

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
February 13, 2024 270 Elm Road, Bolinas

1. Call to Order.

12:14 p.m.

2. Roll.

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

3. Draft Fiscal Year 2024-25 Budget and related spreadsheets re: status of debt and status of reserves.

Staff presented the draft FY 2024-25 budget, noting it is not yet as robust as planned due to the extended storm-related power outage last week and also staff illness. Staff has familiarized Georgia with the format of the budget and reminded the Committee about the various “factors” applied to the budget, such as wage increases, CalPERS actuarially-determined contributions (both employer and employee) and cost-of-living assumptions. Staff included a proposed wage increase of 3% in anticipation of an operations staff request for this amount given that the San Francisco Bay Area CPI for 2023 was 2.6%. In response to a question from director Alexander Green, staff explained that the operations staff typically presents a united request with regard to any proposed revisions to the district’s Memorandum of Understanding re: Compensation and Benefits. Staff will remind the operations staff to submit this year’s request prior to the next Finance Committee meeting.

Staff noted that the Assistant General Manager position is in the draft budget as it was for the current fiscal year; the district currently is running under budget on administrative services employee expenses because this new position has not yet been hired. Staff also noted that her planned retirement date of May 6, 2024 will be extended until sometime in the summer, but the FY 2024-25 budget should be able to cover this additional cost given the deferral of the Assistant General Manager hiring. Georgia told the Committee that she is not comfortable moving forward with the hire of the Assistant General Manager until she is more fully trained as the General Manager and more deeply familiar with district operations. Discussion ensued, and Georgia emphasized that even though additional staff resources are needed as soon as possible, her strong preference is to better ascertain specific district needs and comparative skills of existing staff before moving forward with this hire.

The Committee then reviewed the wages and benefits section of the water enterprise budget on a line-by-line basis, with staff explaining various increases in wage or benefits categories in the draft budget as compared to last year, including but not limited to increased health insurance benefits and unfunded pension liability costs, which explains the overall increase of 7.3% in employee wages and benefits in the water enterprise. With regard to maintenance and operations costs, the Committee similarly reviewed the draft budget costs on a line-by-line basis. Staff explained that the cost of the district’s property and liability insurance is higher due to a change in the district’s experience modification factor. Staff also noted that the draft budget for emergency repairs and other contract services is proposed to increase because paving restoration costs are significantly impacting the overall cost of unanticipated emergency repairs. Staff highlighted the power line item in the budget because one of the solar arrays at the water treatment plant is down and the district is running well-over budget in power expenses. Staff is encountering difficulty locating a commercial solar maintenance company to service and/or replace the inverter. The solar companies generally do not want to monitor arrays they did not install; the company that installed the district’s arrays is no longer in business. Staff is trying hard to get a company engaged and the inverter repaired or replaced before the end of the fiscal year.

In response to questions from director Walker, staff confirmed that the engineering and consulting line item in the operations budget is for general consulting services as distinct from services for specific projects on the district’s capital improvement plan (which are tracked on the district’s balance sheet as costs to be capitalized). Staff also explained the director fees of \$250 per month were established by the BCPUD Board of Directors per a resolution passed many years ago. Georgia commented that none of the other publicly-elected boards in Bolinas (i.e., the school board or the Mesa Park board) receive monthly director fees.

The Committee turned to the proposed employee wages and benefits costs, as well as the maintenance costs, in the draft budget for the sewer and septic/drainage enterprises; staff noted the same cost factors discussed for the water enterprise apply here, as well. Staff recommended deferring a review of the Resource Recovery Project budget at this time because there is some restructuring under discussion among the member agencies that should be resolved in the next month or two. The Committee then reviewed the debt and capital sections of the budget. Staff pointed out that the district has only one remaining debt on the books, which is the loan issued in 2013 for the Terrace Avenue water main relocation project; the district pays \$30,400 per year in repayment costs for this loan. In the capital section of the draft budget for the water system, staff included a proposed \$150,000 for the water tank pipeline replacement project, \$75,000 for the groundwater wells projects, and \$27,000 for the radial gate condition assessment recently approved by the Board (to be performed by Gannett Fleming). Staff said the amount allocated to the groundwater wells project may need to be increased depending on the outcome of the coastal permit process. As for the 270 Elm Road Office Building project, staff said that will require

further evaluation by the Committee and the full Board: \$125,000 was set aside in reserves for this project, a portion of which has been spent on survey and geotechnical site assessments. Staff will provide the Committee with an updated accounting of the remaining funds available at the next meeting. In response to questions from the Committee, staff said the radial gate assessment does not include construction drawings (the engineers first need to evaluate the condition of the gate to determine the scope of work needed) and that the Terrace Avenue loan will fully repaid in 2033. A brief discussion ensued about the project to repair the seawall at the base of Surfer's Overlook; staff said the County has been brought into this project (because the seawall was installed by the County) and a site meeting recently was held with Supervisor Rodoni and Rosemarie Gaglione, the Director of the Department of Public Works to discuss potential next steps.

Staff directed the Board's attention to the other proposed outlays in the capital section of the draft budget, including \$50,000 for the purchase of a new utility truck, \$36,503 for the engineering and construction specifications for the repair of the groin, and \$125,000 for sewer projects (i.e., \$45,000 toward the replacement of the motor control center at the Wharf Road Lift Station, \$25,000 for an inspection of the force main, \$30,000 toward the monitoring well work plan (as required by the Regional Water Quality Control Board) and \$25,000 toward a drain valve repair project needed in the spray disposal fields). Staff commented that the district does not have any outstanding debt relating to the sewer system.

Director Walker suggested staff include in the draft budget an item for the anticipated rental of a portable office unit relating to the 270 Elm Road Building project. Staff said the proposal for a 39 month rental is approximately \$75,000, so approximately \$25,000 per year; staff will discuss with the district's bookkeepers whether the portable office rental costs can be capitalized.

Discussion ensued about the status of the district's reserves and staff said an updated spreadsheet will be prepared for the next meeting. Staff said the Board approved a Financial Reserves Policy several years ago and that document also will be provided for the Committee's review at the next Board meeting. As a general matter, the district strives to have four months of operating costs in its cash reserves in addition to specific amount of reserves dedicated to planned capital improvement projects.

Overall, staff said the draft budget proposes a 3% increase in expenditures as compared to the current fiscal year budget. Staff has not yet formulated a recommendation for any rate increase(s) on the revenue side of the budget until the Committee has had the time to better analyze the proposed expenditures. Staff has slightly increased the projected revenue to be generated from metered water sales given that the most recent drought has concluded. As for property tax revenue, staff budgeted a 9% increase in expected tax revenues from the County (i.e., the district's allocation of the property taxes collected in the district's jurisdictional boundary), for total budgeted tax revenues of \$587,701. With regard to interest income, staff proposes to raise this to \$50,000 (from \$16,000 budgeted last year) based on the current year's earned interest income. As of the end of September 2023 (i.e., the end of the first quarter of Fiscal Year 2023-24), the district has earned \$20,000 in interest income.

Georgia commented that the district does a variety of tasks in the community for which it is not compensated, largely via the General Manager donating her time; Georgia said she is trying to quantify this effort and that the County should be made aware of this. The Committee concurred. Director Walker said that volunteer committees also donate their time (such as the downtown parking committee), but it seems that fewer people in the community can afford to do so. Director Walker suggested this donated time could be tracked and reported out at the end of the year. Staff said she attempted to start tracking this time, but it required so much additional effort/time that she stopped after a couple of weeks.

4. Draft Update of the District's Five-Year Capital Improvement Plan (Fiscal Years 2025-29).

This item was deferred for discussion at the next meeting of the Finance Committee (February 26, 2024 at 10:00 a.m.).

5. Community Expression.

None.

6. Adjournment.

1:47 p.m.