



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**

December 19, 2011 - 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.)

The meeting was called to order at 9:35 a.m. On the call of the roll, Member Hart was noted absent. Member Hart was noted present at 10:08 a.m.

2. Public Comment: (9:35 a.m. – 9:45 a.m.)

Nancy Wuerfel Public Comment attached.

3. Chair's Report:

A. City Services Auditor (CSA) Report: Audit Update. (9:45 a.m. – 9:49 a.m.)

Irella Blackwood (Controller's City Services Auditor); provided information and responded to questions raised throughout the discussion.

Public Comment: None.

B. San Francisco Public Utilities Commission (SFPUC) Staff Report: Water System Improvement Program (WSIP) - Construction Management. (9:49 – 11:28 a.m.)

Harvey Elwin, Dan Weed, and Rich Morales (SFPUC); provided information and responded to questions raised throughout the discussion.

Public Comment: Nancy Wuerfel asked what determines the shutdown period for various projects. Mr. Elwin responded that shutdown periods depend on the nature of the operations.

C. San Francisco Public Utilities Commission (SFPUC) Staff Report: Draft SFPUC Rate Policy. (11:28 a.m. – 11:50 a.m.)

Charles Perl (SFPUC); Crispin Hollins (SFPUC) and Mark Blake (City Attorney's Office); provided information and responded to questions raised throughout the discussion.

Public Comment: None.

D. San Francisco Public Utilities Commission (SFPUC) Staff Report: RBOC Account Statement. (11:50 p.m. – 11:51 a.m.)

Continued to the next RBOC without discussion.

Public Comment: None

4. Revenue Bond Oversight Committee's Future Contracting/Consultant Options. (12:14 p.m. – 12:34 p.m.)

Member Ummel provided a summary of the December 17, 2011, RBOC Contracting Working Group meeting's discussion of the RBOC's Future Contracting/Consultant Options.

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

Member Browne, seconded by Member Ummel, moved that the RBOC establish its own pool of consultants.

The motion carried by the following vote:

Ayes: 6 – Brown, Cheng, Browne, Hart, Liederman, Ummel

Noes: 0 – None

Member Brown was noted absent at 12:25 p.m.

Member Hart, seconded by Member Ummel, moved that the RBOC pursue avenues to obtain an independent expeditor/sheppard of the process to develop pool of contractors.

The motion carried by the following vote:

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

Noes: 0 – None

Absent: 1 - Browne

The RBOC requested that the Contracting Working Group develop a job description for the independent expeditor/sheppard

5. **Update on the Independent Review Panel and Peer Review (Ibbs Consulting) Reports.** (12:10 p.m. – 12:14 p.m.)

Member Ummel provided an update on the Independent Review Panel and Peer Review Report.

Member Browne: Stated that he is concerned with continued use of the City Services Auditor and that the RBOC should revisit using a multi-disciplinary well qualified group.

Public Comment: None.

6. **Update on Cost Estimates for the Independent Review Panel and Peer Review (Ibbs Consulting) Reports** (11:52 a.m. – 12:00 p.m.)

Member Ummel provided an update on the cost estimates for the Independent Review Panel and Peer Review Reports.

Public Comment: None.

At the hour of 12:00 p.m. the RBOC recessed and reconvened in the 11th Floor Conference Room at 12: 05 p.m.

7. **Approval of RBOC Minutes of November 14, 2011.** (12:05 p.m. – 12:07 p.m.; 12:33 p.m. – 12:35 p.m.)

Member Cheng requested correction to the roll call of the November 14, 2011, minutes.

Member Liederman requested that the clerk verify (and amend if necessary) the vote on item 5 of the November 14, 2011, meeting minutes.

Member Hart, seconded by Member Ummel, moved to adopt the RBOC Minutes of November 14, 2011, as amended.

The motion carried by the following vote:

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

Noes: 0 – None.

Absent: 1 – Browne

Public Comment: None.

8. **RBOC Member Information Requests Raised at Today's Meeting.** (12:06 p.m. – 12:07 p.m.)

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

Public Comment: None.

9. **Future Agenda Items.** (12:07 p.m. – 12:08 p.m.)

Chair Brown summarized potential agenda items.

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

Public Comment: None.

10. **Adjournment.**

There being no further business, the Committee adjourned at the hour of 12:35 p.m.

RBOC Meeting on 12-19-11

Public Comment, on item not on the agenda, from Nancy Wuerfel

I wish to bring to RBOC's attention the fact that PUC cannot document what costs are included in the \$110 million overhead that is charged to the WSIP projects. After failing to receive a response to several inquiries, I put in a Sunshine request to find out this information. I was provided with the total amount of the costs to be recovered, but I was not told the specifics of how the PUC arrived at the sum of \$110 million to charge WSIP projects. I was told that there were "no documents responsive to my request."

I have asked periodically for information about the indirect costs and what they encompass, ever since Julie LaBonte told your committee that these costs were added once a year to the project costs. I simply wanted to know the types of expenses that were added to the \$4.6 billion program, since they are not currently shown in the quarterly reports.

Also, I want to alert you that \$115 million of costs for PROGRAM MANAGEMENT was provided to me, but it is not clear how this information relates to the \$110 million in overhead costs. Are these costs in addition to or part of the overhead? I want you to be aware of the difficulty I have had in learning routine information that should be readily available, and the very surprising revelation that the PUC is either unable or unwilling to provide the public with the details of its indirect costs. Perhaps my experience will inform this committee on the areas of inquiry that you also need to pursue to understand the total costs of the WSIP program.