

Report and Recommendations to the GV Board

Telephone Rate Ad-Hoc Committee

February 1, 2011

Members: Dick Greener, x2769, Chairman
Marleen Legatt, x2800
Bill Montgomery, 214-770-1525
Don Rowley, x2739
Jim Stam, x2343
Roger Clark, x2372
Bob Kuziw, x2384
Harold Phillips x2245

GV Board Liason: Jean Morse, x2782

Direction for action from the GV Board of Directors on December 7, 2010

Peggy Richardson moved to establish a Telephone Ad-Hoc Committee to report to the Board on February 22, 2011 with recommendations on rates and the future of the telephone system at Golden Vista after which the Operating Budget can be modified if necessary and approved. Seconded. Motion carried.

At their first meeting on December 14, 2011, the telephone committee listened to much input from committee members with years of experience in phone systems and from Larry Martin, GV manager, on the 2010 telephone budget line items. Looking at our charge from the Board, it became obvious that we had to split our recommendation into two parts, we called part A and part B. Part A would be the recommendation on how to fund the telephone system at GV now and part B would be the recommendation on how we progress into the future with total communications needs at GV. We tabled part B until later.

We discussed what options we thought were viable to fund the current telephone system at GV. Three options were picked, put in simple terms, and became the basis for an informal survey to get started. Other options were discussed but disregarded immediately as very impractical, such as not funding the current telephone system and shutting it down or getting another outside vendor to take over the telephone system.

The three options we chose were:

- #1 Lot owners who would like to keep the current pay plan as you use the phone system now, \$5 hookup and \$28 a month usage charge.
- #2 Lot owners who would like to see a split cost to the current plan such as \$5 hookup and \$15 a month usage plan or some combination of sharing the costs with dues.
- #3 Lot owners who would like to see the phone system paid totally by our annual dues with no individual cost for the phone usage, phone service is like the other utilities.

Our survey would give us information on what spread there might be in the three options. Then we could plan what further surveys or information might be needed to better define our goal of making a recommendation to the Board that would support the majority of the residents desires at GV.

Each member of the committee went out and had up to 15 residents at random fill out this survey. At our next meeting, January 11, 2011, we collected and analyzed our data. We were surprised that the preliminary data showed, out of a sample of 97 residents of our population, that #3 was the favorite by a large margin.

Survey (informal) results:

- 4.1% of the park residents want funding the phone, same as now, #1
- 14.4% of the park residents want a split funding of the phone system, #2
- 81.4% of the park residents want the phone costs in their dues, #3

99.9% total votes

While gathering the survey data, many folks told us that we need to tell them what is going on and how the committee's work is progressing.

The committee decided that we need to communicate what we are doing to the residents so that our efforts and final recommendation to the Board do not appear secret or become a last minute surprise. The chair suggested that we put a presentation on at the next chit-chat session on Monday, January the 17th.

Dick Greener, chairman, put a presentation on as a Forum at chit-chat. The committee agreed to the following items for the presentation.

1. Introduction of the subject and repeat the charge from the Board
2. Review the costs vs. income of the phone system as we know it
3. Review the results of the informal survey that the committee did
4. Show costs comparisons to the other utilities we now pay for in our dues
5. summarize with a few additional comments such as making clear that long distance charges are NOT included in this presentation
6. Set the criteria for homeowners to come to the microphone to speak on this subject.
7. A few minutes before the end of the session, do a show of hands as to how many are in favor of each option presented.

Utility comparison for costs that is already included in the dues:

Cable:	\$ 50,000 annually	\$11.60 per quarter
Sewer:	\$130,000 annually	\$30.00 per quarter
Water:	\$150,000 annually	\$35.00 per quarter
Trash:	\$ 50,000 annually	\$11.60 per quarter

The straw poll at the end of the presentation was very revealing. The results are as follows:

- #1 8.8% (12 votes out of a population of 136)
- #2 3.0% (4 votes out of a population of 136)
- #3 88.2% (120 votes out of a population of 136)

100% total votes

With two sets of data, we decided to analyze them. We chose the 95% confidence level as that is used in most all research and industry. We tested our survey data to find out the confidence interval so that between those numbers of the interval, you can be sure that response represents the statement tested for the population.

1. How sure are we that in the first survey 81% voted for option #3
81% +/- 7 See Figure A
2. How sure are we that in the second survey 88% voted for option #3
88% +/- 5 See Figure B
3. How sure are we that in the first survey 4% voted for option #1
4% +/- 3.6 See Figure C
4. How sure are we that in the second survey 8.8% voted option #1
8.8% +/- 4.4 See Figure D

With this strong data for each option, we tested the two surveys to see if the outcome was statistically significant. We tested #3 outcome and found out that the data taken each time was so similar that it tested NO statistical difference. See Figure E

Our original estimate on what the increase in costs would be in dues if the #3 option was adopted was \$10 per lot owner per month, or \$120 a year based on the 2010 budget of \$129,000.

The committee also looked at some new data on the expenses of the phone system for 2010. Two budget items that would change the costs of the phone system if we were to recommend our #3 plan, were the long distance expenses and the payroll costs. There would be no long distance costs and the budget shows \$5,843 for long distance and the payroll costs would be highly reduced. Larry Martin, GV manager, says if our plan was adopted, the payroll costs would be about \$5,000. Subtracting these changes, the total costs would be more like \$111,196 for the year. This would be translated into \$8.60 per month, \$25.80 per quarter and \$103 per year compared to the \$10 per month indicated earlier.

Again we decided to collect more data. At chit-chat on January 24th, 2010, Dick Greener, chairman, reminded everyone of our telephone project and committee work and after a quick review, asked to see a show of hands for another straw poll vote.

The results of this vote were revealing also:

- #1 6.8% (8 votes out of a population of 116)
 - #2 0.0% (no votes)
 - #3 86.2% (100 votes out of a population of 116)
- 6.8% NON voters, no hand for any option

99.8% total votes

How sure are we that in the third survey 82.2% voted for option #3 86.2 +/- 2.5 See Figure F

Averaging the three sets of data you now have assurance that 84.5%+/- 4.4 (confidence interval) of the residents of this park in fact agree with option #3. Which means that no matter how many more times you take a survey or poll the population, you will not get less than 80.1% in agreement with option #3 and you will not likely get more than 88.9% in agreement with option #3.

The committee examined the telephone budget data from the 2012 proposed budget and realized that the line item for maintenance has been reduced by the Board reflecting what the 2011 usage will seem to be by the end of the fiscal year. But the conversation centered on the fact that if the Board accepts this recommendation, then there are over 200 pairs of phone lines that may not have been used in years and may require additional maintenance to get them up and running the first time. The budget from the 2012 report for the phone system alone resulted in an \$8.17 per month per lot cost. The current 2012 telephone budget of \$114,000, minus \$6,000 for long distance and minus \$10,000 for wifi, leaves \$98,000 total costs. The cost to each lot would be \$7.60 plus the 7% for the mandatory HOA reserves from all dues, so the bottom line total is \$8.17.

Due to the above discussion, the committee decided to recommend a slightly higher figure to allow for some unexpected maintenance. That figure was \$8.50 per month per lot. This recommendation of \$8.50 per month it total cost to the resident owners for their phone, so there will be no hookup fee and no monthly fee.

Part A

It is the opinion of the committee that this is as strong as data can get. With 84.5% of the population of this park in agreement with #3 option, the committee strongly recommends adopting #3 as our recommendation to you, the Board, completing our assignment for the best way to proceed with the rate structure. The committee further recommends that the amount the dues be increased be \$8.50 a month, or \$25.50 a quarter to cover the costs of providing the telephone system to the residents as the "fifth utility". Long distance charges are recommended to remain the costs of the lot owner.

Respectfully submitted,
Dick Greener, chairman

Attested to by the committee:

Marleen Legatt _____

Bill Montgomery _____

Harold Phillips _____

Don Rowley _____

Jim Stam _____

Roger Clark _____

Bob Kuziw _____

Jean Morse, Board Liason _____

Part B

The Telephone Rate Ad-Hoc Committee determined that the Boards request to recommend what the future of the telephone system is for GV needs to be a comprehensive study that addresses new technology of more than just the telephone system. Therefore the recommendation of the Ad-hoc committee is as follows:

The committee recommends that the Board establish a new committee possibly called the Long Range Communications Committee. It is vital that this new committee address the telephone, internet and other types of communications that will be needed by GV in the next 5-10 years.

An understanding of the needs of the GV residents, office and management for all forms of communications will be imperative. New technology and technology not available now should be explored. This will be a discovery experience as the needs in all forms of communication evolve as the dynamics of the group it will serve changes also. We suggest that this committee serve in conjunction with the P&D committee but separate. The members of the committee should be chosen with a broad range of experiences in the communications field, not just telephone. The future needs will be in electronics and wireless devices that blend into a total communications package.

The Telephone Rate Ad-Hoc Committee has completed its work to make recommendations to the Board on the Board's assignment to the committee for Part A, how to fund the current telephone system and Part B, how to define a communications program for the future. The committee believes as an Ad-Hoc committee, its work is done and the committee as it is structured now is finished and should be disbanded with the hope that the Board will follow our recommendation B.

Confidence Interval for the first survey #3 option

Find Confidence Interval

Confidence Level: 95% 99%

Sample Size:

Population:

Percentage:

Confidence Interval:

Figure A

Confidence Interval for the second survey #3 option

Find Confidence Interval

Confidence Level: 95% 99%

Sample Size:

Population:

Percentage:

Confidence Interval:

Figure B

Confidence Interval for the first survey #1 option

Figure C

Find Confidence Interval

Confidence Level: 95% 99%

Sample Size:

Population:

Percentage:

Confidence Interval:

Confidence Interval for the second survey #1 option

Figure D

Find Confidence Interval

Confidence Level: 95% 99%

Sample Size:

Population:

Percentage:

Confidence Interval:

Statistical Significance test of first and second survey #3 option

Figure E

Enter Test Parameters

Sample Size #1

Percentage Response #1

Sample Size #2

Percentage Response #2

Test Results

Comparative Error

Difference

Significance

Confidence Interval for the third survey #3 option

Figure F

Find Confidence Interval

Confidence Level: 95% 99%

Sample Size:

Population:

Percentage:

Confidence Interval: