

Item 3 – Proposal for Reinventing the Madison Water Utility Board

Greg Harrington
January 25, 2010

Status Report

- I. At our December 15 Board meeting, we passed the following motion:

Effective immediately, the Water Utility Board shall explore the feasibility of implementing the Policy Governance Model for its future operation. If this model is adopted, the Board will:

1. Develop policies in four major categories:
 - a. Water Utility Outcomes (Ends),
 - b. Water Utility Management Limitations,
 - c. Board/General Manager Relationships, and
 - d. Board Processes.
 2. Use the ten attributes described by the Effective Utility Management Collaborative as key reference points in designing the Outcomes policies.
- II. At our December 15 Board meeting, we also discussed the possibility of getting help with the implementation process, but did not pass a motion to do so. We did inquire on the rules of the process, and Tom Heikkinen did some research on this since the last meeting.
1. Tom can update us on the City's rules
 2. Tom worked with A.B. Orlik and Don Percy to see what implementation help might look like. This is the source of the proposal being discussed at today's meeting. I spent about ten minutes discussing the submitted proposal with Don.
 3. For the record, Don and A.B. are willing to participate in a competitive selection process.
 4. The proposal helps us discuss the cost and schedule for this help (see "Action Items" below).
- III. Tom and I have both been reading a lot about Policy Governance.
- IV. I looked on the web to see if other water utility boards in the United States were actively using Policy Governance. This search identified three boards, and these are summarized on the next two pages.
- V. Tom has discussed our possible implementation of Policy Governance with the Water Research Foundation, which has encouraged the utility to apply for research funds to help support implementation. Tom can update us on this discussion.

Action Items

- I. My goal for this meeting is to decide how to move forward.
- II. I suggest we consider one or more motions that address the following questions:
 1. Should we hire a consultant/facilitator? If so, how much are we willing to spend and what process are we comfortable using (e.g., sole source or competitive selection)?
 2. When do we want to complete exploration?
 3. Do we want to explore this over several regularly scheduled board meetings or do we want to set up one or two separate retreats?

Other Water Utility Boards that Use Policy Governance

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I entered the following text string into Google: carver “policy governance” water utility board

This search revealed three U.S. water utilities that are actively using Policy Governance. These are highlighted below.

Colorado Springs Utilities, Colorado

www.csu.org

- Provides electricity, natural gas, water, and wastewater services to the Pikes Peak region.
- The board is comprised of all members of the city council.
- The board’s web page is as follows:
<http://www.csu.org/residential/about/utilities-board/item1048.html>
- Apparently, Carver wrote a short article on this in a serial publication titled *Board Leadership*. The citation for the article is: *Board Leadership*, vol 2001, issue 53, pages 4-5. I have not yet attempted to find this article.
- The board has posted their bylaws on the following web page:
<http://www.csu.org/residential/about/utilities-board/bylaws/item1978.pdf>
- The board has posted their policies on the following web page:
<http://www.csu.org/residential/about/utilities-board/governance/item4149.pdf>
- The board has a “utilities policy advisory committee,” which is a 7-member citizens committee appointed by the board
- The board has agendas, minutes, and videos of board meetings posted on their web page.

Eugene Water and Electric Board, Oregon

www.eweb.org

- Provides electricity, water, and steam heat to the City of Eugene.
- The board consists of 5 elected commissioners, elected by the citizens of Eugene.
 - One at-large position represents the entire city
 - Each of the other 4 members represents two of the eight wards in the city
- The board’s web page is as follows:
<http://www.eweb.org/commissioners>
- The board has posted their bylaws on the following web page:
<http://www.eweb.org/bylaws>
- The board has posted their policies on the following web page:
http://www.eweb.org/public/documents/board_policies.pdf
- The board has agendas and minutes of board meetings posted on their web page.

Santa Clara Valley Water District

www.valleywater.org

- Provides stream stewardship, flood control, and wholesale drinking water for communities in Santa Clara County, California.
 - San Jose and suburbs at south end of San Francisco Bay
 - Also includes the rural Santa Clara Valley, south and east of San Jose
- The board consists of 7 directors:
 - Two at-large positions are appointed by the County Board of Supervisors
 - Each of the other 5 directors are elected by citizens, and represent one of five geographical areas within the Water District; the geographical areas coincide with county supervisorial districts
- The board's web page is as follows:
<http://www.valleywater.org/About/BoardOfDirectors.aspx>
- The board has posted their policies on the following web page:
<http://www.valleywater.org/About/BoardPolicies.aspx>
- The board has minutes of board meetings posted on their web page.

Other Cases

Two other utilities appeared to be considering the possibility of implementation at one time or another, including the Snohomish County Public Utility District in Washington and the water and sewer utility in El Paso, Texas. The search also revealed that a governance study was commissioned in 2001 by the Los Angeles Department of Water and Power (LADWP). A report on the latter was published by the Rand Corporation, and the citation is noted at the end of this document. Exploration of the web pages operated by these utilities suggested that neither was actively using Policy Governance.

The citation below references the report commissioned by the LADWP. I have not tried to get a copy of this report.

Governance in a Changing Market: The Los Angeles Department of Water and Power
Book by Walter Baer, Edmund Edelman, James Ingram III, Sergej Mahnovski; Rand, 2001
Prepared for the Los Angeles Department of Water and Power
Rand Enterprise Analysis