

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
March 5, 2019 270 Elm Road, Bolinas

1. Call to Order.

11:15 a.m.

2. Roll.

Directors Amoroso and Comstock; General Manager Jennifer Blackman also present.

3. Draft Update of the District's Five-Year Capital Improvement Plan.

The Committee discussed the decision made at the previous committee meeting to recommend to the Board that the district re-direct funds collected to-date for steel water main replacement projects on specific blocks of the Mesa to the engineering needed for a comprehensive set of plans and specifications to replace all of the steel pipeline in the district's distribution system. The purpose here would be to develop and overall budget for engineering and construction; detailed plans will be needed to obtain bids for the work. It remains to be decided whether the project would be done in phases or in its entirety.

The Committee then discussed another project added to the Five-Year Capital Improvement Plan, namely, the Woodrat 1 Reservoir Rehabilitation project. This project is a follow-on to the chlorine disinfection byproduct project as it is now clear that the Woodrat 1 Reservoir water source will continue to be problematic from a water quality standpoint unless it is improved. Staff is soliciting proposals from qualified liminologists and dredgers identified by consultant Jonathan Van Bourg.

4. Draft Fiscal Year 2019-20 Budget and related spreadsheets re: status of debt and status of reserves.

The Committee conducted a line-by-line review of the draft budget, which proposes a 5% increase in the annual service charges for water and sewer customers. Staff noted that the 2018 CPI for the San Francisco Bay Area was 4.5%. Staff has submitted several compensation-related requests to the Personnel Committee as part of the MOU negotiation process and the draft budget incorporates some of these requests. In general, the district's costs for employee services and general maintenance and operations increase on average by three to five percent each year; as such, staff noted, the district needs to raise rates by that amount just to stay even with inflation. The largest "swing factors" in employee services are pension costs and health care costs, both of which are outside of the district's control. Indeed, the draft FY 2019-20 budget includes a CalPERS mandated 10% increase in pension costs and a Kaiser Permanente 7% increase in health care costs. Director Comstock commented that benefits are now about 50% of employee payroll costs to the district; staff observed that this could be in part because wages are relatively low at the district as compared to the benefits conferred.

The Committee reviewed the budget on a line-by-line basis, including employee services, maintenance and operations, capital improvement, and debt. Staff noted that the various capital improvement projects track the projects detailed for this fiscal year on the Five-Year Capital Improvement plan. Discussion ensued, with a focus on the irrigation pump station project and the need to install the new pumps as soon as possible. Given that costs are coming in higher than expected, staff recommends that the district internally "loan" itself the funds needed above what has been collected from the district's reserves and then repay that internal loan in the next one-to-two fiscal years. Director Comstock asked staff to research which of the district's reserve funds are available (i.e., not externally restricted) to be internally loaned for this purpose.

Staff noted that the draft budget proposes an annual increase of \$68 to the water service charge and \$67 to the sewer service charge, in each case a 5% increase. Staff estimates a slight increase in anticipated tax revenue from the County of Marin and water sales of approximately \$113,000. Staff noted that the district earned more interest income last year than it has in recent prior years; after a brief discussion, staff agreed to look at this to ensure the budgeted number is reasonable and, if possible, apply additional such revenue toward the irrigation pump station project.

The next meeting of the Committee will be on April 9, 2019 and will focus on the development of a Proposition 218 notice to customers about proposed service charge increases and a final review of the updated Five-Year Capital Improvement Plan before submitting both documents to the full Board for consideration at the April 17, 2019 regular meeting.

5. Community Expression

None.

6. Adjournment

12:32 p.m.