

# Public Utilities Revenue Bond Oversight Committee

## Minutes

Monday, September 20, 2010  
9:30 a.m. - 11:30 a.m.  
1155 Market Street (between 7<sup>th</sup> & 8<sup>th</sup> Streets)  
4<sup>th</sup> Floor Conference Room

### Committee Members

Aimee Brown, Chair  
Kyle Rhorer, Vice Chair  
Brian Browne  
Kevin Cheng  
Nathan Cruz  
David Sutter  
Steve Toler

### REGULAR AGENDA

#### 1. Call to Order and Roll Call

Chair Aimee Brown called the meeting to order at 9:33 a.m. and roll call was taken:

Present: Aimee Brown, Kyle Rhorer, Brian Browne, Kevin Cheng, Nathan Cruz, and David Sutter.

Absent: None.

Excused: Steve Toler.

There was a quorum.

#### 2. **Public Comment: Members of the public may address the Revenue Bond Oversight Committee (RBOC) Contracting Working Group on matters within the RBOC's jurisdiction that are not on today's agenda.**

Public Comment:

Nancy Wuerfel expressed concerns with the change of the recycled water program's plant location to Golden Gate Park, adding reversed osmosis, and whether or not the RBOC reviewed these changes. In addition Ms. Wuerfel requested that a hearing be scheduled to address the finances of the RBOC and the requirement for creating a separate financial account for RBOC.

**3. Chair's Report**

**a. San Francisco Public Utilities Commission (SFPUC) Staff Report on Water System Improvement Program (WSIP) Risk Management Programs.**

San Francisco Public Utilities Commission staff, Harvey Elwin, Susan Howell, and John Kinneen, presented an overview of the Water System Improvement Program Risk Management Programs and responded to questions from members of the Revenue Bond Oversight Committee.

Charles Perl, Deputy Chief Financial Officer, San Francisco Public Utilities Commission and Mark Blake, Deputy City Attorney, offered comments relative to the items as referenced above.

Public Comment:

Nancy Wuerfel expressed concerns on risk management and questioned if the people at the construction level have access to the mitigation requirements stated in the Environmental Impact Reports.

**b. SFPUC Staff Report on WSIP Construction Management Procedures and Systems to Track Construction Activities.**

San Francisco Public Utilities Commission staff, Harvey Elwin and John Kinneen, presented an overview of the WSIP Construction Management Procedures and Systems to Track Construction Activities and responded to question from members of the Revenue Bond Oversight Committee.

Public Comment:

Nancy Wuerfel expressed her appreciation of the quality of the charts presented and suggested that these same kind of line graphs as presented today should be prepared showing all the WSIP projects included on one chart to educate the public.

**c. SFPUC Staff Report on WSIP Sunol Valley Water Treatment Plant (SVWTP) Expansion and Treated Water Reservoir Project.**

San Francisco Public Utilities Commission staff, Harvey Elwin, presented an overview the WSIP Sunol valley Water Treatment Plant Expansion and Treated Water Reservoir Project and responded to questions from members of the Revenue Bond Oversight Committee.

Public Comment: None.

**d. SFPUC Staff Report on WSIP Financing.**

San Francisco Public Utilities Commission staff, Marc Hughes and Charles Perl, presented an update on WSIP Financing and future plans and responded to questions from members of the Revenue Bond Oversight Committee.

Mike Brown, San Francisco Public Utilities Commission and Mark Blake, Deputy City Attorney, offered comments relative to the items as referenced above.

Public Comment: Nancy Wuerfel questioned how BABs Bond savings compared to the loss of funding to the RBOC.

**4. Update by Contracting Working Group regarding 1) the use of academic institutions for RBOC consulting assignment(s) and 2) the development of a Request for Proposals (RFP) for as-needed services.**

Vice Chair Rhorer provided an update concerning 1) the use of academic institutions for RBOC consulting assignments and 2) the possible future development of a Request for Proposal for as-needed services.

The RBOC and the SFPUC have provided documents to the academic representative for analysis. In the near future the academic institution may be able to assist in creating future scopes of service.

The development of a Request for Proposal is currently delayed pending the analysis from the academic institutions.

Public Comment:

Nancy Wuerfel stated that it seems that the RBOC's desire to consult with the academic institutions lends itself more to a Request for Qualifications process than to a Request for Proposal process. The RFQ can be used to develop a contract, as evidenced by the Recreation and Park Department's frequent employment of RFQs to procure services.

Joan Girardo, Coalition for SF Neighborhoods, presented a resolution from Coalition for SF Neighborhoods to the RBOC to urge the RBOC to enter into a contract with experts from UCLA and UCB to conduct a review of WSIP. The fact that the academic institutions are independent is highly desired.

**5. Discussion and possible action regarding the approval of the minutes from the RBOC meetings held on April 19, 2010, and August 16, 2010.**

Clerical Corrections were made based upon the suggestion made by Charles Perl, SFPUC.

It was moved by Member Sutter and seconded by Vice-Chair Rhorer, to approve the draft minutes as amended for the April 19, 2010, and August 16, 2010, meetings of the Revenue Bond Oversight Committee.

The motion passed by the following vote:

Ayes: Chair Brown, Vice-Chair Rhorer, Member Cheung, Member Cruz and Member Sutter.

Noes: Member Browne.

Excused: Member Toler.

Mark Blake, Deputy City Attorney, offered comments relative to the items as referenced above.

Public Comment: None.

**6. Discussion and possible action relating to RBOC member information requests raised at today's meeting.**

Member Cheng requested that the Risk Manager provide a forecast of cost in comparison to contingency level.

Request that the SFPUC provide a timeline for WSIP previously available in the quarterly report.

Public Comment: None.

**7. Discussion and possible action for future agenda items.**

SFPUC report on WSIP pre-construction.

Mark Blake, Deputy City Attorney, will provide an analysis of the use of BABs Bonds and the Municipal Code Language concerning the funding requirements of the RBOC.

Member Sutter requested a hearing concerning Risk Management and an update on tracking key indicators.

Chair Brown requested a hearing concerning the RBOC's possible request for a formal commitment from the SFPUC concerning claiming loss funding to the RBOC due to the requirements of BABS Bonds. In addition, does the RBOC want to get a second legal opinion concerning the legality of using BABs Bonds.

Chair Brown and members of the public requested a hearing concerning the savings through the use of BABS Bonds vs. the loss in funding to the RBOC.

Update on the progress of the Contracting Working Group.

Request for a hearing concerning Contract Insurance and how it is being handled on WSIP as it pertains to design, construction, and liability.

Request for hearing concerning creating a separate financial account for RBOC. (Mark Blake, Deputy City Attorney, stated that a request has already been made to create a separate financial account for the RBOC.)

Public Comment: None.

## 8. Adjournment

The meeting adjourned at 11:35 a.m.

The RBOC meeting minutes for September 20, 2010, were approved on November 15, 2010.

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Comments submitted by Member Brian Browne

Below are my comments on the minutes. I am doing this from recall. Check everything I write for accuracy and placement in the meeting timeline. Please change, after validation, using only the exact words used in meeting tape or an accurate and objective paraphrasing.

I am voting against these minutes: 1.) The SFPUC was involved in their production, which is contrary to 2002 P and 2.) There appear to be many substantive omissions.

Minutes

Item Number 3.

a) The discussion on how the SFPUC probabilistic model for decision making was unnoted.

The comments by Messrs. Perl and Blake should be noted.

There was discussion as to the efficacy of estimating the CIP realistic completion steps based on the new format of benchmarking WSIP quarterly progress steps beginning in Q4 (2009-2010). This new approach was outlined in the SFPUC, August 4, 2010, memo (Carlin, Kelly, and Labonte) to the SFPUC Commission.

I perceived Ms Wuefel's statements went to the cost of recycled water and the impact on ratepayers.

b. The question I asked was could we track changes in quarterly reports that signaled a realistic CIP completion by 12/31/15 (please get exact words from audio)

c) I made reference to the original CIP plan wherein the Sunol Valley Water Treatment plan was initially scheduled to be completed by now. I cautioned, in this context, against the SFPUC being too self-congratulatory.

d) I recall questioning the legality of the SFPUC decision not to set aside 1/20<sup>th</sup> of 1 % of BABs' bonds for RBOC. I suggested RBOC hire its own legal advisor to render an independent finding on this matter. My raising the "1/20th" topic and questioning led to the 18th of October 2010 agenda item on this matter.

Item 4

University consultants. The relative long-term (stretching over a number of years) search for independent academic expertise was chronicled by me. The transparency and broad based nature of this search was delineated. It has extended over two chairs of the CWG. As I recall, I did suggest that this extensive and intensive search would qualify an RFQ to morph into an RFP.

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'As needed services' - please check if I objected. I see this, as needed services, as a way to bypass the RFP process and amend past contractual mistakes by the RBOC (Only exact words I used in meeting or accurate paraphrasing).

4 or 5? - "clerical corrections were made based upon the suggestions made by Charles Perl.

An aside' I strongly object to staff seeing our reports prior to us seeing them. I request a re-read of Proposition P - which mandates independence. I wish to know who authorized Mr. Young to show our minutes to Mr. Perl. Who authorized Mr. Perl to be involved in this internal matter of this supposedly (mandated) independent committee?

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For information concerning agendas, minutes and meeting information  
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Audio recording of the meeting of the Revenue Bond Oversight Committee are available  
at:

[http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=97](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=97)

