

MEETING AGENDA
Citizens' General Obligation Bond Oversight Committee Meeting

June 10, 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. Below is a high-level summary of the June 10, 2024, meeting. Presentations for the meeting can be found at <https://www.sf.gov/meeting/june-10-2024/june-10-2024-cgoboc-meeting>.

1) Call to Order/Roll Call.

The meeting was called to order by Natasha Mihal, Committee Secretary. The following Committee members were present: Vice Chair Andrea Marmo Crawford, Member Brian Larkin, Chair Timothy Mathews, Member Bart Pantoja, and Member Judi Sanderlin. 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 February 26, 2024, meeting.

Chair Mathews welcomed the new Committee Secretary, Karen Perez.

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

There was no public comment.

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

Kate Faust, Capital Planning Manager in the Office of Resilience and Capital Planning, began by sharing that the Capital Plan ("Plan") will be updated in the Fall of 2024 for adoption in April 2025. She then gave an overview of the purpose of the Plan which is to serve as a fiscally constrained roadmap for infrastructure investments that balance the

City's limited resources with the City's most pressing need. She shared the Plan aims to strike a balance in funding across the five key funding principles. She then presents a graph of the history of all the bonds and the significance the introduction of the first Capital Plan in 2006 had on the pass rate for bonds at the ballot. She highlights that the current Plan saw a \$3 billion increase due to the PUC's \$3 billion increase in their departmental capital plan, bringing the total up to \$44.5 billion. She reports the Capital Planning Committee made two significant changes to the GO Bond Program: the first was to remove the Shelter Program from the March bond. The updated bond now focuses exclusively on affordable housing with a \$300 million investment. The second change included adding \$70 million to the planned November bond. She concludes that overall amendments add up to a \$30 million increase to the approved Capital Planning Program. She closes by showing a chart illustrating the impact of the 2006 tax rate constraint on the overall bond capacity remarking that all available capacity in the program is being used.

Nishad Joshi, Capital Budget Manager in the Office of Resilience and Capital Planning, provides a brief overview of the Cash Program. He shares that there haven't been any official amendments made to the Plan but notes there have been some divergence between the Plan and the adopted budgets for Fiscal Years (FY) 2024, 2025 and 2026. He then explains that the Pay-As-You-Go Program aims to maintain a pavement condition index of 75 (considered good) and funding is recommended to achieve that goal. Prioritization of ADA compliance and funding set aside for enhancement projects are also recommended. He then shares a graph that shows pre-COVID funding levels were higher compared to the post-COVID levels seen in the current Plan and the City's attempt to move towards the recommended levels of funding pre-Covid. The graph also shows the addition of COPs, or Certificates of Participation, to fill some of the shortfalls faced with the general fund.

Member Larkin asked Mr. Joshi to clarify what COPs, or Certificates of Participation, are to which Mr. Joshi explained COPs are a debt issuance instrument backed by the general fund and do not require voter approval to issue.

Vice Chair Crawford asked Mr. Joshi to explain the source of the pavement condition index (PCI) target of 75. Mr. Joshi explained that Public Works conducts an inspection program (a combination of visual inspections and review of recently completed work) each year to evaluate the PCI score across the City. Vice Chair Crawford followed up by asking if PCI is a generally accepted metric to which Mr. Joshi confirmed that it is, further explaining that 75 is generally considered good, 85 is generally considered optimal, and anything below 65-70 is considered poor. Vice Chair Crawford asked if San Francisco ever reached 85 to which Mr. Joshi replied not that he is aware of.

There was no public comment.

5) Presentation from the Port regarding the 2018 Embarcadero Seawall Earthquake Safety Bond and possible action by the Committee in response to such presentation.

Carlos Colon, Waterfront Resilience Program Administrator, started with an overview of the two completed bond sales, totaling a little over \$88 million, and the upcoming third bond sale at the end of calendar year 2024 or early 2025. He then goes over the program scope and budget, noting that an update will be made in the next reporting cycle to include active projects and their corresponding budgets. He reports on the

program's expenditures, encumbrances, and balances through December 2023, inclusive of all funding sources. The total amount unencumbered (\$32.5 million) is expected to be allocated by the end of this calendar year to cover the Request for Proposals (RFPs) issued and the next bond sale. The majority of bond expenditures (\$39.3 million) have been spent on planning, engineering, and preliminary and detailed design.

Sklyer Poe, Waterfront Resilience Program Analyst, provided an overview of the additional funding sources secured and will be secured for the program, totaling \$59.1 million. The Port secured a \$7.8 million grant from the Coastal Conservancy to fund the Southern Embarcadero Resilience and Enhancement Project. In partnership with SFMTA, the Port will use a \$1.32 million Caltrans Sustainable Transportation Planning grant to fund the Embarcadero Mobility Resilience Plan. The Port has been tentatively selected for a \$50 million grant from FEMA's Building Resilient Infrastructure and Communities (BRIC) program and is expected to receive a Notice of Award within the next 4 to 6 months.

Steven Reel, Deputy Program Manager of Engineering and Project Management, shared the Port is in the pre-design phase, currently working through need assessments, alternatives analyses and conceptual engineering to inform baseline budgets. He provides an overview of the purpose and vision for the following projects in pre-design: Wharf J9 Replacement & Resilient Shoreline project, Pier 15 Bulkhead Wall & Wharf Earthquake Safety Retrofit project, Ferry Building Seawall and Substructure Earthquake Reliability project, Downtown Coastal Resilience project, Pier 24 ½ to 28 ½ Bulkhead Wall & Wharf Earthquake Safety project, Pier 35 ½ Emergency Fire Water System Fireboat Berth and Manifold Reliability project, and Living Seawall project. He then presents the high-level early projects schedule, reiterating that the Port is currently in the pre-design phase for most of the aforementioned projects.

Brad Benson, Waterfront Resilience Program Director, provides a detailed overview of the U.S. Army Corps of Engineers San Francisco Waterfront Flood Resiliency Study ("Study"), ongoing since 2018 and expected to complete in 2026 in time for Congress authorization. The focus of the Study is to evaluate shoreline flood defenses - i.e., where to build flood defenses, how high to build flood defenses, and how much space is needed - using a method known as Comprehensive Benefits Planning. The current draft plan includes shoreline elevation, floodproofing select buildings, adding short walls around piers, and stormwater management improvements. The total cost is estimated to be around \$13.5 billion, with the federal government covering 65% of the costs and the City covering the other 35%.

Member Pantoja lamented that this is an enormous effort the Port is undertaking and requires significant investment and diligent research and coordination to execute. He is excited that the Port is moving the needle on the projects highlighted in the presentation.

Vice Chair Crawford asked Mr. Benson to clarify how the boat teams collected data from under the ferry building to which Mr. Benson responded that the team waited for low tide to get the most visibility above tide. Vice Chair Crawford followed up by asking for clarification on what a stormwater planter is to which Mr. Benson explained stormwater planters are a green stormwater treatment option and contained plants to serve as the first treatment of stormwater.

There was no public comment.

6) 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.

Alex Chang, Capital Finance Manager at the Recreation and Parks Department (RPD), begins by providing a financial overview of the 2008 and 2012 Clean and Safe Neighborhood Parks GO Bonds, highlighting the percent of bond issuances spent or encumbered (100% for the 2008 Bond and 97% for the 2012 Bond) and the number of projects completed (75 for the 2008 Bond and 77 for the 2012 Bond). For the 2012 Bond, he highlights the fifteen neighborhood parks completed and the remaining seven active projects including Stern Grove Playground, Richmond Playground, Golden Gate Park Middle Lake, McLaren Park Signage, Lake Merced North, McLaren trails and Lewis Sutter Paving. He then goes on to describe the four criteria by which the citizen's task force measured the neediest playgrounds in the City for the 2012 Let's Play SF! Program and lists the status of the 13 playgrounds chosen by the task force. He then goes on to describe how the 2012 Community Opportunity Fund program worked, and the number of projects completed and the total amount spent. Next, he provided an overview of the 2012 Water Conservation, Forestry, and Trails programs, detailing the amount allocated and the projects completed or in process. He followed by discussing the amount allocated and status of the Golden Gate Park projects, McLaren Park projects, and Lake Merced projects. He concluded by highlighting key projects still underway.

Shannon Cairns, Project Manager at the Port, provided an overview of the remaining four projects under the Waterfront Parks bond component. Heron's Head Park and Islais Creek Improvements were recently completed, while Agua Vista Park is significantly delayed due to delays in the Mission Bay Ferry Landing project and Pier 27 Public Art is currently in design and anticipated to begin construction spring 2025.

Member Pantoja asked if there are any upcoming bond sales that RPD is looking to issue to which Mr. Chang replied that the next scheduled bond is in 2030, adding that RPD has the current 2020 Health and Recovery Bond with the third and final issuance expected to issue within the next year or so.

There was no public comment.

7) Liaison Report on the Transportation and Road Improvement Bonds.

Member Larkin provided an overview of the status of select MTA projects that the Transportation and Road Improvement Bonds fund. He started with the 22 Fillmore Extension to Mission Bay to which he noted is substantially complete. He then highlighted that the 28 19th Ave Transition Priority Project is 99% complete with a completion date set for August 2023. The BART Canopies project is delayed due to safety and security concerns as well as material delivery delays. Better Market Street is on track for completion by the end of March 2024. The Caltrain Electrification project is facing issues with cable theft along the right of way and King Street Station Upgrade is being closed out with the team reviewing the outstanding change order request submitted by the contractor which may add to the project budget. El Tower belt Transit Improvements is progressing well, expected to be completed by January 2025. The claims submitted by the subcontractor on the Van Ness Street Improvement project were resolved and approved by the MTA Board on June 5, 2024. Payment is the next step. There was some conflict between underground utilities on the Western Addition Traffic

Signal Upgrades but that is in the early stages.

Chair Mathews highlighted the work Vicky Sue is doing to develop an expenditure tracking document that will show the velocity of spending across the bond program which will be particularly helpful when deciding where to move funds to ensure timely delivery of projects.

There was no public comment.

8) Liaison Report on the Paving and Street Safety Bonds.

Chair Mathews reported that the majority of funding for the Paving and Street Safety Bond program has been encumbered and spent, with \$2.6 million remaining.

There was no public comment.

9) Liaison Report on the Public Health and Safety Bond.

Vice Chair Crawford reported on the status of the bond components of which three of the six components — Community Health Centers, the Ambulance Deployment Facility, and the Homeless Service Sites — are substantially or nearly complete. Of the city-owned sites, 1001 Polk St. is 85% complete, 1064-1068 Mission is in close out, and construction on 525 5th St. is expected to start later this year. Most seismic hose tower removals are completed with one still in progress. Generator projects at Fire Stations 18, 37, and 44 are delayed due to material delays. She then provided an overview of the Zuckerberg Building 5 bond component which has 19 bond funded projects across 206 locations with all bond sales completed as of April 2024. The program has spent nearly \$293 million with \$45.7 million encumbered, representing 95% of appropriations and 97% of the total bond program budget. A little over \$14 million in bond interest earnings have been allocated to active projects which, according to Joe Chin, Public Works Program Manager, includes active projects at Zuckerberg Building 5, urgent generator and boiler projects for the Fire Department and contingency funds for the Department of Homelessness and Supportive Housing. She concluded with schedule updates on key Zuckerberg Building 5 projects and noted that the San Francisco General Hospital Foundation donated \$19 million to fund phase 3 of the rehabilitation relocation project and, as Joe Chin clarified, other projects at Zuckerberg Building 5.

There was no public comment.

10) 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 February 2024, the Audits Unit has issued one public integrity report in March 2024 related to the San Francisco Public Utilities Commission procurement process. The report contains two findings and three recommendations: (1) improve the ethical climate at the PUC, (2) ensure that there is compliance with procurement policies and procedures, (3) for the Office of Contract Administration to provide further clarification to the departments on sole source waivers. The Audits Unit is continuing their series of assessments related to procurement and will be issuing a four-year look at their recommendations and status of implementation. The Audits Unit continues to provide assistance to the City

Attorney's Office on their investigations related to public integrity.

B. City Services Auditor (CSA) – Year Ahead

Mark de la Rosa, Director of Audits for the Controller's City Services Auditor, begins with an overview of the City Services Auditor (CSA), including background on how CSA was created, the two units within CSA, the total budget and staffing levels within CSA and the work planning process CSA follows. He continues with key highlights from Audits' FY24-25 Work Plan, including planned audits for the African American Arts & Culture Center and Urban Alchemy as well as planned GO Bond Expenditure Audits for the 2019 Affordable Housing, 2020 Health and Recovery, and 2018 Seawall bonds.

Natasha Mihal, Director of City Performance for the Controller's City Services Auditor, shared key highlights from City Performance's ongoing programs which include the Performance Program, Maintenance Standards, Our City Our Home Committee, and Nonprofit Monitoring and Policy Program. She continues with key highlights on active and planned projects across five service areas including Public Health, Homelessness, Transportation, Capital Projects & Permitting, and Public Safety.

Member Mathew asked for a copy of the 2014 Transportation and Road Improvement Bond audit to which Mr. De la Rosa agreed to share the report with Member Mathew.

Vice Chair Crawford asked if CGOBOC members get involved with any GO Bond audits that the Audits Unit performs to which Mr. de la Rosa explained the Audits Unit would brief CGOBOC on the progress and results of the audits. Natasha Mihal added that City Performance Unit would like to interview CGOBOC members to understand what information is helpful and when regarding GO Bond reporting.

Vice Chair Crawford asked what happens after a nonprofit audit is complete to which Mr. de la Rosa explained that the Audits Unit follows up with the nonprofit regarding the status of implementation of the recommendations, adding that funding departments are responsible for initiating any corrective action deemed necessary. Natasha Mihal added that City Performance's Nonprofit Fiscal and Compliance Monitoring Program has a corrective action policy that takes into account audit findings to create corrective actions to bring nonprofits into compliance.

C. Public Finance – Upcoming Bond Issuances

Vishal Trivedi, of the Office of Public Finance (OPF), shared that OPF completed the sale of the refunding bonds and defused an additional portion of outstanding bonds which produced approximately \$25.5 million (or 4.92%) in net present value savings. He continued with an overview of the upcoming bond sales which hopes to combine the 2018 Earthquake Safety and Disaster Prevention Program Bond, 2020 Earthquake Safety and Emergency Response Bond, and 2019 Affordable Housing Bond issuances into a single transaction to save on transaction costs. He reported that OPF has been in communication with the Mayor's Office of Housing and Community Development to structure a separate transaction for the PASS Affordable Housing Bond.

D. CGOBOC – FY2024-2025 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 11:14 am.