



**PUBLIC UTILITIES  
REVENUE BOND OVERSIGHT COMMITTEE  
CITY AND COUNTY OF SAN FRANCISCO  
AGENDA**

**Public Utilities Commission Building, 4<sup>th</sup> Floor Conference Room  
1155 Market Street (between 7<sup>th</sup> & 8<sup>th</sup> Streets)  
San Francisco, CA 94103**

**December 19, 2011 - 9:30 AM**

**Regular Meeting**

**1. Call to Order and Roll Call**

Seat 1 Aimee Brown, Chair  
Seat 2 Kevin Cheng, Vice Chair  
Seat 3 Brian Browne  
Seat 4 Larry Liederman  
Seat 5 Vacant  
Seat 6 Ian Hart  
Seat 7 John Ummel

- 2. Public Comment:** Members of the public may address the Revenue Bond Oversight Committee (RBOC) on matters that are within the RBOC's jurisdiction, but not on today's agenda. (No Action)

**3. Chair's Report:**

- A. City Services Auditor (CSA) Report: Audit Update. (Discussion and Action) (attachment)
- B. San Francisco Public Utilities Commission (SFPUC) Staff Report: Water System Improvement Program (WSIP) - Construction Management. (Discussion)
- C. San Francisco Public Utilities Commission (SFPUC) Staff Report: Draft SFPUC Rate Policy. (Discussion)
- D. San Francisco Public Utilities Commission (SFPUC) Staff Report: RBOC Account Statement. (Discussion)

4. **Revenue Bond Oversight Committee's Future Contracting/Consultant Options.**  
(Discussion and Action)  
[attachment]

**Issue/Background:** RBOC has a need for ongoing consultant services in both the financial and construction/project management areas. There are essentially two options: RBOC can use the pool of consultants established by the Controller or it can create its own pool of consultants.

**Information to Committee:** Memo attached that describes two broad contracting options for RBOC to consider.

**Committee Action:** Decide if RBOC should establish its own pool of consultants separate from the Controller for financial audit or construction management services and, 2) whether additional resources are required to expedite the creation of a separate pool.

5. **Update on the Independent Review Panel and Peer Review (Ibbs Consulting) Reports.** (Discussion and Action)  
[attachment]
6. **Update on Cost Estimates for the Independent Review Panel and Peer Review (Ibbs Consulting) Reports** (Discussion and Action)
7. **Approval of RBOC Minutes of November 14, 2011.** (Discussion and Action)  
[attachment]
8. **RBOC Member Information Requests Raised at Today's Meeting.** (Discussion and Action)
9. **Future Agenda Items.** (Discussion and Action)
10. **Adjournment.**  
Next regularly scheduled meeting: January 23, 2012

**Agenda Item Information**

Each item on the agenda may include: 1) Department or Agency cover letter and/or report; 2) Public correspondence; 3) Other explanatory documents. For more information concerning agendas, minutes, and meeting information, such as these documents, please contact RBOC Committee Clerk, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102 or call (415) 554-5184.

Audio recordings 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)

For information concerning San Francisco Public Utilities Commission please contact by e-mail [bondoversight@sfgwater.org](mailto:bondoversight@sfgwater.org) or by calling (415) 487-5245.

**Public Comment**

Public Comment will be taken before or during the Committee's consideration of each agenda item. Speakers may address the Committee for up to three minutes on that item. During General Public Comment, members of the public may address the Committee on matters that are within the Committee's jurisdiction and are not on the agenda.

**Disability Access**

RBOC meetings will be held at the Public Utilities Commission, 1155 Market Street (between 7th and 8th Streets), 4th Floor Conference Room, San Francisco, CA. The Committee meeting room is wheelchair accessible. The nearest accessible BART station is Civic Center (Market/Grove/Hyde Streets). Accessible MUNI Metro lines are the F, J, K, L, M, N, T (exit at Civic Center or Van Ness Stations). MUNI bus lines also serving the area are the 5, 6, 9, 19, 21, 47, 49, 71, and 71L. For more information about MUNI accessible services, call (415) 701-4485. There is accessible parking behind 1155 Market Street.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mike Brown at (415) 487-5223 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

**Know Your Rights Under the Sunshine Ordinance**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102; phone at (415) 554-7724; fax at (415) 554-7854; or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org).

Citizens may obtain a free copy of the Sunshine Ordinance by printing Chapter 37 of the San Francisco Administrative Code on the Internet, at <http://www.sfbos.org/sunshine>.

**Cell Phones, Pagers and Similar Sound-Producing Electronic Devices**

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

**Lobbyist Registration and Reporting Requirements**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 581-3100; fax (415) 252-3112; web site [www.sfgov.org/ethics](http://www.sfgov.org/ethics).



**CSA Audit Status: RBOC FY 2011 -2012**  
*as of November 2011*

Audit Project	MOU Task No. *	Status	Phase of the Audit			Findings							
			Survey	Fieldwork	Reporting	Total	Total						
Bay Division Pipeline Reliability Upgrade - Pipeline	1a	G	8/22	9/23	10/31	4							
Mission & Mt Vernon Sewer Improvement	1a	G	8/22	9/23	10/31	1							
Pulgas Balancing Reservoir: Modifications to Existing Dechlor Facility	1b	G	8/22	10/7	12/31	5							
Harry Tracy Long Term Improvements	1b	G											
Lake Merced Pump Station Essential Upgrade	1a	G	10/1	11/1	12/31	1							
<b>Budget Update</b>													
*1a examines project expenditures and appropriations; 1b examines program management costs													
Green (G): Audit is on schedule to perform testing or findings communicated to audit contacts.													
Yellow (Y): Audit is behind schedule due to issues, with a plan to get back on track.													
CSA Previous Period Accomplishments			Issues			Planned Activity for Coming Period							
<ul style="list-style-type: none"> <li>•CSA created a memorandum to address public comments about the Bay Division Pipeline Reliability Upgrade – Pipeline and Mission &amp; Mt Vernon Sewer Improvement reports with a memorandum</li> <li>•CSA conducted meetings and conference calls with PUC personnel including finance, budget, project controls, contracts and project managers for the last three projects.</li> <li>•Pulgas and Harry Tracy: CSA has provided the draft report to SFPUC for review and response. The report includes five findings and four recommendations.</li> <li>•CSA anticipates providing the SFPUC with the report for Lake Merced the week of the 19th of December.</li> </ul>			<ul style="list-style-type: none"> <li>• The Pulgas and Harry Tracy report is currently being reviewed by the SFPUC.</li> </ul>			<ul style="list-style-type: none"> <li>• CSA to continue final stages of the Lake Merced Pump Station Essential Upgrade project.</li> <li>•CSA to provide RBOC with a full update on remaining reports in the January 23, 2012 meeting once SFPUC's responses are included.</li> </ul>							
			<table border="1"> <tr> <td>Hours</td> <td>Costs</td> </tr> <tr> <td>Actual</td> <td>\$103,125</td> </tr> <tr> <td>Remaining</td> <td>\$53,125</td> </tr> </table>			Hours	Costs	Actual	\$103,125	Remaining	\$53,125		
Hours	Costs												
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**CITY AND COUNTY OF SAN FRANCISCO**      **OFFICE OF THE CONTROLLER**      **City Services Auditor – Audits Division**

*Approved by the Director of Audits on December 14, 2011*

3A

Contracting Options for the Revenue Bond Oversight Committee  
December 19, 2011

**Introduction:** In the past, RBOC has used existing consultant pools through the Controller’s office for financial services (first Kuo Report) and, more recently, sought requests for proposals from construction management firms/individuals for limited engagements (Ibbs Consulting), used the Controller’s Office itself to conduct (4?) audits of WSIP and SSIP projects and piggybacked with the SFPUC with an existing panel of experts (IRP). However, a variety of constraints impede the RBOC from contracting with experienced firms or individuals in a timely manner. As RBOC anticipates additional consultant work, RBOC would like to have both financial and CM consultant resources put in place as quickly as possible in order that follow-up assignments can be completed as soon as possible.

The Contract Working Group met with Pauson Yun, a contracts analyst for the SFPUC, to discuss contracting options for the RBOC. Two broad contracting options exist; RBOC can either initiate the process for developing its own pool of consultants or, it can utilize those pools of consultants established by the Controller. Generally speaking, the rules which govern the establishment of either pool are the same though there would be more up-front work required of RBOC should it choose to establish its own pool.

**Option 1. Using the Controller’s Consultant Pool**

The Controller has typically had two consultant pools available to RBOC: financial audit and construction/program management services. The financial pool of consultants is set to expire in February with plans to refresh that pool by May. The CM/PM pool has expired though plans are currently underway to refresh this pool by March. Pools established under the Controller are good for two years though, once selected for a project, consultant contracts could be for a much longer period (e.g., 48 months.) Qualified firms in the pool are available to any City department that need services, thus, RBOC’s use of Controller’s consultant pool could be limited if such firms or individuals are already “spoken for”, depending on the work and RBOC’s needs. The scope of work that governs the pool consultants would not be specific to RBOC though the Controller’s scope of work may be sufficient. *(Note: The Contract Working Group reviewed and added comments to the Controller’s proposed scope of work pertaining to CM and contract audits. At this time we believe this scope of work is broad enough to meet the anticipated needs of the RBOC if firms meet the qualifications.)* Once the pool is refreshed, consultants could be put to work in relatively short order and the size of the contract would not be limiting. As the Controller’s office is responsible for creating the pools, RBOC’s role in their establishment is minimal.

**Option 2. Establishing Its Own Consultant Pool**

Ideally, RBOC should have its own pool of consultants. Such a pool would be created specifically to meet the needs of the RBOC and no other City department or Enterprise would have access to this pool. Consultants could be put to work in relatively short order once RBOC approved a scope of work and the size of the contract would not be limiting. Pools established under RBOC would be good for two years

though consultant contracts could be for a much longer period (e.g., 48 months.) However, to create its own pool of consultants, RBOC would be subjected to a myriad of City contracting requirements (Civil Service Commission, HRC, and others including working with the local unions) to ensure that consultants hired by RBOC adhere to the same rules imposed upon other citizen advisory committees, boards within the City, and the City's Administrative Code. Many of the firms or individuals included in the RBOC pool could be the same firms or individuals included in the Controller's pool. For RBOC to create its own pool could take six months or longer to complete. In addition, to guide the process to completion might require RBOC hiring someone (unless the SFPUC or other City department volunteered) to serve as an administrative "expediter".

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**Independent Review Panel Report Update #5  
December 19, 2011**

The Independent Review Panel (IRP) completed its review of the WSIP between October 3 - October 7. Since that time, the Contract Working Group has reviewed and commented on two drafts, the last being at its meeting of December 7. Similar reviews were conducted by the Bay Area Water Supply and Conservation Agency, Dr. Ibbs (RBOC's Peer Reviewer) and the SFPUC.

Originally, we had hoped that a final draft would be submitted to the full RBOC at its meeting of December 19. However, due to the number of comments received as well as some disagreement over several facts and figures used, the Contract Working Group has pushed the completion date into January. Both the Ibbs report and the IRP report are now scheduled to be presented to the RBOC at its meeting of January 23.

At its meeting of December 7, the Contract Working Group requested the Panel to reconcile the positive findings found in the Executive Summary with statements in the body of the report which suggested some concern over the schedule. In fact, the IRP's #1 recommendation was for RBOC to conduct additional analyses on individual projects to assess the impact on the overall schedule.

Also, the Panel did not provide an opinion on whether it thought the WSIP would be completed on time, on budget given its most recent review of costs, schedule, status and trends. Given that the Panel had over 150 years of collective construction management experience, the Working Group thought the Panel could have opined on the latest WSIP Quarterly Report which forecasts the WSIP to be completed on time (July 2016) and on budget (\$4,586M). After deliberation, the Contract Working Group specifically requested that the IRP address this issue in its final report.

John Ummel  
Chair, Contract Working Group

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**PUBLIC UTILITIES  
REVENUE BOND OVERSIGHT COMMITTEE  
CITY AND COUNTY OF SAN FRANCISCO  
MINUTES**

**Public Utilities Commission Building, 4<sup>th</sup> Floor Conference Room  
1155 Market Street (between 7<sup>th</sup> & 8<sup>th</sup> Streets)  
San Francisco, CA 94103**

**November 14 - 9:30 AM**

**DRAFT**

**Regular Meeting**

**Members:** Aimee Brown (Chair), Kevin Cheng (Vice-Chair),  
Brian Browne, Ian Hart, Larry Liederman, and John Ummel

**1. Call to Order and Roll Call**

The meeting was called to order at 9:36 a.m. On the call of the roll, all members were noted present.

**2. Public Comment (9:36 a.m.)**

There was no general public comment.

**3. Chairs Report**

**A. San Francisco Public Utilities Commission (SFPUC) Staff Report: Water System Improvement Program Quarterly Report (9:37 a.m. – 10:08 a.m.)**

Jeet Bajwa (SFPUC) presented the quarterly report for the Water System Improvement Program and responded to questions raised throughout the Discussion.

Public Comment: Nancy Wuerfel request an update on the Westside Recycling Project. Mr. Bajwa responded to Ms. Wuerfel's question.

No action was taken.

**B. San Francisco Public Utilities Commission (SFPUC) Staff Report: Power Enterprise Bond and Future Financing Plan. (10:08 a.m. – 11:18 a.m. )**

Charles Perl; Rich Morales; Mike Brown; Shelby Campbell; Ray Casada; Loraine Mason; and Russell (SFPUC); provided information on the Power Enterprise Bond and Future Financing Plan and responded to questions raised throughout the discussion.

Public Comment: Ray Quesada commented on the monitoring method in other programs. Nancy Wuerfel requested that the IRP report reference industry standards used.

No action was taken.

**C. San Francisco Public Utilities Commission (SFPUC) Staff Report: RBOC Account Statement.** (12:16 p.m. – 12:29 p.m.)

Mike Brown and Charles Perl (SFPUC) provided an overview of RBOC Account and responded to questions raised throughout the discussion.

Public Comment: Nancy Wuerfel requested that an expense column be added to the report.

No action was taken.

**D. Construction Management Independent Review Panel: Update on Expenses-to-Date.** (12:29 p.m. – 12:41 p.m.)

Member John Ummel and Mike Brown (SFPUC) summarized the letter submitted by Gary Griggs, Chair, IRP, describing the expenses to date and responded to questions raised throughout the discussion.

Public Comment: None.

**4. City Services Auditor (CSA) Audit Report: Bay Division Pipeline Reliability Upgrade; Mission and Mount Vernon Street Sewer Improvement.** (11:18 a.m. – 12:10 p.m.)

Tonia Lediju and Nicole Duran (Controller- CSA) provided an update of the City Services Auditor Report and responded to questions raised throughout the discussion.

Charles Perl (SFPUC); provided information and responded to questions raised throughout the discussion.

Public Comment: Nancy Wuerfel pointed out errors in the draft report.

Continued to the next RBOC meeting without objection.

**5. City Services Auditor (CSA) Invoice for Services.** (12:10 p.m. – 12:16 p.m.)

Tonia Lediju (Controller- CSA) presented the CSA Invoice for Services to the Revenue Bond Oversight Committee and responded to questions raised throughout the discussion.

Mike Brown (SFPUC); provided information and responded to questions raised throughout the discussion.

Public Comment: None.

Member Hart, seconded by Member Ummel, moved to authorize payment of the 1<sup>st</sup> Quarter CSA Invoice in the amount of \$39,188 for auditing services.

**6. Establish the 2012 Revenue bond Oversight Committee Meeting Schedule.**

(11:40 a.m. – 11:48 a.m.)

The RBOC discussed the 2012 meeting schedule.

Public Comment: None.

Member Hart, seconded by Member Leiderman, moved to adopt the following meeting schedule for the Revenue Bond Oversight Committee:

January 23, 2012  
February 13, 2012  
March 19, 2012  
April 16, 2012  
May 21, 2012  
June 18, 2012  
July 16, 2012  
August 20, 2012  
September 10, 2012  
October 15, 2012  
November 19, 2012  
December 17, 2012

The motion passed by the following vote:

Ayes: Chair Brown; Liederman; Hart; and Ummel  
Noes: None.  
Absent: Cheng  
Excused: Browne

**7. Approval of the RBOC minutes for the meeting of October 24, 2011. ( 12:47 p.m. - 12:47 p.m.)**

Member Ummel, seconded by Member Hart, moved to approve the RBOC minutes for the meeting of October 24, 2011.

Public Comment: None.

The motion passed by the following vote:

Ayes: Chair Brown; Liederman; Hart; and Ummel  
Noes: None.  
Absent: Cheng  
Excused: Browne

**8. RBOC Member Information Requests**

No action taken.

**9. Future Agenda Items (12:47 p.m. – 12:49 p.m.)**

Members discussed possible future agenda items as follows:

- Controller - City Services Auditor Report
- Controller – City Services Auditor Invoice Update
- Independent Review Panel Draft Report
- Independent Review Panel Invoice
- Ibbs Consulting Inc. Peer Reviewer to IRP, Draft Report
- Ibbs Consulting Inc. Peer Reviewer to IRP, Invoice

Public Comment: None.

**10. Adjournment**

There being no further business, the Committee adjourned at the hour of 12:50 p.m.