



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

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

February 13, 2012 - 9:30 AM

Regular Meeting

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

1. Call to Order and Roll Call (9:35 a.m. – 9:35 a.m.)

The meeting was called to order at 9:35 a.m. On the call of the roll Member Cheng was noted absent.

Member Cheng was noted present at 9:37 a.m.

Member Browne was noted absent at 9:39 a.m.

2. Public Comment. (9:35 a.m. – 9:39 a.m.)

Chair Brown provided parting comment as to the history of the RBOC and potential future action.

Member Browne provided parting comments concerning the work of the RBOC. (see attached comments provided by Member Browne)

Nancy Wuerfel provide written public comment (attached)

3. Chair's Report:

A. San Francisco Public Utilities Commission (SFPUC) Staff Report: Construction Phase and Forecasting – Stage 1: Presentation by AECOM Construction Manager – John Kinneen. (9:50 a.m. – 11:40 a.m.)

John Kinneen and Estabio Elarosa (SFPUC) presented a report on Construction Phase and Forecasting.

Mike Brown, Joigan Yousefkhan, and Jeet Bajwa (SFPUC); provided information and responded to questions raised throughout the discussion.

Public Comment: None.

B. Peer Reviewer (Ibbs Consulting Group Inc.): Update on Expenses.
(9:39 a.m. - 9:45 a.m.)

Chair Brown provided a summary of the amended invoice from Ibb's Consulting Group Inc. The negotiated price of \$47,000 included concession by Ibbs Consulting to attend 2 RBOC meetings and provide a review of SFPUC presentation by AECOM concerning Construction Phase and Forecasting.

William Ibbs (Ibbs Consulting Group Inc.); provided information and responded to questions raised throughout the discussion.

Public Comment: None.

C. San Francisco Public Utilities Commission (SFPUC) Staff Report: RBOC Account Statement. (9:45 a.m. - 9:50 a.m.)

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

Public Comment: None.

4. City Services Auditor (CSA) Audit Report: Program Management Cost; Lake Merced Pump Station Essential Upgrade. (11:40 a.m. – 12:40 p.m.)

Tonia Lediju, Irella Blackwood, Kathleen Scoggin, and Cass Kagen (City Services Auditor); provided the CSA Audit Report on Program Management Cost and Lake Merced Pump Station Upgrade.

Mark Blake (City Attorney's Office); Charles Perl, Rosey Angel, and Mike Brown (SFPUC); provided information and responded to questions raised throughout the discussion.

Member Hart, seconded by Member Ummel, moved to accept the City Services Auditor (CSA) Audit Report: Program Management Cost; Lake Merced Pump Station Essential Upgrade.

The motion carried by the following vote:

Ayes: 5 - Brown, Cheng, Hart, Liederman, Ummel

Noes: 0 – None

Absent: 1 - Browne

Public Comment None.

5. **City Services Auditor (CSA) Invoice for Services.** (12:40 a.m. – 12:45 p.m.)

Mark Blake (City Attorney's Office); Charles Perl, and Mike Brown (SFPUC); Tonia Ledi (City Services Auditor); provided information and responded to questions raised throughout the discussion.

Member Cheng, seconded by Member Ummel, moved to accept and pay the CSA 2nd Quarter Invoice and authorized the Chair of the RBOC to sign any required documents.

The motion carried by the following vote:

Ayes: 5 - Brown, Cheng, Hart, Liederman, Ummel

Noes: 0 - None

Absent: 1 - Browne

Public Comment None

6. **RBOC Annual Report – 2011: Review of Draft.** (12:59 p.m. – 1:03 p.m.)

Chair Brown and Member Ummel presented the draft RBOC Annual report for 2011 to the RBOC for review and comment.

Mark Blake (City Attorney's Office); Mike Brown (SFPUC); provided information and responded to questions raised throughout the discussion.

Member Liederman, seconded by Member Hart, moved to direct members of the RBOC to submit suggested changes to the annual report to the Chair of the RBOC. In addition, the Chair is authorized to implement RBOC member suggestions at his/her discretion. Any material changes to the report will be presented to the RBOC before implementation.

The motion carried by the following vote:

Ayes: 5 - Brown, Cheng, Hart, Liederman, Ummel

Noes: 0 - None

Absent: 1 - Browne

Public Comment None

7. **Selection of Consultant to Assist the RBOC Create a Consultant Pool.**
(1:03 p.m. – 1:04 p.m.)

Chair Brown provided and updated on the status on the Consultant search process.

Public Comment: None.

8. **Approval of RBOC Minutes of January 23, 2012.** (1:04 p.m. – 1:04 p.m.)

Member Liederman, seconded by Member Hart, moved to adopt the RBOC Minutes of January 23, 2012.

The motion carried by the following vote:
Ayes:5 - Brown, Cheng, Hart, Liederman, Ummel
Noes: 0 – None
Absent: 1 - Browne

Public Comment None

9. **Election of Officers for the RBOC - 2012.** (Discuss(12:45 p.m. – 12:52 p.m.)

Mark Blake (City Attorney's Office); provided instructions as to the election of RBOC Officers.

Member Leiderman nominated Member Cheng for the position of Chairperson of the RBOC.
There were no other nominations.

Chair Brown nominated Member Ummel for the position of Vice-Chairperson of the RBOC.
There were no other nominations.

Member Leiderman, seconded by Member Ummel, moved to appoint Member Kevin Cheng to the position of Chairperson of the RBOC.

The motion carried by the following vote:
Ayes:5 - Brown, Cheng, Hart, Liederman, Ummel
Noes: 0 – None
Absent: 1 – Browne

Chair Brown, seconded by Member Leiderman, moved to appoint Member John Ummel to the position of Vice-Chairperson of the RBOC.

The motion carried by the following vote:
Ayes:5 - Brown, Cheng, Hart, Liederman, Ummel
Noes: 0 – None
Absent: 1 – Browne

Public Comment None

10. **RBOC Member Information Requests Raised at Today's Meeting.**

No action taken.

Public Comment: None

11. **Future Agenda Items.** (Discussion and Action)

- A. Extension of Sunset Date
- B. SFPUC Staff Report: Construction Phase and Forecasting – Stage 2: Mojgan Yousefkhan (Preparation of Monthly and Quarterly forecasts and roll up of data)
- C. Update on Construction Phase Forecasting (May)

Public Comment: None

12. **Adjournment.**

The meeting adjourned at 1:05 p.m.

February 13, 2012

TO: Public Utilities Revenue Bond Oversight Committee

FROM: Nancy Wuerfel

RE: Comments on the CSA audit report on the allocation of program management costs for two projects

I request that RBOC require the CSA report to be revised to include the following new material finding based on the facts presented but overlooked, and to require additional recommendations about the allocation of program management costs.

The CSA report has failed to acknowledge an additional **finding**. On page 2, the report states “SFPUC allocates the year’s WSIP program management costs to each WSIP project based on its share of total WSIP costs.” The entire Project Management Cost Allocation needs to be recalculated to reflect the reduction in the number of projects now charged to WSIP, which affects each project’s share of the total, that determines the rate for allocating the costs.

Exhibit 3 on page 9 states the project scope as “\$4.6 billion program encompassing 46 projects to upgrade regional and local water systems.” This is not true. The original WSIP project scope was revised July 1, 2011 to eliminate the Local Water Supply Program. Therefore, WSIP now has 46 Regional projects. The 5 active Local projects valued at \$281 million have been transferred to the Water Enterprise Capital Improvement Program, as stated in the quarterly report dated November 2, 2011. CSA correctly acknowledged in Exhibit 5 on pages 13 and 14 in footnote b that the Pacifica project “is no longer in WSIP and will be completed using the CIP funds,” but then failed to make the next logical conclusion that the allocation formula needed to be corrected as well.

The CSA report should include the following **recommendations**:

- that the Project Management Cost Allocation to the WSIP program projects be recalculated to exclude the 5 Local Water Supply Program projects and their \$281 million in costs that are no longer charged to WSIP and to determine each project’s correct percentage of the new total.
- that there must be some adjustment for those Project Management costs which were previously justifiable during the time that the local projects were part of the WSIP program.
- that there must be a different method of allocating Project Management costs for these Local projects that are charged to the CIP after July 1, 2011, although the report did not discuss the CIP method of allocation of management costs.

Thank you for considering these comments.

February 13, 2012 Revenue Bond Oversight Committee

Comments by Brian Browne

Board of Supervisors

Comments to be incorporated into the minutes of the February 2013 RBOC meeting

Briefly for now:

A number of items on this agenda are based on reports that were not sent out within the mandated 72 hour review time. These reports cannot be reviewed at this meeting. Please see Brown Act, 2011- AB392, et al. Also, see my email to Ms Aimee Brown with attachment regarding CSA report. It is an artificial dichotomy (and illegal) to unbundle reports (all) from associated agenda items requiring 72 hours for review.

The Annual Report fails to mention my concerns about committee nullification in the context of what was intended and written in 2002 Proposition P. The implosive process of this committee has required I use sunshine requests, et al, to fulfill my oath of office as a RBOC member by reporting back to the designated stakeholders via the Fourth Estate and other communications. I have been readily available to quantify my many concerns.

Some of my concerns are available by accessing the Westside Observer @ <http://westsideobserver.com/> under columnist "Brian Browne" and in the current edition <http://westsideobserver.com/pages/page8.html> plus in Reason @ <http://reason.org/studies/show/western-water-wars>. The Westside Observer, in the spirit of the First Amendment and Fourth Estate objectivity, also published articles by Todd Rydstrom and Aimee Brown.

The 2011 Annual Report ignores the failures and inequities of the RBOC during 2011 (and years prior). The failure of this committee to implement 2002 Proposition P as intended is of serious concern. Questionable processes need to be aired. To write a more accurate account of the RBOC I have requested from the Clerk-BoS, audio-copies of all RBOC (including subcommittees) meetings in disk format. These audio-disks will be transcribed and analyzed. These written data will augment my ongoing-research, past sunshine requests, and future sunshine requests to provide accuracy as to my period on the RBOC and to monitor future activities.

Item 7 states "Selection of Consultant to assist the RBOC Create a Consultants Pool." This item was not accompanied by a list of resumes for review within the 72 hour Brown Act et al mandate. At the January meeting I expressed great concern about maintaining the mandated independence of the RBOC by not hiring a person who has worked for the SFPUC or on a project for the RBOC by a city agency. Not to my surprise my objections were omitted from the minutes of the January 2012 meeting of the RBOC. This agenda item fails to clear the 72 hour requirement and possibly the independence clauses of 2002 P.

The "Minutes" (Item 8) continue to do a disservice to ensuring a real historical record of the actual discourse on this Committee. I will vote against approving these minutes. Too much is continually omitted. When the meeting-disks transcriptions (see above) are completed (with augmented material) it will be possible to compare the official history (minutes) of the RBOC with the recorded and transcribed history.

Item 9 – I believe with the vacant and termed out seats it would be unfair to future members not to hold this election over to the next meeting when new appointees will be seated,

11 B Extension of RBOC – this committee has been from the perspective of those who helped birth it an absolute failure. It must sunset on 1/1/13. These failures were even a significant issue during the mayoral debates by the former supervisor who put 2002 Proposition P on the ballot.

Sincerely,

Brian Browne
2003-present BoS Member RBOC

Dear Ms. Brown,

As a City rate-payer I continue to find the RBOC's gamesmanship appalling. Is there a reason your committee can't follow the rules as regularly cited by Brian Browne? His articles in the Westside Observer have cogently educated the citizenry about the Committee's hijinks. I suggest you step aside as Committee Chair in the interests of the rate-payers.

Respectfully,

Paul V. Simpson

Paul V. Simpson

Simpson, Garrity, Innes & Jacuzzi PC

2-3112; web site www.sfgov.org/ethics.