



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

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

April 13, 2015 - 9:00 AM

Regular Meeting

1. Call to Order and Roll Call

Seat 1 Holly Kaufman
Seat 2 Kevin Cheng, Chair (Holdover status)
Seat 3 Vacant
Seat 4 Marina Pelosi
Seat 5 Eric Sandler
Seat 6 Christina Tang
Seat 7 Joshua Low

The meeting was called to order at 9:12 a.m. On the call of the roll, Member Cheng was noted absent; all other members were noted present. There was a quorum.

2. Agenda Changes

There were no changes.

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

Public Comment: *Speakers: None.*

4. Approval of RBOC March 9, 2015, Minutes

Public Comment: *Speakers: None.*

*Member Tang, seconded by Member Kaufman, moved to APPROVE the March 9, 2015, RBOC Regular Meeting Minutes. The motion passed by the following vote:
Ayes: 5 - Kaufman, Low, Pelosi, Sandler, Tang
Absent: 1 - Cheng*

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

Karen Kubik, Sewer System Improvement Program Director; Alexandra Gunnell; and Mike Brown (SFPUC); Mark Blake, Deputy City Attorney; provided information and answered questions raised throughout the hearing.

Public Comment: *Speakers: None.*

6. **Revenue Bond Oversight Committee: Purpose and Mission**

Committee members discussed the current purpose and mission statements. Member Low will send an email to the clerk with updated language. The clerk will include the purpose and mission on committee agendas.

Public Comment: *Speakers: None.*

7. **Comparison of the Revenue Bond Oversight Committee with Other Oversight Committees**

Mark Blake, Deputy City Attorney; presented a comparison of oversight committees and responded to questions raised throughout the hearing.

Public Comment: *Speakers: None.*

8. **New Audits Initiated by the Revenue Bond Oversight Committee**

Member Low briefly discussed the New Irvington Tunnel project and the possibility of an audit related to the redistribution of funds.

Public Comment: *Speakers: None.*

By unanimous consent, the committee moved that the item be CONTINUED to the May 11, 2015, meeting. The motion passed by the following vote:

Ayes: 5 - Kaufman, Low, Pelosi, Sandler, Tang

Absent: 1 - Cheng

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

The RBOC Forward Calendar (attached) was updated to reflect the following item discussed at committee:

- 1. RBOC Purpose and Mission will be included on future committee agendas.*

10. **Adjournment**

There being no further business, the meeting adjourned at 10:12 a.m.

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

Approved by the Revenue Bond Oversight Committee on _____.

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 Committee Clerk, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102 – (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

For information concerning San Francisco Public Utilities Commission please contact by e-mail RBOC@sfgov.org or by calling (415) 554-5184.

Public Comment

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Disability Access

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Government's duty is to serve the public, reaching its decisions 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.

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March 9, 2015 - 9:00 AM

Regular Meeting

1. Call to Order and Roll Call

Seat 1 Holly Kaufman
Seat 2 Kevin Cheng, Chair (Holdover status)
Seat 3 Vacant
Seat 4 Marina Pelosi
Seat 5 Eric Sandler
Seat 6 Christina Tang
Seat 7 Joshua Low

The meeting was called to order at 9:19 a.m. On the call of the roll, Member Sandler was noted absent; all other members were noted present. There was a quorum.

2. Agenda Changes

There were no changes.

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

Dan Wade, Water System Improvement Project Program Director (SFPUC); responded to comments received via email from Steve Lawrence, dated February 10-13, 2015.

Public Comment: *Speakers: None.*

4. Approval of RBOC February 9, 2015, Minutes

Public Comment: *Speakers: None.*

Member Tang, seconded by Member Kaufman, moved to APPROVE the February 9, 2015, RBOC Regular Meeting Minutes. The motion passed by the following vote:

Ayes: 5 - Cheng, Kaufman, Low, Pelosi, Tang

Absent: 1 - Sandler

5. **Bay Area Water Supply and Conservation Agency (BAWSCA) Requests for Information:** Comments 1 through 5

Dan Wade, Water System Improvement Program Director (SFPUC); summarized BAWSCA comments 1-5, provided the SFPUC staff response, and further answered questions raised throughout the hearing.

Committee members discussed and thanked SFPUC staff for the response and further requested SFPUC staff to respond to comments 6 through 10 at the May 11, 2015, RBOC meeting. Dan Wade, Water System Improvement Program Director (SFPUC) agreed to review the comments and provide a response at the May 11, 2015, meeting.

Public Comment: Speakers: None.

6. **Draft Report, Contract CS-363, "Construction Management Services – RBOC Evaluation of Lessons Learned, Water System Improvement Program."**

Chair Cheng informed the committee that finalization of the report should occur following responses to BAWSCA comments at the May 11, 2015, RBOC meeting.

Public Comment: Speakers: None.

By unanimous consent, the committee moved that the item be CONTINUED to the May 11, 2015, meeting. The motion passed by the following vote:

Ayes: 5 - Cheng, Kaufman, Low, Pelosi, Tang

Absent: 1 - Sandler

7. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Water System Improvement Program (WSIP) Update

Dan Wade, Water System Improvement Program Director (SFPUC); presented an update of the WSIP and responded to questions raised throughout the hearing.

Mike Brown; and Dan Wade, Water System Improvement Program Director (SFPUC); provided information and responded to questions raised throughout the hearing.

Public Comment: Speakers: None.

8. **Whistleblower Benchmarking**

Mark Blake, Deputy City Attorney; provided a brief overview of whistleblower programs, and RBOC jurisdiction, background and discussions that necessitated the hearing. Tonia Lediju, Audit Director, and Steve Flaherty (Controller's Office); presented

information on the Controller's Whistleblower Program and responded to questions raised throughout the hearing. Dan Wade, Water System Improvement Program Director, and Mike Brown (SFPUC); presented information and responded to questions raised throughout the meeting.

Public Comment: Speakers: None.

Member Pelosi was noted absent at 11:07 a.m. and for the remainder of the meeting.

9. **Committee Staffing Options**

Public Comment: Speakers: None.

By unanimous consent, the committee moved to CONTINUE the discussion to the June 8, 2015, meeting. The motion passed by the following vote:

Ayes: 4 - Cheng, Kaufman, Low, Tang

Absent: 2 - Pelosi, Sandler

10. **Committee Sunset Preparations**

Public Comment: Speakers: None.

By unanimous consent, the committee moved to CONTINUE the discussion to the June 8, 2015, meeting. The motion passed by the following vote:

Ayes: 4 - Cheng, Kaufman, Low, Tang

Absent: 2 - Pelosi, Sandler

11. **RBOC Annual Report Transmittal to Mayor and Board of Supervisors**

Chair Cheng announced to the committee that the report transmittal shall be delivered in December 2015.

Public Comment: Speakers: None.

By unanimous consent, the committee moved that the item be CONTINUED TO THE CALL OF THE CHAIR. The motion passed by the following vote:

Ayes: 4 - Cheng, Kaufman, Low, Tang

Absent: 2 - Pelosi, Sandler

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

The RBOC Forward Calendar (attached) was updated to reflect the following items discussed at committee:

1. RW Block Lessons Learned report (dated December 4, 2015) will be continued to May 11, 2015, meeting.

2. *BAWSCA Comments and Requests for Information, comments 6 through 10, will be address by Dan Wade, WSIP Director (SFPUC) at the May 11, 2015, meeting.*
3. *Bimonthly SFPUC staff update on Water System Improvement Program for May 11, 2015, to include a presentation on managing delivery costs for future projects.*
4. *Committee staffing options discussion item was continued to the June 8, 2015, meeting.*
5. *Committee Sunset discussion item was continued to the June 8, 2015, meeting.*
6. *RBOC Mission and Vision will be included on the Forward Calendar and next annual report.*

13. **Adjournment**

There being no further business, the meeting adjourned at 11:27 a.m.

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

Approved by the Revenue Bond Oversight Committee on April 13, 2015.

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Name:	Citizens ‘General Obligation Bond Oversight Committee (9 members)	SFPUC Revenue Bond Oversight Committee (7 members)	SFMTA Bond Oversight Committee (7 members)
Authority:	Voter Approved Initiative Ordinance, Proposition F (adopted by voters 11/5/2002; Admin Code Section 5.30 <i>et seq.</i>) Initiative Ordinance, Proposition C (adopted by the voters 11/4/2003; SF Charter Appendix F), to add Audit Review Board responsibilities Powers can be restricted only by initiative	Voter Approved Initiative Ordinance, Proposition P (adopted by voters 11/5/12002; Admin Code Section 5A.30 <i>et seq.</i>) Powers can be restricted only by initiative	Voluntary SFMTA Resolution 11-154, adopted 12/6/11 Powers can be restricted by action of SFMTA Board
Core Purpose:	Report publically on the expenditure of taxpayers money in accordance with voter authorized to ensure (i) general obligation bond revenue are expedited in accordance with ballot measure, and (ii) no general obligation bonds are used for any administrative salaries or other governmental expenditures. Committee also reviews status of standards and benchmarks developed by Services Audit Unit of Controller’s Office, and determines whether such standards and benchmarks are accurate and useful for citizens of City.	Report publically on expenditure of revenue bond proceeds (for water, wastewater and power enterprises) to ensure that (i) revenue bond proceed are expended only in accordance with the authorizing bond resolution and applicable law, (ii) revenue bond proceeds are expended solely for uses, purposes and projects authorized in bond, and (iii) review bond proceeds and expended for authorized capital improvements.	Report publically SFMTA’s expenditure of debt proceed on permitted transportation projects, and to ensure the SFMTA has established prudent internal controls, and policies and to ensure (i) debt proceeds and expended only in accordance with authorizing resolution and applicable law; (2) debt proceed are expended solely for uses, purposes and projects authorized and (3) debt proceeds are appropriately expended for capital projects. ____
Powers:	A. General Obligation Bond Review (i) Inquire into disbursement and expenditure of proceeds of general obligation bonds by receiving bond reports, financial statements, and other documents from agencies that receive proceeds from such general obligation; (ii) hold public hearings; (iii) inspect facilities financed with general obligation bonds;	Revenue Bond Review (i) Inquire into disbursement and expenditure of bond proceeds by receiving bond reports, financial statements, and other documents; (ii) hold public hearings; (iii) inspect facilities	Debt Proceeds Review (i) Inquire into the disbursement and expenditure of the debt proceeds of the Agency by receiving any reports, financial statements, and other documents and materials; (ii) Hold public hearings;

	<p>(iv) receive/review copies of any capital project;</p> <p>(v) review measures to maximize bond proceeds;</p> <p>(vi) (a) review mechanism to reduce costs of professional fees and site preparation and design;</p> <p>(b) joint use of core facilities</p> <p>B. Citizen’s Audit Review Board</p> <p>(i) Under Charter section F1.111, review service standards and benchmarks developed by Services Audit Unit of Controller’s Office in consultation with City departments delivering services to public, and publicize results of examination. Review to ensure accuracy and usefulness of service standards and benchmarks to public.</p> <p>(ii) Review citizen and employee complaints received by Controller an disposition, Charter section F1.107.</p>	<p>financed with revenue bonds;</p> <p>(iv) receive/review copies of any capital project;</p> <p>(v) review measures to maximize bond proceeds;</p> <p>(vi) (a) review mechanism to reduce costs of professional fees and site preparation and design.</p>	<p>(iii) Inspect facilities and infrastructure financed with debt proceeds;</p> <p>(iv) receive and review copies of any project statements and the status of projects, including expenditures incurred for projects funded through the debt;</p> <p>(v) review efforts to maximize debt proceeds, including: (i) reducing costs of professional fees and consulting services; and (ii) use of core facilities and use of cost-effective/ efficient reusable facility plans; and,</p> <p>(vi) Obtain independent reviews by retaining outside auditors, inspectors and necessary experts.</p>
Power to Enjoin Bond Issuance	The Committee, after conducting its own its own independent audit, determines that general obligation bond proceeds were spent on purposes not authorized by the ballot measure, the Committee may prohibit the issuance bonds pursuant to any remaining authorization. Bond injunction may be appealed to Board of Supervisors.	If the Committee, after conducting its own its own independent audit, determines that bond proceeds were spent on purposes not authorized, the Committee may prohibit the issuance bonds. Bond injunction may be appealed to Board of Supervisors.	None
Meetings	The Committee meets every other month.	The Committee meets monthly	The Committee meets every other month
Open Meetings	Meetings subject to Brown Act, City Sunshine Ordinance	Meetings subject to Brown Act, City Sunshine Ordinance	Meetings subject to Brown Act, City Sunshine Ordinance
Report	Committee reports annually on its activities	Committee reports annually on its activities	Committee reports annually on its activities

Public Utilities Revenue Bond Oversight Committee

Forward Calendar - 2015

Purpose: The purpose of the RBOC is to monitor the expenditure of revenue bond proceeds related to the repair, replacement, upgrading, and expansion of the City's water collection, power generation, water distribution, and wastewater treatment facilities.

Mission: The goal of the RBOC is to make certain public dollars are spent according to authorization and applicable laws. Its purpose is to facilitate transparency and accountability in connection with the expenditure of revenue bond proceeds. The General Public is invited and welcomed to attend RBOC meetings and to provide input.

May 11, 2015 (San Joaquin Conference Room)

(Shavuot, May 24-25)(Memorial Day, May 25)

1. Capital planning and capital financing processes presentation by staff
2. Power bonds update
3. Bimonthly SFPUC staff update on the Water System Improvement Program (WSIP), and presentation on managing delivery costs for future projects
4. BAWSCA Comments 6-10
5. RW Block Lessons Learned Final Report
6. New audits initiated by RBOC

June 8, 2015 (San Joaquin Conference Room)

1. Interim annual report (covering period 10/2014–7/2015) determine contents (e.g., summary of strategic issues, sunset question, SSIP, committee mission accomplishment) and assign responsibilities for production (draft report due July 2015)
2. Bimonthly SFPUC staff update on the Sewer System Improvement Program (SSIP)
3. Committee staffing options
4. Committee sunset preparations

July 13, 2015 (Yosemite Conference Room)

1. Draft Annual Report due
2. Bimonthly SFPUC staff update on the Water System Improvement Program (WSIP)

August 10, 2015 (Yosemite Conference Room)

1. Bimonthly SFPUC staff update on the Sewer System Improvement Program (SSIP)

September 21, 2015 (Yosemite Conference Room)

(3rd Mon.)(Labor Day, Sept. 7) (Rosh Hashanah, Sept. 14-15)(Succot, Sept. 28-29)

1. Public outreach and accountability to appointing agencies
2. Bimonthly SFPUC staff update on the Water System Improvement Program (WSIP)

October 19, 2015 *(3rd Mon.)(Sh'mini Atzeret, Oct. 5)(Columbus Day, Oct. 12)*

1. Bond Finance 101
2. Bimonthly SFPUC staff update on the Sewer System Improvement Program (SSIP)

November 9, 2015

1. Bimonthly SFPUC staff update on the Water System Improvement Program (WSIP)

December 14, 2015 *(Hanukkah, Dec. 7)*

1. Bimonthly SFPUC staff update on the Sewer System Improvement Program (SSIP)

Past Meetings - 2015

February 9, 2015 *(Prez Day, Feb 16)*

1. Staff presentation concerning other PUC and City audits
2. RW Block lessons learned report
3. Discussion to address BAWSCA requests for information
4. SFPUC staff update on the Sewer System Improvement Program (SSIP) to occur every other month, starting in February
5. RBOC vacancy
6. Committee staffing options

March 9, 2015 (Yosemite Conference Room)

1. Whistleblower benchmark item to be presented by Mark Blake (or Controller's Office)
2. SFPUC WSIP staff update on contingency and cost-cutting status, Calaveras Dam project (hereafter alternating presentations with SSIP every other month)
3. RW Block Lessons Learned Final Report
4. Committee Staffing Options
5. Committee Sunset preparations
6. BAWSCA Comments 1-5
7. Public Comment: Steve Lawrence Feb. 10-13 email
8. RBOC Annual Report transmittal to Mayor and Board of Supervisors

April 13, 2015 (Yosemite Conference Room)

1. New audits initiated by RBOC
2. Detail on other oversight committees (benchmark) and their respective duties and overlap (i.e., Venn diagram)
3. Bimonthly SFPUC staff update on the Sewer System Improvement Program (SSIP)
4. RBOC Purpose and Mission