

EUGENE WATER & ELECTRIC BOARD
BOARD PLANNING RETREAT
12TH FLOOR--HILTON HOTEL
MARCH 24, 2006
8 A.M. – 4 P.M.

Commissioners present: Sandra Bishop, Mel Menegat, John Simpson, and Ron Farmer. Commissioner Patrick Lanning was excused.

Others present: Randy Berggren, Jim Origliosso, Jim Wiley, Tom Buckhouse, Brenda Sirois, Debra Smith, Roseanna McArthur, Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

President Bishop convened the Board Planning Retreat for the Eugene Water & Electric Board (EWEB). She and General Manager Randy Berggren introduced the topics of the planning retreat and reviewed the agenda.

POLICY DISCUSSION

- **GP1 – Governing Style**
- **GP5 – Role of Board President**

Assistant to the General Manager Debra Smith stated that a tremendous amount of Board Governance work had transpired and not many policies were left to review and revise.

Commissioner Farmer asked if the governance book written by John Carver had been used as a template for **GP1** as reworked by Commissioner Lanning in its most recent iteration. Ms. Smith affirmed this.

President Bishop opined that the language was vague. She felt it was written subjectively. She questioned the suggestion that the Board would ‘inspire’ the organization. She commented that she did not know what that meant.

Commissioner Simpson thought the policy could have ended at the conclusion of the first paragraph. He noted that subsection (4) suggested that the Board would monitor and discuss its own process and performance on a quarterly basis. He disagreed with the frequency of this and suggested an annual review of process would be adequate.

Vice President Menegat commented that he was comfortable with the level of vagueness in the policy as he felt it was meant to set a tone. He said it indicated a basic governing style without delving into the details.

Ms. Smith read aloud from the governance policies of the Sacramento Municipal Utility District (SMUD). She noted that SMUD used more of a committee style of governance.

Electric Division Director Jim Wiley asked how many Commissioners served on the SMUD Board. Ms. Smith responded that it had five members. (*In checking with the website, it indicated it actually had seven board members*)

Commissioner Simpson agreed with Vice President Menegat. He thought the subjective tone of **GPI** was not unusual. He observed that the Board did not always initiate policy as staff sometimes initiated it.

Corporate Services Director Roseanna McArthur asked President Bishop if she would be more comfortable with a truncated version of the first paragraph of the policy. Ms. Smith noted that SMUD had shortened that portion of its policy and had used forward-looking statements rather than comparatives.

Commissioner Farmer said no matter how loose or tight the policy was, subjective judgment would be used in the interpretation of it. He averred that what was important was what in the policy would be measured. He suggested an addendum to delineate what would be measured and how.

General Manager Randy Berggren observed that there was merit in placing positive pro-active statements in the policy, but he was not as worried about whether it was written down as he was concerned about the Board having a clear understanding of the role of the manager in the organization. He related that he had worked in this capacity for 28 years. He had worked with past Commissioners who did not understand the difference between policy and action.

Commissioner Simpson remarked that it seemed there was sometimes a thin line between the manager and the governing body. He felt there was a necessity for the management and Board to have a small sense of overlap and to have sufficient pathways of communication to ensure that the Board could perform effectively.

Treasurer Jim Origliosso said the Board's ability to function well had a tremendous influence on how well the utility would function.

Commissioner Farmer commented that the policy was words on paper and Commissioners could ultimately do what they wanted. He reiterated that some form of performance measure would be necessary to monitor the situation.

President Bishop said it seemed that the policy needed a "little clean-up" in the language. She did not think it needed the sentence that suggested that the Board would be the initiator of policy, as she did not think it applied. She thought a better way to state it would be to mention that the Board worked in partnership with the General Manager in that capacity.

Water & Steam Division Director Tom Buckhouse questioned the level of governance policy that **GPI** represented. He read it as a policy that indicated how the Commissioners would govern itself.

Ms. Smith affirmed that this was generally so, but pointed out that there were places where Board policy went “deep into the organization” though it was still Board policy. She suggested a change in wording:

- “The Board will be ~~the~~ *an* initiator of policy...”

Mr. Berggren observed that the Commissioners had served as a catalyst for policy in the past.

Commissioner Simpson disagreed with the first sentence of subsection (1) as he did not believe the Board actually “cultivated a sense of group responsibility.”

Mr. Berggren said this Board was willing to work jointly to make an effort to have a sense of group accountability. He pointed out that the retreat was an example of the Board’s ability to work together.

President Bishop disagreed with the last sentence of subsection (2) as she did not think of her work in terms of the long-term effects. She focused primarily on the viability of providing essential services.

Ms. Smith responded that the language had been lifted straight from the author John Carver’s language regarding the means versus the ends.

Ms. Smith suggested a change to the first sentence in subsection (2):

- “The Board will direct, ~~control~~ *evaluate*, and inspire the organization...”

Ms. Smith also suggested a change to subsection (3):

- “The Board will establish and adhere to the standards [*This is unintelligible on the tape and according to my notes I couldn’t hear it very well at the Hilton either—could you please ask Debra for the wording?*]

President Bishop asked that the language regarding review be changed to reflect the Board’s desire to do so annually and not quarterly.

Regarding *GP5*, Ms. Smith stated that it was contained in the Bylaws and she was uncertain whether it was necessary to the policies.

Mr. Berggren remarked that subsection (2) seemed to run counter to the Bylaws.

Commissioner Farmer indicated he was comfortable with the Bylaws and did not think a whole lot of this material needed to be covered in the governance policies.

President Bishop opined that the first sentence of subsection (1) seemed vague.

Vice President Menegat observed that **GP5** spoke of the president's behavior in a meeting.

Ms. Smith commented that a delineation of the president's relationship with the General Manager could be good.

Commissioner Farmer did not think the Board needed to wordsmith the policy. He was amenable to having Ms. Smith fine tune it.

President Bishop wanted to have something for a new board member to refer to that would explain the role of the Board president.

Commissioner Farmer agreed, adding that it needed to be clear that the General Manager and the President were scheduling what went on the agenda.

Ms. Smith said she would rewrite the policy using the Bylaws as a basis and, additionally, she would also review similar SMUD policies.

POLICY DISCUSSION

- **GP12 – Board Committee Principles & Outside Appointments**
- **GP13 – Board Role in Legislative Sessions**

Commissioner Farmer asked that the following sentence be clarified: *“No permanent committee comprised of less than the full Board membership shall be appointed to perform any Board functions or deliberations.”* Ms. Smith explained that it meant that a committee could make recommendations but could not make decisions.

Ms. McArthur thought a committee made up of the full Board could likely make decisions. Commissioner Simpson suggested that should the Board decide to keep the language it should be changed, as follows:

- *“...comprised of less than the full Board membership shall be appointed to perform any ~~Board functions or~~ deliberations.”*

Commissioner Farmer thought it would be worthwhile to have committees with people other than commissioners, as it would be prudent to tap into the expertise of other people.

Mr. Wiley noted that Vice President Menegat and Commissioner Simpson had served on the temporary committee for the 30 percent design process. Ms. McArthur clarified that they were a subcommittee of the Board that served as a liaison.

President Bishop did not want to create too many layers for EWEB.

Commissioner Farmer reiterated that circumstances sometimes arose wherein the Board lacked expertise in certain areas and input from other members of the community could be invaluable. He supported the policy that dictated that Board Resolution should define committees. He felt this allowed for specificity in the purpose for forming a subcommittee. He underscored the importance of making it clear that any subcommittee was subject to public meeting laws.

Commissioner Simpson suggested including definitions, such as what a 'standing committee' was.

Ms. Smith read from her notes, which indicated that a committee should be formed by resolution, could include people who were not Board members, and that liaisons were not a committee. She noted that the Integrated Energy Resource Portfolio (IERP) work group had not been a Board group.

President Bishop wished to keep the policy clean so that it only spoke of the Board. She thought the formation of advisory groups should be addressed elsewhere.

Commissioner Farmer disagreed. He thought it would be possible to have a committee comprised of several Commissioners and two people from outside of the organization.

Ms. Smith suggested that the distinction in the formation of a group by resolution was perhaps whether the process was Board-driven or staff-driven. As an example, she pointed out that the IERP group had been staff-driven.

Mr. Berggren commented that EWEB had been pretty informal with this process, but he felt there was value in being more formal.

Vice President Menegat observed that a subcommittee that had two Commissioners and three members of the Human Resources staff could have a three to two vote to make a recommendation to the Board, according to Robert's Rules.

Mr. Buckhouse did not think a Commissioner should run a piece of staff work when acting as a liaison.

Commissioner Farmer said though the Board had decision-making authority, it needed expert input. However, he did not believe advisory staff should attempt to overrule Commissioners.

Mr. Buckhouse suggested an option wherein staff presented a majority view and a minority view. He noted there often was a minority view.

President Bishop wanted to keep committees, liaisons, and advisory groups separate. She suggested that the aforementioned sentence be stricken.

Commissioner Simpson echoed President Bishop. He added that he thought a subcommittee should be able to vote in order to have a sense about what it would be bringing back before the Board.

President Bishop expressed a preference for stipulating that at least two Commissioners serve on subcommittees. She did not want a subcommittee to have only one Commissioner on it.

Ms. Smith commented that having two liaisons did not make a committee.

Mr. Berggren pointed out that there were often times when Commissioners would make a decision at the Lane Council of Governments (LCOG) or the McKenzie Watershed Council (MWC) without Board input. He noted that the policy was written to indicate that such a representative of the Board should present the Board majority view in his or her vote and should the Board disagree with the vote it had a right to send written notice of the change to the organization in question.

Commissioner Farmer stated that when someone was appointed to represent the Board in an outside organization that person had a responsibility to report his or her vote back to the Board so that the Board was aware of what they were doing.

President Bishop suggested that the Board undertake a higher-level discussion regarding Board liaisons and committees and what they mean.

Commissioner Menegat asked if language should be included in the policy regarding the formation and cessation of committees. Mr. Berggren responded that a resolution could be very specific.

The Board reviewed *GPI3*.

Mr. Berggren stated that former EWEB lobbyist Libby Henry had been a strong advocate in high-level policy. He said she had an extraordinary amount of talent and knew how to network well. He had relied on her judgment. He related that an extraordinary amount of time had gone into providing her with the groundwork to support or oppose legislation and that she had proved to be very adept in gaining compromise. He commented that this was a challenging area in looking forward.

Commissioner Farmer opined that this fell under the auspices of management more than it fell to the Board. He averred that the Board should be setting policy and should not be relying on someone's competence. He said policy should stand on its own and a lobbyist should follow the policy.

Mr. Berggren concurred. He expressed concern regarding how specific the Board would be able to get if he had to come back asking for Board direction regarding legislative issues. He noted that one direction would be to fight a piece of legislation to the “bitter end” and this type of action could cost a later alliance. He wondered how they could find a seamless way to honor policy at that level.

Commissioner Farmer felt disconnected from the process. He pointed out that Ms. Henry had shown up on the agenda twice a year to give a report and there had not been an opportunity to discuss her reports. He did not believe the Board was providing policy direction. While he did not want to tell the lobbyist how to do his/her job, he did want to provide overarching policies that would guide them. He did not believe that the Board was setting goals relative to the legislative process.

Corporate Services Director Roseanna McArthur thought Ms. Henry would dispute this point. She said Ms. Henry came before the Board before every legislative session and asked the Board for guidance as to how to proceed.

Commissioner Farmer stressed that he was not criticizing Ms. Henry’s work, he only wanted to call out that it seemed she conducted her work without much direction from the Board.

Electric Division Director Jim Wiley commented that Ms. Henry had much discussion with staff regarding which issues would affect EWEB.

Vice President Menegat acknowledged Ms. Henry’s expertise. He had been comfortable with the level of oversight the Board had taken with her. However, someone new was being brought into the equation and the Board needed a policy and to take a new more active role. He suggested the Board engage in a half-day work session when the new lobbyist was hired.

Commissioner Simpson trusted Ms. Henry. He did not like the idea of hiring a subcontractor to replace her and preferred hiring a staff person.

President Bishop commented that she had pulled all of the bills that potentially affected EWEB during the last legislative session and there had been 200 to 300 of them. She said Ms. Henry had a system for dealing with all of the bills and had known which ones to refer back to staff. She sought to use a resolution to give the new lobbyist parameters. She stressed the importance of getting someone into that position as soon as possible. She added that she agreed that the lobbyist should report to the Board more frequently.

Commissioner Farmer felt the person in that position should be comfortable working with Executive Staff as well as the Board.

President Bishop remarked that given that EWEB was a public utility, it was important that the lobbyist’s role be defined. Mr. Berggren responded that if the Board directed him to do so, he

would make time for this to be a Board priority.

Ms. Smith pointed out that some of this represented new work as Ms. Henry had served in that role for a long time.

Ms. McArthur felt this was a principle part of Board Governance.

President Bishop observed that Commissioners had not gone to Salem to testify often enough. She underscored that as elected officials, Commissioners had influence.

Ms. Smith said she would write up the drafts of these policies for further Board input. She noted that time had been set aside on the April 18 agenda, though she hoped that much of that would be spent on *ELI* which was in regard to financial controls. She added that Mr. Varner had an important issue to bring to the Board having to do with the five percent conservation piece as it had not been codified anywhere.

Mr. Berggren stated that there was a rising strategic concern whether the utility could continue to invest this much money in conservation.

Commissioner Farmer responded that he would like to have “conservation 101.” He wished to learn more about it.

Mr. Berggren recommended that the Board try to close on *ELI*. He wanted to have time to further discuss assessment of the strategic conservation issues with Mr. Helgeson prior to codification.

Commissioner Simpson asked if EWEB had a policy on “renewables” other than the IERP. Ms. Smith replied that there were over-arching guidelines, but no firm policies.

REPORT: GENERAL MANAGER COMPENSATION SUBCOMMITTEE

Vice President Menegat reported that several items had been brought up in the course of discussing the General Manager’s performance review. He said the subcommittee had realized that conducting the annual audit prior to the performance review could provide critical information. He noted that there were certain evaluation criteria that had to do with the General Manager’s relationship with the Executive Management Team (EMT) or other staff. He explained that as a Board member he had no way of reasonably evaluating this. He also expressed concern regarding the level of transparency in the process.

Ms. McArthur asked how much the subcommittee knew about the internal management review. She said stakeholder interviews were part of the process.

Continuing, Vice President Menegat observed that different Commissioners had different ideas regarding how performance factors were defined. He related that the subcommittee had thought of including a glossary for them.

Commissioner Farmer supported conducting the audit first. He was more focused on the end results of the work of the General Manager than the process by which he “got there.” He also thought having a blind evaluation from staff tended to lead to more honest answers. He felt this would address Vice President Menegat’s second concern. Regarding performance factors, he thought it would benefit the process more if the Board could come to agreement and rate in the same way. He added his recommendation to change the rating scale from one through five to one through ten and to use whole numbers only.

Mr. Berggren indicated he was open to feedback but he was not a fan of anonymity. He felt it took away accountability.

Commissioner Simpson asked if there was a way to do a questionnaire-type survey with three or four questions rated on a one to ten scale utilizing an information technology-based system that provided an average result.

Mr. Berggren commented that someone five layers down in the utility would not know how to gauge the general management of the utility.

Commissioner Farmer reiterated his support for the development of performance measurements.

In response to a question from Commissioner Simpson, Mr. Berggren averred that Commissioners would have a sense of whether the utility was “okay” and would not need to solicit feedback directly from employees. Ms. Smith interjected that an employee may not be completely frank when speaking with a Commissioner, given the Commissioner’s status within the organization.

President Bishop agreed with the subcommittee’s recommendation to evaluate the General Manager after the annual audit was completed. She supported retaining the evaluation criteria. Regarding a potential questionnaire, she felt anonymity might provide a greater degree of honesty. In response to the suggestion that a glossary be created, she suggested that it be written in “plain English.”

Commissioner Farmer advocated for taking out the interaction with staff. He suggested that if that portion of the evaluation was retained, a lower level of importance be placed upon it. He also suggested that the subcommittee review the mix of what was being measured. He felt that it seemed that too much focus was placed on how Mr. Berggren was doing things and not what had been achieved. He recommended that the number of questions that were being asked be reduced as well.

Commissioner Simpson concurred.

Regarding feedback, Mr. Berggren suggested that another option that could be more responsive in the long haul would be to ask if the organization in general was making progress. He noted that in the past employee surveys had been conducted. He thought this type of survey could help monitor EWEB's progress regarding the relationship of the employees to the organization.

Ms. McArthur noted that *Strategic Goal #2* was to be an employer of choice.

President Bishop thanked Vice President Menegat and Commissioner Simpson for their work on the subcommittee.

The group broke for lunch.

BOARD SELF-ASSESSMENT

- **Present Summary Results**
- **Review Opportunity Areas**

Ms. Smith placed the working job description of the Board on the wall. She related that Vice President Menegat had attended the American Public Power Association Governance retreat in October 2005, at which five duties of a public utility board were outlined. The duties were:

1. Meeting legal and fiduciary responsibility;
2. Setting strategic direction;
3. Monitoring performance;
4. Assuring that there was an effective chief executive;
5. Assuring that there was effective board governance.

Everyone present reviewed the *Eugene Water & Electric Board Self-Assessment of the Board*.

President Bishop observed that all of the EMT scores for the Board were lower with the exception of the score related to approving and monitoring the organization's work.

Commissioner Farmer wanted to focus on where the largest gaps in scoring were between the scores of the Board and of the EMT as well as the areas both agreed were low.

Ms. Smith noted that the page entitled *Carefully Select and Orient New Board Members* might not be an accurate representation as only two or three commissioners had responded.

Commissioner Farmer thought the assessment was a good exercise. He suggested utilizing similar questions from year to year in order to maintain the data.

Commissioner Simpson pointed out the following areas in which both the EMT and the Board had given low scores:

- *Engage in Strategic Planning 2.2*: the board has a strategic vision of how the organization should be evolving over the next three to five years;
- *Approve and Monitor the Organization's Work 3.2*: the board knows the strengths and weakness of each major program;
- *3.3*: the board periodically considers adopting new programs and modifying or discontinuing current programs;
- *3.4*: the board has an effective process for tracking program performance.

He noted that the questions on the page entitled "*Provide Effective Fiscal Oversight*" were given largely similar scores by both the Board and the EMT, but the questions on the page entitled "*Enhance the Organization's Public Image*" indicated that the Board thought it was doing very well, while the EMT was not entirely in agreement with that.

Commissioner Farmer commented that individual numbers could affect outcomes as one low number could bring down the average.

Commissioner Simpson remarked that he had given the questions regarding new Commissioner orientation low numbers because of his recent experience as a new Commissioner. He said it had been tough to "get up to speed."

In response to a question from Mr. Berggren, Commissioner Simpson suggested that more mentoring from current Commissioners and staff would benefit new Commissioners. He commented that the financial aspects of EWEB had been the most challenging to comprehend.

President Bishop thought 9.3 indicated that the Board would delegate which staff would provide orientation in what areas.

Commissioner Farmer observed that the Board had never discussed what people needed to know. He said what would be of value to him in this discussion would be to hear from the other Commissioners where they thought there was room for improvement. He cited the page entitled "*Determine the Organization's Mission and Purpose*" as an example. He had given no score to several of the questions because he did not think the Board was looking at the mission or legacy every year to see if progress was being made. He recommended the Board give it an annual review. Regarding 3.2 under "*Approve and Monitor the Organization's Work*," he related that he had scored it low because it seemed like the Board focused on strengths and not enough on weaknesses. He felt it made it difficult to work on programs that had room for improvements.

Ms. Smith remarked that there were some trust issues between staff and the Board and it was sometimes difficult to come before the Board with weaknesses. She said staff members really wanted to come before the Board with the best side showing.

Mr. Berggren saw some definition of program review as a future topic of Governance work. He believed the Board should look at all of the utility's programs to affirm they were functioning.

President Bishop pointed to the note on the bottom of the page in question, which had been her comment. She averred that EWEB programs ran themselves "in a way." She said it did not seem like there was a process in place that supported innovation in programs and services.

Commissioner Farmer stated that he had given 4.5 on the page entitled "*Ensure Adequate Financial Resources*" a two as he did not think the Board did a good job of enhancing revenue. He had also given a two to 5.1 and 5.9 on the page entitled "*Provide Effective Fiscal Oversight*." He did not believe the Board focused enough on preparing actions related to the budget and the strategic plan. Regarding the page entitled "*Enhance the Organization's Public Image*," he had given a score of 8.1 and 8.3 because he did not believe the Board was reviewing EWEB's public relations strategy in any depth.

Commissioner Farmer agreed with Commissioner Simpson regarding 9.3 that gauged new Commissioner orientation.

Commissioner Farmer commented that he had given low marks to 10.3 under *Organize Itself So That the Board Operates Efficiently* because he felt the Board was spending too much time with staff presentations and should engage in more discussion. He asserted that the Board should get the backgrounders and be familiar with the material. He noted that agendas were becoming time-constrained more frequently.

Commissioner Simpson agreed, adding that he had felt that way during the IERP presentation.

President Bishop said it would help her if Commissioners who saw an issue coming up and felt the time allotted was insufficient would speak to her about it.

Water and Steam Division Director Tom Buckhouse said staff could work on shortening presentations.

Commissioner Simpson commented that it would be helpful to conduct a Commissioner self-review on an annual basis and "crack it open" in perhaps a three-year cycle.

Commissioner Simpson reviewed some of his scoring choices. He said he looked at 1.2 under "*Determine the Organization's Mission and Purpose*" and gave it no score. He thought the mission statement should include that it was to the benefit of the citizens of Eugene and that it did not address EWEB's potential involvement with data transmission and fiber optics. He related that he had given a one to 3.4 as he was uncertain what an "effective process" was for tracking program performance and he also felt unfamiliar with the programs. He asked for a list of the programs.

Mr. Buckhouse stated that the programs in question were typically provided by non-profit organizations.

Continuing, Commissioner Simpson said he had not given a score to 5.7 because he thought he needed to be more familiar with the risk management policies. Regarding his score for 5.9, having to do with the insurance carried by the organization, he stated that he had no clue about it.

Both Commissioners Simpson and Farmer had opted not to give a score to 6.4 as it referred to conducting a search for a general manager and no such process had been undertaken at EWEB during their tenure.

Commissioner Simpson also had given no score to 7.6, which sought to gauge whether human resource policies were adequate and up to date, as he had not been introduced to the policies.

Ms. Smith remarked that the human resource area was unique, as the Board did not adopt those policies.

President Bishop requested a printed copy of the human resource policies.

Commissioner Simpson reiterated his concern that the orientation was not comprehensive enough. He noted that it had been suggested to him that he write a report on how it could be accomplished in a more thorough manner.

President Bishop averred, referring to 2.2, *which* was in regard to strategic vision, that the Board was too reactive and not proactive enough. She said staff was more proactive. Regarding 5.1, which gauged whether the Commissioners ensured that the budget reflected strategic planning priorities, she opined that without clarity of vision it was difficult to define what should be in the budget. She felt the Board's process was backwards.

Commissioner Farmer shared that concern. He cited, as an example, the recent 5.8 percent increase in electric rates that the Board had voted for. He pointed out that had the Board voted against it, the vote would have thrown the budget year into limbo. Treasurer Jim Origliosso responded that had the Board opposed the rate increase, the programs and services would have continued but the contingencies would not have been replenished.

President Bishop stated that she had given a one to 6.1 regarding a job description for the Chief Executive, as she had not seen it. Commissioner Farmer noted that it was in the General Manager's contract, which was available on EWEB's intranet.

President Bishop had given a two to 8.1 as she felt the utility conducted its public relations in a reactive fashion and responded to too many predictable happenings.

Commissioner Simpson wanted to emphasize that EWEB was a value-added utility. He added that he had given the public relations questions a four.

Vice President Menegat stated that he had given a four to most questions because he was generally satisfied with the Board and staff's efforts. He said he had given some threes but no twos in his assessment.

Resource Planning Analyst Brenda Sirois arrived.

Vice President Menegat commented that he had a lot of learning to do. He observed that staff responses to 7- "*Understand the Relationship Between Board and Staff*" seemed to indicate that some did not have a lot of trust.

Ms. Smith thought that each Commissioner came to staff with a different notion of what staff's role should be.

Commissioner Simpson had been disappointed to see that the EMT had given a 7.5, which scored how Board members refrained from attempting to direct the work of staff, a low score. Mr. Berggren remarked that when Board members gave direction it made it difficult for staff to know exactly what to do.

Vice President Menegat observed that the staff backgrounders were thorough. He appreciated that staff phone numbers were always included.

President Bishop appreciated the progress that had been made in staff/Board relations, but wanted to move toward more partnership.

Commissioner Farmer related that when he had begun his service on the Board it had seemed that staff was waiting for Board input before they took action. He did not feel that staff was trying to control things. He commented that he had a sense that the Board sometimes told staff how to do things when it should be informing them as to what to do. He wanted to come away from this process with areas that needed to be worked on.

Mr. Berggren said staff wanted to know what areas could be improved as well.

BOARD SELF-ASSESSMENT

- **Commissioner Self-Assessment**

Commissioner Farmer said in his general assessment he had bullet points:

- Carmen-Smith Facility;
- Regional water issues;

- Facility relocation;
- General Manager replacement;
- Cost of service: the price of water and electricity continues to creep up.

For his self-evaluation, he had given himself mostly threes and “a few” fours.

President Bishop had prioritized her areas of concern, as follows:

1. Carmen-Smith Facility;
2. Water-related issues: refining water planning and procuring water rights
3. Relocation of facilities: agree on the scope and begin master planning for the current property;
4. General Manager replacement;
5. Development of resources.

She felt hiring another lobbyist was of primary importance. She also wished to advocate for the assignment of a half-time staff person to report directly to the Board. She suggested that this position could be created along with a clear policy for Board use of staff time.

President Bishop observed that the current Board worked well together. She thought there could be less emphasis on governance. In her self-evaluation she had given herself mostly threes and fours.

Vice President Menegat listed his priorities, as follows:

- Capital plan;
- Long-term financial strategies;
- The move EWEB operations was making to the Roosevelt Boulevard site;
- The Master Plan;
- Carmen-Smith Facility.

He also had given himself mostly threes and fours. He agreed with Commissioner Farmer regarding the areas of concern.

Commissioner Simpson agreed with the general assessment of his colleagues. He said he had given himself twos and threes. He believed his understanding of the finances had improved, though he still had work to do. He commented that he was working on his long-term focus.

Ms. Smith suggested that the Board and staff get together and evaluate the mission and legacy.

Commissioner Farmer wanted to measure performance and not to evaluate the mission. He thought it would be worthwhile as the Board continued its governance work to identify where the Board should improve, such as in its comprehension of financial statements. He thought it would benefit the Board to attend training together. He noted his recent participation in the APPA conference at which he had attended seminars including one on hiring a new general manager.

Commissioner Farmer recommended that EWEB “put a face” on its public relations message.

Ms. Smith observed that the Board had been less focused on wordsmithing and more focused on content in its recent governance work.

STRATEGIC PLANNING

- **Overview**
- **GP3 – Board Strategic Plan Development**

Ms. Smith gave a “high level review” of the memorandum entitled *2006-2007 Strategic Planning Update* dated *March 22, 2006*. She related that she and Ms. Sirois had interviewed staff members at different levels and had found that staff largely did not feel connected to the planning process and wished to feel more connected.

Ms. Sirois said everyone wanted a greater sense of clarity in roles, responsibilities, and accountability at all levels.

Ms. Smith stated that though most of the work done involve the mission and legacy statements, relatively few employees felt connected to the work. She said that each division would engage in its own planning process using the legacy as a value basis for the work.

Mr. Berggren said this went back to the original model for the planning cycle. He averred that the process had never been taken to the point where it was put into action. He felt this was an opportunity to work collectively to take it to the next level.

Ms. Smith said the priorities that were being focused on in this year were translated into General Manager goals. She underscored that the Board was setting near-term priorities when setting such goals. She reviewed the *Proposed 2006 Strategic Planning Process: Roles & Responsibilities*. She noted that the timeline had been put into a pyramid model on the previous page, entitled *Pulling it All Together*.

Commissioner Simpson asked for an example of an electric division system goal. Mr. Wiley replied that one goal was to roll work management systems to the whole division. Commissioner Simpson asked if this was an initiative that came from the electric division. Mr. Wiley explained that the initiative involved work management and this was being defined. He said they would do the pilot work and resolve issues that arose from that work. Then they would roll it out to the division.

Mr. Origliosso said the finance division was working on a customer service strategic plan, intended to be a five-year action plan. He noted that the strategic plan at this point was to keep doing the work the way it was being done and to assess it.

Ms. Smith wrote out a sample of the planning process:

- Ideal: Customer before self;
- Goal: Align operations with customer expectations;
- Initiative: Develop and implement Automated Meter Reading (AMR);
- Task: AMR business plan.

President Bishop asked what the Board's role was in the strategic plan. Mr. Berggren replied that the Board and the EMT had to figure out the resources.

President Bishop commented that when she heard AMR it made her think of unemployment.

Commissioner Simpson said it made him think of lower rates.

Mr. Berggren remarked that they could both be wrong.

President Bishop remained unconvinced that this process would bring EWEB to real strategic planning with results. She felt it needed to be done more quickly and there should be less planning and more action.

Commissioner Simpson asked why EWEB had a legacy statement. Ms. Smith explained that John O'Connor had been the facilitator at the time and the statement had sought to refine the vision for EWEB.

Commissioner Simpson wondered why it was not more forward looking. Commissioner Farmer replied that the legacy statement was the vision of what Commissioners would want to have accomplished while serving in that capacity.

Commissioner Farmer observed that the Board set goals for EWEB but he did not feel that the goals were tied to "the big picture."

Vice President Menegat disagreed, stating that some of the goals in the legacy were tied to the larger functions of EWEB such as providing reliable high quality utility products and working on the Carmen-Smith relicensing project.

Commissioner Farmer agreed that these were things that the Board wished to leave as a legacy but questioned whether the Board had provided adequate guidance by which these goals could be achieved.

Vice President Menegat said the Carmen-Smith relicensing was a cost factor. He explained that it was a way to provide reasonably priced power for 40 to 50 years into the future and because of this the Board had gone through a decision-making process and had approved the relicensing process. He reiterated that this addressed one of the legacies.

President Bishop thought this pointed to a need to make a comprehensive strategic plan, though EWEB did conduct planning in specific areas. She commented that the Board sometimes waited and then “backed into” a strategic plan.

Ms. Smith asserted that the planning had been done. Mr. Berggren added that he had participated in numerous strategic planning exercises. He felt the planning process was never completed as EWEB demanded complexity from it. He disagreed that the Board and staff were “backed into” strategic planning.

Mr. Berggren said once the Board had a conversation about the legacy, staff could measure 60 to 70 percent of all of the aptitudes spoken to in it. He pointed out that the utility had targets in most of the areas of concern, but whether the targets met the Board’s sense of the legacy was up to the Board. He suggested that the Board had the discretion to change such targets to meet this legacy. Once adjusted, staff could tell the Board what it would cost and how it would affect rates.

Commissioner Farmer repeated his concern that the Board was “falling down” in its duty to the utility. He asserted that staff should not have to write a strategic plan. He said the Board needed to tell staff where it wanted the utility to be in five years.

Mr. Berggren responded that the Board was not that far away from the work. He pointed out that it was carrying the governance talk forward and conducting a legacy review and this would translate ultimately into initiatives. He noted that the goals for the General Manager were a part of this process and the Operational Performance Measures (OPMs) served as metrics by which to gauge progress. He said, as an example, the Board could decide to take an OPM and move it up a notch if the Board wished to improve an area of service. He stated that staff was trying to create connectivity from the employees at the top to the employees at the bottom. Staff wanted to be transparent in its efforts to reposition its strategic action.

Ms. Smith extrapolated the following from the discussion and wrote it on a tablet on the wall:

- Set strategic direction;
- Require the development of and approval of a long-term strategic plan for the organization;
- Periodically review and update the plan.

Mr. Buckhouse commented that staff had to conduct this type of planning anyway.

Mr. Berggren recommended the Board come back and take on the legacy statement in order to bring it to the level of having expected results.

Commissioner Farmer remarked that the challenge lay in the creative tension caused by trying to keep the costs down while providing better service.

Ms. Smith said staff would queue up a process by which the Board could evaluate the legacy statement in order to identify the areas that need work. After that process, the strategic planning work would begin.

Mr. Berggren added that they were trying to define a sequential process. He said the Board's role was to take on the assessment of the legacy work and this would start with a determination of what the value was and where the tension lay. Staff's job would then be to determine how to resolve the tension.

In response to a question from Commissioner Simpson, Mr. Berggren said the process would be initiated "soon."

Commissioner Farmer thought a review of the legacy statement should be conducted every year. He observed that one thing that seemed to be missing at EWEB was a collaboration of its successes.

President Bishop adjourned the Board Retreat at 4:30 p.m.

Assistant Secretary

President