

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
March 9, 2021 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’s Finance Committee did not offer an in-person meeting location for the public to attend this meeting. The meeting was limited to essential district business items and was conducted by the BCPUD’s Finance Committee, staff and public via teleconference

1. Call to Order.

10:02 a.m.

2. Roll.

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

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

Staff began by presenting an updated version of the Five Year Capital Improvement Plan (“CIP”) for water operations. Staff proposes to collect an additional \$35,000 for the Woodrat Reservoir Rehabilitation project in order to repay money spent and cover the cost of the new enriched air nanobubble unit to be installed at the Woodrat 2 reservoir. Staff moved the project to replace windows and doors at the water treatment plant from the “buildings, vehicles and other” CIP to the water CIP; the directors concurred this was appropriate. Staff explained that director Smith has requested that the Finance Committee consider whether to add a new project to the water CIP; specifically, the installation of a remote water meter read system to enable the district to track customer water consumption in real time and transmit this data directly to the office. Based on a discussion with the Stinson Beach County Water District’s chief operator (that district received a grant to install such a system several years ago), the estimated cost of such a project is likely in the range of \$250,000. If the Finance Committee decides to add it to the draft CIP, then the full Board can consider the project at an upcoming meeting. Director Comstock said the committee should receive input from the staff before making a decision to add such a project to the CIP as to whether staff favors adding this project. After a brief discussion, staff agreed to hold a meeting to solicit staff feedback and convey it to the committee at the next meeting. Director Comstock commented that there may be resistance in the community to the concept of “smart” water meters, based on the resistance years ago to PG&E’s “smart” meters.

In response to questions from director Walker, director Comstock explained the difference between “Tier 1” and “Tier 2” projects on the CIP, which generally relates to the prioritization of the project for the district in terms of a time line. Tier 1 projects are all projects the district has identified as necessary in the five-year horizon of the CIP; Tier 2 projects are less urgent, but are still needed, and eventually will be moved up to Tier 1 as other projects are completed. The reason for including the Tier 2 projects on the CIP is to serve as a reminder of the eventual need for the projects and a sense of their future costs. Staff noted that the steel pipeline water main replacement in Tier 2 also has been prioritized in terms of need (with the pipelines most in need of replacement in the first tranche, etc.); at the present time, the district has collected and set aside \$170,000 for a comprehensive engineering plan for the replacement of all of the steel pipeline in the district’s system.

Discussion ensued about whether the district should revisit its CIP to assess whether or not it is sufficiently comprehensive and whether all of the district’s potential capital improvement needs fully reflected. Director Comstock questioned whether the district should contract for an outside engineering firm to conduct a top-to-bottom inventory of the district’s assets and update of the CIP including, but not limited to, an assessment of the district’s catchment dams on the Arroyo Hondo. He noted that the district cannot afford to have such expertise on staff, and it is not certain whether anyone would have been able to foresee the unexpected pump failures at the lift station several years ago, but he believes the district can and should contract for such expertise to ensure the CIP is sufficiently comprehensive. Staff agreed to inquire with the district’s engineers and report back.

Staff directed the committee’s attention to the Sewer CIP. Staff has updated the planned rehabilitation of the wet well to include another component, the installation of a manhole grinder at an estimated additional cost of \$120,000. Based on a recommendation from the Vogelsang pump repair specialists, staff agrees that this is a necessary upgrade to extend the useful life of the lift station pumps. The grinder would pulverize the solids that are not organic human waste or water prior to entering the wet well/pumps. The recent repair of one of the “new” Vogelsang pumps showed extensive internal damage from solids such as wipes and other non-organic material. Staff also has included a line item for the replacement of the on-site back-up generator (total cost of \$60,000), as well as a line item for backup replacement pumps for the lift station (\$50,000 each). Finally, with regard to the “Building/Office, Vehicle, Other” CIP spreadsheet, staff has added the design and installation of the repairs needed to the Bolinas Beach Groin. Director Walker commented that grant funding might be available in the future to replace some of the district’s vehicles and equipment with clean energy options.

4. Draft Fiscal Year 2021-22 Budget and related spreadsheets re: status of debt and status of reserves.

Staff summarized the changes made to the budget since the committee's prior review which are (1) some revisions to wage rates based on the Personnel Committee's willingness to recommend a 3% cost-of-living increase and retroactive 4% wage increases for certifications attained (it has not been possible for operators to take the certification tests due to the ongoing pandemic); (2) increases to the anticipated power budget due to the annual PG&E "true up" charges; (3) adjustments for the debt remaining on the Clean Renewable Energy Bonds to account for the fact that a new inverter is needed at the water treatment plant; and (4) inclusion of the anticipated Bolinas Beach Groin Repair project. Staff cautioned that employee costs are still unknown as the district has not completed the Chief Operator hiring process.

Staff then presented the updated status of reserves spreadsheet, with a focus on the just-concluded, current and upcoming fiscal years (i.e., FY 2019-20, FY 2020-21 and FY 2021-22). Director Comstock summarized the history of this spreadsheet, which was created to carefully track the district's reserve accounts and expenditures, which tie back to the Five-Year Capital Improvement Plan, as well as the district's "operating reserves", which are used to pay ongoing operational expenses such as employee wages, maintenance and operations costs, and "general" reserves, which are for unexpected needs in the water or sewer systems. Staff noted that amounts on deposit in reserves as of June 30, 2020 have been confirmed and tied to the audited financial statements; the directors reviewed the amounts on deposit in each of the line item accounts for specific projects. Staff further noted that the amounts on deposit in the district's operating reserves as of June 30, 2020 also have been confirmed and tied to the audited financial statements. Discussion ensued about current and pending projects and how those are reflected on the spreadsheet and updated as funds are received via the periodic collection of service charges, taxes and water sales revenue. The draft FY 2021-22 budgeted contributions to reserves also are reflected in the updated spreadsheet. Director Walker said the spreadsheet is clearly presented and suggested that it is possible in excel to collapse the number of columns to look only at the most current three-year period (the spreadsheet dates back to 2015). Director Comstock said he appreciates the fact that the spreadsheet serves as a "scorecard" of sorts as to the pockets of funds the district has available and allocated to specific projects; in his view, the more money the district is setting aside for capital projects, the better and reduces the likelihood of needing to take on significant debt.

Director Comstock said that he would like to see progress made in the upcoming budget with regard to funds available for and dedicated to capital projects given the foreseeable needs for such projects in the next five-year window and beyond, particularly on the water side of operations. Absent any sort of grant funding available to the district, he said, he believes the district should propose an increase to its annual service charges for the FY 2021-22 budget, particularly since it did not increase the charges last year due to the pandemic. Director Walker suggested a cost-of-living increase. Director Comstock said he agrees that a cost-of-living increase would be appropriate for the sewer operations but something more may be needed for water operations given the breadth and depth of needed improvements. Staff suggested holding off on formulating a specific percentage increase until the employee services costs for next year are known as those costs are likely to decline given the retirement of the district's most senior employee. Discussion ensued about the ongoing financial impact of the pandemic on the district's customers and whether a small increase in charges would be manageable for most at this time.

Discussion then turned to the specific sources of district revenue, including the BCPUD's share of County property taxes as well as annual service charges and water sales revenue, all of which are reflected in the draft budget on pages 9 - 11. Director Walker inquired about ways to increase district revenue apart from increasing charges to customers. Staff said that grant opportunities may be a real possibility in light of the infrastructure improvement priorities of the current administration in Washington D.C.

The committee agreed to meet again prior to the next scheduled meeting on April 13th and after the conclusion of the hiring process for the Chief Operator to make further progress on the budget; after a brief discussion, the committee agreed to meet on March 31, 2021 at 10:00 a.m.

5. Community Expression

None.

6. Adjournment

12:16 p.m.