

MEETING REPORT
FISCAL COMMITTEE
MONDAY, MARCH 2, 2010
2:00 P.M.

Directors: Joseph Day
Bob Behee

Staff: Pete Kampa
John Barnhart
Tom Scesa
Casey Prunchak

Public: Matt Ashe
David Harris

Discuss Strategy for Future Water and Sewer Rate Proposal Development

Director Day questioned what would it take for the District to be able to calculate the lowest sustainable rate increase – what would be a constant rate increase for a five to ten year period.

Discussion ensued on the District using the log scale in order to smooth out the impacts for any future proposed rate increases, and establish the correct slope and position it so the District can stay where it needs to be. Implementing a rate stabilization fund was also discussed.

It was determined that the rate structure would be divided into the following four components: operating costs, capital improvements, debt service, and reserves.

Committee recommendation: Continue to develop a standard stable growth rate, establish a rate stabilization fund, and develop a reserve for special programs/projects.

Review Proposal for Access to TUD Properties in Exchange for Wireless Internet Service

Pete Kampa reported that several years ago, TUD entered into a partnership arrangement with Golden State Cellular for the placement of towers on water tank sites and for TUD to receive phone equipment and cellular phone services at discounted rates. In addition, the TUD tank on Greenley Road also houses an AT&T cell phone tower, for which we are paid approximately \$600 per month in rent. Mr. Kampa explained that recently, wireless internet providers have been requesting the use of District water tank sites for the placement of wireless internet antennas.

Pete Kampa indicated that District staff is seeking input from the Fiscal Committee with regard to future direction for receiving and approving proposals for such business arrangements.

For example,

- Should TUD hire a consultant to prepare a technology master plan, and then submit requests for proposals to all companies which may have a business interest in a partnership with TUD and the use of tank sites?
- How many companies are we willing to allow on out tank sites?
- Do we establish a standard minimum rental for all contracts?
- Will we accept free services in exchange for rent?
- What criteria will we use to determine the appropriate partner?

Matt Ashe, Operations Manager for ThrockWISP Inc. addressed the Committee requesting the ability to install, operate and maintain wireless networking equipment at key TUD sites to provide wireless broadband service to customers throughout Tuolumne County. Mr. Ashe explained that the equipment is typically a small or pair of small NEMA enclosures mounted on a mast attached to a building, tower or tank. Mr. Ashe indicated that in exchange ThrockWISP is prepared to offer the following services to the District:

- a dedicated and private link from the Big Hill Water Treatment Plant to the main office.
- wireless connections for up to 10 portable TUD owned Wi-Fi enabled devices at TUD sites where ThrockWISP has wireless facilities.

- at any TUD facility that ThrockWISP has active commercial equipment, TUD shall have a connection to the TUD VLAN.
- up to three home connections for executive TUD staff and/or SCADA operations.
- for TUD sites with limited or no commercial value to ThrockWISP, they will still offer service to TUD if the District purchases the necessary equipment from ThrockWISP and pays the standard installation fee of \$249/site.

Matt Ashe and David Harris responded to questions from the Board.

Director Day inquired whether ThrockWISP can arrange a demo project at a District site (Cedar Ridge or Crystal Falls). Matt Ashe responded that a demo project can be setup to determine the working conditions.

Committee recommendation: District staff to review further during the 2010/2011 budget process.

Discuss Policy Related to Accounting for Regulatory Compliance

Tom Scesa reported that District staff has developed a definition on “what is a regulatory compliance cost”. Mr. Scesa indicated that District staff believes that the definition is “all costs that are required to obtain or comply with any requirement or mandate directly related to the maintenance operations of water and wastewater systems”.

Discussion ensued on examples of what are regulatory compliance costs (such as: fees, licenses, permits, testing, regulatory compliance for system monitoring, safety, water/ditch analysis, CEQA compliance and education).

Committee recommendation: District staff to develop a list of regulatory compliance with an established date and identify the various categories.