



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

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

March 14, 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

Chair Leale called the meeting to order at 9:20 a.m. On the call of the roll, Chair Leale and Members Kamp, Veuthey, Tang, and Holober were noted present.

There were no agenda changes.

2. Public Comment

David Pilpel suggested that RBOC consider meeting less frequently than once per month, reminded the committee that RBOC has a sunset date in 2025, and suggested that RBOC streamline audit functions in the event that the committee is not extended beyond 2025.

3. RBOC: Election of Officers, Recruitment and Roles of Members

Chair Leale noted that RBOC has not conducted officer elections since the beginning of the shelter in place orders due to the COVID-19 pandemic, and highlighted the utility of selecting a vice chair, to conduct RBOC business in the even that the Chair is unavailable.

The Chair opened nominations for the offices of Chair and Vice Chair. Member Tang, seconded by Member Holober, moved to nominate Member Leale and Member Kamp as the Chair and Vice Chair of RBOC, respectively.

Public Comment: David Pilpel shared support for the nominations.

Member Tang, seconded by Member Holober, moved to nominate Member Leale and Member Kamp as the Chair and Vice Chair of RBOC, respectively. The motion PASSED by the following vote:

Ayes: 5 - Leale, Kamp, Veuthey, Tang, Holober

4. RBOC: Audit Update

Hunter Wang (City Services Auditor, Office of the Controller); Paul Pocalyko and Eugene Yano (HKA Associates); provided updates and responded to questions from the committee.

Public Comment: None.

Chair Leale, seconded by Member Tang, moved to continue the agenda matter to the April 11, 2023, RBOC meeting. The motion PASSED by the following vote:

Ayes: 5 - Leale, Kamp, Veuthey, Tang, Holober

5. RBOC: Planning for Future Audits

RBOC discussed questions related to the scope and objectives for future audit proposals, with a focus on the question: “are ratepayers receiving good return on their investment in capital improvement projects?” Mark Blake (Office of the City Attorney), and Massandra D’Johns and Hunter Wang (City Services Auditor, Office of the Controller); provided updates and responded to questions from the committee. Member Tang requested that RBOC members address their concerns with the question before the next RBOC meeting.

Public Comment: David Pilpel provided suggestions on the development of the request for proposal for audit services.

Member Tang, seconded by Member Veuthey, moved to continue the agenda matter to the April 11, 2023, RBOC meeting. The motion PASSED by the following vote:

Ayes: 5 - Leale, Kamp, Veuthey, Tang, Holober

6. RBOC: Draft Annual Report

Chair Leale provided a summary on the progress of the Annual Report and recommended approval.

Public Comment: David Pilpel offered brief formatting and structural suggestions.

Vice Chair Kamp, seconded by Member Veuthey, moved to approve the Fiscal Year 2022 RBOC Annual Report. The motion PASSED by the following vote.

Ayes: 5 - Leale, Kamp, Veuthey, Tang, Holober

7. SFPUC: Future Site Visits

Chair Leale requested that RBOC members indicate their individual preferences for scheduling a future site visit. RBOC members unanimously indicated a preference for scheduling an overnight site visit over Tuesday through Wednesday, May 30-31, 2023. Chair Leale highlighted the logistical challenges of conducting RBOC business during an overnight site visit. Nikolai Sklaroff and Betsy Lauppe Rhodes (SFPUC); responded to questions raised throughout the discussion.

Public Comment: David Pilpel shared a desire to attend a future site visit.

Member Veuthey, seconded by Member Tang, moved to continue the agenda matter to the April 11, 2023, RBOC meeting. The motion PASSED by the following vote:

Ayes: 5 - Leale, Kamp, Veuthey, Tang, Holober

8. Approval of January 17, 2023 RBOC Meeting Minutes

John Carroll, Clerk, indicated he would make a clerical correction to the January 17, 2023 meeting Minutes.

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

Vice Chair Kamp, seconded by Member Veuthey, moved to approve the January 17, 2023, meeting minutes with clerical changes. The motion PASSED by the following vote:

Ayes: 5 - Leale, Kamp, Veuthey, Tang, Holober

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

RBOC will meet on the following dates:

- April 11, 2023;
- May 9, 2023;
- June 13, 2023; and
- July 11, 2023.

Vice Chair Kamp indicated that he would be unavailable to attend the July 2023 meeting. Nikolai Sklaroff (SFPUC); indicated SFPUC availability to present on the fiscal year 2023 Annual Capital Financing Plan and the upcoming sale of wastewater bonds, and responded to questions from the Committee. This topic may be heard by RBOC during a regular meeting in May. Member Veuthey asked follow-up questions related to the existence of an SFPUC staff report on environmental justice, found below as item E. Chair Leale highlighted that the RBOC Performance Audit Quality Assurance Program item will be heard on April 11, 2023.

Public Comment: David Pilpel suggested that RBOC consider removing several items from the future agenda items tracking, particularly items E, F, and G from the chart below.

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;*
- G. *RBOC: Discussion on 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”
(Stephen Robinson, AGM of Infrastructure)*
- I. *SFPUC: Discussion of the Fiscal Year 2023 Annual Capital Financing Plan and Upcoming Sale of Wastewater Bonds;
(May be scheduled for a regular meeting in May 2023)*

10. Adjournment

There being no further business, the meeting adjourned at 10:30 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: April 11, 2023
Public Utilities Revenue Bond Oversight Committee