

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
JANUARY 22, 2016
5:30 P.M.

Commissioners Present: John Simpson, President; John Brown, Vice President; Steve Mital, Dick Helgeson and James Manning, Commissioners.

Others Present: Lena Kostopulos, Laurie Muggy, Erin Erben, Todd Simmons, Steve Newcomb, Mark Freeman, Frank Lawson, Harvey Hall, Lance Robertson, Mel Damewood, Susan Fahey, Megan Capper and Anne Kah of the EWEB staff; Teresa Lloyd, Recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:31 p.m.

AGENDA CHECK

President Simpson asked the Board to reserve the third Tuesday of the next six Regular Session meetings to discuss the General Manager (GM) replacement process, and noted one potential conflict.

Upon Vice President Brown's suggestion, President Simpson moved to amend the agenda to add item #1.5 Public Input. He opened for public input, and then closed seeing none.

GENERAL MANAGER REPLACEMENT PROCESS OVERVIEW

Human Resources Manager, Lena Kostopulos, used presentation slides to walk through the governance constraints, process options, and estimated timeline for hiring a new GM. Next, she reviewed objectives to deliver the best qualified GM to enable EWEB's success, and in accordance with statutory governance requirements, to be delivered in a timely manner with limited disruption to the Utility.

Regarding governance constraints, Ms. Kostopulos said no Board by-laws or policies were in place to elect a new GM, however, the same governing restraints that are used in public process would apply in accordance with the Oregon Attorney General's guidance and ORS.192.660. She also suggested the process be presented in a public workshop format.

Ms. Kostopulos then offered examples of general and executive session:

Example presented for General Session:

- Discussion, decision, direction regarding the process
- Discussion or "working" session to determine the criteria and standards against which candidate qualifications will be measured
- The decision/direction to extend an *actual* offer of employment

Executive Session is allowable after:

- Hiring procedures have been adopted
- Vacancy has been advertised
- Hiring standards, criteria have been set
- The public has had an opportunity to comment

Ms. Kostopulos stated no decision-making can be made in an executive session. She noted certain qualifying topics could be managed during executive session such as direction from Board members. She said she had requested some practical guidance from legal counsel that would be furnished to the Board via email. She also emphasized an actual offer must be made in a public setting and not during an executive session.

Example presented for Executive Session:

- Attorney/Client discussions of qualified topics held at the appropriate times throughout the process
- Deliberation about an individual's particular qualifications against the adopted job requirements
- Direction to an internal/external resource to negotiate the terms of a *potential* offer of employment

Ms. Kostopulos highlighted three options of direct solicitation vs. external or internal, and provided a brief list of pros and cons for each:

1. Direct Solicitation with intent to offer the job:

Pros

- Avoids costs of open recruitment
- Shorter time to fill
- May provide the ability to solicit for a particular individual's skill set or some reputational strength

Cons

- Possible - but difficult to satisfy the public pre-requisites
- Any missteps could result in challenges which would result in delays
- Potentially meets the objectives, but gives the appearance of an attempt to circumvent the public process
- Incompatible with the character of Eugene community values

If the Board of Commissioners were not satisfied with the list of internal candidates, an external option would be available.

2. Internal-only Solicitation:

Pros

- Limited, if any cost

- Short time to fill
- Shorter EWEB “ramp up” time
- Delivers known candidates
- Delivers candidates familiar w/EWEB operations, culture, strategic initiatives
- The option of an external search remains in the event an internal-only process doesn’t yield a replacement GM

Cons

- Limited candidate pool
- Known candidates...
- Familiarity w/EWEB...
- No way to know how internals stack up against external candidates
- Potentially meets objectives but gives the appearance of an attempt to circumvent the public process and could indicate “pre-selection” even with a process

Ms. Kostopulos clarified the second and third bullets listed under item #2’s Cons, stating that perception of how an internal candidate performs in their current role may draw an inappropriate conclusion regarding the candidate’s future role.

3. External or Open Solicitation:

Pros

- Delivers the greatest number and variety of qualified candidates
- Includes internals and if selected, potentially increases “legitimacy”
- Diversity of culture, background, experience
- Potentially affords a broader industry view
- Affords the opportunity to get a sense of external perspective
- Best satisfies the objectives

Cons

- Cost
- Time to fill
- Longer EWEB “ramp up” time
- Delivers candidates who are unknown
- Delivers candidates whose external perspective may not be in harmony with EWEB
- Delivers external candidates who are unfamiliar with EWEB’s business model, organizational and community culture

With regard to filling public positions, Ms. Kostopulos said the above objectives are in harmony with the City of Eugene’s and the EWEB Board requirements. She recommended option #3 engaging a professional search firm, with the assistance of HR. The advantages are listed as follows:

- track record of recruitment and placement of executive-level positions within the utility sector (regionally and nationally)

- understanding of regional utility conditions, regulatory requirements, etc.
- in addition to new candidate clients, possess a sufficient client list of candidates
- ability to facilitate all aspects of the process

Ms. Kostopulos suggested the below timeline to fill the position, and noted it was not the full list but should give the Board a sense as to what would happen:

February

- search firm, contract
- Board General Session “workshop” to develop position profile, hiring standards, criteria

March

- search activities, advertisement, initial screenings and submission of recommended semi-finalists

April

- Search firm conducts short-list interviews, prepares candidate summaries
- Executive Session w/Board to review interview reports, individual candidate qualifications, determine finalists for interview process

Late April/May

- Selection interviews
- Deliberations to narrow field to 1 or 2 finalists
- Candidate vetting
- Compensation/Contract Negotiations

June

- Offer

*Hire date estimated to be 30-120 days from the date of offer

At the end of her presentation Ms. Kostopulos encouraged the Board at their earliest convenience to appoint an interim GM from the current EWEB leadership team, in order for the person to make arrangements with their current department to redistribute workload. She also noted the interim GM candidate would be disqualified from consideration as the GM replacement. She made recommendations of ways to safeguard the process, and advised exercising discretion once the process begins. She recommended the Board identify and appoint an Interim GM soon to enable General Manager, Roger Gray and the Interim GM to begin preparation for and transition of duties no later than six weeks prior to the date of Mr. Gray’s exit.

BOARD DISCUSSION OF GENERAL MANAGER REPLACEMENT PROCESS

Vice President Brown noted a stakeholders committee had not been formed. Ms. Kostopulos responded that it should happen at the same time attributes of the process are identified, and that it should happen during a workshop forum. She further said that in order to do the process more efficiently, multiple panels could work together.

Vice President Brown asked if candidate privacy would be protected with regard to the internal vs. external discussion. Ms. Kostopulos responded the search firm would be responsible for the hiring process and the candidate materials.

President Simpson asked the Board to touch base at least once per month beyond the regular meeting schedule. Commissioner Manning added it may not be a good time with General Manager, Roger Gray present, and he opposed to separate the meetings. Vice President Brown disagreed and said Mr. Gray would add valuable input and perspective during the hiring process. President Simpson then suggested putting the recruiting process at the end of the regular meeting agendas. Commissioner Helgeson agreed stating he was opposed to added meetings.

President Simpson shifted the conversation to recruitment options. Commissioner Manning recommended Option #3. Commissioners Helgeson and Mital agreed. Commissioner Brown concurred, but also inquired about expense, and will there be a guarantee of employment by the search firm. Ms. Kostopulos said it would need to be negotiated.

GENERAL MANAGER REPLACEMENT PROCESS

Vice President Brown moved to utilize staff recommendation Option #3, (open solicitation) in the recruitment process of hiring the new GM; Commissioner Manning seconded. The vote was unanimous (5-0).

INTERIM GENERAL MANAGER

President Simpson asked Ms. Kostopulos if any internal applicants had shown interest, and if they were aware that this disqualifies them for consideration of the GM position. She acknowledged yes to both questions stating she had communicated to the leadership team by email, and out of three that had considered, one rescinded.

Commissioner Manning asked how soon could someone be selected. Ms. Kostopulos recommended no later than six weeks, and to consider working backward from Mr. Gray's established departure date.

Commissioner Mital moved that the current Finance Manager, Sue Fahey, be appointed as Interim GM to work with current General Manager Gray through the transition of hiring the new GM; Commissioner Helgeson seconded.

Commissioner Helgeson asked if internal candidates had expressed interest, and if they were still being considered for the position. Ms. Kostopulos said yes, stating if there were other internal interests the Board should be open to their consideration as well. Commissioner Manning said voting should be withheld until everyone had the opportunity to be included. She suggested putting a placeholder on the February 2 Executive Session agenda for a brief discussion.

Vice President Brown stated he could not support the motion. Commissioner Mital and Helgeson said they would vote “no” on the current motion, and Commissioner Manning suggested withdrawing the motion. President Simpson recommended moving through the current motion by voting “no,” and then to entertain a new motion.

President Simpson restated the motion, asking all in favor of appointing Ms. Fahey now. Four opposed with Commissioner Mital voting yes. The vote failed (4-1).

Vice President Brown motioned to fill the GM position with an interim GM according to staff recommendation; seconded by Commissioner Manning. The vote was unanimous (5-0).

Commissioner Helgeson and Vice President Brown further asked Ms. Kostopulos if the voting was to establish the process for hiring the GM, and she concurred. President Simpson asked in regards to the timeline, and she stated they are working to expedite the timeline. Commissioner Helgeson further discussed search criteria to be addressed in workshops, and she said that would be addressed.

President Simpson adjourned the Regular Session at 6:32 p.m.

Assistant Secretary

President