

MEETING REPORT  
FISCAL COMMITTEE  
MONDAY, OCTOBER 3, 2011  
9:00 A.M.

Directors: Bob Behee  
Joseph Day

Public: Blair Aas, SCI Consulting Group  
Ron Kopf, Tuolumne County Business Council  
Sasha Farkas, Tuolumne County Farm Bureau  
Ron Ringen  
John Maciel

Staff: Pete Kampa  
Tom Scesa  
John Barnhart  
Steve Sheffield  
Lisa Westbrook  
Melissa McMullen

**Discussion of the Statewide Community Infrastructure Program (SCIP)**

Pete Kampa stated that the SCIP program was previously discussed by TUD and now is being brought back for further consideration. Mr. Kampa stated that this program is currently being used by Tuolumne County and the City of Sonora for funding projects. The intent of this funding is to get the public entities connection and capacity fees paid upfront, as is the normal procedure, but instead of the project proponent to pull that money out-of-pocket immediately it is placed on the properties like an assessment.

Ron Kopf stated that the SCIP program is similar to a Mello-Roos type of program where it ties into the property and becomes an assessment on the property. Mr. Kopf stated the SCIP program is used as another financing tool. With today's real-estate market obtaining a loan can be very difficult and the SCIP program can help assist with financing of a project.

Director Day stated that he feels this program could be beneficial to TUD, but would like TUD's participation in the program to be for a limited time to see if it has value in continuing participation. Director Day also stated that he feels this is a good time for TUD to develop its own ideas in developing a program like SCIP for TUD.

Pete Kampa stated that whether a project is funded by SCIP or the developer, TUD still receives its payment the same.

Director Day inquired if TUD was to join the SCIP program, can it withdraw at any time? Pete Kampa stated that participation may be withdrawn at any time.

Director Behee inquired if TUD was to participate would its participation be considered stand-alone or joint with other agencies. Ron Kopf stated that participation is stand-alone.

Ron Ringen stated that he had previously written a letter of support for the SCIP program to the TUD Board of Directors and that he is pleased to see the SCIP program being considered again.

**Recommendation: To present to the TUD Board for consideration of participation in the SCIP program.**

**Review Draft Water Rate Study to be Presented by SCI Consulting Group**

Blair Aas presented a powerpoint presentation on Tuolumne Utilities District Water Rate Study. The presentation contained:

- An Overview of Water Enterprise
- District Objectives
- Primary Assumptions
- Revenue Requirement

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- Projected Revenue and Costs
- Projected Reserve Fund Balances
- Treated Water Rates
- Raw Water Rates
- Average Monthly Bill Summary
- Affordability Index
- Average Monthly Bill Summary
- Survey of Monthly Water Rates
- Tiered Water Rate Calculation
- Treated Water Customers/Usage
- Raw Water Rate Calculation

Blair Aas, District staff and public reviewed and discussed the presentation with the following revisions being suggested:

Page 2-Change "Capital" Reserve to "Cash" Reserve

Page 4- Add fixed rates/variables

Page 6-Add a second footnote stating: Includes unfunded retiring medical liability of 1.1 million for the next five years

Page 7-Change Working Capital Reserve to Working Cash Reserve

Page 7- Add a footnote for Rate Stabilization Reserve stating: Assumes that no conservation occurs based on the rate, could be substantially less

Page 8-Jan. 2011 should be Jan. 2012

Page 9- Add a third footnote explaining Public/Institutional Customer consumption greater than 1,200 cu. Ft. is charged at the third consumption tier rate only during the rate increase (transitional period) then they will be charged according to their usage.

Blair Aas stated that TUD's current rate structure for raw water contains six separate levels and categories of rates and that he proposes combining them into a single rate structure for all raw water users. Sasha Farkas stated his concern over the proposed consolidation of the raw water rate structure. Mr. Farkas stated that he felt putting all raw water customers into one category so that every raw water customer pays the same rate was an unfair rate system. Mr. Farkas stated that not all raw water customers have the same consumption rate and their uses vary. Pete Kampa also added that with the current rate structure, it is difficult to provide rationale supporting why agricultural raw water customers pay less per unit than wholesale customers, like Twain Harte CSD. After much discussion by the group it was decided that the new proposed consolidated raw water rate structure would continue to be evaluated over the next year, but for the purpose of the current rate plan, the Committee supports recommending that the current raw water rate structure, as detailed in the current Water Rules and Regulations, be proposed to the Board, with rate amounts increased by the same amount, in %, that the average single family residential customer is proposed to increase.

Director Day was concerned over the inflation rate of 2.78% from the Consumer Price Index (CPI). Director Day stated that he did not feel this was an accurate rate increase to cover the current deficit, and that TUD needs to find a percentage rate that is sustainable, which should be closer to 3% or 3.5%. Blair Aas responded by stating that Proposition 218 in terms of rate increases requires that it be reflective of the actual cost increases of the District. Mr. Aas stated however with the amount of the sewer deficit, as long as it was incorporated into the overall plan, could be used as an argument to increase the inflation rate even higher. Mr. Aas stated that normally Proposition 218 would require that the increase would be exactly the increase you're incurring. Director Behee inquired if the 2.78% is the approximate increase that TUD is incurring. Mr. Aas stated that 2.78% is the approximate rate.

**Recommendation: To present to the TUD Board with suggested revisions for consideration and adoption.**