

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
February 25, 2020 270 Elm Road, Bolinas

1. Call to Order.

11:02 a.m.

2. Roll.

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

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

Staff presented an overview of the draft update of the district's Five-Year Capital Improvement Plan for FY 2020-25 ("CIP"). Staff reminded the Finance Committee of the discussion at the recent Board of Directors' meeting regarding an additional \$20,000 in funds needed for the Woodrat Reservoir Rehabilitation Project, which staff has included in the updated draft CIP. These funds are in addition to the original \$20,000 budgeted and collected during the prior fiscal year, for a total of \$40,000 for this project. Staff noted that the district's limnology consultant Eli Kersch previously conducted a bathymetry study of the reservoir (which confirmed it is largely unchanged in capacity and does not have significant sediment build-up) and advised the district to take the following next steps: remove encroaching vegetation from the reservoir surface; install remote monitoring equipment at the site and obtain a month of baseline data; and then continue this remote monitoring and conduct a three-month trial of the nanobubble unit. The purpose of the three-month trial is to confirm via remote monitoring whether the unit will adequately oxygenate the reservoir; if confirmed, the district will then purchase the unit.

The Committee briefly reviewed the SCADA project for the Woodrat Water Treatment Plant: the district collected \$25,000 for the project last year and the estimated amount of the project is \$50,000. Staff will follow up with John Lewis to inquire whether the cost estimate is still valid. With regard to the Woodrat Overflow Pipeline slipline project, staff is seeking estimates for the work; \$100,000 has been collected set aside in reserves for this project.

The Committee discussed a project to inspect the Arroyo Hondo upper and lower dams. Staff noted that consulting engineer Allen Richards may be able to recommend qualified experts to inspect the dams. Staff will follow up and report back at the next Finance Committee meeting. Staff pointed out that the draft CIP does not include collection of additional funds for hydrant replacements this year as the district has not yet expended all of the funds previously collected for this purpose; that said, the item remains on the schedule for future year expenditures. Staff also pointed out that the district currently has \$170,000 set aside to pay the anticipated engineering costs of the street water main replacement project on the Mesa; however staff believes that the cost of the engineering will be higher than this and recommends the district collect an additional \$50,000, which is reflected in the updated draft CIP.

Discussion turned to the water storage tank rehabilitation projects. Per the updated draft CIP, staff recommends that the district collect \$275,000 in the upcoming fiscal year to fully reimburse the costs of the East Tank project. Staff also revised upward the estimated cost for the West Tank Project based on the amounts actually expended for the East Tank project. The Committee discussed the likely schedule for the West Tank project, the various cost increases that occurred during the East Tank project, and how to reduce the likelihood of cost increases for the West Tank project. Staff said the district may need to consider taking out a loan for the West Tank project if the Board decides to accelerate the timeline for the work.

With regard to the sewer system CIP projects, staff recommends the district collect \$40,000 in the upcoming fiscal year to purchase a new propane-powered generator for the lift station to replace the aging diesel-powered generator currently at the site; a propane generator will be cleaner and quieter. Staff noted that there is \$105,000 in reserves for rehabilitating the lift station wetwell and the district is seeking to identify companies qualified to do that project. As for the irrigation pump station replacement project, the district has collected \$220,000 for the project thus far, so staff proposes collecting an additional \$110,000 in the upcoming fiscal year to pay the estimated \$330,000 cost of the project (i.e., \$200,000 for the actual pump station, \$70,000 for the project engineering, and \$60,000 for the station installation).

The Committee next reviewed the draft CIP pertaining to the district's buildings, vehicles and equipment. Staff recommends collecting an additional \$50,000 towards the purchase of a new backhoe or excavator as the current backhoe is very old and needs to be replaced. These additional funds would bring the total amount available for this equipment purchase to \$100,000. Staff noted that sufficient funds have been collected and earmarked for the repair of the septic system at the office building as well. Finally, staff has updated the draft CIP to propose collecting \$75,000 during the 2021/22 Fiscal Year to engage an architect to assess the office building and recommend whether the district should rehabilitate it or demolish it and construct a new one.

4. Draft Fiscal Year 2020-21 Budget and related spreadsheets re: status of debt and status of reserves.

Staff updated the Committee on the status of the district's debt schedules. The district currently owes \$372,938 on the loan from the State Water Resources Control Board ("SWRCB") for the Terrace Avenue Water Main Relocation project; \$189,061 in outstanding Clean Renewable Energy Bond ("CREB") payments for the solar arrays at the Woodrat water treatment plant; and, \$70,625 in outstanding CREB payments for the solar arrays at the sewer ponds. The CREB payments will be paid off in 2023 and the Terrace Avenue Water Main Relocation loan is scheduled to be paid off in 2033.

Staff noted that although the district has not yet received a specific proposal from the operations staff with regard to the Memorandum of Understanding re Compensation and Benefits between the district and its employees for fiscal year 2020-21, the draft budget anticipates a 3% increase in pay. Overall, the draft budget contains a 1.7% overall increase in employee services costs and a 8.2 % increase in maintenance and operations costs. Staff proposes to reduce the annual charge for septic/drainage services from \$70 per year to \$40 per year because there is a \$163,000 balance in reserves available to cover any excess costs. As for the Resource Recovery Project, the revenues generated at the site in drop-off fees generally cover operational costs, although the pending change in law requiring curb-side food scrap collection may force changes in operations at the RRP site in upcoming years.

Staff reviewed the budgeted contributions to reserves proposed for the upcoming fiscal year. The hazardous tree account will be replenished, as will the reserve accounts used to make the CREBs payments, and the beach/groin reserve account will receive \$5000, bringing the total in that reserve account to \$165,000.

The Committee then turned to the estimated district revenue for the upcoming fiscal year. Staff projects \$120,000 - \$135,000 in receipts for quarterly metered water sales. To ensure the district can meet the projected operating costs and fund CIP projects per the updated schedule, staff said the district will need to raise the annual water service charge and the annual sewer service charge by 10%. That said, as previously noted, the annual septic/drainage charge would decrease from \$70.00 to \$40.00 annually. Finally, staff projects that interest received on reserves will be at least \$30,000.

The Finance Committee asked staff to comment on any significant differences between last year's budget as compared to last year's actual costs. Staff said the district received more tax revenue than budgeted, as well as more interest income, whereas water sales were essentially on-budget, as were employee expenses. Operating expenses were approximately \$30,000 over-budget, but most of that amount consisted of costs incurred in connection with the fire fuel reduction project. Staff noted that some recurring expenses were under-budgeted and staff is making corresponding adjustments for the current draft budget.

The Committee discussed the current lack of affordable housing in the community and the impact that may be having on district employees. The Committee members indicated they are very concerned about whether the district is compensating its employees comparably with other districts. Staff agreed to research this question and provide compensation information about other similarly situated districts at the next Finance Committee meeting.

5. Community Expression

None.

6. Adjournment

12:35 p.m.