

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
March 31, 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.

10:01 a.m.

2. Roll.

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

3. Minutes of the January 27, 2021 Finance Committee meeting; Minutes of the March 9, 2021 Finance Committee meeting.

L. Comstock/K. Walker all in favor to approve the minutes of the January 27, 2021 Finance Committee meeting.

The minutes of the March 9, 2021 committee meeting were deferred to the next meeting on April 13, 2021 at 10:00 a.m.

4. Draft Fiscal Year 2021-22 Budget and related spreadsheets re: status of debt and status of reserves.
5. Draft Update of the District’s Five-Year Capital Improvement Plan.

Staff presented an overview of the revised draft FY 2021-22 budget and a brief memorandum summarizing the revisions. With regard to employee services, the draft budget contains a 3% wage increase for all staff members and also now reflects retroactive wage increases for staff that would have been granted during the FY 2020-21 but for the pandemic. Specifically, in ordinary times, per district policy the operations staff each would have had the opportunity to receive two 4% wage increases during the current fiscal year by attaining new certifications via water or wastewater exams; however, the exams were cancelled this year due to the pandemic. As part of the MOU discussions, the Personnel Committee has agreed to recommend that the Board approve retroactive wage increases (effective the date the tests would have been held) for the operations staff, on the condition staff take and pass the exams as soon as they are offered. In fact, the State Water Resources Control Board (“SWRCB”) just announced that online exams will be offered in 2021. The draft budget therefore reflects those revised hourly wage rates, as well as a fifteen percent increase in Stew Oakander’s hourly wage rate, which the Board approved when he accepted the Chief Operator position. Finally, the draft budget also contemplates a 10-hour per week consulting agreement for specific projects with Bill Pierce subsequent to his retirement, as well as an entry level shift operator position. Overall, the employee services portion of the budget is *lower* for the upcoming fiscal year.

The capital portion of the budget (and the most recent version of the Five-Year Capital Improvement Plan (“CIP”) has been revised to reflect a new emergency supplemental groundwater supply project to explore the potential for augmenting the district’s water supply this summer or fall with one or more existing groundwater well (specifically, the irrigation well on BCPUD land at the Resource Recovery Project site and another well recently installed at 31 Wharf Road). Staff currently is working with one of the district’s engineers, Allan Richards of Stetson Engineers, Inc., and the district’s consulting hydrologist, Rob Gailey, on this project and is planning to send a letter to the SWRCB requesting a meeting to explore the feasibility of this project at the end of the week. The committee members expressed support for the project and approval of its inclusion in the draft budget and updated CIP.

Staff said a second project has been added to the updated CIP at the recommendation of Allan Richards with Stetson Engineers. During the recent East Tank Rehabilitation Project the district discovered that the discharge piping leaving the tanks and the valve cluster prior to the main distribution main on Mesa Road need to be replaced. Allan Richard is recommending that this piping/valve replacement project be completed prior to the West Tank Rehabilitation Project (as doing so will facilitate the installation of that project) and he will submit a design and engineering proposal for this work. Staff therefore has added this project to the CIP and a line item has been added to the budget, as well. In response to questions from director Walker, staff affirmed that the district sequenced the tank rehabilitation projects because only one tank can be taken out of service at any given time.

Staff is in discussions with Allan Richards about a review of the district's capital improvement planning per an early request from director Comstock to bring additional expertise into this process. Allan also will submit a proposal for this work; Stetson Engineers does CIP planning work with a number of water districts, including but not limited to the Stinson Beach County Water District. Director Comstock said he is very glad to hear this and reiterated that he believes the district's identified capital needs should drive this process, not the financial status of the district. He noted that the district also should look beyond a five-year time horizon as many of the more extensive capital improvement projects require far more than five years to identify, plan, design, engineer, install and pay for; he cited the district's water main replacement project as an example. Staff noted that if the federal effort on infrastructure improvement is successful, funds may become available for major projects such as the water main replacement project.

At the last Finance Committee meeting, staff was asked to formulate a recommendation with regard to director Smith's request to add a remote water meter read system to the district's CIP. The full staff met to discuss the matter and formulate a recommendation; staff's recommendation is detailed in a memorandum to the committee. In brief, staff recommends the remote water meter read project be added to the updated CIP as a "Tier 2" project; while a remote read system -- when functioning as intended -- could be a very useful source of data for the district, staff believes the existing Tier 1 priority projects on the water system should not be displaced. Staff noted it is possible that grant funding may become available for such a project in the near future in light of the drought conditions (Stinson Beach was able to obtain such grant funding during the last major drought); if so, staff would pursue such funding. Director Comstock said it was important to him to have the staff weigh in and advise the Finance Committee on the prioritization of a remote water meter read system. Staff said the project currently is shown at the top of the Tier 2 project list, but likely would be prioritized after the replacement of certain sections of water main pipeline; as such, staff will further revise the updated CIP after consultation with the rest of the staff on that issue. Director Walker encouraged staff to consider whether other tools and/or software products might help work in the field or the office (facilitating or expediting work currently performed) and, if so, to present proposals to the committee.

The committee turned to the question of whether the district should propose increases to the annual service charges for water and/or sewer services for the upcoming fiscal year. Director Comstock said he feels this is the crucial question for the committee to resolve, noting that the largest "swing factor" in the budget is the capital improvement spending. He said that during the time he has been on the Board, the district has made a significant effort to make more money available for capital improvements; the district reduced its outstanding debt, for example, thereby freeing funds for capital improvements. Director Comstock said that the sewer side of operations has incurred some significant expenses in recent years, but there no longer are a lot of projects in the pipeline; at the present time, the district is generating approximately \$150,000 a year for capital projects on the sewer system and this seems appropriate. He said would like to see the district continue to make progress, but the shortfall is not severe. As for the water system, director Comstock said this is a more difficult proposition: the district is generating approximately \$300,000 a year for capital projects, but there are a lot of major projects in the pipeline. Director Comstock said he believes the district probably should be collecting closer to \$500,000 a year for capital projects given the full scope of the projects identified on the CIP. He noted that the district has made steady progress until last year, when the committee and Board concurred that rates should not be raised during the pandemic. He believes the district should resume its efforts to improve its capital reserves and that the Board should propose at least a modest service charge increase this year. In response to a question from director Walker, director Comstock said in a normal year he would propose at 6% increase for water, but he's willing to compromise on a 3% increase given the ongoing impact of the pandemic, and he would propose a 2% increase for sewer. He commented that it does not benefit the district's customers to defer needed projects or borrow money for those projects and pay the attendant interest costs.

In response to a question from director Walker, staff said that a 3% increase in the annual service charge for water would increase the current charge of \$1,425 by \$43 to \$1,468 for an overall increase of approximately \$25,000 in revenue to the district. Similarly, a 2% increase in the annual service charge for sewer would increase the current charge (for residential customers) of \$1,411 by \$28 to \$1,439 for an overall increase of approximately \$4,500 in revenue. Director Walker inquired about other potential sources of funding for the district, such as private giving or donations. Staff said there is a model for this with the Point Reyes National Seashore; it may be possible to establish some sort of non-profit "Friends of the BCPUD" type of entity; in addition, there is the precedent of the Save Terrace Avenue at Surfers Overlook committee, which raised the funds in a "public-private" partnership with the County of Marin to design, install and pay for the repair of the retaining walls at the top of Terrace. Director Walker said she would be willing to work with staff on an effort to explore the establishment of such an entity within the Bolinas community for those who can afford to contribute.

6. Community Expression

None.

7. Adjournment

11:13 a.m.