

**MINUTES OF THE JOINT MEETING OF THE
COMMUNITY RELATIONS BOARD OF DIRECTORS
AND THE PERSONNEL & SALARY BOARD OF DIRECTORS
OF THE MOULTON NIGUEL WATER DISTRICT**

MARCH 9, 2011

The Quarterly Meeting of the Community Relations Board of the Moulton Niguel Water District and a Special Meeting of the Personnel & Salary Board were held jointly at the District office, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on Wednesday, March 9, 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 |
| MATT COLLINGS | Director of Engineering & Operations |
| PAT GIANNONE | Bowie, Arneson, Wiles & Giannone |
| BRAD NEUFELD | Gresham Savage Nolan & Tilden |
| JANE NGUYEN | MNWD |
| LESLIE GRAY | MNWD |
| AMBER CUTLER | MNWD |
| KELLY WINSOR | MNWD |
| ROBYN EPPSTEIN | MNWD |
| TAMMY CUTRIGHT | MNWD |
| GREGG HOOPER | MNWD |
| RHONDA HIMLEY | MNWD |

DISTRICT CONSULTANTS

| | |
|-----------|-------------|
| TOM ASH | Hydro Point |
| BEN BOYCE | Laer Pearce |

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FIORE AND SECONDED BY DIRECTOR FROELICH, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY APPROVED THE MINUTES OF THE FEBRUARY 9, 2011 SPECIAL JOINT MEETING OF THE CITIZENS' ADVISORY COMMITTEE AND THE COMMUNITY RELATIONS BOARD OF DIRECTORS' MEETING.

Public Comments

Chairman Colton asked if there were any public comments. He asked that those having comments on the Water Budget Based Rate Structure (WBBRS) hold their comments until the WBBRS is discussed under Item 6 of the Agenda. He asked if there were any public comments on other matters. A member of the audience commented that the sewer charges have gone up considerably since June of 2009 and asked why a homeowner who uses twice as much water but does not use the sewer twice as much pays more than a person who lives in a condo. Dr. Gumerman explained that the sewer use charges are based on a cost of service, i.e., how much water is used up to a maximum of 25 billing units per month. Further discussion ensued and Chairman Colton thanked the resident for his comments. Hearing no further public comments, Chairman Colton closed the public comments portion of the meeting.

Diemer Shutdown

Mr. Charles Roy reported that during the shutdown of the Diemer Plant staff advertised in the local newspapers on February 24 and February 25, 2011 asking that residents reduce their water consumption. He reported that staff also contacted all of the associations and construction irrigation customers and asked them to conserve water during the shutdown.

Dr. Gumerman explained that all of the District's water is imported from the Diemer Plant in Yorba Linda, and during the 7-day shutdown the District received no imported water and had to make other arrangements. He explained that over the last three years the District has participated in the construction of over \$55 million of Water Supply Reliability Projects, the first of which was an interconnection with Irvine Ranch Water District (IRWD). Dr. Gumerman reported that during the shutdown the District received almost all of the flow, other than what was stored in the District's reservoirs, from this interconnection, and if the District were not able

March 9, 2011

to obtain water from the IRWD interconnection, its customer would have been without water for four days during the shutdown. Dr. Gumerman explained that one of the essential components of the rate structure is recover money to pay the bond payments on the \$55 million in bonds the District sold to finance construction of the Water Supply Reliability Projects.

Dr. Gumerman reported that the District received a lot of cooperation from its neighboring agencies and took all of its allocated flow and the majority of SMWD's from the IRWD interconnection. He commented that SMWD's flow from the IRWD interconnection will not be available to the District in the future as development in Rancho Mission Viejo commences; however, that flow will be supplemented by the other Water Supply Reliability Projects in the \$55 million package. This includes the Upper Chiquita Reservoir, which will be online in June of 2011 and the Baker Water Treatment Plant, which will be online in approximately a year and a half.

Discussion of MNWD's Educational Outreach

Mr. Roy reported that in February there were 5,869 visits to the District's website and the time customers spent on the website doubled. He reported that entries for the MWDOC Poster and Slogan Contest are due on March 31, 2011. Mr. Roy reported that last year Director Lizotte suggested that the winners be given something nicer than a T-shirt, and this year MWDOC will give the winners an I-Pad.

Mr. Roy reported that the District would participate in Santa Margarita Water District's Water Awareness Day at Upper Oso Reservoir on Saturday, May 14, 2011. He reported that the Customer Service office staff would participate in the 3rd Grade Environmental Fair on Friday, May 20, 2011.

March and April *WaterLines*

Mr. Roy reported that a copy of the March *WaterLines* was included in the Agenda package. He reported that some of the topics staff is considering for the April issue include the Water Budget Based Rate Structure, Water Awareness Day, the water supply, a department

March 9, 2011

spotlight story, the California-friendly plant of the month, and the California-friendly landscape workshops the District will be presenting to the public.

Water Budget Based Rate Structure (WBBRS)

Chairman Colton asked that those having comments on the WBBRS hold their comments until staff has made its presentation. He commented that quite a few people raised questions about the WBBRS at the Public Hearing held on February 23, 2011 and invited President McKenney to summarize the issues raised at the Public Hearing.

President McKenney commented that he made a synopsis of the significant issues raised based on the comments and letters the District received. He reported that the Board directed staff to address some specific issues regarding whether comments that were made at the Public Hearing were correct or not, how they were resolved, or if they still needed to be resolved. President McKenney reported that the points the Board asked staff to address were as follows:

- Review the overall factual accuracy of what had been provided to the customers in the Proposition 218 Notice and on the website
- Review the accuracy of how the irrigated area measurements, on which the outdoor water use budgets are proposed to be based, were being done
- Review the accuracy of the projected financial impacts of the WBBRS on individual customers
- Review the overall revenue generation impact
- Staff recommendations on additional outreach that should be conducted in the future
- Further explain how Evapotranspiration (ET) is calculated, how it is rolled into the allocations, and whether the ET methodology represents a moving target impossible for customers to base their usage on
- Address the legal boundaries of what the Tiers 3, 4, and 5 revenue could be used for
- Clarify the variance procedure

Director Lizotte arrived at 9:25 a.m.

March 9, 2011

President McKenney elaborated on each of the points staff was asked to address and commented that if the Board decides to implement the WBBRS the roll-out strategy needs to be discussed to determine what the process will be to get to the point where staff feels it will be effective to reach out to people and address variance issues. He commented that what the Board expects to do today is to get staff input. He commented that there will be a discussion about public education ideas that the Board might ask staff to do as additional public outreach; however, the comments today are directed to the Board. President McKenney reiterated that he has questions about the ET issue and commented that people at the hearing were concerned that they would be treated unfairly because their lots were large and their usage was high. He commented that the WBBRS would be the best thing for people with large lots because they would not be charged a rate that varies based on their usage, but on whether they are efficient or not.

President McKenney reported that questions were raised as to whether the WBBRS causes smaller users to subsidize larger users, which needs to be discussed at some point. He commented that it appears that the day-by-day modeling the District is using for outdoor water use might be too complicated and that it might be better to have outdoor use based on more general presumptions about the way ET works so it is simpler to administer and understand.

Dr. Gumerman commented that the District provided the customers multiple opportunities prior to the Public Hearing to present their cases and ask questions, and after the Public Hearing he and President McKenney felt there were many questions about the factual accuracy of what staff presented and how it was developed. Dr. Gumerman commented one of the most frequently asked questions was how the WBBRS could generate the same amount of money when the 218 Notice indicated that all customers would see an increase in their bills. He explained that staff intended to say that all customers would see an increase in some component of their bills, but not necessarily in the total amount of the bill. He explained the process staff went through with Red Oak Consulting to develop a rate structure.

March 9, 2011

Dr. Gumerman commented that another question that came up was the accuracy of the data on the website calculator. He explained that in an effort to get the website calculator on the website, staff used the data generated by the Water Conservation staff and some of the data obtained from MWDOC. Dr. Gumerman commented that some of the customers who used the website calculator felt that their lot size was inaccurately presented on the calculator, which might have been the case. He commented that the next day he had staff revise the website calculator to use only the data generated by the Water Conservation staff, which is available for approximately two-thirds of the District's connections.

Dr. Gumerman commented that there was a lot of misunderstanding about the financial impact of the WBBRS on customers' bills. Some thought that if they were in Tier 4 under the current rate structure they would be in Tier 4 under the WBBRS, which would not be the case if they use water efficiently. He commented that Mr. Roy will present some examples of large parcels and what the impact would be on the bill. Dr. Gumerman commented that there was a lot of concern that the penalty revenue was a slush fund that would be used for things outside of the public's purview. He explained that the penalty revenue will be set aside in a separate fund, and that the Board previously made a conscientious decision that after the WBBRS is approved it will address exactly what the penalty revenue will be used for.

President McKenney commented that he is concerned that the website still indicates that the penalty revenue would be used for rebates, which is inaccurate. He commented that the Board has not yet made a decision and requested that this statement be removed from the website. Chairman Colton invited Mr. Roy to make his presentation.

Mr. Roy reported that Mr. Tom Ash, a horticulturist from the University of California and a former IRWD employee who helped IRWD develop its water budget based rate structure in 1991, is present to answer questions and assist with the presentation. He reviewed the outreach efforts prior to the Public Hearing, which included mailing the Proposition 218 Notices to cities and public agencies in December 2010 and to residential customers in January 2011, three Board-hosted public rate discussions that resulted in staff answering 2,800 phone calls regarding

March 9, 2011

the WBBRS, and providing water usage data to eight homeowners' associations. Mr. Roy reported that in addition, he and other staff members gave interviews to Patch.com and the Orange County Register, provided four months of web coverage on the WBBRS, made three presentations to the Citizens' Advisory Committee, and made presentations to all of the cities in the District's service area. Mr. Roy reported that staff also made three presentations to the Board, sent out multiple bill messages, and made presentations to the 5-city task force about the possibility of moving to the new billing methodology.

Mr. Roy invited Mr. Gregg Hooper to demonstrate the rate calculator on the District's website. Mr. Hooper displayed a bill calculated under the present rate system and the WBBRS and noted that the customer's bill under the present rate structure was \$41.82 and under the WBBRS as of July 1, 2011 it would be \$49.00, which includes the 16.2% rate increase approved in 2009. He commented that if customers disagree with anything on the rate calculator they can call the District and the Customer Service staff will assist them. President McKenney commented that the note on the bill indicates that the total bill amount shown reflects a 16.2% rate increase that was approved in 2009. He commented this does not clearly articulate that the comparison between February 2011 now and what February 2011 would be had the new rates been imposed includes the third step of a three-year rate increase approved in 2009 but not yet implemented.

Director Probolsky commented that the rate calculator should show a third number, which is what the customer's bill would be if no change is made in the rate structure, which would probably be close to the \$49.00 even if the rate structure is not changed, because the 16.2% increase previously approved would go into effect. Ms. Jane Nguyen, the District's I.T. Supervisor, commented that the rate calculator can be modified, which would take approximately two weeks. President McKenney commented that he is not sure whether the rate calculator should be fixed or taken off the website and Mr. Roy commented that he would like to fix it because staff has had many requests from customers for a web calculator. Director Probolsky

requested that Mr. Roy circulate a proposed screen shot to the Board prior to doing the programming.

Director Lizotte commented that he spoke with the General Manager and President of El Toro Water District (ETWD), which has had the WBBRS in effect less than a year and raised in excess of \$600,000 in penalty funds. He commented that if the District is purporting that the WBBRS is revenue neutral staff should be sure it knows what the numbers are. Mr. Roy reported that one of the major differences between ETWD and the District is that ETWD did not do internal audits prior to implementing the WBBRS to help customers who would fall into the penalty tiers stay out of them before they get their first bill under the new rate structure. Director Probolsky commented that if the District's customers stay within Tiers 1 and 2 the WBBRS will be a revenue neutral change. If they are excessive and wasteful in their water use and end up in Tiers 4 and 5 the WBBRS will generate a lot of revenue, which is not the District's goal. Director Probolsky reported that the goal is for the WBBRS to be revenue neutral; whether that happens is dependent on the customers, not the District. Further discussion ensued regarding the revenue neutrality of the WBBRS.

Mr. David Cain, the District's Director of Finance, explained how the financial rate model works and how it was used to determine the rate tiers in the WBBRS. He explained that a full cost of service review was done to determine what it would cost the District to deliver water and sewer service and the rates were adjusted accordingly to recover only the costs necessary to maintain the system and go forward. Mr. Cain explained that the financial model has the ability to adjust both the fixed and variable rates and staff used the model to begin moving towards the path where the fixed fee a customer pays for the meter charge covers the fixed cost and the variable rate, which is more volatile, is in the consumption component. He reported that staff also made sure there was equity among all customer classes.

Mr. Cain explained that the financial model determines the actual revenue difference based on the beginning number and factors in all of the variables to determine the end number, which is within approximately \$10,000 of what staff estimated it would generate. He explained

March 9, 2011

that the model is predicated upon the assumption that all of the customers stay within their budgeted allocations. If a resident or company decides to use more water than allocated there is a cost associated with that, and that money will go into a separate conservation fund to be used to encourage conservation. Mr. Cain reported that the goal is to insure that everyone in the District is within their allocation, and to achieve that goal staff is making sure that the acreage for each parcel is correct. Once the methodology has been approved by the Board staff will contact every customer that is in Tiers 3-5 to find out why and determine how the District can help them get into Tiers 1 and 2. Mr. Tom Ash explained how the prices in Tiers 3-5 were determined and reported that these are the prices the District might pay if it had to purchase more water from a source other than MET. He explained that the default assumptions as to number of people were based on census data and the variance process is intended to help make the allocations accurate for every household.

Mr. Roy commented that the information the District received from MWDOC to measure the irrigatable acreage of each parcel was not accurate so staff measured every parcel within the District. He commented that if a customer disagrees with the measurement the Customer Service staff will go out to the customer's house and re-measure the acreage to insure that it is accurate. Mr. Gregg Hooper presented a demonstration of how the irrigatable acreage of each parcel is measured using the GeoViewer and a discussion ensued.

Mr. Roy reported that the letters the District would be sending to customers as part of the outreach were included in the Agenda package. He reviewed some of the outreach efforts done by the Board and staff prior to the Public Hearing. Mr. Roy reported that approximately 65 residents attended the Public Hearing and 30 spoke. He reported that the District received 49 protest letters, 52 protest emails, and 10 letters supporting the WBBRS. Mr. Roy reported that the percentage of protests received represents .0007% of the 167,000 customers the District serves.

Mr. Roy reported that the Board asked staff to do more outreach and public education regarding the WBBRS. He reported the website has been modified and 35 questions and answers

have been added. Mr. Roy reported that the PowerPoint presentation was put on the website and additional articles would be added to the *WaterLines* issues. He asked Mr. Ash to discuss the variance form included in the Agenda package.

Mr. Ash reviewed the variance form which customers can access online or at the District to change their allocation variables. Dr. Gumerman asked Mr. Ash if the variance procedures were modeled after those used by IRWD and Mr. Ash reported that virtually every agency uses the same type of format and web access. Director Probolsky commented that when staff first discussed the variance process the Board was informed that it would be a very simple process and that the office staff would have the authority to handle reasonable changes. He commented that the variance form is over the top and he does not support the requests for proof in the form. Mr. Roy reported that minor variance changes will be handled over the phone by the Customer Service staff; however, the District needed a variance procedure for variances above the norm. Dr. Gumerman commented that when the Board adopts a variance policy staff will develop a procedure to implement it, and the variance form is just an example.

Mr. Ash explained that the reason proof is required when large variances are required is to try to protect against gaming the system and obtaining a larger allocation. A discussion ensued and President McKenney commented that he agrees with Director Probolsky that the variance form should be as simple as possible. He commented that there should be a firm threshold as to what is reasonable in terms of people in a household, and some of the documentation requested is intrusive and does not prove residency. President McKenney commented that the Board has provided staff with its input and staff can come back with further recommendations on the variance form.

Director Froelich asked if the information on the variance form would be public information. Ms. Pat Giannone explained that if the form contains basic information absent indicia of residence it might be considered a public document; however, if indicia are required for increasing an allocation the documentation provided may not be a public record. She reported that two or three years ago the District adopted a Red Flag Policy where that type of information

March 9, 2011

is subject to confidentiality procedures; therefore, the kind of information that might be provided by the public to get a variance would very likely not be a public record and would be protected by systems already in place. Director Froelich asked that Ms. Giannone provide the Board with additional information once she has researched this issue.

President McKenney suggested that the policy could be that if a resident is asking for a variance of more than two people over the default he or she must show staff the documentation. Staff could view the documentation, but would not have to keep a record of it. Director Probolsky commented that he would like to see the variance procedure made as basic and simple as possible.

Mr. Roy commented that as part of the additional outreach efforts the District would invite all of the residents who attended the Public Hearing to a special workshop where they would receive personal attention and have their questions answered. He reported that staff would also hold a workshop on a week night and on a weekend for the residential customers and would hold an afternoon workshop for the commercial customers. President McKenney commented that a key question for the Board is whether it wants staff to do additional outreach in March or wait, because if the Board goes ahead with the WBBRS staff will need to do outreach and education. He commented that following up with the people who attended the Public Hearing is in line with what the staff does now; however, the Board should decide whether to go ahead with the rate structure change, and if it decides to do so, have staff proceed with educating the customers.

Mr. Roy commented that he would prefer to begin educating the customers once the Board determines whether to go forward with the WBBRS. Chairman Colton commented that if the Board votes on the WBBRS next month staff would still have four or five months to educate the customers. Director Froelich suggested having a special Board meeting to discuss the WBBRS before voting on it and President McKenney disagreed. He commented that a Public Hearing was held, testimony was heard, and the hearing was closed, and the Board has enough information about the public input. President McKenney commented that the Board asked staff to educate it so it could have confidence that it is addressing the issues raised at the Public

Hearing, and before staff begins educating the public about the WBBRS the Board needs to decide whether to adopt it. He commented that in the meantime, staff will update the website to make it clearer and answer the questions raised at the hearing and that staff receives.

Director Probolsky commented that there are two separate issues. The first issue regards customers' bills and whether they believe that a \$35.00 bill will be a \$35.00 bill, or a \$34.00 bill. He commented that he is comfortable with the numbers; however, some of the customers are not and never will be, and some will be when it is shown to them. The other issue is a fundamental belief or disbelief in the system, and the workshops are valuable in that regard. He commented that staff should make an effort to invite those with issues to come in for an appointment. He commented that he agrees with President McKenney that further workshops or discussion should not be done until the Board votes on whether to approve the WBBRS. Further discussion ensued.

Mr. Roy reported that the most common customer comment at the Public Hearing was that the customers were upset because the 16.2% rate increase begins on June 1. He reported that 99% of the residential customers will not see an increase in their base charge. A discussion ensued about the tiers in the WBBRS and Mr. Ash answered the Board's questions and discussed the 35 questions asked at the Public Hearing. Mr. Ash explained how Evapotranspiration (ET) is used at various micro stations around the District to determine the amount of water needed for irrigation and how the data is downloaded each day. He commented that the District determined to purchase the daily ET information because it is low cost, highly accurate, and supported and validated by the National Weather Service. Mr. Ash explained that every morning the ET data is loaded into the billing system so that if the weather changes, the allocation changes accordingly so that the customers are allocated the right amount of water for their plants to be green and lush. A discussion ensued and Mr. Ash answered the Board's questions.

Mr. Roy directed the Board's attention to a spreadsheet entitled Mission Viejo Environmental Association Rate Comparison and explained that this is what staff does when a customer comes in to discuss his/her account to assure the customer that the rates are correct.

President McKenney recommended that the Board direct staff to address the website issues and the ongoing response to comments the District receives, but not to do any additional workshops until the Board decides to move ahead with the WBBRS. Once the Board decides to do so, staff could schedule the proposed workshops. He suggested that the Board direct staff to put this matter on the agenda for the Board meeting next week.

Chairman Colton asked if there were any public comments on the WBBRS. A resident commented that it would be helpful if the District clarified the web calculator on the website and posted the daily ET number downloaded to the billing database. Mr. Roy reported that staff plans to put the daily ET number on the website, hopefully by July. Director Fiore asked if it would be problematical in terms of implementation if the WBBRS were not put on the agenda until the April Board meeting. Mr. Roy reported that staff would lose about a month for outreach. Director Fiore commented that he is suggesting this because it will take a week or ten days to update the website with the information suggested and it would be appropriate for the customers to be able to view that information before the Board makes a decision on implementing the WBBRS.

Chairman Colton asked if a workshop should be scheduled prior to the Board voting on the WBBRS and Director Fiore commented that he would favor that. President McKenney disagreed and commented that he does not believe the District has a credibility issue, because a very small number of customers spoke against the WBBRS and the vast majority of the comments made were conscientiously framed on information that was mistaken because of confusing information disseminated by the District. He commented that the Public Hearing has been held, and as long as staff answers the Board's questions it has enough to act on the matter. President McKenney commented that he doesn't have a problem with delaying the vote until April and putting information on the website; however, he would not support doing specific workshops between now and then. He commented that when the meeting occurs when the vote is taken there may be public comments, and they need to be received in light of the fact that the Public Hearing has been held and many of the questions have been answered. Director Lizotte

March 9, 2011

commented that he would support agendizing the WBBRS for April or May. Further discussion ensued.

Mr. Roy commented that if the Board decides to implement the WBBRS in July staff needs time to do the proactive letters and customer education to the customers who would fall into the penalty tiers, which is more important than the workshops. Director Fiore asked if it would make a difference if the Board implements the WBBRS on August 1, 2011 rather than on July 1, 2011. Ms. Giannone commented that she does not think that would be a problem. She commented that the implementation date is somewhat open-ended within a rule of reason. Ms. Giannone explained that there was a public hearing process and there are no requirements in Proposition 218 or the Constitution that say how far out the implementation date could go; however, if the Board were to go considerably out it could run the risk that someone would think it was too far from the public hearing process. Director Probolsky asked if he is correct that as long as there was a vote long before that to instruct staff to implement the WBBRS as soon as reasonably possibly it would be fine if it ended up taking 60 or 90 days. Ms. Giannone commented that the Board should vote on an effective date and be cognizant of what was in the 218 Notice. She explained that there are two things; the Board taking the action, which she recommends be done no later than stated in the 218 Notice, which was a July 1, 2011 effective date for the rates, so that the Board action is closer in time to the public hearing where comments were received. She commented that the Board should make a decision on what the effective date of the WBBRS will be, which could potentially be pushed out some period of time from what was stated in the 218 Notice.

A resident commented that there should be a roll-over to the customers when they use less water in some months than in others. President McKenney explained that this is not feasible because the budget is not an entitlement for the ratepayers to spend or save from month to month. He explained that the ratepayers have the right to a reasonable and beneficial use of water, and if the customers are efficient that is all they pay for. Mrs. Karen Langer encouraged

the Board to adopt the WBBRS because it would result in a substantial savings for the homeowners' association she represents.

Chairman Colton asked Ms. Giannone how the District could use the money collected from the penalty tiers. Ms. Giannone explained that staff had indicated that it could be used for water efficiency and conservation purposes, which would include programs and recycled water facilities. She commented that the Water Code section that recognizes this Water Budget Based Rate Structure specifically cites five examples for which the revenue could be used, i.e., conservation Best Management Practices, water cistern retrofitting, dual plumbing and facilities, securing dry year water supply arrangements, and projects and programs for prevention, control, or treatment of the runoff of water from irrigation. Ms. Giannone explained that rebates of money from penalties imposed on one tier of users in credits or cash back to other users is not permissible. She commented that she understands that staff meant that rebates were for conservation methods such as energy efficient appliances. President McKenney reiterated that his understanding is that the District is prohibited from rebating penalty revenue to customers who use water efficiently and Ms. Giannone reported that he is correct.

Ms. Giannone commented that the WBBRS methodology is being done in accordance with a particular section of the Water Code, and it is the recognition of this methodology by the state that not only complies with the requirements of Proposition 218 for proportionality but also allows for the imposition of the penalties for excessive use and the use of those penalties for specific purposes related to water efficiency and conservation.

A resident commented that the WBBRS appears to be burdensome and complex and the bottom line is trying to conserve water. Chairman Colton explained that the purpose of the WBBRS is to eliminate the overuse of water. He commented that people who use more water pay more and those that use less pay less. President McKenney explained that water is a public resource owned by the public and the District has a duty to provide it to people at a cost that allows the uses necessary for life at a rate as reasonable as possible. Further discussion ensued.

March 9, 2011

Director Probolsky requested that the discussion be wrapped up for today, but be continued for anyone who wants to with as many sessions as necessary. Chairman Colton asked if there were any further public comments and there were none. President McKenney commented that he would like the Board to move forward quickly with the WBBRS; however, in deference to some of the comments made and as a compromise, he would like to direct staff to put the WBBRS on the April Board meeting for a vote with an eye toward moving forward with a July 1, 2011 implementation if it is approved at the April Board meeting. The Board concurred with President McKenney.

Director Fiore suggested having a preliminary notice on the billing statements or on the website that staff will be updating the website, giving a time frame when the update would be completed. Mr. Roy reported that he and Ms. Nguyen would work on updating the rate calculator and make a few other modifications. Mr. Roy asked if the Board wanted him to schedule more workshops and President McKenney suggested that staff concentrate on the accuracy and clarity of the information on the website and address individual questions and not do general workshops until the Board votes to go ahead with the WBBRS. The Board concurred with President McKenney. Dr. Gumerman commented that prior to the April Board meeting staff would bring back a draft policy on variances for the Board's approval, and based on that policy staff would create the appropriate form. Director Froelich asked about a general outline with thoughts on the use of the penalty revenue and Dr. Gumerman commented that staff could bring back a draft policy on how the penalty revenue could be used. Director Probolsky commented that as long as the penalty revenue is segregated into a separate fund he doesn't see why it is necessary for the Board to adopt a policy when it doesn't know what the needs will be or exactly how much revenue will be generated. A discussion ensued as to what the penalty revenue fund should be called.

Director Fiore asked if the WBBRS would be on the agenda for discussion at the Engineering and Finance Board meetings in April and President McKenney commented that it would be on the agenda for discussion at the April Board meeting when the Board votes on it.

March 9, 2011

Director Probolsky asked if it would be appropriate to agendize the matter for discussion at the Engineering and Finance Board meetings in case members of the public want to discuss it and Ms. Giannone reported that the Board could do that.

Chairman Colton reported that the business of the Community Relations Board was concluded and turned the meeting over to President McKenney, Chairman of the Personnel & Salary Board.

PERSONNEL & SALARY BOARD MATTERS

Chairman McKenney convened the Personnel & Salary Board meeting.

Approve Minutes of February 14, 2011 Legal & Legislation Board/Joint Quarterly Personnel & Salary Board Meeting

Chairman McKenney reported that he would entertain a motion to approve the minutes of the February 14, 2011 Legal & Legislation Board/Joint Quarterly Personnel & Salary Board meeting.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FROELICH AND SECONDED BY DIRECTOR COLTON, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY APPROVED THE MINUTES OF THE FEBRUARY 14, 2011 LEGAL & LEGISLATION BOARD/JOINT QUARTERLY PERSONNEL & SALARY BOARD MEETING AS PRESENTED.

Public Comments

Chairman McKenney asked if there were any public comments with regard to Personnel & Salary matters. Hearing none, he closed the Public Comments portion of the meeting.

Closed Session in Accordance with Government Code Section 54957.6

Chairman McKenney reported that in accordance with Government Code Section 54957.6 a Closed Session would be held to confer with labor negotiators regarding the MNWD Employees' Association (MNWDEA) and all unrepresented (Exempt) employees.

The Board paused briefly and adjourned to Closed Session at 12:05 p.m.

The Closed Session was adjourned at 12:45 p.m. and the open session of the Personnel & Salary Board was reconvened.

March 9, 2011

Chairman McKenney reported that there was no reportable action from the Closed Session.

Chairman McKenney asked if any of the Board members had any announcements and Director Froelich distributed a CalPERS and retiree document issued by Helix Water District. Chairman McKenney distributed his proposed list of informal liaisons and commented that the Board could discuss it later.

ADJOURNMENT

THEREAFTER, THE JOINT COMMUNITY RELATIONS/PERSONNEL & SALARY BOARD MEETING WAS ADJOURNED AT 12:50 P.M.

Respectfully submitted,

Frani Bailey
Recording Secretary

March 9, 2011