

**Bolinas Community Public Utility District**  
**A Meeting Of The Finance Committee of the Board Of Directors**  
**March 25, 2024 270 Elm Road, Bolinas**

**1. Call to Order.**

10:12 a.m.

**2. Roll.**

Directors Alexander Green and Walker present; General Manager Jennifer Blackman, Incoming General Manager Georgia Woods and Administrative Assistant Belle Wood also present.

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

A. Alexander Green/K. Walker both in favor to approve the minutes of the February 26, 2024 Finance Committee meeting, as clarified.

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

Staff noted that the previous two Committee meetings have been focused on the draft budget and status of reserves; staff recommended the Committee focus this meeting on the update of the Five Year Capital Improvement Plan and re-visit the draft budget at the next two scheduled meetings on April 1<sup>st</sup> and April 15<sup>th</sup>. Staff noted that if increases to the annual services charges are proposed in connection with the FY 2024-25 budget, a Proposition 218 notice also will need to be drafted and approved by the full Board no later than the April 17, 2024 regular meeting. The Committee had no objection to deferring this item until the April 1, 2024 meeting.

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

Staff presented the updated Five-Year Capital Improvement Plan ("CIP") and explained that the Chief Operator's input has been incorporated. As a result of this process, some of the projects that were on the CIP have been moved to a regular maintenance schedule so that the anticipated costs can be included in the operations budget because the projects are more appropriately classified as repair and maintenance, not capital projects. Staff said the maintenance schedule is under development and will be presented at an upcoming Committee meeting, but it includes projects that occur every 3 – 5 years, such as purchasing aluminum for the coagulation treatment process; pumping the sludge out of the clarifier; replacing membranes in the filters at the water treatment plant; scheduling regular inspections of the water storage tanks; conducting a watershed sanitary survey (required every five years), and so forth. Discussion ensued and staff suggested a sub-account under the plant budget could be established with an annual amount allocated for those irregular maintenance projects. Staff will confer further with the Chief Operator on this and make a recommendation to the Committee at an upcoming meeting.

The Committee turned to the updated water system CIP; staff reminded the Committee this CIP is divided into Tier 1 and Tier 2 projects, which are themselves divided into transmission (infrastructure that conveys raw water from the district's three sources to the Woodrat water treatment plant), treatment (infrastructure at the treatment plant) and distribution (all infrastructure after the plant, including the two treated water storage tanks and the distribution system). Staff recommended the Committee consider bundling a suite of the district's identified capital improvement projects and seeking grant/loan funding to finance them since the amount of funds needed is quite high and customers that will benefit from these projects in the future will then be paying for them (via the debt service costs). Staff said the district has been identified as "at risk" by the State Water Resources Control Board ("SWRCB") due to its vulnerability to droughts and also because of the relatively high cost of its water. As a result, the district is eligible for technical assistance from the State to address these vulnerabilities. Staff recently met with a representative of the Rural Community Assistance Corporation, an

entity that has a contract with the SWRCB to provide free technical assistance to eligible districts, last November to discuss this potential assistance (for both water and sewer system projects) and follow-up meetings are planned.

The Tier 1 transmission projects include: (1) the rehabilitation or replacement of the radial gate at the lower diversion point on the Arroyo Hondo Creek (a condition assessment has been approved by the Board at a cost of \$27,000); (2) the groundwater wells project (the district received a grant to fund this project but also has incurred costs of approximately \$150,000); (3) the replacement of the exposed portion of the Arroyo Hondo raw water transmission piping; (4) the replacement or rehabilitation of the upper dam to render it a raisable dam that will allow debris to flow through and not become impounded behind the dam. The latter two projects have been included in the district's Local Hazard Mitigation Plan. In response to questions from director Walker, staff agreed to request a rough estimate from the engineers for the radial gate rehabilitation project. Staff said this project will need to be done at the time of lowest creek flow and that permits from the Point Reyes National Seashore will be required to divert the creek around the work area.

The Tier 1 treatment category includes a project to replace the coagulation piping inside the water treatment plant, which is estimated to cost \$20,000. As for the Tier 1 distribution system projects, staff noted the district has \$170,000 in reserves for the design and engineering of the replacement of the steel pipeline in the water distribution system (the specific pipelines to be replaced are scheduled later in the CIP). The Tank Site Pipeline Replacement Project has been designed and was put out to bid last summer; the project has been awarded but a notice to proceed has not yet been issued due to concerns last fall about the El Niño weather forecast. The district has reallocated funds collected for the West Tank Rehabilitation Project to pay for this project – staff reminded the Committee the district learned during the East Tank Rehabilitation project that the pipeline between the tanks must be replaced before the West Tank can be rehabilitated. Staff noted there is a projected shortfall in funding of approximately \$40,000 that will need to be addressed. The remaining Tier 1 distribution projects are the highest priority steel pipeline projects.

The Committee turned to the Tier 2 projects including the following transmission projects: (1) the installation of a bypass to enable the district to convey water from Woodrat 1 directly to the treatment plant; (2) the replacement of intake piping and valves at the Woodrat 1 Reservoir; and (3) the replacement of intake piping and valves at the Woodrat 2 Reservoir. As for Tier 2 treatment projects, those include: (1) installing a SCADA system at the treatment plant and (2) install a fifth filter at the treatment plant (to reduce wear and tear on the main four filters). The Tier 2 distribution projects include the purchase and installation of a remote water meter read system and the other steel pipeline projects not included in Tier 1.

Director Walker inquired about how the various project estimates were established and staff said most of the estimates were developed by engineers over the years; staff said that while the pipeline replacement estimates were provided by Stetson Engineers in 2022, many of the others were provided by Brelje & Race Engineers and are approximately ten years old. Director Walker recommended the older estimates be updated and an escalation factor be applied to the estimates that span several years.

The Committee then evaluated the sewer system CIP which, like the water system CIP, is divided into Tier 1 and Tier 2 projects, which themselves are divided into collection (i.e., the wastewater collection mains, lift station and force main), treatment, (the four primary treatment ponds) and disposal (the irrigation pump station and spray fields). The Tier 1 collection projects include the Wet well Rehabilitation and Recoating Project (\$224,725 are in reserves for this project now; the 2023 construction estimate is \$153,900); the Force Main Clean Out Assembly Replacement Project (estimated at least \$75,000; staff emphasized this is a very high priority project); the Lift Station Motor Control Center Replacement Project (the 2023 estimate is \$260,000); the Canyon Road Lateral Connections Project (to be paid for by the affected customers); two Manhole Replacement Projects (the manhole at Terrace & Canyon – which is necessary to replace to accommodate the Canyon Road lateral connections -- and the manhole at Wharf & Brighton); the Force Main Inspection Project (also a very high priority project under discussion now with the district's engineer); and two sewer main relocation projects (the sewer main at Surfer's Overlook – which is included in the district's Local Hazard Mitigation Plan -- and the sewer main between Crescente and Wharf Road, both of which are threatened by bluff erosion). A brief

discussion ensued about the Coastal Commission hostility toward “armoring” the shoreline, even to protect public infrastructure such as the Crescente sewer main; staff suggested that relocating the Crescente main likely makes more sense (and would be less expensive) as a relatively small number of customers on the Little Mesa are served by that main. The final projects on the collection system CIP include the purchase of a back-up lift station pump in five years and the possible slip line of Wharf Road. With regard to the latter, staff said that based on recent video inspections of the Wharf Road sewer main, the Chief Operator now believes this main should be replaced rather than slip lined (due to bellies in the main); staff will revise the project description and consider designating it a Tier 2 project (because the district has more urgent projects to complete within the next five years)

The Committee next reviewed the Tier 1 treatment system projects, which primarily are the various component projects required by the Technical Order recently issued to the district by the Regional Water Quality Control Board, specifically: (1) the development of a groundwater monitoring work plan; (2) the installation of additional groundwater monitoring wells; (3) a “needs for project” analysis and interim report; (4) an “analysis of alternatives” analysis and interim report; and (5) a Facility Upgrade Plan. The total cost of these five component projects is \$330,000 and is scheduled out across five years. Staff said the ultimate facility upgrade project identified in the plan like will cost several million dollars. As far as Tier 1 disposal system projects, staff has identified a Drain Valve Replacement Project (to replace a valve between fields 2 and 3).

Given the extent of projects needed on the sewer system, staff again recommended the Committee consider bundling several large projects and seek grant and/or loan funding to install them. Discussion ensued about increasing the sewer CIP budget more significantly in light of the foreseeable costs in the next five years and/or spreading costs more equally across the upcoming five years because the FY 2026-27 and FY 2027-28 years currently show big increases. Staff noted those cost spikes are due to the requirements of the Regional Board’s Technical Order which just issued last July and which has thrown the district’s capital planning into disarray. Staff said the district has been on a steady path of capital improvements to the sewer system – a rehabilitated lift station, a new irrigation pump station, back-up pumps purchased, etc. -- but resources now will need to be redirected to prioritize the planning work ordered by the Regional Board. Staff said there are important collection system projects on the sewer system that need to get done, as well as important steel pipeline replacement projects, and these are very expensive projects that need external funding. After further discussion, the Committee asked staff to update the older engineering estimates in the water and sewer CIPs and include a cost escalation factor of 5%.

#### **6. Community Expression.**

None.

#### **7. Adjournment.**

12:06 p.m.