

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
March 24, 2023 270 Elm Road, Bolinas

1. Call to Order.

1:54 p.m.

2. Roll.

Directors Alexander Green and Walker present; General Manager Jennifer Blackman also present.

3. Minutes of the February 14, 2023 Finance Committee Meeting.

K. Walker/A. Alexander Green both in favor to approve the minutes of the February 14, 2023 Finance Committee meeting.

4. Draft Fiscal Year 2023-24 Budget and related spreadsheets re: status of debt and status of reserves.

Staff made only a few changes to the budget previously reviewed by the Committee: based on an analysis of last year's actual costs and actual costs to-date this fiscal year, staff has lowered the budgeted amount for workers' compensation insurance and telephone expenses by a combined total of \$20,000 and redirected these funds for a project to replace the coagulation piping at the Woodrat Water Treatment Plant, which is now reflected in the capital projects section of the budget. In response to a questions from director Walker, staff confirmed that the budget proposes to collect \$100,000 toward the West Tank Rehabilitation Project and \$100,000 for the Tank Site Replacement Project. Staff also confirmed that it will be necessary for the district to issue a Proposition 218 notice in a timely manner in advance of the budget hearing at the regular June Board meeting because the draft budget proposes a 6% increase in water and sewer rates to fund the proposed operating costs (including the proposed new administrative position) and capital investment costs, as well as to service current debt.

5. Draft Update of the District's Five-Year Capital Improvement Plan (Fiscal Years 2023-28).

Staff next presented an updated version of the district's Five-Year Capital Improvement Plan for Fiscal Years 2023-28 ("CIP"), beginning with the projects on the Water System CIP. The CIP is separated into "Tier 1" and "Tier 2" projects and, within that on the Water System CIP, the Tier 1 projects are divided into Transmission, Treatment and Distribution categories. The transmission projects in Tier 1 are: (1) to rehabilitate or replace the gasket on the lower gate on the Arroyo Hondo, (2) to add two emergency groundwater wells to the district's water supply system; (3) to replace the Arroyo Hondo pipeline between the upper dam and the lower gate; (4) replace or rehabilitate the upper dam with a raisable gate (the district may qualify for Local Hazard Mitigation Funding for this project); and (5) install a bypass pipeline to enable the district to convey water directly from Woodrat 2 to the Woodrat Water Treatment Plant (which is now a much lower priority because the district has been able to physically remove the azolla off the surface of the Woodrat 1 Reservoir).

The treatment projects in Tier 1 are: (1) to rehabilitate the Woodrat 1 Reservoir; (2) to replace the filter membranes at the treatment plant; (3) to replace the coagulation piping inside the treatment plant; (3) to install a fifth filter at the treatment plant; and (4) to replace windows and doors at the treatment plant. As for the distribution projects in Tier 1, those are: (1) to replace fire hydrants on the water system as needed; (2) to engineer a project to replace the steel water mains on the Bolinas Mesa (\$170,000 is in reserves for this project and staff may soon recommend that the district issue an RFP for engineering proposals so that the district will be "shovel ready" in the event grant funds are available for water main replacement via the federal infrastructure bill); (3) to rehabilitate the West Tank; (4) to replace the discharge piping and valves from the East and West Tanks; (5) to replace the water mains on the 400 block of Birch Road, the 500 block of Birch Road, the 200 block of Kale Road and the 100 Block of Cedar Road – staff noted these projects have been moved up to Tier 1 from Tier 2; and (6) to replace the booster pump line from the treatment plant to Commonweal.

Director Walker inquired whether the district has an engineer's estimate for the project to replace discharge piping and valve from the tanks; staff said no, the \$150,000 in the CIP is a staff estimate, and includes approximately \$30,000 in engineering costs. Staff will ask the district's engineer for a rough estimate of the likely project cost (as opposed to an official engineer's estimate, which the district would need to pay for separately). In response to questions from director Alexander Green, staff explained that the distribution pipeline project estimates in the CIP are derived from the work Stetson Engineers did to estimate these costs for the district's grant application to the Small Communities Drought Relief Grant Program for a proposed pipeline replacement project.

As for Tier 2 projects, there are two in the transmission section, which involve replacing the intake piping and valves at the Woodrat 1 and Woodrat 2 Reservoirs. The Tier 2 distribution projects include replacing all of the steel water main pipelines that have not been moved into Tier 1, which is estimated to be well over \$2 million. In response to a question from director Walker, staff explained that the Tier 2 projects are those that the district anticipates installing at some point more than five years in the future. After some discussion, the

Committee requested that staff separate out the Tier 1 and Tier 2 projects more clearly so that Tier 1 totals can be more easily tracked.

The Committee next discussed the sources of revenue for the district's operating and capital expenditures, which are: the district's annual service charges for services, its quarterly metered water billings, interest income on investments, and the district's share of County property tax revenue (approximately one percent of property taxes paid within the jurisdictional boundary of the district). As for the operating and capital expenditures are budgeted, staff does this by evaluating the most recently completed fiscal year expenditures, the current fiscal year expenditures to-date, and by making adjustments including for cost-of-living and other factors.

The Committee then turned to the Five-Year CIP for the sewer system. This CIP has three Tier 1 sections: collection, treatment and disposal. The Tier 1 collection system projects include: (1) to epoxy-coat the wetwell, stall a new ladder, and evaluate the efficacy of a manhole grinder to pulverize solids; (2) to replace the clean-out assembly on the district's force main on Olema-Bolinas Road; (3) to add seven connections on Canyon Road to the sewer system (staff noted that the requesting customers will need to finance this project); (4) to relocate the sewer main off of Terrace Avenue at Surfer's Overlook (an engineering analysis is needed to better develop a budgeted cost for this project); (5) to inspect the force main; (6) to assess the section of sewer main between Crescente and Wharf (both the condition of the main and its vulnerability to bluff erosion); (7) to purchase a back-up lift station pump (if needed); (8) to reimburse an internal loan from sewer reserves to finance the Lift Station Pump Station project several years ago.; and (9) slipline the sewer main on Wharf Road (staff noted this project may not be needed as recent, repeated video inspections of this main have not revealed any problems).

Director Alexander Green inquired about the project to add seven connections on Canyon Road to the sewer system: he asked if it will be possible for additional customers to be added? Staff explained that the water-balance evaluation completed by the district's consulting wastewater engineer has confirmed that the district's treatment facility has the capacity to handle the proposed seven connections (and likely some additional new connections) but, during high rainfall years (i.e., rain years when the district receives 50 inches or more of rain), the district's treatment facility does not have sufficient capacity. On average, the district receives 50 inches or more of rain approximately every ten years; the Regional Board currently requires sewer system treatment facilities to be able to handle 100 year storm events (in some cases, a 50-year storm event standard will be deemed acceptable), so upgrades to the district's sewer system likely will be required, irrespective of adding the seven Canyon Road connections and before any others may be added. In response to a question from director Walker, staff said that two of the properties on Canyon Road have been required by the Marin County Environmental Health Services department to connect to the district's sewer system due to failed septic systems; as such, the Regional Board may be willing to allow the properties on this road to connect to the district's sewer system for public health and safety reasons. The district currently is in discussions with the Regional Board about these connections and the other issues pertaining to the potential transition to a new operating permit.

The Tier 1 Treatment projects currently on the CIP are placeholders only: (1) to possibly dredge/remove solids from Ponds 1A and 1B (the district first will need to evaluate whether there is a significant build-up of solids that should be removed). Similarly, the Tier 1 Disposal Projects currently on the CIP are placeholders right now as likely costs are evaluated: (1) to repair/replace a drain valve between spray disposal fields 2 and 3 and (2) rehabilitate the interior of the sewer lab garage. Finally, in the Tier 2 disposal section, staff has included projects to replace spray field and treatment pond fencing.

As for the Five-Year CIP pertaining to "other" projects, staff recommends that the district purchase a replacement backhoe during the current fiscal year with the \$125,000 that will be in reserves from property tax revenues. The CIP also contemplates the purchase of a four-wheel drive vehicle to replace the 2009 Ford 250 (\$60,000) as well as a replacement HurcoVac (\$50,000 estimate). The Committee then turned to the project to replace the office building. Director Walker inquired whether the district might be able to fundraise within the community for this project, which is well beyond the capacity of the district to do with its current revenue sources, particularly if it might be possible to house the Post Office in a portion of the new building. She suggested it would be a particularly good time to try and raise seed money for this project now, while the topic of the Post Office is front and center in the community. Staff noted that the project to repair the retaining walls at Surfer's Overlook several years ago was privately funded and publicly administered by the County, so perhaps a similar approach could be employed.

Finally, staff said the district has received a quote to replace the railing on the groin on Brighton Beach, which will be presented to the Board at the regular meeting in April, and additional maintenance and repair work is needed as noted on the CIP. In response to questions from director Walker, staff explained that the district holds a lease with the State Lands Commission for the groin and the lease requires the district to maintain a repair fund which currently holds approximately \$175,000 (the district contributes \$5,000/year toward this fund).

The Committee resolved to meet again on April 3, 2023 at 12:00 pm for the purpose of reviewing a draft Proposition 218 notice and further evaluating the budget and CIP.

6. Community Expression.

None.

7. Adjournment.

3:53 p.m.