

**Report of the Community Advisory Committee to the
Board of Directors of
The Lakeway Municipal Utility District
March 9, 2010**

The five members of the Community Advisory Committee (CAC) have met on a regular basis since the inception of the committee in January, 2010. The committee members include Keith Williams and Cole Rowland, co-chairs, Chad Pierce (out-of-district customer), Nathan Miller (in-district customer) and Tom Brewer (City of Lakeway appointee).

In between meetings, committee members have interviewed LMUD board members, city officials and community members both from within and without the district. The interviews sought input on opinions of individuals regarding actual or perceived issues at LMUD. CAC members then tabulated and prioritized the issues observed or heard about, and divided the list into “issues” and “perceptions.” Issues are situations about which CAC members have direct knowledge. Perceptions are situations about which individual community members have expressed concerns, but about which CAC members lack direct knowledge or lack consensus. Perceptions, taken together, are considered by CAC to be as important as issues, since they directly affect the reputation of LMUD, and therefore deserve the attention of LMUD officials.

This report will consist of two parts – (1) Issues and CAC’s recommended action by the Board in response to those issues, and (2) perceptions. Both issues and perceptions are concerned with LMUD governance. In no case did the CAC members hear of complaints about water quality or availability, disposal or treatment of wastewater, or service.

Issues:

1. **Transparency.** CAC recommends that Board members and senior staff read the article by Susan Combs, Texas Comptroller, titled “Texas Transparency Checkup”, grade LMUD according as to its level of transparency according to the scale shown in the article, and take appropriate action if needed. A financial report at the start of board meetings, with Q & A, would be helpful.
2. **Public Relations.** CAC believes that the public relations contract is no longer needed and that the contract should be terminated as soon as legally possible.
3. **Board Meetings.** CAC members have perceived that some LMUD board meetings in the past have lacked civility and decorum, detracting from the efficiency of the directors and adversely affecting the image of the LMUD and its board in the community. CAC recommends that the section concerning meetings in the policy manual (Article VI. Parliamentary Procedure, para. 1) Be changed by removing the modifying phrase “..., as appropriate,...” that follows “...Presiding Officer will rely on Robert’s Rules of Order...”.
4. **Policy Manual.** CAC members recommend that the policy manual be thoroughly reviewed as to content and format by trained professionals, or ex-professionals. Specific changes in the manual recommended by CAC include:

- a. Add to the matrix of authority and responsibility a section on approval of rates and rate changes,
 - b. Correct the apparent conflict between Authority Matrix (check signatories) and the policy regarding transfer and disbursement of District funds, para 1.b., dated 10 21 2009.
 - c. Remove the qualifying phrase, "...when appropriate..." from the first paragraph in Article VI, page 4.
 - d. Add policy prohibiting the purchase of District assets by District employees or volunteers.
 - e. Add policy prohibiting the use of District facilities or equipment for personal projects by District employees or volunteers.
 - f. Add a policy regarding disciplinary action against the general manager to the Authority Matrix, and how the limits of that authority would be assigned to the board president and to the Board as a whole.
 - g. Clarify the policy regarding who speaks for the LMUD Board (Board of Directors Duties, p. 2). Individual directors should be able to speak publicly on subjects about which they differ from the majority, so long as they make it clear that they are not speaking for the Board but for themselves only.
 - h. Add policy that the General Manager's contract should be at-will, have a term no longer than one year, or be based on the industry norm.
5. **Committees.** CAC recommends that the LMUD committee structure be changed as follows.
- a. Board and general manager should review the duties and responsibilities of each committee,
 - b. Transfer responsibility for community relations from APC to a new committee or the CAC,
 - c. Reinstitute the Land Committee,
 - d. Reorganize individual committees so that all voting members and officers are volunteers, one board member attends committee meetings as board liaison, and the general manager attends to provide detailed information to the committee as needed. The general manager and board members would not vote or be members of a committee.
 - e. Committees meetings would be open to those non-members approved by the committee chair to be in the audience, and
 - f. Minutes would be kept for each committee meeting and filed with the board.
 - g. The board should appoint and dismiss committee members.

Perceptions:

1. Purchase of LMUD property by employees, legal or not, is perceived by many as a wrongful act.
2. Use of LMUD property or equipment for personal projects is perceived by many as a wrongful act.

3. Some wonder if the LMUD water rates are set so as to subsidize in-district customers at the expense of out-of-district customers.
4. Some perceive that some directors come to board meetings poorly prepared.
5. Some perceive a lack of civility and decorum at board meetings.
6. Some perceive that new directors are not provided with LMUD documents such as the policy manual.
7. Some perceive that some directors are unfairly refused financial information about the LMUD and access to LMUD employees, contractors and committee meetings.
8. Some believe that the general manager's employment contract should be confined to at-will, a maximum term of one year, or the "industry norm."
9. Some believe that LMUD should actively seek legislation that would provide for representation on the board by both in and out-of-district customers.
10. It is perceived that a lack of contested elections in past years has contributed to a lack of open discussion of LMUD issues and has fostered misconceptions about LMUD among community members.
11. Recent staff salary increases are perceived by some to be excessive in view of the current economic situation.
12. The board policy of a single Board spokesperson is perceived by some as a violation of the individual board members' freedom of speech.
13. Some perceive that committee volunteers have been dismissed if they disagreed with Board member committee chairs.
14. Some perceive that the recent censure of a board member subjected the LMUD to the risk of expensive legal action and damages LMUD's reputation.
15. Some perceive the lack of information about LMUD legal expenses as suspicious.
16. It is perceived that the policy of employees taking District vehicles home after work may be abused.
17. The policy of individual board members needing a second board member to sign off on requested agenda additions is perceived as too restrictive.

Respectfully submitted, Community Advisory Committee, March 9, 2010