

MEETING MINUTES
Citizens' General Obligation Bond Oversight Committee
January 26, 2017 Hearing Room 416 - City Hall
San Francisco, CA 94102

1) Call to Order, Roll Call

The meeting was called to order at 9:32a.m. The following Committee members were present: Larry Bush, Robert Carlson , Kristin Chu, Kevin Hughes, Brian Larkin, Brenda Kwee McNulty, Alexander Tonisson and Jennifer Warburg.

2) General Public Comment

There was public comment from Patrick Monette-Shaw:

“ I testified October 3 CGOBOC should broadcast its meetings on SFGOV-TV. Today’s background file says “Coverage added based on meeting body interest and SFGOV-TV Availability.” This shouldn’t hinge on CGOBOC member’s interest in broadcasting your meetings. Rather, citizens and taxpayers have a right these meetings be broadcast to monitor how you’re overseeing *billions* of dollars in bond spending. The Public’s interests outweigh CGOBOC member’s interests. This isn’t about you; it’s about we the people!

If “no coverage is available at this time” is due to SFGOV-TV’s staffing constraints, CGOBOC should outsource videotaping. You shouldn’t be on a broadcast “waiting list” until SFGOV-TV resolves staffing.

Another shocking “change order” involves several housing bond categories increasing allocations to the homeless from 20% to 30%. For the Laguna Honda Boulevard 150 senior housing units, that increases the homeless set-aside from 30 to 45 of those units not included in your proposed metrics”.

3) Approval, with possible modification, of the minutes of the November 15, 2016, 2016 meeting.

The minutes were approved with one modification. There was public comment from Jerry Dratler.

****Hold Dratler public comment pending review by City Attorney. Exceeds 150-words and include comments and information not said as part of public comment.**

(*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).

4) Presentation from the Mayor's Office of Housing regarding the 2014 Affordable Housing Bond.

Benjamin McCloskey, Deputy Director – Finance and Administration, Mayor's Office of Housing and Community Development, introduced Mara Blitzer, Director of Housing Development, as the new Project Manager for the 2014 Affordable Housing Bond. Mr. McCloskey also hand-delivered a written response to questions from Larry Bush, CGOBOC Committee member, to the Committee. A copy of this written response will be posted on CGOBOC's web site under "supporting materials" for today's meeting.

Key highlights since the last CGOBOC report were reviewed. The information included:

First issuance completed on November 2016 - \$74.4MM

Public Housing pre-development and planning loans were disbursed starting November 2016

Low income multi-family NOFA Awards in process of executing loan agreements

Low income small sites funding pipeline finalized

Middle incomes Down Payment Assistance Loans (DALP) are fully subscribed and Teacher Next Door (TND) loans are underway.

Information was provided for public housing – Hope SF at Sunnydale and Potrero as well as low-income housing - the development with Mission set-aside and small sites. The middle income housing down payment assistance and the Teacher Next Door loans.

Larry Bush and Jennifer Warburg are the Committee's liaisons to this bond project. Mr. Bush referred to the responses from Mr. McCloskey in the memo that was distributed at the meeting. He requested more metrics, a clearer definition of "family" housing. Ms. Warburg expressed her appreciation for the response from MOH and the clarity of some of the data points. She asked that more tables be included that better describe the number of units, families, etc.

Other Committee members commended Mara and Benjamin for the preparation of the materials and the importance of including feedback from communities. There was a request to put page numbers on slides for reference. A request was made to add the ability to track changes on the overall budget. Clarification was requested about the loan programs and how they fit into the overall finances.

There was public comment from Patrick Monette-Shaw as follows:

"During CGOBOC's October 3, 2016 meeting I testified about my on-going concerns whether CGOBOC will adequately track change orders regarding the \$310 million Affordable Housing Bond.

In today's presentation, although MOHCD has now presented three times on the status of this Bond, suddenly there's what is essentially a new change order, adding the 150-unit senior housing project at 250 Laguna Honda Boulevard that had not been previously presented to CGOBOC members as part of the proposed bond spending, a project strongly opposed by neighborhoods in that area.

I testified October 3 planned spending in the Middle-Income Housing category had shifted. Page 25 of today's MOHCD presentation shifts it again. On July 28 MOHCD advised CGOBOC that \$24 million would be allocated to a "Middle-Income Buy-In Program," which has now vanished, re-allocated to the "Middle-Income MOHCD Production" category increased to \$50.9 million. When are these spending categories going to stop shifting?"

There was also public comment regarding the project at 250 Laguna Honda Blvd. from the following members of the public: John Farrow, Carolyn Seeley, John Steadman, Jody Albertson, Katrina Kranz, Marilyn Hsu, Mary Levine, Pat Lee and Sandra Pucinelli. (spell out the issues and concerns presented – the pre-school that has been a part of the neighborhood for many years, developers not working with the community, project presented in a negative way, the need for something that works for both the neighborhood and school, location not good for seniors, safety issues).

The Committee chair pointed out that while the Committee is happy to take public comment, they have no authority in regard to whether to how funds are used as bonds approved by the citizens of the City. Appropriate approving bodies include Planning, the Mayor's Office and the Board of Supervisors. Mara also encouraged community engagement with developers.

5) Presentation from the City Services Auditor (CSA) regarding CSA Reports and Audits

Peg Stevenson and Tonia Lediju, CSA Performance and Audits Directors, provided a quarterly update of issued project reports, audits and other important work that was completed during the October – December 2016 period. Some of the projects and audits were reviewed, as well as on-going major projects and audits.

Larry Bush is the Committee's liaison to CSA. He expressed his opinion that the quality of the work is good overall and is serving the City in accordance with the mandate. He also recommended an audit of the Department of Elections in regard to possible voter fraud.

There were questions in regard to the Justice Project, of which the Sheriff is a part. It is too soon for an audit as the project is still in build. It was also pointed out that the project has many parts. The Sheriff's part has been complete for several years.

There were several requests made by the Committee:

- Include information about the impact to 311 of new technologies
- Self-reporting on page 15 of the presentation – what kind of information is requested? How are trips to and from the airport reported?

Public Comment:

Wait for City Attorney response on Dratler comments. Written comments exceed word count and include information not said as part of public comment.

Charles Martstellar – donor state (get the full statement from recording)

6) Presentation from the Capital Planning Program of the draft Capital Plan

Brian Strong, of the Office of Resilience and Capital Planning, provided an overview of the draft FY2018- 2027 draft Capital Plan. The overview included a description of San Francisco's responsibility for a broad array of city, county and regional services that are supported by a massive physical infrastructure. The Capital Plan collects and coordinates these efforts in one document.

The goal is to develop and implement a sustainable plan for the long-term safety, accessibility and modernization of the City's public infrastructure and facilities.

The Capital Planning Committee (CPS) is chaired by the City Administrator and includes all capital-intensive department heads as well as the President of the Board of Supervisors, the Planning Director, the Controller and the Mayor's Budget Director.

The plan is a constrained long-term finance plan that prioritizes projects based on an approved set of funding principles. Regulatory mandate, health and safety, and timely maintenance and renewal are the top priorities.

Mr. Strong provided a funding and sources overview. He also reviewed the Pay As You Go funding outcomes for FY18-27, the impact of funding levels on backlogs and enhancement requests for the current year.

The debt program – as pertaining to G.O. Bonds – schedule, bond capacity, debt schedule and debt capacity were presented by Heather Green, Assistant Director. Ms. Green also talked about the CPC review schedule, which starts in December and is usually finalized by the end of February.

In response to questions about COPs (certificates of participation) Ms. Green said that COPs can be issued without voter approval but must be approved by the Board of Supervisors.

There was no public comment.

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

A. CGOBOC Annual Report – the Annual Report was accepted with an amendment that there will be an attachment of the revenue resources and expenditures within 10 business days.

There was public comment from Jerry Dratler: “The CGOBOC annual report discusses CGOBOC activities last year, not whether CGOBOC and CSA fulfilled their legally required duties. Mr. Dratler asked the following questions:

- No comprehensive financial and performance audits of City departments were issued by CSA last year.

- There were no CSA audits in 2016 to ensure that bond funds related to streets, parks and open spaces were spent in accordance with bond documents.
- The CSA is required to review performance and cost benchmarks developed by City departments. The most recent report was 7/28/2015. All reports in the last 12 months failed to fulfill the requirements below.
- A. The reports did not (1) include measures of efficiency including per cost unit of service provided or units of service provided per full time equivalent employee; (2) did not cover the nine City service areas and the data was not posted annually on the CSA website”.

Mr. Martstellar commented that San Francisco falls short of the levels of construction of similar-sized cities.

- B. SFGTV Update – the Committee discussed the information provided by SFGovTV in regard to their ability to provide live coverage at this time.

There was public comment from Jerry Dratler about the need to provide coverage as means of transparency and accountability.

Due to the late hour, two Committee members left. A motion was made to pursue coverage. Two Committee members voted yes, 2 voted no and one abstained. The motions did not carry.

The meeting was adjourned at 12:30 p.m.