

**MINUTES OF THE
COMMUNITY RELATIONS BOARD OF DIRECTORS
OF THE MOULTON NIGUEL WATER DISTRICT**

JUNE 8, 2011

The Quarterly Meeting of the Community Relations Board of the Moulton Niguel Water District was held at the District office, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on Wednesday, June 8, 2011. There were present and participating:

DIRECTORS

SCOTT COLTON	Chairman
RICHARD S. FIORE	Director
DON FROELICH	Vice President
LARRY R. LIZOTTE	Director
LARRY MCKENNEY	President

Also present and participating were:

STAFF MEMBERS

ROBERT C. GUMERMAN	General Manager
DAVID D. CAIN	Director of Finance/Treasurer
CHARLES J. ROY	Director of Customer Service
MATT COLLINGS	Director of Engineering & Operations
LESLIE GRAY	Board Secretary
ROBYN EPPSTEIN	MNWD
TAMMY CUTRIGHT	MNWD
GREGG HOOPER	MNWD
FRANI BAILEY	Recording Secretary

DISTRICT CONSULTANTS

BEN BOYCE	Laer Pearce
BRENNON FLAHIVE	SOCWA

Absent were:

GARY R. KURTZ	Director
BRIAN PROBOLSKY	Vice President

ACTION ITEMS

District Organizational Assessment Study

- **The Board concurred with the General Manager's recommendation to perform the District Organizational Assessment Study and authorized the selection of a management consultant within the General Manager's expenditure authorization.**

Chairman Scott Colton called the meeting to order and Frani Bailey recorded the minutes thereof.

Public Comments

Chairman Colton asked if there were any public comments. Hearing none, he closed the public comments portion of the meeting.

PRESENTATION ITEMS

Discussion of MNWD's Educational Outreach

Mr. Roy reported that MNWD had three winners in the MWDOC Annual Poster and Slogan Contest. He reported that two of the winners are present today to receive their awards. Chairman Colton congratulated Lainey Bayr and Sofia Ferrari and presented them with gift packages and a tote bag. He asked that Mr. Roy present Daniel Zalghadri's gifts to him and Mr. Roy reported that he would do so.

Mr. Roy reported that in May there were 6,983 visits to the District's website and the time customers spent on the website increased. He reported that the content of the website is changed weekly and some of the thumbnail pictures are changed each month to keep the website interesting.

Mr. Roy reported that the full Board agenda, attachments, and minutes from the Board monthly meetings would be posted on the website beginning this month.

Mr. Roy reported that the District held two California-friendly workshops last month and participated in several community events including the Mission Viejo Arts Alive Festival, Water Awareness Day, and the Mission Viejo 3rd Grade Environmental Fair. He thanked all of the staff

members who participated in Water Awareness Day and commented that they presented some excellent demonstrations for the attendees.

Director Lizotte commented that he appreciates knowing who received notices about the Water Awareness Day; however, it would save some money and paper if the agenda contained a list of people the announcement was sent to rather than a copy of each letter that was sent.

Director McKenney commented that he would like the agenda to be a PDF file on the website so the Directors could access it prior to the meeting.

Review June 2011 Water Quality Report

Mr. Roy reported that the Directors received a copy of the June 2011 Water Quality Report in their agenda packages. He reported that the water the District provides its customers is safe and meets all applicable standards. He reported that Mr. Brennon Flahive, who is in charge of the laboratory at SOCWA, is present to answer any questions the Board might have regarding the Water Quality Report.

Director Lizotte asked if he is correct that the fluoride in the water is added by MET and that MNWD does not add any additional fluoride to the water. Mr. Flahive reported that Director Lizotte is correct. He explained that approximately five years ago the state required MET to add fluoride to the water to a level of .8 or .9 milligrams per liter to improve dental and oral hygiene. Mr. Flahive commented that it is important to communicate to the customers that there is adequate fluoride in the water for dental and oral hygiene and they should not take fluoride pills or give them to their children. Further discussion ensued regarding the Water Quality Report and Mr. Flahive answered the Board members' questions.

DISCUSSION ITEMS

E-Bills

Mr. Roy reported that the number of customers using E-bills has increased from 8,200 to 9,500 during the last year. He commented that staff attributes the increase in E-bill customers to the advertising done in the newsletter, local newspapers, the District's website, and the welcome brochure each new customer receives. Mr. Roy reported that when customers call the Billing

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Department with questions the staff also lets the customers know about the E-Bills and auto pay options. Dr. Gumerman reported that the E-bill program is a real cost savings to the District and Mr. David Cain reported that Infosend will be handling the E-bill program soon, which will provide a more user-friendly environment for the District's customers.

Discussion of Water Budget Based Rate Structure

Mr. Roy reported that to date the Customer Service staff has done 36,502 internal audits on customers and there were 2,332 who would likely fall into Tiers 4 and 5 when the WBBRS is implemented. He reported that letters were sent to the 2,332 customers, and staff has received 475 phone calls regarding the WBBRS. Dr. Gumerman asked Mr. Roy to explain the procedure the Customer Service staff follows for a customer in Tiers 4 or 5 who receives a letter and does not acknowledge it and Mr. Roy outlined the procedure the staff would follow. A discussion ensued and Mr. Roy answered the Board members' questions.

President McKenney directed Mr. Roy's attention to the letter the District is sending to customers who will be in Tiers 4 and 5. He commented that in the second paragraph entitled "About the New Rate Model," the language should read that the District is providing each customer with a personalized **water budget**, not a personalized amount of water. He suggested that in the third paragraph the last sentence should read that MNWD is here to work with you to **help you**, rather than to see that you remain within your monthly water budget. Mr. Roy reported that he would make the changes suggested by President McKenney.

El Toro Water District Rate Structure Discussion

Dr. Gumerman reported that at the last Community Relations Meeting on March 9, 2011 Director Lizotte reported that the Board President of El Toro Water District (ETWD) indicated to him that ETWD collected \$600,000 in penalty money with its new Budget Based Rate Structure and had to refund a substantial amount of it. He reported that staff was asked to discuss how this happened and what the sequence of events was.

Dr. Gumerman reported that on June 1, 2009 MET and MWDOC put their allocations into place with the concept that a District would not be fined for exceeding its allocation until the

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end of the year, which was June 30, 2010. He explained that ETWD implemented a penalty structure on July 1, 2009 for the first year based on the usage for 2007 and 2008, because it did not have a budget structure in place, but was moving towards a WBBRS. Dr. Gumerman explained that in May 2010 ETWD discontinued the program because the WBBRS was to be implemented on July 1, 2010.

Dr. Gumerman reported that in June 2010 ETWD decided to issue a rebate of some of the \$573,000 in penalty money to its customers. He reported that it cost \$113,000 to implement the refund program; therefore, the potential refund to customers was \$460,000. The program produced \$253,000 in rebates to the customers, leaving a fund balance in the conservation fund of \$206,000. Dr. Gumerman reported that ETWD did not collect \$600,000 with its WBBRS; the money collected came from the penalty structure implemented prior to the WBBRS. He explained how ETWD implemented the WBBRS and reported that as of May 1, 2011, 93% of ETWD's customers fell into Tiers 1 and 2 and 7% fell into the penalty tiers. He reported that under the WBBRS for the first four months ETWD collected \$156,000. Further discussion ensued and Dr. Gumerman answered the Board members' questions.

President McKenney asked if staff has a projection of what MNWD is likely to collect for year one based on the 7% rate of customers in the penalty tiers and the bills staff is evaluating. Dr. Gumerman reported that he would estimate that 3% to 3.5% of the customers would be in Tiers 4 and 5, but does not have an estimate of the penalty revenue at this time. Mr. Cain reported that based on the models Red Oak is estimating the District would collect \$250,000 to \$400,000. Further discussion ensued.

Discussion of July and August *WaterLines*

Mr. Roy reported that some of the topics staff is considering for the July and August issues include the Water Budget Based Rate Structure, a post-event article regarding Water Awareness Day, the Poster and Slogan Contest Winners, the Plant of the Month, the Employee Spotlight Stories, an E-bill ad, and summer conservation tips. A discussion ensued as to how to get the customers to read the newsletter and the Board members provided staff with their

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suggestions on how the District could be more effective in getting the customers to read the information the District sends out.

Monthly Operational Status Reports – District Activity Report

Mr. Roy reported that pursuant to the Board's request he and Dr. Gumerman revised the Monthly Operational Status Reports – District Activity Report. He reported that the Board members received a copy of the latest draft today. Mr. Roy reviewed the revised report with the Board and answered their questions. Chairman Colton asked if the Board members had any revisions to the report and there were none.

District Organizational Assessment Study

Dr. Gumerman reported that during his performance evaluation last month he indicated that he felt the District was not organized as it should be based on some of the ideas he has and that the District would likely need more people to implement the ideas he has for the future. He reported that he told the Board that he is in the process of doing an organizational assessment study within his expenditure authorization and the Board requested that he formalize this and bring it back to the Board for concurrence and approval.

President McKenney asked Dr. Gumerman if he has selected a consultant and Dr. Gumerman reported that he plans to use Bill Mathis, because he is most familiar with the direction in which he and the Board want to go. President McKenney asked what Dr. Gumerman's timeline is for the study and Dr. Gumerman reported he would bring it to the Board at the August 10, 2011 Community Relations meeting.

Chairman Colton asked the Board if everyone was in agreement with Dr. Gumerman's plan and the Board members indicated that they were and directed Dr. Gumerman to proceed.

Media Contact

Dr. Gumerman reported that in the past he, Mr. Roy, and perhaps other staff members have talked to the media and Director Probolsky suggested that the District have a single point of contact with the media, and that it be the General Manager. Dr. Gumerman commented that he concurs with Director Probolsky and has agendized the matter as a recommended action for the

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Board to appoint the General Manager as the sole point of contact and official representative of the District for contact with the media.

Director Froelich asked if sole contact refers to staff; for instance, if the media contacts Mr. Roy. Dr. Gumerman explained that if a member of the media contacts a member of the staff the caller would be referred to him. Director Froelich asked if the policy includes the Directors and Dr. Gumerman commented that it could be construed to be that way and in some situations would be a prudent action for a Director to take. Director Froelich commented that if a member of the media contacted a Director it would not be good for the Director to indicate that he could not talk to the person and that only the General Manager could. He commented that the Directors have a certain responsibility to the people they represent and it should be understood that they have the right to offer their opinions on certain subjects. Dr. Gumerman commented that he would be representing the District's official position on issues and the Directors would be representing their positions.

Director Froelich suggested that the policy be limited to matters involving District operations and policy and the Board concurred. President McKenney commented that he believes Director Probolsky is more concerned about keeping control of the overall message at the staff level and was not suggesting that only Dr. Gumerman should talk to the media. He commented that the sense of it is that Dr. Gumerman should have complete control of what is said to the media, which does not prevent him from having one of the staff members talk to the media. President McKenney commented that what this means is that if something is said to the media the Board will hold Dr. Gumerman accountable for it and he can decide how to manage this at his discretion.

Director Fiore commented that the recommended action is not consistent with the Board's discussion because it says "sole contact." President McKenney suggested that it be worded "sole responsibility for contact with the media." Further discussion ensued and Dr. Gumerman commented that the Board had asked that this matter be set up for action, which might be appropriate. President McKenney made a motion that the Board has directed the

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General Manager to be the official District representative with regard to media contact and have sole responsibility for contact with the media with respect to District staff and Director Froelich seconded the motion. Director Lizotte suggested that in consideration of Director Probolsky, who made the suggestion and is not present at the meeting, this matter be discussed at the next meeting to get his input. The Board concurred and agreed to table the matter and agendaize it for the Board meeting.

Schedule the next Citizens' Advisory Committee Meeting in July

Mr. Roy reported that he would like to schedule the quarterly Citizens' Advisory Committee meeting for July, before the customers receive their first bills under the WBBRS. The Board scheduled the Citizens' Advisory Committee meeting for Thursday, July 14, 2011 at 9:00 a.m.

Director Froelich reported that the MWDOC policy meeting would be held on July 21, the date of the regular Board meeting, and several of the Board members usually attend the MWDOC meeting. A discussion ensued and Director Fiore commented that the Board should not change the date of the Board meeting to accommodate the Directors who want to attend the MWDOC meeting. Ms. Gray reported that the Public Hearing on SCWD's 218 Notice is scheduled for the July 21, 2011 Board meeting and Dr. Gumerman recommended that the Board not change the date of the meeting. The Board concurred with Dr. Gumerman.

ADJOURNMENT

THEREAFTER, THE COMMUNITY RELATIONS BOARD MEETING WAS
ADJOURNED AT 10:55 A.M.

Respectfully submitted,

Frani Bailey
Recording Secretary

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