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TRINITY COUNTY
SUPERIOR COURT

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CLERK OF THE SUPERIOR COURT
COUNTY OF TRINITY
BY: STACI WARNER, DEPUTY CLERK

**Trinity County Grand Jury
2009 – 2010**

**Finance and Administration Committee
FAR2009/2010-006
Final Report**

**Trinity County
Cell Tower Project Study
Trinity County Wireless Network Infrastructure**

Approved May 18, 2010


Ronald D. Ward

*Approved
June 7, 2010*

2009-2010 Trinity County Grand Jury

Finance and Administration Committee

Trinity County Cell Tower Project

Summary

The Trinity County Grand Jury studied the Trinity County Cell Tower Project in the light of the many rumors and statements of mishandling of grant funds and material resources that were authorized by the State of California as part of a grant to Trinity County (the County).

The Trinity County Grand Jury found that the County followed the mandates of the grant based upon the California Public Utilities Code Section (CPUC) 276.5. A funding cap of \$2,500,000 was established, based on the original proposal by the County. The funding became inadequate because of changes in site infrastructure that were necessary to comply with Section 276.5 CPUC. Due to the resulting increased cost, only three towers could be built instead of the originally proposed eight.

Background

In the spring of 2005 Trinity County received a grant under the “Rural Telecommunication Infrastructure Grant Program”, Standard Agreement number 04PS5451. This Grant was to be used to supply telephone service to remote areas of Trinity County. The Grant was to comply with the mandates of CPUC Section 276.5, a grant program to establish telecommunications networks in financially depressed rural areas.

A study was made by the County to determine what type of network would fulfill the Grant requirements. Due to the rugged terrain and lack of population centers, it was determined that a cell phone network was the only effective way to meet those requirements. Twenty-eight sites were studied throughout the County, although that number was later narrowed down to eight primary sites. This network was based on the experience of a cell phone provider who had working towers in Trinity County.

Once the cell towers are operational the County will be in a position to offer leases to other interested parties who would benefit from this service.

Method of Investigation

The Trinity County Grand Jury, Finance and Administration Committee contacted the Trinity County Grants Department for documentation. Copies of the grants, contracts, contract negotiations, contract invoices, and County pay records were obtained. The Committee interviewed lead members of the administrative and management personnel on the project.

Discussion

The CPUC Section 276.5 supplies funds to build telecommunications networks, but states that these networks must favor the underprivileged. This made for some rather interesting decisions in the placement of the towers, with the consideration of whom they were serving, rather than how many.

The network study for the Grant application was provided by Cal One, a small Northern California company who had previously installed cell phone towers in the County. They had experience working in mountainous areas with small population centers. Original estimates for tower cost were based on this experience. When the actual tower sites were selected, and it was determined what facilities were necessary to provide service on that site, the cost had risen considerably.

Of the eight towers that were to be constructed, Picket Peak was the most challenging. It served the largest population, but it was a very remote site at over 5,700 feet elevation, with the inherent problems of wind, snow, and access during the winter. These conditions demanded that the site be self-supporting for nearly five months of the year. This required a vast array of solar power panels, batteries and generators, and a large supply of fuel to run the generator for several months. Supplying power for Picket Peak increased the cost estimate considerably. With a grant limit of \$2,500,000 a reexamination of the construction goals was necessary. Engineering was completed on all sites, allowing for improved cost estimates on all the towers to be constructed.

It was determined that only three towers, Picket Peak, Mad River, and Hyampom could be completed with funding from this Grant. Other funding would have to be obtained for the rest of the network.

The bidding process was studied for good business practice. Advertisements were placed in all the North State papers and journals. Application packets were prepared, engineering packets were made available, and the qualifications were well covered. Trinity County also required a site visit by all bidders so they would be familiar with the problems posed by the site.

Bids were checked for completeness, qualifications, and contractor licenses. Contracts were awarded to the lowest qualifying bid. All winning contractors were required to post completion bonds.

In the billing cycle, Trinity County Grants Department receives invoices from contractors or vendors, puts them into the correct form, and submits them to the CPUC. The CPUC audits these invoices and sends a request to the State auditors for funding. When Trinity County receives the funds, they are audited and the funds are released for payment. The CPUC also audits Trinity County financial records on the project. There is a ten percent “hold back” on all funds by the CPUC until the contractor or vendor has completed their obligations under the contract. This process takes several weeks to complete, and is audited by the CPUC. This process was followed throughout the project.

The Committee found that there was funding included for administration of the grant. Trinity County employee’s salaries are partially funded by the grant and this eases the burden on the County budget by the amount of these funds. Trinity County hired a construction manager whose salary and benefits were covered by the grant. Another employee in the Grants Department is in charge of administering the grant and most of that salary is paid by the grant. The Trinity County Administrative Officer receives funds from the grant for work in negotiating with the principals in the project. Hourly wages are set for these employees by the grant. These are standard accounting practices.

All revenue to the County from the leases is to be put into a special fund, outside of the general fund, and is to be used only for maintenance and expansion of the project. This does not, however, assure that these funds will be adequate. Care must be taken that funds necessary to replace consumables are available, when required, to keep the site in operation.

Findings/Recommendations

Finding 1:

The Project was handled in a capable manner considering the complexities, and the new ground broken in the engineering of the Picket Peak complex.

Recommendation 1:

None.

Response

In accordance with California Penal Code 933.05 a response is required as indicated below.

<u>Respondent</u>	<u>Finding/Recommendation</u>	<u>Due date</u>
	None	