

46 There are six objectives of the report: 1) develop updated overhead cost
47 procedures for allocating the costs to Water, Wastewater, and Hetch
48 Hetchy Water and Power Enterprises; 2) ensure that each cost allocation
49 uses the most appropriate basis considering the limitations of practicality,
50 technology, and available data; 3) identify opportunities for streamlining
51 the cost allocation process; 4) document the cost allocation process in a
52 format that is informative without being unduly complex or burdensome; 5)
53 produce a new financial model that includes recommended improvements;
54 and 6) calculate updated cost allocations and overhead rates.

55
56 The method and considerations chosen by Raftelis Financial Consultants
57 tractor was based upon available information and the cost/benefit reality of
58 pursuing other avenues of evaluations (diminishing value of returns).

59
60 Mr. Sutter inquired as to what percentage of the 30.7 million dollars is
61 allocated for WSIP. Mr. Rydstrom replied that 85% is for WISP.

62
63 Mr. Jones inquired as to whether or not the bifurcation of direct cost and
64 indirect cost is distributed fairly. Is WSIP paying its fair share of indirect
65 cost based on the direct cost it is allocated or charged with?

66
67 Public Comment: None.

68
69

70 **4. Report from SFPUC staff concerning the Master Water Sales** 71 **Agreement**

72

73 Todd Rydstrom, Assistant General Manager and Chief Financial Officer,
74 SFPUC, and Ms. Levin, SFPUC, presented a report on the Master Water
75 Sales Agreement.

76

77 In fiscal year 07/08 the total water sales was 120,755,904 ccf, netting
78 \$219,959,140 of revenue. 1/3 of the current water sales volume is
79 consumed by retail customers while 2/3 is consumed by wholesale
80 customers.

81

82 Price elasticity studies try to predict how the consumers will conserve
83 water to save financially, based upon various price increases. This will
84 affect revenue risk to the SFPUC from water sales due to price increases.

85

86 Mr. Browne stated that between 1959-1960, when the Master Water
87 Agreement was previously signed the Peninsula consumed 125 millions
88 gallons of water a day and the City of San Francisco consumed 101
89 millions gallons of water a day. Why did we, in 1984, agree to give the
90 Peninsula 184 million gallons of water a day?

91

92 Mr. Browne questioned how the delivered rate of 265 million gallons of
 93 water a day was established in 1985. Mr. Rystrom stated that the rate
 94 was established under the Phased Variant.

95 Comments submitted by Mr. Browne:

1959/60 to 1983/84	SF	Suburb	Total HH
		s	
	MGD	MGD	MGD
Mean	100.8	125.5	226.3
SDEV	10.9	32.3	31.7
MWSA 1984/85-2007/08	SF	Peninsul	Total HH
		a	
	MGD	MGD	MGD
Mean	84.6	165.3	249.9
SDEV	6.5	16.1	21.5
	SF	Suburb	HH
		s	System
1959/60 to 2007/08	MGD	MGD	MGD
Mean	92.9	145.0	237.9
SDEV	12.1	32.4	29.4

97

98 Mr. Jones asked how many gallons per day can the water system deliver if
 99 we didn't have environmental concerns. Ms. Levin stated that the peak
 100 water deliver capacity varies from year-to-year due to environmental
 101 condition (droughts, storms, and storage capacity). However, assume
 102 optimal condition the system can deliver over 300 million gallons of water
 103 per day.

104

105 In response to Mr. Jones' question Ms. Levin stated that water wells are
 106 permitted; however, the ground water system is regulated by SFPUC and
 107 the public must get permission before constructing a well.

108

109 Public Comment: None.

110

111 Mr. Browne was excused from the meeting at 11:55 a.m.

112

113 **5. Report from SFPUC staff concerning an update on the various**
 114 **national stimulus plans and its affect on WSIP programs**

115

116 Mike Brown, SFPUC, presented a report on the national stimulus plan and
 117 its effect on WSIP programs.

118

119 The three areas of funding are: Energy, Water, and Wastewater.

120 The Department of Energy has changed their dates for issuing their notice
121 of intent to proceed from April until June; therefore any funds would not be
122 available until September.

123 There has been no new updates concerning Water projects.

124 The SFPUC has begun the application process for over \$100,000,000 in
125 projects and a project manager has been assigned. However, the majority
126 of the funds have already been allocated to disadvantaged communities,
127 in which SF does not qualify, or grants to backfill halted capital projects.
128 SFPUC is currently working with legislators to have metropolitan areas
129 included. SFPUC can still apply for the loan program, but is not eligible
130 for grant funds at this time.

131

132 Public Comment: None.

133

134 **6. Report from SFPUC staff concerning an update on WSIP projects**

135

136 Continued to May 20, 2009.

137

138 **7. Discussion and possible action regarding the approval of the**
139 **minutes from the RBOC meeting held on March 16, 2009**

140

141 Mr. Sutter moved, seconded by Mr. Rhorer, to approve the minutes of the
142 March 16, 2009.

143

144 Ayes: Chair Brown; Rhorer; Jones; Sutter; Sweetland

145 Noes: None.

146 Excused: Browne.

147

148 Public Comment: None.

149

150 **8. Discussion and possible action relating to RBOC member**
151 **information requests raised in today's meeting**

152

153 Mr. Sweetland stated that the SFPUC is preparing a request for a
154 proposal for services because of the dollar value involved. The RFP
155 should be published within a week and be open for four weeks. Notice to
156 proceed should occur in approximately eight weeks.

157

158 **9. Discussion and possible action for future agenda items**

159 Chair Brown requested the following items be placed on the next RBOC
160 agenda:

161

a. The Masterwater Sale Agreement

162

b. The Indirect Cost Study Report

163

c. The update on the Stimulus Plan and its affect

164

d. The presentation on Phased Variant

165

166 Mr. Sutter requested information concerning the extension of the sunset
167 date for the RBOC. Inclusion of details on options and their pros and cons
168 is also requested. (Requested for June 2009).

169
170 Mike Brown, SFPUC, will present possible dates for an inspection of
171 Hetch Hetchy Facilities.

172
173 Mr. Jones requested a meeting with the General Manager of the SFPUC
174 before the RBOC.

175
176 Mr. Jones requested a status report concerning the recruitment of a new
177 RBOC member.

178
179

10. Adjournment

180 Mr. Sweetland moved, seconded by Mr. Rhorer, to adjourn the meeting.

181

182 Ayes: Chair Brown; Rhorer, Jones; Sutter, Sweetland

183 Noes: None

184 Absent: Browne

185

186 The meeting adjourned at 12:10 p.m.

187

188

189

190

191

192

193

194

195

196

197

198

199

200

201

202

203

204

205

206

207

208

209

210

211

212
213
214
215
216
217
218
219
220
221
222
223

Mr. Sweetland requested an update on the status of the replacement for office street?? (Please let me know if you have further information. I couldn't get any more detail from the audio recording).