



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

**Public Utilities Commission Building, 11th Floor Conference Room B
1155 Market Street (between 7th & 8th Streets)
San Francisco, CA 94103**

April 6, 2012 - 9:00 AM

Special Meeting

If a quorum of the Public Utilities Revenue Bond Oversight Committee (RBOC) members is present, the chair will hold a Special meeting of the RBOC to discuss items on this Contracting Working Group Agenda.

1. Call to Order and Roll Call

John Ummel, Chair
Kevin Cheng

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

- 3. Comments by the Chair.** (Discussion)

- 4. Controller's Pool of Consultants (Construction Management and Financial/Audit)**
(Discussion and Action)

Issue/Action: The Controller's pools for both construction management and financial/audit type consultants have been refreshed and are now available to RBOC. RBOC may wish to engage one of these consultants for a yet-to-be determined task. The Working Group should be familiar with the types of consultants available.

Information to the Working Group: See attached list. The Chair has requested that someone from Finance or the Controller's Office be present to provide some background on each of these consultants.

Working Group Action: Review and discuss.

5. **RBOC's Use of an Expediter to Help Form RBOC's Own Consultant Pool.**
(Discussion and Action)

Issue/Action: At its meeting of December 19, 2011, the RBOC voted to use the Controller's pool on an as needed basis and pursue the formation of its own pool. RBOC also discussed hiring someone (an "expediter") to facilitate the creation of RBOC's own pool. RBOC former Chair, Aimee Brown, began searching for someone to fill that role. The Working Group should review what Chair Brown started and provide direction for going forward.

Information to the Working Group: See attached memorandum, "Update on Contracting Options".

Working Group Action: Review and discuss. Consider recommending to the full RBOC that the Working Group and the SFPUC's Contract Administrator begin a Request for Proposal (RFP) process for an expediter.

6. **Review of Dr. William Ibbs' Final Report to the RBOC Regarding the SFPUC's Construction Management Report/Systems.** (Discussion and Action).

Issue/Action: A major recommendation stemming from the Independent Review Panel's report on the SFPUC's Construction Management program was to consider an audit of the earned value or, alternatively, perform a cost-and-schedule-to-complete analysis in order to check the forecast of the overall WSIP cost and schedule performance. At its last two meetings, the SFPUC/WSIP Management team provided a "workshop" on their CM reporting practices and systems. Dr. William Ibbs, a professor of construction management at UCB, was hired by RBOC to attend these two meetings and report his recommendations regarding such practices/systems so that RBOC could better decide what follow-up tasks or audits it may wish to pursue.

Information to Working Group: See attached copy of Dr. Ibbs report.

Working Group Action: Review and discuss.

7. **Suggested Audit Activities for Calendar Year 2012.** (Discussion and Action).

Issue/Action: Based on the findings and recommendations from the Independent Review Panel and Ibbs report, the Working Group needs to review what kind of assignments it may wish to engage in (hire a consultant for) this year.

Information to Working Group: The chair will provide a bulleted list of possible assignments at the meeting.

Working Group Action: Review, discuss, and prioritize.

8. **Approval of RBOC Contracting Working Group Minutes of December 7, 2011.**
(Discussion and Action) (attachment)

9. **Future Agenda Items/Meeting Dates.** (Discussion and Action)

10. **Adjournment**

Next regularly scheduled meeting: To-Be-Determined

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 document, please contact RBOC Committee Clerk, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

Audio recordings of the meeting of the Revenue Bond Oversight Committee are available at:

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 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.

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.

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ITEM # 4

















List of Pre-Qualified Construction Management Firms

Each Firm includes a link to their website and sample reports. Please contact the List Coordinator when you are ready to initiate a need request.

- Project Type 1: Construction Management Consulting
- Project Type 2: Construction Process Reviews
- Project Type 3: Contract and Subcontract Audits
- Project Type 4: Audits of Contractors and Subcontractors
- Project Type 5: Claims Analysis and Resolution

Firms (Listed Alphabetically)	PROJECT TYPE 1	PROJECT TYPE 2	PROJECT TYPE 3	PROJECT TYPE 4	PROJECT TYPE 5
<u>Cumming Construction Management, Inc.</u>	X	X	X	X	X
<u>Faithful+Gould, Inc.</u>	X	X			
<u>FTI Consulting, Inc.</u>	X	X	X	X	X
<u>KPMG LLP</u>	X	X	X	X	X
<u>Marsh USA, Inc. / Marsh Risk Consulting</u>			X	X	X
<u>McGladrey & Pullen, LLP</u>	X	X	X		
<u>PMA Consultants LLC</u>	X				X
<u>Resolution Management Consultants, Inc.</u>					X
<u>R.W. Block Consulting, Inc.</u>	X	X	X	X	
<u>Secretariat International</u>					X
<u>SF Delaney Consulting</u>		X	X	X	
<u>Sloberg Evashenk Consulting, Inc.</u>	X	X	X	X	

ITEM # 4

List of Pre-Qualified Financial/Audit Firms				
Firms (Listed Alphabetically)	PROJECT TYPE 1: Performance Audit and Financial Audit Services	PROJECT TYPE 2: IT Audit and IT Audit Consulting Services	Response Info	HRC Forms
Capricci & Larson, Inc.	X			
Crowe Horwath	X			
FCS Group	X			
KPMG	X	X		
Macias, Gini & O'Connell	X	X		
MGT of America, Inc.	X	X		
Sloberg Evashenk Consulting, Inc.	X			
Williams, Adley & Company	X	X		
Yano Accountancy Corporation	X			

Update On Contracting Options
Revenue Bond Oversight Committee
April 6, 2012

Background:

At its meeting of December 19, 2011 RBOC voted to use the Controller's pools on an as-needed basis and pursue the establishment of its own pool comprised of both financial and construction management type firms. (Note: The Controller's pools for both construction management and financial/audit type consultants have just been refreshed and are now available to RBOC.) Such a pool would be created specifically to meet the needs of the RBOC and 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. For RBOC to create its own pool could take six months or longer to complete. To guide the process to completion might require RBOC hiring someone to "expedite" the process. For that reason, Chair Brown looked into having RBOC contract with such a person.

Chair Brown contacted three candidates to poll availability, cost and the services they could perform (from setting up the pool to administration of the contract).

- 1) Esther Reyes: Former Contracts Administrator for the Controller's Office who worked on the first contracting process for RBOC. Ester charges \$150 per hour and has extensive experience setting up pools and meeting all the City requirements. She would be able to help RBOC administer the contract with direction from the Working Group. Recently, she indicated she had an opportunity to work with the SFPUC and was inquiring whether there was a conflict of interest. Ester is also a certified LBE contractor. Given Ester's hourly rate, it's unlikely she could serve as RBOC's expeditor for \$10,000 (technically, \$9,999), the contract ceiling amount for RBOC being able to choose a consultant without a RFP process.
- 2) Bob Kuo: Former consultant to RBOC and former City employee in executive positions at several City Departments. He was available as of a month or so ago for a limited assignment. He indicated that \$10,000 would include 50 hours of his time; working back that is \$200 per hour. He is also a certified LBE contractor. Again, it's unlikely he could accomplish the task within the \$10,000 contract ceiling.
- 3) Bill Jones: Former City employee in Contracts Administration and recommended by Cathy Barnes, Deputy City Attorney. Recently, Bill indicated he was too busy with other projects to take on this assignment.

Summary: If RBOC wishes to establish its own pool, it will likely need outside assistance to put it in place. SFPUC Finance staff is unwilling or has higher priorities that prevent it from serving as an

expediter. Thus, securing outside assistance is critical if RBOC wishes to get its own pool "up and running". It appears the task cannot be performed for under \$10,000; suggesting that the most efficient process would be for RBOC (through the Contracting Work Group) to utilize a limited RFP process. Such a process, requiring three informal bids and a selection (scoring) committee, would permit RBOC to enter into a contract for up to \$50,000. The SFPUC's Principal Contracts Analyst, Pauson Yun, has indicated he could assist RBOC – as he did with the Dr. Ibbs contract – in the RFP/selection process for an expediter. Once a finalist was secured and contract signed, the "expediter" would work with the Contracting Work Group to establish RBOC's own pool. Provided RBOC approved this approach at its April 16, 2012 meeting, the time necessary to engage an expediter is estimated at six to eight weeks with formation of the pool likely taking another 3-4 months to put in place, say September at the earliest.

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RECOMMENDATIONS TO THE

REVENUE BOND OVERSIGHT COMMITTEE

Concerning the

WATER SYSTEM IMPROVEMENT PROGRAM

Professor William Ibbs

Prepared for the

San Francisco Public Utilities Commission

Revenue Bond Oversight Committee

MARCH 23, 2012

1. EXECUTIVE SUMMARY

San Francisco's Water System Improvement Program (WSIP) is one of the largest and most complex construction projects ever undertaken by the City and its Public Utilities Commission (SFPUC). To ensure that WSIP is managed in the best possible manner, the WSIP management and San Francisco Revenue Bond Oversight Committee (RBOC) retained a panel of construction management industry experts (the Independent Review Panel, IRP) to review the Program and its management by SFPUC and SFPUC's construction management consultants.

The RBOC also retained this writer to work with the IRP to fully define and prioritize issues to be reviewed; review the work of the Panel; and submit a report to RBOC on findings and recommendations. That effort took place in the October-December 2011 time frame. Subsequently, the RBOC asked 1) SFPUC representatives to give presentations to the RBOC on certain aspects of the WSIP's management and 2) this writer to comment on those presentations.

After observing those presentations, my key findings and recommendations are:

Finding 1. The study and report completed by the IRP and SFPUC's presentations to the RBOC have only focused on the construction phase of the WSIP. There is WSIP-related work that occurs after the construction, such as commissioning, testing and close-out phase, and the costs and durations of that work have not been considered in the IRP report or the SFPUC presentations.

Recommendation 1a: Because the RBOC's responsibility is on the overall cost and schedule performance of the entire WSIP, the RBOC should request that the WSIP management team report periodically on the anticipated final cost and schedule status of the entire Program, not just the construction phase.

Finding 2. SFPUC and its CM consultant are using an earned value management system for evaluating WSIP performance. Earned Value reporting is a standard industry tool. It is also backward looking in that it indicates how a program or project has actually performed compared to planned performance. Historical performance is not necessarily indicative for future performance.

Recommendation 2a: The RBOC should ask SFPUC to perform an estimate-at-completion and schedule-at-completion (EAC/SAC) review for a representative sample of uncompleted projects. This EAC/SAC review should include all remaining phases of any such projects, not just the construction phase.

Recommendation 2b: The RBOC should retain its own independent consultant to review that EAC/SAC review to help explain technical details to RBOC and to ensure reliability.

Finding 3. There is a written communications gap between the SFPUC and the RBOC. For example, the S-curve graph that SFPUC uses in its quarterly reports is so detailed that it is difficult to read.

Recommendation 3a: RBOC should ask SFPUC to provide more clearly written and summarized written reports and graphics. One example would be a diagram that combines and reports a project's Cost Performance Index, CPI with its Schedule Performance Index, SPI, over time. CPI measures planned cost to-date divided by actual cost to-date, so a number greater than 1.0 is favorable, a number less than 1.0 is unfavorable. Similarly, SPI measures planned vs. actual schedule to-date. This is a standard Earned Value reporting mechanism.¹

A hypothetical example would be:

	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012
CPI	0.98	0.96	0.94	0.95	0.93
SPI	1.00	0.98	1.02	0.97	0.94

Figure 1

Hypothetical Example for Communicating Cost and Schedule Performance

¹ US Dept. of Energy, Earned Value Management System (EVMS) Guidelines. DOE G 413.3-10.

In this hypothetical example, performance is reported periodically and clearly shows diminishing performance. These same CPI, SPI indicators could be presented in graphical form:

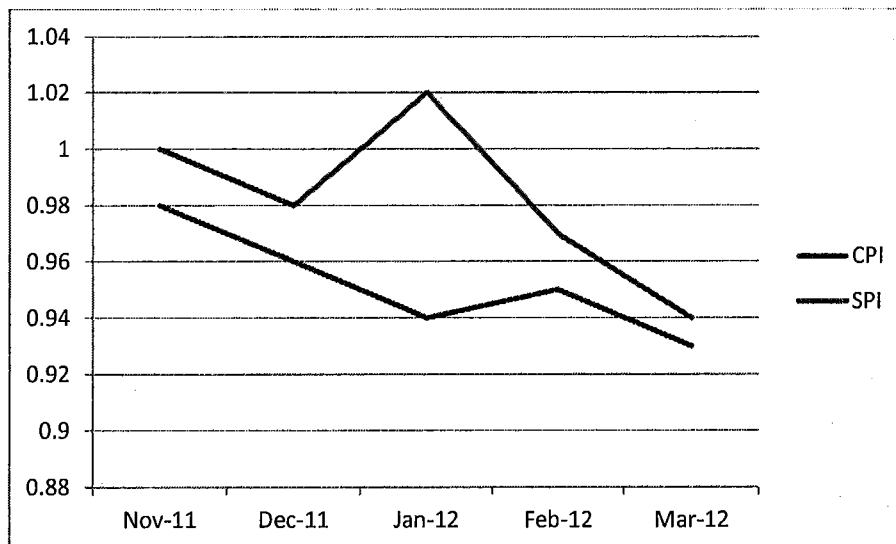


Figure 2

Hypothetical Example for Communicating Cost and Schedule Performance

Use of better, high-level graphics like this would better convey WSIP performance to the RBOC members and the public at-large. Details still could be provided, but a better summary graphics would more clearly communicate overall WSIP status.

Finding 4. There is a verbal communications gap between the SFPUC and the RBOC. The Program is approximately 50% complete and there is still confusion and lack of understanding about all the reporting procedures and underlying definitions. Even when presentations are given there has been confusion. For example, in one of the recent presentations there was confusion between the presenters whether trends were included in the S-curves. Another presentation revealed that some parts of the WSIP Quarterly Report includes trends (e.g. Table 4) while other parts (Table 7) do not. The difference may be justifiable, but the rationale for that difference has not been explained to RBOC members yet. More frequent communication to the RBOC

would improve RBOC member understanding and confidence in SFPUC's management of the WSIP.

Recommendation 4a: The RBOC should request that SFPUC management give more frequent verbal presentations about WSIP's status and the management procedures that SFPUC and its CM consultant are using.

2. SUMMARY

The Water System Improvement Program is one of the most complex and important construction programs that the San Francisco Public Utilities Commission has ever undertaken. By some measures the WSIP is just now entering its peak phase, and that will continue for the next year.

Many of the management systems developed and incorporated into the WSIP appear to meet standard industry practice. There are gaps in the implementation and utilization of those management systems, however, as identified and discussed in this report and in my previous reports to RBOC.

SFPUC may find implementing the recommendations presented in this report and my prior report to be onerous given its other obligation. Nevertheless, the RBOC members have an obligation to ensure the public's money is prudently used and that WSIP is completed expeditiously. The recommendations presented herein will help in that regard.



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

**Public Utilities Commission Building, 5th Floor Conference Room
1155 Market Street (between 7th & 8th Streets)
San Francisco, CA 94103**

December 7, 2011 - 12:00 PM

DRAFT

Special Meeting

Members: John Ummel (Chair) and Aimee Brown

1. Call to Order and Roll Call

The meeting was called to order at 12:07 p.m. On the call of the roll, all members were noted present.

2. Public Comment (12:08 p.m.)

There was no general public comment.

**3. Independent Review Panel – Status Report
(12:09 p.m. – 2:26 p.m.)**

Members Browne and Ummel provided remarks as to the progress of the report and proposed amendments.

Gary Griggs (Chair of the Independent Review Panel) provided a summary on the status of the IRP report to the RBOC.

Kevin Cheng (RBOC Member); Julie Labonte (SFPUC); David Kelly (SFPUC); Mark Blake (City Attorney’s Office); provided information and responded to questions raised throughout the discussion.

Public Comment: David Sutter, former RBOC Member, provided various comments.

No Action Taken.

4. Approval of the RBOC Contracting Working Group Minutes of November 17, 2011.
(2:27 p.m. – 2:28 p.m.)

Public Comment: None.

Member, Brown, seconded by Chair Ummel, moved to approve the Contracting Working Group Minutes of November 17, 2011.

The motion passed by the following vote:

Ayes: Ummel and Brown.

Noes: None.

7. Future Agenda Items/Meeting Dates. (2:29 p.m.)

No discussion occurred.

Public Comment: None.

8. Adjournment

There being no further business, the Committee adjourned at the hour of 2:30 p.m.

Calendar Clerk Desk Duties (April 2 through April 6)

Monday

When File 120291 (adopted 3/27/12) is returned from the Mayor's Office, write a referral letter, give to Angela for signature and mail to appropriate parties (names and addresses should be stated in the last paragraph of the legislation.)

Check email from Adtech to confirm Monday/Tuesday/Wednesday meeting ads were published in the Saturday or Sunday paper, update the weekly checklist, attach the legal advertising tear sheet, and give to Peggy

Gather legislation for Tuesday's Board meeting for Operations staff

C pages

Tuesday

Check email from Adtech to confirm Thursday/Friday meeting ads were published in the Tuesday paper, update the weekly checklist, attach the legal advertising tear sheet, and give to Peggy

Fiscal and Economic Impact updated in legistar

Afternoon – Sgt@Arms

Scan C pages

Wednesday

Clean up Board Chamber after meeting

Give Angela and Rick a copy of all legislation/hearing requests submitted in Board

Email IT to post the Board minutes that were approved in Board (include the date of the minutes, number & volume, and page numbers) **2/28/12 minutes - Pages 111-132, volume 107 #6**

Original is in Peggy's box to give to Angela for signature

Open Adoption without Reference Files (Joy)

Open file for questions (received by noon) submitted by Supervisors for **Mayoral appearance** at the next Board of Supervisors meeting. Scan the questions/master sheet and email to Angela, Cheryl Adams and copy to Rick. Add file to the Board Agenda.

Board agenda prep

Thursday

Finalized Board Agenda

Prepare packet for the adoption without reference and the mayoral questions file.

When Angela approves the agenda, **email IT.**

IT will email back with the link attached

Send email with the link attached to the Supervisors, Aides, Angela, Rick, Cheryl Adams, Debra Newman, Gabriela Loeza, Joy Lamug, Andrea Ausberry and Jason Elliot

Xerox 20 copies of agenda (Supervisors, Angela, Rick, Peggy, Victor, City Attorney, Budget Analyst, front counter, post, etc.

Enter Board Meeting date and time on the Publication Checklist

BOARD AD

Friday morning

PDF of agenda to library

Print 80 copies (set aside 30 copies for the Board) place 50 copies in the slots under the front counter

Post on our bulletin board

Mail copy of the agenda to Virginia Leishman, and a large print copy to Edith McMillan (See John Tse)

Email Budget Analyst the link to the current Legislation Introduced; attach the Budget Analyst memo, the e-version of all files with attachments listed on the legislation introduced document. Note if an attachment is only available in hard copy.

Friday afternoon

4:00 pm – Print out Weekly Publication Checklist with all publication notices (ADS) and give to Peggy

Board Packet Binder for Rick/Angela to Peggy

Ensure all files are placed in the Board buggy.