

EUGENE WATER & ELECTRIC BOARD
WORK SESSION
EWEB BOARD ROOM
APRIL 4, 2006
6:30 P.M.

Commissioners present: Sandra Bishop, President; Mel Menegat, Vice President; Ron Farmer, John Simpson, Patrick Lanning, Commissioners.

Others present: Jim Wiley, Jean Meyers, Debra Smith, Ed Case, Ken Beeson, Cathy Bloom and Krista Hince of the EWEB staff; Lynn Taylor, City of Eugene Minutes Recorder.

President Bishop convened the Work Session of the Eugene Water & Electric Board (EWEB).

FUTURE GENERAL MANAGER SUCCESSION PLANNING AND REPLACEMENT PROCESS

President Bishop stated that the General Manager was not leaving any time soon but the Board wished to prepare for the future.

Human Resource Manager Jean Meyers said her purpose was to provide a conceptual framework for a replacement process in advance of General Manager Randy Berggren's eventual departure. She noted that the presentation assumed that when that time came there would be both internal and external candidates competitive to apply. She said there were four core stages of an executive search and confirmation process:

- Planning
- Recruitment
- Selection
- Transition

Ms. Meyers said that most organizations did well at the first three stages but transition and integration was fundamental to the success of a new general manager. She offered to provide Board members a copy of an article, *Integrating New Executive Talent*, which discussed the issue. She suggested that the Board focus on developing that stage. She provided an overview of each stage in the process. She indicated that the planning stage included confirmation of a Board search committee, working with resources to define process and roles, identification of resource support, establish calendar, review and revise the general manager job description, define selection criteria, confer with other Boards about their processes, determine budget and research executive search firms. Regarding the budget, she said that typically a search firm would cost about \$50,000, with travel expenses for candidates adding \$5,000 to \$7,000 to that cost. She said that a search firm had the expertise to recruit at the national level and develop a candidate pool beyond the resources available to Human Resources (HR). She said that use of a search firm also eliminated the perception of bias toward any particular candidate. She used a table to illustrate the role of various resources such as a search firm, HR, the Board and the Executive Management Team (EMT).

Commissioner Farmer suggested that community leaders could be added as a resource. He said that the community resource could assist with the transition process.

Ms. Meyers stated that the recruitment process would include determining and drafting a scope of work for the search firm, HR, the Board, the EMT and any other resource with responsibility to implement a task in the process. She said that the Board could begin to research search firms by querying them about qualifications and experience with successfully acquiring general managers for the electric and water utility business. She said that other government entities and utilities could also be asked for search firm recommendations. She said the general manager replacement process could take six to eight months or longer, depending on how extensive each stage in the process was.

Commissioner Farmer asked how much of the process could or should be accomplished before a date certain was known. Ms. Meyers said that all tasks in the planning stage could be accomplished whenever the Board wished and she had begun some research on search firms by contacting entities that had recently gone through a recruitment and selection process.

Ms. Meyer said interviews during the selection stage could involve as many groups or individuals as the Board wished, including the EMT, other leaders in the organizations, or an employee group. She said the process could include, in addition to formal interviews, "meet and greet" sessions to evaluate candidates' ability to respond to community questions. She said it was up to the Board to decide how to respond to not only the utility's interests but those of the employees and the community.

Commissioner Farmer urged a review of the process used by the City of Springfield to hire a city manager.

Continuing, Ms. Meyers stated that the transition and integration phase was a deliberate part of the process and the Board should consider issues such as establishing key priorities and performance targets during the first six months or regarding it as an opportunity to understand the culture of the organization and a learning period. She said it was critical to be clear about expectations.

Commissioner Farmer related that the American Public Power Association (APPA) had conducted classes on the subject of hiring general managers and recommended HR review the class materials as well as talk to instructors.

President Bishop expressed interest in an EWEB recruitment packet similar to that used by Chelan County Public Utility District for its general manager selection process. She said the first step should be development of a general manager job description as the one in the contract was not adequate. She asked if the Board wanted an internal or external search coordinator. President Bishop said she preferred an external search firm.

Commissioner Lanning asked what approach other utilities had taken. Ms. Meyers replied that most used search firms to supplement their HR resources.

Commissioner Farmer said he was inclined to use a search firm but wanted more information before deciding.

President Bishop said another issue was the budget resources needed for a search firm and agreed that more information was needed.

Commissioner Simpson said his inclination was also to favor a search firm but concurred with the need for more information before making that decision. He also liked the Chelan County's recruitment packet and felt that EWEB should develop something similar. He noted that the contract was designed to be generic in nature and could be an example of what a new general manager contract could look like.

Commissioner Farmer pointed out that development of a recruitment packet should be a function of a search firm and HR should not be responsible for what was essentially a marketing tool.

Commissioner Menegat felt there was not enough information to decide but was interested in learning how other agencies in EWEB's peer group had utilized search processes. He said the EWEB website already contained much of the information included in the Chelan packet.

Ms. Meyers said the core piece was getting strategic around EWEB's core priorities and the issues it faced.

President Bishop remarked that the issue of an interim manager was critical as it was unlikely that a new general manager would be hired and ready to start before the current general manager left. She thought it would be wise to anticipate how that decision on an interim manager would be made. Ms. Meyers agreed that an interim manager would be necessary and the Board should define its expectations of that person. She suggested that Mr. Berggren could be a useful resource in terms of identifying who might be able to effectively step into that role.

Commissioner Farmer observed that appointment of an interim manager created certain perceptions with respect to internal candidates and that was why it was important to clarify the Board's intent and expectations.

President Bishop said one option was to appoint an interim manager who was not intending to apply for the general manager position.

Commissioner Lanning asked when Ms. Meyers anticipated returning to the Board with additional information.

Work Session
April 4, 2006
Page 4

President Bishop suggested that quarterly updates could be provided.

Ms. Meyers said in the near term she could review the current position description, research the APPA class materials and discuss the pros and cons of using a search firm.

Commissioner Lanning suggested that a Board work group could be established following another discussion on the general manager success process.

President Bishop agreed that a work group could be formed following another discussion and said her expectation was that there would be a process substantially in place by the end of the year.

President Bishop adjourned the meeting at 7:30 p.m.

Assistant Secretary

President