

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
April 14, 2020 270 Elm Road, Bolinas

In compliance with local and state shelter-in-place orders, and as allowed by the Brown Act as currently in effect under the State Emergency Services Act, the Governor’s Emergency Declaration related to COVID-19, and the Governor’s Executive Order N-29-20 (March 17, 2020), the BCPUD Board of Directors’ Finance Committee did not offer an in-person meeting location for the public to attend this meeting. The meeting was conducted by the Finance Committee Board members, staff and public via teleconference.

1. Call to Order.

11:13 a.m.

2. Roll.

Directors Amoroso and Comstock attending via teleconference; General Manager Jennifer Blackman present at the BCPUD offices.

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

Staff noted that prior to the Coronavirus pandemic, the Finance Committee was planning to recommend to the full Board of Directors that the district implement a 10% increase in the annual water and sewer service charges as part of the FY 2020-21 budget-planning process to fund the district’s general maintenance and operations costs and continue its aggressive pursuit of capital improvement projects. However, in light of the economic impact of the Shelter-in-Place and other orders relating to the Coronavirus pandemic on the district’s customers, staff now recommends that the Finance Committee defer any proposed service charge increase to a future fiscal year.

Staff presented the Committee with a revised update of the district’s Five-Year Capital Improvement Plan (“CIP”) with changes made to reflect the lack of a budgeted increase in revenues for FY 2020-21. With regard to Water projects, staff proposes to fully fund the remaining amounts needed for the East Tank Rehabilitation Project (\$275,000) and the Woodrat Reservoir Monitoring Project (\$20,000). Staff commented that the district is likely to rely on the Woodrat 1 Reservoir this year due to the extremely low rainfall received to date, so the importance of improving the water quality in that reservoir remains high. Staff proposes to defer the previously-planned collection of \$50,000 in funds to add to the \$170,000 currently earmarked in reserves for the engineering services needed for the project to replace the 2-inch steel water mains on the Mesa. Additionally, staff proposes to defer the previously planned collection of \$50,000 in funds to add to the \$50,000 currently earmarked in reserves for the replacement the district’s back-hoe. Finally, the Committee members noted that the \$25,000 previously proposed to be collected to add to the \$25,000 currently earmarked in reserves for the SCADA project is now deferred, as well, and staff agreed.

As for the Sewer project, staff proposes to collect \$110,000 to fund the remaining amount needed to pay for the Irrigation Pump Station Replacement project. Staff suggested removing \$40,000 from the CIP which had been earmarked to pay for a new propane generator for the lift station. Instead, staff proposes that the district pay for a new propane generator out of existing reserves and then “repay” those reserves at \$15,000 per year over the next two fiscal years. Staff has received a proposal for a generator at a cost of approximately \$20,000 so, with installation and related costs, staff believes this project will cost \$30,000 or less. The Committee concurred and asked staff to reflect the repayment costs on the Sewer CIP for FY 2021-22 and FY 2022-23.

At this point the Committee paused the meeting to provide time for public comment; no public comment was offered.

Director Comstock noted that the district has collected and earmarked \$105,000 for a project to rehabilitate the wetwell at the district’s lift station and said he is hopeful that project can be implemented in the upcoming fiscal year. Discussion ensued about how to best track all of the activities in the district’s dedicated reserve accounts. The Committee suggested staff add notations on the capital improvement plan for the projects that contemplated a draw-down of reserves. Staff agreed to revise the CIP accordingly for the upcoming Board meeting.

The Committee next discussed whether the various capital projects staff proposes to defer as discussed should proceed per the previously planned timeline and be funded from reserves, or whether these projects are not that urgent and can be deferred as staff proposed; staff agreed to discuss this internally and report back to the Committee.

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

Staff said that there are no changes to the debt schedule since the last meeting and the Committee concurred. Turning to the draft budget, discussion ensued about anticipated employee wages and benefits costs for the upcoming fiscal year. Staff has budgeted for a new entry level shift operator as well as a period of consulting post-retirement for the district's Chief Operator. The draft budget contains a 3.5% increase in wages per the presumed recommendation of the Personnel Committee (which is pending final negotiations with staff). Staff pointed to the revenue section of the budget and noted that the anticipated revenue is largely carried over from the current fiscal year as the district now does not intend to propose any increases to the annual water or sewer service charges for the upcoming fiscal year. Staff noted that the budget does propose a reduction in the annual charge for septic/drainage services from \$70.00 to \$40.00. Tax revenue is also budgeted to be unchanged, although staff speculated that the Coronavirus pandemic may impact the collection of County property tax revenue.

The Committee paused again to provide time for public comment: again, no public comment was offered.

The Committee turned to the Status of Reserves spreadsheet. Staff reported that all budgeted contributions to reserves for the current fiscal year have been made and confirmed. Staff said the district has spent considerably more on the East Tank Rehabilitation project than originally budgeted and discussion ensued about how to best reflect this on the spreadsheet. Specifically, the district originally budgeted \$450,000 but another \$275,000 is needed to fully fund the project, which staff proposes to collect during the upcoming fiscal year. Staff noted that district general reserves might fall below the levels targeted by the district's Financial Reserve Policy as of 6/30/20 due to draw downs needed to fund current expenses before the district receives its first installment of FY 2020-21 revenues in December 2020 (coinciding with the County property tax collection schedule); however, staff forecasts that the district should be back in compliance with the Financial Reserve Policy 6/30/21.

The Committee then collectively reviewed the Status of Reserve spreadsheet, draft budget and CIP to confirm that all anticipated reserve expenditures are reflected consistently in these documents. Director Comstock inquired about the \$31,000 in reserves on deposit with the Local Agency Investment Fund ("LAIF") for the water supply study as well as approximately \$135,000 remaining for the Capital Projects Misc. account. Staff said the water supply study pertains to the district's evaluation of the irrigation well at the Resource Recovery Project and the Capital projects item refers to specific projects designated for expenditure from this account many years ago by the Board (when this account was first established). Staff will research this further and follow-up with the Committee.

Community Expression

None.

5. Adjournment

1:12 p.m.