

Executive Limitations Policies

Comment [w2]: By design, executive limitations policies are written in the negative. Is this something the board wants to continue or should the policies be rewritten/reverse worded into positive language?

Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

DRAFT

Water Utility Board Policy

Title:	Financial Planning/Budgeting		
Policy Number:	EL - 2C	Adopted:	Aug 24, 2010
Category:	Executive Limitations	Revision # / Date:	<u>1</u> /

The General Manager shall not cause or allow financial planning to deviate materially from the board's Outcomes priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Allow budgeting which would risk incurring those situations or conditions described as unacceptable in the Financial Condition and Activities policy ([EL - 2D](#)).
2. Fail to provide to the utility the full amount ~~established~~ by the board ~~according to the Agenda Planning to Achieve Board Outputs policy (BP-2C)~~ for any given activity.

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Water Utility Board Policy

Title: Financial Condition and Activities	
Policy Number: EL - 2D	Adopted: Aug 24, 2010
Category: Executive Limitations	Revision # / Date: <u>1</u> /

With respect to the actual, ongoing financial condition and activities of the Madison Water Utility, the General Manager shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Outcomes policies.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Fail to ensure long-term financial health.
2. Fail to present a balanced annual operating budget and quarterly updates on actual expenditures and income.
3. Exceed total appropriations for the fiscal year, unless directed to do so by the board.
4. Use any dedicated reserves for purposes other than those for which they are designated, unless directed to do so by the board.
5. Undertake a debt without payoff schedule and identification of revenue stream.
6. Fail to establish an unrestricted reserve equal to a typical three months' operating expenses.
7. Fail to inform the board of where the utility stands with any current rate case in progress.
- ~~7.8.~~ Fail to be able to provide a concise summary of the financial condition of the utility at any time.

Water Utility Board Policy

Title: Asset Protection	
Policy Number: EL - 2F	Adopted: Aug 24, 2010
Category: Executive Limitations	Revision #/Date: 1-2 / October 25, 2011

The General Manager shall not cause or allow utility assets to be unprotected, inadequately maintained, or unnecessarily risked. Utility assets include financial reserves, bond rating, physical infrastructure (such as pumps, pipes, reservoirs and wells), the groundwater supply, and the utility's reputation in the community.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Fail to comply with City policies regarding asset protection.
2. Fail to ensure water availability for future and current customer needs through long-term resource supply and demand analysis, conservation and public education.
3. Fail to ensure adequate water quality for future and current customers through long-term analysis of water quality trends in well head protection areas, and by coordinating with appropriate regulatory and enforcement agencies to pursue prevention and remediation of contaminant sources in well head protection areas.
4. Use or permit the use of water by others outside the Madison Water Utility's existing water service area, unless in compliance with Madison General Ordinances (if applicable) and the City of Madison's Comprehensive Plan.
5. Fail to support annual professional development opportunities for the General Manager and staff that are well focused and appropriate to Outcomes or specifically designed to improve professional skills or required professional certification and/or licenses. The Internal Monitoring Report shall include the percent of the annual operating budget expended for training and development activities and a list of training, attendee, and new skills acquired.
6. Endanger the utility's public image or credibility.
7. Fail to follow the auditor's recommended internal controls.

Water Utility Board Policy

Title: Infrastructure	
Policy Number: EL - 2G	Adopted: Aug 24, 2010
Category: Executive Limitations	Revision # / Date: 1-2 / May 24, 2011

The General Manager shall not cause or allow conditions, procedures, or decisions that prevent the Madison Water Utility from meeting its obligation to serve current and future generations of customers within the City of Madison and its authorized service areas.

Accordingly, the General Manager shall not cause or allow conditions, procedures, or decisions that:

1. Fail to assure that required rates fund all expenditures for timely and prudent capital improvements to existing utility systems, and that those capital improvements are driven by reliability, operational or regulatory requirements, replacement of aging infrastructure, utility relocations for public works and road projects, ~~or~~ extension of the life of existing systems, or customer input.
2. Fail to identify and plan for resource and infrastructure needs for the provision of water service to customers ~~consistent with a reasonable planning period for that service~~ in a timely manner.
3. Fail to coordinate Madison Water Utility activities and policies with the City of Madison's Comprehensive Plan and other relevant guidelines for community development.
4. Fail to consider participation with other governmental or private entities on regional major water infrastructure or water supply planning projects.