

## **City Light Advisory Board Meeting June 7, 2005, 8:30 AM-12:00 PM**

### **MEETING SUMMARY**

**Board Members Present:** Carol Arnold, Randy Hardy, Jay Lapin, Sara Patton, and Gary Swofford. Also present: David Harrison and Karen Schrantz (facilitators).

#### **NW Energy Coalition Brown Bag**

Sara Patton shared with the Board information gleaned from a recent brown bag lunch meeting including Board members Randy Hardy, Carol Arnold, and Sara Patton and the NW Energy Coalition. The meeting was well-attended by a variety of public officials and public interest group representatives who provided thoughtful feedback about the Board's second report and on governance. The attendees expressed a need for more resources in planning, a more robust mode of public participation, and a more robust advisory board in any future City Light structure. The attendees feel it would be important for any alternative governance structure to maintain accessibility to the mayor and elected officials and to provide meaningful channels for public participation. Attendees were also very supportive of the City Light superintendent gaining additional management flexibility.

#### **Discussions With Advisory Board Member Don Wise**

Jay Lapin reported on Don's conversation with City Council staff members. After discussing the matter with staff, Don thinks that we should engage the Council and the Executive immediately in discussions about the pros and cons of the various governance alternatives under consideration by the Board. These conversations will help facilitate a collaborative process for governance change.

#### **Governance Alternatives**

David Harrison reviewed the goals for the meeting's governance discussion: to identify a recommended alternative or alternatives for governance structure and to identify next steps for the Advisory Board to take. The Board reviewed the options discussed at the May meeting and decided that each of the options contained three important parts: 1) Improvements in management flexibility, 2) Enhanced public participation and 3) Improvements in governmental structure. Each of the three components is critical to the success of any selected option and would need to be included in any comprehensive plan.

The Advisory Board talked about the need for further clarification regarding needed improvements in management flexibility and specifics about public process. Randy Hardy agreed to detail the management changes and Sara Patton agreed to detail the key components for public process. Carol Arnold agreed to consolidate the information.

Next, Board members discussed the merits and drawbacks to the Advisory Board alternative and a City Light Board alternative. An Advisory Board would have an enumerated role with a formal opportunity to review decisions in a variety of areas (e.g. revenue requirement) at a certain date in the process. A City Light Board would have

plenary powers subject to the City Council and Mayor. The benefit to the City Light Board alternative is more effective policy oversight by the Mayor and City Council, more effective management oversight by the Board and clarity of roles for all parties. The City Light Board would be responsible for management and the Council/Mayor would be responsible for policy. Under this concept, and subject to additional deliberation, the City Light Board would be responsible for the nine duties or criteria outlined in the first meeting: 1) financial policy, 2) revenue requirement, 3) cost allocation and rate design, 4) resource planning and acquisition, 5) risk management, 6) strategic planning, 7) selection and supervision of the superintendent, 8) budget, and 9) other management matters. Under this alternative, the City Council and Mayor would have the responsibility and authority for the following: 1) confirming Board members, 2) replacing Board members for cause, 3) setting rates (up or down vote), 4) approving the budget (up or down vote), 5) debts, 6) broad policy matters (e.g. environmental), and 7) public participation.

The Advisory Board then discussed the additional information that they needed to move forward with a recommendation. Although the Advisory Board supported the City Light Board alternative as the best for the utility, there were clearly overlapping policy areas that would need clarification. As a result, the Advisory Board decided they needed additional input from the Council and Executive staff to ensure the details of a proposal meets the needs of all parties. They agreed to set up a parallel process of communication with both Council and Executive staff. Don Wise and Jay Lapin agreed to be the leads for contacting Council and Executive staff, respectively.

### **Closing and Upcoming Meeting**

David Harrison briefly summarized the work the Advisory Board has completed thus far on governance issues.. The Board had outlined the important reasons why governance changes are needed regarding electricity in Seattle: inconsistency, lack of speed, management inflexibility, lack of meaningful accountability, and concerns about ratepayer balance. They had identified characteristics of a successful utility, with a key component being role clarity. He noted that although the utility has made taken some important steps, the Board believes dysfunctions in the structure still exist. Because the utility will face tremendous challenges in the coming years, the work the Advisory Board has begun with regard to outlining a governance structure will help create a system that can meet challenges and effectively partners with all parties.

David Harrison thanked the Board for their work at the sessions and reminded them that the next Board meeting will be in July.