

**MINUTES OF THE SPECIAL MEETING OF THE
CITIZENS' ADVISORY COMMITTEE
OF THE MOULTON NIGUEL WATER DISTRICT**

JULY 14, 2011

A Special Meeting of the Citizens' Advisory Committee 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 Thursday, July 14, 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
BRIAN PROBOLSKY	Vice 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
ROBYN EPPSTEIN	MNWD
SPRING RIDDLE	MNWD

PUBLIC MEMBERS

GLORIA J. KIMMEL	Citizens' Advisory Committee
BETTY PEQUET	Citizens' Advisory Committee
HOWARD REVIER	Citizens' Advisory Committee
MIKE WHIPPLE	Citizens' Advisory Committee
IRWIN BERG	Guest
STU LUCE	Citizens' Advisory Committee
FRED WEND	Citizens' Advisory Committee
GEORGE ERICH	Citizens' Advisory Committee
TOM ROLLS	Citizens' Advisory Committee
ALLAN METZ	Citizens' Advisory Committee

Absent was:

GARY R. KURTZ	Director
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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

Water Budget Based Rate Structure (WBBRS)

Mr. Charles Roy presented a brief overview of the new Water Budget Based Rate Structure (WBBRS) and explained that the WBBRS is a personalized water budget for each residential and commercial customer in the District, based on the number of people in each residence, the irrigated area at each property, and the daily weather data. He explained that the WBBRS is designed to provide each resident with the amount of water he/she needs, and is not based on historical use. Mr. Roy described the process that the I.T., Conservation, Customer Service, and Conservation Departments used to collect and validate the landscape acreage and weather data for each parcel within the District.

Mr. Roy reported that the WBBRS will reward efficient water use, give residents the freedom to use water as they choose, and bring stability to their water bills. He explained that the WBBRS includes simple steps to adjust the water budget established for a home or business should there be a legitimate need for more water. A discussion ensued and Mr. Roy answered the CAC members' questions.

Director Probolsky arrived at 9:15 a.m.

Educational Outreach Efforts

Mr. Roy commented that the Customer Service, Conservation, and Billing staffs have been working very hard on the outreach efforts for the WBBRS. He reported that the staff did 97,427 internal audits of customers' accounts and sent out 9,618 letters to customers who would likely fall into Tiers 4 and 5. He reported that the customers who did not respond to the letters are now receiving phone calls from staff offering them home surveys, irrigation tips, etc., to help

July 14, 2011

them reduce their water usage to avoid ending up in Tiers 4 and 5. A discussion ensued and Mr. Roy and Dr. Gumerman answered the Board members' and CAC members' questions. A member of the CAC commented that he is a senior citizen on a fixed budget and the new system will cost fixed-income homeowners double what they were paying. President McKenney explained that the water rates have gone up, and the amount the District pays for water has increased. He commented that the District is hoping that by conserving water and having a rate structure that promotes conservation the Tier 1 rate will be as affordable as the District can make it. Further discussion ensued.

Mr. Roy reported that in addition to the outreach efforts he previously described, staff will be holding more landscape workshops to discuss water allocations and plant health, and will be doing commercial audits on the commercial customers to help them stay within their budgets. He reported that none of the additional revenue collected from Tiers 4 and 5 (above the Tier 2 level) will be used in the District's O&M Budgets. He reported that the funds will be kept in a separate account that will be made available to customers who want do something that is water efficient, possibly by means of a rebate program. Director Probolsky explained that some of the penalty money might be spent in programs authorized by the Board that do not involve cash to customers, i.e., education, tools to help customers, etc.

INFORMATION ITEMS

Update on Bay Delta

President McKenney presented an update on the Bay Delta, which is the hub of the State Water Project's water system, bringing water from Northern California to Southern California. He reported that the State Project provides two-thirds of all of the imported water supply from the State and the Colorado River. President McKenney updated the Board and CAC on the issues pertaining to the Bay Delta, such as drought or other natural disasters, issues with endangered species, and the structural problems with the levees in the Delta that could cause them to fail.

President McKenney discussed the planning efforts for the Delta, including the Delta package of legislation that passed in November 2009 that created a governance structure, a

July 14, 2011

requirement for studies to be done on flows required through the Delta, required groundwater reporting, and a required 20% reduction in urban water use by 2020. He discussed the water bond that was scheduled to be on the ballot last year and is now scheduled to come up in the November 2012 election. President McKenney discussed the Delta Stewardship Council, a body of appointed members that have the first task of writing a comprehensive plan for how the Delta will be managed in the future to achieve the two equal goals of environmental protection and a more reliable water supply. He discussed some key issues being debated in the Delta Plan process that would have very significant impacts on the District.

President McKenney left at 10:35 a.m.

Asset Management Planning – What is it and what is MNWD Doing?

Dr. Gumerman commented that Asset Management Planning and Enterprise Resource Planning are very complicated issues and staff has spent more than a year discussing them with the Board. He reported that he would give the CAC an overview of the Asset Management Plan and then Mr. David Cain would give them an overview of Enterprise Resource Planning.

Dr. Gumerman explained that while every effort is being made to keep rates low, the District cannot neglect the maintenance of its facilities, nor can it replace components that do not need to be replaced, because that would place the burden on the current ratepayers to serve the needs of future ratepayers. He commented that the basic concept is that current users should pay for the facilities that are built and utilized and not subsidize prior or future users.

Dr. Gumerman explained that Asset Management Planning determines how much money the District should have in reserves to maintain its facilities over time. He explained how Asset Management Planning works, what the various components of Asset Management Planning are, and how the staff intends to implement them.

Enterprise Resource Planning – What is it and what is MNWD Doing?

Mr. David Cain reported that he would discuss the Enterprise Resource Planning (ERP) and the planned enhancements for the MNWD Board Room. He explained that the District is putting together a centralized database of information because at present most of the District's

July 14, 2011

information is in separate “silos,” i.e., separate data bases, with independent data information and there is no single source methodology for all of the information. He explained that the ERP process would provide a single source as it relates to the database, and all of the business practices would pull from that source. This will give customers an enhanced ability to access information relating to their bills, allow suppliers to access vendor information, allow employees to access payroll information, and enable management to retrieve reports, etc.

Planned Enhancements for the MNWD Board Room

Mr. Cain reported that staff is also working on some Board Room enhancements, including new software that will be used for preparing agendas, recording meetings, internal workflow, etc.. The software will provide the District’s customers with access to information on the website or via email.

Mr. Cain reported that the ERP will cost approximately \$3 million to implement and the Board Room enhancements will cost approximately \$200,000 to implement. Director Probolsky commented that it is important to note that staff has identified a large group of cost savings to offset some of the expenses, such as less staff time spent transcribing minutes and creating agendas, and the overall workflow.

Suggestions for Future CAC Meetings

Chairman Colton commented that the Board and staff would like to know what topics the CAC would be interested in hearing about at future meetings. The CAC members made several suggestions, including: Continue the CAC meetings at least quarterly, continued transparency by the Board and staff with the CAC and the general public, continue with letters and phone calls on the WBBRS, and keep the CAC abreast of what the next plan is. Further discussion ensued.

Mr. Roy reported that a few of the CAC members are no longer on the committee, and the District will be doing a small recruitment in the next issue of *WaterLines* and on the website to try to increase the size of the CAC. He commented that if any of the CAC members have friends or neighbors who understand the issues and are concerned they can call Robyn or him and they will send the person an application for the CAC.

July 14, 2011

Chairman Colton asked the CAC members if they had any further suggestions for future meetings and some of the members provided the Board and staff with their suggestions.

Distribution of Educational Brochures

Mr. Roy reported that Ms. Eppstein has brochures explaining the WBBRS for all of the CAC members that they can pick up on their way out.

ADJOURNMENT

THEREAFTER, THE SPECIAL MEETING OF THE CITIZENS' ADVISORY COMMITTEE OF THE MOULTON NIGUEL WATER DISTRICT WAS ADJOURNED AT 11:20 A.M.

Respectfully submitted,

Frani Bailey
Recording Secretary

July 14, 2011