

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

**Public Utilities Commission Building
525 Golden Gate Ave., 2nd Floor
Yosemite Conference Room
San Francisco, CA 94102**

February 13, 2017 - 9:00 AM

Regular Meeting

Mission: The purpose of the Revenue Bond Oversight Committee (RBOC) is to monitor the expenditure of revenue bond proceeds related to the repair, replacement, upgrade and expansion of the SFPUC's water, power and sewer infrastructure. The RBOC's goal is to ensure that specific SFPUC revenue bond proceeds are spent appropriately and according to authorization and applicable laws. The RBOC provides oversight to ensure transparency and accountability in connection with expenditure of the proceeds. The public is welcome to attend RBOC meetings and provide input.

1. Call to Order and Roll Call

Seat 1 Holly Kaufman (Holdover status)
Seat 2 Kevin Cheng, Chair (Holdover status)
Seat 3 Robert Leshner
Seat 4 Tim Cronin
Seat 5 Travis George
Seat 6 Christina Tang, Vice Chair
Seat 7 Jadie Wasilco

2. Agenda Changes

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

4. Strategic Planning Follow up (*Discussion*) (*Attachment*)

- A. 2017 Strategic Issues
- B. 2017 Work Plan and Schedule
- C. Strategic Planning Summary and Next Steps

5. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Mountain Tunnel 101 Presentation, including overview of the issue, how it is being addressed, project update, project scope and budget, why Mountain Tunnel was not included as part of WSIP, possibility of inclusion in WSIP, project going forward (*Discussion*)
6. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Environmental Justice Update (*Discussion*)
7. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Recent Water Bond Sales Results (*Discussion*)
8. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Fund Balance Reserves Policy (*Discussion*)
9. **Approval of Minutes:** January 23, 2017, Meeting Minutes (*Discussion and Action*) (*Attachment*)
10. **2016 Annual Report Finalization and Approval** (*Discussion and Action*) (*Attachment*)
11. **Election of Officers** (*Discussion and Action*)
12. **Announcements, Comments, Questions, and Future Agenda Items**
13. **Adjournment**

Agenda Item Information

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San Francisco Public Utilities Revenue Bond Oversight Committee

2017 Strategic Planning Meeting

SUMMARY NOTES

January 23, 2017

Attendees: Kevin Cheng, Chair
Holly Kaufman
Christina Tang
Robert Leshner
Tim Cronin
Travis George
Jadie Wasilco
Derek Evans, Assistant Clerk, SFBOS
Mark Blake, Deputy City Attorney
Dan Wade, WSIP Director, SFPUC
Karen Kubick, SSIP Director, SFPUC
Charles Perl, Deputy CFO, SFPUC
Frank McParland, SFPUC
Mike Brown, SFPUC
Sheena Johnson, SFPUC
Carmen Clark, Facilitator

Summary of 2017 Issues

- #1 Succession planning for RBOC – need for continuity and predictable turnover; maintain short list of candidates, encourage early notice of resignation, possible commitment to two terms
- #2 Report to RBOC from staff to show assurance of project expenditure compliance with bond requirements
- #3 Mountain Tunnel project – how to keep informed on project development and costs
- #4 Calaveras Dam – monitoring progress
- #5 Wastewater Issues – need scope and budget for protection of flood prone areas in the city, Bayside tunnel capacity
- #6 Alternative project delivery methods including design/build
- #7 Green infrastructure – implementation status

#8 How to insure appropriate project eligibility and how the project supports the agency's mission

#9 Depth and breadth of oversight needed by RBOC – purpose is to avoid significant non-performance or cost overruns, including expected performance of completed projects

#10 Seminar on capital planning – managing credit rating/debt costs, ratio of cash/debt funding, possible changes to financial strategy in fixed rate/variable rate mix

#11 Rate design presentation needed from staff

Preliminary 2017 Calendar Items

Committee members drafted the preliminary work plan (Attachment 1). Six potential items were added to the draft after the meeting by Tim Cronin and Mike Brown and have been incorporated into the preliminary plan.

Attachment 1

Preliminary 2017 RBOC Calendar/Work Plan

February

- #1 Mountain Tunnel presentation
- #2 2016 Annual Report approval
- #3 Environmental Justice update
- #4 Update on recent water bond sales results
- #5 Fund Balance Reserves Policy

March

- #1 WISP update
- #2 Discussion on generic rating process
- #3 Capital financing policy
- #4 Debt service coverage policy
- #5 Debt management policies and procedures – including Green bonds

April

- #1 SSIP update – design/build/bid process, including lessons learned from WISP
- #2 Assurance of bond compliance and first quarter financials

May

- #1 Avoiding major cost overruns – options for consulting assistance in “deep dives”
- #2 Presentation on consultants’ pool – City Services Auditor
- #3 Review RBOC account/budget

June

- #1 WISP update - staff report
- #2 Depth/breadth of RBOC oversight activities

July

- #1 SSIP update – Bayside Tunnel, level of service
- #2 Green infrastructure

August

- #1 Half day field trip/site visit – location TBD, possible candidates: Mountain Tunnel, Calaveras Dam, Southeast Plant

September

- #1 Follow up to May discussion on avoiding major costs overruns and consultant pool info
- #2 Review RBOC account/budget

October

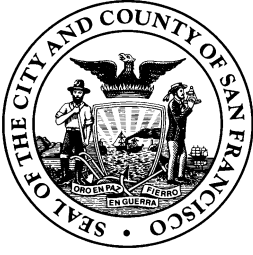
- #1 WISP update
- #2 Seminar on capital planning

November

- #1 SSIP update

December

- #1 Clean Power/Power Enterprise presentation



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

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1. Call to Order and Roll Call

Seat 1 Holly Kaufman (Holdover status)
Seat 2 Kevin Cheng, Chair (Holdover status)
Seat 3 Robert Leshner
Seat 4 Tim Cronin
Seat 5 Travis George
Seat 6 Christina Tang, Vice Chair
Seat 7 Jadie Wasilco

Chair Cheng called the meeting to order at 9:20 a.m. On the call of the roll, Chair Cheng, Vice Chair Tang, Members Cronin, George, Kaufman, Leshner, and Wasilco were noted present. There was a quorum.

2. Agenda Changes

Item 8 was called and heard before Item 7.

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

Public Comment. Speakers: There were none.

4. **Strategic Planning Session – Introductions**

Chair Cheng introduced strategic planning facilitator Carmen Clark, who briefly discussed her background and meeting purpose. Participants introduced themselves to the Committee and provided backgrounds: RBOC Committee Members Cheng, Cronin, George, Leshner, Kaufman, Tang, and Wasilco; SFPUC Staff Charles Perl, Dan Wade, Karen Kubick, Mike Brown, Frank McParland, and Sheena Johnson; Deputy City Attorney Mark Blake; Strategic Planning Facilitator Carmen Clark; and Assistant Clerk of the Board of Supervisors Derek Evans. Discussion then focused on the meeting purpose: reviewing the legislative history and mission of RBOC, discussing strategic issues/directions for the committee, and developing a preliminary work plan for 2017, in addition to hearing from PUC staff.

Public Comment. Speakers: None.

5. **Staff Presentation:** Brief overview and legislative history of the PUC and RBOC

Mark Blake (City Attorney's Office); presented a legislative history and provided the context for establishment of the Committee. Charles Perl, Deputy Chief Financial Officer, and Mike Brown (SFPUC); provided information and responded to questions raised throughout the discussion.

Public Comment. Speakers: None.

6. **San Francisco Public Utilities Commission (SFPUC) Staff Presentation:** Capital budget overview

Charles Perl, Deputy Chief Financial Officer, Frank McParland, and Mike Brown (SFPUC); responded to questions raised throughout the discussion and provided an overview of SFPUC Capital Planning Process, including the following: dynamics of capital planning process; capital planning development process; capital planning approval process, and capital financing.

Public Comment. Speakers: None.

7. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Sewer System Improvement Program (SSIP) Updates

Karen Kubick, SSIP Director, and Sheena Johnson (SFPUC); provided a high-level overview of the Sewer System Improvement Program, including the following: priority challenges, levels of service goals, baseline budget summary, phased implementation plan, phase 1 projects, major project schedule, organizational management, SSIP organizational structure, project delivery, as well as summary project descriptions and governance guide. Mike Brown (SFPUC); Mark Blake, Deputy City Attorney; provided information and responded to questions and answers throughout the discussion.

Public Comment. Speakers: None.

8. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Water System Improvement Program (WSIP) Updates - High-level overview of WSIP initial budget and rebaselining, including overtime, contingencies that exceeded forecasts, risk register, and reporting requirements

Dan Wade, WSIP Director (SFPUC); provided a high-level overview of the Water System Improvement Program, including the following: initial budget and rebaselining, including overtime, contingencies that exceeded forecasts, risk register, and reporting requirements.

Public Comment. Speakers: None.

9. **Approval of Minutes:** 2016 RBOC Meeting Minutes

Public Comment. Speakers: None.

Member Kaufman, seconded by Member George, moved to AMEND the December 12, 2016, meeting minutes on page 2, by changing 'February 24, 2017' to 'February 28, 2017,' and that the 2016 RBOC Meeting Minutes be APPROVED. The motion passed by the following vote:

Ayes: 7 - Cheng, Cronin, George, Leshner, Kaufman, Tang, and Wasilco

10. **2016 Annual Report Finalization and Approval**

Committee members made edits to the working draft, which will be included in the packet material for the February 13, 2017, RRBOC meeting agenda for final approval. The report will be presented to the SFPUC at the February 24, 2017, Commission meeting.

Public Comment. Speakers: None.

By unanimous consent, the Committee moved to CONTINUE this item to the February 13, 2017, RBOC meeting.

Items 11 through 14 were heard together.

11. **Discussion of 2017 Strategic Issues**

Carmen Clark facilitated the strategic planning session, presented and documented information concerning the matter, and responded to questions raised throughout the discussion.

Discussion focused on (1) succession planning, (2) verification of RBOC purpose relating to bond proceeds, (3) items that significantly change construction schedules, (4) delivery methods and design build, (5) green infrastructure projects, (6) depth and scope of RBOC oversight, (7) lessons learned review, (8) capital planning seminar, and (9) presentation on rate design.

Public Comment. Speakers: None.

An additional report of the results of this discussion is forthcoming.

12. Develop Preliminary 2017 Work Plan and Schedule

Carmen Clark facilitated the strategic planning session, presented and documented information concerning the matter, and responded to questions raised throughout the discussion.

Discussion focused on (1) succession planning, (2) verification of RBOC purpose relating to bond proceeds, (3) items that significantly change construction schedules, (4) delivery methods and design build, (5) green infrastructure projects, (6) depth and scope of RBOC oversight, (7) lessons learned review, (8) capital planning seminar, and (9) presentation on rate design.

Public Comment. Speakers: None.

An additional report of the results of this discussion is forthcoming.

13. Strategic Planning Summary and Next Steps

Carmen Clark facilitated the strategic planning session, presented and documented information concerning the matter, and responded to questions raised throughout the discussion.

Discussion focused on (1) succession planning, (2) verification of RBOC purpose relating to bond proceeds, (3) items that significantly change construction schedules, (4) delivery methods and design build, (5) green infrastructure projects, (6) depth and scope of RBOC oversight, (7) lessons learned review, (8) capital planning seminar, and (9) presentation on rate design.

Public Comment. Speakers: None.

An additional report of the results of this discussion is forthcoming.

14. Announcements, Comments, Questions, and Future Agenda Items

Carmen Clark facilitated the strategic planning session, presented and documented information concerning the matter, and responded to questions raised throughout the discussion.

Discussion focused on (1) succession planning, (2) verification of RBOC purpose relating to bond proceeds, (3) items that significantly change construction schedules, (4) delivery methods and design build, (5) green infrastructure projects, (6) depth and scope of RBOC oversight, (7) lessons learned review, (8) capital planning seminar, and (9) presentation on rate design.

Public Comment. Speakers: None.

An additional report of the results of this discussion is forthcoming.

15. **Adjournment**

There being no further business, the meeting adjourned at 3:20 p.m.

N.B. The Minutes of this meeting set forth all actions taken by the Revenue Bond Oversight Committee on the matters stated but not necessarily in the chronological sequence in which the matters were taken up.

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