

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
February 26, 2024 270 Elm Road, Bolinas

1. Call to Order.

10:15 a.m.

2. Roll.

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

3. Minutes of the February 13, 2024 Finance Committee meeting.

Director Walker offered a clarifying correction to the draft minutes.

A. Alexander Green/K. Walker both in favor to approve the minutes of the February 13, 2024 Finance Committee meeting, as clarified.

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

Incoming General Manager Georgia Woods presented the Committee with a brief update about the IT needs of the district, including immediate and longer-term needs (limited and more comprehensive), which she believes should be considered in connection with the FY 2024-25 budget and beyond. Georgia has conferred with the district's IT consultant, Kris Backenstose, regarding overall data management upgrades for the district, including but not limited to migrating from a network to Cloud storage, updating existing district software, establishing staff and director district email accounts so that they do not need to use their personal email accounts for district business (currently only office staff have district email accounts due to license restrictions), and potential AI experimental pilot programs for creating meeting minutes and performing similar tasks. Georgia said she plans to update the full Board at a future date when all potential costs are identified, but wanted to present a brief update to the Finance Committee given the implications the proposed IT upgrades will have on the district's budget (likely \$3,000 - \$6,000 for the upcoming budget year). A brief discussion ensued and the Committee members offered comments and suggested additions to Georgia's presentation. Staff reminded the Committee that the district also is in the process of establishing computer work stations for the operations staff at the water and wastewater treatment facilities now that high speed internet is available at both sites; this will facilitate their work and enable them to attend on-line professional training courses, so this dovetails well with Georgia's IT upgrade plans. Overall, the Committee members expressed support for upgrading the district's IT capabilities and encouraged Georgia to continue to develop the scope of her recommendation for consideration by the full Board.

The Committee turned to the draft budget and related spreadsheets. Staff suggested that since the prior meeting focused in-depth on the draft budget, the Committee should focus this meeting on the status of reserves spreadsheet; there was no objection. Staff presented an updated version of the spreadsheet, which covers multiple fiscal years. The first entries reflect all of the district's reserve funds on deposit with the County of Marin (referred to as the district's "Designated Fund") for all of its enterprises (water, sewer, and others). In addition to the general water and sewer reserves, the entries are broken down to identify the specific capital improvement projects/purchases the Board has approved and the amount of cash on deposit for each. The spreadsheet also reflects cash on deposit with the Local Agency Investment Fund ("LAIF"), which similarly has been earmarked by the Board for specific purposes; as with the Designated Fund, the LAIF entries are broken down into specific categories. Finally, the spreadsheet includes the district's Operating Fund at the Bank of Marin. Staff explained that, per the district's Financial Reserve Policy, the status of these funds are assessed at the end of the fiscal year and the column with figures in red indicates the applicable reserve requirement. In response to questions from the Committee, staff explained how the reserve requirements for each fund were

established by the Finance Committee in the form of the Financial Reserve Policy several years ago. In response to questions from director Walker, staff said the amount on deposit in the district's Operating Fund can vary widely from year to year depending on the timing of fiscal year-end payments. Discussion ensued, and staff agreed to modify the spreadsheet to include additional detail relating to how the spreadsheet ties to the Financial Reserve Policy.

Staff noted there is \$40,000 remaining in the fund that was established for the Woodrat Reservoir Overflow Pipe Slip line project which is now complete; in other words, this project came in under budget. Staff plans to recommend that the district reallocate this \$40,000 to help fund the ongoing groundwater wells projects as those projects currently are over-budget due to the extensive and unanticipated coastal development permit costs, which are approaching \$80,000. The Committee then did a line-by-line review of the reserves spreadsheet, with staff explaining each of the entries and answering numerous questions and requests for clarification from the Committee. For example, in response to questions from director Walker, staff explained the Bolinas Beach Groin reserve fund will be tapped to pay for the engineering plans and specifications the Board recently approved for the repairs to the groin per the Rob Noble inspection report. Staff said that the per the lease issued to the BCPUD by the State Lands Commission in 1986 for the groin, the district is required to set aside \$5,000 per year into a maintenance fund, which it has done annually since that time. The lease was renewed in 2006 and it is up for renewal again in 2026 (the lease term is 20 years). Director Alexander Green asked if any of the reserve accounts are "non-touchable" or can funds be reallocated as needed? Staff said the funds in the Bolinas Beach Groin reserve fund and the Septic/Drainage funds cannot be used for any other purposes; whereas the funds in the various water and sewer funds can be reallocated by the district within their respective various subaccounts, but funds collected for water projects cannot be used for sewer projects, and vice versa. For example, staff said the draft budget contemplates that the district will reallocate \$200,000 of the amount already on deposit for the West Tank Rehabilitation Project to the Tank Site Pipeline Replacement Project. Staff reminded the Committee that the district discovered during the East Tank Rehabilitation Project that the piping between the two tanks needs to be replaced and this replacement must be done before the West Tank Rehabilitation Project can be started, hence the proposed reallocation of funds between these water system projects.

Discussion ensued about potential revisions to the spreadsheet, including but not limited to ensuring that the names of the projects on the Capital Improvement Plan match the projects listed on the spreadsheet, and adding line items and related notes. The Committee extensively discussed the Operating Fund at the Bank of Marin and if/how the Committee could more regularly track the amounts in that account; staff noted that the balance swings considerably during the year (with inflows and outflows generally not in the district's control) and is reported to the full Board on a quarterly basis in connection with the quarterly financial reports. Staff suggested the Committee revisit the spreadsheet at a future meeting once all of the revisions discussed at this meeting have been incorporated.

Staff requested that the Committee select its next meeting dates for dates after March 18th as staff will be out of the office during the first two weeks of March. After a brief discussion, the Committee agreed upon the following dates and times: March 25th at 10:00 a.m.; April 1st at 10:00 a.m.; and, April 15th at 10:00 a.m.

5. 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.

6. Community Expression.

None.

7. Adjournment.

11:59 a.m.