should all assist in ensuring that the citizens get what they voted for.



In addition to overseeing the general obligation bonds for the City and County of San Francisco, CGOBOC oversees the City Services Audits and the Whistleblower Program. Below are brief updates and recommendations for those two programs.

### City Services Auditor

*Liaisons: Rebecca Rhine and Terrance Flanagan*

The CGOBOC City Services Auditor liaisons have held quarterly meetings with the CSA since 2011, reviewed a number of reports and protocols and, as a result, submit the following recommendations:

- **Recommendation 1:** CSA should progressively expand benchmarking efforts by more fully incorporating into its reports efficiency measurements, including those dealing with worker productivity, assessment of the continuing need for a particular service or function, comparisons with other jurisdictions and, where appropriate, analysis of the benefits of adopting best practices from those other jurisdictions. CSA should integrate such efficiency/cost per unit information into the Budget and Performance Management System database to support these efficiency measurements.

**Rationale for Recommendation 1:** The framers of Proposition C that authorized the establishment of the CSA and the voters of San Francisco who approved it were explicit in defining the CSA's primary task. Section one of Appendix F of the City Charter specifically instructs the CSA to "...establish tools to enable residents to assess the effectiveness of city services...." (F1.100 [b]) To this end, the CSA should "... conduct comparisons of the cost and performance of San Francisco City government with other cities, counties and public agencies performing similar functions. In particular the CSA shall assess:

- Measures of workload, addressing the level of service being provided or providing an assessment of the need for a service;
- Measures of efficiency including cost per unit of service provided, cost per unit of output or units of service provided per full time equivalent position...." (F1.101 [a] 1-2).

Only by fully incorporating the efficiency measurements and comparative information prescribed in Appendix F into its reports will the CSA provide the citizens of San Francisco and its elected officials the information required for them to arrive at an

informed assessment of the efficiency of San Francisco City government in providing public services.

- **Recommendation 2:** CSA should develop and implement a detailed vetting process for using benchmarking data to evaluate the reasonableness and achievability of deliverables for infrastructure projects financed by general obligation bonds.

**Rationale for Recommendation 2:** The City and County of San Francisco's experience with recent infrastructure projects financed by general obligation bonds, including the restoration of the City's libraries and parks and the rebuilding of the Laguna Honda Hospital, clearly demonstrates the need for a comprehensive vetting process that evaluates the achievability of goals contained in the project plans as well as verifying that the deliverables represent the most cost effective use of the funding available. Ideally, this vetting process ought to occur before the public is asked to approve a bond measure; however, if this is not practical, then it should be conducted in time for it to be appended to the initial project plan submitted to CGOBOC by the project manager. At various stages of a project, the plan would be "re-certified". Given the current structure of the city government, it would appear that the appropriate unit to conduct such reviews is the CSA.

#### **Whistleblower Program**

*Liaisons: John Madden and Regina Callan*

The Committee also oversees the Controller's administration of the Whistleblower Program, which handles complaints on the quality and delivery of government services, wasteful and inefficient city government practices, misuse of government funds, and improper activities by city government officials, employees, and contractors. The Controller's staff evaluates and forwards complaints to the appropriate agency, including having the Controller investigate and attempt to resolve the complaints when appropriate. From January 1 through March 31, 2012, there were 117 complaints filed and reopened, and 112 complaints closed, leaving 48 complaints open as of March 31, 2012. Eighty-eight percent of complaints were closed within 90 days. Twenty-three complaints were sustained in full or in part, or resulted in a department taking a corrective or preventive action. Retaliation against whistleblowers is illegal and the Ethics Commission investigates retaliation complaints. During that quarter, 12 retaliation complaints were filed and opened, with three closed.

#### **Recommendations**

1. Administrators of the Whistleblower Program should continue working with 311 Call Center to efficiently and accurately route calls to departments or Whistleblower as appropriate. This makes the Whistleblower work more efficient as they then can spend more time investigating fraud and abuse issues without having to deal with issues more appropriately under departmental domain.
2. Also, Whistleblower administrators should continue working with departments and employee groups to publicize the availability of the Whistleblower Program. They have recently made some changes to the on-line complaint form to make filing easier.
3. Delays seem to fall into two categories: (1) slow department response to inquiry and (2) complexity of issues requiring the involvement of multiple city departments and



agencies (e.g., Human Resources, City Attorney, District Attorney, and other departments, boards, or commissions).

We appreciate this opportunity to provide you with an update for the Citizens General Obligation Bond Oversight Committee. Please do not hesitate to contact us with any questions or comments you may have.

BOARD of SUPERVISORS



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Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
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Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Ben Rosenfield, Controller, Office of the Controller

FROM: Rana Calonsag, Clerk, Government Audit and Oversight Committee  
Board of Supervisors

DATE: February 4, 2013

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Chu on January 29, 2013, which is being forwarded to your department for informational purposes.

**File No. 130102**

Hearing to review the Citizen's General Obligation Bond Oversight Committee's most recent annual report, as required by the City's Administrative Code.

If you have any additional reports or comments to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

C: Maura Lane, Office of the Controller

Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee:
- An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee:
- 4. Request for letter beginning "Supervisor  inquires"
- 5. City Attorney request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No.
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

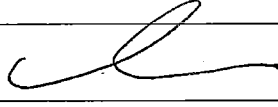
- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.**

**Sponsor(s):**

**Subject:**

**The text is listed below or attached:**

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

130 102



