

MEETING REPORT
FISCAL COMMITTEE
MONDAY, APRIL 12, 2010
3:00 P.M.

Directors: Joseph Day
Bob Behee

Staff: Pete Kampa
John Barnhart
Tom Scesa
Kelly Klyn
Melissa McMullen
Casey Prunchak

Public: Ron Ringen
Jim Beaty

Review Request for District Participation in the Beautification Project at Pedro Y - Beaty

Kelly Klyn reported that Mr. Beaty is requesting the District waive its monthly water service fees for his proposed landscaping project at Pedro Y. The District's Water Regulation 3.01.6 only allows waiver of the base rate charge, not usage rates, and only for gateway beautification projects less than 400 square feet, noting that the proposed landscape area is approximately 11,000 square feet. There is both a treated water main at the site, and an inverted siphon from the Shaws Flat Ditch. Mr. Klyn explained that Mr. Beaty is requesting raw water service, which is normally preferred for landscape irrigation, but there would be problems with plugs if the service was metered on the siphon, and there would also be very little pressure. Mr. Klyn indicated that since the water service is only proposed to be needed for approximately three years (until the landscape plants are established); the District could allow a temporary water meter, which does not require normal connection fees. Mr. Klyn noted that the estimated usage for treated water service for three years would be approximately \$450.00. If the monthly base rate was also included, the billing would be approximately \$1,500.00 for three years at current rates. Mr. Beaty is not requesting waiver of a connection fees because he believes he can get grant funding for this project, but he is concerned that the state will have issues with who would keep the monthly service charges current. If it will help with this project, an alternative to his request would be for the District to charge an up-front fee of \$3,000.00 for the estimated usage for three years and meter installation cost, which Mr. Beaty could fund with the grant.

Committee recommendation: Consider an agreement not to exceed three to five years. District will place a temporary water meter which can be renewed year to year by paying a meter set fee. District can possibly assess a one-time fee instead of monthly billing; District will estimate usage fee plus cost to install service.

Review Capacity Charges for Developments – Water Rules and Regulations 3.05.6 and Wastewater Ordinance 5.012b

Kelly Klyn reported that the District currently requires that developers pay capacity charges for developments prior to acceptance of facilities or providing proof of service documentation. This means that payment is required in advance of any physical impacts to the District's supply, treatment and storage facilities. The advance payment addresses the development's theoretic impacts, which the District subtracts from its system for planning purposes. This is necessary to ensure that the District stays ahead of deficient capacity, especially when committing service for numerous subdivisions. Mr. Klyn explained that the District, however, might want to reconsider the requirement of advance payment of capacity charges for parcel maps. The reasons for this are:

1. It will be increasingly difficult for District staff to administer payments of connection fees for applicants on parcels created by parcel maps. These parcels are not automatically assumed to have had prepaid capacity charges as are lots within subdivisions or town sites. As time goes on there will progressively be a more complex patchwork of parcels that have and haven't had the capacity charges prepaid. The non-payment of capacity charges for parcels not within subdivisions would be in conformance with Board direction in the commitments project.

2. The necessity for advance payment of capacity charges for parcel maps is not as crucial to the District's planning for facility improvements, since parcel maps can only consist of a maximum of 4 parcels and a remainder. Any splits larger than this require a subdivision map.

3. Due to the current economic situation, it has become unfeasible for property owners to pay capacity charges and hope to recoup their costs when the parcels eventually begin to sell. A 4-lot split would require payment of \$18,569.00 for water capacity and \$9,880.00 for sewer. The parcels may sit for years before selling, which is a hardship for the property owner.

4. The District would benefit from allowing future applicants pay the capacity charge instead of the developer, since the applicants would be subject to revisions of the District's capacity charges.

Kelly Klyn recommends that for subdivisions, the capacity charges continue to be required prior to accepting facilities and providing proof of service, but for parcel maps staff recommends allowing the capacity charge to be paid by future applicants.

Committee recommendation: Capacity charges for subdivisions continue to be required prior to accepting facilities and providing proof of service, but for parcel maps capacity charges will be paid by future applicants.

Discuss Financial Issues Regarding the Implementation of the Private Sewer Lateral Program

Pete Kampa reported that the board recently adopted the revised wastewater ordinance which included a new private sewer lateral program. Under the lateral program, TUD will be identifying defective private laterals and ensuring that such private plumbing is repaired or replaced in a timely manner. Unfortunately, (and fortunately) we anticipate that through this process, we will identify many lateral requiring improvement, which will result in a high cost to affected customers, and work to be completed in a timeframe in which finance may not allow completion. Mr. Kampa explained that he has been successful in other Districts in securing Community development block grant funding (CDBG) through the county (or city depending upon location) for private lateral repair and replacement. CDBG grants require that customers be "income eligible", meaning lower income and also require the cooperation of the city or county, which I believe we will secure for this ongoing work. We will have no problem identifying blocks of homes which require replaced laterals. Some of these customers will not qualify for CDBG funding and, in order to get these laterals replaced in a timely manner, we may need to consider some type of financial participation on the part of TUD to ensure that these lateral problems do not remain for years and become an administrative effort to enforce.

Funding options, to be set aside in an account for partial payment to ward non low income laterals include:

- Establishing a fund of a specified amount to be funded from general wastewater fees,
- Fund with property tax dollars
- Surcharge on rates to fund a specified amount annually
- Fund a revolving type loan fund for the balance between what we grant and the total costs, collecting the balance on monthly bills over a period of time

Committee recommendation: For staff to continue reviewing and developing options for funding of project but proceed with introducing the program to the general public.

Discuss Participation and Membership in the Central Sierra Resource Conservation and Development Council

Pete Kampa reported that Tuolumne Utilities District recently received a sponsorship application from Central Sierra Resource Conservation and Development Council. The mission of the Council is to promote stewardship and conservation of watershed, working landscapes, and natural, human, historic and cultural resources and to stimulate economic opportunities.

Membership is open to any community group, city, county, or special district who support the mission and objectives of the CSRC&D Council. It also welcomes the involvement of the local, state and federal agency partners in needs assessment, project development and implementation. The sponsorship cost for TUD to participate would be \$300.00.

Bob Behee expressed his interest in becoming a representative for TUD. Mr. Behee also asked for further information concerning participation requirements. Casey Prunchak was asked to contact Barbra Balen to see if she would be interested in becoming an alternate representative.

Committee recommendation: To proceed with the Central Sierra Resource Conservation and Development Council (CSRC&D) membership application.

FY 2010/11 Budget Schedule and Assumptions/Criteria

The following budget assumptions were addressed:

- a) The operating revenues base rate (flat rate) was based on the number of customer consumption from December, 2009. There were no increases in customer numbers.
- b) The consumption component is based on the calendar year 2009. Consumption showed a slight decrease from the prior two years.
- c) Used consumption from calendar year 2009-assumed same for 2010
- d) Property taxes, estimating \$150k less than fiscal year 09/10 (John estimate property tax revenue will decline because of the state borrowing and county's decrease in assessed valuation)
- e) Not COLA increase in wages –Do budget for merit/longevity increases
- f) Budget for retirement/medical based on current info (+9% medical insurance starting 01/01/11)
- g) For retiree's health benefits based on study as of June 30, 2008
- h) Criteria
 1. Estimate operating cost
 2. Estimate capital revenue
 3. Estimate operating revenue
 4. Deduct operating expense from operating revenue
 5. Include all debt service (new loan)
 6. Operating deficit (if such exist) deducted from capital revenue
 7. Match projects (capital) to remaining revenue (capital)

Pete Kampa indicated that District staff will meet every Tuesday at 10 am for the rest of the month of April to address the proposed budget. The adoption date of the budget will be June 8, 2010.

Committee recommendation: To schedule another Fiscal Committee meeting for further review and for the District staff to proceed with the budget process for Board review and consideration at the June 8, 2010 Board meeting.