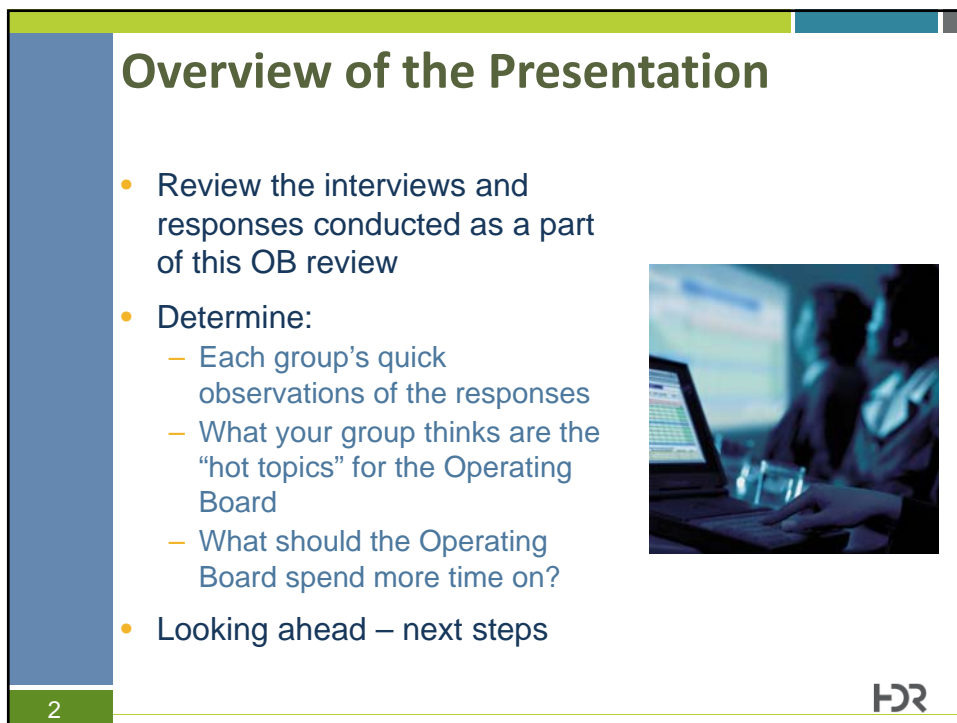





Workshop Session to Review the
Governance of the Operating Board
December 4, 2014

Facilitated by:
Tom Gould, Vice President
HDR Engineering, Inc.
Tgould@HDRinc.com (425) 450-6386




Overview of the Presentation

- Review the interviews and responses conducted as a part of this OB review
- Determine:
 - Each group's quick observations of the responses
 - What your group thinks are the "hot topics" for the Operating Board
 - What should the Operating Board spend more time on?
- Looking ahead – next steps



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Pre-Workshop Interviews

- My purpose for conducting the interviews
- Conducted a total of 13 interviews
 - All Operating Board members and Alternates
 - Selected individuals from small, medium and large utilities
- All questions were developed by me
 - Exception - the final three questions (Q. 21 – 23) which asked about your perception of your utility's relationship with SPU
- All interviews and individual responses will remain confidential
 - I will discuss general answers and issues raised during the interviews and weave them into today's discussion
 - Some responses are combined so don't presume you know who provided a certain response – you may be surprised

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Questions 1 – 8 Overall Operating Board and Its Structure



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Q. 1 – 8: Operating Board and Its Structure

- *Q. 1 – What is the role/purpose of the Operating Board?*
 - To fulfill a “contractual requirement”
 - Platform for partnership
 - Give wholesale agencies a “voice”
 - Seat at the “table” - transparency
 - Venue to air concerns; gain pulse/opinions
 - Multi-faceted
 - Formalize relationships with all participants
 - Access to SPU management team
 - Include the Operating Board in advisory role on regional investments
 - Opportunity to communicate

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Q. 1 – 8: Operating Board and Its Structure (continued)

- *Q. 2 – Has the Operating Board fulfilled the role or purpose that it was originally envisioned to provide?*
 - Everyone, with the exception of one person, responded with some variation of “yes”
 - Exception was a “not sure”

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Q. 1 – 8: Operating Board and Its Structure

(continued)

- Q.3 – *What do you see as the strengths and weakness of the Operating Board as it currently operates?*

Strengths

- Regular meetings
- Continuity of meeting attendees
- Getting everyone together
- Good communication tool – among all
- Opportunity to voice an opinion/position
- Member's experience
- Opportunity to learn about SPU's plans, finances, etc.
- Experts brought in - fantastic

Weaknesses

- Micro-managing
- Board not taking control
- Meetings too long
- Too open/disruptive
- Some member's personal issues; not regional thoughts
- Some utilities don't participate
- Lack of committees to dive into details

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Q. 1 – 8: Operating Board and Its Structure

(continued)

- Q. 4 – *The Chairperson is responsible for calling meetings, determining the agenda and presiding over meetings. Since the inception of the OB, has the Chairperson functioned in this role?*
 - Yes, but in some cases needs to manage dialogue
 - Role could be stronger
 - Yes - Chair's job is to manage meetings
- Q. 4a – *Should the Chair be encouraged to assume a stronger role/position in meetings?*
 - Yes, may need coaching/training
 - Not necessarily
 - No, limiting discussion seems heavy handed
 - No

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Q. 1 – 8: Operating Board and Its Structure (continued)

- Q. 5 – *Do Board members have a clear understanding of the “contract authority” of the Operating Board (e.g. review, review and recommend, develop and recommend, develops and authorizes, authorizes)?*
 - No, not always
 - Yes, in some cases
 - Not overall content
 - Need a yearly reminder of purpose and role
 - Yes, some do

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Q. 1 – 8: Operating Board and Its Structure (continued)

- Q. 6 – *Do you believe any of the regional utilities or their representatives have a perception that the role of the Operating Board is to “keep an eye” on SPU?*
 - Yes, at least a few individual(s)
 - Don’t know, one individual for sure
 - Small minority, but not overall
 - Yes, don’t think the majority, but a handful
 - Yes, I believe that is a weakness of not focusing on regional cooperation. Having suspicious attitudes is not good for the group
 - Purpose in attending is to monitor all aspects of the supply of water and protect our rights under the contract
 - Some, majority understand it is a common good
 - No

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Q. 1 – 8: Operating Board and Its Structure (continued)

- *Q. 7 – What is your overall perception of the Operating Board as a representative body? As it is currently functioning, does the OB simply act as a round table discussion group, but when needed, provide an established voting structure?*
 - Yes, it was set up to be that
 - Yes, fair observation
 - More than it used to be
 - Our group works as a representative body
 - Mostly, but the Board may not look to the audience for a comment
 - No

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Q. 1 – 8: Operating Board and Its Structure (continued)

- *Q. 7b – Do the other Regional utilities work through their representative Operating Board members (e.g. medium utilities work with their OB member to address issues and bring before the OB their concerns)?*
 - Not sure
 - For the most part
 - Don't know
 - Yes, our group does
 - Mostly
 - No, poor communication with OB representative
 - No
 - Few opportunities for this

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Q. 1 – 8: Operating Board and Its Structure (continued)

- Q.8 – *If you could change one thing about the OB, what would that be?*
 - More inter-jurisdictional sharing
 - The agenda and what is expected from the Board
 - Not having one board member dominate and control the meeting, catering to one individual
 - Nothing – enjoy the operations discussions/field trips
 - Time of the meeting – 4 p.m. finish tough drive home
 - How to make utilities feel like they have a voice; how to make utilities care that they have a voice
 - Have more time to consult with my members with enough advance notice to be effective

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Caucus on Questions 1 - 8

Please take 5 minutes to quickly caucus and discuss the previous questions and responses. Please determine:

1. What is your group's quick observation or take-away concerning the overall Operating Board and structure?
2. What is the "hot topic" to take away from this (if any)?
3. What should the Operating Board spend more time following up on?

Please have your Board Alternate prepared to be your group's spokesperson to respond to and share answers for the 3 questions

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Questions 9 – 14

Functioning of the Operating Board



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Q. 9 - 14: Operating Board and Its Structure (continued)

- *Q. 9 – How are agendas established? Can a Board member or non-Board member place an item on the agenda?*
 - Terri – with input??
 - Terri working with the Chair
 - Annual work plan with input from SPU and wholesale customers
 - SPU determines
 - Terri is the conduit to the agenda

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Q. 9 - 14: Operating Board and Its Structure (continued)

- *Q.10 – What are the most important priorities that you think the Board should be focusing on?*
 - Strategic issues for the system
 - “Value for the money”; expenditures
 - Stable/predictable rates
 - Thorough and transparent finances
 - Regular updates of regional projects
 - Issues of mutual concern
 - Water quality/new regulations, conservation
 - Emergency preparedness
 - Cost of certain projects – do we need them?
 - Prioritization of CIP and expenditures
 - Long-term planning (100 years)

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Q. 9 - 14: Operating Board and Its Structure (continued)

- *Q.11 – Is the style of the Operating Board, as a representative body:*
 - *A. Too formal*
 - *B. Fairly formal*
 - *C. Somewhat formal, but appropriately informal*
 - *D. Fairly informal*
 - *E. Too informal*
- Most responded with some combination of “C” and/or “D”

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Q. 9 - 14: Operating Board and Its Structure (continued)

- Q.12 - *Does the current style (Q. 11) seem appropriate for the Operating Board?*
 - Never too crazy that it is a problem
 - Yes (said in various ways by different people)
 - o.k. as long as you accomplish task Board charged with
 - “C” [*somewhat formal, but appropriately informal*] on previous question might be better (they selected “D” – fairly informal)
 - No, more strict (formal)
 - Not appropriate style
 - Informal is o.k.
 - Yes, but remind members of their authority

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Q. 9 - 14: Operating Board and Its Structure (continued)

- Q.13 – *How is it determined which non-Board members get to sit at the table vs. being in the audience?*
 - Response from everyone – no one knew for sure
 - Some responses:
 - ? Random
 - Whoever wants to sit there . . . Placards?
 - ? No clue
 - Don't know
 - I see my name tag and sit there
 - Terri puts my name card out
 - District rep or an alternate (Board member?)

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Q. 9 - 14: Operating Board and Its Structure (continued)

- Q. 14 – *Does the layout of the room/seating arrangement help or hinder the Operating Board? Should the layout of the seating be changed – if so, what would you suggest?*
 - Physically separate Board from others
 - Hard to change the room, caucuses need to be more inclusive
 - Board and alternates only at the table
 - Only Board members
 - Don't know
 - Seems o.k. – like layering of Board, Alternates and audience
 - Sitting in audience – your “voice” counts less
 - Probably hinders, but room and number of people make it difficult to do much different

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Caucus on Questions 9 - 14

Please take 5 minutes to quickly caucus and discuss the previous questions and responses. Please determine:

1. What is your group's quick observation or take-away concerning the functioning of the Operating Board?
2. What is the “hot topic” to take away from this (if any)?
3. What should the Operating Board spend more time following up on?

Please have your Board Alternate prepared to be your group's spokesperson to respond to and share answers for the 3 questions

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Questions 15 – 20 Operating Board Members and Alternative Board Members



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Q. 15 - 20: Operating and Alternate Board Members

- *Q. 15 – What is the role or function of an individual Board member?*
 - Represent their individual utility, their group and the region as a whole
 - Be aware of the issues; relevance to the group
 - Represent their caucus group; best interests of region
 - Vote, when needed

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Q. 15 - 20: Operating and Alternate Board Members (continued)

- *Q. 16 – How should the Operating Board or Chairperson effectively deal with a Board member (or any speaker) that is off-topic or exceeding the Board's authority on a topic?*
 - Bring it to their attention
 - Pull in everyone – Is it off-topic? If so, take a procedural action
 - Some action should be taken – other Board members have a role
 - Provide the opportunity for the person to change
 - Not sure what “off topic” means; May be differences of opinion about when a discussion exceeds the Board's authority
 - Chair has the responsibility to address
 - Seems like they get shut down quick enough
 - Do more work prior to the meeting

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Q. 15 - 20: Operating and Alternate Board Members (continued)

- *Q. 17 – Are Board members acting as representatives for the small, medium and large utilities they represent*
 - Seen a mix
 - For the most part; issues with winners and losers get interesting
 - At times both
 - I try to represent my group, but most people (utilities?) don't care or are focused on representing the concerns of their utility
 - Our group for sure!
 - Group more than individual
 - Latter (individual) – responsibility of the utility to reach out; it's a two-way street
 - Most represent the group
 - Individual
 - No – there is one Board member that is good at representing all utilities

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Q. 15 - 20: Operating and Alternate Board Members (continued)

- Q. 18 – *What do you like best about serving on the Operating Board?*
 - Voice in future of the region and area; Positive voice
 - Regular point of contact; opportunity to be candid
 - Communication
 - Networking – stay in tune with SPU
 - Offering perspective
 - Ability to ask questions and engage in discussion
 - Planning for the future

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Q. 15 - 20: Operating and Alternate Board Members (continued)

- Q. 19 – *What is the role or function of an Alternate Board member*
 - Universally, everyone understood the role or function of an Alternate is to fill in for an absent Board member
- Q. 20 – *If an Alternate Board member is not functioning as a Board member at a meeting, what is their appropriate role of participation at the meeting?*
 - Universally, everyone understood that the Alternate has no specific role if the Board member is present (i.e. no different than other audience members)

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Caucus on Questions 15 - 20

Please take 5 minutes to quickly caucus and discuss the previous questions and responses. Please determine:

1. What is your group's quick observation or take-away concerning Operating Board members and Alternate Board Members?
2. What is the "hot topic" to take away from this (if any)?
3. What should the Operating Board spend more time following up on?

Please have your Board Alternate prepared to be your group's spokesperson to respond to and share answers for the 3 questions

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Questions 21 – 23 Other Questions (Asked of Wholesale Customers)



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Q. 21 -23: Other Questions

- *Q. 21 – How does your utility feel about SPU wholesale rates and drivers?*
 - Great. Outstanding job this year, explained rates really well
 - Fine
 - OK, but didn't like large increase
 - We understand it, defensible, but wish SPU were more flexible as it relates to big swings
 - Don't like – costs are out of control

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Q. 21 -23: Other Questions (continued)

- *Q. 21b – Does the O/B process provide your utility with sufficient opportunity for input and feedback on wholesale rates?*
 - Majority said “Yes”
 - No, need closer review of capital projects
 - SPU over-manages and controls the process and does not all sufficient opportunity for input and feedback

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Q. 21 -23: Other Questions (continued)

- Q. 22 – *One of the objectives of creating the O/B was to improve relationships between SPU and their wholesale customers. How would you describe your current relationship and over the last five years has it improved, declined or stayed the same.*
 - Good, trust built, no animosity
 - Good overall relationship, but range of answers; some improved, a few declined and most stayed the same
 - Our utility professionally respects SPU
 - Strained at current time; some frustration on certain topics

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Q. 21 -23: Other Questions (continued)

- Q. 23 – *As a wholesale customer, what are your greatest concerns about the business of water supply? (e.g. emergency preparedness, rates, water quality, aging infrastructure, etc.)*
 - Water quality, algae in the spring
 - Communication
 - Helping each other in emergencies
 - Stability of wholesale rates
 - Long-term planning
 - CIP / Prioritization of needs/spending
 - Political interests of Seattle and the State that are contrary to the interests of the wholesale customers
 - Lack of participation by Seattle elected in understanding the Operating Board activities and consequences of decisions made by SPU staff

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Caucus on Questions 21 - 23

Please take 5 minutes to quickly caucus and discuss the previous questions and responses. Please determine:

1. What is your group's quick observation or take-away concerning the other questions?
2. What is the "hot topic" to take away from this (if any)?
3. What should the Operating Board spend more time following up on?

Please have your Board Alternate prepared to be your group's spokesperson to respond to and share answers for the 3 questions

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Next Steps

- Session has helped to identify possible issues for the Board to address at future meetings
- Each group has:
 - Identified quick observations/take-aways from the survey questions
 - Identified hot-topics
 - Listed those items that the group thinks the Board should work on



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