

**MEETING AGENDA**  
**Citizens' General Obligation Bond Oversight Committee Meeting**

February 26, 2024  
9:30 AM to 11:30 AM  
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](https://sanfrancisco.granicus.com/ViewPublisher.php?view_id=191). Below is a high-level summary of the February 26, 2024, meeting. Presentations for the meeting can be found at <https://www.sf.gov/meeting/february-26-2024/february-26-2024-cgoboc-meeting>.

**1) Call to Order/Roll Call.**

The meeting was called to order by Natasha Mihal, Committee Secretary at 9:50 am. The following Committee members were present: Vice-Chair Andrea Crawford, Member Brian Larkin, Member Bart Pantoja, Member Judi Sanderlin, and Member Tim Tung. Chair Timothy Mathews was absent. The Ramaytush Ohlone Land Acknowledgement was read aloud.

**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) Approval with possible modification of the Minutes of the December 4, 2023, meeting.**

Member Larkin provided updated comments that were missed because of a recording issue.

**4) Presentation on the 2015, 2016, and 2019 Affordable Housing Bond Programs and possible action by the Committee in response to such presentation.**

The video recording begins with Agenda Item 4, 2019 Affordable Housing Bond Program Presentation.

Andrea Gremer, of the Mayor's Office of Housing and Community Development, discussed the categories of spending by issuance for the 2019 Affordable Housing Bond Program. More than a third of the funding went to low-income housing. Two additional categories were added: Senior Housing and Educator Housing. She reviewed the percent issued and projected spending for Public Housing, Low-Income Housing, and

Middle-Income Housing and Preservation categories. Senior Housing (\$107.5M) and Educator Housing (\$20.0M) will be the bulk of the third issuance. She presented a City map showing all project locations followed by a unit production summary that lists all the projects funded and where they are in production.

Member Crawford asked for an overview of the 2016 Preservation and Seismic Safety (PASS) Program to which Mr. Oliver began to transition the presentation to cover.

Before Mr. Oliver began speaking on the 2016 Preservation and Seismic Safety (PASS) Program, Member Larkin asked for the name of the project in the inner Richmond District shown in the City map presented. Ms. Gremer could not name the project but noted that it is between 81 and 120 units.

Johnny Oliver, of the Mayor's Office of Housing and Community Development, presented next on the 2016 Preservation and Seismic Safety (PASS) Program. He gave a brief history of the 2016 Prop C Preservation and Seismic Safety (PASS) program with \$260.7M made available. He reviewed affordability restrictions. Rents must reach an 80% AMI and are capped at 120% AMI. He reviewed eligible and noneligible uses. Eligible uses include seismic retrofits to unreinforced masonry buildings, acquisition/rehabilitation and preservation of affordable housing, small sites (buildings with 5-50 units), larger multi-unit and mixed-use residential buildings, and single-room occupancy hotels (SRO). Noneligible uses include new construction and acquisition without rehabilitation. He reviewed PASS financing and program changes after COVID.

There was no public comment.

**5) Liaison Report on the 2008 and 2012 Clean and Safe Park GO Bond Programs.**

Member Pantoja met with Stacey Bradley with the Recreation and Parks Department and Shannon Cairns with the Port of San Francisco. Ms. Bradley had several projects and programs including trails, mini parks and playgrounds that are well-received and in the process of being completed. Member Pantoja is especially fond of the completion of the fitness court at Lake Merced and compares it to the fitness center at Marina Green. He reports that the Port and the Recreation and Parks Department are maximizing bond funding as evident by the projects throughout the City.

There was no public comment.

**6) Liaison Report on the Earthquake Safety ESER Bond Program.**

Member Tung reviewed the status of the GO Bonds under this program. The City has issued all bonds under the 2010 Earthquake Safety and Emergency Response (ESER) Bond (\$412M) and 2014 ESER Bond (\$400M). The City has issued \$168M of the \$629M authorization for the 2020 ESER Bond. Emergency Fire Fighting Water System, the neighborhood fire stations and support facilities, district police stations and support facilities, the disaster response facility at Kezar Pavilion, and the 9-1-1 response facilities are highlighted. Member Tung expressed gratitude for the quarterly reporting Public Works does, as it provides increased transparency into the process. He noted due to cost escalation at the Fire Training Facility, the funding available for Fire Station Modernization, Replacement and Rehabilitation has decreased, leading to some projects not being completed within their original scope. He highlighted that the disaster response facility at Kezar Pavilion is also used as a for-recreation purposes on a day-to-day basis.

Member Tung and Member Pantoja received a facilities tour of Fire Boat Station 35, Fire Station 8, and Fire Station 5, strategically picked for a before and after comparison of the facility modernization project. Member Tung provides an overview of each station toured and thanked Chief Miller and firefighters for making the tour happen. Member Tung concludes his report by providing an overview of his discussions with Magdalena Ryor, Earthquake Safety and Emergency Response Bond Program Manager, and various project managers, highlighting areas for continued discussion.

Member Pantoja commented on his key takeaways from the facilities tour, highlighting some of the challenges firefighters face and reinforcing the need for facility upgrades.

Member Crawford asked Member Pantoja how old the fire station was that he referenced in need of upgrades. Member Pantoja couldn't recall how old the fire station is but noted the many stopgap solutions made. Member Tung added that there have been some improvements made over time, but the layout is still less than ideal.

There was no public comment.

**7) Liaison Report on the Homelessness, Health, Parks 2020 Recovery Bond Program.**

Member Sanderlin reviewed how the GO Bonds are earmarked stating there are four departments involved and reviewed the four departments. Member Sanderlin reported on the issuances and spending of the funding by each department to date. She delineated the scope, schedule, and budget status of each bond component, highlighting any notable accomplishments.

Member Crawford asked what step-down beds are. Member Sanderlin and the other committee members also did not know what step-down beds refer to. Member Larkin commented that it would be worth following up on. He mentioned he had asked the Department of Public Health for a definition of low-barrier shelters supplemented with data on how many they have built, how many they have planned and what the status is of those they have planned, but he has not heard back yet. Once he receives that information, he plans to share it with the rest of the committee members.

There was no public comment.

**8) Presentation from the City Services Auditor regarding the Whistleblower Program and possible action by the Committee in response to such presentation.**

David A. Jensen, Whistleblower Program Manager, presented on the activities and initiatives of the Whistleblower Program. He reviewed the authority for the program investigations and matters that are appropriate for investigation. Appropriate matters are misuse of city funds, improper activities by city officers and employees, deficiencies in the quality and delivery of government services and wasteful and inefficient government practices. He then reviewed which types of reports are referred to other agencies and the city staff that work on the Whistleblower Program. A chart was reviewed demonstrating by year and quarter the number of reports received since July 1, 2014. A second chart showed Quarter 2 report volumes with 92 reports open at the beginning of the quarter, 129 reports received, 148 reports closed, and 73 reports open at the end of the quarter. Another chart showed that 83% of reports received in Quarter 2 came through the online web form with 50% of those filed anonymously. Also in Quarter 2, 90% of the 148 reports received were closed within 90 days and 83 of the 148 were investigated and closed. The chart also showed that 17 were closed without

investigation, 11 were merged with previous complaints, 5 were previously addressed, 25 were referred to a department with Charter jurisdiction and 7 were outside of the Whistleblower Program jurisdiction. He reported that the percentage of investigated reports resulting in corrective or preventive action over the past 10 years has been steadily between 30% and 40%. Lastly, he gave a review of the highlights of Fiscal Year 2023-24 initiatives.

Member Tung asked if Mr. Jensen is at liberty to discuss the reports that have remained open for 270+ days and his expectation for when they would be resolved. Mr. Jensen's expectation to close out those reports sooner rather than later but noted that his expectation is not always met. Reasons for delay could include a staff member integral to the investigation is on leave or the complaint involves different processes than just City processes.

Member Crawford thanks Mr. Jensen and team for the work they do and the presentation they provided. She proceeded to ask if there are any discussions of increasing the goal next year of 75% of cases closed within the first 90 days, given that the team is consistently meeting and/or exceeding the goal every year. Mr. Jensen said he would be happy to discuss this matter further when he meets with the committee again.

There was one public comment received via email ahead of the meeting that was read advocating for the disclosure of the percentage of co-sourced investigations to clarify the balance between direct and referred investigations and advises the CGOBOC Committee to request a breakdown of cases directly investigated by Whistleblower Staff versus those that are referred for self-investigation and monitored.

**9) 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 December they have not issued any new public integrity reports. The Audits Division is continuing their series of assessments, one of which will be issued in the coming weeks related to the San Francisco Public Utilities Commission purchasing processes. Audits is also working on a public integrity assessment related to the September 2023 federal complaint regarding the Community Challenge Grant Program at the City Administrator's office as well as following up on their three-year recommendation status update on the public integrity report. Audits continues to provide assistance to the City Attorney's Office on their investigations related to individuals and contractors.

**B. City Services Auditor (CSA) – Mid-Year Updates**

Mark de la Rosa, Director of Audits for the Controller's City Services Auditor, reported that the Audits Division is continuing their series of assessments and audits as part of their FY23-24 work plan as well as their administration of the whistleblower program and cost recovery activities related to the COVID-19 pandemic. The Audits Division will be undergoing peer review in July 2024 as part of the GAO government auditing standards requirements.

Natasha Mihal, Director of City Performance for the Controller's City Services

Auditor, shared that City Performance issued the FY23 Annual Performance Report, the FY23 Park Maintenance Standards Annual Report, the FY23 Our City, Our Home (OCOH) Annual Report, and the FY23 Citywide Nonprofit Monitoring and Capacity Building Program Annual Report. She shared key highlights from each report. The City Performance Division is also preparing to issue the Annual General Obligation Bond Program Report for Fiscal Years 22-23 as well as a few additional reports on treatment facility acquisition, ambulance diversion, and mental health staffing analysis. She shared that City Performance is starting their work planning for FY24 alongside Audits and that the Controller's Office is preparing to welcome the City's new Controller, Greg Wagner, who will be sworn in on Thursday, February 29, 2024.

Member Larkin asked for confirmation that Ben Rosenfield is leaving and what his next steps will be to which Natasha Mihal confirmed his departure and stated that Mr. Rosenfield is moving to a different position but what that position is remains unknown.

Member Sanderlin asked what happens when a department does not meet its performance goals to which Natasha Mihal stated that City Performance does not have the responsibility to manage underperforming departments, only to ensure that the information is public and available to them. She then explains who the users of the Annual Performance Report are and how they leverage the data in the report.

Member Tung asked if there was a decision made on what constitutes as timely for producing financial audits of nonprofits receiving City funding. Natasha Mihal explained that timeliness refers to the most recent fiscal year due to the fact that nonprofits can be on different fiscal years, but noted that nonprofits have to be able to provide a financial audit within six months of the end of their fiscal year.

### **C. City Performance Unit – Highlights from upcoming General Obligation Bond Report**

Janice Levy, City Performance Manager, introduced the team working to develop the Annual General Obligation (GO) Bond Program Report for Fiscal Years 22-23 and provided an overview of the report and publication timeline. Alexis Lozano, Performance Analyst at City Performance, provided an overview of the methodology used to develop the report and the structure of the report. A chart was reviewed detailing the amount expended, amount encumbered, remaining balance and amount issued to date of the eight active GO bond programs as of June 30, 2023. She noted that the 2014 Earthquake Safety and Emergency Response (ESER) and 2015 Affordable Housing bond programs are functionally complete and in administrative close out. She provided financial summaries of the eight active GO bond programs. A table was reviewed highlighting in-progress bond components that have reported delays based on their projected end dates and reasons for the delay. Kai Matsumoto-Hines, Performance Analyst at City Performance, provided an overview of the citywide issues identified in the last annual GO bond program report, noting that many remain largely unchanged or have gotten worse. He discussed the benchmarking efforts City Performance undertook to build on the citywide issues section of the report and to satisfy a Controller's Office charter mandate.

Member Larkin asked if reasons for delay also capture contractor delays and if so, how much of the bond components are delayed because of that. Mr. Matsumoto-Hines and Ms. Lozano confirm reasons for delay also capture contractor delays.

Member Larkin followed up asking if there are any steps the City is taking to reduce delays caused by poor coordination. Ms. Levy stated that the report highlights delays caused by interdepartmental cooperation and coordination with external bodies as well as potential areas for continued improvement.

Member Larkin asked if the PowerPoint slides are available for review to which Ms. Levy stated the link to the PowerPoint presentation is the last link on the agenda.

Member Crawford asked how long the benchmarking effort took and how often City Performance conducts benchmarking. Ms. Levy explained the charter mandate does not require City Performance to have a benchmarking schedule and noted the different ways City Performance satisfies the mandate. As for how long the capital benchmarking effort took, planning began in early summer, interviews conducted over the course of the summer and wrapped up a couple of months after that.

Member Pantoja commented that low-cost bid selection has consistently proven to be a challenge. He asked if there are alternative bidding methods the City can use such as having a responsible bidding process where bidders are surveyed on their performance history, violation history, and solvency to identify contractors that are the lowest responsible bidders. Ms. Levy explained that City departments use a variety of contracting methods and bond program managers have highlighted low-cost bid selection as a challenge since it can result in unrealistic or weaker bids.

**Note: The video recording is missing audio between 1:24:34 and 1:24:34, making it difficult to determine what Member Pantoja asked the team.**

In response to Member Pantoja, Mr. Matsumoto-Hines he is unable to comment on behalf of other City Departments but noted that low-cost bids may be chosen due to financial reasons. Member Pantoja commented on the negative outcomes that can occur with low-cost bid.

Member Tung asked if the team looks at how overhead costs are allocated in the City and if it follows a standard or guideline to which Ms. Levy responded that the team has not looked at how overhead costs are allocated, but noted that the team will take it into consideration for future work planning.

Member Pantoja asked for clarification on why hiring local is a challenge for contractors when there are programs available that could support them with hiring local. Ms. Levy agreed that there are programs available to support contractors with hiring local and flagged that those are questions the report will continue to raise.

Member Larkin reflected on the positive outcomes of using negotiated procurement and asked if any alternate procurement methods are recommended in the report. Ms. Levy stated that City departments have different procurement processes and the report discusses at a high level some of the challenges with procurement methods.

Member Sanderlin asked for clarification on the choice to include the 2020 Health and Recovery bond program in its entirety in the Parks, Health and Recovery Section and not include \$200M allocated to affordable housing in this section. Ms. Levy stated that this is something the team has been discussing at length and are open to any feedback the committee may have on the placement of the 2020 Health and

Recovery bond program. Member Sanderlin reflected that as a member of the public, she would be interested in knowing that there is an additional \$200M allocated to affordable housing in that bond program. Ms. Levy will consider breaking up the components and putting them in the appropriate subject matter areas.

**D. Public Finance – Upcoming Bond Issuances**

Bo Scott, of the Office of Public Finance (OPF), shared that the OPF introduced the sale resolution for Series 2024 R1 General Obligation Refunding Bonds at the Board of Supervisors meeting on February 6, 2024, which is expected to be considered at the Board in March 2024 and closed in May 2024. In FY25, OPF expects to issue the final issuance of 2019 Affordable Housing bond.

Member Tung if the OPF monitors for spend-down tests for bond proceeds. Mr. Scott shared that prior to developing the structure of a general obligation bond, OPF works with City Departments to obtain a spend-down schedule. Member Tung asked if OPF monitors how close City departments are to the three-year threshold for IRS requirements to which Mr. Scott responded that OPF stays in constant communication with City departments throughout the life of a bond and ensures that they are aware of the IRS requirements. Member Tung asked if there are any programs or bond issuances close to or past the three-year threshold to which Mr. Scott responded that departments are generally good at spending and will follow-up via email regarding that list.

**E. CGOBOC – FY2023-2024 Workplan, Liaison, and Meeting Dates**

Natasha Mihal reviewed the calendar of upcoming meetings.

There was no public comment.

The meeting was adjourned by Member Larkin at 11:28 am.