

MINUTES
Contracting Working Group
of the
Public Utilities Revenue Bond Oversight Committee

Friday, November 7, 2008
1:30 p.m. – 3:00 p.m.
1155 Market Street (between 7 & 8th Streets)
11 FI Conference Room A

Contracting Working Group Members

Patrick Sweetland
Brian Browne
Stan Jones

1. Call to Order and Roll Call

Chair Patrick Sweetland called the meeting to order at 1:35 p.m. and roll call was taken.

Present: Patrick Sweetland, Brian Browne and Stan Jones

Absent: none.

There was a quorum.

2. Discussion and Possible Action regarding recommendations to the Revenue Bond Oversight Committee regarding review of SFPUC WSIP projects

The Contracting Working Group reviewed their previous actions and discussed future goals concerning contracts for professional services to review WSIP projects. Allocation of Overhead Costs to Ratepayers was mentioned then discussed under agenda item 3. The Robert Kuo Consulting LLC Contract is still current and will run until March 2, 2009. There is approximately \$27,000 balance in the Robert Kuo Consulting LLC account that is included in the \$100,000 in the Revenue Bond Oversight Committee account for use. The Working Group commented that the majority of the work has been focused on the water side and stated that the wastewater and power side should also be addressed in the future.

The Working Group discussed what possible topics of approach the RBOC should pursue in terms of contracts and its scope. The possible topics of discussion at future Working Group meetings may include but are not limited to the following:

- a. Affordability
- b. Ensure the benefits of an uninterrupted supply of water to the City and PUC's customers. The question that "uninterrupted" might be impossible and that in 2005 the concept of "Level of Service" was adopted was also discussed.

- c. Ensure that revenue from bonds are expended solely in accordance with authorizing law
- d. Changes to WSIP now that the Phase Variant has been adopted as a level of service by the RBOC and what the impact are associated with that with this program moving forward with the amounts being spent

The Working Group will individually present status reports of their own proposed scopes to the RBOC on November 17, 2008.

Public Comment: none

Discussion and Possible Action regarding recommendations to the Revenue Bond Oversight Committee regarding Allocation of Overhead Costs to Ratepayers

The Contracting Working Group reviewed information concerning past efforts regarding allocation of Overhead Cost to Ratepayers. Mr. Jones provided an overview of his presentation to the Revenue Bond Oversight Committee on October 20, 2008. Mr. Jones stated that Todd Rydstrom, SFPUC General Manager for Business and Financial Services and CFO, agreed to allow the same firm that is reviewing the rate structure to also review indirect cost allocations in FY 2008/09; the study should be complete by late December. The report should analyze the indirect cost rate based on specific identification and allocation of cost instead of assuming that all of the infrastructure programs receive an equal allocation of benefits along with findings. The Working Group requested that Mr. Jones inquire concerning the possibility of reviewing and commenting on the report prior the report being finalized.

Public Comment: none

3. Discussion and Possible Action related to scheduling of the next meeting

No future meeting date was set at this time.

4. Adjournment

Chair Sweetland adjourned the meeting at 3:05 p.m.

Committee staff can be reached at:
Victor Young, Committee Clerk
Victor.Young@sfgov.org
415/554-7723
Or

bondoversight@swater.org

415/487-5245