

Public Utilities Revenue Bond Oversight Committee

Minutes

Monday, October 18, 2010

9:30 a.m. - 11:30 a.m.

1155 Market Street (between 7th & 8th Streets)

4th Floor Conference Room

Committee Members

Aimee Brown, Chair

Kyle Rhorer, Vice Chair

Brian Browne

Kevin Cheng

Nathan Cruz

David Sutter

John Ummel

REGULAR AGENDA

1. Call to Order and Roll Call

Chair Aimee Brown called the meeting to order at 9:35 a.m. and roll call was taken:

Present: Aimee Brown, Brian Browne, Kevin Cheng, Nathan Cruz, and John Ummel.

Absent: None.

Excused: Kyle Rhorer and David Sutter.

There was a quorum.

2. Public Comment: Members of the public may address the Revenue Bond Oversight Committee (RBOC) on matters within the RBOC's jurisdiction that are not on today's agenda.

Public Comment: None.

3. Chair's Report

a. San Francisco Public Utilities Commission (SFPUC) Staff Report on Water System Improvement Program (WSIP) Pre-Construction.

Jeet Bajwa, San Francisco Public Utilities Commission, presented an overview on the Water System Improvement Program Pre-Construction

and Contract Insurance. Mr. Bajwa responded to questions from members of the Revenue Bond Oversight Committee.

Public Comment: None.

b. Discussion and Possible Action concerning: 1) San Francisco Public Utilities Commission (SFPUC) Staff Report Regarding the Savings Achieved Through the Use of Build America Bonds (BABs) Versus the Loss in Funding to the RBOC; 2) Proposed Adoption of Resolution Requesting the SFPUC to Appropriate Funds for RBOC Audit of BABs Expenditures; and 3) Report from Deputy City Attorney Mark Blake Regarding the Use of BABs.

Marc Hughs, San Francisco Public Utilities Commission, and Mark Blake, Deputy City Attorney, presented an overview of the SFPUC's use of Build America Bonds (BABs) and its requirements. In addition, discussions occurred concerning how the SFPUC would reimburse the loss of funds to the RBOC due to the use of BABs. Mr. Hughs and Mr. Blake responded to questions from members of the Revenue Bond Oversight Committee.

Chair Brown requested that the October 15, 2010, opinion letter from Sidley Austin LLP be revised to eliminate language concerning the RBOC being part of a "controlled group".

Public Comment:

Nancy Wuerfel expressed concerns over cost of issuance/misc fees for BABs and other issues related to BABs.

Chair Brown continued the item to November 15, 2010. There were no objections.

4. Discussion and possible action regarding the approval of the minutes from the RBOC meeting held on September 20, 2010.

The September 20, 2010, minutes were amended to correct item numbering and add an adjournment time.

Public Comment:

Nancy Wuerfel expressed concerns with the association of her comments to specific item numbers in the minutes on September 20, 2010. Ms. Wuerfel volunteered to provide an analysis of her comments.

It was moved by Chair Brown, seconded by Member Cruz, to continue the approval of the minutes of September 20, 2010, to the November 15, 2010, meeting of the Revenue Bond Oversight Committee.

The motion to continue the approval of the minutes of September 20, 2010, passed by the following vote:

Ayes: Chair Brown, Member Browne, Member Cheung, Member Cruz and Member Ummel.

Noes: None.

Excused: Member Rhorer and Member Sutter.

5. Discussion and possible action relating to RBOC member information requests raised at today's meeting.

Member Cruz requested that the Risk Manager provide a forecast of cost in comparison to contingency level.

Member Browne requested a forecast of completion each quarter by percentage for WSIP in a graph format.

Public Comment: None.

6. Discussion and possible action for future agenda items.

Continuation of the following item to November 15, 2010:

Discussion and Possible Action concerning: 1) San Francisco Public Utilities Commission (SFPUC) Staff Report Regarding the Savings Achieved Through the Use of Build America Bonds (BABs); 2) Proposed Adoption of Resolution Requesting the SFPUC to Appropriate Funds for RBOC Audit; and 3) Report from Deputy City Attorney Mark Blake Regarding the Use of BABs.

Updated from the RBOC Contracting Working Group.

SFPUC presentation on the WSIP Quarterly Report.

Public Comment:

Nancy Wuerfel requested an action item concerning the creation of a RBOC Fund with a separate account number. In addition, a discussion item was requested concerning the cost escalation in various projects, recycling of water, and relocation of plant sites in Golden Gate Park.

Comments submitted by Nancy Wuerfel attached.

7. Adjournment

The meeting adjourned at 11:30 a.m.

For information concerning agendas, minutes and meeting information
please contact:

Victor Young, Committee Clerk
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For information concerning SFPUC reports and documents
please contact:

bondoversight@sfgwater.org

(415) 487-5245

Audio recording of the meeting of the Revenue Bond Oversight Committee is available
at:

http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=97

Public Comment submitted by Nancy Wuerfel

Subject: Comments on Recycled Water Program

October 26, 2010

Dear Chair Brown:

Attached is a copy of my public comment regarding item 6 for future agenda items for RBOC as you requested. I have further examined the available public documents about the approved costs for the WSIP Local Program and wish to acknowledge that the increased cost from \$385 million to \$600 million is due primarily to a reorganization of projects in 2009. The Water Supply project costs were transferred to Regional and Local Programs that were redefined. Unfortunately, the WSIP Recycled Water projects are now split between these two programs, so that the total costs of Recycled Water projects cannot be readily identified or tracked because of nomenclature changes and the historical scope of work for individual projects has changed.

My statement about cost escalation for Westside Recycling Water Project (now in the Local Program) is still true, as evidenced by a new forecast of a cost increase of another \$25 million this past quarter FY 2009-2010. It is not clear if this increase includes the additional 2.5 miles of new pipelines south from the park back to the to Oceanside for brine discharge and to the Zoo.

Also, the project does have an entitlement issue because construction of new structures in Golden Gate Park require votes of the electorate and the Board of Supervisors as stated in the city Charter section 4.113 (see below). The votes pertain to "structures" not to "programs or projects." This entitlement has not been acknowledged by staff in any of the project documents. The Westside project timeline has already slipped from the closeout date of 9/2013 in the 2008 report to a forecast of 11/2015 in the last 2010 quarterly report. A vote of the people on use of Golden Gate Park for siting the treatment plant could either add serious time delays to the already maximized timeline or deny the construction of the new treatment plant in Golden Gate Park, which would require a new project design and new EIR. I believe the issues of cost and the timeline for the Westside Recycling Water Project are serious enough to require a discussion at the RBOC.

In addition, I believe RBOC should review the current status of the entire SF Recycled Water Program. The Eastside Recycled Water Project will plan and design a recycled water treatment facility (or facilities) and distribution system to

produce and distribute tertiary recycled water to proposed non-potable water customers on the eastern side of the City of San Francisco. However, the planning budget has grown from \$23 million to \$32 million and is behind schedule. Of greatest concern is that this project was added on to WSIP in 2009 and has no overall project budget identified, nor was not part of the 2005 baseline budget. Therefore, the total costs for the Eastside project(s) will be add-on costs to the \$4,586,000,000 budgeted so far for WSIP. The timeline to complete these new projects will also go well beyond the 2015 deadline.

For the above reasons, I believe RBOC must discuss the Recycled Water Program overall, and the Westside Recycled Water Project in particular, to decide what is needed to keep WSIP on time and on budget. Thank you for considering these comments.

CITY CHARTER SEC. 4.113 RECREATION AND PARK COMMISSION.

The Department shall have the power to construct new parks, playgrounds, recreation centers, recreation facilities, squares and grounds, and to erect and maintain buildings and structures on parks, playgrounds, square, avenues and grounds, except as follows:

- 1. No building or structure, except for nurseries, equipment storage facilities and comfort stations, shall be erected, enlarged or expanded in Golden Gate Park or Union Square Park unless such action has been approved by a vote of two-thirds of the Board of Supervisors;*
- 2. No park land may be sold or leased for non-recreational purposes, nor shall any structure on park property be built, maintained or used for non-recreational purposes, unless approved by a vote of the electors.*

Sincerely,

Nancy Wuerfel