

MEETING REPORT  
FISCAL COMMITTEE  
TUESDAY, JULY 5, 2011  
8:00 A.M.

Directors: Bob Behee  
Joseph Day

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

Public: Ron Ringen  
Lindsay Rosasco

**Discuss Partnership with Tuolumne County Stream Team in the Purchase of Water Sample Kits**

Lindsay Rosasco distributed information on the purchase price for water sample kits, supplies needed in current kits and the locations of areas tested by the Stream Team. Ms. Rosasco stated that the Stream Team has almost depleted their grant funding and without help the Stream Team will no longer be able to exist. However, the Stream Team is continuing to look for grants that they may qualify for and other outside funding.

John Barnhart inquired if a majority of the Stream Teams cost was in the sampling kits or for employee salaries. Lindsay Rosasco stated that the members of the Stream Team are all volunteers, her salary was paid for by grants and the majority of cost was derived from testing materials.

Director Behee stated that he was a volunteer for the Stream Team and felt that this was a very valuable organization not only to the public but also to TUD, since data collected by the team could be used by TUD's water and wastewater departments.

Director Day inquired if the Stream Team was doing sampling on a regular basis, with consistent times. Lindsay Rosasco stated that their schedule was affected by volunteer's availability and the need for more kits but that the team did try to be as consistent as possible with their testing.

John Barnhart inquired about the amount of the contribution that the Stream Team was proposing from TUD. Lindsay Rosasco stated that she did not have an exact amount.

Director Behee asked Lindsay Rosasco if a contribution of \$7,500 from TUD would be a sufficient amount but also would like an estimate of the cost on supplies needed plus purchasing two kits. Ms. Rosasco stated that any amount contributed by TUD would be greatly appreciated however felt \$7,500 would cover two kits and current supplies needed but stated she would get back with the exact figures.

***Committee Recommendation: To present to the TUD Board at a future meeting for review and consideration.***

**Review of the Draft Capital Asset Definitions and Guidelines Policy**

John Barnhart stated that last year the auditor recommended that TUD changed its capitalization from \$500 to \$50,000. Mr. Barnhart stated that upon consideration, it would serve the District best to change it to \$5,000 to allow for better monitoring of capital assets. Once this was decided Mr. Barnhart stated that a policy was developed.

John Barnhart reported that from a budget standpoint with this change whatever is not capitalized becomes an expense, so TUD's cost for replacement and repairs will go up. This will not change the cash flow but will show higher expenses. Mr. Barnhart stated that anything between \$500-\$5,000 would no longer be an asset but show as an expense.

Pete Kampa clarified that this is strictly an auditing decision and will not affect TUD's annual budget.

***Committee Recommendation: To present to the TUD Board at the July 12, 2011 meeting for review and consideration.***

**Review Draft FY 2011/12 District Budget**

District staff, committee members and public reviewed in detail the 2011-2012 FY budget documents and revisions were suggested.

John Barnhart distributed the following information:

- Operating Budget Summary-Water
- Labor and Benefits-Water
- Other Operating Expenses-Water
- Operating Budget Summary-Wastewater
- Labor and Benefits-Wastewater
- Other Operating Expenses-Wastewater
- Operating Budget Summary-Combined
- Labor and Benefits-Combined
- Other Operating Expenses-Combined
- Capital Project Schedule

Director Behee stated that he felt the presentation of the documents of this year's budget were much easier to Understand and follow.

Director Day stated that he would like to see a summary paragraph at the bottom of each page explaining each column and what the amounts represent.

Director Behee stated that he would like to see an explanation added that explains the difference between base and consumption charges.

John Barnhart stated that the suggested changes by Director Day and Director Behee would be added.

***Committee Recommendation: To present to the TUD Board at the July 26, 2011 meeting for review and consideration.***

**Discuss Status of 2011 Water Rate Study**

Pete Kampa reported that staff has reviewed the first draft of the methodology, assumptions and result of the 2011 Water Rate Study currently being completed by SCI Consulting.

Pete Kampa stated that during the initial review meeting, several policy questions arose. District staff, Committee members and public discussed the following items:

FISCAL COMMITTEE  
TUESDAY, JULY 5, 2011

1. Does the Committee propose to increase the rates pursuant to the study at the time the revenue is needed, resulting in a larger increase in year one and smaller increases over the following 3 years, or smooth the increases evenly over a 4 year timeframe?

-The consensus of the committee was to increase the rates pursuant to the study at the time the revenue is needed, resulting in a larger increase in one year.

2. Does the Committee desire to adjust the gallons allotted in each consumptive rate tier to more closely match average consumptions? Do we want to offer a reduced rate for the lowest consumption amounts to allow customers a financial "off ramp", subsidizing the lost revenue with higher charges in the upper tiers?

-The consensus of the committee is to adjust the gallons allotted in each consumptive rate tier to more closely match average consumptions but not to offer a reduced rate for the lowest consumption amounts.

3. Does the Committee wish to add any additional reserve categories to the rate study? Currently the only true reserve is intended to cover potential temporary property tax reallocations by the state.

-The consensus of the committee was not to add any additional reserve categories.

4. Is the Committee satisfied with only eliminating the debt to wastewater over time, or do we want to reduce or eliminate the accumulated deficit in water?

-The consensus of the committee is to eliminate the debt to wastewater over time but not to reduce or eliminate the accumulated deficit in water at this time due to the high expense.

5. Does the committee wish to consider moving toward a higher commodity charge and lower base rate (conservation pricing), maintain the ratio as is, or adjust pursuant to actual operating experience?

-The consensus of the committee is to adjust the gallons allotted in each consumptive rate tier but not offer a reduced rate for the lowest consumption.

6. Does the committee support the creation of a financial public advisory committee to assist the public in understanding our finances and rates? What is our outreach vision for the rate proposal?

-The consensus of the committee is not to create a Financial Public Advisory Committee at this time.