

Bolinas Community Public Utility District
A Meeting Of The Finance Committee of the Board Of Directors
February 15, 2019 270 Elm Road, Bolinas

1. Call to Order.

11:20 a.m.

2. Roll.

Directors Amoroso and Comstock; General Manager Jennifer Blackman also present.

3. Draft Update of the District's Five-Year Capital Improvement Plan.

The Committee first quickly reviewed an update of the district's outstanding debt. The district has retired nearly all of its debt, either by paying it off according to schedule or by pre-paying the outstanding balance due. Currently, the district has one outstanding low-interest loan with the State Water Resources Control Board ("SWRCB") for the Terrace Avenue Water Main Replacement Project and two outstanding Clean Renewable Energy Bonds for the solar arrays at the district's water and wastewater treatment plants.

The Committee also briefly reviewed the current status of the district's financial reserves. The district has just under two million dollars in reserves (approximately \$1,950,000), not including operating reserves, the majority of which were collected (and are therefore restricted) for specific capital improvement projects in the district's water and sewer systems. Approximately 25% of the district's reserves currently are unrestricted (and are the remaining funds the district obtained from the sale of its Pine Gulch Creek property to the Point Reyes National Seashore).

Staff presented a draft update of the district's Five-Year Capital Improvement Plan ("CIP") for the Committee's consideration, beginning with the water system projects. An extended discussion ensued about the Board's recent request for staff to develop a plan to replace all of the steel pipe in the district's water distribution system. Staff suggested that the Finance Committee consider recommending to the full Board that the \$120,000 collected to-date and earmarked in the district's reserves for water main replacement (i.e., for three specific blocks of pipe replacement) be repurposed for the engineering needed for the full water main replacement project; once the project is engineered, and it can be put out to bid and the district will know the full extent of the cost it is facing and then seek out the best available funding. Staff noted the draft budget recommends adding an additional \$50,000 for water main replacement for the FY 2019-20 year and that would bring the total available amount of funds to be directed to the engineering to \$170,000. Director Comstock said he agrees with this and is prepared to recommend this to the full Board; director Amoroso indicated that he would like more time to think about staff's proposal.

Staff updated the Committee on the anticipated costs of projects planned for FY 2019-20: an additional \$30,000 is proposed to be collected for the slipline of the Woodrat 1 overflow pipe; \$20,000 for the follow-up disinfection byproduct project tasks; \$25,000 for half the anticipated cost of a SCADA system \$10,000 for fire hydrants; \$50,000 for water main replacement and an additional \$130,000 for the East Tank Rehabilitation project. As such, a total of \$235,000 is proposed for FY 2019-20 capital projects on the water side of operations. After a brief discussion of the disinfection byproduct project follow-up tasks, staff suggested this project be renamed "Woodrat Reservoir Management Project" as this is a separate project focused on improving water quality in the Woodrat 1 reservoir and the district has fully capitalized its Chlorine Disinfection Byproduct Improvement project. The Committee had no objection.

For sewer operations, staff proposes collecting an additional \$35,000 for the rehabilitation of the wetwell (to be added to the \$70,000 already collected and earmarked in reserves for this project) and an additional \$100,000 for the irrigation pump station project (to be added to the \$120,000 already collected and earmarked in reserves for this project, with an additional \$90,000 to be collected next year). For buildings and office operations, staff proposes collecting \$50,000 toward the anticipated \$100,000 cost of a new backhoe or excavator and an additional \$20,000 toward the cost of the office building septic system repair (in addition to the \$60,000 already collected and earmarked in reserves for this project).

4. Draft Fiscal Year 2019-20 Budget and related spreadsheets re: status of debt and status of reserves.

The Committee briefly discussed the draft budget, which proposes a 5% increase in the annual service charges for water and sewer customers. The 2018 CPI for the San Francisco Bay Area was 4.5% and staff is requesting a 3% wage increase, so those percentages have been imbedded in the budget spreadsheet. In general, the district's costs for employee services and general maintenance and operations increase by somewhere between three and five percent each year; as such, staff noted, the district needs to raise rates by that amount just to stay even with inflation. Capital projects planned or in progress usually are the biggest "swing factor" in the budget each year.

The Committee directed staff to update the Board at the next regular meeting on February 20, 2019 on the updated five-year capital improvement plan, discuss the possible comprehensive approach to the water main replacement project, and request authority to issue a request for proposals for the engineering of that project.

The next meeting of the Committee on March 5, 2019 will focus on a line-by-line analysis of the draft FY 2019-20 budget.

5. Community Expression

None.

6. Adjournment

12:55 p.m.