

Proposed PHUUD Assignments

April 15, 2010

To: Dean Barbieri and Ken Kawaichi

From: John Chiang

Here are my preliminary thoughts as to assignments of tasks for the Piedmont Audit Sub-Committee with regards to the Scope of the Evaluation of the City's existing policy for underground utility assessment districts, the application of the City's policy to the Piedmont Hills Underground Assessment District and Recommendations for the future.

Please note that the preliminary assignments can be moved around and certainly some of the legal reviews can be switched between Ken and Dean. I am generally focusing on the financial aspects of the examination.

1. Review of existing City Council policy for underground utility assessment districts (20B projects)
 - a. Steering Committee functions and obligations - **Ken**
 - b. Role of Piedmont Staff - **Dean**
 - c. Engineer of Work - Development of plans, bid specifications and cost estimates - **Ken**
 - d. Legal obligations of the City and financial exposure under current law - **Ken**
 - e. Construction - coordination, inspection and change orders and the role of the City Engineer - **John**
 - f. Payments and commitments upon issuance of bonds - **John**
 - g. Past experience with under grounding projects - **Dean**

In connection with the above items, we should keep track of the documents reviewed and document the discussions we have with City Staff, the City Engineer and others. We should review current and relevant policies, including minutes, correspondence and any other documentation. We should also consider including how other cities have handled private under-grounding utility districts, their structure, use of 20A funds (and did they use or consider 20C funds), contracts used (fixed price or unit pricing, rock clauses, etc.), and cost overruns. We should also consider having discussions with City Staff and relevant homeowners as to the meetings conducted with the homeowners in the Piedmont Hills Underground Utility District, items discussed, questions raised and responses, and any discussion on how cost overruns, if any, are to be handled. In the review of prior private under-grounding utility districts (Mountain/Dudley and Wildwood), we should determine whether the same contracts, structure and approaches were used.

2. Application of City policy to the Piedmont Hills Underground Assessment District

- a. Explanation of the engineering process for the district including the use of multiple firms - **Ken**
- b. Timeline of expenditures including the development of “rock” issue - **John**
- c. Available alternatives at the time rock was discovered - **Ken/Dean**
- d. Timeline for seeking legal council (notification of the City Council and notification of the public) – **Dean**

I will be doing a review of the billings, backup, signoffs, change orders process and approvals, engineering review records, in-force account work, credits and the related computations, and monitoring of progress of the base contract. As noted above, we should also consider discussing with other cities that have experience with private underground utility assessment districts. The above tasks should also include discussions and interviews with City Staff and the City Engineer.

3. Recommendations for the future

All of us will be contributing to recommendations for the future. As we each do our reviews and document our discussions, we should keep track of the lessons learned and how things can be done better in the future to avoid repeats of the pitfalls encountered with the Piedmont Hills Underground Utility District project. I know each of us may have preliminary thoughts as to recommendations, but we should wait until our review is completed to bring them all together for our report.

Please let me know if you have any questions.

John