



**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**

February 8, 2016 - 9:00 AM

Regular Meeting

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.

1. Call to Order and Roll Call

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

Chair Kevin Cheng called the meeting to order at 9:17 a.m. On the call of the roll, Members Kaufman, Cheng, Pelosi, Tang, and Low were noted present. There was a quorum.

2. Agenda Changes

There were no agenda changes.

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: Dari Barzel, Treasury Manager (East Bay Municipal Utility*

District); Amara Mien Kaufman; made introductions and spoke on various concerns relating to the hearing matter.

3. **Strategic Planning Session**

Member Cheng introduced strategic planning facilitator Carmen Clark, who briefly discussed her background and meeting purpose. Discussion then focused on the meeting purpose: reviewing the legislative history and mission of RBOC, discussing strategic issues/directions for the committee, and developing a preliminary work plan for CY2016.

Mark Blake, Deputy City Attorney, presented a legislative history and provided the context for establishment of the committee. Charles Perl, Deputy Chief Financial Officer, and Mike Brown (SFPUC); provided a summary of their backgrounds and responded to questions raised throughout the discussion.

Public Comment: Heard in Committee. Speaker: Carmen Clark facilitated the strategic planning session, presented and documented information concerning the matter, and responded to questions raised throughout the discussion. Dari Barzel; spoke on various concerns relating to the hearing matter.

The Committee discussed the following items that require follow up:

1. Letter to City Services Auditor regarding whistleblower cases and interface.
2. Follow up conversation on municipal finance committee
3. Follow up with appointing authorities for terms
4. Follow up with all term limits, holdover status, including history of appointees
5. Transmittal of Annual Report to Mayor, Board of Supervisors, and PUC CAC
6. Mission statement updates (March meeting)
7. Schedule for City Service Auditor and other staff presentations
8. Potential RBOC audits
9. Capital Planning Programs presentation at April 11th meeting
10. Staff report on authorization of RBOC-related legislation
11. Annual Report 2016 preparation
12. Lessons Learned on Mountain Tunnel
13. Requesting presentation material from staff ahead of meetings

The Committee recessed from 10:45 a.m. to 11:00 a.m., and again from 11:30 a.m. to 12:10 p.m., then continued discussion.

Member Pelosi was noted absent at 11:28 a.m. and again present at 12:15 p.m. for the remainder of the meeting.

4. **Adjournment**

There being no further business, the meeting adjourned at 2:49 p.m.

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 – (415) 554-5184.

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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.

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翻譯 必須在會議前最少四十八小時提出要求
請電 (415) 554-7719

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SUMMARY NOTES

San Francisco Public Utilities Commission Revenue Bond Oversight Committee

2016 Strategic Planning Meeting

February 8, 2016

Attendees: Kevin Chang, Co-Chair
Joshua Low, Co-Chair
Holly Kaufman
Marina Pelosi
Christina Tang
Dari Barzel, Applicant for Committee appointment
Derek Evans, Assistant Clerk, SFBOS
Mark Blake, Deputy City Attorney
Mike Brown, SFPUC Finance staff

Discussion of Committee Mission

After a summary of the background legislation and purpose of the RBOC given by Mark Blake, the Committee members discussed and redrafted the mission statement as follows:

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

Members agreed to review the draft and plan to adopt a final revision at their next meeting.

Improvement of Committee Operations

After the discussion and redrafting above, Committee members agreed that they are clear on the mission of the Committee. They then discussed the strategic issues facing the group for the next 12-18 months. These issues and possible actions are summarized below:

- 1) The Committee needs a study of program comprehensiveness. There is a need to find out if the scope of the capital program is responsive to issues of recycling,

climate change, flooding. What other capital program components are mission critical and how does the Committee ensure that they are not omitted?

- 2) There is a need to stress test the overall budget, especially with the impact on the ability to pay off bonds due to current revenue decline.
- 3) How to best incorporate WISP lessons learned into sewer program? Should staff continue the annual peer review established for WISP or is it better to continue with independent audit? Request staff to provide the top 10 recommendations and what the results are of those that have been accepted and implemented. Need to coordinate and get recommendations from City Auditor and coordinate with their work plans.
- 4) The members agreed that a separate strategy session focused on the above 3 issues should be scheduled very soon.
- 5) Find a way to get staff time committed to implementation of the Committee's work plan
- 6) Consider bringing back subcommittees to improve ability to drill down into a topic.
- 7) Decide early if Committee wants a site visit/tour of facilities; Derek will request and coordinate.
- 8) Request staff to provide copies of the presentation materials prior to the RBOC meeting, preferably in the agenda packet.

Preliminary 2016 Calendar Items

Committee members drafted the preliminary work plan (Attachment 1).

Performance Metrics

Members discussed ways that they and the public would know that they were accomplishing the mission. Some of those discussed are listed below:

- 1) Member attendance
- 2) Member full participation/contribution of ideas, recommendations, solutions
- 3) Measure not only inputs (audits), but outputs (what difference/value added did it make that the Committee was doing its job?)
- 4) Transparency
- 5) Accountability
- 6) Level and type of monitoring activity
- 7) Efficiency

Attachment 1

Preliminary 2016 RBOC Work Plan

March

- 1) Adopt 2016 Calendar
- 2) Briefing on Project Cost Management; lessons learned from WISP, especially any from design build experience
- 3) Bond sale updates/refunding
- 4) Staff presentation for re-baseline of wastewater program; accuracy of estimates and program comprehensiveness
- 5) Calaveras Dam presentation

April

- 1) Staff report on capital planning
- 2) Staff report on WISP financial audit findings
- 3) Presentation on legal compliance with bond requirements

May

- 1) Review of stress test for WISP re-baseline
- 2) Identify studies that RBOC will initiate
- 3) Water update – staff report
- 4) Mountain Tunnel presentation

June

- 1) Wastewater - staff report
- 2) Investigations/studies placeholder
- 3) Peer review program for wastewater – what is the plan?
- 4) Workshop on RBOC scorecard – metrics for measuring committee performance
- 5) Project cost management – update from March briefing

July

- 1) Power update – staff report
- 2) Follow-up to Mountain Tunnel and Calaveras Dam project issues

August

- 1) Half day field trip/site visit – location TBD

September

- 1) Water update
- 2) Wastewater update

October

- 1) Draft Annual Report

November

- 1) Next strategic planning session

December

- 1) Adoption of final Annual Report

Note: Schedule briefings on legislation before the BOS that affects RBOC on ad hoc/
as needed basis

MISSION:

THE PURPOSE OF THE RBOC IS TO MONITOR THE EXPENDITURE OF REVENUE BOND PROCEEDS RELATED TO THE REPAIR, REPLACEMENT, UPGRADE & EXPANSION OF THE CITY'S WATER ^{SFPUC'S} COLLECTION, DISTRIBUTION & TREATMENT, AND ^{WATER, POWER + SEWER INFRASTRUCTURE} POWER GENERATION. THE RBOC'S GOAL IS TO ENSURE THAT SFPUC REVENUE BOND PROCEEDS ARE SPENT APPROPRIATELY, ^{AND} ACCORDING TO AUTHORIZATION AND APPLICABLE LAWS. THE RBOC PROVIDES OVERSIGHT TO ~~THE~~ ENSURE TRANSPARENCY & ACCOUNTABILITY IN CONNECTION WITH EXPENDITURE OF REVENUE ^{THE} BOND PROCEEDS. THE PUBLIC IS WELCOME TO ATTEND RBOC MEETINGS & PROVIDE INPUT.

Parking Lot

PUC guest

Water #16

Water #16

Water #16

- 1) Whistle blower interface
- 2) Residency requirements/waivers

Revise Mission Statement ^{SFPUC} to ensure that all revenue bond proceeds... are spent ~~efficiently~~

*

The RBOC ~~welcomes~~ and encourages public involvement & ^{INPUT} Agenda for next mtg to revise

Ask staff to give presentation materials on Friday prior to mtg. - make part of agenda packet

Work Plan

- (Apr 1) Suggested item
Legal compliance w/ bond presentation - ^{Reg}
- ~~(Mar 2)~~ ~~Wastewater~~ Bond sale updates
- (Mar 3) Refunding bonds
- TBD-Ad hoc
4) Staff report on proposed RBOC related legislation ~~at refunding bonds~~ That is before the board
- (Apr 5) Capital Planning - staff report
^{a) Finance}
~~present~~ ^{to be expanded}
- (Apr 6) Financial Audit WSIP ^{existing}
presentation from staff - ^{audit} findings
RBOC audit if needed

- ^{Following to born in July}
Annual report ETA 12/16
OCT draft
- (Mar 8) Calaveras Dam presentation on time performance
- TBD May 9) Mountain Tunnel presentation
Are there any others that we don't know about? Scope budget why not originally budgeted + what can be done now
Is this new baseline?
- (Mar 10) Re-baseline for ~~WWE~~ wastewater staff presentation ^{needs including climate change}
- Whether all projects are captured within baseline
- Accuracy of estimates
- All projects serve needs of SIC i.e. flooding
- (May 11) ^{Review of} Stress test for ^{items} # 8, 9 + # 10 - + others
ask staff what level of testing - RBOC decides if further analysis needed

Mar + June 2) Project Cost Mgt. -
Progress on design build
Lessons learned from
WISA for wastewater -
including any design build

Aug 13) Half day field trips

Mar 14) Calendar - Agendas

May 15) Water update - staff report

June 16) Wastewater - staff report

July 17) Power update - staff report

Sept 18) Water updates

June-July 19) Wastewater updates
Investigations / Studies placeholder

Jun 20) Peer review program
for wastewater - what
is the plan?

June 21) RBOC scorecard -
metrics

Nov 22) Next planning session 1/17
June checkpoint

June 23) What studies are we doing?

Criteria

- 1) Attendance / Full appointment
- 2) Participation / contributions
- 3) ~~Out~~ Inputs / Outputs
- 4) Transparency
- 5) Accountability
- 6) Monitoring
- 7) Efficiency

Best Practices