BOLINAS COMMUNITY PUBLIC UTILITY DISTRICT

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MEMORANDUM

TO:	Board of BCPUD Directors

FROM:	Georgia Woods, General Manager

RE:	Bolinas Highlands Permanent Road Division Special Tax Petition —Addendum: Additional Background and Considerations

DATE:	September 29, 2026

Purpose

This addendum supplements the staff memorandum previously provided for the September 29 Special Meeting. It is intended to provide a few additional pieces of background and identify considerations that may help inform the Board and public discussion.

BCPUD Property and Historical Water-System Use

BCPUD's Little Mesa property contains longstanding District water infrastructure. The following operational history has been confirmed with former BCPUD Chief Operator Bill Pierce:

- Concrete water-storage tanks were constructed on the property in the 1970s, replacing earlier wooden tanks that served Little Mesa.
- By the 1980s, improvements to the District's distribution system had largely eliminated the need for these tanks for normal potable-water operations.
- The tanks are no longer used for potable-water storage. Their more recent function has been associated with fire suppression.
- The tanks are presently disconnected and would require infrastructure improvements before they could again provide functional fire-storage or hydrant capacity.
- Importantly, both the historical potable-water function of this property and its potential use to augment fire suppression directly serve homes within the Highlands community.

The property's value to BCPUD's current water operations is therefore largely vestigial compared with its historical role. However, it remains public utility property containing District infrastructure and retains some potential future utility value.

How Would BCPUD's Share Ultimately Be Funded?

If BCPUD becomes responsible for a portion of the Little Mesa road project, the District will also need to determine who should ultimately bear that cost.

There is an important difference between the PRD's funding mechanism and BCPUD's:

- The PRD assessment reaches property owners. The proposed road costs are distributed among properties within the PRD, including developed properties with BCPUD water service and undeveloped properties that may have no BCPUD water account.
- BCPUD water revenues come from water customers. If BCPUD is assessed for its utility property, the District's practical means of recovering that expense would be through its existing water customers. BCPUD does not have a mechanism to pass its share proportionately back to all PRD property owners, including owners of undeveloped parcels without water service.

This creates two different equity considerations depending on how BCPUD ultimately funds the liability:

- If the expense is assigned to Highlands water customers: BCPUD would essentially become a flow-through mechanism for another portion of the road project cost, but through a narrower group of payers. The PRD would allocate a share to BCPUD, and BCPUD would in turn recover that share from existing water customers. Unlike the PRD assessment, that second funding mechanism would not reach undeveloped property owners who are not BCPUD water customers.
- If the expense is spread among all BCPUD water customers: a different equity issue arises. BCPUD already has an established mechanism for funding certain localized road and drainage work on the Gridded Mesa through its Septic/Drainage program. If a significant sinkhole or similar road-related problem arose on the Gridded Mesa and qualified for District involvement, that cost would likely be borne through the Septic/Drainage program serving that area. Little Mesa residents would not be asked to pay for that localized Gridded Mesa improvement.

Conversely, if BCPUD's Little Mesa PRD obligation were paid from water revenues generally, Gridded Mesa water customers and other BCPUD water customers would contribute toward a localized Little Mesa road project, even though Little Mesa residents do not similarly contribute toward localized Gridded Mesa projects funded through the Septic/Drainage program.

Neither consideration necessarily means that BCPUD should not contribute an appropriate share toward the road project. It does mean that where BCPUD's liability ultimately lands is important in evaluating the practical equity of the proposed arrangement.

The PRD can distribute its costs among properties within its boundaries, while BCPUD must fund any resulting utility expense through the customers and revenues legally and appropriately available to the District. Those are not necessarily the same group of payers.

Continued Ownership of the Property

The proposed PRD obligation also introduces an additional consideration for the District in evaluating the long-term value of retaining these properties.

- Historically, the property had a clear and important water-system purpose.
- Its value to current water operations is now more limited, although it retains potential value for fire suppression or other future water-system needs.
- Continued ownership may now carry additional financial obligations associated with the PRD.
- As a result, the Board will need to consider the property's remaining operational and strategic value together with the costs associated with continued ownership.

This may also be relevant to the Highlands community if there is discretion in how BCPUD's public utility property is treated.

The infrastructure on the property historically existed to serve homes within the Highlands, and its potential future use for supplemental fire suppression would likewise principally benefit the surrounding community. At the same time, new and recurring costs associated with ownership necessarily become part of BCPUD's evaluation of whether retaining the property continues to serve the broader public interest.

This is not to suggest that the proposed PRD obligation would itself dictate whether BCPUD retains or sells the property. Rather, it changes the overall cost-benefit analysis. As the costs associated with ownership increase, the District must weigh those costs against the property's more limited current operational role and its potential future utility value.

If there is discretion regarding the treatment of BCPUD's public utility property, this longer-term consideration may be relevant to the Highlands community as well. There may be a shared interest in preserving property that retains potential future utility or fire-suppression value for

the area, rather than creating additional carrying costs that could weigh against continued public ownership over time.

Key Considerations for Discussion

In summary:

- Utility purpose: BCPUD's property historically provided potable-water benefits directly to the Highlands and retains potential fire-suppression value for the same community.
- Fair share: BCPUD may appropriately bear some road cost, but the appropriate share warrants consideration given the property's public utility purpose and actual benefit.
- Different payer groups: The PRD can distribute costs among developed and undeveloped property owners. BCPUD can recover water-system expenses through its water customers.
- Highlands-only funding: This could make BCPUD another funding pathway for the road project, while concentrating BCPUD's portion among water customers rather than all PRD property owners.
- Systemwide funding: This could require Gridded Mesa and other water customers to contribute toward a localized Little Mesa road project even though Little Mesa residents do not similarly fund localized Gridded Mesa projects through BCPUD's Septic/Drainage program.
- Continued ownership: New costs associated with ownership become part of BCPUD's continuing evaluation of whether retaining the property remains in the public interest.
- Long-term community interest: Because the property's remaining potential utility principally relates to the Highlands community, there may be a shared interest in considering how new ownership costs could affect the District's longer-term evaluation of the property.

These issues do not all need to be resolved as part of the September 29 petition decision. They are presented simply as additional background and considerations to help inform the Board, public, and Highlands community discussion.





Figure 1. Non-Operational Water Tanks, picture at the BCPUD property situated within the PRD.