



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

**AGENDA**

**Public Utilities Commission Building  
525 Golden Gate Ave., 3<sup>rd</sup> Floor  
Tuolumne Conference Room  
San Francisco, CA 94102**

**Listen/Public Call-In Phone Number**

**[\(415\) 906-4659](tel:(415)906-4659)**

**[Conference ID: 644 476 966 #](#)**

**Join on your computer, mobile app or room device**

**[Click here to join the meeting](#)**

**October 10, 2023 - 9:00 AM**

**Regular Meeting**

**Mission:**

The Revenue Bond Oversight Committee (RBOC) monitors 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 provides independent oversight to ensure transparency and accountability. The RBOC's goal is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

**Remote Access to Information and Participation**

RBOC convenes hybrid meetings that allow in-person attendance, in-person public comment (prioritized before remote public comment), remote access, and remote public comment via teleconference (<https://sfbos.org/remote-meeting-call>). Members of the public may also submit their comments by email to [RBOC@sfgov.org](mailto:RBOC@sfgov.org); all comments received will be made a part of the official record.

**1. Call to Order and Roll Call**

- Seat 1**        Ettore Leale, Chair
- Seat 2**        Lars Kamp, Vice Chair
- Seat 3**        *Vacant*
- Seat 4**        Claire Veuthey
- Seat 5**        *Vacant*
- Seat 6**        Christina Tang
- Seat 7**        Reuben Holober

**2. General Public Comment:** Members of the public may address RBOC on matters that are within RBOC jurisdiction and not on this agenda.

**3. RBOC: Audit Update**

*Members of RBOC shall discuss the status of ongoing audits.  
Discussion and possible action.  
(Public Comment)*

**4. RBOC: Planning for Future Audits**

*Members of RBOC shall discuss planning for future audits, to evaluate the performance of projects funded by Revenue Bonds.  
Discussion and possible action.  
(Public Comment)*

**5. SFPUC: Current Capital Finance Plan**

*Members of RBOC receive an update on the current SFPUC Capital Finance Plan.  
Discussion and possible action.  
Attachment, Presentation: [Capital Financing Plan FY2023-2024 Revenue Bond Summary](#)  
(Public Comment)*

**6. RBOC: RBOC Sunset Date - January 1, 2025**

*Members of RBOC discuss the January 1, 2025 sunset date of the committee established by Ordinance No. 309-18.  
Discussion and possible action.  
(Public Comment)*

**7. SFPUC: Update on the Sewer System Improvement Program (SSIP)**

*Members of RBOC receive an update on the SSIP and projected completion date.  
Discussion and possible action.  
Attachment, Presentation: [Sewer System Improvement Project Update](#)  
(Public Comment)*

**8. Minutes Approval – September 5, 2023 Regular Meeting**

*Discussion and action.*

Attachment: [September 5, 2023 RBOC Regular Meeting Minutes](#)

(Public Comment)

**9. Announcements, Comments, Questions, and Future Agenda Items**

*Discussion and possible action.*

Attachment, Communication: [Unexpended Revenue Bond Proceeds Report as of June 30, 2023 – Dated October 3, 2023](#)

(Public Comment)

*RBOC may meet on the following dates:*

- *November 14, 2023; and*
- *December 12, 2023.*

*RBOC is tracking the following topics and issues as potential Future Agenda Items:*

- A. *SFPUC: Sewer System Improvement Program Update;*
- B. *SFPUC: Water System Improvement Program Update;*
- C. *SFPUC: Power Enterprise and Clean Power SF Update;*
- D. *SFPUC: State Federal Loan Updates;*
- E. *SFPUC: Staff Report: Environmental Justice;*
- F. *RBOC: Acquiring consultant to examine expected performance of completed projects;*
- G. *RBOC: Discussion of the 2015 report, entitled*  
*“[Evaluation of Lessons Learned from the WSIP Program](#),”*  
*to identify procedures and reporting processes from the Water System Improvement Program which may be applied to SSIP*
- H. *SFPUC: Discussion of Finding 2 of the [SFPUC Performance Audit of Select Revenue Bond Expenditures dated December 23, 2021](#)*  
*Finding 2: “The Quality Assurance Audit Function Was Not Operational From June 2017 Through November 2020”*  
*(May be scheduled as a follow-up to the May 9, 2023 meeting in Spring 2024)*

**10. Adjournment**

### 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 documents, please contact:

RBOC Clerk, City Hall,  
1 Dr. Carlton B. Goodlett Place,  
Room 244, San Francisco, CA 94102  
[rbooc@sfgov.org](mailto:rbooc@sfgov.org)  
(415) 554-5184.

Audio recordings of the meeting of the Revenue Bond Oversight Committee are available at:  
[http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=97](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=97)

### Meeting Procedures

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.

Procedures do not permit: 1) persons in the audience to vocally express support or opposition to statements by Commissioners by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) bringing in or displaying signs in the meeting room; and 4) standing in the meeting room.

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.

LANGUAGE INTERPRETERS: Requests must be received at least 48 hours in advance of the meeting to help ensure availability. Contact Wilson Ng (415) 554-5184. AVISO EN ESPAÑOL: La solicitud para un traductor debe recibirse antes de mediodía de el viernes anterior a la reunion. Llame a Wilson Ng o Arthur Khoo (415) 554-5184. PAUNAWA: Ang mga kahilingan ay kailangang matanggap sa loob ng 48 oras bago mag miting upang matiyak na matutugunan ang mga hiling. Mangyaring tumawag kay sa (415) 554-5184.

### Americans with Disabilities Act (ADA)

Revenue Bond Oversight Committee meetings are held at the Public Utilities Commission, 525 Golden Gate Avenue, San Francisco, CA. The hearing rooms at the Public Utilities Commission are specified on the agenda and are wheelchair accessible. To request sign language interpreters, readers, large print agendas or other accommodations, please call (415) 554-5184. Requests made at least 48 hours in advance of the meeting will help to ensure availability.



### **Know Your Rights Under The Sunshine Ordinance**

Government's duty is to serve the public, reaching its decision 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 information on your rights under the Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) 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) 554-5163; or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org). Citizens may obtain a free copy of the Sunshine Ordinance by printing the San Francisco Administrative Code, Chapter 67, on the Internet at <http://www.sfbos.org/sunshine>.

### **Ethics 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, Section 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; website <http://www.sfgov.org/ethics>. Under Campaign and Governmental Conduct Code, Section 1.127, no person or entity with a financial interest in a land use matter pending before the Board of Appeals, Board of Supervisors, Building Inspection Commission, Commission on Community Investment and Infrastructure, Historic Preservation Commission, Planning Commission, Port Commission, or the Treasure Island Development Authority Board of Directors, may make a campaign contribution to a member of the Board of Supervisors, the Mayor, the City Attorney, or a candidate for any of those offices, from the date the land use matter commenced until 12 months after the board or commission has made a final decision, or any appeal to another City agency from that decision has been resolved. For more information about this restriction, visit [www.sfethics.org](http://www.sfethics.org).

### **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, Section 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; website [www.sfgov.org/ethics](http://www.sfgov.org/ethics).

Revenue Bond Oversight Committee

# Capital Financing Plan Fiscal Year 2023-24 (Revenue Bond Summary)

Nikolai J. Sklaroff  
*Capital Finance Director*  
Financial Services

October 10, 2023

# Presentation Agenda

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- Full Capital Finance plan being presented to SFPUC Commission during October 10, 2023 meeting
  - Abbreviated version for RBOC focused on Revenue Bond Issuance
  - Full Commission Memo and Presentation at <https://sfpuc.org/about-us/boards-commissions-committees/sfpuc-commission/Agendas-Minutes-Resolutions-Log> (sfpuc.org)
- Outstanding Bonds
- Planned Bonds

# Capital Finance Overview

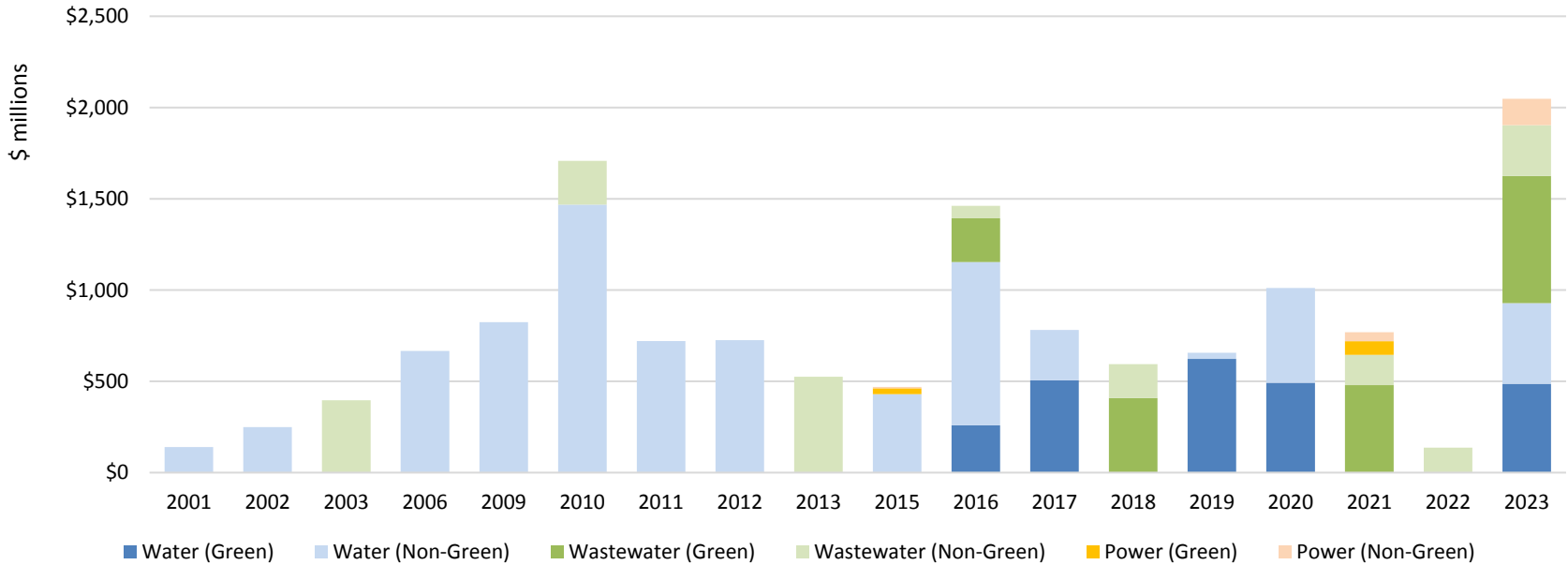
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- Large outstanding debt portfolio and significant projected future debt issuance and credit needs
- Activities guided by key Commission Policies
  - Debt Management Policies and Procedures (updated November 2019)
  - Capital Financing Policy (adopted March 2017)
  - Debt Service Coverage Policy (adopted March 2017)
- 10-Year Financial Plan Prepared Annually
  - Projected Annual Revenue Bond Issuance by Enterprise presented in February
- Annual Capital Financing Plan
  - Provides the Commission visibility regarding upcoming capital financing activity presented in Fall



# Record Bond Issuance (Includes New Money and Refundings)

**SFPUC Bond Issuance by Calendar Year\***



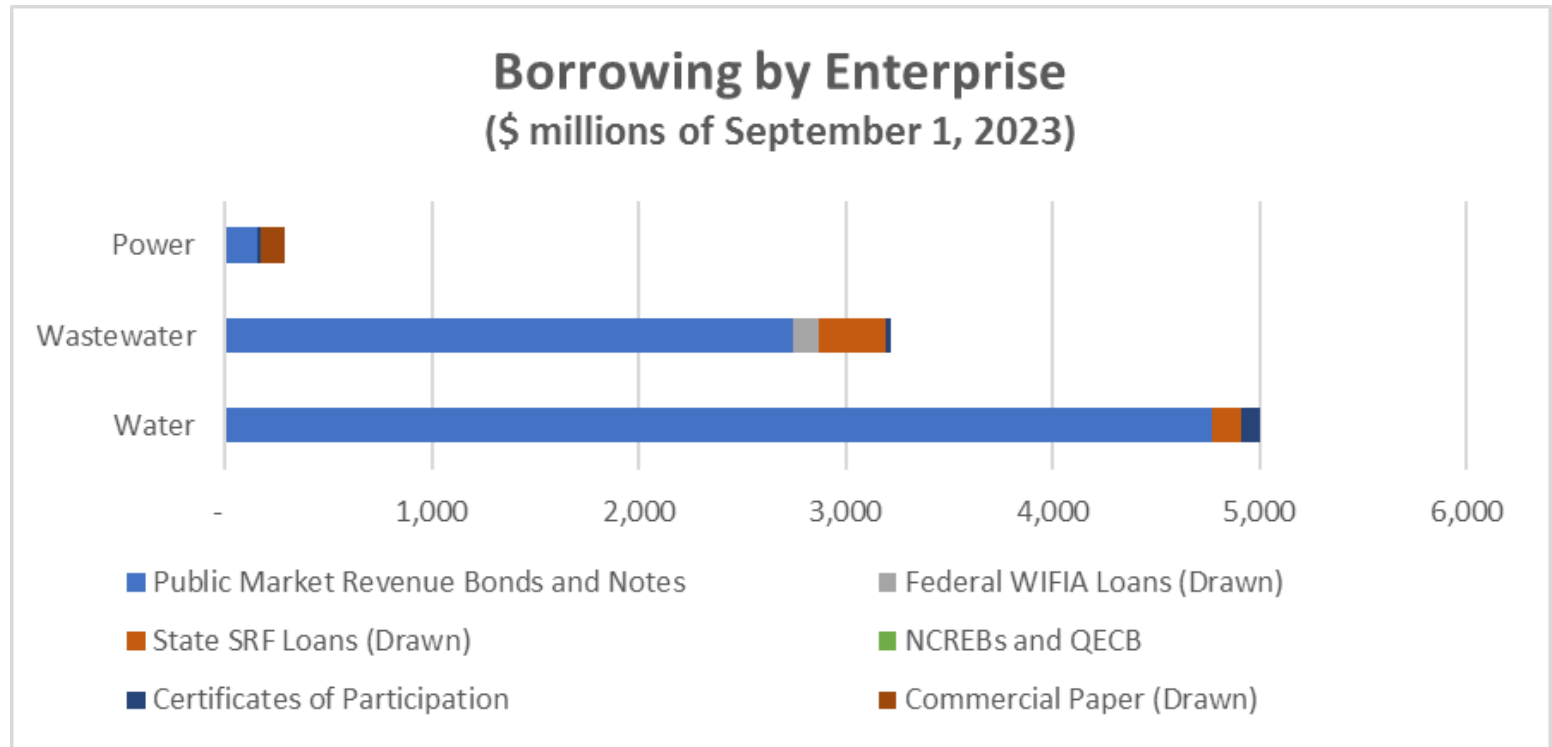
*\*This chart represents only bonds issued. In addition, there are various other financing tools the SFPUC utilizes including loans and credit facilities that we obtain and maintain.*

*\*2023 power bond is a projection and it is preliminary and subject to change.*



# Outstanding Debt (Excluding Undrawn Facilities)

- SFPUC has \$8.5 billion of outstanding borrowing:



- Excludes \$3.6 billion undrawn Commercial Paper, WIFIA and SRF borrowing.



# Summary of Enterprise Debt (as of October 1, 2023)<sup>1</sup>

	Water	Wastewater	Power	Total
<b>Senior</b>				
<b>Revenue Bonds and Notes</b>	4,769	2,745	283	7,797
<b>WIFIA Loans<sup>2</sup></b>				
<i>Executed</i>	-	1,980	-	1,980
<i>Drawn</i>	-	122	-	122
<b>SRF Loans<sup>3</sup></b>				
<i>Executed</i>	429	401	-	830
<i>Drawn<sup>4</sup></i>	137	323	-	460
<b>Total Senior Outstanding</b>	<b>4,906</b>	<b>3,190</b>	<b>283</b>	<b>8,379</b>
<b>Subordinate</b>				
<b>NCREBs and QECB<sup>5</sup></b>	-	-	4	4
<b>COPS<sup>6</sup></b>	93	25	13	130
<b>Commercial Paper</b>				
<i>Authorized</i>	500	750	250	1,500
<i>Drawn</i>	-	-	-	-
<b>Total Subordinate Outstanding</b>	<b>93</b>	<b>25</b>	<b>17</b>	<b>134</b>
<b>Grand Total Debt Outstanding</b>	<b>4,999</b>	<b>3,215</b>	<b>300</b>	<b>8,513</b>

1 Includes Power Bonds closing October 12, 2023

2 Water Infrastructure Finance and Innovation Act

3 State Revolving Fund Loans

4 Does not include submitted expenses not yet received . Outstanding loan amounts does not include grants and other forms of principal forgiveness. To date, there have been approximately \$11.3M in principal repayments on 4 SRF loans in the Wastewater Enterprise.

5 New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds

6 Certificates of Participation- 525 Golden Gate

# Capital Financing Activities

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## New Money/Credit Needs

- Issue debt to meet ongoing enterprise capital requirements
- Regular monitoring/analysis of how much and when funds are needed

## Administration of Existing Debt Portfolio

- Renew or replace bank credit facilities for Interim Funding Commercial Paper (CP) Programs
- Increase program authorization, when needed
- Provide disclosure training to the Commission
- Pay Debt Service and Expenses

## Market Opportunities

- Active monitoring of credit markets
- Execute debt refinancings for ratepayer savings
- Limited by tax-exempt advance refunding repeal





# Summary of Enterprise Credit Ratings

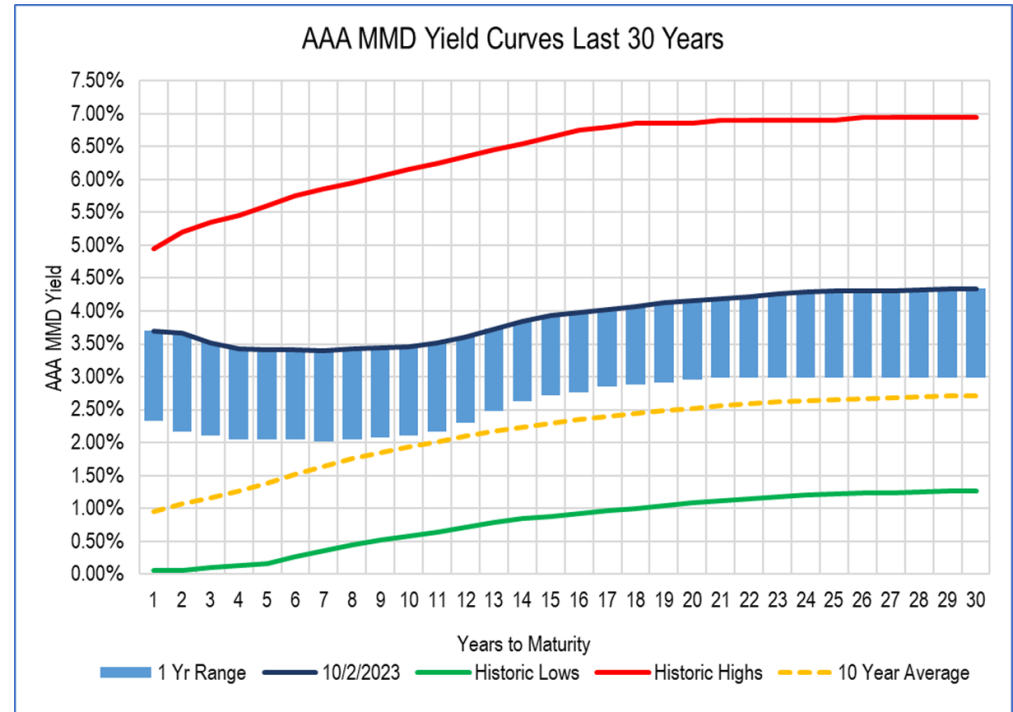
	<u>Credit Ratings (Credit Outlook)</u>		
	Moody's Investors Service	S&P Global Ratings	Fitch Ratings
	<b>Long-Term</b>	<b>Long-Term</b>	<b>Long-Term</b>
<b>Water Enterprise</b>	Aa2 (Stable)	AA- (Stable)	*
<b>Wastewater Enterprise</b>	Aa2 (Stable)	AA (Stable)	*
<b>Power Enterprise</b>	*	AA (Stable)	AA- (Stable)
<b>CleanPowerSF†</b>	A2 (Stable)	*	*

*^Updated ratings available from Moody's Investors Service ([www.moody's.com](http://www.moody's.com)), S&P Global Ratings ([www.spglobal.com](http://www.spglobal.com)) and Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com)).*

*†CleanPowerSF received an A2 issuer rating from Moody's Investors Service in December 2020, however the CleanPowerSF Program currently does not have any debt outstanding*

# Market Conditions

- The Federal Reserve has significantly raised rates.
- Yield inversion persists in municipal market.
- Volatility in both the taxable and tax-exempt markets



remain creating potential for new refunding opportunities, like the recent tender refunding for the Water Enterprise

# 10-Year Financial Plan (FY 2023-24 to FY 2032-33, February 2023)

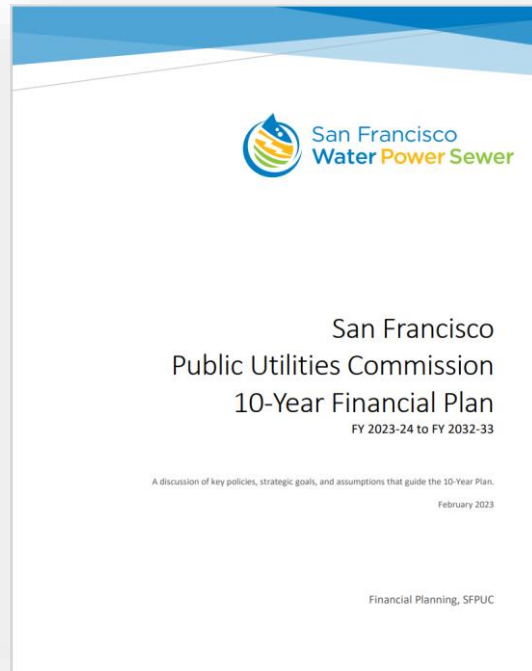


Figure 5: FY 2023-24 to FY 2032-33 10-Year Capital Improvement Plan by Enterprise

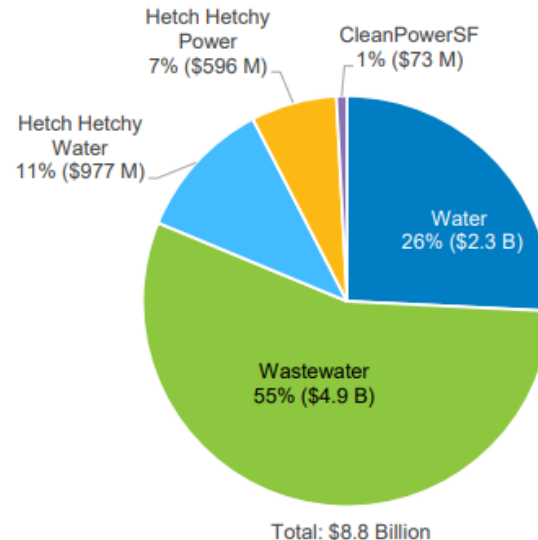


Table 5: Projected Annual Par Amounts of Revenue Bond Issuance by Enterprise (Million Dollars)

(\$M)	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	Total
Water		\$430		\$439					\$477		\$1,346
Wastewater	\$703		\$990	\$867			\$760			\$760	\$4,080
Power	\$116		\$424			\$372					\$912
<b>Total</b>	<b>\$819</b>	<b>\$430</b>	<b>\$1,414</b>	<b>\$1,306</b>	<b>\$0</b>	<b>\$372</b>	<b>\$760</b>	<b>\$0</b>	<b>\$477</b>	<b>\$760</b>	<b>\$6,338</b>



# FY 2023-24 Capital Financing Plan (Revenue Bonds)

Activity	Size	Comm Action	Closing
<b>1. Power-</b> Authorize Revenue Bonds to refinance outstanding commercial paper and allow new project encumbrance.	Up to \$145 million	Q1 FY24	Q2 FY24
<b>2. Wastewater –</b> Authorize Revenue Bonds to refinance outstanding commercial paper and allow new project encumbrance.	Up to \$775 million	Q4 FY24	Q1 FY25

*Note: Dates and amounts are preliminary and subject to change.*

# Questions



<https://sfpuc.org/about-us/reports/debt-management-and-disclosure-reports>





October 10, 2023

# Sewer System Improvement Project (SSIP) Update Revenue Bond Oversight Committee

**Bessie Tam**, Wastewater Capital Programs Director

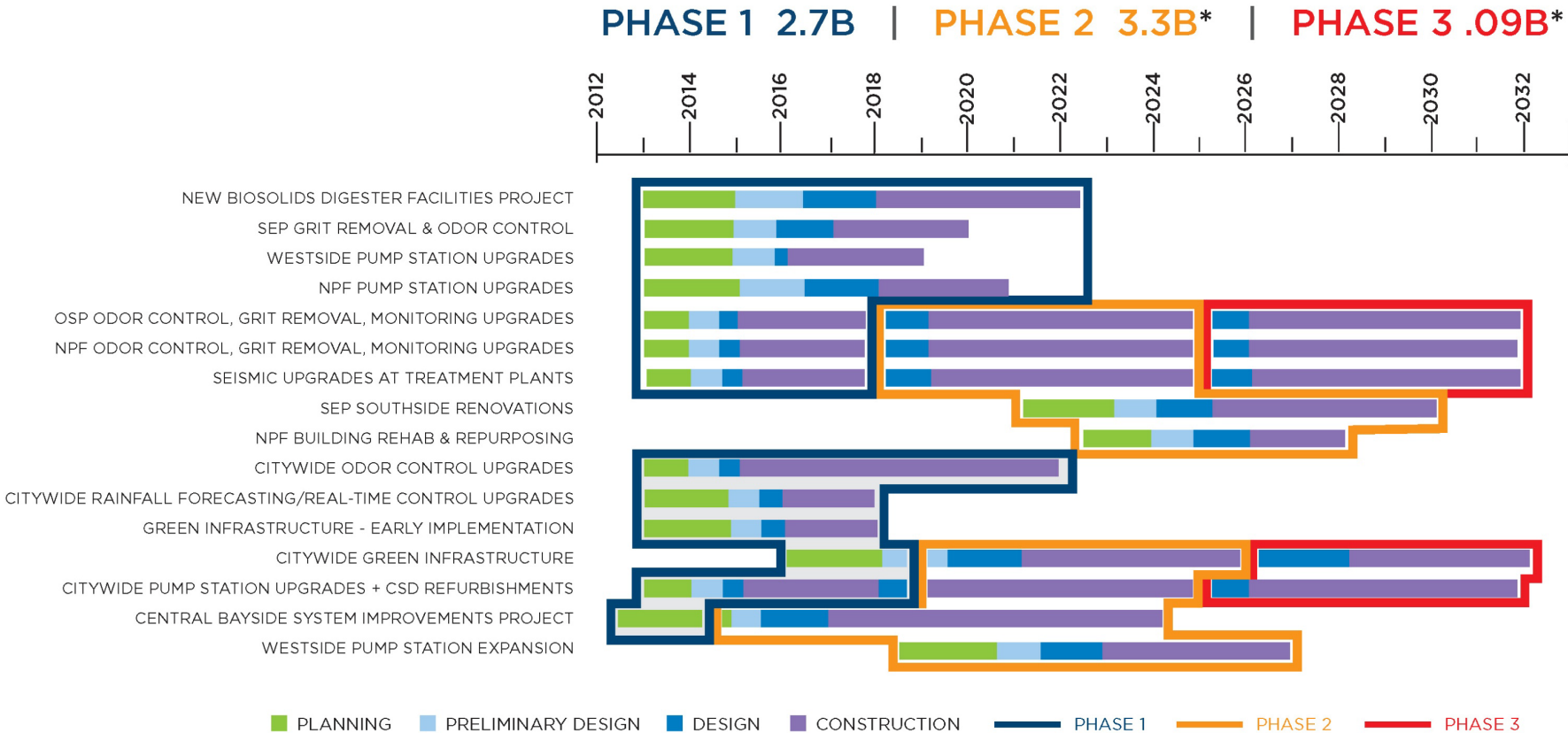


Services of the San Francisco  
Public Utilities Commission

# CAPITAL PLANNING

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# SSIP Phased implementation focused on highest priorities



\* Phase 2 & 3 have not been authorized or funded by the SFPUC



# An evolution of change since SSIP workshops in 2010

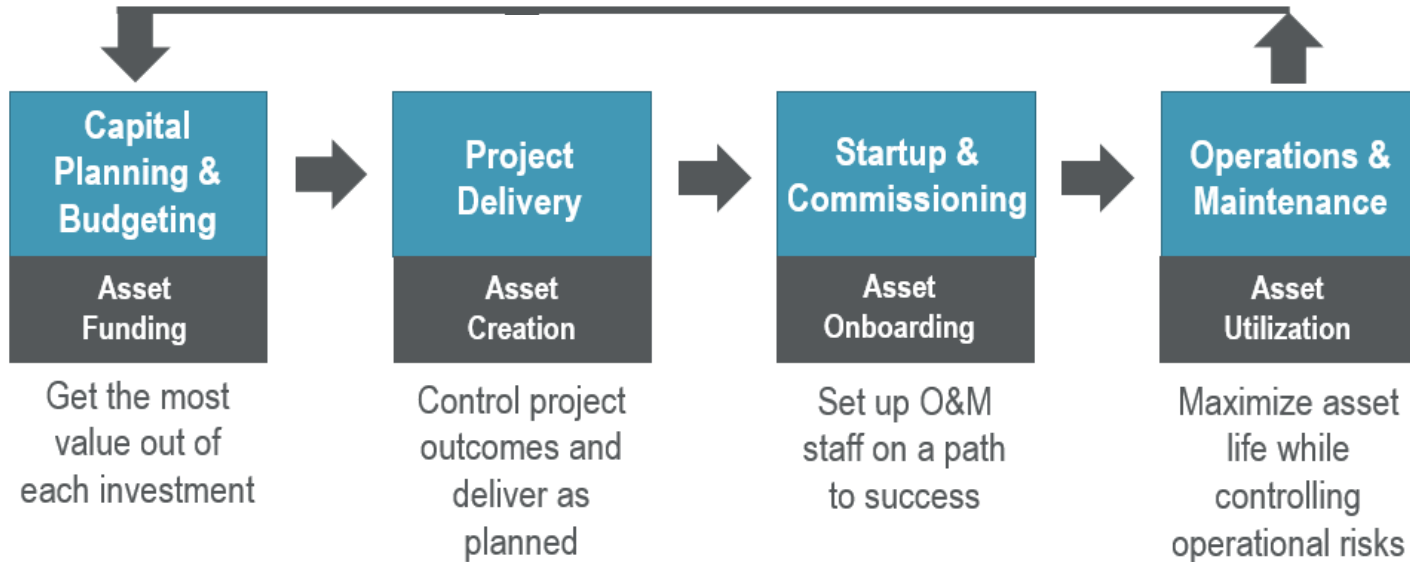
Affordability

Levels of Service & Asset Management

Market conditions

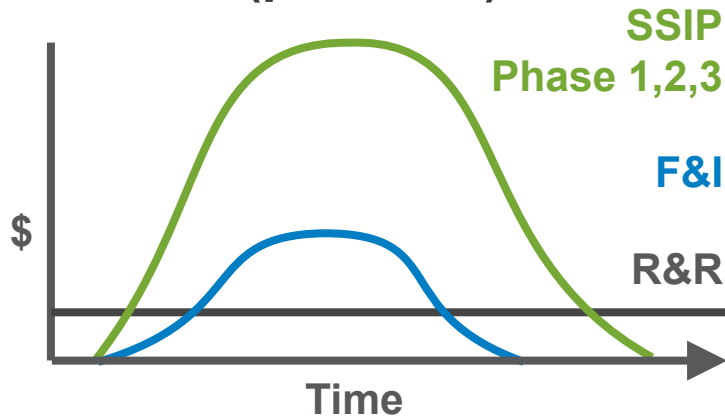
Delivery capacity, pace & operations

# An integral part of the never-ending asset lifecycle

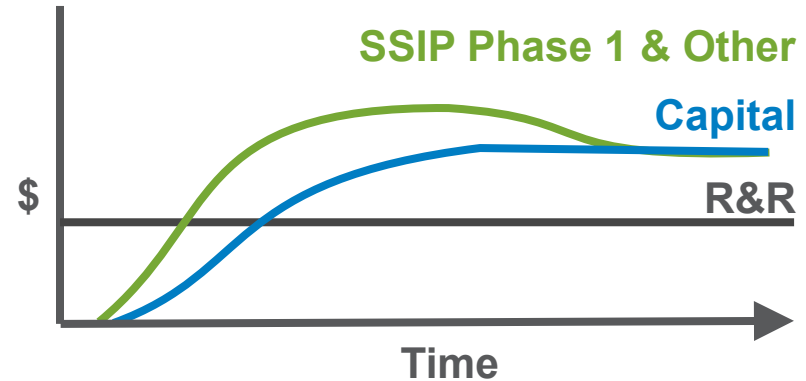


# Move from a one-time large investment to a more sustainable strategic capital planning approach

## One-time large investment (previous)



## Adaptive Management (moving forward)



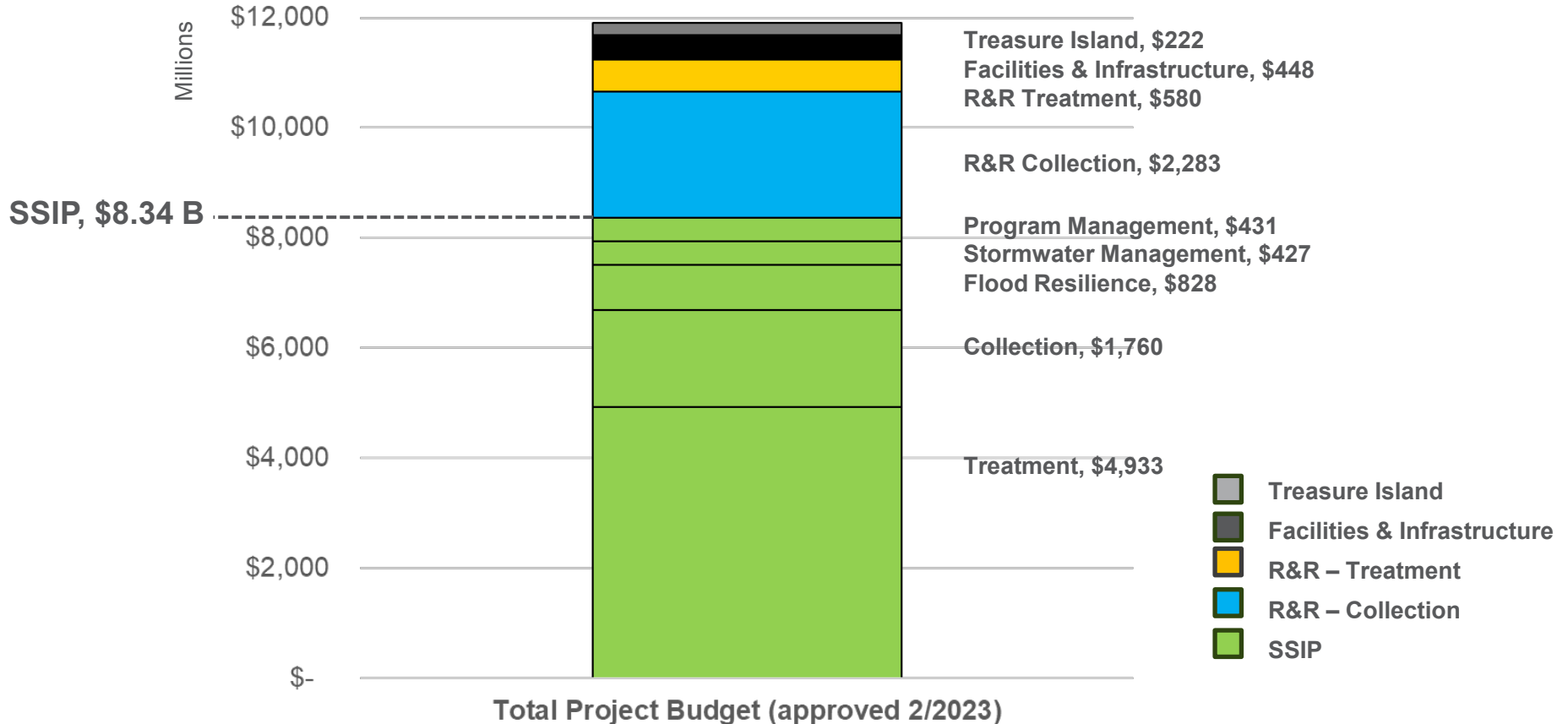
Sewer System Improvement Program (SSIP)   Facilities & Infrastructure (F&I)   Renewal and Replacement (R&R)

# Capital Planning Strategy

**Adaptively managed for sustainable delivery**

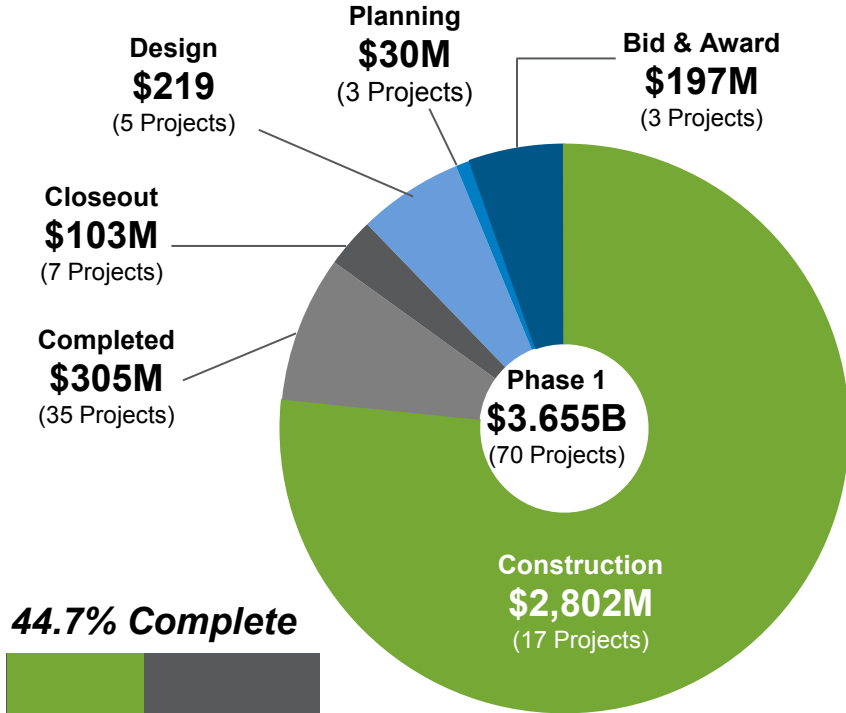


# Summary of 10-Year CIP (FY24-33 \$11.9 B)

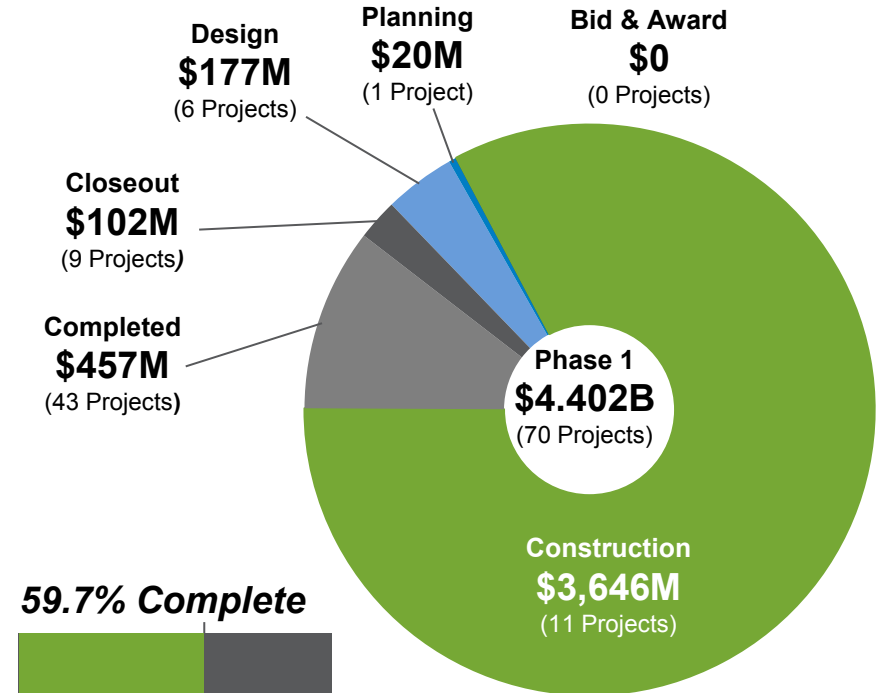


# Sewer System Improvement Program (SSIP) Phase 1 Status

## PROJECT COUNT BY PHASE (as of March 2021)



## PROJECT COUNT BY PHASE (as of June 2023)



# SSIP Status - Cost Summary

Subprograms <i>(includes other SSIP)</i>	Expenditures to Date (\$ Million) (A)	Current Approved Budget (\$ Million) (B)	Current Forecasted Budget (\$ Million) (C)	Cost Variance (\$ Million) (D = B - C)	Cost Variance Over Reporting Period (\$ Million) (E)
Treatment Facilities	\$1,907.0	\$4,256.9	\$4,263.6	(\$6.7)	\$0.0
Collection System	\$263.8	\$555.2	\$552.5	\$2.7	\$0.0
Stormwater Management	\$105.5	\$243.1	\$243.4	(\$0.3)	\$0.0
Flood Resilience Projects	\$36.8	\$633.9	\$656.0	(\$22.1)	\$0.0
Land Reuse Projects	\$85.1	\$89.5	\$85.1	\$4.3	\$0.0
Program Management (PM)	\$158.6	\$195.0	\$195.0	\$0.0	\$0.0
<b>Overall Program Total</b>	<b>\$2,556.4</b>	<b>\$5,973.5</b>	<b>\$5,995.6</b>	<b>(\$22.1)</b>	<b>\$0.0</b>
SSIP Phase 1 Total	\$2,498.3	\$4,402.7	\$4,401.2	\$1.4	\$0.0
Other SSIP Subtotal (Phase 2 and 3 priorities)	\$58.1	\$1,570.9	\$1,594.4	(\$23.5)	\$0.0

*Negative numbers reflect cost increases*

*Based on June 2023 Quarterly Report*

# Adopted Revisions to Baseline Scope, Schedule and Budget for SSIP from 2018 to 2022

Program	2018 Baseline			2020 Baseline			2022 Approved			10 Year CIP	Variance between 10 Year CIP and 2022 Baseline
	Budget (\$ Million)	Variance (from 2016) (\$ Million)	Finish Date	Budget (\$ Million)	Variance (from 2018) (\$ Million)	Finish Date	Budget (\$ Million)	Variance (from 2020) (\$ Million)	Finish Date	Budget (\$ Million)	Variance (\$ Million)
SSIP Phase 1	\$2,978.7	(\$68.3)	5/1/2025	\$3,655.3	(\$676.6)	8/31/2027	\$4,402.7	(\$747.4)	6/30/2032	\$4,401.2	\$1.5
Other SSIP (2018)	\$430.5		6/30/2028	\$513.1	(\$82.6)	7/6/2029	\$580.6	(\$67.5)	6/30/2032	\$580.6	
Other SSIP (2020)				\$684.2	(\$684.2)	12/26/2029	\$783.1	(\$98.9)	6/30/2032	\$787.4	(\$4.2)
Other SSIP (2022)							\$207.2	(\$207.2)	6/30/2032	\$226.4	(\$19.3)
Other SSIP (Total)			6/30/2028	\$1,197.3	(\$766.8)	12/26/2029	\$1,570.9	(\$373.6)	6/30/2032	\$1,594.4	(\$23.5)
<b>Overall SSIP</b>	<b>\$3,409.2</b>		<b>6/30/2028</b>	<b>\$4,852.6</b>	<b>(\$1,443.4)</b>	<b>12/26/2029</b>	<b>\$5,973.5</b>	<b>(\$1,121)</b>	<b>6/30/2033</b>	<b>\$5,995.6</b>	<b>(\$22.1)</b>

*Negative numbers reflect cost increases*

*Based on June 2023 Quarterly Report*



# PROJECT DELIVERY

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# Projects in Your Neighborhood

## COLLECTION SYSTEM PROJECTS

- Central Bayside System Improvement Project

## LARGE SEWERS, TUNNELS, AND ODOR CONTROL

- 21 Mission Bay Loop Sewer Improvements
- 22 Kansas & Marin Streets Sewer Improvements
- 23 Cargo Way Sewer Box Odor Reduction
- 24 Rutland Sewer Improvements
- 25 Mission Street Brick Sewer Rehabilitation

## PUMP STATIONS AND FORCE MAIN IMPROVEMENTS

- 30 Westside Pump Station Improvements
- 31 Griffith Pump Station Improvements
- 32 Hudson Avenue Pump Station and Outfall Improvements
- 33 Cesar Chavez Pump Station Improvements
- 34 Marin Street Sewer Replacement
- 35 Mariposa Dry Weather Pump Station and Force Main Improvements
- 36 Force Main Rehab at Embarcadero & Jackson
- 37 North Shore to Channel Force Main Improvements
- 38 North Shore Pump Station Wet Weather Improvements

## FLOOD RESILIENCE PROJECTS

- 40 Wawona Area Stormwater Improvement
- 41 Urbano/Victoria Hydraulic and Drainage Sewer Improvements
- 42 Jost/Faerster Hydraulic and Drainage Sewer Improvements
- 43 Lower Alemany & Southeast Area Stormwater Improvements
- 44 Folsom Area Stormwater Improvement Project

## COMBINED SEWER DISCHARGE STRUCTURES AND TRANSPORT/STORAGE BOXES

- 50 Richmond Transport/Storage Tunnel Rehabilitation
- 51 Beach St. CSD Rehabilitation Backflow Prevention Monitor
- 52 Sansome St. CSD Rehabilitation Backflow Prevention Monitor
- 53 North Point Outfall System
- 54 Drumm & Jackson Streets Rehabilitation Sewer System Improvements
- 55 8th, North 8th & Division Streets CSD Rehabilitation and Backflow Prevention
- 56 Pierce Street CSD Rehabilitation and Backflow Prevention
- 57 Jackson Street CSD Rehabilitation and Backflow Prevention
- 58 Griffith Street CSD Rehabilitation and Backflow Prevention

■ Squares indicate Completed Projects

## GREEN INFRASTRUCTURE & EARLY IMPLEMENTATION PROJECTS

- 1 Baker Beach Green Streets
- 2 Sunset Boulevard Greenway
- 3 Holloway Green Street
- 4 Visitation Valley Green Nodes
- 5 Mission and Valencia Streets Green Gateway
- 6 Upper Yosemite Creek Daylighting
- 7 Wiggle Neighborhood Green Corridor
- 8 Chinatown Living Alley

## INTERDEPARTMENTAL PROJECTS

- A Van Ness Improvement Project
- B Geary Rapid Project
- C Central Subway Improvements
- D Masonic Avenue Streetscape Project
- E Better Market Street Project
- F L Taraval Improvement Project

## FACILITY AND INFRASTRUCTURE

- 60 New Treasure Island Wastewater Treatment Plant
- 61 Ocean Beach Climate Change Adaptation Project
- 62 Southeast Community Center at 1550 Evans

## LEGEND

- Treatment Facilities
- Deep Water Outfalls
- Transport/Storage Structures
- Tunnels
- Force Mains
- Interceptors & Tunnels
- Green Infrastructure

## OCEANSIDE TREATMENT PLANT



- Structural and seismic improvements
- Westside Pump Station reliability improvements
- Odor control and energy efficiency enhancements

## NORTH POINT WET-WEATHER FACILITY



- Upgrade operational reliability and efficiency
- Refurbish outfall structure
- Structural and seismic upgrades

## SOUTHEAST TREATMENT PLANT



- Build new biosolids digesters facilities
- Replace headworks facility
- Improvements for odor control
- Enhance visual aspects
- Structural, seismic improvements, and treatment process



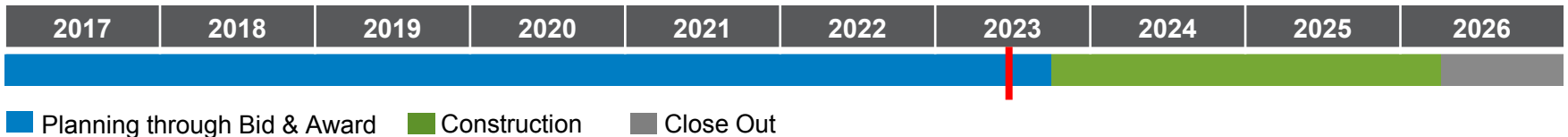
# New Treasure Island Wastewater Treatment Plant

**Approved Project Budget: \$202.2M**

1. Provide the Wastewater Treatment and Recycled Water Treatment to support new Treasure Island and Yerba Buena Island Developments.
2. Provide Flexibility to comply with Future Regulations (full nitrogen removal).
3. Design Build Delivery:
  - 35% Design was issued in May 2023.



## Project Timeline:



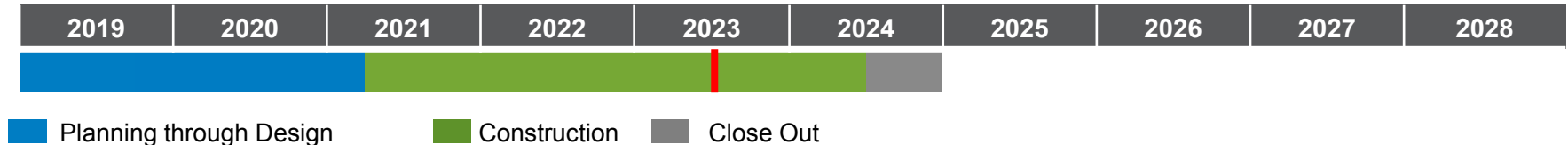
# Westside Pump Station Reliability Improvements

**Approved Project Cost: \$89.3M**

1. Completed Discharge Pipe Manifold Upgrade work
2. Ongoing Construction includes:
  - New electrical building and dual-electrical power feeds
  - Replace mechanical and electrical equipment
  - Ventilation system Improvements
3. Currently installing new underground conduit raceway at the Great Highway



## Project Schedule:





# Lower Alemany Area Stormwater Improvement

**Approved Project Cost: \$299.6M**

1. Manage stormwater and protect streets and properties during a 5-year storm
2. Scope includes construction of a sewer tunnel and other sewer improvements to provide stormwater storage and conveyance
3. 65% Design is underway



## Project Schedule:



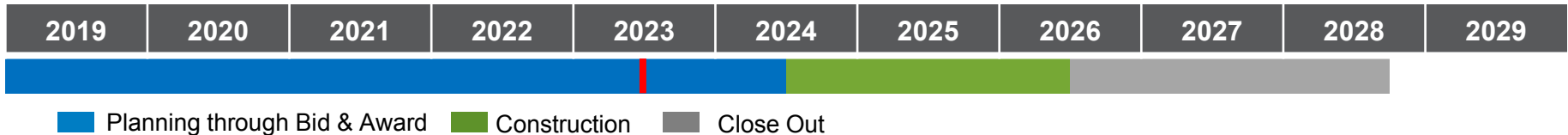
# Yosemite Green Infrastructure

**Approved Project Cost: \$20.8M**

1. Daylight over 2,000 feet of the Yosemite Creek starting in McLaren Park
2. Soccer field renovation with subsurface stormwater detention facility
3. Bioretention planters, landscaping, irrigation and hardscape
4. 65% Design is underway

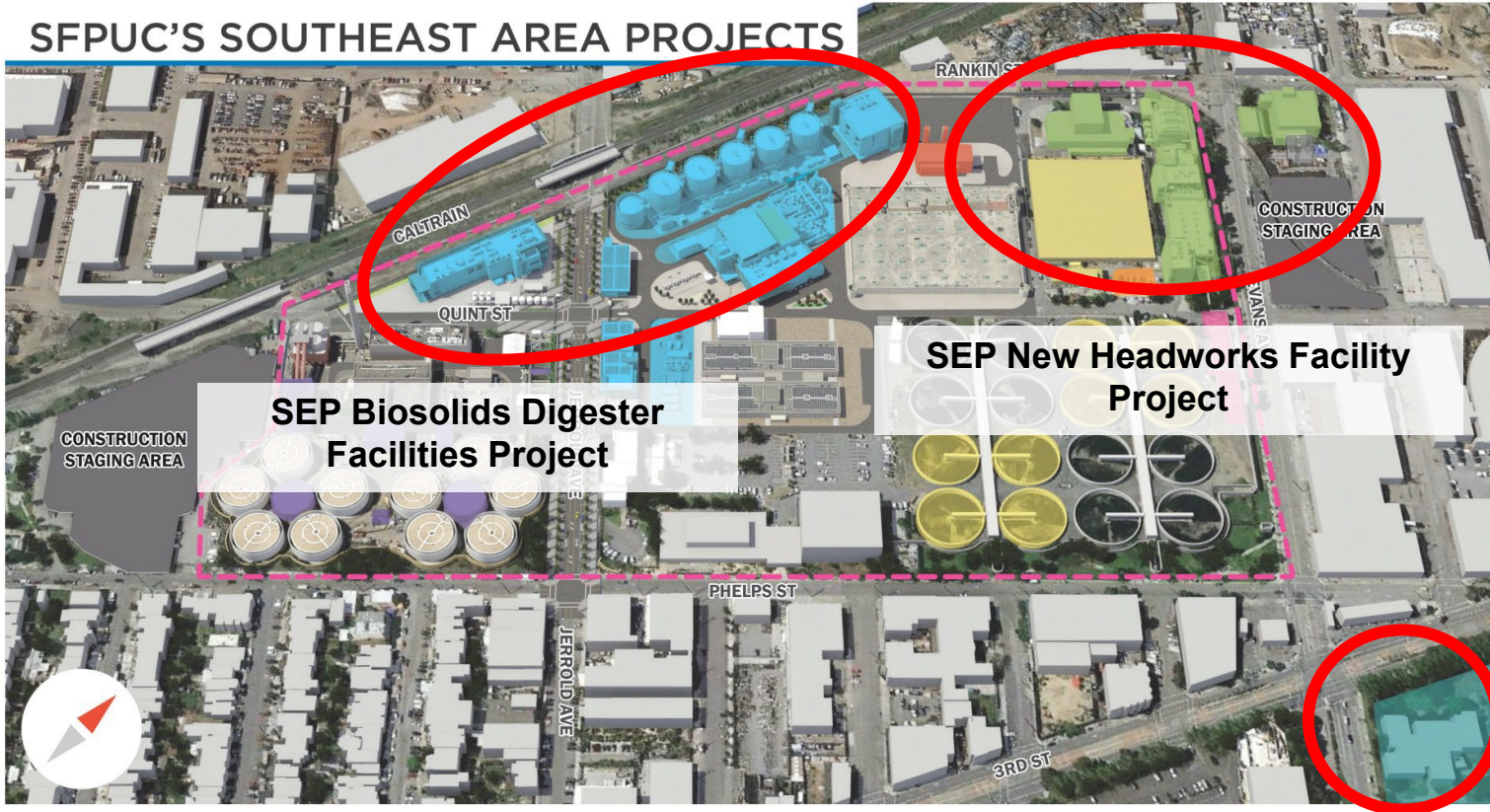


## Project Schedule:



# Southeast Area Major Projects

## SFPUC'S SOUTHEAST AREA PROJECTS



### LEGEND

- Biosolids Digester Facilities Project (BDFP)
- New Headworks Facility Project
- Oxygen Generation Plant (LOX) ★
- Primary and Secondary Clarifier Upgrades ★
- 521/522 and Disinfection Upgrades
- Existing Digester Gas Handling Improvements ★
- Power Feed and Primary Switchgear
- New Southeast Community Center at 1550 Evans
- - - SEP Facility-wide
- ★ Completed Project

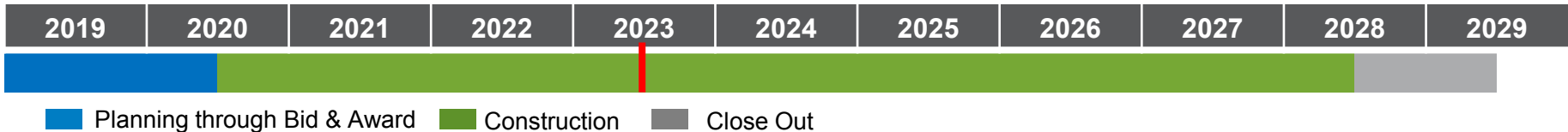
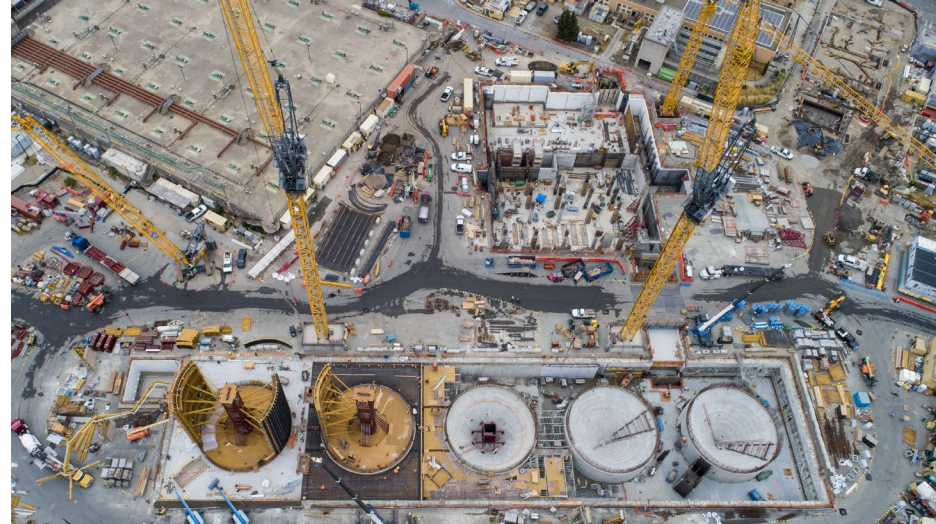
**Southeast Community Center @ 1550 Evans**



# SEP Biosolids Digester Facilities

**Approved Project Cost: \$2,372.6M**

1. Construction of the five digester vessels continues and concrete placement of upper basement decks and walls are completed or in progress
2. Construction of solids pretreatment building is underway
3. Construction has begun at the biosolids dewatering building and ancillary facilities and utilities
4. 90% of the construction of the major biosolids facilities has been bid and awarded







**Solids Pretreatment**

**Iron Chloride  
Storage Tanks &  
Water Pump Station**

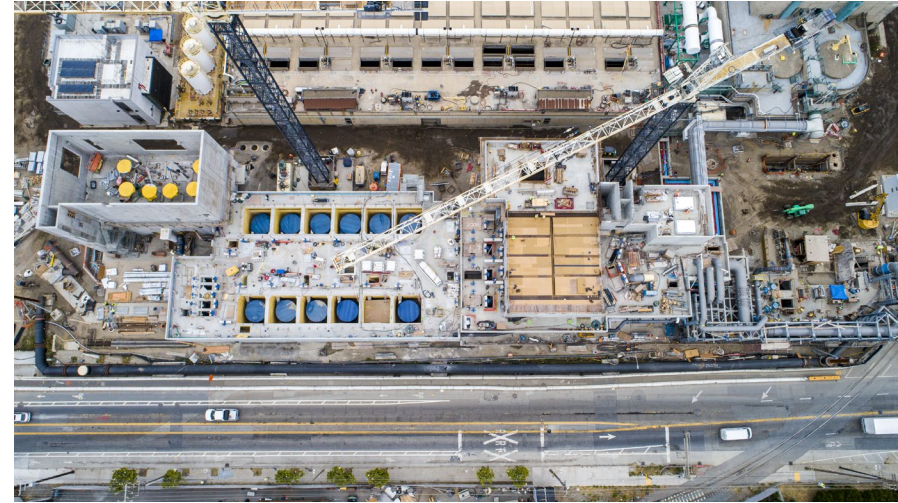
**Anaerobic Digestion**



# Southeast Plant New Headworks Facility Project

Approved Project Cost: \$679.0M

1. Civil/structural/electrical work continued at the influent junction, fine screen/grit influent splitter, grit tank/grit handling, primary influent distribution, and odor control areas
2. Contractor started equipment testing and installation for electrical substations 1A/1B.
3. Contractor started forming the retaining wall base for the campus fence
4. Continued transformers install and conduit connections in the electrical room and began installation of grit tank covers



## Project Schedule:







Power

Odor

Screening  
Handling

Grit  
Handling

Grit Tank

Screening  
Handling

Fine Screen

Influent  
Pump  
Station

Bypass pipe



# Southeast Community Center 1550 Evans

**Approved Project Cost: \$115.4M**

1. Building completed and occupied
2. Project closeout approved by SFPUC Commission on September 12, 2023

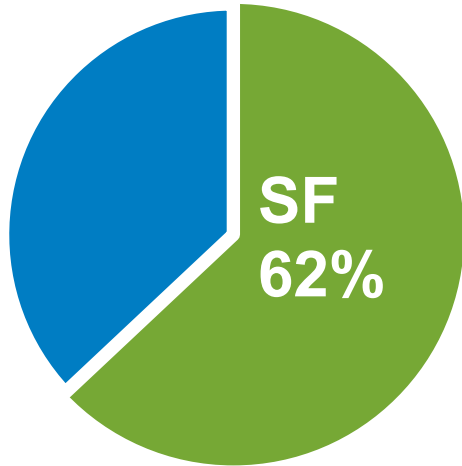


## Project Schedule:



# SSIP Local Hiring (as of June 2023)

## Apprenticeships (Entry-level) Provided by SSIP



**544** SF apprentices have worked **62%** of hours (as compared to **50%** requirement) and earned **\$13.2M** in wages

## SSIP Local Hire Ordinance Achievement

**20-30%**  
Local Hire  
Percentage  
Requirements

**36%**

Actual  
SSIP Local  
Hire  
Percentage  
Achieved

**1,758** San Francisco residents have earned **\$69.6M** in wages on SSIP projects working **967K** hours



# QUESTIONS?



[sfpuc.org/ssip](https://sfpuc.org/ssip)



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

**AGENDA**

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

**Listen/Public Call-In Phone Number  
(415) 906-4659  
[Conference ID: 841 547 266 #](#)**

**Join on your computer, mobile app or room device  
[Click here to join the meeting](#)**

**September 5, 2023 - 9:00 AM**

**Regular Meeting**

**Mission:**

The Revenue Bond Oversight Committee (RBOC) monitors 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 provides independent oversight to ensure transparency and accountability. The RBOC's goal is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

**Remote Access to Information and Participation**

RBOC convenes hybrid meetings that allow in-person attendance, in-person public comment (prioritized before remote public comment), remote access, and remote public comment via teleconference (<https://sfbos.org/remote-meeting-call>). Members of the public may also submit their comments by email to [RBOC@sfgov.org](mailto:RBOC@sfgov.org); all comments received will be made a part of the official record.



**1. Call to Order and Roll Call**

<b>Seat 1</b>	Ettore Leale, Chair
<b>Seat 2</b>	Lars Kamp, Vice Chair
<b>Seat 3</b>	<i>Vacant</i>
<b>Seat 4</b>	Claire Veuthey
<b>Seat 5</b>	<i>Vacant</i>
<b>Seat 6</b>	Christina Tang
<b>Seat 7</b>	Reuben Holober

- 2. General Public Comment:** Members of the public may address RBOC on matters that are within RBOC jurisdiction and not on this agenda.

**3. RBOC: Audits Update**

*Members of RBOC discuss ongoing and future audits to evaluate the performance of projects funded by Revenue Bonds.*

*Continued from the August 1, 2023 regular meeting.*

*Discussion and possible action.*

*Attachment: Performance Audit of Select Revenue Bond Expenditures Phase II*

*Attachment: RBOC Bond Audit Phase II Audit Presentation*

*Attachment: RBOC Bond Audit Phase III Risk Assessment and Bond Selection*

(Public Comment)

**4. RBOC: Planning for Future Audits**

*Members of RBOC discuss planning for future audits, to evaluate the performance of projects funded by Revenue Bonds.*

*Discussion and possible action.*

*Attachment: DRAFT RBOC SFPUC Infrastructure Evaluation RFP*

(Public Comment)

**5. RBOC: City Services Auditor Services Billings Invoice – Fiscal Year 2022-2023**

*Members of RBOC discuss the City Services Auditor's Fiscal Year 2022-2023 Billings Invoice and consider it for approval.*

*Discussion and possible action.*

*Attachment: City Services Auditor Fiscal Year 2022-2023 Bill*

(Public Comment)

**6. Minutes Approval - August 1, 2023 Regular Meeting**

*Discussion and action.*

*Attachment: August 1, 2023 RBOC Regular Meeting Minutes*

(Public Comment)



## 7. Announcements, Comments, Questions, and Future Agenda Items

*Discussion and possible action.*

(Public Comment)

*RBOC may meet on the following dates:*

- *October 10, 2023;*
- *November 14, 2023; and*
- *December 12, 2023.*

*RBOC is tracking the following topics and issues as potential Future Agenda Items:*

- A. *SFPUC: Sewer System Improvement Program Update;*
- B. *SFPUC: Water System Improvement Program Update;*
- C. *SFPUC: Power Enterprise and Clean Power SF Update;*
- D. *SFPUC: State Federal Loan Updates;*
- E. *SFPUC: Staff Report: Environmental Justice;*
- F. *RBOC: Acquiring consultant to examine expected performance of complete projects;*
- G. *RBOC: Discussion of the 2015 report, entitled [“Evaluation of Lessons Learned from the WSIP Program,”](#) to identify procedures and reporting processes from the Water System Improvement Program which may be applied to SSIP*
- H. *SFPUC: Discussion of Finding 2 of the [SFPUC Performance Audit of Select Revenue Bond Expenditures dated December 23, 2021](#)  
Finding 2: “The Quality Assurance Audit Function Was Not Operational From June 2017 Through November 2020”  
(May be scheduled as a follow-up to the May 9, 2023 meeting in Spring 2024)*
- I. *RBOC Sunset Date - January 1, 2025.*

## 8. Adjournment

### 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 documents, please contact:

RBOC Clerk, City Hall,  
1 Dr. Carlton B. Goodlett Place,  
Room 244, San Francisco, CA 94102  
[rboc@sfgov.org](mailto:rboc@sfgov.org)  
(415) 554-5184.

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

[http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=97](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=97)

### Meeting Procedures

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.

Procedures do not permit: 1) persons in the audience to vocally express support or opposition to statements by Commissioners by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) bringing in or displaying signs in the meeting room; and 4) standing in the meeting room.

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.

LANGUAGE INTERPRETERS: Requests must be received at least 48 hours in advance of the meeting to help ensure availability. Contact Wilson Ng (415) 554-5184. AVISO EN ESPAÑOL: La solicitud para un traductor debe recibirse antes de mediodía de el viernes anterior a la reunion. Llame a Wilson Ng o Arthur Khoo (415) 554-5184. PAUNAWA: Ang mga kahilingan ay kailangang matanggap sa loob ng 48 oras bago mag miting upang matiyak na matutugunan ang mga hiling. Mangyaring tumawag kay sa (415) 554-5184.

### Americans with Disabilities Act (ADA)

Revenue Bond Oversight Committee meetings are held at the Public Utilities Commission, 525 Golden Gate Avenue, San Francisco, CA. The hearing rooms at the Public Utilities Commission are specified on the agenda and are wheelchair accessible. To request sign language interpreters, readers, large print agendas or other accommodations, please call (415) 554-5184. Requests made at least 48 hours in advance of the meeting will help to ensure availability.

### **Know Your Rights Under The Sunshine Ordinance**

Government's duty is to serve the public, reaching its decision 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 information on your rights under the Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) 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) 554-5163; or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org). Citizens may obtain a free copy of the Sunshine Ordinance by printing the San Francisco Administrative Code, Chapter 67, on the Internet at <http://www.sfbos.org/sunshine>.

### **Ethics Requirements**

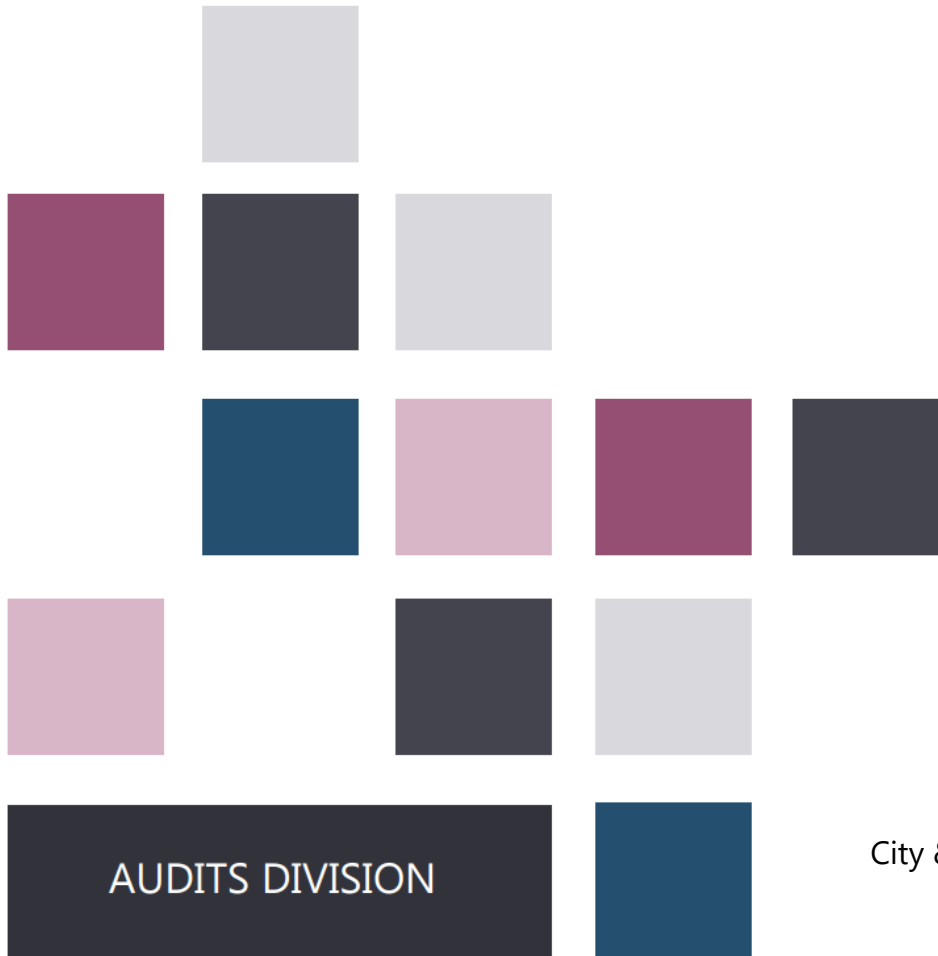
Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code, Section 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; website <http://www.sfgov.org/ethics>. Under Campaign and Governmental Conduct Code, Section 1.127, no person or entity with a financial interest in a land use matter pending before the Board of Appeals, Board of Supervisors, Building Inspection Commission, Commission on Community Investment and Infrastructure, Historic Preservation Commission, Planning Commission, Port Commission, or the Treasure Island Development Authority Board of Directors, may make a campaign contribution to a member of the Board of Supervisors, the Mayor, the City Attorney, or a candidate for any of those offices, from the date the land use matter commenced until 12 months after the board or commission has made a final decision, or any appeal to another City agency from that decision has been resolved. For more information about this restriction, visit [www.sfethics.org](http://www.sfethics.org).

### **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, Section 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; website [www.sfgov.org/ethics](http://www.sfgov.org/ethics).

# The San Francisco Public Utilities Commission Spent Revenue Bond Funds for Allowable Purposes but Should Strengthen Its Compliance and Monitoring Controls

San Francisco Public Utilities Commission



August 30, 2023

City & County of San Francisco  
Office of the Controller  
City Services Auditor

## About the Audits Division

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that voters approved in November 2003. Within CSA, the Audits Division ensures the City's financial integrity and promotes efficient, effective, and accountable government by:

- Conducting performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of service delivery and business processes.
- Investigating reports received through its whistleblower hotline of fraud, waste, and abuse of city resources.
- Providing actionable recommendations to city leaders to promote and enhance accountability and improve the overall performance and efficiency of city government.

### Team:

Massanda D'Johns, *Lead Audit Manager*  
Hunter Wang, *Audit Manager*  
Jeancarlos Santos Palacios, *Audit Intern*

Mark de la Rosa  
Director of Audits  
Office of the Controller  
City and County of San Francisco  
(415) 554-7574

### Consultants:

HKA Global, Inc.  
Yano Accountancy Corporation

For media inquiries, please contact  
[con.media@sfgov.org](mailto:con.media@sfgov.org).

 [sf.gov/controller](https://sf.gov/controller)  
 [@sfcontroller](https://twitter.com/sfcontroller)  
 [LinkedIn Office of the Controller](#)

## Audit Authority

This audit was conducted under the authority of the San Francisco Charter, Section 3.105, and Appendix F, which requires that CSA conduct periodic, comprehensive financial and performance audits of city departments, services, and activities.



**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

August 30, 2023

Public Utilities Revenue Bond Oversight Committee  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 2nd Floor  
San Francisco, CA 94102

San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 13<sup>th</sup> Floor  
San Francisco, CA 94102

Dennis Herrera  
General Manager  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 13<sup>th</sup> Floor  
San Francisco, CA 94102

Dear Committee Members, Commissioners, and General Manager Herrera:

The Office of the Controller (Controller), City Services Auditor (CSA), Audits Division, presents its audit report of the revenue bond program administered by the San Francisco Public Utilities Commission (SFPUC). The Public Utilities Revenue Bond Oversight Committee (RBOC) engaged CSA, which, in turn, engaged HKA Global, Inc. (HKA) and, as its subcontractor, Yano Accountancy Corporation (YAC), to conduct the audit. The audit had as its objectives to determine whether revenue bond funds were spent in accordance with the stated purposes and permissible use of such bonds.

The audit concluded that nearly all revenue bond expenditures were spent appropriately. However, the audit identified \$15.36 million in questionable expenditures related to internal control weaknesses over SFPUC's control environment and monitoring of its procurement policies and procedures. We recommend that SFPUC improve documentation controls over its procurement solicitation requirements. We also recommend that SFPUC coordinate with RBOC to strengthen its monitoring activities of overhead rates on capital projects funded with revenue bond proceeds. The department's response is attached as Appendix B. CSA will work with the department to follow up every six months on the status of the open recommendations made in this report.

CSA, HKA, and YAC appreciate the assistance and cooperation of all staff involved in this audit. For questions about the report, please contact me at [mark.p.delarosa@sfgov.org](mailto:mark.p.delarosa@sfgov.org) or 415-554-7574 or CSA at 415-554-7469.

Respectfully,

A handwritten signature in black ink, appearing to read "Mark de la Rosa".

Mark de la Rosa  
Director of Audits

cc: Board of Supervisors  
Budget Analyst  
Citizens Audit Review Board  
City Attorney  
Civil Grand Jury  
Mayor  
Public Library



# **REVENUE BOND OVERSIGHT COMMITTEE**

**San Francisco Public Utilities Commission**

## **PERFORMANCE AUDIT OF SELECT REVENUE BOND EXPENDITURES**

**PHASE II**

**August 30, 2023**



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# 1. EXECUTIVE SUMMARY

## Introduction

The San Francisco Public Utilities Commission ("SFPUC"), a department of the City and County of San Francisco ("City"), has embarked on multiple construction programs in its Water, Wastewater, and Power enterprises. The voters approved Proposition A and Proposition E in 2002, which authorized SFPUC to issue bonds to fund the costs of the construction programs, which currently have total forecasted expenditures of approximately \$17 billion; actual program expenditures through June 30, 2022, are \$8.8 billion. Funding of the expenditures through June 30, 2022, includes roughly \$6.7 billion in bond proceeds from bond issuances authorized by Propositions A and E. The remaining \$2.1 billion is funded by a combination of investment earnings on unexpended proceeds, Federal and state loans and grants, commercial paper, and SFPUC revenues.

The voters also passed Proposition P in 2002, which created City Administrative Code Section 5A.30-5A.36, which in turn authorized the establishment of the Public Utilities Revenue Bond Oversight Committee ("RBOC"). RBOC's authorities under City Administrative Code 5A.31(b)(6) include the *"...independent review and evaluation of the disbursement and expenditure of the proceeds of such revenue bonds by accessing any funds set aside for this purpose...to retain outside auditors, inspectors and necessary experts to conduct such independent review..."* RBOC retained the Office of the Controller's City Services Auditor ("CSA") to conduct a performance audit of bond-funded expenditures to determine whether expenditures were allowable under bond resolutions, properly supported, and assigned or allocated to the correct project(s) within bond series, and to evaluate the effectiveness of internal control over the allowability, and assignment of expenditures.

CSA engaged HKA Global, Inc. ("HKA") and Yano Accountancy Corporation ("YAC" collectively referred to as the "Audit Team") to conduct a performance audit of six SFPUC bond series subject to RBOC oversight. This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Summary of Findings and Recommendations

We found two contracts in which SFPUC did not comply with established internal control guidance and preferred procurement practices. The non-compliance with preferred procurement practices also increased the risk environment for waste and/or abuse. Total expenditures on these two contracts subject to RBOC oversight was \$15.36 million.

SFPUC is not quantifying or reporting the monetary impact of SFPW's overhead rates on total sewer engineering direct labor and benefits to the RBOC. Since future Wastewater project expenditures subject to RBOC oversight are expected to be in the billions of dollars, substantial SFPW sewer engineering overhead on direct labor and benefits are expected to be in such expenditures.

Summary of Our Findings and Recommendations	
<b>Non-Completion of Impartiality and Confidentiality Statements by All Individuals Associated with Procurements</b>	SFPUC did not comply with established internal control guidance and City preferred procurement practices by not obtaining signed impartiality and conflict of interest statements from all individuals participating in procurement solicitations. This pervasive internal control design deficiency existed during the procurement process for a contract awarded to an entity controlled by an individual who had a joint investment with the former SFPUC Assistant General Manager – Infrastructure (and later, SFPUC General Manager). The circumstances surrounding the timing of the sale of the individual's share of the investment to the then Assistant General Manager – Infrastructure increased the risk environment for waste and abuse. We questioned a total of \$15.36 million of expenditures subject to RBOC oversight.
<b>SFPUC Should Quantify and Report on Overhead Rates Charged for SFPW Sewer Engineering Activities</b>	<p>See Finding No. 1 in Section 5.</p> <p>SFPUC is not quantifying or reporting the monetary impact of SFPW's overhead rates on total sewer engineering direct labor and benefits to the RBOC. The RBOC accordingly cannot discharge its oversight responsibilities on SFPW overhead expenditures charged on sewer engineering direct labor and benefits.</p> <p>Since future expenditures subject to RBOC oversight on Wastewater projects are expected to be in the billions of dollars, it is expected that substantial SFPW sewer engineering direct labor, benefits and related overhead will be included in such expenditures.</p> <p>See Finding No. 2 in Section 5.</p>

## Restriction on Use

The purpose of this performance audit is solely to evaluate SFPUC's compliance with and internal control over the allowability of expenditures under bond provisions, support for expenditures, assignment, or allocation of expenditures to correct projects within a bond series. Accordingly, this performance audit is not suitable for any other purpose.

## List of Acronyms

<b>SFPUC</b>	San Francisco Public Utilities Commission
<b>City</b>	City and County of San Francisco
<b>RBOC</b>	Revenue Bond Oversight Committee
<b>CSA</b>	Office of the Controller’s City Services Auditor
<b>HKA</b>	HKA Global, LLC
<b>YAC</b>	Yano Accountancy Corporation
<b>Audit Team</b>	HKA and YAC
<b>SFPW</b>	San Francisco Public Works
<b>GM</b>	General Manager
<b>AGM</b>	Assistant General Manager
<b>Wastewater Enterprise</b>	San Francisco Wastewater Enterprise
<b>SEP</b>	Southeast Water Pollution Control Plant
<b>OSP</b>	Oceanside Water Pollution Control Plant
<b>mgd</b>	million gallons per day
<b>Water Enterprise</b>	San Francisco Water Enterprise
<b>HHWP</b>	Hetch Hetchy Water and Power
<b>Power Enterprise</b>	Hetchy Water & Hetchy Power projects in the Hetch Hetchy Program
<b>Infrastructure</b>	SFPUC Infrastructure Division
<b>SSIP</b>	Sewer System Improvement Program
<b>R&amp;R</b>	Wastewater Renewal & Replacement Program
<b>FIP</b>	Wastewater Facilities & Infrastructure Program
<b>SSIP Phase 1</b>	SSIP Phase 1 projects
<b>Other SSIP</b>	Projects not in SSIP Phase 1
<b>WSIP</b>	Water System Improvement Program
<b>WECIP</b>	Water Enterprise Capital Improvement Program
<b>Regional WECIP</b>	WECIP sub-program for the Regional Capital Improvement Program
<b>Local WECIP</b>	WECIP sub-program for the Local Capital Improvement Program
<b>HCIP</b>	Hetchy Capital Improvement Projects program
<b>HCIP Water</b>	Water projects of the HCIP Program
<b>HCIP Power</b>	Power projects of the HCIP Program
<b>HCIP Joint</b>	Joint Water and Power projects of the HCIP program
<b>FIFO</b>	First-in, First-out
<b>Government Awards</b>	Federal and State grants and loans
<b>COSO Framework</b>	COSO Internal Control-Integrated Framework
<b>PD</b>	Project Design Procedures
<b>PM</b>	Project Management Procedures
<b>CM</b>	Construction Management Procedures
<b>HydraSection</b>	SFPW’s Hydraulic Section activities
<b>SFMTA</b>	San Francisco Municipal Transit Authority
<b>MOU</b>	Memorandum of Understanding
<b>CMGC</b>	Construction Manager / General Contractor
<b>OCA</b>	Office of Contract Administration
<b>RFP</b>	Request for Proposal
<b>SOW</b>	Scope of Work
<b>BDF</b>	Biosolids Digester Facilities
<b>OLSE</b>	Office of Labor Standards Enforcement

<b>Acknowledgement</b>	City Solicitation/Contract Participation Acknowledgement form
<b>I/CS</b>	Impartiality/Confidentiality Statement form
<b>mlok</b>	mlok Consulting, Inc.
<b>City Attorney</b>	Office of the City Attorney
<b>CAR</b>	Corrective Action Plan

## 2. SAN FRANCISCO PUBLIC UTILITIES COMMISSION

SFPUC is a department of the City responsible for the maintenance, operation, and development of the Wastewater, Water, and Power utility enterprises. SFPUC, led by the General Manager (“GM”), operates and manages the enterprises as separate financial entities with different enterprise funds, and each enterprise is led by an Assistant General Manager (“AGM”).

- The Wastewater Enterprise provides wastewater and stormwater collection, treatment, and disposal services for the City.
- The Water Enterprise provides drinking water to Retail Customers in the City, specific Retail Customers outside the City, and Wholesale Customers in three other Bay Area counties.
- The Power Enterprise provides hydroelectric and solar-generated electricity to municipal and public infrastructure, and other facilities in the City.

### Enterprise and Support Bureau Descriptions

#### Wastewater Enterprise

The San Francisco Wastewater Enterprise (“Wastewater Enterprise”) provides collection, treatment, and disposal services to residential, commercial, and industrial customers in the City limits and three municipal sewer service providers for residents and businesses in northern San Mateo County.

The City's collection system is a network of sewers that collect and transport both sanitary flow and stormwater runoff – commonly referred to as wastewater. Ninety-two percent of San Francisco is served by a combined sanitary and stormwater wastewater system comprising 24,800 manholes, 25,000 catch basins, 27 pump stations, and approximately 1,000 miles of sewers ranging from 8-inch diameter pipes to large transport structures measuring up to 45 feet deep by 25 feet wide.

Flows are conveyed from the collection system through the transport/storage boxes to two centralized all-weather treatment plants, the Southeast Water Pollution Control Plant (“SEP”) and the Oceanside Water Pollution Control Plant (“OSP”). These are respectively located in the southeast and southwest sections of the City. During wet weather, additional flows are conveyed to the North Point Wet-Weather Facility, located in the northeast section of the City. The collection system storage capacity is over 200 million gallons,



comprised of predominantly grey infrastructure. The maximum treatment capacity of the existing system is 575 million gallons per day (“mgd”) or 40 billion gallons annually.

Figure 2.1.1



### Water Enterprise

The San Francisco Water Enterprise (“Water Enterprise”) operates the Hetch Hetchy Regional Water System, consisting of over 389 miles of pipeline, 74 miles of tunnels, 11 reservoirs, 13 groundwater wells, 5 pump stations, and 3 water treatment plants located outside the City limits. The Water Enterprise also operates over 1,235 miles of pipeline, 11 reservoirs, six groundwater wells, 8 storage tanks, 24 pump stations, 8 hydropneumatic stations, and 17 chlorination stations located within the City limits.

The Water Enterprise serves as the retail water supplier for the City and is responsible for water deliveries to residents and institutions within the City limits and several retail accounts outside City limits. In addition, the Water Enterprise sells water to 27 Wholesale Customer entities in San Mateo, Alameda, and Santa Clara counties. Altogether, nearly 2.7 million people rely on water supplied by the Water Enterprise.

Figure 2.1.2

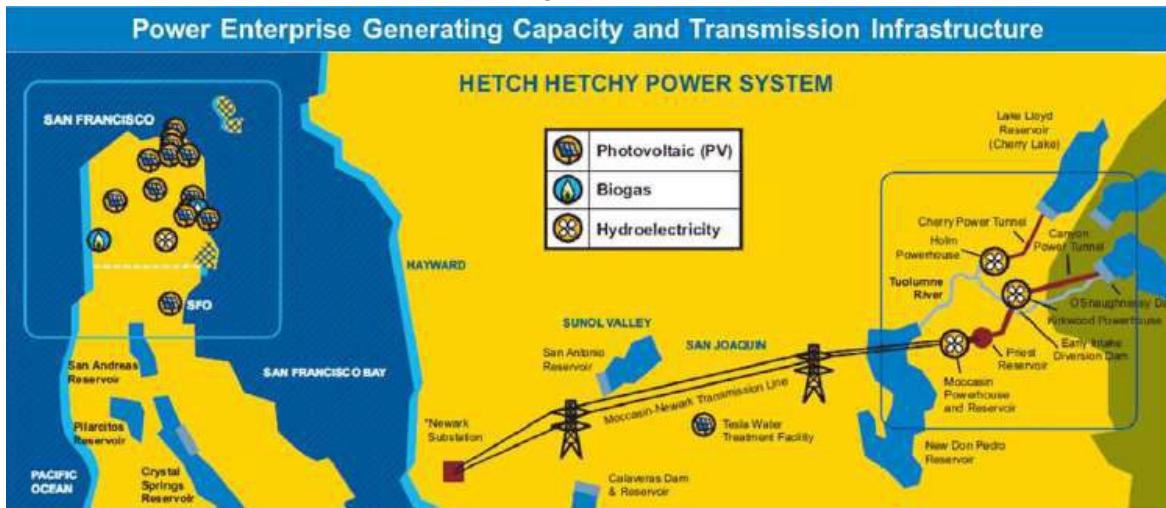


### Power Enterprise

Hetch Hetchy Water and Power (“HHWP”) operates the Hetch Hetchy Project, which consists of Hetchy Water and Hetchy Power projects (collectively referred to as the “Power Enterprise”). Hetchy Water collects, stores, purifies, and delivers water between the Sierra mountains to the eastern Alameda County, where it connects with the Water Enterprise. Hetch Hetchy Power operates the Power Enterprise, which generates, schedules, purchases, sells, and distributes electricity to meet the needs of approximately 2,400 customers, including 17% of the total electricity consumed within the City. The Power Enterprise’s capacities consist of 385MW of greenhouse gas-free hydroelectric generation, 8.5MW of solar generation, and 160 miles of energy transmission lines from Yosemite to the Bay Area.

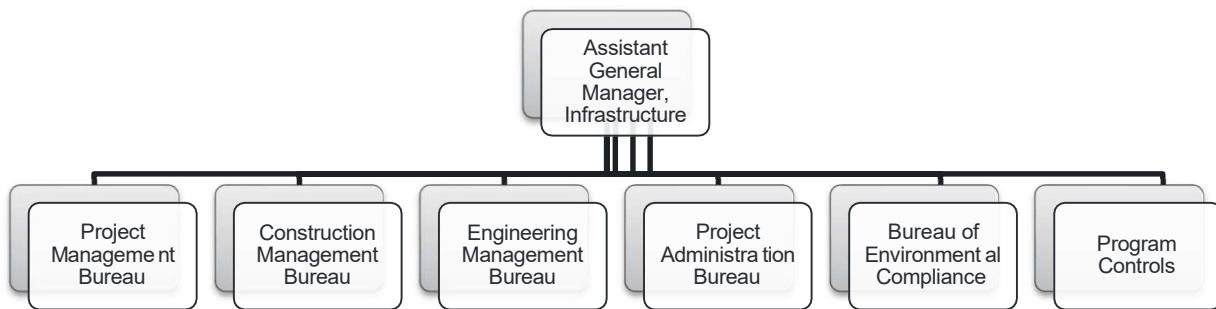
Power Enterprise customers include all municipal departments, tenants in City-owned properties, including the Port and SFO, Phase I of the Hunters Point Shipyard redevelopment projects, and tenants of the Treasure Island Development Authority on Treasure Island and Yerba Buena Island. 385,000 Power Enterprise customers have chosen to have at least 50% of their electricity usage sources from renewable sources through Clean Power San Francisco.

Figure 2.1.3



### Support Divisions and Bureaus

In addition to the three AGMs who oversees the three enterprises, three AGMs oversee the support divisions and bureaus. One AGM leads SFPUC's Infrastructure Division ("Infrastructure"), responsible for management of all SFPUC construction programs. The following is a summary of Infrastructure's organization:



Another AGM oversees SFPUC's External Affairs, and the third AGM oversees department-wide business services, such as finance, human resources, information technology and customer service.

## Enterprise Construction Programs

Historically, the SFPUC recognized that major wastewater, water, and power construction programs were necessary to upgrade existing facilities due to age and changing regulatory requirements. The City's voters recognized this with the passage of Propositions A and E in 2002, authorizing SFPUC to issue revenue bonds to fund the costs of major construction programs. SFPUC is also authorized to issue commercial paper for interim funding of programs – and multiple bond series have identified all or part of the bond proceeds to defease commercial paper used for interim funding. Bond proceeds available for expenditure also include investment earnings on unexpended bond proceeds and post-issuance releases of debt service reserves. Construction program expenditures also receive funding from revenues, and loans and grants from Federal and state agencies.

The following summarizes cumulative program budget and expenditures from all funding sources subject and not subject to RBOC oversight, and related cumulative bond funding as of June 30, 2022:

*Table 2.2.1  
Construction Program Expenditures  
and Program Funding  
Program Inception to June 30, 2022  
(\$000)*

SFPUC Enterprise	Current Approved Budget	Program Forecast Cost	Expenditures to Date	Bond Proceeds at Issuance
Wastewater	\$ 6,614,210	\$ 7,998,460	\$ 2,973,481	\$ 1,837,773
Water	8,080,850	8,753,880	5,745,650	4,674,443
Power	225,133	225,133	85,293	195,761
<b>TOTAL</b>	<b>\$ 14,920,193</b>	<b>\$ 16,977,473</b>	<b>\$ 8,804,424</b>	<b>\$ 6,707,977</b>

*Source: SFPUC Quarterly Construction Reports as of June 30, 2022, Bond Series Official Statements.*

## Enterprise Construction Reporting

As a result of commission approvals, SFPUC modified the construction program reporting for each of the three enterprises. In general, SFPUC's reporting is representative of the program's baseline for project scope, budget, and schedule according to the commission's approved ten-year capital plan, as established every two years.

The following subsections summarize the construction programs of Wastewater, Water and Hetchy Water, and Power.

## Wastewater Construction Programs

The Wastewater Enterprise construction program consists of three capital programs: the Sewer System Improvement Program (“SSIP”), Renewal & Replacement Program (“R&R”) and Facilities & Infrastructure Program (“FIP”).

### Sewer System Improvement Program

The SSIP is a City-wide investment to upgrade SFPUC’s aging infrastructure to ensure a reliable, sustainable, and seismically safe sewer system. It contains a series of major capital improvement projects necessary to bring the City’s wastewater and stormwater system into a state of good repair and meet the Commission-endorsed goals and levels of service.

In fiscal year 2022, the SSIP program transitioned from its original intent of three distinct SSIP phases spanning over a 20-year period, to implementing capital improvement projects as part of a rolling ten-year capital plan. The Commission authorized the 2020 SSIP baseline, where a selection of high-priority projects identified initially in phases 2 and 3 were initiated. SSIP projects are now reported within either phase 1 (“SSIP Phase 1”) or other (“Other SSIP”). As of June 2022, SSIP Phase 1 has 70 projects in various construction stages and is approximately 52% complete, and Other SSIP includes 35 projects in different construction stages and is about 3% complete.

The Wastewater Enterprise SSIP construction program consists of four sub-programs: Treatment Facility Projects, Collection Systems, Land Reuse, and SSIP Program Management. The Treatment Facilities and Collection Systems sub-programs are further broken down into categories, with numerous construction projects in each category.

### Repair and Replacement Program

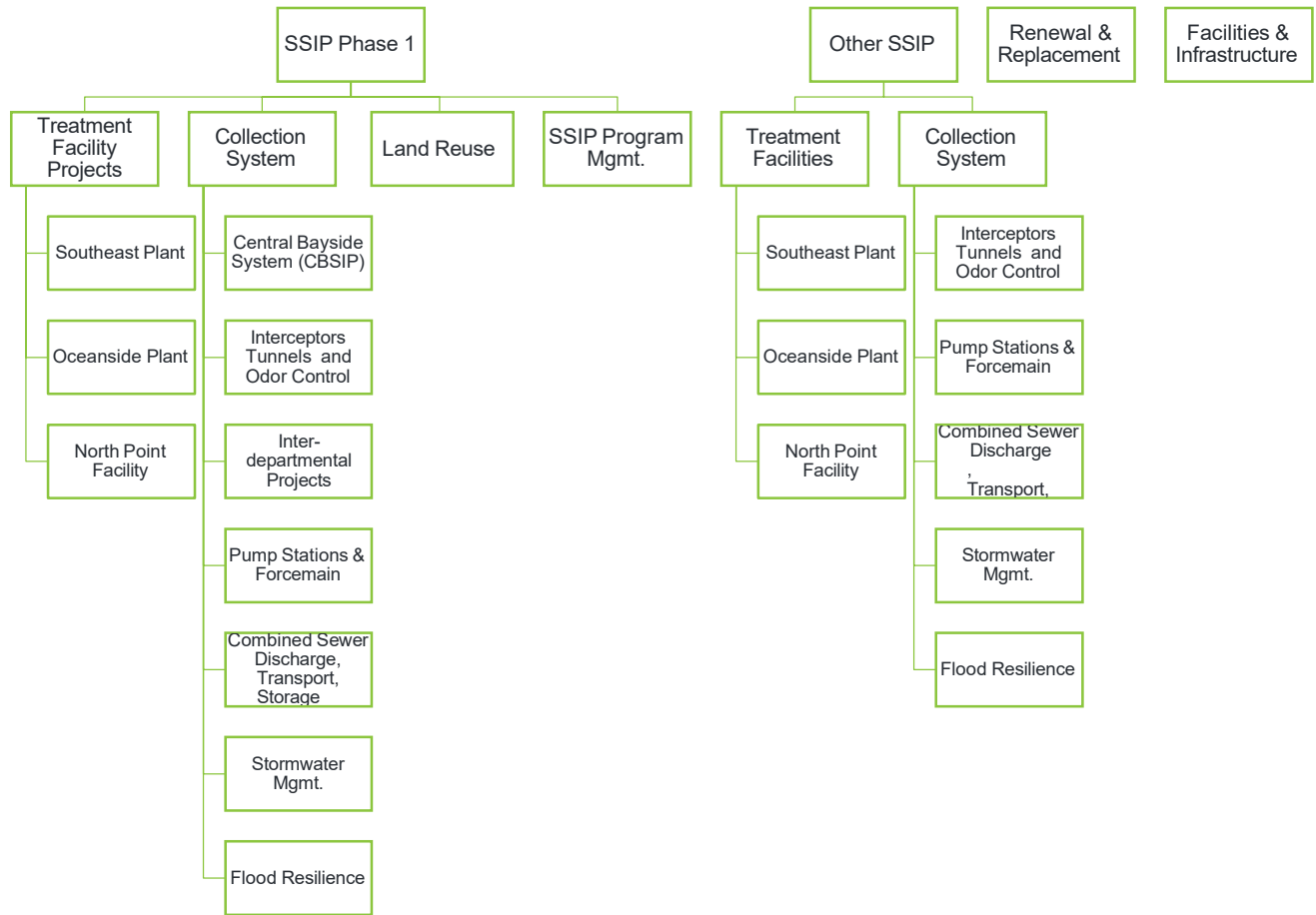
R&R is a continual program that addresses deficiencies in the R&R collection system (29 projects) and R&R treatment facilities (9 projects). The R&R program seeks to comply with State-mandated requirements and to meet the endorsed levels of service goals, regulatory permit compliance, system reliability and functionality, and sustainable operation of the City’s sewer system. Capital projects that fall outside of the SSIP and R&R programs are addressed by the Facilities and Infrastructure program.

### Facilities and Infrastructure Program

The Facilities and Infrastructure program (5 projects) provides upgrades to aging facilities to maintain their intended functions.

Figure 2.2.1 below shows the hierarchy of the Wastewater Enterprise Construction Program.

*Figure 2.2.1  
Wastewater Construction Program Hierarchy<sup>1</sup>*



<sup>1</sup> SFPUC FY 2021-22 Q4 Report



The following table identifies the Wastewater Enterprise construction programs, including forecast costs and expenditures for each as of June 2022:

*Table 2.2.2  
Wastewater Construction Program  
Budget, Forecast, and Expenditures  
Program Inception to June 30, 2022  
(\$000)*

Wastewater Enterprise	Current Approved Budget	Program Forecast Cost	Expenditures to Date
<b>SSIP</b>			
Phase 1	\$ 3,655,300	\$ 4,852,500	\$ 1,949,000
Other SSIP	1,197,300	1,381,600	25,800
<b>Subtotal SSIP</b>	<b>4,852,600</b>	<b>6,234,100</b>	<b>1,974,800</b>
<b>Non-SSIP</b>			
Renewal and Replacement	1,099,000	1,088,800	810,811
Facilities and Infrastructure	662,610	675,560	187,870
<b>Subtotal Non-SSIP</b>	<b>1,761,610</b>	<b>1,764,360</b>	<b>998,681</b>
<b>TOTAL WASTEWATER</b>	<b>\$ 6,614,210</b>	<b>\$ 7,998,460</b>	<b>\$ 2,973,481</b>

*Note: Program Budget and Forecast Costs are unaudited.*

*Source: Wastewater Enterprise Construction Program Reports as of June 30, 2022*

## Water and Hetch Hetchy Water Construction Programs

The Water Enterprise construction program is driven by the fact that certain of its facilities are near the end of their useful life. Long-lived facilities result in decreased reliability due to unplanned outages and place a greater maintenance burden on SFPUC operations. The Water Enterprise construction program consists of the Water System Improvement Program ("WSIP"), which is ~99% complete, and the Water Enterprise Capital Improvement Program ("WECIP"). WECIP consists of two sub-programs. The Regional Capital Improvement Program ("Regional WECIP") includes 25 projects in various construction stages, and the Local Capital Improvement Program ("Local WECIP") includes 7 groups of projects in different construction stages.

In addition to WSIP and WECIP, the Water Enterprise construction program also includes water-related projects of Hetch Hetchy Water and Power ("HHWP"), which is responsible for operating, managing, and maintaining the upcountry HHP system and facilities. The HHWP capital improvement programs are divided into two programs: the Renewal and Replacement program and the Hetchy Capital Improvement Projects ("HCIP") program.

Water renewal and replacement projects are completed and closed out and, therefore, are not included in SFPUC's construction reports.

The scope of HCIP is divided into three major sub-programs: water ("HCIP Water"), power ("HCIP Power"), and joint ("HCIP Joint").

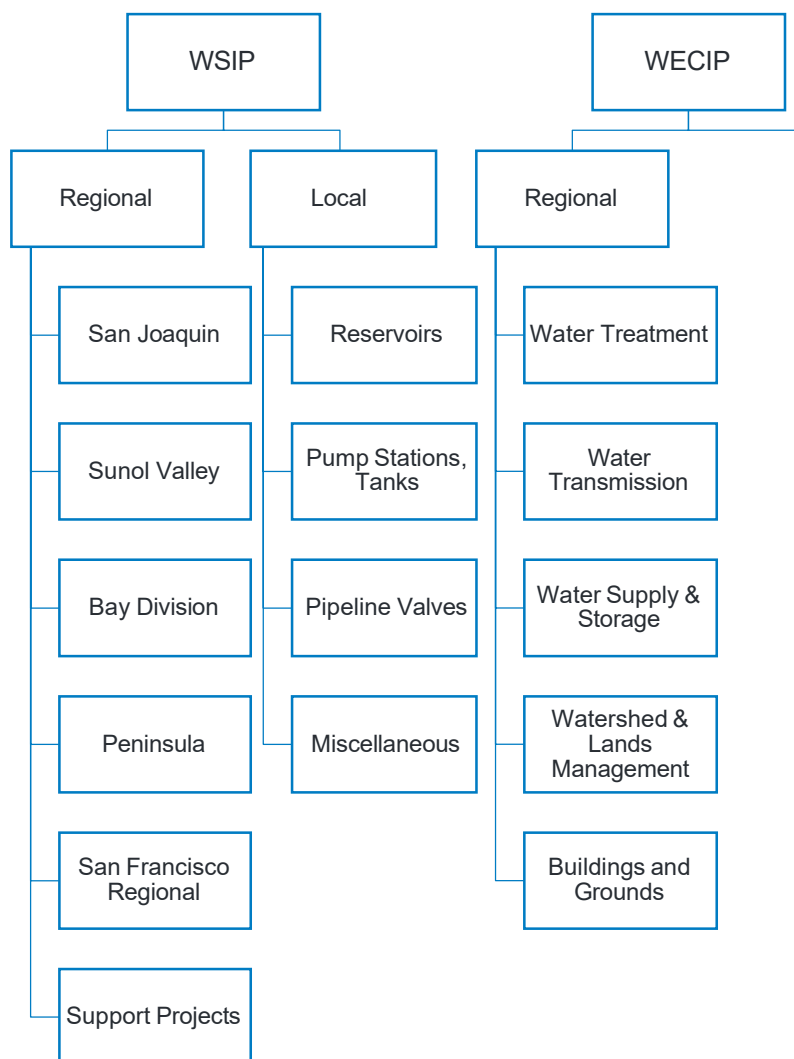
- HCIP Water sub-program includes only asset improvements benefitting the SFPUC's water customers.
- HCIP Power sub-program includes only asset improvements used to generate environmentally friendly hydroelectric energy.

- HCIP Joint sub-program includes projects for assets used for both water delivery and power generation.

Other water expenditures are related to litigation settlement expenditures funded by proceeds from water 2012 Series B bonds. Water renewal and replacement projects are completed and closed out and, therefore, are not included in SFPUC’s construction reports.

Figure 2.2.2 below is the hierarchy of the WSIP and WECIP programs and the project groups included within each sub-program. HCIP Water and Joint programs are shown in the following HCIP section.

*Figure 2.2.2  
Water Construction Program Hierarchy<sup>2</sup>*



<sup>2</sup> WSIP Regional Projects Quarterly Report, 4<sup>th</sup> Quarter/Fiscal Year 2021-22

The following table identifies the Water programs for WSIP, WECIP, HCIP Water, and HCIP Joint sub-programs, including the current approved budget, forecast costs, and expenditures from all funding sources subject and not subject to RBOC oversight as of June 30, 2022:

*Table 2.2.3  
Water Construction Program  
Budget, Forecast, and Expenditures  
Program Inception to June 30, 2022  
(\$000)*

Water Enterprise	Current Approved	Program Forecast Cost	Expenditures to Date
<b>WSIP</b>			
Regional	\$ 3,803,100	\$ 3,803,100	\$ 3,708,300
Local	331,900	331,900	331,900
Local Water Supply	280,900	280,900	220,400
Financing	372,000	372,000	372,000
<b>Subtotal WSIP</b>	<b>\$ 4,787,900</b>	<b>\$ 4,787,900</b>	<b>\$ 4,632,600</b>
<b>WECIP</b>			
Regional	918,790	1,030,280	194,520
Local	1,755,360	2,271,390	792,670
<b>Subtotal WECIP</b>	<b>\$ 2,674,150</b>	<b>\$ 3,301,670</b>	<b>\$ 987,190</b>
<b>HCIP Water &amp; Joint</b>			
HCIP Water	109,530	153,270	11,100
HCIP Joint	493,520	495,290	99,010
<b>Subtotal HCIP Water &amp; Joint</b>	<b>603,050</b>	<b>648,560</b>	<b>110,110</b>
Mitchell Engineering Litigation Settlement	15,750	15,750	15,750
<b>TOTAL WATER</b>	<b>\$ 8,080,850</b>	<b>\$ 8,753,880</b>	<b>\$ 5,745,650</b>

*Source: Water Enterprise Construction and Hetch Hetchy Construction Program Reports as of June 30, 2022*

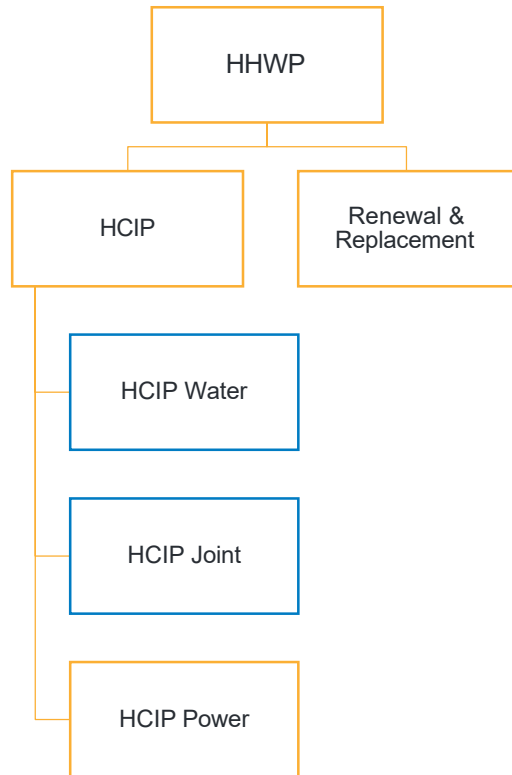
*Note: Program Budget and Forecast Costs are unaudited. The WSIP Local Water Supply projects underwent a September 2013 re-baseline. Only the original WSIP portion of the re-baselined costs are reported in WSIP. The remaining budget is funded under the WECIP Local and is managed outside the purview of the WSIP.*

## Hetchy Capital Improvement Program

The HCIP includes both Power and Water sub-programs. The HCIP Power sub-program includes only asset improvements used to generate environmentally friendly hydroelectric energy. HCIP Power's sub-program consists of powerhouses that convey water through hydroelectric turbines to generate electricity, power substation transformers, and transformation lines that convey electricity generated by power assets. Other project expenditures are related to non-programmatic capital projects with funding subject to RBOC oversight. As a result of SFPUC's changes in reporting, completed projects are no longer included in quarterly status reports.

Figure 2.2.3 below shows the hierarchy of the Hetchy Capital Improvement Program, which shows the HCIP Water and HCIP Joint sub-programs that are included within the Water Enterprise, and HCIP Power sub-program that is included in the Power Enterprise.

**Figure 2.2.3**  
**Power Construction Program Hierarchy<sup>3</sup>**



The following table identifies the HCIP Power sub-program, including the current approved budget, forecast costs, and expenditures from all funding sources subject and not subject to RBOC oversight as of June 30, 2022:

**Table 2.2.4**  
**Power Construction Programs**  
**Budget, Forecast, and Expenditures**  
**Program Inception to June 30, 2022**  
**(\$000)**

Power Enterprise	Current Approved Budget	Program Forecast Cost	Expenditures to Date
<b>Power</b>			
HCIP Power	\$ 204,240	\$ 204,240	\$ 64,400
Other Projects	20,893	20,893	20,893
<b>TOTAL POWER</b>	<b>\$ 225,133</b>	<b>\$ 225,133</b>	<b>\$ 85,293</b>

*Note: Program Budget and Forecast Costs are unaudited.*

*Source: Hetch Hetchy Construction Program Reports as of June 30, 2022, and SFPUC Finance.*

<sup>3</sup> Hetch Hetchy Capital Improvement Program Quarterly Report, 4<sup>th</sup> Quarter / Fiscal Year 2021-2022

### 3. PARTIES INVOLVED WITH THE PERFORMANCE AUDIT

In addition to SFPUC as auditee, RBOC, CSA, and the team of HKA and YAC (referred to as the “Audit Team”) all have significant roles and responsibilities in the performance audit.

#### Revenue Bond Oversight Committee

The City's voters approved Propositions A, E, and P in 2002. Propositions A and E gave SFPUC the authority to issue revenue bonds to fund construction programs. Proposition P created Administrative Code Section 5A.30-36 and authorized the establishment of RBOC. Administrative Code Section 5A.36 charges RBOC with providing independent oversight of the expenditure of public utility revenue bond proceeds issued under the authority of Proposition A or E for capital improvements. RBOC helps ensure an uninterrupted supply of water, power, and wastewater treatment services by SFPUC to its customers. Further, RBOC helps ensure public dollars are spent according to the authorizing bond resolution and applicable laws.

RBOC engaged CSA to oversee the performance audit to determine whether SFPUC expenditures of bond proceeds were in accordance with bond provisions, adequately supported, and properly assigned or allocated to project(s) within a bond series and evaluate internal control over these expenditures.

#### City Services Auditor – Audits Division

The CSA - Audits Division is the City's internal auditor, providing performance, financial, and compliance auditing and managing the City's whistleblower, public integrity, and cybersecurity programs. The CSA – Audits Division produces a wide range of audit reports and performance reports relating to the City's revenue, spending, service delivery, and outcomes. RBOC has contracted with the CSA – Audits Division to oversee this performance audit, which in turn has contracted with HKA with YAC as a subcontractor to conduct the Revenue Bond Performance Audit.

#### The Audit Team

HKA is a global consultancy company with over 40 years of experience and has completed numerous performance audits on some of the largest and most complex programs/projects in the world. YAC is a regional CPA and consulting firm and has worked directly with the City and County of San Francisco and the San Francisco Public Utilities Commission for over 27 years, performing audits per GAGAS and other relevant auditing and assurance standards. The principals from HKA and YAC, who are ultimately responsible for the quality of the performance audit, worked together for several years at one of the “Big Four” audit and consulting firms.

## 4. THE PERFORMANCE AUDIT

### Scope and Objectives

The Audit Team conducted a performance audit of capital expenditures funded by proceeds from public utility revenue bonds. Forty revenue bonds subject to RBOC oversight have funded expenditures from March 1, 2006, to June 30, 2022.

The objectives of this performance audit were to determine whether expenditures from project funds were:

- Allowable under the bond resolutions, laws, and regulations,
- Properly supported,
- Assigned or allocated to the correct project(s) within a bond series, and
- Subjected to appropriate cost control measures.

### Statement of Compliance with Generally Accepted Government Auditing Standards

We conducted this performance audit under generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe we have obtained sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions.

### Information Not Subject to Any Performance Audit Procedures

We were not engaged to perform, and did not perform, any performance audit procedures on any budgeted or forecasted information included in this report. Such information is identified as unaudited. Accordingly, our audit conclusions do not extend to such information.

### Overall Methodology

The Audit Team approached the audit in three separate stages, enabling us to develop our findings and recommendations to the RBOC. These three stages encompass a high-level evaluation of each of the audit planning and survey, fieldwork, and reporting stages.

#### Stage 1 – Audit Planning and Survey Phase

Upon receiving notice to proceed for Phase 2, the Audit Team conducted an entrance meeting with RBOC and CSA to initiate the audit engagement. From this meeting, we established the audit objectives, methodology, information needs, and engagement timeline.

Next, the Audit Team performed a preliminary assessment on all revenue bonds subject to RBOC oversight. This assessment included an analysis of capital project expenditures funded by the various bond proceeds for the Wastewater, Water, and Power. The Audit Team used this information to identify six bonds to include within the Phase 2 audit scope.

The Audit Team presented the preliminary bond assessment to CSA, including the six bonds selected that address the performance audit's scope and objectives.

## Stage 2 – Audit Fieldwork

The Audit Team developed an audit plan using information obtained during the audit planning and survey stage. This plan served as our framework and approach for completing the audit fieldwork. The Audit Team engaged multiple SFPUC Infrastructure and SFPUC Financial Services departments to request bond documentation, capital project files, and other related documentation. Additionally, we held discussions with SFPUC department relevant to our scope and objectives.

The Audit Team's fieldwork yielded the audit evidence used to formulate our findings, conclusions, and ultimately our recommendations to the RBOC.

## Stage 3 - Reporting

Based upon the information collected during our fieldwork, the Audit Team developed a preliminary list of observations and distributed this information for SFPUC comment. We revised our initial observations and held follow-up meetings with each department to confirm our understanding of the information further provided to us.

The Audit Team periodically met with CSA to provide progress updates and coordinate audit fieldwork. Also, the Audit Team provided updates to RBOC during their monthly public meetings. The culmination of our audit fieldwork is represented throughout this performance audit report, including the Audit Team's findings and recommendations to the RBOC.

## Performance Audit Risk Assessment

SFPUC Finance provided the Audit Team with schedules for Water, Wastewater, and Power showing expenditures by bond series. The Audit Team used these schedules, along with SFPUC's general ledger, to summarize all debt-funded expenditures by project for Water and Wastewater. The Audit Team then analyzed this information to identify bonds that fit within RBOC's scope and objectives.

Attributes	
<b>Revenue Bonds</b>	<ul style="list-style-type: none"> <li>• Large net proceeds available for capital expenditures</li> <li>• Funds used to defease commercial paper</li> <li>• Bonds associated with historically high-risk projects</li> <li>• Large spend across many projects</li> <li>• Significant spend on two or three projects</li> </ul>
<b>Capital Programs and Projects</b>	<ul style="list-style-type: none"> <li>• Inherent project complexities (e.g., heavy civil construction and non-typical projects)</li> <li>• Projects with forecasted costs above baseline budgets</li> <li>• Projects with numerous construction schedule delays</li> <li>• Projects managed by other City agencies</li> </ul>

## Bond Series Selected for the Performance Audit

The Audit Team selected six bond series for our performance audit from the 40-bond series subject to RBOC oversight as of June 30, 2022 – three from Wastewater, two from Water, and one from Power.



- The three-bond series from Wastewater represented three high-dollar bond series after 2016 Series A, the most recent bond series subject to our performance audit in Phase 1.
- The two-bond series from Water represented two high-dollar bond series used to fund the water-related expenditures on Hetchy Water projects.
- The Power bond series was the larger of the two Power bond series subject to RBOC oversight.

*Table 4.4.1  
Bonds Selected for Phase II of the Performance Audit*

Wastewater	Water	Power
2018 Series A	2016 Series C	2015 Series A
2018 Series C	2017 Series C	
2021 Series A		

The total available proceeds and expenditures from each of these bond series are in the tables 4.4.2 through 4.4.4.

Refer to Section 8.2 for a complete list of revenue bonds subject to RBOC oversight as of June 30, 2022.

The Official Statement for each bonds series identifies the amounts deposited to SFPUC's capital projects fund and the defeasance of commercial paper issued to fund capital expenditures temporarily. Amounts in the Official Statement are adjusted for investment earnings on unexpended proceeds and other adjustments (typically adjustments to bond issuance and underwriter's fees, and transfers to RBOC) to determine total available proceeds.

The following table summarizes the total available proceeds, expenditures, and unexpended proceeds by bond series for the three Wastewater bond series subject to the performance audit.

*Table 4.4.2  
Available Proceeds, Expenditures  
and Unexpended Proceeds by Wastewater Bond Series  
(\$000)*

Wastewater	2018 Series A	2018 Series C	2021 Series A	Total
<b>Proceeds from Official Statements</b>				
Capital projects fund	\$ 215,997	\$ 170,720	\$ -	\$ 386,717
Commercial paper defeased	25,016	-	296,000	321,016
<b>Subtotal proceeds from Official Statements</b>	<b>241,013</b>	<b>170,720</b>	<b>296,000</b>	<b>707,733</b>
<b>Post-issuance adjustments</b>				
Investment earnings	5	-	-	5
Other adjustments	-	-	-	-
<b>Subtotal post-issuance adjustments</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>TOTAL AVAILABLE PROCEEDS</b>	<b>241,018</b>	<b>170,720</b>	<b>296,000</b>	<b>707,738</b>
<b>EXPENDITURES</b>	<b>(241,018)</b>	<b>(170,720)</b>	<b>(296,000)</b>	<b>(707,738)</b>
<b>UNEXPENDED PROCEEDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Source: SFPUC General Ledger and Bond Series Official Statements

The following table summarizes the total available proceeds, expenditures, and unexpended proceeds by bond series for the two Water bond series subject to the performance audit.

**Table 4.4.3**  
*Available Proceeds, Expenditures  
and Unexpended Bond Proceeds by Water Bond Series  
(\$000)*

Water	2016 Series C	2017 Series C	Total
Proceeds from Official Statements			
Capital projects fund	\$ 19,975	\$ 15,000	\$ 34,975
Commercial paper defeased	236,847	60,265	297,112
Subtotal proceeds from Official Statements	256,822	75,265	332,087
Post-issuance adjustments			
Investment earnings	394	126	520
Other adjustments	268	-	268
Subtotal post-issuance adjustments	662	126	788
<b>TOTAL AVAILABLE PROCEEDS</b>	<b>257,483</b>	<b>75,392</b>	<b>332,875</b>
<b>EXPENDITURES</b>	<b>(255,697)</b>	<b>(75,265)</b>	<b>(332,619)</b>
<b>UNEXPENDED PROCEEDS</b>	<b>\$ 1,786</b>	<b>\$ 126</b>	<b>\$ 256</b>

*Source: SFPUC General Ledger and Bond Series Official Statements*

The following table summarizes the total available proceeds, expenditures, and unexpended proceeds by bond series for the Power bond series subject to the performance audit.

**Table 4.4.4**  
*Available Proceeds, Expenditures  
and Unexpended Bond Proceeds by Power Bond Series  
(\$000)*

Power	2015 Series A
Proceeds from Official Statements	
Capital projects fund	\$ 30,200
Commercial paper defeased	-
Subtotal proceeds from Official Statements	30,200
Post-issuance adjustments	
Investment earnings	-
Other adjustments	-
Subtotal post-issuance adjustments:	-
<b>TOTAL AVAILABLE PROCEEDS</b>	<b>30,200</b>
<b>EXPENDITURES</b>	<b>(28,641)</b>
<b>UNEXPENDED PROCEEDS</b>	<b>\$ 1,559</b>

*Source: SFPUC General Ledger and Bond Series Official Statements*

Regarding 2015 Series A post-issuance adjustments, SFPUC did not allocate investment earnings on unexpended bond proceeds to Power 2015 Series A and 2015 Series B bonds. The Official Statement for Power 2015 Series A and B stated that investment earnings are considered revenues and are not restricted for use on capital projects, green or non-green.

## Bond Expenditure Categories and Assignment to Bonds

SFPUC establishes project categories for bond-funded expenditures. Water bond-funded project categories are classified as WSIP regional, WSIP regional (green), WSIP local, non-WSIP regional, and non-WSIP local. Wastewater project categories are SSIP, SSIP (green), non-SSIP and non-SSIP (non-green). Power bond-funded project categories are green and non-green.

SFPUC's general rule is to assign funding for expenditures within any project category with the available cash deposited on the earliest date into the City's treasury accounts (referred to as the first-in, first-out or "FIFO"). Bond proceeds that defeased outstanding commercial paper are deemed to have the deposit date of the original commercial paper issuance.

This general rule is modified for restrictions of specific bond series. Certain Water and Wastewater bond series are identified as green bonds and can only fund green projects. Other bond series are designated to fund specific project expenditures. Water 2016 Series C bonds are designated as green bonds to fund environmentally beneficial projects.

Accordingly, the FIFO by expenditure category method often results in proceeds from later bonds being expended while proceeds from earlier bond series are still available. An example is Water 2010 Series A bonds which are designated solely to local projects and Water 2010 Series C bonds, which are designated solely for regional projects. Water 2010 Series A and 2010 Series C simultaneously funded local and regional projects, respectively. All Water 2010 Series C bond proceeds were expended before Water 2010 Series A. Water 2010 Series D and later bonds funded regional expenditures while Water 2010 Series A continued to fund local projects.

Another example is Wastewater 2013 Series A and 2016 Series B bonds. Wastewater 2016 Series A bonds were designated for SSIP projects. Proceeds from Wastewater 2013 Series B bonds funded both non-SSIP and SSIP projects until the issuance of Wastewater 2016 Series A bonds. After the issuance of Wastewater 2016 Series A bonds, Wastewater 2013 Series B bonds funded only non-SSIP projects. Wastewater 2016 Series B bond proceeds were not expended until all 2013 Series B bond proceeds were expended.

This general rule is also modified for federal and state grants and loans ("Government Awards"), which fund specific expenditures. Depending on the award agreement, expenditures initially funded by bonds can have their funding source(s) changed to Government Awards. When such funding changes occur, bond proceeds from earlier bond issuances become available after a future series has been used to fund expenditures. Such newly available bond proceeds keep their original deposit date.

## Bond Funded Expenditures

As part of the audit risk analysis procedures, we summarized bond-funded expenditures by cost category identified and described below:

*Table 4.4.5*

Expenditure Category	Description
<b>Labor-related</b>	Labor and benefits charged by CCSF employees and related overhead on labor.
<b>Consultants</b>	Expenditures to consultants such as program management, project management, construction management, environmental services, specialty inspection services, systems consulting, other management consulting services.
<b>Construction contracts</b>	Expenditures to contractors for construction labor and materials.
<b>Land acquisition</b>	Expenditures for additional land.
<b>Fees, licenses, and permits</b>	Expenditures to Federal, state, and local government agencies to comply with regulatory and other requirements.
<b>Construction materials</b>	Construction materials purchased directly by SFPUC.
<b>Other allocations</b>	Allocations from within SFPUC that are not based on labor expenditures.
<b>Legal and related</b>	Expenditures under the control of the Office of the City Attorney.
<b>Commercial paper-related</b>	Expenditures for commercial paper fees and interest.
<b>Intra-City charges</b>	Expenditures to other City departments other than labor, benefits and related overhead, and expenditures to the Office of the City Attorney.
<b>Transfers</b>	Expenditures for land and buildings from other City agencies for use on SFPUC projects.
<b>All other</b>	All other non-labor expenditures not classified above.

We were provided with copies of journal entries to support entries to support all Wastewater expenditures. These entries were provided by fiscal year and transaction date, starting in fiscal year 2017-18. Transactions for fiscal years 2009-10 through 2016-17 did not have transaction dates. Also, transactions funded by commercial paper were assigned to commercial paper did not have their funding sources changed to the ultimate funding source when commercial paper was defeased by bonds.

Accordingly, to ensure that we included at least all Wastewater expenditures subject to the performance audit, our summarization includes expenditures funded by revenue bonds other than those subject to the performance audit. The following table summarizes, by auditor-selected periods, Wastewater bond-funded expenditures by expenditure classification for the periods that funded Wastewater expenditures funded by bonds subject to the performance audit.

**Table 4.4.6**  
**Wastewater Bond-Funded Expenditures**  
**by Expenditure Classification**  
**(\$000)**

Expenditure Classification	NOV2016 - Jun 2018	JUL 2018 - Sep 2019	Oct 2019 - Oct 2020	Total
<b>Labor-related and consultants</b>				
Labor-related	\$ 48,616	\$ 36,692	\$ 38,413	\$ 123,721
Consultants	63,541	75,479	68,031	207,051
Subtotal Labor-related and consultants	112,157	112,171	106,444	330,772
Construction contracts	74,454	44,124	187,582	306,160
Subtotal labor-related, consultants, and construction contracts	186,611	156,295	294,026	636,932
<b>Other expenditures</b>				
Land acquisition	-	-	-	-
Fees, licenses, and permits	150	58	47	255
Construction materials	3	-	1	4
Other allocations	-	-	-	-
Legal and related	778	219	-	997
Commercial paper related	-	-	-	-
Intra-CCSF charges	1,047	131	65	1,243
Fund transfers	56,788	5,810	-	62,598
All other	5,365	11,520	3,400	20,285
Subtotal other expenditures	64,131	17,738	3,513	85,382
<b>TOTAL EXPENDITURES</b>	<b>\$ 250,742</b>	<b>\$ 174,033</b>	<b>\$ 297,539</b>	<b>\$ 722,314</b>
Number of months in the period	20	15	13	48

Source: SFPUC General Ledger

The \$722.3 million of total expenditures shown is \$14.6 million greater than the \$707.7 million bond-funded expenditures in Table 4.4.2. This is because funding sources could change during the middle of a month. Therefore, identifying expenditures to specific funding sources is impracticable.

Transfers to the City's general fund are for the transfer of the 1800 Jerrold property to SFPUC, and construction of a replacement facility for the City's Office of Contract Administration. These are classified as transfers in the City's accounting system since the property transfers involved only City agencies and no outside parties.

Sixty-one percent (61%) of the construction expenditures occurred in the final 13 months of this 48-month period. This reflects the substantial completion of design and engineering activities on certain projects during the first 35 months, while design and engineering activities occurred on other projects during the final 13 months of the 48-month period.

The following table summarizes Wastewater bond-funded expenditures by expenditure classification as a percentage of total expenditures (also known as “common size”):

*Table 4.4.7  
Wastewater Bond-Funded Expenditures by Expenditure Classification  
as a Percentage of Total Expenditures  
(\$000)*

Expenditure Classification	Nov2016 - Jun 2018	Jul 2018 - Sep 2019	Oct 2019 - Oct 2020	Total
<b>Labor-related and consultants</b>				
Labor-related	19.39%	21.08%	12.91%	17.13%
Consultants	25.34	43.37	22.86	28.66
Subtotal Labor-related and consultants	44.73	64.45	35.77	45.79
Construction contracts	29.69	25.35	63.05	42.39
Subtotal labor-related, consultants, and construction contracts	74.42	89.80	98.82	88.18
<b>Other expenditures</b>				
Land acquisition	-	-	-	-
Fees, licenses, and permits	0.06	0.03	0.02	0.04
Construction materials	0.00	-	0.00	0.00
Other allocations	-	-	-	-
Legal and related	0.31	0.13	-	0.14
Commercial paper related	-	-	-	-
Intra-CCSF charges	0.42	0.08	0.02	0.17
Fund transfers	22.65	3.34	-	8.67
All other	2.14	6.62	1.14	2.81
Subtotal other expenditures	25.58	10.19	1.18	11.82
<b>TOTAL EXPENDITURES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Number of months in the period	20	15	13	48

Source: SFPUC General Ledger

As indicated above, the timing of certain projects resulted in higher construction expenditures between October 2019 and October 2020 than in the other two periods.

The percentage of fund transfers funded by Water 2018 Series A bonds is consistent with the timing of the transfer of the 1800 Jerrold property from the City’s General Fund to SFPUC.

The following table summarizes the journal entries to transfer expenditures from the Water expenditure pool to reflect amounts funded by Water bonds subject to the performance audit:

**Table 4.4.8**  
**Water Bond-Funded Expenditures by Expenditure Classification**  
**(\$000)**

Expenditure Classification	2016 Series C	2017 Series C	Total
<b>Labor-related and consultants</b>			
Labor-related	\$ 15,069	\$ 16,039	\$ 31,108
Consultants	21,383	26,587	47,970
<b>Subtotal Labor-related and consultants</b>	<b>36,452</b>	<b>42,626</b>	<b>79,078</b>
Construction contracts	142,746	31,733	174,479
<b>Subtotal labor-related, consultants, and construction contracts</b>	<b>179,198</b>	<b>74,359</b>	<b>253,557</b>
<b>Other expenditures</b>			
Land acquisition	4,962	-	4,962
Fees, licenses, and permits	8,392	146	8,538
Construction materials	672	97	769
Other allocations	-	-	-
Legal and related	533	-	533
Commercial paper related	-	-	-
Intra-CCSF charges	2,923	66	2,989
Habitat preserve	12,000	-	12,000
All other	326	913	1,239
<b>Subtotal other expenditures</b>	<b>29,808</b>	<b>1,222</b>	<b>31,030</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 209,006</b>	<b>\$ 75,581</b>	<b>\$ 284,587</b>
Transfers from 2006A and 2009A	46,691	-	46,691

Source: SFPUC General Ledger

The amounts in Table 4.4.3 for Water 2017 Series C bonds do not reconcile directly to specific expenditures recorded in the general ledger, because funding sources could change during the middle of a month. Therefore, identifying expenditures to specific funding sources is impracticable.

The first expenditures funded by these bonds were \$46.7 million of transfers of expenditures originally funded by Water 2006 Series A and 2009 Series A bonds. The proceeds from these bond series were deemed to be substantially expended by June 30, 2008, and June 30, 2010, respectively. SFPUC was also required to establish a Habitat Preservation Reserve Fund, of which \$12 million was funded by Water 2016 Series C bond proceeds.



The following table summarizes Water bond-funded expenditures by expenditure classification as a percentage of total expenditures:

**Table 4.4.9**  
**Water Bond-Funded Expenditures by Expenditure Classification**  
**as a Percentage of Total Expenditures**

Expenditure Classification	2016 Series C	2017 Series C	Total
Labor-related and consultants			
Labor-related	7.21%	21.22%	10.93%
Consultants	10.23	35.18	16.86
Subtotal Labor-related and consultants	17.44	56.40	27.79
Construction contracts	68.30	41.99	61.31
Subtotal labor-related, consultants, and construction contracts	85.74	98.38	89.10
Other expenditures			
Land acquisition	2.37	-	1.74
Fees, licenses, and permits	4.02	0.19	3.00
Construction materials	0.32	0.13	0.27
Other allocations	-	-	-
Legal and related	0.26	-	0.19
Commercial paper related	-	-	-
Intra-CCSF charges	1.4	0.09	1.05
Habitat preserve	5.74	-	4.22
All other	0.13	1.21	0.44
Subtotal other expenditures	14.26	1.62	11.10
<b>TOTAL EXPENDITURES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: SFPUC General Ledger

The high percentage of construction contract costs funded by Water 2016 Series C bonds reflects that such expenditures were made during the latter stages of the WSIP. Total proceeds from Water 2016 Series C were expended on Hetch Water projects, which were started later than WSIP projects, and accordingly would be expected to have a lower percentage of construction costs.

**Table 4.4.10**  
**Power Bond-Funded Expenditures**  
**by Expenditure Classification**

Expenditure Classification		2015 Series A	
	(\$000)		% Of Total
Labor-related and consultants			
Labor-related	\$	4,227	14.76%
Consultants		9,449	32.99
<hr/>			
Subtotal Labor-related and consultants		13,676	47.75
<hr/>			
Construction contracts		14,731	51.43
<hr/>			
Subtotal labor-related, consultants, and construction contracts		28,407	99.18
<hr/>			
Other expenditures			
Land acquisition		-	-
Fees, licenses, and permits		-	-
Construction materials		17	0.06
Other allocations		-	-
Legal and related		-	-
Commercial paper related		-	-
Intra-CCSF charges		9	0.03
All other		208	0.73
<hr/>			
Subtotal other expenditures		234	0.82
<hr/>			
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b>28,641</b>	<b>100.00%</b>

Source: SFPUC General Ledger

We note that labor-related, consultant and construction expenditures were more than 99% of total bond-funded expenditures. The relatively high percentage of labor-related and consultant expenditures to total expenditures reflects the early phases of the power bond-funded projects.

### Internal Controls Significant to the Audit Objectives

GAGAS requires the identification and evaluation of internal controls that are significant to the audit objectives. The City uses the *COSO Internal Control – Integrated Framework* (“COSO Framework”) as its internal control framework,<sup>4</sup> an acceptable framework under GAGAS for our consideration of internal control.<sup>5</sup> We therefore used the COSO Framework as a benchmark to evaluate the SFPUC’s design and operating effectiveness of relevant internal controls.

The original COSO Framework was originally published in 1992 and updated in 2013. We applied the original 1992 COSO Framework to activities and transactions occurring until May 31, 2013, and the 2013 update to activities and transactions after that date. The five interrelated components of internal control

<sup>4</sup> City and County of San Francisco, Accounting Policies and Procedures Manual, August 2020 update, §1.7

<sup>5</sup> GAGAS July 2018 Revision, ¶8.130.

remained substantively the same between the 1992 original and 2013 update, and are:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring (1992) or Monitoring Activities (2013)

### **City Requirement to Establish and Maintain Effective Internal Control Systems**

The City requires that all departments “...*establish and maintain effective internal control systems as an integral part of their management practices...*”<sup>6</sup> SFPUC establishes and maintains department-specific internal controls<sup>7</sup> and is required to comply with City-wide internal controls established by City offices, including but not limited to, the Controller, Contract Administration, City Attorney, and Labor Standards Enforcement. Implementation of COSO Framework guidance is also part of effective internal control.

<sup>6</sup> City and County of San Francisco, Accounting Policies and Procedures Manual, August 2020 update, §1.7.

<sup>7</sup> SFPUC Infrastructure Construction Management Procedures, Procedure No:001, Preparation and Control of Construction Management Procedures, June 7, 2019

## Identification of Internal Control Significant to the Audit Objectives

We identified the following elements of SFPUC’s system of internal controls to be significant to our audit objectives. We, therefore, evaluated these elements to the extent necessary to meet our performance audit objectives:

- Control Environment
  - Design and implementation of policies and procedures to promote ethical behavior
  - “Tone From the Top” – behavior of senior management having a pervasive impact on internal control
- Control Activities
  - Contractor/consultant/vendor selection, including bid advertisement, acceptance and evaluation, and contract award procedures
  - Project cost control
  - Claims and change order control process
  - Allocation of program management costs to projects
  - Assignment of project costs to bond series

## Material Weakness Identified by Other Auditors

GAGAS requires auditors to consider findings from prior audit projects as part of performance audit risk assessment procedures and their effect on planned performance audit procedures.

The United States Attorney in San Francisco announced on July 17, 2023, that a Federal jury convicted SFPUC’s former General manager (GM) of multiple felonies. Relevant convictions include one count of conspiracy to commit honest services wire fraud and one count of honest services wire fraud. The former GM resigned from the SFPUC in November 2020 upon his indictment on charges for which he was convicted.

Evidence presented at trial showed, among other things, that the former GM “...had access to confidential information about city contract bidding processes, and the ability to influence the awarding of some city contracts...”<sup>8</sup> The city contracts referred to in the United States Attorney’s announcement were specifically SFPUC contracts.

The former GM’s conviction for such conduct on any SFPUC contract is deemed to be a material weakness relevant to our performance audit, as the former GM did not demonstrate ethical behavior and management integrity, a key component of the control environment. The CEO (in this case, the GM) of any organization individually often sets its ethical tone.<sup>9</sup> The ethical tone set by the former GM increased the risk of waste and abuse during his time as AGM of Infrastructure and later, GM.

All contracts awarded between June 2003 (the earliest date of expenditures subject to RBOC oversight) to November 2020 were under the control of the former AGM of Infrastructure/GM. Also, expenditures on these contracts occurred after November 2020.

<sup>8</sup> <https://www.justice.gov/usao-ndca/pr/jury-convicts-former-san-francisco-public-utilities-commission-general-manager-0>.

<sup>9</sup> Committee of Sponsoring Organizations of the Treadway Commission; *Internal Control – Integrated Framework: Framework*; September 1992, page 20.

## Evaluation of SFPUC Infrastructure

SFPUC's Infrastructure Division is responsible for various aspects of the capital process, including but not limited to engineering & design, environmental compliance, project & construction management, and cost control functions.

### SFPUC Infrastructure Division Procedures Manual

The Infrastructure Division provided us with current Project Design ("PD"), Project Management ("PM"), and Construction Management ("CM") procedures. We evaluated certain procedures to understand their design and implementation by the Infrastructure Division staff.

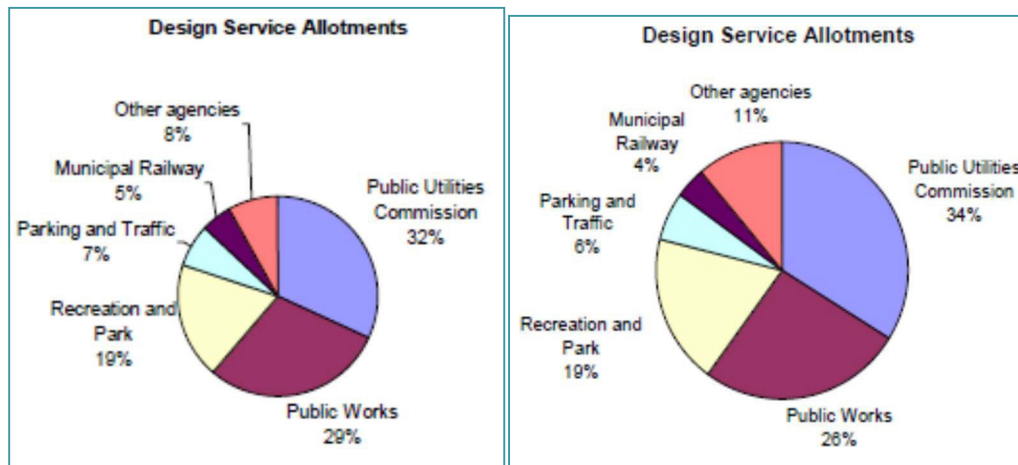
SFPUC's procedures are prepared to provide guidance and expectations for the various construction functions and the roles and responsibilities of consultants and SFPUC staff for the three Water, Wastewater, and Power Enterprises. PM and CM procedures are designed as a roadmap so that a consistent approach is implemented across the broader construction program.

The Audit Team evaluated project documentation contemporaneously prepared and memorialized throughout the construction process. Such documentation included but was not limited to risk management plans, pay applications, change orders, consultant monitoring reports, construction progress reports, lessons learned, and contract closeout packages for Wastewater, Water, and Power. The Audit Team analyzed these documents against the deliverables according to applicable PM and CM procedures.

### Services Performed by San Francisco Public Works

San Francisco Public Works' Hydraulic Section's ("HydraSection") activities of project management, design, engineering, and construction management are almost exclusively for SFPUC sewer-related work. Our conversations with SFPUC Infrastructure in November 2022 gave us the impression that HydraSection's functions have not changed significantly since 2002. According to SFPW's 2002-03 and 2005-06 annual reports, the last two annual reports that show engineering expenditures by benefitting City agency, show approximately 33% of total SFPW engineering expenditures benefitted SFPUC, which was higher than any other percentage, including work that benefitted SFPW. The following graphs in Figure 4.5.1 were obtained from SFPW annual reports:

*Figure 4.5.1  
San Francisco Public Works  
Design Service Allotments  
Fiscal Years 2002-03 and 2005-06*



Source: SFPW (fka SFDPW) Annual Reports

We note that the HydraSection remained at SFPW when all other Wastewater divisions and functions were transferred from SFPW to SFPUC.

Refer to Section 5 for a finding and recommendation to SFPUC related to the SFPW Hydraulic Section.

### Capital Projects Managed by Other City Agencies

During the risk assessment stage of the performance audit, we identified two Wastewater projects that are managed by the San Francisco Municipal Transportation Agency (“SFMTA”): Van Ness BRT Sewer Improvement and L Taraval Sewer Improvement. SFPUC informed us that SFMTA is responsible for retaining project documentation since SFMTA is designated as the lead City agency.

SFPUC provided us with a written narrative describing SFPUC’s framework for its participation on capital projects managed by other City agencies. SFPUC also provided a response along with memorandums of understanding (“MOUs”) and the most recent pay application for both projects.

SFPUC is primarily involved during the initial phase of project development up to the point when the MOU is executed. During this time, SFPUC’s activities include assessing infrastructure assets, developing alternative construction solutions, and budget negotiations. SFPW is responsible for the planning, design, and engineering aspects of the project. After the MOU is executed and construction begins, SFPW performs ongoing engineering, inspection, and other construction management activities. SFPUC project managers perform oversight activities to ensure SFPW is delivering on the requirements that SFPUC negotiated with SFMTA.

## Wastewater, Water, and Power Competitive Bid Analysis

The Audit Team requested and received bid tabulation summaries for each project identified during the risk analysis. We combined contractor bidding information with the ending change order values and compared this total to the SFPUC's engineering estimate.

As a follow-up to the two projects with cost overruns, we received supplementary documentation and held discussions with the relevant SFPUC personnel to understand the driving force behind variances. Based on our follow-up evaluation, we did not have any reportable findings with these two cost variations. This information is summarized in the following table:

*Table 4.5.1  
Competitive Bid Analysis  
(\$000)*

SFPUC Enterprise	Winning Bid Value	Total Change Order Value	Total Project Value	Engineer's Estimate (EE)	Variance Total Project Value & EE
Wastewater	\$ 129,334	\$ 8,840	\$ 138,174	\$ 122,688	\$ (15,486)
Water	832,449	392,760	1,228,918	1,018,129	(207,110)
Power	11,225	1,695	12,640	10,420	(2,220)
<b>TOTAL</b>	<b>\$ 973,008</b>	<b>\$ 403,295</b>	<b>\$ 1,379,732</b>	<b>1,151,237</b>	<b>\$ (224,816)</b>

Refer to appendix 8.4 for competitive bids by project.

## Construction Manager / General Contractor

SFPUC adopted a Construction Manager / General Contractor ("CMGC") contracting method for the New Headworks Facility and Biosolids Digester projects. The contractor with the highest score was awarded the CMGC contract on each of these projects.

SFPUC used a panel of experienced in-house construction professionals to score each contractor based on their responses to the CMGC bid package. Panelists' raw scores are averaged and then weighted based on each category's maximum value. The Audit Team evaluated each of the panelists' score sheets and had no audit findings because of our evaluation. See appendix 8.4 for CMGC bids by project.

## Professional Services Contracts

The City's Office of Contract Administration ("OCA") promulgates the procurement policies and procedures for all professional services contracts for all City departments, including SFPUC. SFPUC has the authority to procure professional services directly; however, the resulting contract must go through all standard City approvals and be approved by OCA.

In the project planning phase, SFPUC project engineers are responsible for initiating Requests for Proposals ("RFP") according to the special or unique project requirements. The RFP document contains pertinent information such as the scope of work ("SOW"), required qualifications, and the criteria for scoring each bid received.

Unlike construction contract RFPs that are evaluated based on a competitive bidding process or a CMGC evaluation process, the evaluation process for professional services is designed based on each project's unique needs. Furthermore, the criteria and evaluator scoring process can also vary depending on the professional services solicited by an RFP.



In general, professional service RFPs contain two main reviews: minimum qualification and qualitative evaluation of a written proposal and an oral presentation. Each of these categories includes multiple subsections based on the RFP criteria. In addition to the minimum qualifications and qualitative evaluation, the RFP may contain other evaluation sections, such as community benefits and/or fee for services. The minimum qualifications review is a pass/fail evaluation performed by procurement specialists and technical experts. Scores assigned by the SFPUC evaluation panel are weighted based on the percentages assigned to each category. Written and oral categories are weighted more than other categories. The following table is a summary of the professional services contracts awarded by enterprise and project:

**Table 4.5.2**  
**Professional Services Contract Award Summary**

Professional Services Description	Agreement No. Awarded	Contract Not-to-Exceed Value (\$000)	Contract Duration	Total No. Bids Evaluated	PUC Enterprise	Project
HSIP Professional and Engineering Services	CS-296B	\$9,500	5 years	Evaluated: 6 Awarded: 5	Water	San Joaquin Pipeline Rehabilitation
HSIP Professional and Engineering Services	CS-296D	\$9,500	5 years	Evaluated: 6 Awarded: 5	Power	Moccasin Penstock Rehabilitation
Planning and Design Services	CS-249	\$21,000	10 years	Evaluated: 3 Awarded: 1	Water	Mountain Tunnel Improvement Project
HHWP Civil and Geotechnical Services	CS-943	\$7,000	6 years	Evaluated: 2 Awarded: 1	Water & Power	Mountain Tunnel Lining Rehabilitation
SSIP Program Management Services	CS-165	\$150,000	6 years	Evaluated: 3 Awarded: 1	Wastewater	All SSIP Projects
Tunnel Technical Advisory Services	PRO.0137C	\$200	4 years	Evaluated: 3 Awarded: 1	Wastewater	Folsom Area Stormwater Detention Project
Planning & Engineering Services	CS-235	\$80,000	10 years	Evaluated: 1 Awarded: 1	Wastewater	SEWPCP Biosolids Digester Facilities
System Integration and Support Services – Related to Project Controls	CS-224A CS-224B	\$4,500 \$4,500	6 years	Evaluated: 2 Awarded: 2	All Three Enterprises	All Construction Projects

During our analysis of the scoring and evaluation process, we noted that the winning bid was primarily determined by the score received for the written and oral categories. Other categories, with weightings less than the written and oral categories, did not materially affect the award's outcome.

The planning & engineering services RFP for the Biosolids Digester Facilities ("BDF") project received only one qualified bidder. SFPUC determined to award the contract, despite only receiving one qualified bid, because the qualified bidder had the unique project experience required, including the unique experience from the sub-consultants included within their bid. We analyzed the evaluation process and did not have any audit findings because of this analysis.

SFPUC did not obtain written confirmations on impartiality and conflicts of interest from all individuals

involved in the procurement of the two System Integration and Support Services – Related to Project Controls contracts. Refer to Finding #1 in Section 5 for a finding related to the procurement of certain systems integration and support services. Prevailing Wage Compliance

The City's Office of Labor Standards Enforcement (“OLSE”) is responsible, among other things, for monitoring and enforcing prevailing wage compliance on all City construction contracts, including, but not limited to, SFPUC, SFPW, SFMTA, San Francisco International Airport and Port of San Francisco. We obtained an understanding of OLSE activities to monitor City-wide prevailing wage compliance and related follow-up on potential non-compliance. We also performed tests of OLSE's monitoring and follow-up activities. Table 4.5.3 summarizes prevailing wage restitution resulting from OLSE's enforcement efforts for Fiscal Years 2018-19 through 2020-21.

**Table 4.5.3**  
**Prevailing Wage Restitutions Recovered by OLSE**  
**(\$000)**

Fiscal Year	Prevailing Wage Restitutions	Total Restitutions	Prevailing Wage as a Percent of Total Restitutions
2018-19	\$ 2,334	\$ 13,349	17.5%
2019-20	1,706	13,796	12.4%
2020-21	656	10,053	6.5%
<b>TOTAL</b>	<b>\$ 4,696</b>	<b>\$ 37,198</b>	<b>12.6%</b>

*Source: OLSE Annual Reports*

The City-wide \$4.7 million of restitution for prevailing wage non-compliance during the three-year year period ended June 30, 2021, is deemed to be insignificant when considering that restitution includes numerous SFPUC, SFPW, San Francisco International Airport, and Port of San Francisco, among other projects, that are not subject to RBOC oversight.

## Accounting for Expenditures

### Implementation of Accounting for Expenditures

Water primarily used Proposition A and Proposition E funds (which were deemed fungible with each other) to accumulate all project expenditures funded by bonds and other specific funding sources. Periodic summary journal entries transferred the costs incurred by bond series, project, and account from the two fungible funds to the ultimate funding sources.

Wastewater implemented different approaches from Water and Power in documenting how costs are ultimately assigned to bond funding sources. Wastewater's use of "funds" in the general ledger is different than what is used by Water. Expenditures by each project are summarized, analyzed, and then assigned to the eventual bond or other funding sources. These analyses are not reflected in Excel spreadsheet files, and not recorded in the general ledger.

### Matching Specific Debt-Funded Expenditures to Funding Sources

Matching specific expenditures to ultimate funding sources is a multi-step process. Specific expenditures must be compared to total expenditures by each project by period to determine the project's ultimate funding source(s).

*Table 4.6.1  
Water Expenditures by Funding Source  
(\$000)*

Water Projects	2016 Series C	2017 Series C	Total
Cherry Dam Outlet Works	\$ -	\$ 3,897	\$ 3,897
Hetch Hetchy Facilities New Const.	-	9,741	9,741
Hetch Hetchy Facilities Upgrades	-	5,330	5,330
Mtn Tunnel Inspection & Repairs	-	5,458	5,458
Mtn Tunnel Access/Ad Improvement	-	4,399	4,399
San Joaquin Pipeline Rehab	-	15,109	15,109
Lower Cherry Aqueduct	-	7,530	7,530
Mtn Tunnel Access/Ad Imp	-	3,631	3,631
Mtn Tunnel Lining	-	3,072	3,072
BDPL Reliability Upgrade –Tunnel	81,725	-	81,725
BDPL Reliability –Pipeline	42,027	-	42,027
HTWTP Long-Term Improvements	33,505	-	33,505
Calaveras Dam Replacement	22,222	-	22,222
Alameda Siphon #4	19,471	-	19,471
Habitat Reserve Program	19,104	-	19,401
Regional Ground Water Storage	13,501	-	13,501
Bond/Commercial Paper Expense	8,607	-	8,607
All Other Projects	15,532	16,189	31,721
<b>TOTAL</b>	<b>\$ 255,694</b>	<b>\$ 74,356</b>	<b>\$ 330,347</b>

Source: 2016C - Green Bond Report; 2017C - SFPUC General Ledger.

**Table 4.6.2**  
**Wastewater Expenditures by Funding Source**  
**\$(000)**

Wastewater Projects	2018 Series A	2018 Series C	2021 Series A	Total
Collection System Improvement	\$ 37,584	\$ 28,560	\$ 30,796	\$ 96,940
Central Bayside System Improvement	9,029	838	633	10,500
Biosolids Digester	55,960	79,104	150,495	285,559
Stormwater Management	7,283	3,565	12,342	23,190
Flood Resilience	268	-	2,582	2,850
Northshore To Channel Force Main	3,277	974	-	4,251
Program Wide Management	43,382	4,042	14,874	62,298
Treatment Plant Improvement Projects	83,182	53,637	80,813	217,632
Urban Watershed Assessment	1,052	-	22	1,074
<b>TOTAL</b>	<b>\$ 241,017</b>	<b>\$ 170,720</b>	<b>\$ 292,557</b>	<b>\$ 704,294</b>
Number of months in the period	20	15	13	48

Source: 2018 A & C - Green Bond Report; 2021A - SFPUC General Ledger

**Table 4.6.3**  
**Power Expenditures by Funding Source**  
**(\$000)**

Power Projects	2015 Series A
Holm Powerhouse Refurbishment & Kirkwood Powerhouse Oil Containment	\$ 12,928
Mountain Tunnel Interim Repairs – 2017 & 2018	10,847
Kirkwood Penstock Short-Term Risk Reduction Measures	1,790
Moccasin Penstock Rehabilitation	2,232
All Other Projects	844
<b>TOTAL</b>	<b>\$ 28,641</b>

Source: Green Bond Report

### Labor, Benefits, and Related Overhead Expenditures

We took an overall approach to test labor and benefits because of the labor detail information available. We reconciled 100% of SFPUC labor details and selected SFPW labor details for fiscal years 2016-17 through 2020-21 to the payroll general ledger entries. Preliminary differences were deemed insignificant and not investigated.

We performed computer matching of pay rates by job classification and benefits (medical and dental) to published pay and benefit rates. We also calculated and evaluated the reasonableness of the employer

retirement contributions and payroll taxes. Significant preliminary differences were explained to our satisfaction.

We were provided with copies of journal entries to support entries to support all Wastewater expenditures. These entries were provided by fiscal year and transaction date, starting in fiscal year 2017-18. Transactions for fiscal years 2009-10 through 2016-17 did not have transaction dates. Also, transactions funded by commercial paper were assigned to commercial paper did not have their funding sources changed to the ultimate funding source when commercial paper was defeased by bonds.

Accordingly, to ensure that we included at least all Wastewater expenditures subject to the performance audit, our summarization includes expenditures funded by bonds other than those subject to the performance audit. The following table summarizes, by auditor-selected periods, Wastewater bond-funded labor-related expenditures by expenditure classification for the FAMIS sub-funds.

*Table 4.6.4  
Direct Labor, Benefits and Overhead  
Wastewater Revenue Bonds  
(\$000)*

Expenditure Classification	NOV2016 - Jun 2018	Jul 2018 - Sep 2019	Oct 2019 - Oct 2020	Total
Direct labor	\$ 17,716	\$ 13,618	\$ 14,013	\$ 45,347
Benefits on direct labor	6,701	5,353	5,829	17,883
Subtotal direct labor and benefits	24,417	18,971	19,842	63,230
Overhead	24,199	28,832	18,571	71,602
<b>TOTAL</b>	<b>\$ 48,616</b>	<b>\$ 47,803</b>	<b>\$ 38,413</b>	<b>\$ 134,832</b>
Number of months in the period	20	15	13	48

Source: SFPUC General Ledger.

The following summarizes labor, benefits, and overhead for the Water bond series subject to our performance audit:

*Table 4.6.5  
Direct Labor, Benefits, and Overhead  
Water Revenue Bonds  
(\$000)*

Expenditure Classification	2016 Series C	2017 Series C	Total
Direct labor	\$ 5,768	\$ 6,570	\$ 12,338
Benefits on direct labor	2,352	3,026	5,378
Subtotal direct labor and benefits	8,120	9,596	17,716
Overhead	6,949	6,443	13,392
<b>TOTAL</b>	<b>\$ 15,069</b>	<b>\$ 16,039</b>	<b>\$ 31,108</b>

Source: SFPUC General Ledger.



The following summarizes labor, benefits, and overhead for the Power bond series subject to our performance audit:

*Table 4.6.6  
Direct Labor, Benefits, and Overhead  
Power Revenue Bonds  
(\$000)*

Expenditure Classification	2015 Series A	
Direct labor	\$	1,707
Benefits on direct labor		835
Subtotal direct labor and benefits		2,542
Overhead		1,685
<b>TOTAL</b>	<b>\$</b>	<b>4,227</b>

### Labor-Related Expenditures by City Department

From July 1, 2013, to June 30, 2021, 97.2% of total labor, benefits, and overhead were charged by SFPUC and SFPW to projects funded by all bonds subject to RBOC oversight. The remaining 2.8% charged by all other City departments and agencies is deemed insignificant.

Table 4.6.6 summarizes total labor, benefits, and overhead dollars by City department or agency funded by bonds subject to RBOC oversight from July 1, 2013, to June 30, 2021:

*Table 4.6.7  
Comparative Labor, Benefits, and Overhead Dollars  
All Bonds Subject to RBOC Oversight  
July 2013 to June 2021  
(\$000)*

Classification	SFPUC	SFPW	Total SFPUC and SFPW	Other	Total
Direct labor and benefits	\$ 225,718	\$ 73,220	\$ 298,938	\$ 8,483	\$ 307,421
Overhead	174,389	74,662	249,051	7,203	256,254
<b>TOTAL</b>	<b>\$ 400,107</b>	<b>\$ 147,882</b>	<b>\$ 547,989</b>	<b>\$ 15,686</b>	<b>\$ 563,675</b>
<b>TOTAL as a %</b>	<b>70.99%</b>	<b>26.24%</b>	<b>97.22%</b>	<b>2.78%</b>	<b>100.00%</b>

Table 4.6.7 summarizes overhead as a percentage of direct labor and benefit dollars by City department or agency funded by bonds subject to RBOC oversight from July 1, 2013, to June 30, 2021:

*Table 4.6.8  
Comparative Overhead as a  
Percentage of Direct Labor and Benefits  
All Bonds Subject to RBOC Oversight  
July 2013 to June 2021*

	SFPUC	SFPW	Other
Overhead as a percentage of labor and benefits	<b>77.35%</b>	<b>101.97%</b>	<b>84.91%</b>
Difference using SFPUC's overhead rate as the benchmark	<b>N/A</b>	<b>24.62%</b>	<b>7.56%</b>

From July 1, 2013, to June 30, 2021, SFPW's overhead charged to all projects subject to RBOC oversight was 24.62% higher than SFPUC's. Using SFPUC's overhead rates in place of SFPW's reduces bond-funded expenditures, subject to RBOC oversight, by \$18.0 million. As shown above, direct labor, benefits and overhead charged by other departments was insignificant, so the 7.56% overhead rate difference was not investigated further.

### **SFPW Labor Through June 30, 2017**

SFPW labor through June 30, 2017, was controlled only at the funding level, not at the project level. Accordingly, SFPUC is not able to assert that SFPW labor through June 30, 2017, was charged to the correct project. SFPUC informed us that this pervasive system-level internal control deficiency was corrected upon the implementation of PeopleSoft on July 1, 2017.

## 5. FINDINGS APPLICABLE TO ALL BOND SERIES

We have two findings applicable to all bond series, not just the six-bond series subjected to Phase 2 performance audit procedures. One finding results from a pervasive internal control deficiency related to confidentiality and conflicts of interest during procurement solicitations. The second finding relates to the effects of not transferring SFPW’s Hydraulics Section to SFPUC along with the rest of what is now known as the Wastewater Enterprise, even though this Section almost exclusively provides sewer-related project management, design, engineering, and construction management services.

### Finding No. 1: Non-Completion of Impartiality and Confidentiality Statements by All Individuals Associated with Procurements

<p><b>Summary</b></p>	<p>SFPUC did not comply with COSO Framework guidance and City preferred procurement practices by not obtaining signed impartiality and conflict of interest statements from <u>all</u> individuals participating in procurement solicitations, including those performing minimum qualifications review, creating a heightened risk for impropriety. This pervasive internal control deficiency existed during the procurement process for a contract awarded to an entity controlled by an individual who had a joint investment with the former SFPUC AGM-Infrastructure (and later, SFPUC General Manager). The circumstances surrounding the timing of the sale of the individual’s share of the investment to the former AGM-Infrastructure increased the risk environment for waste and abuse with respect to this contract award. We questioned a total of \$15.36 million of expenditures.</p>
<p><b>Criteria</b></p>	<p>The City requires all departments to establish and maintain effective internal control systems and uses the COSO Framework as its internal control framework. The guidance in the COSO Framework is therefore an appropriate benchmark for evaluating SFPUC’s establishment and maintenance of effective internal control systems. Further, the COSO Framework should be applied at various levels of the organizational structure from functional to entity-wide level across the 5 components and 17 underlining principles. Absent any citywide policy, SFPUC as an organization has the responsibility to establish and maintain effective internal control systems for its organization.</p> <p>Specifically, the operating controls over the <i>control environment</i> and <i>monitoring activities</i> are the relevant criterion identified under the COSO Framework.</p> <p>COSO Framework Evaluation Tools<sup>10</sup> for the control environment, page 5, includes a section on the “[...]existence and implementation of codes of conduct and other policies regarding acceptable business practice, conflicts of interest, and ethical and moral behavior...” The evaluation of the codes of conduct and other policies include, but not limited to, consideration of whether they are:</p> <ul style="list-style-type: none"> <li>• Comprehensive; and</li> <li>• Periodically acknowledged by all employees.</li> </ul>

<sup>10</sup> Committee of Sponsoring Organizations of the Treadway Commission; *Internal Control – Integrated Framework: Evaluation Tools*; September 1992, page 5.

Also, the COSO Framework Evaluation Tools for monitoring activities states that, “internal control monitoring should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved...including those showing deficiencies and recommendations reported by auditors and others who evaluate agencies’ operations.

The SFPUC Statement of Incompatible Activities, Section III. A. 3. states in part that “[N]o officer or employee may knowingly provide selective assistance (i.e., assistance that is not generally available to all competitors) to individuals or entities in a manner that confers a competitive advantage on a bidder or proposer who is competing for a City contract...” We consider this part of the existence and comprehensiveness of relevant policies and procedures.

The City Controller’s Office developed a City Solicitation/Contract Participation Acknowledgement form (“Acknowledgement”, and since superseded by the Impartiality/Confidentiality Statement “I/CS”). The Acknowledgement or I/CS must be completed and signed by all individuals associated with procurement, from the development of the solicitation to the evaluation and selection of vendors, consultants, or contractors. The Acknowledgement or I/CS requires the signer to acknowledge, among other things, that:

1. All information concerning the solicitation is of a highly confidential nature.
2. The evaluator must give each entity fair and independent consideration.
3. Although an evaluator may listen to the views of other participants, the comments and decisions must reflect the evaluator’s own impartial judgment on the entity’s proposal/bid.
4. The evaluator should not participate in the evaluation process if (s)he has any conflict of interest that would prevent an impartial judgment as to each entity.

SFPUC issued *Guidance for Obtaining Professional Services Agreements 9/2/09* (“Procurement Guidance”). Under this Procurement Guidance, the originator of the Request for Proposal “[r]eviews each proposal package for responsiveness to the RFP requirements and specifically whether consultant meets the qualifications criteria...”

This Procurement Guidance also requires evaluation panelists to complete conflict of interest statements, but no such requirement exists for individuals evaluating proposal packages for responsiveness to RFP requirements. Impartiality and lack of conflict of interest is as important for the individuals evaluating proposal packages for responsiveness to the RFP requirements as they are for panelists.

GAGAS paragraph 8.121b states in part that an example of waste, depending on the facts and circumstances, includes:

*“[m]aking procurement or vendor selections that are contrary to existing policies...”*

GAGAS paragraph 8.123c states in part that an example of abuse, depending on the facts and circumstances, includes:

*“[m]isusing the official’s position for personal gain (including actions that could be perceived by an objective third party with knowledge of the relevant information as improperly benefiting an official’s personal financial interests or those of an immediate or close family member...”*

<b>Observations</b>	<p>SFPUC neither required nor obtained completed Acknowledgement or I/CS forms from SFPUC staff who evaluated proposal packages for responsiveness to the RFP requirements and specifically whether consultants met the qualifications criteria. We specifically observed the non-completion of I/CS forms by the qualitative review panel during the evaluation of the January-August 2012 RFP process that resulted in contract CS-224A awarded to mlok Consulting, Inc. (“mlok”) and contract CS-224B awarded to Westland Management Solutions, Inc. We inspected an Acknowledgement form signed by an SFPUC employee on September 8, 2011, so the existence of the Acknowledgement form was known within SFPUC no later than this date. We also observed that the president of mlok had a joint investment with the former SFPUC AGM-Infrastructure from December 6, 2002, to December 30, 2011. The president of mlok sold their share of the investment to the former SFPUC AGM- Infrastructure 21 days before the RFP for contract C-224A was issued on January 20, 2012. The former AGM-Infrastructure, who was GM from September 2012 to November 2020, was convicted of felonies in July 2023 for, among other things, having the ability to influence the awarding of some city contracts. The Audit Team has been informed that the City Attorney is conducting confidential investigations of SFPUC, which could include an evaluation of contract C-224A.</p> <p>SFPUC informed the Audit Team that procedures are undergoing revisions to require the use of evaluation panels on all procurements above \$500,000. The revised procedures also allow SFPUC divisions to use evaluation panels on procurements of less than \$500,000.</p>
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<p><b>Effect</b></p>	<p>The following table summarizes CS-224A and CS-224B contract expenditures subject to RBOC oversight from fiscal year 2012-13 to 2020-21:</p> <table border="1" data-bbox="607 321 1333 464"> <thead> <tr> <th>Contract Number</th> <th>Consultant</th> <th>Expenditures (\$000)</th> </tr> </thead> <tbody> <tr> <td>CS-224A</td> <td>mlok Consulting, Inc.</td> <td>\$ 7,100</td> </tr> <tr> <td>CS-224B</td> <td>Westland Management Solutions, Inc.</td> <td>8,260</td> </tr> <tr> <td colspan="2"><b>Total Expenditures:</b></td> <td><b>\$ 15,360</b></td> </tr> </tbody> </table> <p>The amounts summarized above include expenditures funded by all bond series subject to RBOC oversight and exclude amounts funded by other sources not subject to RBOC oversight.</p> <p>SFPUC did not obtain adequate evidence that individuals evaluating proposal packages for responsiveness to the RFP requirements and specifically whether consultant met the qualifications criteria complied with SFPUC impartiality and conflict of interest requirements. This increased the risk environment for waste on contract CS-224A and CS-224B.</p> <p>The combination of not requiring acknowledgement of impartiality and conflict of interest policies, and the facts and circumstances of the mlok President’s joint ownership of property with the former SFPUC AGM Infrastructure, and the related sale of her share of the property, resulted in an increased risk environment for abuse as well as waste on contract CS-224A.</p> <p>Because of the increased risk environment for waste and abuse, we question whether the \$15.36 million of expenditures was a proper use of bond proceeds.</p>	Contract Number	Consultant	Expenditures (\$000)	CS-224A	mlok Consulting, Inc.	\$ 7,100	CS-224B	Westland Management Solutions, Inc.	8,260	<b>Total Expenditures:</b>		<b>\$ 15,360</b>
Contract Number	Consultant	Expenditures (\$000)											
CS-224A	mlok Consulting, Inc.	\$ 7,100											
CS-224B	Westland Management Solutions, Inc.	8,260											
<b>Total Expenditures:</b>		<b>\$ 15,360</b>											
<p><b>Cause</b></p>	<p>SFPUC not requiring the Acknowledgement or I/CS forms from individuals evaluating proposal packages for responsiveness to the RFP requirements is a pervasive internal control deficiency, as periodic acknowledgements of conflict of interest and other relevant policies is a specific component of the COSO Framework control environment.</p> <p>SFPUC asserts that then-extant City policy did not require the completion of Acknowledgement or I/CS from individuals evaluating proposal packages for responsiveness to the RFP requirements. Impartiality and lack of conflict of interest of the individuals evaluating proposal packages for responsiveness to the RFP requirements is important enough that a specific City-wide policy including such individuals as being subject to completion of Acknowledgement or I/CS forms should not be necessary for SFPUC to have included and implemented such a requirement for completion.</p>												
<p><b>Recommendations</b></p>	<p>SFPUC should follow the guidance in the COSO Framework for control environment, and monitoring controls with the following:</p> <ul style="list-style-type: none"> <li>• require the completion of I/CS forms on all procurements above \$500,000, and for those procurements where SFPUC deems appropriate to further strengthen its control environment.</li> <li>• request all publicly available information from the City Attorney on its investigations of SFPUC procurement practices and periodically report such publicly available information to the RBOC, where procurement practices impact revenue bond expenditures to further strengthen monitoring activities.</li> </ul>												



## Finding No. 2: SFPUC Should Quantify and Report on Overhead Rates Charged for SFPW Sewer Engineering Activities

<b>Summary</b>	<p>SFPUC is not quantifying or reporting the monetary impact of SFPW's overhead rates on total sewer engineering direct labor and benefits to the RBOC. The RBOC accordingly cannot discharge its oversight responsibilities on these additional expenditures.</p> <p>Since future expenditures subject to RBOC oversight on Wastewater projects are expected to be in the billions of dollars, it is expected that substantial SFPW sewer engineering direct labor, benefits and related overhead will be included in such expenditures.</p>
<b>Criteria</b>	<p>San Francisco Administration Code Section 5A.31(c)(5), states in part that the purpose of the RBOC includes:</p> <p style="padding-left: 40px;"><i>“Reviewing efforts by the City to maximize bond proceeds by implementing cost- saving measures, including, but not limited to, all of the following: (i) mechanisms designed to reduce the costs of professional, consulting and similar fees and expenses related to site preparation and project design...”</i></p> <p>Since the legislation states “...including, but not limited to...”, we interpret this provision to include mechanisms to reduce the costs of all bond-funded expenditures.</p>
<b>Observation</b>	<p>SFPUC is not quantifying or reporting the monetary impact of SFPW's overhead rates on total sewer engineering direct labor and benefits. We recognize that SFPW, as a government fund department, has a different overhead rate recovery structure than SFPUC, a proprietary/enterprise fund department.</p> <p>SFPUC, as a matter of policy and in accordance with an MOU, gives SFPW the right of first refusal to provide sewer engineering services on SFPUC projects if SFPUC has the capability, but not capacity, to provide such services.</p> <p>This observation does not apply to any additional street repair or replacement expenditures made necessary by SFPUC water, power and/or sewer projects.</p> <p>The following shows the allocation of SFPW's engineering expenditures spent on department projects in fiscal years 2021 and 2022. Analysis based on publicly available data.</p> <ul style="list-style-type: none"> <li>• 32 to 34 percent on SFPUC projects</li> <li>• 26 to 29 percent on SFPW projects</li> <li>• 19 percent on Parks and Recreation projects</li> <li>• 20 to 21 percent on all other City projects, with no department exceeding 11 percent.</li> </ul>
<b>Effect</b>	<p>The RBOC does not have adequate visibility of the financial impact of using SFPW sewer engineering services, and therefore cannot exercise proper oversight of these expenditures that are funded with revenue bonds. Specifically, SFPUC submitting project budgets to RBOC without quantifying these effects is not sufficient for RBOC to have adequate information on the mechanisms designed to reduce the costs of projects funded with revenue bond proceeds.</p> <p>Since future expenditures subject to RBOC oversight on Wastewater projects are expected to be in the billions of dollars, it is expected that substantial SFPW sewer engineering direct labor, benefits and related overhead will be included in such expenditures.</p>

<b>Cause</b>	SFPUC budgetary procedures do not include the requirement to communicate these fiscal effects of SFPW sewer engineering costs to RBOC.
<b>Recommendation</b>	SFPUC should coordinate with RBOC and SFPW to quantify, evaluate, and report on the monetary impacts of SFPW's overhead rates charged on total direct labor and benefit expenditures subject to RBOC oversight, so that the RBOC can exercise proper oversight over such overhead expenditures.

## 6. CONCLUSION

We met our audit objectives for the Phase 2 performance audit of capital expenditures funded by proceeds from public utility revenue bonds subject to RBOC oversight. Except as described in Section 5 of this report, we found no instances in which expenses were not adequately supported or were not assigned or allocated to the correct project(s) within a bond series.

We also found that a previously reported material weakness in internal control over financial reporting was also a deficiency in internal control significant to our audit objectives over the allowability of expenditures, and assignment or allocation of expenditures to project(s) within a bond series. Even though SFPUC has taken steps to rectify the internal control deficiencies identified in Finding 1, SFPUC determined that it was impracticable to rectify the deficiencies on a retrospective basis back to fiscal 2010-11.

## 7. FOLLOW-UP ON PREVIOUSLY ISSUED FINDINGS

GAGAS requires that auditors follow up on the findings of previous audit recommendations. This section includes our recommendations from Phase 1 of our performance audit and our observations on the implementation of our recommendations.

CSA informed us that it is responsible for follow-up on previously issued findings and will follow up with SFPUC at the appropriate time.

### Follow-Up on Phase 1, Finding 1

<p><b>Phase 1 Report: Finding 1 Recommendation</b></p>	<p>The SFPUC should coordinate with RBOC to provide a comprehensive report of project expenditures by each funding source to facilitate compliance with Administrative Code Sections 5A.30-5A.36:</p> <ol style="list-style-type: none"> <li>a. revenue bonds by bond series,</li> <li>b. federal and state grants and loans,</li> <li>c. commercial paper to be refinanced, and</li> <li>d. other funding sources.</li> </ol> <p>The amounts should reconcile to the Estimated Uses of Bond Proceeds included in each bond series' Official Statement.</p> <p>In addition, SFPUC should coordinate with RBOC to provide a report showing the uses of bond proceeds for each bond series, including:</p> <ol style="list-style-type: none"> <li>a. amounts deposited into capital project funds,</li> <li>b. commercial paper defeased,</li> <li>c. Debt Service Reserve (DSR) releases (included with either the original bond series or as separately identified bond proceeds),</li> <li>d. investment earnings on unexpended bond proceeds used for capital expenditures, and</li> <li>e. other uses of bond proceeds.</li> </ol>
<p><b>Current Status</b></p>	<p>SFPUC's reporting of expenditures by project and funding source does not include funding sources not subject to RBOC oversight, whereas Infrastructure reports only total expenditures by project from all funding sources. Because Infrastructure reports total project expenditure amounts to RBOC, RBOC cannot discharge its responsibilities without a reconciliation of expenditures subject to RBOC oversight to total expenditures.</p> <p>We also observed the following during our follow-up on this prior recommendation:</p> <ul style="list-style-type: none"> <li>• Total available expenditures for multiple Water bond series do not include amounts used to defease commercial paper. This is inconsistent with other Water bond series and all Wastewater bond series, which include commercial paper defeasances in total available proceeds.</li> <li>• All Wastewater investment earnings on unexpended bond proceeds are included as one total amount, as are total investment earnings for Power 2015 Series A and B bonds. This is inconsistent with the Water bond series, which summarize investment earnings by bond series.</li> </ul>

<b>Current Recommendation</b>	SFPUC should ensure that annual reports provided to RBOC of expenditures by bond series include all funding sources. This information is crucial so the annual RBOC reports can be reconciled to other reports issued to the public that contain total expenditures by project regardless of funding source, and Green Bond reports that contain total expenditures by bond series and project.
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### Follow-Up on Phase 1, Finding 2

<b>Phase 1 Report: Finding 2 Recommendation</b>	SFPUC should comply with the existing PM Procedure, 6.02 Quality Assurance Audits, to perform Quality Assurance Audits during the four main phases of a project's lifecycle.
<b>Current Status</b>	<p>The implementation of this recommendation is in process, as the implementation cycle for this recommendation is multiple years. We have no further observations on the implementation to date of this recommendation.</p> <p>We note that the AGM Infrastructure updated the RBOC regarding steps to improve the QA audit function in September 2022 and May 2023. These steps included re-organizing the project controls group under the project management bureau to better align with other PM functions, and steps to replace the quality assurance manager position that was vacated in June 2022. Further, project management procedure 6.02, titled "Quality Assurance Audits," was revised to increase the AGM's latitude for prioritizing projects that require QA involvement, such as the project's size, type, or complexity.</p> <p>SFPUC performed four QA audits after the Phase 1 report, with more QA audits planned in the future months. Findings from these QA audits were categorized by the project management or engineering management processes. The responsible project managers are required to complete a corrective action plan ("CAR") describing the underlying cause, remedial (short-term) actions, and proposed corrective (long-term) actions taken related to each QA finding.</p>
<b>Current Recommendation</b>	SFPUC should continue its process to re-implement the QA audit function, including the evaluation of CARs as applicable.

## 8. APPENDIX A

### Previously Issued Reports Relevant to the Performance Audit

Report Date	Report Title	Prepared by
December 23, 2021	<i>Performance Audit of Select Revenue Bond Expenditures</i>	HKA Global, Inc. Yano Accountancy Corporation
February 26, 2021	<i>San Francisco Public Utilities Commission – Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards</i>	KPMG LLP
October 22, 2015	<i>Construction Management Services - RBOC Evaluation of Lessons Learned Water System Improvement Program (WSIP) Project CS-363 Final Report</i>	RW Block Consulting, Inc.
May 9, 2013	<i>Evaluation of the Water System Improvement Program (WSIP) Project CS-254</i>	RW Block Consulting, Inc.
January 19, 2012	<i>Review of the Independent Review Panel's Final Report dated December 28, 2011</i>	Professor William Ibbs
December 28, 2011	<i>Independent Review of the Water System Improvement Project (WSIP) Construction Management Program</i>	Gary Griggs, MSCE., PE, Panel Chair Glenn Singley, PE, Panel Member Don Russell, CCM., FCMAA, Panel Member Galyn Rippentrop, Panel Member
December 10, 2009	<i>Review of Sunset Reservoir - North Basin Project - Final Report to the Public Utilities Revenue Bond Oversight Committee</i>	Robert Kuo Consulting, RW Block Consulting, Lawrence Doyle
November 21, 2007	<i>Financial Review of Aspects of the Water System Improvement Program</i>	Robert Kuo Consulting, LLC with Lawrence Doyle, Shannon Gaffney Consulting, EPC Consultants, Inc.
July 17, 2006	<i>Review of Water System Improvement Program Expenditures Under SFPUC's Commercial Paper Program</i>	Robert Kuo Consulting, LLC & Lawrence Doyle



## Bonds Subject to RBOC Oversight

SFPUC Enterprise	Official Statement Proceeds (\$000)
Water and Hetchy Water	\$ 4,674,443
Wastewater	1,837,773
Power	195,761
<b>TOTAL</b>	<b>\$ 6,707,977</b>

	Water and Hetchy Water	Official Statement Proceeds (\$000)
	<b>Water</b>	
1	2006 Series A	\$ 459,223
2	2009 Series A	369,073
3	2009 Series B	377,778
4	2010 Series A	58,748
5	2010 Series B	364,757
6	2010 Series D	72,243
7	2010 Series E	300,446
8	2010 Series F	149,728
9	2010 Series G	288,252
10	2011 Series A	525,000
11	2011 Series C	33,772
12	2012 Series A	530,000
13	2012 Series B	15,750
14	2016 Series C	256,822
15	2017 Series A	125,765
16	2017 Series B	150,000
17	2020 Series A	180,000
18	2020 Series B	69,644
19	2020 Series C	94,988
	<b>Subtotal Original Issue</b>	<b>4,421,989</b>
	Debt Service Reserve Releases	99,709
	<b>Subtotal Water</b>	<b>\$ 4,521,698</b>
	<b>Hetchy Water</b>	
20	2011 Series B	27,710
21	2017 Series C	75,265
22	2020 Series D	49,770
	<b>Subtotal Hetchy Water</b>	<b>152,745</b>
	<b>Subtotal Water and Hetchy Water</b>	<b>\$ 4,674,443</b>

Source: Official Statements.

Proceeds at Issuance may not include all adjustments to the Official Statement amounts, investment earnings, or post-issuance debt service reserve releases.

	<b>Wastewater Enterprise</b>	<b>Official Statement Proceeds (\$000)</b>
23	2010 Series A	\$ 50,000
24	2010 Series B	165,929
25	2013 Series B	337,610
26	2016 Series A	258,563
27	2016 Series B	72,891
28	2018 Series A	241,013
29	2018 Series B	201,047
30	2018 Series C	170,720
31	2021 Series A	296,000
32	2021 Series B	44,000
	<b>Subtotal Wastewater</b>	<b>\$ 1,837,773</b>

Source: Official Statements.

Proceeds at Issuance may not include all adjustments to the Official Statement amounts, investment earnings, or post-issuance debt service reserve releases.

	<b>Power Enterprise</b>	<b>Official Statement Proceeds (\$000)</b>
33	2008 CREB	\$ 5,885
34	2011 QECB	8,217
35	2012 NCREB	3,711
36	2015 NCREB	2,933
37	2015 Series A	30,200
38	2015 Series B	7,100
39	2021 Series A	82,710
40	2021 Series B	55,005
	<b>Subtotal Power</b>	<b>\$ 195,761</b>

Source: Official Statements.

Proceeds at Issuance may not include all adjustments to the Official Statement amounts, investment earnings, or post-issuance debt service reserve releases.

## Phase 2 Bonds - Project Index

Table 8.3.1  
Wastewater 2018 A&C and 2021A Projects

Project	Program	Contract No.	FAMIS Project Code	PS Project Code
<b>Treatment Facilities</b>				
<b>Southeast Plant Improvements</b>				
Biosolids Digester Facilities Project – Planning & Engineering, Pre-Construction & Construction Services	SSIP Phase 1	CS-235 WW-647R	CWWSIPDP01	10015796
New Headworks Grit Replacement	SSIP Phase 1	CS-389	CWWSIPSE02	10015807
<b>Oceanside Plant (OSP) Improvements</b>				
Oceanside Pollution Control Plant Digester Gas Handling Utilization Upgrades	SSIP Phase 1	WW-639	CWWSIPTPOP03	10029737
<b>North Point Facility (NFP) Improvements</b>				
Northpoint Outfall Rehabilitation	SSIP Phase 1	WW-614R2	CWWSIPTPNP01	10026821
<b>Collection System</b>				
<b>Interceptors / Tunnels and Odor Control</b>				
Drumm & Jackson St. Sewer Improvements	SSIP Phase 1	WW-657R	CWWSIPCSSR09	10002689
<b>Interdepartmental Projects</b>				
Van Ness BRT Sewer Improvements	SSIP Phase 1	1289 (SFMTA)	CWWSIPCSSR04	10002664
Geary BRT Sewer Improvements	SSIP Phase 1	WW-674R	CWWSIPCSSR06	10002670
L Taraval Sewer Improvements	SSIP Phase 1	1308R (SFMTA)	CWWSIPCSSR13	10002776
<b>Pump Stations and Force Main Improvements</b>				
Mariposa Pump Station & Force Main	SSIP Phase 1	WW-667	CWWSIPCSPS03	10026828
Marin St. Sewer Replacement	SSIP Phase 1	WW-653	CWWSIPCSPS05	10002465
Griffith Pump Station Improvements	SSIP Phase 1	WW-651	CWWSIPCSPS06	10002485
<b>Combined Sewer Discharge, Transport/Storage Structures</b>				
Jackson, Griffith, & Pierce St. Sewer Discharge Rehabilitation & Backflow Prevention	SSIP Phase 1	WW-702R	CWWSIPCSCD04	10002344
Sansome, 5 <sup>th</sup> & 6 <sup>th</sup> North, & Division St., Sewer Discharge Rehabilitation & Backflow Prevention	SSIP Phase 1	WW-683R	CWWSIPCSCD05	10002378
<b>Stormwater Management</b>				
Sunset Blvd. Greenway Phase II Irving to Ulloa	SSIP Phase 1	WW-691	CWWSIPFCDB01	10026805
Lake Merced, Holloway Green St. Stormwater Imp.	SSIP Phase 1	WW-609R	CWWSIPFCDB03	10026807
Richmond, Baker Beach Green Streets Early Improvement	SSIP Phase 1	WW-627R	CWWSIPFCDB05	10026809
<b>Flood Resilience</b>				
Folsom Area Stormwater Detention Project -Tunnel Technical Advisory Panel Services	SSIP Phase 1	PRO.0137C	CWWSIPFCDB14	10026818
<b>SSIP Program Management</b>				
Program Wide Management Services	SSIP Phase 1	CS-165	CWWSIPRPL01	10029732

**Table 8.3.2**  
**Water 2016C and 2017C Projects**

Projects	Program	Contract No.	FAMIS Project Code	PS Project Code
<b>Sunol Valley</b>				
Calaveras Dam Upgrade	WSIP Regional	WD-2551	CUW37401	10015317
Alameda Siphon No. 4	WSIP Regional	WD-2552	CUW35902	10015291
<b>Bay Division</b>				
BDPL Reliability Upgrade – Bay Tunnel	WSIP Regional	WD-2531	CUW36801	10015308
BDPL Reliability Upgrade – Pipeline No. 5 East Bay Reaches	WSIP Regional	WD-2541	CUW36802	10015309
<b>Peninsula</b>				
Harry Tracy Water Treatment Plant (HTWTP) Long-Term Improvements	WSIP Regional	WD-2596	CUW36701	10015306
<b>San Francisco Regional</b>				
Regional Ground Water Storage & Recovery	WSIP Regional	WD-2668	CUW30103	10015241
<b>Support Projects</b>				
Bioregional Habitat Restoration – San Antonio Creek	WSIP Regional	WD-2652	CUW38802	10015335
Mountain Tunnel Lining Rehabilitation	WSIP	CS-943 (Task 7)	CUH10002	10014067
<b>HHWP Renewal &amp; Replacement</b>				
San Joaquin Pipeline No. 1 In-line Inspection	R&R	CS-296B	CUH10001	10014066
<b>HCIP Water</b>				
Cherry Dam Outlet Works Rehabilitation	HCIP Water	HH-983	CUH10216	10014109
Moccasin Shops / Office Building & Materials Bins	HCIP Water	HH-982	CUH10214	10014107
Mountain Tunnel Access & Adit Improvement	HCIP Water	HH-981	CUH10219	10014112
Moccasin Control & Server Building	HCIP Water	HH-963R	CUH10202	10014095
<b>HCIP Joint</b>				
Lower Cherry Aqueduct Emergency Rehabilitation	HCIP Joint	HH-974E	CUH10003	10014068
Mountain Tunnel Inspection & Repair 2017	HCIP Joint	HH-986	CUH10220	10014113
Mountain Tunnel Inspection & Repair 2018	HCIP Joint	HH-991 CS-249	CUH10221	10014114

Power 2015A Projects	Program	Contract No.	FAMIS Project Code	PS Project Code
<b>HCIP Power</b>				
Holm Powerhouse Refurbishment & Kirkwood Powerhouse Oil Containment	HCIP Power	HH-989	CUH10102	10014075
Kirkwood Penstock Short-Term Risk Reduction Measures	HCIP Power	HH-988R	CUH10113	10014085
Moccasin Penstock Rehabilitation	HCIP Power	CS-296D	CUH10116	10014088

## Procurement Analysis

**Table 8.4.1**  
**Wastewater Projects Value Variance Analysis**  
**(\$000)**

Project	No. of Bids	Winning Bid Value	Total Change Order Value	Total Project Value	Engineer's Estimate (EE)	Variance Total Project Value & EE
SSIP Oceanside Pollution Control Plant Digester Gas Handling Utilization Upgrades	5	\$ 38,449	\$ 2,064	\$ 40,513	\$ 36,300	\$ (4,213)
Sansome, 5 <sup>th</sup> & 6 <sup>th</sup> North, & Division St., Sewer Discharge Rehabilitation & Backflow Prevention	3	\$ 4,907	\$ 1,705	\$ 6,612	\$ 5,036	\$ (1,576)
Jackson, Griffith, & Pierce St. Sewer Discharge Rehabilitation & Backflow Prevention	3	3,886	-	3,886	4,970	1,084
Mariposa Pump Station & Force Main	5	17,031	1,008	18,039	16,400	(1,639)
Geary Blvd. Sewer & Water Imp.	3	16,247	240	16,487	16,000	(487)
Griffith Pump Station Imp.	3	10,941	1,036	11,977	10,123	(1,854)
Northpoint Outfall Rehabilitation	2	12,486	419	12,905	10,300	(2,605)
Baker Beach Green Streets Early Imp.	4	7,122	1,209	8,331	6,961	(1,370)
Holloway Green St. Stormwater Imp.	2	5,592	288	5,880	5,797	(83)
Drumm & Jackson St. Sewer Imp.	3	5,241	477	5,718	4,810	(908)
Marin St. Sewer Replacement	4	4,860	139	4,999	3,700	(1,299)
Sunset Blvd. Greenway Phase II Irving to Ulloa (Stormwater)	2	2,572	255	2,827	2,291	(536)
<b>TOTAL</b>		<b>\$ 129,334</b>	<b>\$ 8,840</b>	<b>\$ 138,174</b>	<b>\$ 122,688</b>	<b>\$ (15,486)</b>

Source: Bid Tabulations, Award Resolutions, and Payment Applications.

**Table 8.4.2**  
**Wastewater Project Bid Scoring Summary**

Project	No. of Bids	Maximum Score Value (Points)	Winning Score (Points)	2 <sup>nd</sup> Highest Score (Points)	3 <sup>rd</sup> Highest Score (Points)
SEWPCP - New Headworks Grit Replacement	2	1,000	873.5	771.6	n/a
SEWPCP Biosolids Digester Project – Pre-Construction & Construction Services	2	1,000	1,000	906.26	n/a

Source: Bid Tabulations



**Table 8.4.3**  
**Water Projects Value Variance Analysis**  
**(\$000)**

Project	No. of Bids	Winning Bid Value	Total Change Order Value	Total Project Value	Engineer's Estimate (EE)	Variance Total Project Value & EE
Calaveras Dam Upgrade	5	\$ 259,572	\$ 308,209	\$ 567,780	\$ 295,000	\$ (272,780)
BDPL Upgrade – Bay Tunnel	4	215,295	2,325	217,619	250,343	32,724
BDPL Upgrade– Pipeline No. 5 Easy Bay Reach	8	61,558	22,212	83,800	97,771	13,971
HTWTP – Long-Term Improvements	5	174,197	22,288	196,485	235,250	38,765
Regional Ground Water Storage & Recovery	4	42,980	20,327	63,307	50,025	(13,282)
Alameda Siphon No. 4	4	31,933	6,802	38,736	41,410	2,674
Bioregional Habitat Restoration – San Antonio Creek	4	12,947	3,211	16,158	13,000	(3,158)
Cherry Dam Outlet Works Rehabilitation	6	3,063	3,866	6,930	4,500	(2,430)
Lower Cherry Aqueduct*	n/a	n/a	n/a	3,679	n/a	n/a
Moccasin Shops / Office Building & Materials Bins	2	9,171	551	9,722	9,430	(292)
Moccasin Control & Server Building	8	6,611	419	7,030	4,700	(2,330)
Mountain Tunnel Access & Adit Improvement	2	4,287	961	5,248	5,000	(248)
Mountain Tunnel Inspection & Repair 2017	6	4,960	651	5,611	5,500	(111)
Mountain Tunnel Inspection & Repair 2018	4	5,875	938	6,813	6,200	(613)
<b>TOTAL</b>		<b>\$ 832,449</b>	<b>\$ 392,760</b>	<b>\$ 1,228,918</b>	<b>\$ 1,018,129</b>	<b>\$ (207,110)</b>

Source: Bid Tabulations, Award Resolutions, and Payment Applications.

The Lower Cherry Aqueduct is an emergency project; thus, normal procurement procedures did not apply.

**Table 8.4.4**  
**Power Projects Value Variance Analysis**  
**(\$000)**

Project	No. of Bids	Winning Bid Value	Total Change Order Value	Total Project Value	Engineer's Estimate (EE)	Variance Total Project Value & EE
Holm Powerhouse Refurb. & Kirkwood Powerhouse Oil Containment	2	\$ 9,948	\$ 1,894	\$ 11,482	\$ 9,200	\$ (2,282)
Kirkwood Penstock Short-Term Risk Reduction	3	1,277	(199)	1,158	1,220	62
<b>TOTAL</b>		<b>\$ 11,225</b>	<b>\$ 1,695</b>	<b>\$ 12,640</b>	<b>\$ 10,420</b>	<b>\$ (2,220)</b>

Source: Bid Tabulations, Award Resolutions, and Payment Applications.

# Appendix B: Department Response



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August 11, 2023

Mark de la Rosa  
Director of Audits  
City Hall, Room 476  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Subject: The San Francisco Public Utilities Commission Spent Revenue Bond Funds for Allowable Purposes but Should Strengthen Its Compliance and Monitoring Controls

Dear Mr. de la Rosa,

Thank you for providing us the opportunity to review the audit report, *The San Francisco Public Utilities Commission Spent Revenue Bond Funds for Allowable Purposes but Should Strengthen Its Compliance and Monitoring Controls*, prepared by the Controller's Office City Services Auditor.

We appreciate the time your staff dedicated to this audit. We agreed with the report where we could and, where we could not agree, provided details. Since becoming General Manager, I have sought to strengthen our internal processes and controls. Our team will continue to comply with all applicable laws, policies, and procedures. We respectfully disagree with the fundamental premises of this audit, as stated in the opening letter, and numerous statements and conclusions in the audit. The SFPUC has strong processes and procedures in place and professional staff who work hard to implement the same. What is meant by "coordination" with the Revenue Bond Oversight Committee is unclear – by law, the RBOC is an oversight and reporting body, it is not involved in government decisions. Other statements throughout the report raise concerns: the auditors' late inclusion of the "COSO Framework," which as an internal control framework is not a contracting standard, unsupported assumptions about all contracts between June 2003 and November 2020 (p. 35), and speculative statements about confidential investigations (p. 45). As a result, we cannot agree with a number of the auditors' conclusions.

London N. Breed  
Mayor

Newsha K. Ajami  
President

Sophie Maxwell  
Vice President

Tim Paulson  
Commissioner

Anthony Rivera  
Commissioner

Kate H. Stacy  
Commissioner

Dennis J. Herrera  
General Manager

**OUR MISSION:** To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.



We look forward to continuing to work with the Controller's office to provide the public as much information as possible and maintain our transparency.

If there are any questions or additional information is needed, please do not hesitate to contact me at 415-554-1600.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dennis Herrera".

For Dennis Herrera

Dennis Herrera  
General Manager

CC: Ronald Flynn, Deputy General Manager  
Stephen Robinson, AGM Infrastructure  
Nancy Hom, AGM Business Services/CFO  
Irella Blackwood, Audit Director

# Recommendations and Responses

For each recommendation, the responsible agency should indicate in the column labeled Agency Response whether it concurs, does not concur, or partially concurs and provide a brief explanation. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

Recommendation	Agency Response	CSA Use Only Status Determination*
The San Francisco Utilities Commission should:		
<p>1. Follow the guidance in the COSO Framework for control environment and require the completion of I/CS forms on all procurements above \$500,000, and for those procurements where SFPUC deems appropriate to further strengthen its control environment.</p>	<p> <input type="checkbox"/> Concur                <input type="checkbox"/> Do Not Concur                <input checked="" type="checkbox"/> Partially Concur         </p> <p>The SFPUC is pleased to note that we are in compliance with applicable city laws, policies and practices. The SFPUC will continue to look to the City and County of San Francisco for guidance in contracting. The department has a multi-prong approach to maintaining the integrity of the procurement process which includes education, training and acknowledgement. In 2021, the SFPUC formally approved the Competitive Selection Process Communications Policy, which governs communications that may confer a competitive advantage. Additionally, all Contract Administration Bureau staff and other SFPUC staff involved in the solicitation review process sign SFPUC Solicitation Conflict of Interest Statement and Confidentiality Agreement. All SFPUC employees participating as panelist during solicitation evaluation sign a Panelist Acknowledgement Form.</p> <p>With respect to the wording of the recommendation, the SFPUC assumed the auditors intended "all procurements" to mean professional services since that was the topic throughout the fieldwork stage. It is unclear how the \$500,000 was calculated or what it is rooted in.</p> <p>The SFPUC respectfully departs from several conclusions drawn in this report. We'd like to highlight a few things:</p> <ol style="list-style-type: none"> <li>SFPUC staff were never asked about the COSO Framework during the fieldwork stage, and it is not a standard in PUC contracting. The auditor inserted this criterion between the first and second draft reports.</li> </ol>	<p> <input checked="" type="checkbox"/> Open  <input type="checkbox"/> Closed  <input type="checkbox"/> Contested         </p>

Recommendation	Agency Response	CSA Use Only Status Determination*
	<p>2. SFPUC staff communicated to the auditor several times that the PUC was not obligated to form a technical panel for CS-224A and CS-224B and the report provides no evidence to the contrary. We disagree with questioning of the \$15.360 in expenditures.</p> <p>3. Page 30 alleges that “all contracts” covering nearly a twenty-year period were under the former GM’s “control” and as such “...deemed to be a material weakness... as the former GM did not demonstrate ethical behavior and management integrity...” and that “The ethical tone set by the former GM increased the risk of waste and abuse during his time as AGM of Infrastructure and later, GM.” – but provides no evidence to show that. The former General Manager of course had authority over and access to information throughout the department. But it was SFPUC staff who diligently managed the day-to-day contracting processes in conformance with applicable law and policies.</p> <p>4. The report states the former General Manager was convicted of “having the ability to influence the awarding some city contracts” – but that does not appear to be the wording from the Department of Justice. The auditor also details a “joint investment” between mLok and the former General Manager but provides no causal link between this, the COSO Framework and how I/CS forms would have affected the joint investment.</p> <p>5. The report includes a statement that contract C-224A “could” be under a confidential investigation. The auditor provides no evidence of this and it appears misplaced in a report abiding by auditing standards.</p> <p>The report also noted that the auditor “inspected an Acknowledgement form signed by an SFPUC Employee on September 8, 2011,” – the SFPUC never received a copy of this form, despite requests, and we disagree that its existence means I/CS forms should have been signed for the CS-224A and CS-224B solicitations.</p>	

Recommendation	Agency Response	CSA Use Only Status Determination*
<p>2. Follow the guidance in the COSO Framework for monitoring activities and request all publicly available information from the City Attorney on its investigations of SFPUC procurement practices and periodically report such publicly available information to the RBOC, where procurement practices impact revenue bond expenditures to further strengthen monitoring activities.</p>	<p><input type="checkbox"/> Concur      <input checked="" type="checkbox"/> Do Not Concur      <input type="checkbox"/> Partially Concur</p> <p>In 2020, the City Attorney and Controller launched a joint investigation into public corruption identified in the criminal complaint. While the City Attorney focused on employee and contractor wrongdoing across multiple departments, the Controller undertook a Public Integrity review of city contracts, purchase orders, and grants to identify red flags possibly indicating process failures. We are advised that the work of the City Attorney is privileged and confidential and is not public. We are also advised that the City Attorney works with and advises other City departments, including the Controller’s Office and its City Services Auditor, concerning public integrity and government contract processes. The Controller has issued several public reports with the information sought by this request, with another public integrity assessment forthcoming on the procurement processes at issue in the federal criminal investigation of Harlan Kelly.</p>	<p><input type="checkbox"/> Open <input type="checkbox"/> Closed <input checked="" type="checkbox"/> Contested</p>
<p>3. Coordinate with RBOC and SFPW to quantify, evaluate, and report on the monetary impacts of SFPW’s overhead rates charged on total direct labor and benefit expenditures subject to RBOC oversight, so that the RBOC can exercise proper oversight over such overhead expenditures.</p>	<p><input type="checkbox"/> Concur      <input checked="" type="checkbox"/> Do Not Concur      <input type="checkbox"/> Partially Concur</p> <p>The RBOC oversees the SFPUC, as an independent oversight body; we would not ‘coordinate’ with them to “quantify, evaluate, and report” on any matter. The SFPUC routinely provides detailed information and updates to the RBOC to fulfill its oversight role upon their request. We will continue to respond to all reasonable RBOC requests for relevant information available to our staff.</p> <p>Regarding the SFPW rates, we would like to highlight that SFPW works closely with the Controller’s Office to set those rates and those rates do not vary by city department. This recommendation would also have broader implications; as noted in the observation 32-34% of projects are for the SFPUC. Other departments would also be subject to a recommendation such as this. SFPW’s overhead rate information is already publicly available.</p> <p>Lastly, under the right of first refusal in accordance with an MOU, the SFPUC is obligated to offer work to the SFPW – and only if SFPW declines can the work be offered up outside of SFPW. We did note this to the auditors during the fieldwork stage and it is stated in the report observation.</p>	<p><input type="checkbox"/> Open <input type="checkbox"/> Closed <input checked="" type="checkbox"/> Contested</p>

\* Status Determination based on audit team’s review of the agency’s response and proposed corrective action.





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## Revenue Bond Audit: Phase II

September 5, 2023

Findings and Recommendations

**HK>A**

*Nano Accountancy Corporation*



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# Revenue Bond Audit – Audit Objectives

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## Audit Objectives:

To determine whether expenditures from project funds are:

- Allowable under the bond resolutions, laws, and regulations.
- Properly supported.
- Assigned or allocated to the correct project(s) within a bond series; and
- Subjected to appropriate cost control measures.

Respond to RBOC's legislatively mandated responsibilities regarding the status and condition of SFPUC's bond funded capital infrastructure program as set forward in Administrative Code

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# Revenue Bond Audit – Key Findings & Recommendations

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## Key Findings and Recommendations:

1. SFPUC did not obtain signed impartiality and conflict of interest statements from all individuals participating in procurement solicitations. Combined with the control environment material weakness involving the former GM and an entity to whom the contract was awarded, \$15.36MM was questioned due to increased risk environment.

**Recommendation:** Require completion of impartiality and confidentiality statements from all individuals involved in procurements over \$500,000

2. The RBOC is not quantifying the impact of SFPW overhead rates on total sewer engineering direct labor and benefits to the RBOC.

**Recommendation:** Coordinate with SFPW to quantify, evaluate and report on the effects of SFPW's overhead rates to the RBOC



*Nano Accountancy Corporation*



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# Revenue Bond Audit – Audit Performance

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## Stage 1 – Audit Planning and Survey Phase

1. Entrance meeting RBOC and CSA to initiate the audit engagement
2. Audit Team performed a preliminary assessment on all revenue bonds subject to RBOC oversight
3. Audit Team presented the preliminary bond assessment to CSA

## Stage 2 – Audit Fieldwork

1. Audit Team developed an audit plan using information obtained during the audit planning and survey stage
2. Audit Team's fieldwork yielded the audit evidence used to formulate our findings, conclusions, and ultimately recommendations to the RBOC

## Stage 3 – Reporting

1. Audit Team developed a preliminary list of observations and distributed this information for SFPUC comment
2. Audit Team's periodically met with CSA to provide progress updates and coordinate audit fieldwork
3. Draft findings and recommendations in draft report and provide to **CSA\*** for review and issuance.

## \*CSA Reporting Process

1. CSA project team review
2. Quality Assurance 1 review
3. Senior management review
4. Department review
5. Quality Assurance 2 review
6. Final management review
7. Issuance



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# Revenue Bond Audit – Bonds Selected for Evaluation

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## Bonds Selected for Evaluation

Water	Wastewater	Power
2016 Series C	2018 Series A	2015 Series A
2017 Series C	2018 Series C	
	2021 Series A	



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# Revenue Bond Audit – Water & Hetchy Water

Water and Hetchy Water	Proceeds at Issuance (\$000)	Audit Phase
2006 Series A	\$459,223	Phase 1
2009 Series A	369,073	
2009 Series B	377,778	
2010 Series A	58,748	
2010 Series B	364,757	
2010 Series D	72,243	
2010 Series E	300,446	
2010 Series F	149,728	
2010 Series G	288,252	Phase 1
2011 Series A	525,000	
2011 Series B	\$27,710	
2011 Series C	33,772	
2012 Series A	530,000	Phase 1
2015 Series A*	99,709	
2017 Series A	125,766	
2017 Series B	150,000	
2017 Series C	102,975	
2020 Series A	180,000	
2020 Series B	69,644	
2020 Series C	94,988	
2020 Series D	49,770	
<b>TOTAL</b>	<b>\$4, 429,582</b>	

Wastewater	Proceeds at Issuance (\$000)	Audit Phase
2010 Series A	\$50,000	
2010 Series B	165,929	Phase 1
2013 Series B	337,610	Phase 1
2016 Series A (Green)	258,563	Phase 1
2016 Series B	72,891	
<b>2018 Series A (Green)</b>	<b>241,013</b>	<b>Phase 2</b>
<b>2018 Series B (Non-SSIP)</b>	<b>201,047</b>	<b>Phase 2</b>
<b>2018 Series C (Green)</b>	<b>170,720</b>	<b>Phase 2</b>
<b>2021 Series A (Green)**</b>	<b>296,000</b>	<b>Phase 2</b>
2021 Series B**	44,000	
<b>TOTAL</b>	<b>\$1,837,773</b>	

Power	Proceeds at Issuance (\$000)	Audit Phase
<b>2015 Series A (Green)</b>	<b>30,200</b>	<b>Phase 2</b>
2015 Series B	7,100	
2021 Series A (Green)	82,709	
2021 Series B	55,005	
<b>TOTAL</b>	<b>\$175,014</b>	

\* Debt Service Reserve Release

\*\* Proceeds per the Official Statement. 2021 Series issued November 2021. Proceeds used for commercial paper defeasances; thus, substantially all amounts were expended prior to June 30, 2021.





Services of the San Francisco Public Utilities Commission

# Revenue Bond Audit – Key Findings & Recommendations

## Finding No. 1 and Recommendation:

- SFPUC did not obtain signed impartiality and conflict of interest statements from all individuals participating in procurement solicitations. Combined with the former GM’s unethical conduct and the entity to which one contract was awarded, the increased risk environment resulted in our questioning \$15.36 million of expenditures.

Contract No.	Consultant	Expenditures (\$000)
CS-224A	mlok Consulting, Inc.	\$7,100
CS-224B	Westland Management Solutions, Inc.	8,260
Total Expenditures:		\$15,360

- Observed non-completion of I/CS forms during evaluation of the January-August 2012 RFP process that resulted in contract CS-224A awarded to mlok Consulting, Inc. (“mlok”) and contract CS-224B awarded to Westland Management Solutions, Inc.
- Observed the president of mlok had a joint real estate investment with the former SFPUC AGM-Infrastructure from December 6, 2002, to December 30, 2011. The president of mlok sold her share of the investment to the former SFPUC AGM-Infrastructure 21 days before the RFP for contract C-224A was issued on January 20, 2012. The former GM was convicted of multiple felonies on July 17, 2023 due to his unethical conduct while GM. The GM’s unethical conduct is deemed to be pervasive with respect to all procurements, even if a direct link cannot be established between his conduct and a specific procurement.
- The combination of the internal control deficiency and the facts and circumstances of the sale of her share of the investment, resulted in the potential for both waste and abuse on contract CS-224A.

**Recommendation:** Require completion of impartiality and confidentiality statements from all individuals involved in procurements over \$500,000



*Nano Accountancy Corporation*



Services of the San Francisco  
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# Revenue Bond Audit – Key Findings & Recommendations

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## Finding No. 2 and Recommendation:

- SFPUC uses SFPW for a significant portion of its sewer engineering direct labor and related benefits and overhead.
- Since SFPW is an internal service fund, it has a different overhead rate structure than SFPUC, which is a business-type fund.
- RBOC does not have adequate visibility of the effect of using SFPW direct labor, benefits and related overhead on SFPUC construction projects.

**Recommendation:** Coordinate with SFPW to quantify, evaluate and report on the effects of SFPW's overhead rates to the RBOC



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**Sewer**

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## Revenue Bond Audit: Phase II

Questions

**HK>A**

*Yano Accountancy Corporation*



San Francisco  
**Water**  
**Power**  
**Sewer**

Services of the San Francisco  
Public Utilities Commission

## **Revenue Bond Audit: Phase III**

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## **Risk Assessment and Bond Selection**

**September 5, 2023**

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*Nano Accountancy Corporation*



San Francisco  
Water  
Power  
Sewer

Services of the San Francisco  
Public Utilities Commission

# Revenue Bond Audit – Audit Objectives

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## Audit Objectives

GAGAS  
Performance Audit

Generally  
Accepted  
Government  
Auditing  
Standards

To determine whether expenditures from project funds are:

- Allowable under the bond resolutions, laws, and regulations.
- Properly supported.
- Assigned or allocated to the correct project(s) within a bond series; and
- Subjected to appropriate cost control measures.

Respond to RBOC's legislatively mandated responsibilities regarding the status and condition of SFPUC's bond funded capital infrastructure program as set forward in Administrative Code



Services of the San Francisco  
Public Utilities Commission

# Risk Assessment Overview

## Risk Assessment

- Non-statistical sampling approach
- Performed data analytics, Identified:
  - Green versus non-green bond series
  - Projects with multiple funding sources
  - Projects with cost overruns (EAC to baseline budget)
  - Bonds that fund multiple projects
  - Bonds with significant expenditures in high-risk projects
  - Bonds used to refund commercial paper
  - Bonds with potential record retention issues
- Reviewed proposed sample bonds with CSA

Preliminary		
Wastewater	Power	Water
2018 Series B	2021 Series A	2017 Series A
2023 Series A*	2021 Series B	
2023 Series B*		

\* Only commercial paper defeasance



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# Revenue Bond Audit – Water & Hetchy Water

Water and Hetchy Water	Proceeds at Issuance (\$000)	Audit Phase
2006 Series A	\$ 459,223	Phase 1
2009 Series A	369,073	
2009 Series B	377,778	
2010 Series A	58,748	
2010 Series B	364,757	
2010 Series D	72,243	
2010 Series E	300,446	
2010 Series F	149,728	
2010 Series G	288,252	Phase 1
2011 Series A	525,000	
2011 Series C	33,772	
2012 Series A	530,000	
2012 Series B	15,750	Phase 1
2016 Series C	256,822	
<b>2017 Series A</b>	<b>125,765</b>	<b>Phase 3</b>
2017 Series B	150,000	
2020 Series A	180,000	
2020 Series B	69,644	
2020 Series C	94,988	
2011 Series B	27,710	
2017 Series C	75,265	
2020 Series D	49,770	
Debt Service Reserve Release	99,709	*
<b>TOTAL</b>	<b>\$ 4,674,443</b>	

Wastewater	Proceeds at Issuance (\$000)	Audit Phase
2010 Series A	\$50,000	
2010 Series B	165,929	Phase 1
2013 Series B	337,610	Phase 1
2016 Series A (Green)	258,563	Phase 1
2016 Series B	72,891	
2018 Series A (Green)	241,013	Phase 2
2018 Series B (Non-SSIP)	201,047	Phase 2
2018 Series C (Green)	170,720	Phase 2
2021 Series A (Green)**	296,000	Phase 2
2021 Series B**	44,000	
<b>2023 Series A</b>	<b>400,920</b>	<b>Phase 3</b>
<b>2023 Series B</b>	<b>157,000</b>	<b>Phase 3</b>
<b>TOTAL</b>	<b>\$1,837,773</b>	

Power	Proceeds at Issuance (\$000)	Audit Phase
2008 CREB	\$ 5,885	
2011 QECB	8,217	
2012 NCREB	3,711	
2015 NCREB	2,933	
2015 Series A	30,200	Phase 2
2015 Series B	7,100	
<b>2021 Series A</b>	<b>82,710</b>	<b>Phase 3</b>
<b>2021 Series B</b>	<b>55,005</b>	<b>Phase 3</b>
<b>TOTAL</b>	<b>\$ 195,761</b>	

\* Debt Service Reserve Release

\*\* Proceeds per the Official Statement. 2021 Series issued November 2021. Proceeds used for commercial paper defeasances; thus, substantially all amounts were expended prior to June 30, 2021.



Services of the San Francisco  
Public Utilities Commission

## Revenue Bond Audit: Phase III

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Questions



*Nano Accountancy Corporation*

# DRAFT SCOPE OF WORK

**REQUEST FOR PROPOSAL (“RFP”) FOR  
Evaluation of San Francisco Public Utilities Commission Infrastructure Projects  
Funded by Revenue Bonds  
CON|RFP 2023-xx**

## I. Introduction and Solicitation Schedule

### A. Introduction

#### 1. General

The City and County of San Francisco’s Office of the Controller (hereinafter, “CON” or “City”), City Services Auditor (CSA), is issuing this Request for Proposal (hereinafter “RFP” or “Solicitation”) in conjunction with the San Francisco Public Utilities Revenue Bond Oversight Committee (RBOC). The City seeks qualified firms (“Proposers”) with recognized experience in capital projects—specifically, projects in the water, wastewater, or power industries—to provide proposals (“Proposals”) for professional consulting services to assess San Francisco Public Utilities Commission (SFPUC) infrastructure projects funded by revenue bonds. The objectives of the engagement are to determine whether:

- SFPUC infrastructure performs in accordance with established and applicable design, criteria, and/or legal requirements.
- SFPUC adequately maintains SFPUC infrastructure to ensure that it performs as designed over its intended life span by performing appropriate inspections or assessments in accordance with a maintenance plan.

#### Background of the SFPUC, RBOC, and Revenue Bonds

SFPUC is responsible for the operation, maintenance, and development of three utility enterprises: 1) Water, 2) Wastewater, and 3) Hetch Hetchy Water and Power and CleanPowerSF (Hetch Hetchy). SFPUC provides wholesale and retail drinking water to the San Francisco Bay Area, wastewater collection and treatment within San Francisco and three neighboring municipalities, and power to residential and commercial customers and municipal facilities.

The **Water** Enterprise operates the Hetch Hetchy Regional Water Systems, a wholesale and retail drinking water supply system that serves 2.7 million customers in four counties. The **Wastewater** Enterprise is responsible for the operation and maintenance of San Francisco’s combined sewer system, which collects, treats, and discharges (once treated), sanitary sewage and stormwater runoff. SFPUC’s combined sewer system is unique to coastal California and offers significant environmental benefits because it captures and treats both stormwater (rain runoff) and sanitary sewerage from homes and businesses. These combined flows are referred to as wastewater. The **Hetch Hetchy Water and Power and CleanPowerSF Enterprise** comprises three key components: (1) Hetch Hetchy Water, which operates and maintains the upcountry water and power facilities; (2) Hetch Hetchy Power, which is responsible for all power utility wholesale and retail transactions and in-City power operations; and (3) CleanPowerSF, a Community Choice Aggregation, which provides San Francisco residents and businesses with electricity supply services sourced from new and existing clean energy sources.

Keeping enterprise infrastructure in good repair requires ongoing maintenance and capital improvements, which represent much of SFPUC’s ongoing expenditures. Balancing the mix of funding sources needed to pay for these improvements is a prudent way to protect both ratepayer affordability and the high credit ratings of the enterprises. SFPUC has about 2,300 employees working in seven California counties, with a combined annual operating budget of over \$1 billion. A five-member commission (Commission) governs SFPUC and provides operational oversight in areas such as rates and charges for services, contract approval, and organizational policy.

## DRAFT SCOPE OF WORK

The San Francisco Charter, Section 8B.124, empowers the Commission to issue water, clean water, and power revenue bonds when authorized to do so by ordinance(s) approved by the City's Board of Supervisors. Such bonds are issued to enable SFPUC to reconstruct, replace, expand, repair, or improve water facilities, clean water facilities, power facilities, or combinations of these facilities under its jurisdiction. In fiscal year 2021-2022 SFPUC has 40 outstanding revenue bond series in its three service enterprises, totaling \$7.8 billion.

Given the City's significant investment in these revenue bonds, RBOC was formed in November 2003—created pursuant to Proposition P, which was approved in November 2002—to provide oversight to ensure that proceeds from revenue bonds for capital improvements authorized by the Board of Supervisors and/or San Francisco voters after November 2002 are expended in accordance with the authorizing bond resolution and applicable law. The law that codifies Proposition P requires RBOC to report publicly to the Mayor, Commission, and Board of Supervisors on SFPUC's expenditure of revenue bond proceeds for the repair, replacement, upgrade, and expansion of the City's water collection, power generation, water distribution, and wastewater treatment facilities.

### 2. Selection Overview

The City shall award a Notice of Intent to Award a Contract to Proposer that meets the Minimum Qualifications of this Solicitation and whose Written Proposal, Cost Proposal, and Oral Interview combined points receives the highest-ranking score following the conclusion of the Evaluation period. (Section VI., Evaluation Criteria, outlines the evaluation process.) Responsive Proposals will be evaluated by a panel ("Evaluation Panel") consisting of one or more parties with expertise related to the services being procured through this Solicitation. The Evaluation Panel may include staff from various City departments. Proposals will be evaluated based on the criteria outlined herein. If applicable, a Contract Monitoring Division (CMD) Contract Compliance Officer will assess Proposal compliance with Local Business Enterprise (LBE) requirements and assign a rating bonus to Proposal scores. The CMD-adjusted scores (if applicable) will then be tabulated, and Proposers will be ranked starting with Proposer receiving the highest score, then continuing with Proposer receiving the second highest score, and so on.

#### B. Anticipated Contract Term

A contract awarded pursuant to this Solicitation is anticipated to have a term of two years. The City, at its sole, absolute discretion, shall have option(s) to extend the term for up to three additional years, for a total term of five years. The actual contract term may vary, depending upon the City's needs, and shall be at the City's sole, absolute discretion.

#### C. Anticipated Contract Not-to-Exceed Amount

The anticipated contract budget is between \$300,000 and \$550,000 for the Services Requested and up to \$50,000 for as-needed services, for a total not-to-exceed (NTE) contract amount of \$600,000. Therefore, **Proposals that exceed \$550,000 for Services Requested in Attachment xx will not pass Minimum Qualification xx and will not be evaluated.** This amount is based on the City's estimated spend over the advertised initial contract term. Should the City's actual spend exceed its estimated spend for the initial term, the City may, in its sole, absolute discretion, increase the contract NTE amount for the initial term. Should the City exercise its options to extend the contract beyond the initial term, the City may also elect to increase the NTE proportionally. Actual contract NTE may vary, depending on RBOC's determination of how helpful this initial infrastructure evaluation is, and shall be at the City's sole, absolute discretion.

## DRAFT SCOPE OF WORK

- D. Reserved. (Indefinite Quantity, As-Needed Contract)
- E. Cooperative Agreement

Any other City department, board, commission, public entity or nonprofit organization made up of multiple public entities may use the results of this Solicitation to obtain some or all of the services to be provided by Proposer under the same terms and conditions of any contract awarded pursuant to this Solicitation.

### F. Solicitation Schedule

The anticipated schedule for this Solicitation is set forth below. These dates are tentative and subject to change. It is Proposer's responsibility to check for any Addenda to this Solicitation or other published pertinent information.

Proposal Phase	Tentative Date
Request for Proposals Issued	TBD ( <i>Solicitation typically takes 9-12 weeks from Issuance to Intent to Award</i> )
Contract Monitoring Division (CMD) Technical Assistance Period: Email: Melinda Kanios at <a href="mailto:Melinda.Kanios@sfgov.org">Melinda.Kanios@sfgov.org</a> Tel. (415) 274-0511	TBD
Deadline for RFP Questions via email to <a href="mailto:CentralContracts@sfgov.org">CentralContracts@sfgov.org</a>	TBD
CMD Pre-Proposal Conference <b>Strongly Recommended</b> - Q&A limited to CMD requirements, vendor compliance, RFP process - Q&A is not for engagement Scope of Work questions (which must be emailed by Deadline for RFP Questions).  Microsoft Teams meeting	TBD
Answers to RFP Questions Available at SF City Partner Portal	TBD
Deadline for Courtesy Email for Intent to Respond via email to <a href="mailto:CentralContracts@sfgov.org">CentralContracts@sfgov.org</a> .	TBD
<b>Deadline for RFP Proposals</b>	TBD
Short-Listing Notification for Oral Interviews for up to Top 3 Proposers	TBD
<b>Oral Interviews for up to Top 3 Proposers</b>	TBD
Notice of Intent to Award	TBD
Period for Protesting Notice of Intent to Award	Within three (3) business days of the City's issuance of a Notice of Intent to Award

### G. Contract Terms and Negotiations

Successful Proposer will be required to enter into a contract substantially in the form attached hereto as Attachment 1, City's Contract Terms. **If Proposer cannot accept the City's Contract Terms substantially in the form presented, Proposer shall include a revised copy of the City's Contract Terms with its Proposal, using the *Track Changes* feature in Microsoft Word.** The

# DRAFT SCOPE OF WORK

revised copy of the City's Contract Terms must clearly:

- 1) Mark those sections to which it objects;
- 2) Set forth Proposer's alternative terms with respect to each such section; and
- 3) Explain the basis for each proposed change.

If a satisfactory contract cannot be negotiated in a reasonable time, the City, in its sole, absolute discretion, may terminate negotiations. Upon termination of negotiations, the City may begin negotiation with Proposer that meets the Minimum Qualifications of this Solicitation and whose Written Proposal, Cost Proposal and Oral Interview combined points receives the next highest-ranking score following the Evaluation period.

## II. SERVICES REQUESTED

### A. Services Requested

This Solicitation is issued by the Controller's Office, which seeks qualified Proposers with recognized experience in capital projects—specifically, projects related to the water, wastewater, or power industries—to provide proposals for professional consulting services to conduct a risk assessment of SFPUC's water, wastewater, and power infrastructures funded by revenue bond proceeds to determine an appropriate methodology to select infrastructure for review, and to evaluate the infrastructure(s). The objectives and sub-objectives of this engagement are as follows.

- **Does SFPUC infrastructure perform in accordance with established and applicable design, criteria, and/or legal requirements?** Sub-objectives may include:
  - Are the performance criteria for the infrastructure formally documented?
  - Are the performance criteria established for the infrastructure appropriate considering the infrastructure's magnitude and complexity?
  - What is the expected performance level of the infrastructure, how is this measured, and how should it be measured? Is the expected performance level appropriate?
  - What is the infrastructure's intended lifespan, how is this measured, and how should it be measured? Is the intended lifespan appropriate?
  - How does the performance of SFPUC's infrastructure compare to the performance of comparable infrastructure of other jurisdictions?
- **Does SFPUC adequately maintain its infrastructure by inspecting or assessing it in accordance with a maintenance plan?** Sub-objective may include:
  - Does SFPUC have adequate, written maintenance plans for its infrastructure? If available, is the maintenance plan appropriate and sufficient considering the infrastructure's magnitude and complexity? Does the maintenance plan comply with any applicable requirements, industry standards, or best practices?
  - Does SFPUC adequately monitor maintenance of its infrastructure? Is infrastructure maintenance performed in accordance with the plan, applicable requirements, and industry standards? Does SFPUC take the appropriate action when maintenance deficiencies are identified?

### Engagement Description and Deliverables

#### Phase 1: Risk Assessment and Engagement Work Plan

Contractor shall conduct a full risk assessment of all infrastructure funded by public utility revenue bonds to determine an appropriate sampling methodology to select infrastructure(s) for review and to perform the evaluations, as approved by the City and RBOC. Based on the risk assessment's results, Contractor shall develop an Engagement Work Plan on its approach to



## DRAFT SCOPE OF WORK

measure infrastructure performance and SFPUC maintenance compliance. Specifically, Contractor shall:

- Schedule and conduct an entrance meeting with RBOC and CSA to discuss the engagement scope.
- Obtain background documents and other relevant information from SFPUC to fully understand SFPUC's infrastructure and revenue bond programs.
- Conduct a survey and walkthrough with SFPUC staff that results in a risk assessment of SFPUC infrastructure. Contractor shall identify risk areas and criteria it will use to select infrastructure for review and share them with CSA and RBOC.
- Develop and submit to RBOC and CSA an Engagement Work Plan, including detailed methodology, which will be used to evaluate the performance of SFPUC infrastructure and maintenance compliance. Contractor shall incorporate in the Engagement Work Plan any applicable suggestions made.
- Submit to RBOC and CSA a Statement of Scope and Objectives for the engagement.
- Regularly communicate with CSA on engagement status.

Phase 1 deliverables may include, but are not limited to, the following:

- a. Entrance conference agenda and meeting notes
- b. Information request to SFPUC
- c. Risk assessment results to determine the priority of SFPUC infrastructure projects to be evaluated.
- d. Engagement Work Plan and Project Cost Proposal
- e. Statement of Scope and Objectives
- f. Written report on engagement status, including oral presentation to CSA and RBOC

### Phase 2: Infrastructure Evaluation and Results Reporting

#### Phase 2, Task 1: Infrastructure Evaluation

After identifying the SFPUC infrastructure projects to assess, Contractor shall evaluate a selected number of infrastructure projects based on risk assessment results to determine a) whether the projects perform in accordance with established and applicable design, criteria, and/or legal requirements, and b) whether SFPUC adequately maintains its infrastructure to ensure that it performs as designed over its intended life span by inspecting or assessing it in accordance with a maintenance plan. Contractor shall submit a detailed Engagement Work Plan to RBOC and CSA for review. Based on the procedures detailed in the Engagement Work Plan, Contractor shall gather and analyze data and information to address the agreed-upon engagement objectives. Contractor shall base this work on supporting evidence that Contractor will use to formulate findings, conclusions, and recommendations.

Task 1 deliverables may include, but are not limited to, the following:

- a. Finalized Engagement Work Plan
- b. Outline of preliminary findings
- c. Written report summarizing Contractor's findings at the end of the evaluation, including oral presentation to City staff and RBOC.

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### Phase 2, Task 2: Draft Report

Based on the collected information and analyses performed, Contractor shall develop a comprehensive draft report, which will answer each engagement objective, including:

- Does SFPUC infrastructure perform in accordance with established design, criteria, guideline, plan, and/or any applicable legal requirements? Contractor shall describe the scope and methodology it used and explain in detail its approach to assessing the infrastructure’s performance.
- Does SFPUC have adequate performance metrics for its infrastructure? These may include, but are not limited to, expected performance level and intended lifespan.
- Does SFPUC *have* and *follow* adequate processes to monitor infrastructure maintenance?
- Does SFPUC *have* and *follow* adequate infrastructure maintenance plans? If maintenance plans exist, are they appropriate and sufficient considering the magnitude and complexity of the infrastructure? Do the plans comply with any applicable requirements, industry standards, or best practices?

Contractor shall provide a draft report to CSA for review and approval. As part of the reporting and quality control review process, Contractor shall schedule and conduct an exit meeting with SFPUC and CSA.

Task 2 deliverables may include, but are not limited to, the following:

- a. Draft report
- b. Exit meetings with SFPUC and RBOC to present evaluation findings.

### Phase 2, Task 3: Final Report

Contractor shall provide a final report to answer the engagement’s objectives, which will include all agreed-upon revisions specified by CSA or RBOC, who will issue the report. Contractor shall prepare final deliverables and supporting documents in accordance with the contract.

Contractor shall participate in a presentation of results to RBOC, if requested, and possibly one or more presentations to the Board of Supervisors or a committee thereof.

Task 4 deliverables may include, but are not limited to, the following:

- a. Final report
- b. Final supporting documents (work papers)
- c. Presentation of findings and recommendations to City staff and/or RBOC, if requested, and possibly one or more presentations to the Board of Supervisors.

### Schedule of Deliverables

Description	Deliverables include but not limited:	Target Completion Date
Phase I:		
Risk Assessment and Engagement Work Plan	a. Entrance conference agenda and meeting notes b. Information request to SFPUC c. Risk assessment results to determine the priority of SFPUC infrastructure to review d. Engagement Work Plan e. Statement of Scope and Objectives f. Written report on engagement status, including oral presentation to CSA and RBOC	November 2024

## DRAFT SCOPE OF WORK

Description	Deliverables include but not limited:	Target Completion Date
Phase 2		
Task 1: Infrastructure Evaluation	a. Finalized Engagement Work Plan b. Outline of preliminary findings c. Written report summarizing findings at the end of evaluation, including oral presentation to City staff and RBOC	May 2025
Task 2: Draft Report	a. Draft report b. Exit meetings with PUC and RBOC to present evaluation results	June 2025
Task 3: Final Report	a. Final report b. Final supporting documents (work papers) c. Presentation of findings and recommendations to City staff and/or RBOC, if requested, and possibly one or more presentations to the Board of Supervisors	July 2025

### III. EVALUATION CRITERIA

Evaluation Phase	Maximum Points
Minimum Qualifications Documentation	Pass/Fail
Written Proposal (Attachment 4)	90 Points
Cost Proposal (Attachment 5)	10 Points
Oral Interviews for up to Top 3 Proposers	50 Points
<b>TOTAL</b>	<b>150 Points</b>

If after the Evaluation Phase out of 150 Points there is a tied score for the top ranked Proposers, then there will be a Tie-Breaker Oral Interview Evaluation out of 30 Points. The highest ranked Proposer out of 180 points will determine the top scoring Proposer. The City shall issue a Notice of Intent to Award a Contract to Proposer that meets Minimum Qualifications of this Solicitation and whose combined points out of 180 receive the highest-ranking score.

Evaluation Phase	Maximum Points
Minimum Qualifications Documentation	Pass/Fail
Written Proposal (Attachment 4)	90 Points
Cost Proposal (Attachment 5)	10 Points
Oral Interviews for up to Top 3 Proposers	50 Points
Tie-Breaker Oral Interview Evaluation (if needed)	30 Points
<b>TOTAL</b>	<b>180 Points</b>

### IV. MINIMUM QUALIFICATIONS DOCUMENTATION REQUIRED WITH PROPOSAL (PASS/FAIL)

By the Deadline for RFP Proposals, Proposers must provide documentation that clearly demonstrates each Minimum Qualification (MQ) listed below has been met. Minimum Qualification documentation should be clearly marked as “MQ1,” “MQ2,” etc. to indicate which MQ it supports. Each Proposal will be reviewed for initial determination on whether Proposer meets the MQs referenced in this section. **This screening is a pass or fail determination and a Proposal that fails to meet the Minimum**

## DRAFT SCOPE OF WORK

**Qualifications will not be eligible for further consideration in the evaluation process.** The City reserves the right to request clarifications from Proposers before rejecting a Proposal for failure to meet the Minimum Qualifications.

MQ #	Description
MQ xx	In Attachment xx, Proposer has provided three professional references.
MQ xx	In Attachment xx, Proposer has certified that firm has three years of experience in capital projects, specifically water, wastewater, and power.
MQ xx	In Attachment xx, Proposer has submitted two Prior Project Descriptions (that Proposer has been engaged in or completed) for professional consulting services for capital projects in a public sector setting similar in size and complexity to the City.
MQ xx	In Attachment xx, Proposer's Total Not-To-Exceed Budget for Services Requested must not exceed \$550,000.

### V. WRITTEN PROPOSAL (90 POINTS)

In addition to submitting documents supporting each Minimum Qualification as required by this Solicitation, Proposers shall also submit a complete Proposal consisting of each item set forth in **Attachment 4, Written Proposal Template**. The content of all Proposals must consist of the information specified below, in the order outlined below, to be deemed responsive.

#### A. Proposer Firm Qualifications (25 points)

- a. Appropriateness of Proposer's firm history and structure, number of years in business, including total staff size and composition, organizational structure, ownership structure, and commitment to diversity and inclusion practices to services under this RFP. **(5 Points)**
- b. Proposer's firm experience providing services (professional consulting services on capital projects, specifically water, wastewater, and power) comparable to those requested to large, complex, public-sector clients. **(5 Points)**
- c. Relevance of Proposer's two Prior Project Descriptions to services under this RFP. **(10 Points: 5 Points/Project)**
  1. Prior Projects: Proposer must describe two prior projects managed by Proposer or, if applicable, JV Partners within the last ten years.
  2. Similar Size and Scope: Each prior project described must be of the type and have a scope of services similar to those specified in this Solicitation.
  3. Project Details: Each Prior Project Description shall include:
    - a) Project name;
    - b) Project start and end dates;
    - c) Project costs;
    - d) Client name, client contact name and title, and client contact information;
    - e) Project scope summary;
    - f) Proposer's role and responsibilities in project;
    - g) Proposer's performance on delivering project on schedule and on budget, outcomes; and
    - h) Names and roles of staff who worked on project.
- d. Proposer's general capacity and local resources to provide the services under this RFP. Please provide what you consider to be your firm's specialties, strengths, and limitations. **(3 Points)**
- e. Proposer's commitment to diversity and inclusion practices. (2 points)

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## B. Engagement Approach (55 Points)

- a. Work plan/approach demonstrates understanding of the engagement and the tasks to be performed. (40 Points)
- b. Demonstrates ability to complete the engagement in a timely manner. (5 Points)
- c. Has appropriate expectations and/or assumptions of client involvement or level of effort, including review, approval, and other communication protocols necessary to successfully complete the services; has knowledgeable questions and data or other City resource requests to successfully complete the services. (5 Points)
- d. Has developed sufficient expertise or methodology to create competitive differences that will be beneficial to the City. (5 Points)

## C. Engagement Team (10 Points)

- a. Key/Lead Team Members: Provide the role, responsibilities, qualifications, and company affiliation of Key/Lead Team Members who will perform the services outlined in this Solicitation. Discuss each team member's background and experience to demonstrate a strong ability to successfully perform the work. (5 Points)
- b. Other Team Members: Provide the role, responsibilities, qualifications, and company affiliation of Other Team Members who will perform the services outlined in this Solicitation. Discuss each team member's background and experience to demonstrate a strong ability to successfully perform the work. (5 Points)

## VI. COST PROPOSAL (10 Points)

### A. Cost Proposal Format and Allocation of Points

In addition to submitting documents supporting each Minimum Qualification as required by this Solicitation, Proposers shall also submit a complete Cost Proposal consisting of each item set forth in **Attachment xx, Cost Proposal Template**.

Include a completed Cost Proposal with your Proposal, following all instructions set forth therein. The total points allocated to the Lowest Proposed Cost shall be determined by the following points calculation:

$(\text{Lowest Total Proposed Cost} / \text{Proposer's Total Proposed Cost}) \times (10 \text{ Points Maximum Possible})$ .

For example:

Proposal 1 is \$300,000

Proposal 2 is \$425,000

Proposal 3 is \$550,000

Proposal 1 is scored 10.0 points.  $\$300,000 \text{ divided by } \$300,000 = 1 \text{ multiplied by } 10 \text{ points} = 10.0 \text{ points}$

Proposal 2 is scored 7.1 points.  $\$300,000 \text{ divided by } \$425,000 = 0.71 \text{ multiplied by } 10 \text{ points} = 7.1 \text{ points}$

Proposal 3 is scored 5.5 points.  $\$300,000 \text{ divided by } \$550,000 = 0.55 \text{ multiplied by } 10 \text{ points} = 5.5 \text{ points}$

1. Any Proposer that does not completely fill out the Cost Proposal Template provided in this Solicitation may not receive any points for the Cost Proposal portion of the Proposal evaluation. It is within the City's sole, absolute discretion to reject any Proposal that does not comply with the Cost Proposal Template requirements. Additionally, the data provided in the Cost Proposal Template may be rejected and excluded from the score tabulation if it is found to be inconsistent with any of the information provided in the submitted Proposal.
2. **In Attachment 5, Proposer's Not-To-Exceed Budget for Services Requested must not exceed \$550,000. If Proposer's Not-To-Exceed Budget for Services Requested**

## DRAFT SCOPE OF WORK

**exceeds \$550,000, then Proposal will not pass Minimum Qualification #9 and will not be evaluated.**

3. The City seeks proposals demonstrating an efficient, effective approach with measurable deliverables and outcomes. The City intends to award a contract to Proposer that will provide the best overall proposal to the City inclusive of qualifications and cost considerations. The City reserves the right to accept a proposal that includes other than the lowest cost and to reject all proposals that are not responsive to this RFP.
4. The City will negotiate costs and work effort with the selected Proposer to develop a firm fixed price for the contract utilizing a blended hourly rate to compensate Proposer for all services, travel, lodging, meals, miscellaneous and any other expenses related to the completion of services. The City will not provide additional and separate cost reimbursement.
5. Note that standard hourly billing rates provided shall apply to any as-needed services the City may request.

### **B. Cost Proposal Evaluation Period**

The City will attempt to evaluate Cost Proposals within 60 days after receipt of Proposals. If the City requires additional evaluation time, all Proposers will be notified in writing of the new expected award date.

### **C. Cost Discrepancies**

Where applicable, if there is a discrepancy between the Cost Proposal and cost entered by Proposer into the Supplier Portal, the Cost Proposal pricing will prevail. In the event of a discrepancy between the unit price and the extended price, the unit price will prevail.

## **VII. ORAL INTERVIEWS (50 POINTS)**

The Evaluation Panel will hold oral interviews with up to the top three highest ranked Proposers that have met the Minimum Qualifications and whose Written Proposal and Cost Proposal combined points received a score of at least **70 Points**. Prior to Oral interviews, the City will send an email to each invited Proposer regarding the format and general rules of the interview. The City reserves the right to limit participation in the panel interviews to Proposers' key/lead team members and to exclude, for example, sub-consultants on multiple teams. The interview evaluation process may include (and be scored based on) a presentation by the Proposer and/or interview questions from the Evaluation Panel. Those questions may include and be related to Proposers' key/lead team members' qualifications, their work approach, engagement task descriptions, team organization, and any questions which seek to clarify Proposal components. Proposers may also be scored on follow-up questions if clarification of Proposer's responses is necessary. The same set of interview questions will be used for all Proposers and shall be presented to Proposers **at least three business days before the date of interview** to allow Proposers sufficient time to prepare their responses. The Evaluation Panel may ask follow-up questions if clarification of Proposer's responses is necessary. The Evaluation Panel will proceed to evaluate each Proposer based on each Proposer's presentation and responses.

The 50 points possible awarded for interviews will be separate from the 100 points awarded during the Written Proposal and Cost Proposal (Attachment 4 and 5). The 50 points possible awarded for



## DRAFT SCOPE OF WORK

Interviews will be added to the 100 possible points awarded during the Written Proposal and Cost Proposal for a total of 150 points. The City shall issue a Notice of Intent to Award a Contract to Proposer that meets the Minimum Qualifications of this Solicitation and whose combined points out of 150 receive the highest-ranking score.

<b>Evaluation Phase</b>	<b>Maximum Points</b>
Minimum Qualifications Documentation	Pass/Fail
Written Proposal (Attachment 4)	90 Points
Cost Proposal (Attachment 5)	10 Points
Oral Interviews for up to Top 3 Proposers	50 Points
<b>TOTAL</b>	<b>150 Points</b>

If after the Evaluation Phase out of 150 Points there is a tied score for the top ranked Proposers, then there will be a Tie-Breaker Oral Interview Evaluation out of 30 Points. The highest ranked Proposer out of 180 points will determine the top scoring Proposer. The City shall issue a Notice of Intent to Award a Contract to Proposer that meets Minimum Qualifications of this Solicitation and whose combined points out of 180 receive the highest-ranking score.

<b>Evaluation Phase</b>	<b>Maximum Points</b>
Minimum Qualifications Documentation	Pass/Fail
Written Proposal (Attachment 4)	90 Points
Cost Proposal (Attachment 5)	10 Points
Oral Interviews for up to Top 3 Proposers	50 Points
<i>Tie-Breaker Oral Interview Evaluation (if needed)</i>	<i>30 Points</i>
<b>TOTAL</b>	<b>180 Points</b>



**Office of the Controller**  
City Services Auditor

Ben Rosenfield, Controller  
Todd Rydstrom, Deputy Controller

**City Services Auditor**  
FY 2022-23 Bill

Department: PUC - Public Utilities Commission (RBOC)

<b>Summary</b>		<b>Budget</b>	<b>Year to Date Charges</b>	<b>Q1-Q4</b>	<b>Balance</b>
CON Account Code: 486740					
<b>FY23</b>	TBD	\$0	\$0	\$337,487	-\$337,487
<b>Total</b>		\$0	\$0	\$337,487	-\$337,487
<b>Details</b>		<b>Hours</b>	<b>Rate of</b>		
<b>Audit/Project</b>			<b>\$180.50/HR</b>		
Qtr 1 Actual	PUC RBOC Audit Contract Oversight 2 of 3	61.00	\$11,011		
Qtr 2 Actual	PUC RBOC Audit Contract Oversight 2 of 3	35.75	\$6,453		
Qtr 3 Actual	PUC RBOC Audit Contract Oversight 2 of 3	98.00	\$17,689		
Qtr 4 Actual	PUC RBOC Audit Contract Oversight 2 of 3	81.50	\$14,711		
<b>Audit/Project Total</b>		<b>276.25</b>	<b>\$49,863</b>		
<b>Contracts</b>					
Qtr 1 Actual	None		\$0		
Qtr 2 Actual	None		\$0		
Qtr 3 Actual	HKA Global, Inc. Contracts PUC RBOC Audit Contract Oversight 2 of 3, Total Billed \$284,200		\$284,200		
Qtr 4 Actual	None		\$0		
<b>Contracts Total</b>			<b>\$284,200</b>		
<b>Others</b>					
FY22 Year End Adjustment			\$3,424		
<b>Others Total</b>			<b>\$3,424</b>		
<b>Total</b>				<b>\$337,487</b>	



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

**DRAFT MINUTES**

**REMOTE MEETING**

**August 1, 2023 - 9:00 AM**

**Regular Meeting**

**Mission:** The Revenue Bond Oversight Committee (RBOC) monitors 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 provides independent oversight to ensure transparency and accountability. The RBOC's goal is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

**1. Call to Order, Roll Call, and Agenda Changes**

<b>Seat 1</b>	Ettore Leale, Chair
<b>Seat 2</b>	Lars Kamp, Vice Chair
<b>Seat 3</b>	<i>Vacant</i>
<b>Seat 4</b>	Claire Veuthey
<b>Seat 5</b>	<i>Vacant</i>
<b>Seat 6</b>	Christina Tang
<b>Seat 7</b>	Reuben Holober

*Chair Leale called the meeting to order at 9:16 a.m. On the call of the roll, Chair Leale and Members Veuthey, Tang, and Holober were noted present. Vice Chair Kamp was noted not present. A quorum was present.*

*There were no agenda changes.*

**2. Public Comment**

*Speakers: None.*

### 3. RBOC: Audits Update

*Hunter Wang (City Services Auditor, Office of the Controller); Eugene Yano (Yano Accountancy Corporation); shared updates on the second round of responses from the SFPUC on the ongoing Series II audit, and shared that the Series III audit will be on hold until there is more progress on Series II. The Series II audit has encountered delays resulting from a change in the field of bidding auditors. The City Services Auditor is targeting a report release date in time for the September RBOC meeting, but may have to delay until October. Member Tang shared updates on the preparation for future audits and the preparation of a new Request for Proposals through the office of the City Services Auditor.*

*Hunter Wang (City Services Auditor, Office of the Controller); further shared that the Fiscal Year 2022-2023 invoice for City Services Auditor services is ready for approval by RBOC, and requested that the invoice be considered at the next RBOC meeting.*

*Public Comment: None.*

**Member Veuthey, seconded by Member Tang, moved to continue the agenda matter to the next RBOC meeting. The motion PASSED by the following vote:**

**Ayes: 4 - Leale, Veuthey, Tang, Holober**  
**Absent: 1 - Kamp**

Action: CONTINUED to September 5, 2023

### 4. RBOC: RBOC Sunset Date - January 1, 2025

*Members of RBOC discussed the ongoing audit work and projections for receipt of future audit reports, anticipating results of ongoing RBOC work to exceed the current January 1, 2025 sunset date. Mark Blake (Office of the City Attorney); shared a suggestion that the SFPUC provide a presentation to RBOC on the capital planning and bonding activities for the next 10 years. Eric Kwak and Edward Kwong (SFPUC); answered questions raised throughout the discussion related to future and ongoing audit work.*

*Public Comment: David Pilpel shared concerns related to the RBOC sunset date; suggested that the funding rate set-aside be re-examined to better coordinate with RBOC activities; suggested that RBOC examine the oversight activities of other bodies such as the SFMTA Bond Oversight Committee, the Citizen's General Bond Oversight Committee, the SFUSD Bond Oversight Committee, and the Community College District Bond Oversight Committee; and suggested that RBOC consider meeting less frequently.*

*There was no action taken.*

**4. Minutes Approval - June 6, 2023, Regular Meeting**

*John Carroll, Clerk, offered that he would make clerical corrections to the meeting minutes.*

*Public Comment: David Pilpel shared suggestions regarding the form of the meeting minutes.*

**Member Veuthey, seconded by Member Tang, moved to approve the June 6, 2023, meeting minutes with clerical changes. The motion PASSED by the following vote:**

**Ayes: 4 - Leale, Veuthey, Tang, Holober**  
**Absent: 1 - Kamp**

Action: Minutes APPROVED

**5. Announcements, Comments, Questions, and Future Agenda Items**

*Member Tang shared a desire to agendize a discussion item related to the Sewer System Improvement Program.*

*Public Comment: David Pilpel shared comments regarding formatting for the future agenda items tracker on the agenda.*

*RBOC may meet on the following dates:*

- *September 5, 2023;*
- *October 10, 2023;*
- *November 14, 2023; and*
- *December 12, 2023.*

*RBOC is tracking the following topics and issues as potential Future Agenda Items:*

- A. A Request that Sewer System Improvement Program (SSIP) Quarterly reports include information on the Stormwater Management System, and details on the bidding climate and possible cost increases;*
- B. SFPUC: Water System Improvement Program Update;*
- C. SFPUC: Power Enterprise and Clean Power SF Update;*
- D. SFPUC: State Federal Loan Updates;*
- E. SFPUC: Staff Report: Environmental Justice;*
- F. RBOC: Acquiring consultant to examine expected performance of complete projects;*

*Continues on next page.*

- G. RBOC: Discussion of the 2015 report, entitled [“Evaluation of Lessons Learned from the WSIP Program,”](#) to identify procedures and reporting processes from the Water System Improvement Program which may be applied to SSIP
- H. SFPUC: Discussion of Finding 2 of the [SFPUC Performance Audit of Select Revenue Bond Expenditures dated December 23, 2021](#)  
Finding 2: “The Quality Assurance Audit Function Was Not Operational From June 2017 Through November 2020”  
(May be scheduled as a follow-up to the May 9, 2023 meeting in Spring 2024)

## 6. Adjournment

*There being no further business, the meeting adjourned at 10:03 a.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.*

**Approved: Draft**  
**Public Utilities Revenue Bond Oversight Committee**





Date: October 3rd, 2023

To: Ettore Leal, Chair  
Claire Veuthey, Committee Member  
Lars Kamp, Committee Member  
Christina Tang, Committee Member  
Reuben Holober, Committee Member

Through: Nancy L. Hom, Chief Financial Officer & AGM Business Services 

From: Brendan Conran, Financial Reporting & Analysis Director

Subject: Unexpended Revenue Bond Proceeds Report as of June 30, 2023

The Financial Services Bureau prepares and provides the *Unexpended Revenue Bond Proceed Report* to the Revenue Bond Oversight Committee (RBOC) twice yearly for the six months ending 12/31, and fiscal year ending 6/30.

Please find attached, the reports for the Water, Wastewater and Hetch Hetchy Water & Power enterprises as of June 30, 2023. Each entity is detailed through three reports:

1. Summary of Unexpended Revenue Bond Proceeds
  - High-level summary of unexpended proceeds by enterprise, by bond series.
2. Detailed Summary of Available Revenue Bond Proceeds
  - Detail summary of individual components totaling Available Proceeds, by revenue bond series.
3. Summary of Revenue Bond Expenditures
  - Detail summary of revenue bond expenditures by enterprise, by authority (project), by bond series / alternative source.

If you have any questions regarding the reports, please don't hesitate to contact Nikolai Sklaroff, Capital Finance Director. The Financial Reporting & Analysis division will work closely with his team to answer any questions. Thank you.

cc: Vivian Aiyi Chen, Deputy Chief Financial Officer  
Laura Busch, Acting Deputy Chief Financial Officer, Budget Director  
Nikolai Sklaroff, Capital Finance Director

att: Unexpended Revenue Bond Proceeds Reports, as of June 30, 2023 for each of the Water, Wastewater, and Power enterprises

**London N. Breed**  
Mayor

**Newsha K. Ajami**  
President

**Sophie Maxwell**  
Vice President

**Tim Paulson**  
Commissioner

**Anthony Rivera**  
Commissioner

**Kate H. Stacy**  
Commissioner

**Dennis J. Herrera**  
General Manager



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Water Enterprise**  
**Summary of Unexpended Revenue Bond Proceeds**  
**All Years, as of June 30, 2023**  
*by enterprise, bond series*

Funding Source	Available Proceeds	Expenditures	Capital Expenditures		Expenditure Total	Unexpended Proceeds
				Adjustments		
<b>Water</b>						
2006A Bond Series	\$ 478,491,519	\$ 478,491,519	\$ -	\$ -	\$ 478,491,519	\$ -
2009A Bond Series	372,859,467	372,859,467	-	-	372,859,467	-
2009B Bond Series	384,070,056	384,070,056	-	-	384,070,056	-
2010A Bond Series	60,134,844	60,060,339	-	-	60,060,339	74,505
2010B Bond Series	370,069,468	370,069,468	-	-	370,069,468	-
2010D Bond Series	73,533,607	73,533,607	-	-	73,533,607	-
2010E Bond Series	307,368,499	307,358,348	-	-	307,358,348	10,151
2010F Bond Series	153,607,721	153,607,721	-	-	153,607,721	-
2010G Bond Series	295,821,487	295,775,681	-	-	295,775,681	45,807
2011A Bond Series	526,580,858	526,348,633	-	-	526,348,633	232,225
2011B Bond Series	589,414	27,940,480	(27,710,000)	-	230,480	358,934
2011C Bond Series	34,566,215	32,792,202	-	-	32,792,202	1,774,014
2012A Bond Series	540,586,050	540,289,008	-	-	540,289,008	297,043
2012B Bond Series	15,758,597	15,750,000	-	-	15,750,000	8,597
2015A Reserve Release	12,571,888	1,078,469	-	-	1,078,469	11,493,418
2016 Reserve Release	81,847,541	96,239,776	(14,392,236)	-	81,847,540	-
2016C Bond Series	246,073,095	20,507,042	225,306,822	-	245,813,864	259,231
2017A Bond Series	126,258,066	65,383,335	60,874,731	-	126,258,066	-
2017B Bond Series	159,724,218	147,098,097	-	-	147,098,097	12,626,122
2017C Bond Series	-	30,000,000	(30,000,000)	-	-	-
2020A Bond Series	180,213,810	-	179,240,329	-	179,240,329	973,481
2020B Bond Series	70,328,594	68,834,043	-	-	68,834,043	1,494,551
2020C Bond Series	96,307,186	75,861,285	-	-	75,861,285	20,445,901
2020D Bond Series	224,615	-	-	-	-	224,615
CP5 Commercial Paper	25,015,122	24,923,088	-	-	24,923,088	92,034
CP6 Commercial Paper	275,414,697	16,033,445	14,392,236	-	30,425,681	244,989,016
Transfers to HHW	157,710,737	-	157,710,737	-	157,710,737	-
<b>TOTAL</b>	<b>\$ 5,045,727,372</b>	<b>\$ 4,184,905,107</b>	<b>\$ 565,422,619</b>	<b>\$ -</b>	<b>\$ 4,750,327,727</b>	<b>\$ 295,399,645</b>

Notes:

1. Refunded revenue bonds without new proceeds are excluded, SRF and WIFIA funds are also excluded.
2. CP2 retired by 2017A (\$60.3M) and 2020D (\$49.8M), CP3 retired by 2016C (\$236.8M), and CP4 retired by 2020A (\$180M). Retired CP funds are included as Available Proceeds in the bonds used for refunding.
3. CP2, CP3, and CP4 are excluded since they were fully refunded by bonds, expenses abated to bond funds.
4. 2016 Reserve Release: \$14.3M spending adjustment moved to CP6, to be moved in the future.
5. 2011B \$27.7M transferred to HHW
6. 2017C consisted of \$75M transferred to HHW for CP refunding, HHW projects, and includes \$30M in Controller required adjustments.
7. Transfers to HHW of \$157.7M but HH Report shows \$217.7M. \$60M difference due to transfer from 02E fund in FY17.
8. Refund History and Adjustment Notes:

Issued Bonds	Refunded	Amount (\$M)
2010ABC	2001A	14
2010DE	2002A	32
2011ABCD	2001A	29
	2002A	28
2012ABC	2001A	26
	2002A	74
2015A	2006A	432
	2009A	40
2016AB	2006B	79
	2006C	25
	2009A	302
	2009B	340
	2010A	38
	2010F	147
2017DEFG	2011A	280
	2011B	10
	2011C	11
	2011D	28
	2012A	132
	2012C	16
2019ABC	2010F	19
	2011A	322
	2011B	16
	2011C	17
2020EFGH	2012A	243
	2010D	31
	2011D	19
	2012A	217
	2012B	17
	2012C	78
2017A	2017A	94
	2017B	115
	2017C	55

Funding Source	Adjustment (\$M)	Note
2011B Bond Series	28	Transfer to HHW
2016 Reserve Release / CP6 Commercial Paper	14	2016 reserve release spending moved to CP6. Expenses to be abated in the future.
2016C Bond Series	225	CP3 refunded by 2016C
2017A Bond Series	61	CP2 refunded by 2017A
2017C Bond Series	30	Transfer to HHW
2020A Bond Series	179	CP4 refunded by 2020A
Transfers to HHW	158	Transfers to HHW

Transfers to HHW	
Bond/CP Fund	Amount (\$M)
2011B Bond Series	28
2017C Bond Series	30
CP2 Commercial Paper	80
CP4 Commercial Paper	20
<b>TOTAL</b>	<b>158</b>

Source data: PeopleSoft BI, extract date: 2023-08-25

Prepared by: SFPUC Finance - Financial Reporting & Analysis Division

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Water Enterprise**  
**Detailed Summary of Available Revenue Bond Proceeds**  
**All Years, as of June 30, 2023**  
*by enterprise, bond series*

	Official Statements (Proceeds)	Commercial Paper Proceeds	Adjustments - Other Proceeds	Actual Deposits	Debt Service Reserve Releases	Net Interest Investment Earnings (Expense)	Available Proceeds
<b>Water</b>							
2006A Bond Series	\$ 338,600,817	\$ -	\$ 120,401,670	\$ 459,002,486	\$ -	\$ 19,489,033	\$ 478,491,519
2009A Bond Series	139,209,860	-	229,948,665	369,158,525	-	3,700,942	372,859,467
2009B Bond Series	377,777,834	-	268,728	378,046,562	-	6,023,494	384,070,056
2010A Bond Series	58,747,600	-	28,473	58,776,073	-	1,358,771	60,134,844
2010B Bond Series	364,757,301	-	208,860	364,966,161	-	5,103,307	370,069,468
2010D Bond Series	72,243,230	-	35,680	72,278,910	-	1,254,697	73,533,607
2010E Bond Series	300,445,570	-	172,100	300,617,670	-	6,750,829	307,368,499
2010F Bond Series	149,727,858	-	90,480	149,818,338	-	3,789,383	153,607,721
2010G Bond Series	288,251,899	-	175,735	288,427,634	-	7,393,853	295,821,487
2011A Bond Series	525,000,000	-	301,424	525,301,424	-	1,279,435	526,580,858
2011B Bond Series	27,710,000	-	(27,695,512)	14,488	-	574,926	589,414
2011C Bond Series	33,772,250	-	16,798	33,789,048	-	777,168	34,566,215
2012A Bond Series	530,000,000	-	(4,681)	529,995,319	-	10,590,731	540,586,050
2012B Bond Series	15,750,000	-	8,260	15,758,260	-	337	15,758,597
2015A Reserve Release	-	-	-	-	15,958,031	(3,386,144)	12,571,888
2016 Reserve Release	-	-	84,919	84,919	86,880,843	(5,118,221)	81,847,541
2016C Bond Series	19,975,000	-	225,704,114	245,679,114	-	393,981	246,073,095
2017A Bond Series	65,500,000	-	60,874,731	126,374,731	-	(116,665)	126,258,066
2017B Bond Series	150,000,000	-	-	150,000,000	-	9,724,218	159,724,218
2017C Bond Series	15,000,000	-	(15,000,000)	-	-	-	-
2020A Bond Series	-	-	180,211,883	180,211,883	-	1,927	180,213,810
2020B Bond Series	69,643,720	-	37,408	69,681,128	-	647,466	70,328,594
2020C Bond Series	94,987,974	-	50,410	95,038,384	-	1,268,802	96,307,186
2020D Bond Series	-	-	224,615	224,615	-	-	224,615
CP5 Commercial Paper	-	25,000,000	-	25,000,000	-	15,122	25,015,122
CP6 Commercial Paper	-	272,728,931	-	272,728,931	-	2,685,766	275,414,697
Transfers to HHW	-	-	157,710,737	157,710,737	-	-	157,710,737
<b>Total</b>	<b>\$ 3,637,100,912</b>	<b>297,728,931</b>	<b>\$ 933,855,496</b>	<b>\$ 4,868,685,339</b>	<b>\$ 102,838,874</b>	<b>\$ 74,203,158</b>	<b>\$ 5,045,727,372</b>

- Adjustments include RBOC fees, amounts issued and transferred to HHW, reserve release, cost of issuance (COI) return from Fiscal Agent, and WSIP related revenue entries
- Adjustments: 2006A (\$120M) and 2009A (\$230M) - WSIP amounts from 02A, which originated from CP, and RBOC; 2009B (\$0.3M) COI, 2010ABDEFG (\$0.7M) RBOC Adjustments, 2011ABC (\$0.3M) RBOC Adjustments, 2012AB (\$4K) RBOC Adjustments, 2016ABC (\$0.4M) COI Refund and RBOC Adjustments, 2017A (\$0.2M), 2020ABCD (\$0.2M) RBOC
- Adjustment 2017C, \$15M transferred from CP2 Transfer to HHW; Commercial Paper Proceeds CP2, CP3, CP4, and CP6 are issuance amounts
- 2016 Reserve Release of \$86.9M due to Letter of Credit substitutions (2009AB, 2010FG, 2011ABCD, 2012ABC) and reserve releases (2009AB, 2010AF)

Source data: PeopleSoft BI, extract date: 2023-08-25

Prepared by: SFPUC Finance - Financial Reporting & Analysis Division

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Water Enterprise**

**Summary of revenue Bond Expenditures**

**All Years, as of June 30, 2023**

*by enterprise, authority, bond series*

	2006A Bond Series	2009A Bond Series	2009B Bond Series	2010A Bond Series	2010B Bond Series
<b>Water</b>					
10005 Closed at Go Live	\$ 173,543,680	\$ 90,578,895	\$ 19,839,961	\$ -	\$ 17,756,629
15429 UW Local Water R&r Program	-	-	-	-	-
15430 UW Main Replacement Program	-	-	-	-	-
15432 UW New Services	-	-	-	-	-
15433 UW Renew Services	-	-	-	-	-
15479 UW Regional Water Treatment Pr	-	-	-	-	-
15480 UW Tesla Uv Facility	-	-	-	-	-
15481 UW Sunol Valley Water Treatmen	-	-	-	-	-
15482 UW Htwt & West Bay Fields	-	-	-	-	-
15488 UW Pipeline Improvments	-	-	-	-	-
15516 UW Buildings & Grounds - Regio	-	-	-	-	-
15517 UW Sunol Long Term Improvement	-	-	-	-	-
15519 UW Millbrea Yard	-	-	-	-	-
15526 UW Local Water Conveyance-dist	-	-	-	-	-
15527 UW New Services	-	-	-	-	-
15528 UW Renew Services	-	-	-	-	-
15530 UW Large Meter Program	-	-	-	-	-
15531 UW Pipeline Replacement	-	-	-	-	-
15534 UW Systems Monitoring & Contro	-	-	-	-	-
15536 UW Communications	-	-	-	-	-
15537 UW Controls	-	-	-	-	-
15539 UW College Hill Reservoir Outl	-	-	-	-	-
15540 UW Sunset Reservoir South Basi	-	-	-	-	-
15541 UW University Mound Improvemen	-	-	-	-	-
15542 UW Chlorine Trim Station Repai	-	-	-	-	-
15545 UW Lake Merced Pump Station Fu	-	-	-	-	-
15546 UW Bay Bridge West Pump Statio	-	-	-	-	-
15547 UW Harding Park Pump Station	-	-	-	-	-
15549 UW Long Term Monitoring & Perm	-	-	-	-	-
15550 UW Alameda Watershed Monitorin	-	-	-	-	-
15551 UW Peninsula Watershed Monitor	-	-	-	-	-
15552 UW Wsip Bond-commercial Paper	5,142,033	3,863,075	4,716,980	-	3,728,004
15553 UW Revenue Bond Oversight Comm	-	32,837	39,053	-	-
15555 UW Lake Merced Water Level Res	5,409,545	1,550,141	112,495	-	1,059
15556 UW San Francisco Groundwater S	2,485,419	2,011,934	2,392,422	-	2,477,327
15557 UW Regional Groundwater Storag	2,558,786	3,272,097	2,713,716	-	3,071,053
15558 UW Recycled Water Project	5,920,209	2,842,818	1,918,209	-	3,181,344
15559 UW Harding Park Recycled Water	44,428	983,444	544,268	-	3,024,842
15560 UW Recycled Water Project - Ea	-	(833)	70,102	-	974,024
15561 UW Lake Merced Pump Station Up	3,894,336	7,151,502	20,304,925	-	7,904,456
15562 UW Forest Hill Pump Station Up	-	414,429	652,480	-	732,610
15563 UW McLaren Park Pump Station U	3,888,391	24,557,987	1,004,155	-	280,627
15564 UW Sutro Res - Rehab-seismic U	509,502	1,267,007	562,555	-	2,980,366
15565 UW Bdpl #1&2 Repair Of Caisson	1,001,800	-	-	-	-
15566 UW Upper Alameda Creek Filter	1,217,538	1,161,981	846,383	-	1,276,321
15567 UW Seismic Upgrade Bdpl @ Hayw	22,568,953	1,547,420	11,038	-	-
15568 UW Seismic Bdpl @ Hayward Faul	2,462,182	5,133,363	3,067,269	-	2,192,870
15569 UW Lower Crystal Springs Dam I	4,108,963	4,952,118	2,158,867	-	9,564,509
15570 UW New Crystal Springs Bypass	30,304,058	37,092,752	4,826,752	-	7,254,330
15571 UW Sunset Res - Upgrade-rehab	51,575,246	12,732,311	234,529	-	146
15572 UW New Irvington Tunnel	15,057,846	13,235,307	17,710,596	-	57,076,541
15573 UW Alameda Siphon #4	5,386,860	13,970,553	14,735,753	-	2,339,179
15574 UW Sunol Quarry Reservoirs	79,923	-	-	-	-
15575 UW Laguna Creek Sedimentation	481,628	53,039	10,000	-	-
15576 UW Instalation Of Scada System	794,998	4,061,975	3,249,336	-	986,720
15577 UW Security Systems Upgrades	1,713,334	1,410,292	649,551	-	1,052,332
15578 UW Htwt Long Term Improvement	4,837,260	12,891,966	12,916,867	-	10,332,603
15579 UW Peninsula Pipeline Seismic	-	1,100	987,475	-	1,766,526
15580 UW Bdpl Reliability Upgrade -	(0)	8,397,528	30,520,443	-	29,727,757
15581 UW Bdpl Reliability - Pipeline	8,796,002	9,385,071	66,372,606	-	38,642,142
15582 UW Crystal Springs Ps & Cs-sa	7,218,897	12,872,965	4,922,119	-	19,647,925
15583 UW U Mound Res - Upgrade (nort	2,891,221	6,534,162	25,622,492	-	7,511,562
15584 UW San Joaquin Pipeline System	15,047,387	16,053,371	11,602,852	-	31,148,950
15585 UW Rehab Existing San Joaquin	7,148,413	4,650,783	7,371,937	-	1,997,461
15586 UW Calaveras Dam Replacement	24,372,855	14,106,213	8,028,733	-	19,713,082
15587 UW San Antonio Backup Pipeline	1,816,946	3,794,684	1,662,299	-	1,982,241
15588 UW Mountain Tunnel Lining (het	38,627	-	-	-	-
15589 UW Early Intake Res -adj Weir	87,450	-	-	-	-
15590 UW Crystal Springs PI #2 Repla	5,839,591	3,568,573	2,131,608	-	7,804,409
15591 UW San Andreas #3 Pipeline Ins	4,382,149	3,176,549	18,583,726	-	2,046,476
15592 UW Bdpl No 3&4 Cross Connectio	2,982,862	5,264,399	6,533,151	-	1,808,499
15593 UW Svwt Expansion-treated Wat	3,443,807	10,770,748	17,695,662	-	41,694,178
15594 UW Svwt New Pipeline	90,892	21,287	3,317	-	-
15595 UW Foothill Tunnel Repairs (he	34,824	-	-	-	-
15596 UW Tesla Treatment Facility	4,088,706	45,232,974	40,128,766	-	15,150,028
15598 UW San Antonio Pump Station Up	1,077,014	1,969,944	7,945,871	-	1,845,833
15599 UW Environmental Impact Projec	8,468,434	(8,049,921)	-	-	-
15600 UW Habitat Reerve Prgram	988,976	3,339,062	4,395,656	-	6,355,827
15601 UW Vegetation Restoration Wsip	-	-	-	-	1,795
15603 UW Sfpuc-ebmud Intertie	7,081,267	553,364	1,089	-	1,518
15605 UW Baden And San Pedro Valve L	3,072,889	5,109,271	13,833,272	-	2,681,302
15606 UW Program Management Services	22,979,607	(21,873,662)	-	-	-
15607 UW Bdpl#4 Slip Lining - Pccp	1,211,454	748,982	45,730	-	-
15608 UW Watershed Environmental Imp	121,022	227,012	186,987	-	145,205
15612 UW Automated Meter Reading Sys	-	-	-	-	-
15613 UW Automated Meter Reading Sys	-	-	-	60,031,866	-
15617 UW Building & Grounds Improvem	-	-	-	-	-
15619 UW New Fuel Station Cdd	-	-	-	-	-
15672 UW Bay Division Pipeline Upgra	-	-	-	-	-
15673 UW Peninsula Water System Impr	-	-	-	-	-
15674 UW San Joaquin Water Sys Impro	-	-	-	-	-
15679 UW Sunol Valley Water System I	-	-	-	-	-
17324 AD Puc Revenue Bond Oversight	223,310	236,598	206,000	28,473	208,860
17731 UB Non Wsip Water Bond-cp Expe	-	-	-	-	-
19656 UW Rollins Road Purchase	-	-	-	-	-
20505 Town of Sunol Pipeline	-	-	-	-	-
21392 Regional Water Treatment RNR	-	-	-	-	-
20504 New Serices Connection Program	-	-	-	-	-
21396 New CDD Headquarters	-	-	-	-	-
99999 FY16/17 Conversion	-	-	-	-	-
<b>Total</b>	<b>\$ 478,491,519</b>	<b>\$ 372,859,467</b>	<b>\$ 384,070,056</b>	<b>\$ 60,060,339</b>	<b>\$ 370,069,468</b>

Note: CP2, CP3, and CP4 were fully refunded by bonds, expenditures are shown on this report

Source data: PeopleSoft BI, extract date: 2023-08-25

Prepared by: SFPUC Finance - Financial Reporting & Analysis Division



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Water Enterprise**

**Summary of revenue Bond Expenditures**

**All Years, as of June 30, 2023**

*by enterprise, authority, bond series*

	2010D Bond Series	2010E Bond Series	2010F Bond Series	2010G Bond Series	2011A Bond Series
<b>Water</b>					
10005 Closed at Go Live	\$ 677,251	\$ 3,399,094	\$ -	\$ -	\$ 939,584
15429 UW Local Water R&r Program	-	-	-	-	-
15430 UW Main Replacement Program	-	-	-	-	-
15432 UW New Services	-	-	-	-	-
15433 UW Renew Services	-	-	-	-	-
15479 UW Regional Water Treatment Pr	-	-	-	-	-
15480 UW Tesla Uv Facility	-	-	-	-	-
15481 UW Sunol Valley Water Treatmen	-	-	-	-	-
15482 UW HtwtP & West Bay Fields	-	-	-	-	-
15488 UW Pipeline Improvments	-	-	-	-	-
15516 UW Buildings & Grounds - Regio	-	200	-	-	-
15517 UW Sunol Long Term Improvement	-	3,983,783	-	-	-
15519 UW Millbrea Yard	-	10,555	-	1,982,171	-
15526 UW Local Water Conveyance-dist	-	-	-	-	-
15527 UW New Services	-	-	-	-	-
15528 UW Renew Services	-	-	-	-	-
15530 UW Large Meter Program	-	-	-	-	-
15531 UW Pipeline Replacement	-	-	-	-	-
15534 UW Systems Monitoring & Contro	-	-	-	-	-
15536 UW Communications	-	-	-	-	-
15537 UW Controls	-	-	-	-	-
15539 UW College Hill Reservoir Outl	-	-	-	-	-
15540 UW Sunset Reservoir South Basi	-	-	-	-	-
15541 UW University Mound Improvemen	-	-	-	-	-
15542 UW Chlorine Trim Station Repai	-	-	-	-	-
15545 UW Lake Merced Pump Station Fu	-	-	-	-	-
15546 UW Bay Bridge West Pump Statio	-	-	-	-	-
15547 UW Harding Park Pump Station	-	-	-	-	-
15549 UW Long Term Monitoring & Perm	-	-	-	-	-
15550 UW Alameda Watershed Monitorin	-	-	-	-	-
15551 UW Peninsula Watershed Monitor	-	-	-	-	-
15552 UW Wsip Bond-commercial Paper	215,383	3,721,698	-	-	9,747,531
15553 UW Revenue Bond Oversight Comm	-	-	-	-	-
15555 UW Lake Merced Water Level Res	4,477	2,973	-	26,463	111,829
15556 UW San Francisco Groundwater S	125,138	580,531	-	-	2,969,770
15557 UW Regional Groundwater Storag	391,419	3,488,203	-	25,096	7,775,650
15558 UW Recycled Water Project	66,725	(281)	-	-	542,381
15559 UW Harding Park Recycled Water	594,591	471,711	-	-	960,750
15560 UW Recycled Water Project - Ea	75,231	198,469	-	-	941,453
15561 UW Lake Merced Pump Station Up	543,299	3,895,752	-	8,168	5,003,529
15562 UW Forest Hill Pump Station Up	127,862	1,927,957	-	-	2,670,422
15563 UW McLaren Park Pump Station U	62,353	131,850	-	-	12,927
15564 UW Sutro Res - Rehab-seismic U	174,859	19	-	-	19,890,223
15565 UW Bdpl #1&2 Repair Of Caisson	-	-	-	-	-
15566 UW Upper Alameda Creek Filter	87,340	432,736	-	-	743,388
15567 UW Seismic Upgrade Bdpl @ Hayw	-	-	-	-	-
15568 UW Seismic Bdpl @ Hayward Faul	121,636	2,204,725	-	-	28,569,477
15569 UW Lower Crystal Springs Dam I	4,821,737	8,029,519	-	-	1,961,021
15570 UW New Crystal Springs Bypass	846,635	658,879	-	-	49,855
15571 UW Sunset Res - Upgrade-rehab	125	125,429	-	-	41,281
15572 UW New Irvington Tunnel	14,291,707	65,452,459	-	-	126,757,458
15573 UW Alameda Siphon #4	1,415,383	6,414,941	-	-	1,525,354
15574 UW Sunol Quarry Reservoirs	-	-	-	-	-
15575 UW Laguna Creek Sedimentation	-	-	-	-	-
15576 UW Instalation Of Scada System	23,700	-	-	-	602,476
15577 UW Security Systems Upgrades	125,244	1,112,774	-	-	3,603,949
15578 UW HtwtP Long Term Improvement	3,056,046	7,287,708	42,799,226	57,223,801	13,416,559
15579 UW Peninsula Pipeline Seismic	171,336	1,245,532	-	-	4,495,048
15580 UW Bdpl Reliability Upgrade -	66,847	30,598,904	-	-	71,037,620
15581 UW Bdpl Reliability - Pipeline	6,635,317	26,160,581	-	-	16,427,196
15582 UW Crystal Springs Ps & Cs-sa	6,257,317	35,114,397	-	-	66,195,719
15583 UW U Mound Res - Upgrade (nort	286,730	1,228,965	-	-	355,181
15584 UW San Joaquin Pipeline System	13,158,435	23,406,183	31,587,381	61,716,032	1,952,413
15585 UW Rehab Existing San Joaquin	208,414	511,970	-	-	198,367
15586 UW Calaveras Dam Replacement	2,560,283	8,661,311	79,130,633	174,618,215	16,756,298
15587 UW San Antonio Backup Pipeline	193,077	2,049,672	-	-	27,380,648
15588 UW Mountain Tunnel Lining (het	-	-	-	-	-
15589 UW Early Intake Res -adj Weir	-	-	-	-	-
15590 UW Crystal Springs PI #2 Repla	6,958,428	15,642,410	-	-	15,506,106
15591 UW San Andreas #3 Pipeline Ins	16,967	180,598	-	-	129,229
15592 UW Bdpl No 3&4 Cross Connectio	1,344,925	9,519,848	-	-	3,096,146
15593 UW SvwtP Expansion-treated Wat	6,117,762	23,879,316	-	-	29,869,946
15594 UW SvwtP New Pipeline	-	-	-	-	-
15595 UW Foothill Tunnel Repairs (he	-	-	-	-	-
15596 UW Tesla Treatment Facility	749,086	4,702,604	-	-	4,801,494
15598 UW San Antonio Pump Station Up	206,859	207,929	-	-	33,224
15599 UW Environmental Impact Projec	-	-	-	-	-
15600 UW Habitat Reerve Prgam	604,408	7,862,948	-	-	36,717,475
15601 UW Vegetation Restoration Wsip	-	6	-	-	635,958
15603 UW Sfpuc-ebmud Intertie	-	444,146	-	-	193,563
15605 UW Baden And San Pedro Valve L	86,323	744,638	-	-	207,985
15606 UW Program Management Services	-	-	-	-	-
15607 UW Bdpl#4 Slip Lining - Pccp	-	-	-	-	-
15608 UW Watershed Environmental Imp	27,270	1,492,326	-	-	1,452,949
15612 UW Automated Meter Reading Sys	-	-	-	-	-
15613 UW Automated Meter Reading Sys	-	-	-	-	-
15617 UW Building & Grounds Improvem	-	-	-	-	-
15619 UW New Fuel Station Cdd	-	-	-	-	-
15672 UW Bay Division Pipeline Upgra	-	-	-	-	-
15673 UW Peninsula Water System Impr	-	-	-	-	-
15674 UW San Joaquin Water Sys Impro	-	-	-	-	-
15679 UW Sunol Valley Water System I	-	-	-	-	-
17324 AD Puc Revenue Bond Oversight	35,680	172,100	90,480	175,735	69,199
17731 UB Non Wsip Water Bond-cp Expe	-	-	-	-	-
19656 UW Rollins Road Purchase	-	-	-	-	-
20505 Town of Sunol Pipeline	-	-	-	-	-
21392 Regional Water Treatment RNR	-	-	-	-	-
20504 New Serices Connection Program	-	-	-	-	-
21396 New CDD Headquarters	-	-	-	-	-
99999 FY16/17 Conversion	-	281	-	-	-
<b>Total</b>	<b>\$ 73,533,607</b>	<b>\$ 307,358,348</b>	<b>\$ 153,607,721</b>	<b>\$ 295,775,681</b>	<b>\$ 526,348,633</b>

Note: CP2, CP3, and CP4 were fully refunded by bonds, (

Source data: PeopleSoft BI, extract date: 2023-08-25

Prepared by: SFPUC Finance - Financial Reporting & An

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Water Enterprise**  
**Summary of revenue Bond Expenditures**  
**All Years, as of June 30, 2023**  
*by enterprise, authority, bond series*

	2011B Bond Series	2011C Bond Series	2012A Bond Series	2012B Bond Series	2015A Reserve Release
<b>Water</b>					
10005 Closed at Go Live	\$ -	\$ -	\$ -	\$ 15,750,000	\$ -
15429 UW Local Water R&r Program	-	485,169	-	-	-
15430 UW Main Replacement Program	-	26,056,260	-	-	-
15432 UW New Services	-	5,554,269	-	-	-
15433 UW Renew Services	-	696,502	-	-	-
15479 UW Regional Water Treatment Pr	-	-	-	-	-
15480 UW Tesla Uv Facility	-	-	-	-	-
15481 UW Sunol Valley Water Treatmen	-	-	-	-	-
15482 UW HtwtP & West Bay Fields	-	-	-	-	-
15488 UW Pipeline Improvments	-	-	-	-	-
15516 UW Buildings & Grounds - Regio	-	-	-	-	-
15517 UW Sunol Long Term Improvement	-	-	-	-	-
15519 UW Millbrea Yard	-	-	-	-	-
15526 UW Local Water Conveyance-dist	-	-	-	-	-
15527 UW New Services	-	-	-	-	-
15528 UW Renew Services	-	-	-	-	-
15530 UW Large Meter Program	-	-	-	-	-
15531 UW Pipeline Replacement	-	-	-	-	-
15534 UW Systems Monitoring & Contro	-	-	-	-	-
15536 UW Communications	-	-	-	-	-
15537 UW Controls	-	-	-	-	-
15539 UW College Hill Reservoir Outl	-	-	-	-	-
15540 UW Sunset Reservoir South Basi	-	-	-	-	-
15541 UW University Mound Improvemen	-	-	-	-	-
15542 UW Chlorine Trim Station Repai	-	-	-	-	-
15545 UW Lake Merced Pump Station Fu	-	-	-	-	-
15546 UW Bay Bridge West Pump Statio	-	-	-	-	-
15547 UW Harding Park Pump Station	-	-	-	-	-
15549 UW Long Term Monitoring & Perm	-	-	-	-	-
15550 UW Alameda Watershed Monitorin	-	-	-	-	-
15551 UW Peninsula Watershed Monitor	-	-	-	-	-
15552 UW Wsip Bond-commercial Paper	-	-	9,624,225	-	-
15553 UW Revenue Bond Oversight Comm	-	-	-	-	-
15555 UW Lake Merced Water Level Res	-	-	284,392	-	-
15556 UW San Francisco Groundwater S	-	-	30,426,478	-	-
15557 UW Regional Groundwater Storag	-	-	41,594,226	-	71
15558 UW Recycled Water Project	-	-	-	-	-
15559 UW Harding Park Recycled Water	-	-	350	-	-
15560 UW Recycled Water Project - Ea	-	-	61,923	-	-
15561 UW Lake Merced Pump Station Up	-	-	1,189,537	-	-
15562 UW Forest Hill Pump Station Up	-	-	32,633	-	-
15563 UW McLaren Park Pump Station U	-	-	-	-	-
15564 UW Sutro Res - Rehab-seismic U	-	-	15,009,305	-	-
15565 UW Bdpl #1&2 Repair Of Caisson	-	-	-	-	-
15566 UW Upper Alameda Creek Filter	-	-	3,751,611	-	173,410
15567 UW Seismic Upgrade Bdpl @ Hayw	-	-	-	-	-
15568 UW Seismic Bdpl @ Hayward Faul	-	-	23,925,377	-	-
15569 UW Lower Crystal Springs Dam I	-	-	14,216	-	-
15570 UW New Crystal Springs Bypass	-	-	-	-	-
15571 UW Sunset Res - Upgrade-rehab	-	-	-	-	-
15572 UW New Irvington Tunnel	-	-	24,365,427	-	-
15573 UW Alameda Siphon #4	-	-	921	-	-
15574 UW Sunol Quarry Reservoirs	-	-	-	-	-
15575 UW Laguna Creek Sedimentation	-	-	-	-	-
15576 UW Instalation Of Scada System	-	-	-	-	-
15577 UW Security Systems Upgrades	-	-	2,811,455	-	-
15578 UW HtwtP Long Term Improvement	-	-	64,859,876	-	-
15579 UW Peninsula Pipeline Seismic	-	-	30,876,207	-	-
15580 UW Bdpl Reliability Upgrade -	-	-	28,181,497	-	-
15581 UW Bdpl Reliability - Pipeline	-	-	3,132,416	-	-
15582 UW Crystal Springs Ps & Cs-sa	-	-	41,068,344	-	-
15583 UW U Mound Res - Upgrade (nort	-	-	-	-	-
15584 UW San Joaquin Pipeline System	-	-	3,625,650	-	-
15585 UW Rehab Existing San Joaquin	-	-	64,027	-	-
15586 UW Calaveras Dam Replacement	-	-	184,012,380	-	645,870
15587 UW San Antonio Backup Pipeline	-	-	16,283,335	-	-
15588 UW Mountain Tunnel Lining (het	-	-	-	-	-
15589 UW Early Intake Res -adj Weir	-	-	-	-	-
15590 UW Crystal Springs PI #2 Repla	-	-	461,809	-	-
15591 UW San Andreas #3 Pipeline Ins	-	-	-	-	-
15592 UW Bdpl No 3&4 Cross Connectio	-	-	215,300	-	-
15593 UW SvwtP Expansion-treated Wat	-	-	238,105	-	-
15594 UW SvwtP New Pipeline	-	-	-	-	-
15595 UW Foothill Tunnel Repairs (he	-	-	-	-	-
15596 UW Tesla Treatment Facility	-	-	984,278	-	-
15598 UW San Antonio Pump Station Up	-	-	1,420	-	-
15599 UW Environmental Impact Projec	-	-	-	-	-
15600 UW Habitat Reerve Prgam	-	-	11,369,094	-	-
15601 UW Vegetation Restoration Wsip	-	-	1,440,833	-	-
15603 UW Sfpuc-ebmud Intertie	-	-	-	-	-
15605 UW Baden And San Pedro Valve L	-	-	-	-	-
15606 UW Program Management Services	-	-	-	-	-
15607 UW Bdpl#4 Slip Lining - Pccp	-	-	-	-	-
15608 UW Watershed Environmental Imp	-	-	382,362	-	-
15612 UW Automated Meter Reading Sys	-	-	-	-	-
15613 UW Automated Meter Reading Sys	-	-	-	-	-
15617 UW Building & Grounds Improvem	-	-	-	-	-
15619 UW New Fuel Station Cdd	-	-	-	-	-
15672 UW Bay Division Pipeline Upgra	-	-	-	-	-
15673 UW Peninsula Water System Impr	-	-	-	-	194,159
15674 UW San Joaquin Water Sys Impro	-	-	-	-	-
15679 UW Sunol Valley Water System I	-	-	-	-	64,960
17324 AD Puc Revenue Bond Oversight	-	-	-	-	-
17731 UB Non Wsip Water Bond-cp Expe	27,940,480	-	-	-	-
19656 UW Rollins Road Purchase	-	-	-	-	-
20505 Town of Sunol Pipeline	-	-	-	-	-
21392 Regional Water Treatment RNR	-	-	-	-	-
20504 New Serices Connection Program	-	-	-	-	-
21396 New CDD Headquarters	-	-	-	-	-
99999 FY16/17 Conversion	-	-	-	-	-
<b>Total</b>	<b>\$ 27,940,480</b>	<b>\$ 32,792,202</b>	<b>\$ 540,289,008</b>	<b>\$ 15,750,000</b>	<b>\$ 1,078,469</b>

Note: CP2, CP3, and CP4 were fully refunded by bonds, (

Source data: PeopleSoft BI, extract date: 2023-08-25  
 Prepared by: SFPUC Finance - Financial Reporting & An.



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Water Enterprise  
Summary of revenue Bond Expenditures  
All Years, as of June 30, 2023**

by enterprise, authority, bond series

	2016 Reserve Release	2016C Bond Series	2017A Bond Series	2017B Bond Series	2017C Bond Series
<b>Water</b>					
10005 Closed at Go Live	\$ -	\$ -	\$ -	\$ -	\$ -
15429 UW Local Water R&r Program	-	-	-	-	-
15430 UW Main Replacement Program	-	-	-	-	-
15432 UW New Services	-	-	-	-	-
15433 UW Renew Services	-	-	-	-	-
15479 UW Regional Water Treatment Pr	-	-	-	119,389	-
15480 UW Tesla Uv Facility	-	-	-	147,148	-
15481 UW Sunol Valley Water Treatmen	-	-	-	1,954,821	-
15482 UW HtwtP & West Bay Fields	-	-	-	320,563	-
15488 UW Pipeline Improvements	-	-	-	-	-
15516 UW Buildings & Grounds - Regio	-	-	-	684,384	-
15517 UW Sunol Long Term Improvement	-	-	-	43,907,917	-
15519 UW Millbrea Yard	-	-	-	1,437,904	-
15526 UW Local Water Conveyance-dist	-	-	-	2,874,694	-
15527 UW New Services	-	-	-	21,178,654	-
15528 UW Renew Services	63,125	-	-	13,420,578	-
15530 UW Large Meter Program	-	-	-	24,935	-
15531 UW Pipeline Replacement	8,910,712	-	-	58,993,112	-
15534 UW Systems Monitoring & Contro	12,938	-	-	-	-
15536 UW Communications	162,123	-	-	-	-
15537 UW Controls	2,351	-	-	-	-
15539 UW College Hill Reservoir Outl	1,098,592	-	-	-	-
15540 UW Sunset Reservoir South Basi	28,950	-	-	-	-
15541 UW University Mound Improvemen	-	-	-	-	-
15542 UW Chlorine Trim Station Repai	-	-	-	-	-
15545 UW Lake Merced Pump Station Fu	265,826	-	-	-	-
15546 UW Bay Bridge West Pump Statio	-	-	-	-	-
15547 UW Harding Park Pump Station	-	-	-	-	-
15549 UW Long Term Monitoring & Perm	355,180	-	-	-	-
15550 UW Alameda Watershed Monitorin	5,032,874	-	-	1,673,909	-
15551 UW Peninsula Watershed Monitor	2,846,097	-	-	-	-
15552 UW Wsip Bond-commercial Paper	-	-	-	-	-
15553 UW Revenue Bond Oversight Comm	-	-	-	-	-
15555 UW Lake Merced Water Level Res	624,061	-	-	-	-
15556 UW San Francisco Groundwater S	9,661,788	-	-	-	-
15557 UW Regional Groundwater Storag	1,785,646	9,750,004	11,838,717	-	-
15558 UW Recycled Water Project	-	-	-	17,168	-
15559 UW Harding Park Recycled Water	1,133	-	34	-	-
15560 UW Recycled Water Project - Ea	-	-	19,703	-	-
15561 UW Lake Merced Pump Station Up	402,709	-	630,939	-	-
15562 UW Forest Hill Pump Station Up	-	-	-	-	-
15563 UW McLaren Park Pump Station U	-	-	-	-	-
15564 UW Sutro Res - Rehab-seismic U	-	-	23,855	-	-
15565 UW Bdpl #1&2 Repair Of Caisson	-	-	-	-	-
15566 UW Upper Alameda Creek Filter	2,365,282	1,039,197	45,806	-	-
15567 UW Seismic Upgrade Bdpl @ Hayw	-	-	-	-	-
15568 UW Seismic Bdpl @ Hayward Faul	-	2,142,608	4,345,357	-	-
15569 UW Lower Crystal Springs Dam I	-	-	1,140	-	-
15570 UW New Crystal Springs Bypass	-	-	-	-	-
15571 UW Sunset Res - Upgrade-rehab	-	-	-	-	-
15572 UW New Irvington Tunnel	774,777	321,887	-	-	-
15573 UW Alameda Siphon #4	-	-	-	-	-
15574 UW Sunol Quarry Reservoirs	-	-	-	-	-
15575 UW Laguna Creek Sedimentation	-	-	-	-	-
15576 UW Instalation Of Scada System	-	-	-	-	-
15577 UW Security Systems Upgrades	-	-	851,873	-	-
15578 UW HtwtP Long Term Improvement	-	40,658	18,158,415	-	-
15579 UW Peninsula Pipeline Seismic	-	1,109	321,836	-	-
15580 UW Bdpl Reliability Upgrade -	-	159,107	1,282,153	-	-
15581 UW Bdpl Reliability - Pipeline	-	83,846	259,886	-	-
15582 UW Crystal Springs Ps & Cs-sa	-	11,682	51,297	-	-
15583 UW U Mound Res - Upgrade (nort	-	-	-	-	-
15584 UW San Joaquin Pipeline System	-	-	163,320	-	-
15585 UW Rehab Existing San Joaquin	-	-	259	-	-
15586 UW Calaveras Dam Replacement	51,091,104	41,493	22,711,043	46,948	-
15587 UW San Antonio Backup Pipeline	-	-	83,650	-	-
15588 UW Mountain Tunnel Lining (het	-	-	-	-	-
15589 UW Early Intake Res -adj Weir	-	-	-	-	-
15590 UW Crystal Springs PI #2 Repla	-	-	663	-	-
15591 UW San Andreas #3 Pipeline Ins	-	-	-	-	-
15592 UW Bdpl No 3&4 Cross Connectio	-	-	1,240	-	-
15593 UW SvwtP Expansion-treated Wat	-	-	552	-	-
15594 UW SvwtP New Pipeline	-	-	-	-	-
15595 UW Foothill Tunnel Repairs (he	-	-	-	-	-
15596 UW Tesla Treatment Facility	-	-	1,616	-	-
15598 UW San Antonio Pump Station Up	-	-	-	-	-
15599 UW Environmental Impact Projec	-	-	-	-	-
15600 UW Habitat Reerve Prgam	6,000,000	6,905,331	2,349,645	-	-
15601 UW Vegetation Restoration Wsip	-	-	21,163	-	-
15603 UW Sfpuc-ebmud Intertie	-	-	-	-	-
15605 UW Baden And San Pedro Valve L	-	-	2,674	-	-
15606 UW Program Management Services	-	-	-	-	-
15607 UW Bdpl#4 Slip Lining - Pccp	-	-	-	-	-
15608 UW Watershed Environmental Imp	3,900,330	-	299,901	-	-
15612 UW Automated Meter Reading Sys	-	-	-	-	-
15613 UW Automated Meter Reading Sys	-	-	-	-	-
15617 UW Building & Grounds Improvem	854,180	-	-	-	-
15619 UW New Fuel Station Cdd	-	-	-	-	-
15672 UW Bay Division Pipeline Upgra	-	-	958,168	-	-
15673 UW Peninsula Water System Impr	-	-	622,635	-	-
15674 UW San Joaquin Water Sys Impro	-	10,118	150,624	-	-
15679 UW Sunol Valley Water System I	-	-	185,173	-	-
17324 AD Puc Revenue Bond Oversight	-	-	-	-	-
17731 UB Non Wsip Water Bond-cp Expe	-	-	-	295,974	30,000,000
19656 UW Rollins Road Purchase	-	-	-	-	-
20505 Town of Sunol Pipeline	-	-	-	-	-
21392 Regional Water Treatment RNR	-	-	-	-	-
20504 New Serices Connection Program	-	-	-	-	-
21396 New CDD Headquarters	-	-	-	-	-
99999 FY16/17 Conversion	-	-	-	-	-
<b>Total</b>	<b>\$ 96,239,776</b>	<b>\$ 20,507,042</b>	<b>\$ 65,383,335</b>	<b>\$ 147,098,097</b>	<b>\$ 30,000,000</b>

Note: CP2, CP3, and CP4 were fully refunded by bonds, (

Source data: PeopleSoft BI, extract date: 2023-08-25  
Prepared by: SFPUC Finance - Financial Reporting & An

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Water Enterprise**

**Summary of revenue Bond Expenditures**

**All Years, as of June 30, 2023**

*by enterprise, authority, bond series*

	2020B Bond Series	2020C Bond Series	CP3 Commercial Paper	CP2 Commercial Paper	CP4 Commercial Paper
<b>Water</b>					
10005 Closed at Go Live	\$ -	\$ -	\$ -	\$ -	\$ -
15429 UW Local Water R&r Program	-	-	-	-	-
15430 UW Main Replacement Program	-	-	-	-	-
15432 UW New Services	-	-	-	-	-
15433 UW Renew Services	-	-	-	-	-
15479 UW Regional Water Treatment Pr	8,910,387	-	-	-	-
15480 UW Tesla Uv Facility	19	-	-	-	-
15481 UW Sunol Valley Water Treatmen	2,486,332	-	-	-	-
15482 UW Htwt & West Bay Fields	200,324	-	-	-	-
15488 UW Pipeline Improvements	26,881,509	-	-	-	-
15516 UW Buildings & Grounds - Regio	173,576	-	-	-	85,283
15517 UW Sunol Long Term Improvement	-	-	-	-	-
15519 UW Millbrea Yard	1,111,973	-	-	-	-
15526 UW Local Water Conveyance-dist	-	5,743,041	-	-	-
15527 UW New Services	-	(275)	-	-	-
15528 UW Renew Services	-	(52)	-	-	-
15530 UW Large Meter Program	-	-	-	-	-
15531 UW Pipeline Replacement	125	62,169,263	-	-	-
15534 UW Systems Monitoring & Contro	-	-	-	-	-
15536 UW Communications	-	720,248	-	-	-
15537 UW Controls	-	56,495	-	-	-
15539 UW College Hill Reservoir Outl	-	1,004,023	-	-	-
15540 UW Sunset Reservoir South Basi	-	-	-	-	-
15541 UW University Mound Improvemen	-	204,436	-	-	-
15542 UW Chlorine Trim Station Repai	-	211,853	-	-	-
15545 UW Lake Merced Pump Station Fu	-	7,957	-	-	-
15546 UW Bay Bridge West Pump Statio	-	9,489	-	-	-
15547 UW Harding Park Pump Station	-	311,342	-	-	-
15549 UW Long Term Monitoring & Perm	121,525	-	-	-	-
15550 UW Alameda Watershed Monitorin	4,331,944	-	-	-	-
15551 UW Peninsula Watershed Monitor	4,441,422	-	-	-	-
15552 UW Wsip Bond-commercial Paper	-	-	8,607,094	-	5,330,495
15553 UW Revenue Bond Oversight Comm	-	-	-	-	-
15555 UW Lake Merced Water Level Res	-	-	-	-	471,183
15556 UW San Francisco Groundwater S	-	-	-	-	9,894,369
15557 UW Regional Groundwater Storag	-	-	5,857,770	17,700	18,947,007
15558 UW Recycled Water Project	-	-	1,910	-	1,235,569
15559 UW Harding Park Recycled Water	-	-	-	-	-
15560 UW Recycled Water Project - Ea	-	-	-	-	-
15561 UW Lake Merced Pump Station Up	-	-	-	-	108,468
15562 UW Forest Hill Pump Station Up	-	-	-	-	-
15563 UW McLaren Park Pump Station U	-	-	-	-	-
15564 UW Sutro Res - Rehab-seismic U	-	-	-	-	-
15565 UW Bdpl #1&2 Repair Of Caisson	-	-	-	-	-
15566 UW Upper Alameda Creek Filter	-	-	1,414,526	218,730	5,861,839
15567 UW Seismic Upgrade Bdpl @ Hayw	-	-	-	-	-
15568 UW Seismic Bdpl @ Hayward Faul	-	-	(1,462,985)	-	-
15569 UW Lower Crystal Springs Dam I	-	-	1,092	-	-
15570 UW New Crystal Springs Bypass	-	-	170	-	-
15571 UW Sunset Res - Upgrade-rehab	-	-	-	-	-
15572 UW New Irvington Tunnel	-	-	(530,938)	4,792,673	-
15573 UW Alameda Siphon #4	-	-	19,471,358	-	-
15574 UW Sunol Quarry Reservoirs	-	-	-	-	-
15575 UW Laguna Creek Sedimentation	-	-	-	-	-
15576 UW Instalation Of Scada System	-	-	-	-	-
15577 UW Security Systems Upgrades	-	-	178,464	1,217,807	1,317
15578 UW Htwt Long Term Improvement	-	-	33,464,778	-	-
15579 UW Peninsula Pipeline Seismic	-	-	5,685	-	-
15580 UW Bdpl Reliability Upgrade -	-	-	81,565,496	-	560
15581 UW Bdpl Reliability - Pipeline	-	-	41,943,183	-	-
15582 UW Crystal Springs Ps & Cs-sa	-	-	369,952	-	-
15583 UW U Mound Res - Upgrade (nort	-	-	-	-	-
15584 UW San Joaquin Pipeline System	-	-	10	-	-
15585 UW Rehab Existing San Joaquin	-	-	1,673	-	7,594
15586 UW Calaveras Dam Replacement	-	-	22,222,491	51,254,395	128,314,499
15587 UW San Antonio Backup Pipeline	-	-	6,534	-	-
15588 UW Mountain Tunnel Lining (het	-	-	-	-	-
15589 UW Early Intake Res -adj Weir	-	-	-	-	-
15590 UW Crystal Springs PI #2 Repla	-	-	-	-	-
15591 UW San Andreas #3 Pipeline Ins	-	-	-	-	-
15592 UW Bdpl No 3&4 Cross Connectio	-	-	1,818	-	-
15593 UW Svwt Expansion-treated Wat	-	-	477	-	14,820
15594 UW Svwt New Pipeline	-	-	-	-	-
15595 UW Foothill Tunnel Repairs (he	-	-	-	-	-
15596 UW Tesla Treatment Facility	-	-	212	-	-
15598 UW San Antonio Pump Station Up	-	-	-	-	836
15599 UW Environmental Impact Projec	-	-	-	-	-
15600 UW Habitat Reerve Prgam	-	-	189,381	-	520,593
15601 UW Vegetation Restoration Wsip	-	-	-	-	-
15603 UW Sfpuc-ebmud Intertie	-	-	173	-	-
15605 UW Baden And San Pedro Valve L	-	-	-	-	-
15606 UW Program Management Services	-	-	-	-	-
15607 UW Bdpl#4 Slip Lining - Pccp	-	-	-	-	-
15608 UW Watershed Environmental Imp	-	-	5,488,700	232,727	6,114,895
15612 UW Automated Meter Reading Sys	-	3,331,902	-	-	-
15613 UW Automated Meter Reading Sys	-	1,025,053	-	-	-
15617 UW Building & Grounds Improvem	-	1,017,307	-	-	-
15619 UW New Fuel Station Cdd	-	49,202	-	-	-
15672 UW Bay Division Pipeline Upgra	626,134	-	1,075,332	631,517	105,867
15673 UW Peninsula Water System Impr	6,754,869	-	2,683,569	1,475,926	890,392
15674 UW San Joaquin Water Sys Impro	441,467	-	276,424	339,517	906,823
15679 UW Sunol Valley Water System I	862,628	-	2,472,475	693,740	427,921
17324 AD Puc Revenue Bond Oversight	-	-	-	-	-
17731 UB Non Wsip Water Bond-cp Expe	-	-	-	80,000,737	20,000,000
19656 UW Rollins Road Purchase	9,063,193	-	-	-	-
20505 Town of Sunol Pipeline	2,015,197	-	-	-	-
21392 Regional Water Treatment RNR	411,421	-	-	-	-
20504 New Serices Connection Program	-	-	-	-	-
21396 New CDD Headquarters	-	-	-	-	-
99999 FY16/17 Conversion	-	-	-	-	-
<b>Total</b>	<b>\$ 68,834,043</b>	<b>\$ 75,861,285</b>	<b>\$ 225,306,822</b>	<b>\$ 140,875,468</b>	<b>\$ 199,240,329</b>

Note: CP2, CP3, and CP4 were fully refunded by bonds, (

Source data: PeopleSoft BI, extract date: 2023-08-25

Prepared by: SFPUC Finance - Financial Reporting & An



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Water Enterprise  
Summary of revenue Bond Expenditures  
All Years, as of June 30, 2023**  
by enterprise, authority, bond series

	CP5 Commercial Paper	CP6 Commercial Paper	Total
<b>Water</b>			
10005 Closed at Go Live	\$ -	\$ -	\$ 322,485,093
15429 UW Local Water R&r Program	-	-	485,169
15430 UW Main Replacement Program	-	-	26,056,260
15432 UW New Services	-	-	5,554,269
15433 UW Renew Services	-	-	696,502
15479 UW Regional Water Treatment Pr	-	-	9,029,776
15480 UW Tesla Uv Facility	-	-	147,167
15481 UW Sunol Valley Water Treatmen	-	-	4,441,152
15482 UW HtwtP & West Bay Fields	-	-	520,886
15488 UW Pipeline Improvements	-	-	26,881,509
15516 UW Buildings & Grounds - Regio	-	-	943,443
15517 UW Sunol Long Term Improvement	-	-	47,891,699
15519 UW Millbrea Yard	-	-	4,542,602
15526 UW Local Water Conveyance-dist	-	-	8,617,735
15527 UW New Services	-	74,493	21,252,872
15528 UW Renew Services	-	605,142	14,088,793
15530 UW Large Meter Program	-	-	24,935
15531 UW Pipeline Replacement	-	13,939,890	144,013,102
15534 UW Systems Monitoring & Contro	7,071	-	20,009
15536 UW Communications	-	-	882,371
15537 UW Controls	-	-	58,846
15539 UW College Hill Reservoir Outl	-	-	2,102,615
15540 UW Sunset Reservoir South Basi	-	-	28,950
15541 UW University Mound Improvemen	-	-	204,436
15542 UW Chlorine Trim Station Repai	-	-	211,853
15545 UW Lake Merced Pump Station Fu	-	-	273,783
15546 UW Bay Bridge West Pump Statio	-	-	9,489
15547 UW Harding Park Pump Station	-	-	311,342
15549 UW Long Term Monitoring & Perm	-	-	476,705
15550 UW Alameda Watershed Monitorin	-	-	11,038,727
15551 UW Peninsula Watershed Monitor	-	-	7,287,518
15552 UW Wsip Bond-commercial Paper	-	-	54,696,519
15553 UW Revenue Bond Oversight Comm	-	-	71,890
15555 UW Lake Merced Water Level Res	-	-	8,598,618
15556 UW San Francisco Groundwater S	-	-	63,025,176
15557 UW Regional Groundwater Storag	8,796,010	-	121,883,171
15558 UW Recycled Water Project	-	(105)	15,725,947
15559 UW Harding Park Recycled Water	-	-	6,625,551
15560 UW Recycled Water Project - Ea	-	-	2,340,073
15561 UW Lake Merced Pump Station Up	-	-	51,037,620
15562 UW Forest Hill Pump Station Up	-	-	6,558,394
15563 UW McLaren Park Pump Station U	-	-	29,938,290
15564 UW Sutro Res - Rehab-seismic U	-	-	40,417,691
15565 UW Bdpl #1&2 Repair Of Caisson	-	-	1,001,800
15566 UW Upper Alameda Creek Filter	28,717	-	20,664,803
15567 UW Seismic Upgrade Bdpl @ Hayw	-	-	24,127,411
15568 UW Seismic Bdpl @ Hayward Faul	-	-	72,701,880
15569 UW Lower Crystal Springs Dam I	-	-	35,613,181
15570 UW New Crystal Springs Bypass	-	-	81,033,432
15571 UW Sunset Res - Upgrade-rehab	-	-	64,709,067
15572 UW New Irvington Tunnel	9,274,204	-	348,579,944
15573 UW Alameda Siphon #4	-	-	65,260,302
15574 UW Sunol Quarry Reservoirs	-	-	79,923
15575 UW Laguna Creek Sedimentation	-	-	544,666
15576 UW Instalation Of Scada System	-	-	9,719,205
15577 UW Security Systems Upgrades	-	-	14,728,393
15578 UW HtwtP Long Term Improvement	-	-	281,285,762
15579 UW Peninsula Pipeline Seismic	-	-	39,871,854
15580 UW Bdpl Reliability Upgrade -	-	-	281,537,913
15581 UW Bdpl Reliability - Pipeline	-	-	217,838,248
15582 UW Crystal Springs Ps & Cs-sa	1,061,331	-	194,791,945
15583 UW U Mound Res - Upgrade (nort	-	-	44,430,314
15584 UW San Joaquin Pipeline System	-	-	209,461,983
15585 UW Rehab Existing San Joaquin	-	-	22,160,899
15586 UW Calaveras Dam Replacement	5,755,756	-	814,043,600
15587 UW San Antonio Backup Pipeline	-	-	55,253,086
15588 UW Mountain Tunnel Lining (het	-	-	38,627
15589 UW Early Intake Res -adj Weir	-	-	87,450
15590 UW Crystal Springs PI #2 Repla	-	-	57,913,597
15591 UW San Andreas #3 Pipeline Ins	-	-	28,515,693
15592 UW Bdpl No 3&4 Cross Connectio	-	-	30,768,188
15593 UW SvwtP Expansion-treated Wat	-	-	133,725,373
15594 UW SvwtP New Pipeline	-	-	115,495
15595 UW Foothill Tunnel Repairs (he	-	-	34,824
15596 UW Tesla Treatment Facility	-	-	115,839,764
15598 UW San Antonio Pump Station Up	-	-	13,288,930
15599 UW Environmental Impact Projec	-	-	418,513
15600 UW Habitat Reerve Prgam	-	-	87,598,397
15601 UW Vegetation Restoration Wsip	-	-	2,099,755
15603 UW Sfpuc-ebmud Intertie	-	-	8,275,119
15605 UW Baden And San Pedro Valve L	-	-	25,738,355
15606 UW Program Management Services	-	-	1,105,945
15607 UW Bdpl#4 Slip Lining - Pccp	-	-	2,006,165
15608 UW Watershed Environmental Imp	-	-	20,071,685
15612 UW Automated Meter Reading Sys	-	582,850	3,914,752
15613 UW Automated Meter Reading Sys	-	-	61,056,919
15617 UW Building & Grounds Improvem	-	159	1,871,646
15619 UW New Fuel Station Cdd	-	-	49,202
15672 UW Bay Division Pipeline Upgra	-	-	3,397,018
15673 UW Peninsula Water System Impr	-	-	12,621,550
15674 UW San Joaquin Water Sys Impro	-	-	2,124,973
15679 UW Sunol Valley Water System I	-	-	4,706,898
17324 AD Puc Revenue Bond Oversight	-	-	1,446,435
17731 UB Non Wsip Water Bond-cp Expe	-	-	158,237,192
19656 UW Rollins Road Purchase	-	-	9,063,193
20505 Town of Sunol Pipeline	-	-	2,015,197
21392 Regional Water Treatment RNR	-	-	411,421
20504 New Serices Connection Program	-	685,235	685,235
21396 New CDD Headquarters	-	145,780	145,780
99999 FY16/17 Conversion	-	-	281
<b>Total</b>	<b>\$ 24,923,088</b>	<b>\$ 16,033,445</b>	<b>\$ 4,750,327,727</b>

Note: CP2, CP3, and CP4 were fully refunded by bonds, (

Source data: PeopleSoft BI, extract date: 2023-08-25  
Prepared by: SFPUC Finance - Financial Reporting & An.

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Wastewater Enterprise**  
**Summary of Unexpended Revenue Bond Proceeds**  
**All Years, as of 6/30/2023**  
*by enterprise, bond series*

<b>Funding Source</b>	<b>Available Proceeds</b>	<b>Capital Expenditures</b>	<b>Unexpended Proceeds</b>
<b>Wastewater</b>			
Bond Series 2010A	\$ 50,733,020	\$ 50,733,020	\$ -
Bond Series 2010B	179,448,114	179,448,114	-
Bond Series 2013B *	337,775,490	337,775,490	-
Bond Series 2016A	258,713,931	258,713,931	-
Bond Series 2016B	72,935,269	72,935,269	-
Bond Series 2018A	241,017,855	241,017,855	-
Bond Series 2018B	201,382,705	201,382,705	-
Bond Series 2018C **	170,720,000	170,720,000	-
Bond Series 2021A	296,162,492	296,162,492	-
Bond Series 2021B	44,024,358	44,024,358	-
Bond Series 2023A	556,696,798	556,696,798	-
Bond Series 2023B	99,172,443	89,993,450	9,178,992
Commercial Papers	-	381,138,689	(381,138,689) ***
Interest Income/Expense	4,101,254	14,062,933	(9,961,679) ****
OTI Fr 1G-General Fund	239,730	239,730	-
Settlement Income from PG&E	2,945,000	2,945,000	-
<b>TOTAL</b>	<b>\$ 2,516,068,459</b>	<b>\$ 2,897,989,835</b>	<b>\$ (381,921,376)</b>

\* \$147.9M of bond series 2013B outstanding balance was refunded by bond series 2022B in July 2022.

\* \$90.6M of bond series 2013B outstanding balance was refunded by bond series 2023B in April 2023.

\*\* \$179.15M of bond series 2018C outstanding balance was refunded by bond series 2023C in April 2023, of which \$170.7M was originally deposited to capital project funds.

\*\*\* \$381M in abnormal balance is mainly due to pending expense abatements from capital project funds to SRF fund, WIFIA Biosolids fund, and WIFIA Headworks fund as of June 30, 2023.

\*\*\* \$557.8M in commercial paper outstanding balance was refunded by bonds series 2023A&B in April 2023, of which \$438.4M was originally deposited to capital project funds.

\*\*\*\* \$9.96M in abnormal balance is mainly due to interest expenses posted in FY2023.

Refund History:

<b>Issued Bonds</b>	<b>Refunded</b>	<b>Amount (\$M)</b>
2022B	2013A	2
	2013B	151
2023A	Commercial Paper	401
2023B	Commercial Paper	157
2023B	2013B	91
2023C	2018C	178

Source data: PeopleSoft BI, extract date: 2023-8-25

Prepared by: SFPUC Finance - Financial Reporting & Analysis Division

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Wastewater Enterprise**

**Detailed Summary of Available Revenue Bond Proceeds**

**All Years, as of 6/30/2023**

*by enterprise, bond series*

	<b>Official Statements (Proceeds)</b>	<b>Refundings - Commercial Paper</b>	<b>Adjustments - Other Proceeds *</b>	<b>Actual Deposits</b>	<b>Debt Service Reserve Releases</b>	<b>Net Investment Earnings</b>	<b>Available Proceeds</b>
<b>Wastewater</b>							
Bond Series 2010A	\$ -	\$ 50,000,000	\$ 733,020	\$ 50,733,020	\$ -	\$ -	\$ 50,733,020
Bond Series 2010B	111,429,308	54,500,000	1,110,074	167,039,382	12,408,732	-	179,448,114
Bond Series 2013B	252,609,697	85,000,000	165,793	337,775,490	-	-	337,775,490
Bond Series 2016A	205,123,293	53,439,773	150,865	258,713,931	-	-	258,713,931
Bond Series 2016B	52,330,968	20,560,227	44,074	72,935,269	-	-	72,935,269
Bond Series 2018A	215,996,618	25,016,438	4,799	241,017,855	-	-	241,017,855
Bond Series 2018B	201,047,258	-	335,447	201,382,705	-	-	201,382,705
Bond Series 2018C	170,720,000	-	-	170,720,000	-	-	170,720,000
Bond Series 2021A	-	296,000,000	162,492	296,162,492	-	-	296,162,492
Bond Series 2021B	-	44,000,000	24,358	44,024,358	-	-	44,024,358
Bond Series 2023A	164,374,212	391,958,759	363,828	556,696,798	-	-	556,696,798
Bond Series 2023B	52,780,719	46,391,723	-	99,172,443	-	-	99,172,443
Commercial Papers **	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	4,101,254	4,101,254
OTI Fr 1G-General Fund	-	-	239,730	239,730	-	-	239,730
Settlement Income from PG&E	-	-	2,945,000	2,945,000	-	-	2,945,000
<b>TOTAL</b>	<b>\$ 1,426,412,073</b>	<b>\$ 1,066,866,921</b>	<b>\$ 6,279,479</b>	<b>\$ 2,499,558,473</b>	<b>\$ 12,408,732</b>	<b>\$ 4,101,254</b>	<b>\$ 2,516,068,459</b>

\* Adjustments - Other Proceeds included proceeds from commercial papers temporarily used prior to bond issuance, excess bond issuance cost, refunding, & underwriter's discounts, RBOC fees, project cost reimbursement from general fund, and settlement from PG&E.

\*\* Commercial paper was fully refunded by bonds series 2023A&B in April 2023.

Source data: PeopleSoft BI, extract date: 2023-8-25

Prepared by: SFPUC Finance - Financial Reporting & Analysis Division

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

**Wastewater Enterprise**  
**Summary of Revenue Bond Expenditures**  
**All Years, as of 6/30/2023**  
*by enterprise, authority, bond series*

	Bond Series 2010A	Bond Series 2010B	Bond Series 2013B	Bond Series 2016A	Bond Series 2016B	Bond Series 2018A	Bond Series 2018B	Bond Series 2018C
<b>Wastewater</b>								
10004 Conv_FAMIS Proj fd but no Proj	\$ 12,390	\$ 3,315	\$ 8,591	\$ -	\$ 905	\$ -	\$ (25,524)	\$ -
11043 Interim Clean Water Cip	11,909,290	94,999,208	129,775,140	-	11,618,299	-	-	-
11044 Special Projects Misc Imp	92,062	-	1,691,809	-	-	-	-	-
15707 WW Treasure Island Capital Imp	18,918	-	1,347,841	-	-	-	3,999,976	-
15710 WW Bond-commercial Paper Expen	-	-	-	-	-	-	45,802	-
15712 WW Biofuel Alternative Energy	96,117	-	1,761,770	-	-	-	-	-
15713 WW Project Management	9,448	-	172,900	-	-	-	-	-
15714 WW Ocean Beach Project	-	-	-	-	2,168,687	-	8,730,180	-
15715 WW Collection Division Consoli	9,446,539	2,527,158	6,550,066	-	8,300,668	-	11,752,080	-
15716 WW Southeast Community Center	2,171,610	580,954	1,505,757	-	8,402,385	-	22,666,785	-
15717 WW Islais Creek Outfall	-	-	-	-	-	-	10,266,775	-
15718 WW Low Impact Design Project	72,320	-	1,323,526	-	-	-	-	-
15719 WW Valencia St Lid	191,202	-	816,888	-	-	-	-	-
15720 WW Project Management Allocati	3,459	-	63,300	-	-	-	-	-
15722 WW Wwe Rnr Collection System	14,986,357	18,669,471	31,118,098	-	38,296,252	-	132,078,199	-
15723 WW Outfall Inspection-receivin	412,105	-	5,682,155	-	382,785	-	34,479	-
15726 WW Collection System Improveme	-	1,681,923	18,400,521	26,075,449	-	37,584,362	-	28,560,056
15727 WW Central Bayside System Impr	7,730	11,265,471	13,749,802	6,580,706	-	9,029,124	-	838,453
15728 WW SSIP Biosolids-digester Pro	11,240,041	44,966,131	36,794,169	24,665,499	-	55,959,809	-	79,103,494
15729 WW Stormwater Management	-	-	26,684,772	18,601,984	-	7,283,077	-	3,565,452
15730 WW Flood Resilience-hydraulic	-	-	-	-	-	267,630	-	-
15731 WW Northshore To Channel Force	-	-	34,717,398	4,440,692	-	3,276,949	-	973,503
15733 WW SSIP Program-wide Managemen	-	-	5,760,331	51,567,089	-	43,382,242	-	4,042,310
15735 WW Treatment Plant Improvement	-	-	12,651,226	78,278,314	-	71,688,293	-	48,077,067
15736 WW Treatment Plant Improvement	-	-	1,221,656	35,599,861	-	11,494,080	-	5,559,665
15737 WW Urban Watershed Assessment	-	-	3,347,677	12,904,338	-	1,052,289	-	-
17324 AD Puc Revenue Bond Oversight	9	10,019	-	-	-	-	-	-
17732 WW Bond-commercial Paper Expen	63,425	4,744,463	2,630,097	-	3,490,980	-	11,830,009	-
20507 SE Outfall Assessment & Rehab	-	-	-	-	274,308	-	3,945	-
22123 Sewer Improvements-Small Dia	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 50,733,020</b>	<b>\$ 179,448,114</b>	<b>\$ 337,775,490</b>	<b>\$ 258,713,931</b>	<b>\$ 72,935,269</b>	<b>\$ 241,017,855</b>	<b>\$ 201,382,705</b>	<b>\$ 170,720,000</b>

Source data: PeopleSoft BI, extract date: 2023-8-25  
 Prepared by: SFPUC Finance - Financial Reporting & Analysis Division



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Wastewater Enterprise  
 Summary of Revenue Bond Expenditures  
 All Years, as of 6/30/2023  
 by enterprise, authority, bond series

	Bond Series 2021A	Bond Series 2021B	Bond Series 2023A	Bond Series 2023B	Commercial Papers	Interest Income	OTI Fr 1G- General Fund	Income from PG&E	Total
<b>Wastewater</b>									
10004 Conv_FAMIS Proj fd but no Proj	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324	\$ -	\$ -	\$ -
11043 Interim Clean Water Cip	-	2,346	-	145,258	-	15,891	-	-	248,465,431
11044 Special Projects Misc Imp	-	2,300	-	-	-	-	-	-	1,786,170
15707 WW Treasure Island Capital Imp	-	722,380	-	8,851,107	-	-	-	-	14,940,223
15710 WW Bond-commercial Paper Expen	-	-	-	-	-	-	-	-	45,802
15712 WW Biofuel Alternative Energy	-	-	-	-	-	-	-	-	1,857,887
15713 WW Project Management	-	-	-	-	-	-	-	-	182,348
15714 WW Ocean Beach Project	-	3,678,851	-	8,885,712	-	-	-	-	23,463,430
15715 WW Collection Division Consoli	-	904,276	-	41,196	-	246,851	-	-	39,768,834
15716 WW Southeast Community Center	-	37,658,722	-	40,480,196	-	56,747	-	-	113,523,155
15717 WW Islais Creek Outfall	-	127,796	-	138,396	-	-	-	-	10,532,967
15718 WW Low Impact Design Project	-	-	-	-	-	-	-	-	1,395,847
15719 WW Valencia St Lid	-	-	-	-	-	-	-	-	1,008,090
15720 WW Project Management Allocati	-	-	-	-	-	-	-	-	66,759
15722 WW Wwe Rnr Collection System	-	927,688	-	20,335,552	-	2,040,011	-	-	258,451,629
15723 WW Outfall Inspection-receivin	-	-	-	(1,213)	-	-	-	-	6,510,311
15726 WW Collection System Improveme	43,423,258	-	64,526,739	-	-	1,732,545	20,029	-	222,004,883
15727 WW Central Bayside System Impr	418,717	-	225,102	-	-	-	539	-	42,115,645
15728 WW SSIP Biosolids-digester Pro	57,533,323	-	364,719,453	-	71,409,508	2,880,374	86,711	-	749,358,510
15729 WW Stormwater Management	16,733,003	-	34,826,681	-	-	1,648,339	16,120	-	109,359,428
15730 WW Flood Resilience-hydraulic	4,188,142	-	8,626,364	-	-	-	5,427	-	13,087,563
15731 WW Northshore To Channel Force	-	-	-	-	-	-	-	2,945,000	46,353,542
15733 WW SSIP Program-wide Managemen	31,048,309	-	26,834,450	-	589,544	3,030,163	13,198	-	166,267,635
15735 WW Treatment Plant Improvement	135,260,601	-	-	-	309,139,637	1,796,198	79,631	-	656,970,968
15736 WW Treatment Plant Improvement	7,557,138	-	56,679,010	-	-	516,370	18,076	-	118,645,856
15737 WW Urban Watershed Assessment	-	-	259,000	-	-	-	-	-	17,563,303
17324 AD Puc Revenue Bond Oversight	-	-	-	86,230	-	-	-	-	96,258
17732 WW Bond-commercial Paper Expen	-	-	-	6,264,179	-	99,120	-	-	29,122,273
20507 SE Outfall Assessment & Rehab	-	-	-	1,447,110	-	-	-	-	1,725,363
22123 Sewer Improvements-Smail Dia	-	-	-	3,319,725	-	-	-	-	3,319,725
<b>TOTAL</b>	<b>\$ 296,162,492</b>	<b>\$ 44,024,358</b>	<b>\$ 556,696,798</b>	<b>\$ 89,993,450</b>	<b>\$ 381,138,689</b>	<b>\$ 14,062,933</b>	<b>\$ 239,730</b>	<b>\$ 2,945,000</b>	<b>\$ 2,897,989,835</b>

Source data: PeopleSoft BI, extract date: 2023-8-25  
 Prepared by: SFPUC Finance - Financial Reporting & Analysis Division

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Hetch Hetchy Water and Power Enterprise**  
**Summary of Unexpended Revenue Bond Proceeds**  
**All Years, as of 6/30/2023**  
*by enterprise, bond series*

<b>Funding Source</b>	<b>Available Proceeds</b>	<b>Capital Expenditures</b>	<b>Unexpended Proceeds</b>
<b>Hetchy Water</b>			
2011B Bond	\$ 27,710,000	\$ (27,710,000)	\$ -
2017C Bond	74,356,768	(74,356,768)	(0)
2020D Bond	49,346,062	(49,346,062)	(0)
Commercial Paper	65,886,247	(24,310,547)	41,575,700
<b>HETCHY WATER TOTAL</b>	<b>\$ 217,299,076</b>	<b>\$ (175,723,376)</b>	<b>\$ 41,575,700</b>
<b>Hetchy Power</b>			
2008 CREB	\$ 5,884,633	\$ (5,884,633)	\$ -
2011 QECB	8,216,605	(8,216,605)	-
2012 NCREB	3,859,889	(3,859,889)	-
2015 NCREB	2,932,187	(2,932,187)	-
2015A Bond (Green)	30,200,000	(30,200,000)	(0)
2015B Bond	7,588,499	(7,588,499)	-
2021A Bond (Green)	81,680,346	(81,680,346)	0
2021B Bond	54,320,372	(54,320,372)	(0)
Commercial Paper	115,465,784	(92,133,758)	23,332,026
<b>HETCHY POWER TOTAL</b>	<b>\$ 310,148,314</b>	<b>\$ (286,816,288)</b>	<b>\$ 23,332,026</b>
<b>GRAND TOTAL, HHW &amp; POWER</b>	<b>\$ 527,447,390</b>	<b>\$ (462,539,665)</b>	<b>\$ 64,907,726</b>

Source data: Peoplesoft BI, extract date: 2023-08-14  
 Prepared by: SFPUC Finance - Financial Reporting & Analysis Division

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Hetch Hetchy Water and Power Enterprise**  
**Detailed Summary of Available Revenue Bond Proceeds**  
**All Years, as of 6/30/23**  
*by enterprise, bond series*

	Official Statements	Adjustments	Actual Deposits	Debt Service Reserve Releases	Net Investment Earnings/(Expense)	Available Proceeds
<b>Hetchy Water</b>						
2011B	\$ 27,710,000	\$ -	\$ 27,710,000	\$ -	\$ -	\$ 27,710,000
2017C <sup>1</sup>	75,265,455	(265,455)	75,000,000	-	(643,232)	74,356,768
2020D <sup>2</sup>	49,200,000	(200,000)	49,000,000	-	346,062	49,346,062
Commercial Paper	-	66,000,737	66,000,737	-	(114,491)	65,886,247
<b>HETCHY WATER TOTAL</b>	<b>\$ 152,175,455</b>	<b>\$ 65,535,282</b>	<b>\$ 217,710,737</b>	<b>\$ -</b>	<b>\$ (411,661)</b>	<b>\$ 217,299,076</b>
<b>Hetchy Power</b>						
2008 CREB <sup>3</sup>	\$ 6,325,000	\$ (440,367)	\$ 5,884,633	\$ -	\$ -	\$ 5,884,633
2011 QECB <sup>4</sup>	8,291,000	(74,396)	8,216,605	-	-	8,216,605
2012 NCREB <sup>5</sup>	6,600,000	(2,888,660)	3,711,340	-	148,549	3,859,889
2015 NCREB <sup>6</sup>	4,100,000	(1,167,220)	2,932,780	-	(593)	2,932,187
2015A (Green)	30,200,000	-	30,200,000	-	-	30,200,000
2015B <sup>7</sup>	7,100,000	19,778	7,119,778	-	468,722	7,588,499
2021A (Green) <sup>8</sup>	82,709,609	(1,029,262)	81,680,346	-	-	81,680,346
2021B <sup>8</sup>	55,004,868	(684,497)	54,320,372	-	-	54,320,372
Commercial Paper <sup>9</sup>	-	115,075,514	115,075,514	-	390,270	115,465,784
<b>HETCHY POWER TOTAL</b>	<b>\$ 200,330,477</b>	<b>\$ 108,810,890</b>	<b>\$ 309,141,366</b>	<b>\$ -</b>	<b>\$ 1,006,948</b>	<b>\$ 310,148,314</b>
<b>GRAND TOTAL</b>	<b>\$ 352,505,932</b>	<b>\$ 174,346,172</b>	<b>\$ 526,852,104</b>	<b>\$ -</b>	<b>\$ 595,287</b>	<b>\$ 527,447,390</b>

**Adjustment notes:**

<sup>1</sup> 2017C \$265K variance is due to commercial paper interest.

<sup>2</sup> 2020D \$200K variance is due to accrued interest expense paid by the Water Enterprise.

<sup>3</sup> 2008 CREB \$440K variance is due to \$233K issue discount/issuance costs and \$211K to debt service fund for debt service payments, offset by \$3K for RBOC fees project and \$1K for interest and dividends.

<sup>4</sup> 2011 QECB \$74K variance is due to costs of issuance and underwriters' discount.

<sup>5</sup> 2012 NCREB \$2.9M variance is due to \$2.8M redemption of unspent proceeds and \$81K costs of issuance and underwriters' discount, offset by \$3K for RBOC fees project.

<sup>6</sup> 2015 NCREB \$1.2M variance is due to \$1.1M return of unspent proceeds and \$82K costs of issuance, offset by \$2K for RBOC fees project.

<sup>7</sup> 2015B \$20K variance is due to RBOC fees project.

<sup>8</sup> 2021AB \$1.0M and \$684K variances are for interest paid on commercial paper prior to bond issuance.

<sup>9</sup> Commercial Paper \$115M includes \$76K RBOC fees for 2021 Power bonds.

Source data: Peoplesoft BI, extract date: 2023-08-14

Prepared by: SFPUC Finance - Financial Reporting & Analysis Division

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**Hetch Hetchy Water and Power Enterprise  
Summary of Revenue Bond Expenditures  
All Years, as of 6/30/23  
by enterprise, authority, bond series**

	Hetchy Water			Commercial Paper	Hetchy Water Total
	2011B Bond	2017C Bond	2020D Bond		
<b>Hetchy Water</b>					
10004 Conv_FAMIS proj fd but no proj	\$ -	\$ 835,943	\$ -	\$ -	\$ 835,943
15363 UH Hetchy Water - Water Only	5,500,000	38,295,820	37,052,028	9,763,187	90,611,036
15365 UH Hetchy Water - Joint Project	8,572,500	30,574,106	12,088,524	15,020,439	66,255,569
15366 UH Hetchy Water-power Bonds			45,804	92,594	138,398
15378 UH Rim Fire		4,650,899	159,705	(565,673)	4,244,930
15386 UH Hetchy Water R&R - Water In	6,903,468				6,903,468
15388 UH Hetchy Water R&R - Facilities	6,734,032				6,734,032
<b>HETCHY WATER TOTAL</b>	<b>\$ 27,710,000</b>	<b>\$ 74,356,768</b>	<b>\$ 49,346,062</b>	<b>\$ 24,310,547</b>	<b>\$ 175,723,376</b>

	Hetchy Power					2015B Bond	2021A Bond (Green)	2021B Bond	Commercial Paper <sup>1</sup>	Hetchy Power Total
	2008 CREB	2011 QECB	2012 NCREB	2015NCREB	2015A Bond (Green)					
<b>Hetchy Power</b>										
10000 Operating	\$ -	\$ -	\$ -	\$ 1,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,457
10279 UH Sustainable Energy Account	5,884,633									5,884,633
15364 UH Hetchy Water - Power Infrastructure					19,539,347	7,411,255	25,984,170	18,016,459	36,475,987	107,427,217
15365 UH Hetchy Water - Joint Project					10,660,653		11,711,294	8,302,790	23,442,077	54,116,815
15366 UH Hetchy Water-power Bonds						176,142		702,404	5,387,168	6,265,714
15372 UH Distribution Services Retail							43,984,882	27,298,718	26,392,700	97,676,300
15374 UH 525 Golden Gate-non Construction		8,216,605								8,216,605
15377 UH Streetlight Replacement									137,136	137,136
15383 UH Alternative Transmission Pr									16,822	16,822
15397 UH Sea Civic Center Solar			3,610,215							3,610,215
15400 UH Renewable-generation - Small				2,930,730						2,930,730
15401 UH Renewable Generation - Small			249,674							249,674
17324 AD PUC Revenue Bond Oversight						1,103				1,103
22329 Grid Connections									281,867	281,867
<b>HETCHY POWER TOTAL</b>	<b>\$ 5,884,633</b>	<b>\$ 8,216,605</b>	<b>\$ 3,859,889</b>	<b>\$ 2,932,187</b>	<b>\$ 30,200,000</b>	<b>\$ 7,588,499</b>	<b>\$ 81,680,346</b>	<b>\$ 54,320,372</b>	<b>\$ 92,133,758</b>	<b>\$ 286,816,288</b>
<b>GRAND TOTAL, HHW &amp; POWER</b>										<b>\$ 462,539,665</b>

**Notes:**  
<sup>1</sup> Commercial paper expense includes \$14.3M WRR expense pending agreement for repayment from Water Enterprise.

Source data: Peoplesoft BI, extract date: 2023-08-14  
Prepared by: SFPUC Finance - Financial Reporting & Analysis Division