

BOLINAS COMMUNITY PUBLIC UTILITY DISTRICT

Five-Year Capital Improvement Plan

FY 2015 through FY 2020

Overview:

This Five-Year Capital Improvement Plan (“CIP”) is the strategic plan for the Bolinas Community Public Utility District (“BCPUD” or “District”) for capital improvement projects for FY 2015/16 through FY 2019/20. The projects in the CIP were selected after a comprehensive inventory and evaluation of all the District’s assets, followed by a prioritization of the BCPUD’s most critical infrastructure improvement needs. The plan places emphases on: ensuring a safe and reliable drinking water supply, as well as safe and reliable wastewater treatment services, for the District’s customers; complying with all applicable regulatory requirements; maintaining the District’s assets in good condition; providing for modest system enhancements and improvement projects; and maintaining reasonable service charges to the District’s customers.

The BCPUD’s CIP is intended to be a “living document” that will be reviewed, updated and reissued in its entirety on at least an annual basis as the most recent year drops out and a new year is added. The CIP was developed to provide an overall framework for BCPUD’s near-term capital project planning. BCPUD has prioritized its anticipated capital improvement projects into three tiers based on need and projected funding availability. The tiers are:

Tier 1: High priority projects that are or will be fully-funded based on current and projected annual expenses and revenues.

Tier 2: Medium priority projects that need to be done within the next five-to-ten years but for which funding sources have not yet been identified. The timing of completion of these projects will be adjusted according to the availability of revenue.

Tier 3: Medium or lower priority projects that should be done within the next ten years but for which funding sources have not yet been identified. The timing of completion of these projects will be “opportunity-based” according to available revenues, including sources such as federal or state grants.

All projects identified in the CIP are subject to approval by the BCPUD Board of Directors.

Structure of the Five-Year Capital Plan:

BCPUD’s CIP is presented in a spreadsheet table format, accompanied by Notes to explain each of the projects where necessary. There are three exhibits to the plan:

- *Exhibit 1* is the District’s System Inventory Worksheet, which is a list of all of the district’s assets and an assessment of their condition. This worksheet was prepared by BCPUD staff and is based on

operations and management staff's first-hand knowledge of the District's assets; each asset has been rated by BCPUD staff as being in either "good", "fair" or "poor" condition. The assets are presented in the following categories: Raw Water Transmission, Water Treatment; Water Distribution; Sewer Collection; Sewage Treatment; Sewage Disposal; 270 Elm Road (Office Building and Contents); and Corporation Yard (Vehicles, Buildings and Maintenance Equipment).

- *Exhibit 2* is the District's Prioritization Worksheet, which identifies the District assets most in need of improvement (replacement or rehabilitation), describes the specific project to be installed; ranks the order of priority on a 1 – 4 scale (with 1 being the highest priority), and provides an estimate of the cost of each project. The Prioritization Worksheet was developed by BCPUD staff; most of the estimates were provided by the District's consulting engineers, Brelje & Race.
- *Exhibit 3* is the Budget Estimates for Submitted Projects prepared by Brelje & Race for each of the projects on the Prioritization Worksheet.

Contingencies:

BCPUD's Board and management recognize that unforeseen capital needs may arise during the forthcoming budget year. The ability to promptly fund unforeseen capital needs is a significant reason for maintaining adequate capital reserves. To the extent that unforeseen capital needs become apparent for fiscal years following the forthcoming budget year (i.e., after the first year of this CIP), those needs will be taken into account in the next revision of the CIP.

Annual Budget Process and Funding Sources:

BCPUD's annual budget serves as the foundation for the District's operations and maintenance expenditures, as well as its capital improvement project funding. The budget essentially constitutes the District's financial plan for one fiscal year of operations by matching anticipated revenues with planned expenses for the specific year. Planned expenditures include operating and maintenance costs such as wages, benefits, insurance, permits, utility and other costs, plus debt service repayment obligations and capital expenditures. The BCPUD Board's Finance Committee meets regularly between January and June of each year to work with the General Manager to assess current and anticipated needs, prioritize projects and develop a work program for the year, and propose a budget to the full Board. The proposed budget is presented to the Board and the community at the Board's regular meetings in April and May, a public hearing is held on the final draft of the budget at the Board's regular meeting in June, and Board adoption of the budget occurring the following month. Increases to expenditures occurring after Board adoption of the budget for the fiscal year require the approval of the Board of Directors. A mid-year budget revision may occur in February of the current fiscal year, after BCPUD has six months of actual operating revenues and expenses to project out year-end results and evaluate whether budget adjustments are necessary.

As this CIP establishes, BCPUD faces significant capital replacement and infrastructure maintenance needs for its water and sewer systems. As such, it is important for the District to ensure both the availability of financial resources to maintain existing levels of service, as well as funds to pay for capital improvements. BCPUD's major sources of funding include: (1) annual service charges to the District's water and sewer customers; (2) water sales (quarterly consumption-based charges) and property rentals; (3) property tax revenues from the County of Marin for water and sewer services; and (4) grants and/or loans from federal and/or state discretionary funding sources.