



SFMTA Bond Oversight Committee

Chairman – Vacant

Vice Chairman - Vacant

Neil Ballard, Leona Bridges, Steve Heminger, Bob Shaw, Anna Van Degna

MINUTES – Wednesday, June 2, 2021 – 2:00pm

MEETING LOCATION—via MS Teams

1. Call to Order and Roll Call

Committee Members:

Chairman - Vacant

Vice Chairman - Vacant

Neil Ballard

Leona Bridges

Charles Perl

Steve Heminger

Bob Shaw

Anna Van Degna

SFMTA staff, Mr. Joel Goldberg called the meeting to order because Chair Daniel Murphy's appointment lapsed. Mr. Murphy was an appointee of the Citizen's Advisory Committee (CAC) of SFMTA. Also, Vice Chair Kathryn How has resigned. The Bond Oversight Committee appointed member Anna Van Degna to chair the meeting today.

A quorum being present, the meeting was called to order at 2:02pm. Members Neil Ballard and Bob Shaw were absent.

2. Public Comment:

Eileen Boken, Coalition for San Francisco Neighborhood, has a question because of COVID and post-COVID: The SFMTA is re-evaluating its service and she would like to see to re-evaluate its capital projects. The capital plans that were done before COVID and have not completed its constructions and this is a possible opportunity to re-evaluate those projects specifically L- Taraval. Phase 1 is complete, from the SF Zoo to Sunset Blvd. Phase 2 is from Sunset Blvd and West Portal. Now the commute patterns have changed and there's a possibility that L Taraval will no longer go through the tunnel but will either interline with the K or switch back at West Portal where people will need transfer, and this is the opportunity to re-evaluate the 2nd Phase if need to go forward as it was planned 5 or 6 years ago.

3. Approval of Minutes from December 2nd, 2020 meeting:

On motion to adopt June 2, 2021 meeting minutes: Unanimously approved.

Public Comment: None

4. Announcement of the new member Charles Perl and thank you to outgoing Vice-Chair Kathryn How.

The Bond Oversight Committee welcomed the new member Mr. Charles Perl. Mr. Perl, Deputy CFO of the SFPUC, has a 25-year public finance career. Mr. Perl manages the budget team of the Financial Services at SFPUC which oversees SFPUC billion-and-a-half-dollar operating budget and just over 9 billion dollar 10-year Capital Plan. He also manages the Financial Capital Planning group that handles rate setting and financial forecasting. Mr. Perl also stated that SFPUC has its own Revenue Bond Oversight Committee that meets monthly to look at revenue bonds spending pursuant to Prop P that San Francisco voters passed in 2002.

5. SFMTA–Controller’s Project Delivery Audit Response

Jonathan Rewers, Acting CFO presented a summary of Improving Project Delivery. Mr. Rewers stated that SFMTA struggles to deliver key agency construction projects on time and on budget, and this impacts the agency’s ability to provide reliable service for our riders and safety to all street users. Mr. Rewers also stated that SFMTA has had a focused effort on improving project delivery since an internal assessment in 2016. The assessment led to the development of the 2016 Project Delivery Framework, a project delivery maturity model, and the establishment of the SFMTA’s Project Management Office (PMO) in 2017. Many of the findings of the recent Controller’s Audit confirm prior internal findings and some of the actions the SFMTA has already taken. The goal is to have an organization mindset that focuses on investing in the workforce and constant improvement through lessons learned. These lessons learned have led to recent project successes in small project delivery, midsize project delivery and large project delivery including the Vision Zero Quick Build Program/Projects, the Subway Task Force Projects, and the Potrero Modernization Project.

The agency’s transition to an organization that delivers complete curb-to-curb improvements requires various project delivery disciplines to work in concert. This matrixed delivery organization requires a clear and consistent management structure, effective tools and processes and a governance structure so problems can be resolved, and critical path decisions made. Weaknesses in these areas can lead to project delays, cost increases, or project objectives not being achieved.

Also, Mr. Rewers reported many of the recommendations confirmed our prior findings, and the actions we are taking will move us in the right direction. We also found value in the audit’s review of inter-divisional collaboration and communication and its impact on project delivery. This is an area that still needs work. Mr. Rewers also reported that out of the 16 recommendations included in the audit report, five have been marked as closed / implemented by the auditors based on actions we have already taken and three have been partially implemented. He expects the rest to be completed in less than 24 months.

6. Refunding of Series 2013, 2014 Issuances

Mr. Joel Goldberg, SFMTA staff, reported that the purpose of this presentation is to update the BOC on the status of the reconciliation and closing of Series 2013 and Series 2014 Bond Issuances. In cooperation with SFDPW, the two departments have nearly completed the reconciliation process. When the reconciliation is completed, aggregated revenue bonds as well as interest will be spent on one or two active projects, most likely Van Ness BRT. SFMTA and SFDPW Accounting teams have taken the following steps to reconcile the bonds: they have met biweekly since December 2020 to strategically clean up and free up the revenue bond funds at SFDPW. Mr. Goldberg also stated that by the next meeting in September that all these tailings will be resolved and moved to the larger projects most likely Van Ness BRT.

Member Charles Perl stated that to consider the proceeds from the bond issuance to use the small amount to pay for debt service costs to give the operating budget relief.

7. Quarterly Report: FY 20-21 Quarter 3

This report to the SFMTA BOC covers the period through the third quarter of Fiscal Year 2020-2021 which ended on March 31, 2021. On February 23, 2021, the Series C 2021 Green Bonds were issued in the amount of \$118 million. SFMTA will use the proceeds of the bond to finance four projects intended to improve the efficiency and environmental footprint of the municipal transportation network.

Series C 2021 Green Bonds' four bond investment areas are:

- \$41 million for the design and procurement of a new communication-based train control system for the SFMTA's light rail network
- \$35 million for constructing transit and streetscape improvements along city thoroughfares to speed vehicle transit times and reduce congestion
- \$20 million for the renovation of SFMTA's facility at 1200-15th Street
- \$22 million to replace outdated parking meters with 5G-connected units.

8. Schedule Upcoming Meeting date and Future Agenda Items: Next meeting is scheduled on September 1, 2021 at 2pm.

9. Adjournment

The meeting adjourned at 3:08pm.

For an audio recording of this meeting contact Ms. Aida Corpuz, Administrative Support for the SFMTA Bond Oversight Committee. Aida Corpuz can be reached at 415.646.2498 or via email at aida.corpuz@sfmta.com if there are any questions or comments.