

SEWER AUTHORITY MID-COASTSIDE
Staff Report

Subject / Title

Authorize Manager to Procure Facilitator/Mediation Services

Staff Recommendation:

Authorize Manager to Procure Facilitator/Mediation Services

Fiscal Impact:

\$3,000 to develop next steps.

Discussion/Report:

At the January 16, 2009 SAM Board meeting, Director Muller suggested that staff review possible Board facilitation or mediation services. At the February meeting, Director Muller was not available to discuss this matter with the Board. Staff has brought this matter back for Board review and discussion.

Staff corresponded with two possible sources:

1. Mathis Consulting Group: This group has been referred by our labor consultant, Mr. Austris Rungis, of IEDA. Mathis Consulting Group provides meeting and retreat facilitation services to local public agencies.

The Mathis Consulting Group proposes to meet with each director and key staff to develop a plan of next steps. See Mathis Consulting Group's proposal, attached.

Possible next steps could include:

- schedule a facilitated retreat for SAM Board to focus on our vision and mission, or
- schedule mediation meetings, perhaps one hour before the SAM Board Meetings.

Since the February meeting, Manager has learned that the Coastside County Water District conducted a retreat similar to that which SAM is considering. A copy of the consultant's report is attached, for your review.

2. Institute for Local Government (ILG): while this institute does not offer services directly, they do have brochures to assist public agencies in dispute. We have provided each of you with a guide entitled, "*A Local Official's Guide to Intergovernmental Conflict Resolution*".

We have obtained two additional brochures from the ILG, “*Navigating Special Legal Issues in Public Agency Disputes*” and “*Collaborative Approaches: A Handbook for Public Policy Decision-Making and Conflict Resolution*”. These are available on-line as follows:

http://www.cacities.org/resource_files/27378.conflict_resolution_guide_web.pdf

http://www.cacities.org/resource_files/27582.ADR_legal_issues_final.pdf

<http://www.odrc.state.or.us/documents/CollaborativeApproachesHandbook-March2006.pdf>



February 9, 2009

**TO: Jack Foley, III, Manager
Sewer Authority Mid-Coastside**

FROM: Dr. Bill Mathis

RE: Facilitation of Board Relationship and Decision-Making

Thank you for the opportunity to discuss working with your Agency. From our discussion, I would recommend an initial assessment meeting to include yourself, all 6 Board members and consultation with you. (75 minutes per Board member is good).

We should be able to discern next steps from these individual meetings and do mediation, team building, and problem-solving as a follow up with clear goals and expectations.

Fee Schedule: \$3,000/day plus expenses

Let's talk about dates - how does this look - March 12 (Thursday) or February 23 (Monday)?

Dr. Bill Mathis

Dr. Bill Mathis

BLANK

COASTSIDE COUNTY WATER DISTRICT
BOARD OF DIRECTORS, GENERAL MANAGER
AND GENERAL COUNSEL RETREAT

HELD MARCH 4, 2008

March 2008



MANAGEMENT PARTNERS
I N C O R P O R A T E D

TABLE OF CONTENTS

BACKGROUND	1
PARTICIPANTS.....	1
RETREAT OBJECTIVES.....	1
RETREAT AGENDA	1
RETREAT GROUND RULES	2
GETTING BETTER ACQUAINTED	2
RULES OF ENGAGEMENT	3
ROLES OF TEAM MEMBERS	4
STRATEGIC PLANNING.....	7
SWOT – STRENGTHS, WEAKNESSES, OPPORTUNITIES (LIMITATIONS), AND THREATS.....	8
POLICY ISSUES	9
NEXT STEPS	12
WORKSHOP EVALUATION	13

Background

On March 4, 2008, the Board of Directors, General Manager and the District's legal counsel met in an all-day retreat. The retreat was held from 8:30 a.m. until 3:45 p.m. at the Comfort Inn in Half Moon Bay. Jan Perkins of Management Partners designed and facilitated the retreat. The retreat was the first phase of a two-phase process, through which the District will create a strategic plan. The Board and General Manager had two objectives for the retreat, one of which was to strengthen the Board/staff team and the other was to begin a strategic planning process. With a new General Manager on board, the retreat was particularly timely.

As a special district with a Board of Directors, the Coastside County Water District is responsible for providing safe, high quality drinking water and services to customers located in the City of Half Moon Bay and the unincorporated coastal communities of El Granada, Miramar and Princeton-by-the-Sea. Meeting water needs for all water agencies has become increasingly challenging due to changing regulations, demands for water, and fiscal constraints. A strategic plan is needed to ensure that the District is focused on the priorities for the future, allocates resources to accomplish its objectives, and has a means to measure performance. The day-long retreat set the foundation for the strategic planning process.

Participants

Everett Ascher, Board President
Ken Coverdell, Director
Robert Feldman, Director
Jim Larimer, Director
Chris Mickelsen, Director
David Dickson, General Manager
Anthony Condotti, General Counsel

Retreat Objectives

- Strengthen Board teamwork and Board/staff team
- Establish an initial set of priorities, to be refined and finalized during subsequent steps in the strategic planning process

Retreat Agenda

- **Welcome and agenda review**
- **Getting better acquainted**
Outcome: Strengthen our understanding of each other and our hopes for the District
- **Rules of Engagement**
Outcome: Agreement on rules of engagement for board and staff; agreement on any changes to protocols needed

- **Roles**
Outcome: Agreement on the roles of Board members and staff
- **SWOT (Strengths, Weaknesses, Opportunities, Threats)**
Outcome: Preparation for discussion of priority goals for the strategic plan
- **Priority Goals for the Strategic Plan**
Outcome: Clarity about the policy issues that must be answered during the strategic planning process; initial consensus on the top priority goals of the board (to be confirmed later in strategic planning process)
- **Wrap up and Evaluation**

Retreat Ground Rules

The following list was created by participants.

- Don't interrupt each other
- No filibusters
- Develop policy based on consensus
- Understanding conditions/parameters of our business
- Create a realistic set of priorities

Getting Better Acquainted

Participants shared the strengths they see in the District and the attributes of a “first class” water district. The strengths are listed in the section on “SWOT” later in this report. The attributes of a “first class” water district listed below are not in any priority order.

Attributes of a “first class” water district

- Professional staff
- Board that looks to the long term versus focusing on day to day issues
- Deliver water to anyone with valid use at any time
- Manage the future and meet demand for water
- Stay off the front page
- Dedicated employees who are role models
- High quality customer service that is second to none
- Pursuit of excellence in all we do; win awards to show it
- Cost conscious
- Understand long term needs
- Resilient: ability to weather change
- Respected by other government agencies
- Board that cares about being a first class small utility
- Respects the community
- Healthy finances and effective operations

Rules of Engagement

Effective public agency teams of elected officials and staff have clear rules of engagement that enable the team to work effectively on behalf of the agency. Effective teams have a willingness to address difficult issues. The relationships between the elected officials and staff are characterized by mutual respect, an understanding by the elected officials of the complexities of the work, a high value on professionalism, an awareness of resource limitations, a fact-finding approach to problem solving and a practice through which the board decides policy issues and the general manager executes policy.

Rules of engagement are the standards of behavior that are agreed upon by the Board of Directors and General Manager. They define **how** people will work together. They set the tone and foundation for good work by staff and clear direction by the board. Key questions to consider in creating rules of engagement are:

- What behaviors will help the district achieve its goals?
- How do you want to be viewed by the public?
- How do you want to be treated by your colleagues?

In this part of the retreat, the Board of Directors, General Manager and legal counsel identified the protocols for Board members to work with each other, for Board members working with staff, for the General Manager with the Board, and the General Manager with staff.

Protocols for Board Members with Each Other

- Be respectful of each other and their opinions
- Be truthful in all our actions and discussions
- Value independence of thinking and voting
- Actively communicate (within the bounds of the Brown Act)
- Be prepared for meetings
- Represent the board well at all times – understand the impact of what we say both inside and outside the board meeting room
- Understand we have a higher duty – act better than may be expected by the public
- Once the board has decided, support the direction given
- Stay at the policy level – do not try to do staff work

Protocols for Board Members as Relates to Staff

- Enable and expect the general manager to manage the organization
- Give clear and consistent direction at board meetings
- Work through the general manager – do not give direction to staff; go through the General Manager for all questions
- Rely on the general manager to identify what is needed to carry out board direction (e.g., time, materials, other resources)
- Understand that the general manager follows direction of the board and not individual board members
- Respect staff's professional recommendations, even if you disagree with them
- Before board meetings, ask questions about agenda items so staff can answer them in advance and be prepared for the board meetings

Protocols for the General Manager

- Be accountable
- Be honest in all dealings
- Provide professional recommendations
- Work in partnership with the board
- Tell the board the “hard” things that need to be said
- Provide well thought out responses to Board direction, interests, and questions (and it is ok to say “I don’t know”)
- Bring recommended policy and practice changes forward to the Board
- Provide good follow-up to questions, complaints, etc.
- Look at the big picture – consider all relevant factors
- Be forthright with professional disagreement with something said by a Board member; be direct

Protocols for the General Manager with Staff

- Champion the direction given by the Board
- Support the Board
- Hire competent staff in all areas of expertise
- Have a “can do” attitude
- Demonstrate a strong work ethic
- Lead by example
- Show a positive attitude
- Provide excellent customer service
- Provide professionally prepared reports
- Obtain continuing education and training and enable other staff to do the same
- Act in a fiscally prudent and responsible manner (both large and small expenses)

Roles of Team Members

Effective teams are ones in which roles of members are clearly understood. At the retreat, the participants identified the key roles of the Board of Directors, Board President, General Manager, General Counsel and Board Committees.

Board of Directors

- Set policy
- Set goals
- Approve operating and capital budgets
- Represent the District
- Foster collaboration with other agencies to help the District be successful in achieving its goals
- Hire a General Manager to manage the operations and implement Board direction
- Hire legal counsel
- Carry out specific responsibilities in case of disaster
- Reinforce that staff and consultants report to the General Manager
- Evaluate the performance of the General Manager and legal counsel

Board President

- Chair the meetings
- Recommend committees and appointments to the Board
- Keep people on point in the meetings; summarize Board discussions
- Adhere to agreed upon protocols – set an example
- Promote the Board's vision
- Serve as spokesperson for the District
- Serve as lead representative of the District
- Serve as a member of the Board with 1 vote
- Serve as a bridge with other agencies
- Seek to create consensus on the Board
- Take the lead to schedule performance evaluations for General Manager and legal counsel

General Manager

- Help the Board create long range plans
- Help the Board know what questions to ask
- Champion the Board's vision and objectives
- Appointed by the Board to handle all management and administrative functions
- Hire, supervise and provide direction to staff
- Implement the Board's policy direction
- Determine how to implement Board goals and direction
- Provide leadership to the staff and translate the Board's philosophy and priorities
- Propose goals and policies to the Board
- Foster a strong organization that can attract and retain competent staff
- Ensure accountability of staff and contractors
- Provide broader context for complex problems
- Advise the Board on formation, purposes, and need for Board committees
- Create General Manager performance plan for discussion with the Board

Legal Counsel

- Works for and is appointed by the Board
- Work cooperatively with General Manager
- Provide legal advice to Board as a whole, and to the General Manager as relates to District business
- Provide broader legal context for complex problems
- Help solve problems
- Assist staff with contracts and legal issues
- Identify legislation and new case law that could present opportunities or be problematic for the District
- Represent the District in litigation
- Facilitate regulatory permit processes
- Effectively communicate with the Board about legal implications of policies
- Protect the Board (e.g., Brown Act requirements)
- Advise individual Board members if their actions could be problematic

Board Committees

At the retreat, Board committees were discussed in terms of roles, protocols, and composition.

Committee Roles

- Review details of proposals before the proposals go to the Board; give recommendations to the Board (e.g., budget and capital improvement program)
- Enable informal discussions with the General Manager
- Focus on policy and goals
- Celebrate successes of the District and recognize staff for their good work

Committee Protocols

- Stay at the policy level
- Report back to the full Board on committee discussions
- Go through the General Manager when asking about scheduling committee meetings
- General Manager can take issues directly to the full Board without first going to committees; if the Board thinks an issue needs attention by a committee, the Board will so direct

Committee Structure

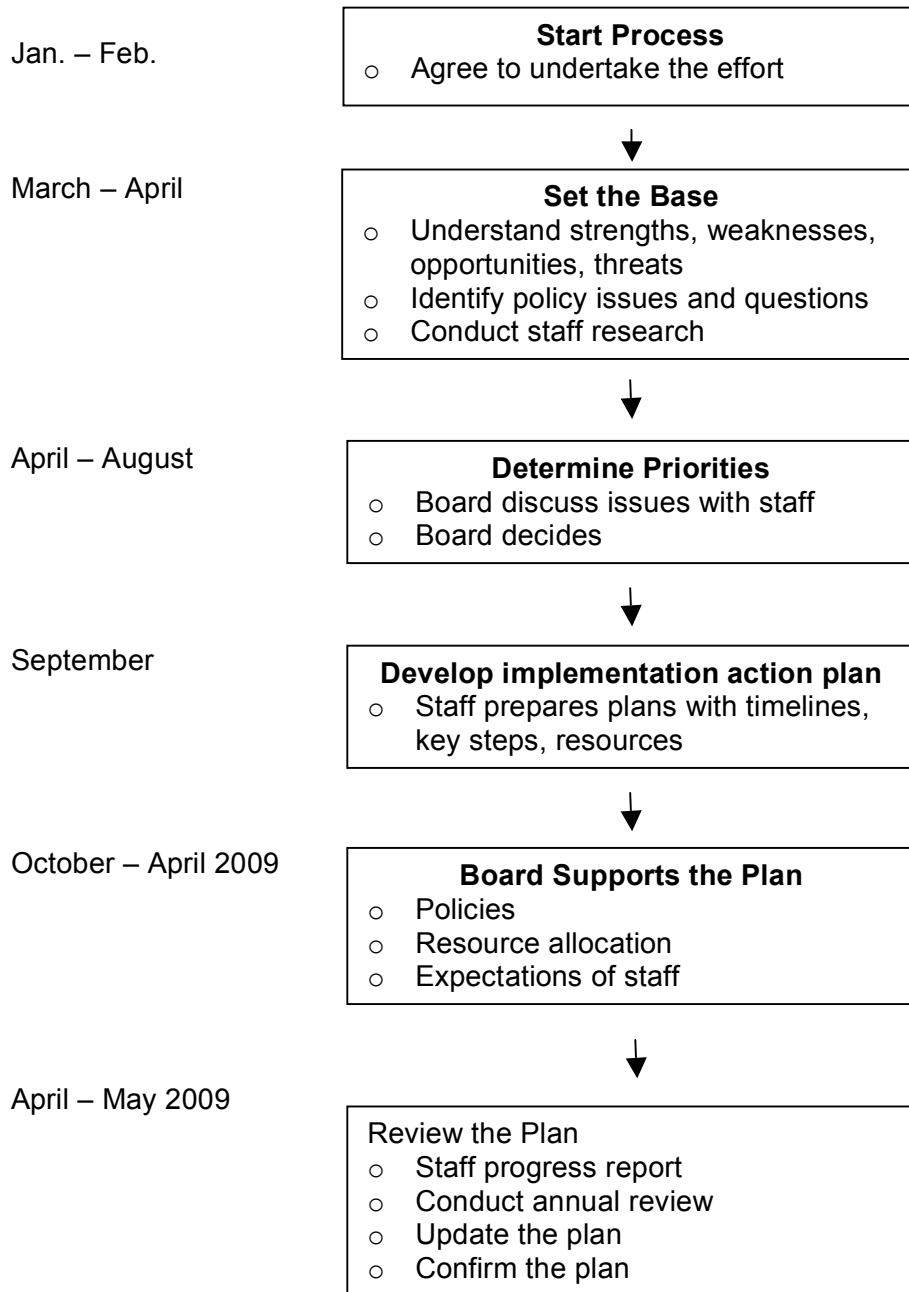
The composition of and appointment to Board committees was also discussed. The comment was made that there may be some overlapping responsibilities between committees and the General Manager's role. Because of the new General Manager's expertise and abilities, some of the work previously done by committees may no longer be needed, as some of that work is more managerial in nature, rather than policy.

Follow-up Action: As a result of the retreat discussion, the consensus direction was for the President and General Manager to review the committees, purposes, and frequency of meetings to streamline, define roles, and recommend changes to the entire Board. The recommendation is to be presented to the full Board in April, with Board action in May. An annual evaluation of the purposes, need for, and frequency of meetings of Board committees was also expressed as an interest of Board members.

Strategic Planning

The purposes of strategic planning were reviewed. These include establishing a focus for the District and serving as the foundation for resource allocation decisions based on choices informed by good staff work.

2008 Strategic Planning Process Steps and General Schedule



SWOT – Strengths, Weaknesses, Opportunities (Limitations), and Threats

As a way to set the stage for identifying priorities for attention as part of the strategic planning process, the District's strengths, weaknesses, opportunities (or limitations) and threats were identified. The items listed below resulted from brainstorming and do not represent any ranking or specific consensus.

Strengths

- Quality of staff
- Financial responsibility
- We deliver the product
- Great financial shape due to great management and Board focus over the years
- Collectively, as a Board and staff, working for our customers in a difficult regulatory environment
- We've gotten the permits
- Quality of the Board allows us to do good work
- Transparency – people see what we do
- Dedicated, long term staff
- Board members are involved in the work of the District
- Local water
- Having our own water treatment plant
- Tremendous history on staff
- District's history is one of Board/management accomplishments through dedicated service
- Board is dedicated to doing what is right

Weaknesses/Limitations

- Local coastal programs are confusing and inconsistent
- Insufficient local water supply
- Endangered habitat
- Regulators
- Captive audience (customers) for water
- Cannot guarantee equity in rate structure now
- Highly vocal, mobilized opposition
- Water rights for Denniston and San Vicente Creek
- Aging infrastructure
- Slow growth imposes financial limitations
- No long term vision or plan yet
- Extensive geographical area with few viable customers

Opportunities

- Expanding local water supply through reclamation
- Develop an integrated water management plan
- Good political climate; support for the Board
- Moment is ripe; community understands legal limitations of slow growth policies
- Upgrading the physical plant
- Water conservation
- Rate structure – use to recover costs

Threats

- Regulatory actions
- Terrorism
- San Francisco Public Utilities Commission rate structure
- Loss of water rights
- Legal challenge on habitat destruction
- Workforce costs
- Acts of nature (e.g., earthquakes)
- Global warming
- Aging infrastructure
- Increasing standards for water quality, infrastructure

Policy Issues

During this portion of the retreat, policy issues were discussed by the Board, General Manager and General Counsel. The framework for the issues was a list generated by facilitator Jan Perkins as a result of interviews with Board members. The outcome of the discussion was a list of policy issues and questions for discussion at later points in the strategic planning process. The staff will prepare materials that will aid the Board in answering the policy questions.

The policy issues were divided into four categories, as follow:

- Water supply
- Capital and infrastructure planning
- Funding
- Organization and staffing

Category: Water Supply

Possible Goal Statement: Ensure the District is able to provide sufficient water to its current and future customers.

1. How will the District's Denniston water supply be affected if the District cannot obtain permission to dredge Denniston Reservoir?
 - Is Denniston viable?
 - Is our MOU with San Francisco Public Utilities Commission at risk?
 - What engineering issues must be answered?
 - Should we stop spending money on Denniston if we question its viability? If so, when should we stop?
 - Can we create a consensus among interest groups about what water sources to develop?
2. Should we make specific plans to obtain more water from currently permitted sources and new water sources to fulfill obligations to connections already sold?
 - How much water do we have? How much more water can we take?
 - How much water do we need?
 - Can water conservation increase availability?
 - What are the costs of water conservation?

3. Should we lead a water recycling effort (e.g. for golf course irrigation) to make additional potable water supply available?
 - What is the District's role in recycling?
 - What sort of leadership role should the District have? Why? What are the implications for the District?
 - What is the cost of the District taking a lead role?
4. What are the District's water rights? What assets and capabilities does the District have with regard to water rights?
 - What is the right strategy regarding the Regional Water Quality Control Board?
 - Describe our water rights
 - Is outside counsel needed?
 - What additional water rights may be available? What would be required to determine availability of water rights? How can the District increase water availability? Should we develop more local sources? If so, how?
5. What should the District do with the 72 water services recently returned to the District?
 - Should the District establish a connection reserve policy?
 - Should we reserve for wells?
 - What are appropriate/legal options for pricing the connections?
 - Should these water services be allocated on a "will serve" basis for people with readiness to connect?
6. What is the District's projected water capacity, given the pre-sold connections? What rate should be assumed regarding placing those connections into service?
 - What is the safe yield and normal yield of our local water supply?
 - Given the physical plant today, what is the maximum we could achieve?
 - What data is available?
 - Should the District consider re-purchasing the connections?
 - Should the ability to transfer them be rescinded?
7. Should the District consider desalinization?
 - What are the costs involved?
 - What are the environmental limitations?
 - Could it be permitted?
 - What would be the District do with the waste?
8. Should the District ask the County and City to identify the amount of reserve priority capacity in their LCPs and identify the number of single family residential units that are on wells?
 - Once this information is available, should the District ask those agencies to modify their reserve policies to allow people to use priority hook-ups to get off wells?

Category: Infrastructure and Asset Management

Possible Goal Statement: Ensure the District has the infrastructure and asset management system needed to provide an uninterrupted water supply to its customers.

1. What should be in the District's multi-year capital improvement plan for infrastructure (water treatment plants, other)?
 - What standards should we have for level of service (issues to consider include liability, flow, storage, health standards, regulations, risk assessment and others)?
 - Should our current long-term capital improvement plan be re-evaluated?
2. Should we plan for additional water storage? If so, how much?
 - How much flow can we provide?
 - What are our standards?
 - What could disasters do to the supply? How should we plan storage to address supply disruptions?
3. What additional infrastructure is needed in the future?
 - What "build-out" number should be assumed for our planning purposes?
 - Should we assume we are now in a maintenance and replacement mode?

Category: Financial Health

Possible Goal Statement: Ensure the long-term financial stability of the District.

1. How should the capital needs of the District be paid for?
 - What sources are available?
 - Should we sell our Main Street property?
2. What should the rates and charges be for current and future water customers?
 - How do the different types of water supply affect rates the District charges?
 - Should owners of unused connections pay a fair share of District costs?
 - Should we have a rate stabilization reserve?
 - What is equitable in terms of allocating costs?
 - How much of the bill should be paid by current customers and how much by future customers?
 - Should there be a stand-by charge for the pre-sold connections?
 - Should water conservation be encouraged through the rate structure?
 - Should rates support capital improvements?

Category: Organizational Health

Possible Goal Statement: Ensure that the District has a competent workforce and has effective financial and management systems in place.

1. What does it mean to strive for excellence in all that the District does?
 - How do we incentivize excellence?
 - Are we using best management practices?
 - How are we making our business transparent to the public?
 - Are we perceived by others as standing out as well-run, as doing something of significance, and as an operation others want to emulate?
 - How can we win an award to bring recognition to the District?
 - What training and certifications should be attained by employees and Board members?

2. What elements should go into the District's strategic plan to guide decisions and management over the next five years?
 - What communications devices should we have to inform the community and employees about our plan?
 - What is the District's vision and mission?
 - Are the District's office facilities adequate for future needs?
 - Is the staffing adequate to serve the District's needs and its customers?
 - How can we ensure that we are spending only what is needed, in the right time frames, for permitting processes that can take long periods of time?
 - How can we ensure we are practical and realistic in our strategic plan, with prioritized initiatives, which can be easily understood?
 - How can we ensure we are adaptable to change?

Other Policy Issues

1. What is the impact of multiple utility districts on this District's operations and facilities?
 - Are the prospects for consolidation high or low?
 - What should we be doing to communicate what we do and why to the public?
 - What intergovernmental relations work should we be doing?
 - How can we form partnerships with other utilities to better position our area to receive resources from the State through integrated water management initiatives?
 - What are the costs, regulations, and environmental impacts of having multiple districts?

Next Steps

1. Place retreat report on a future Board agenda for discussion and approval
2. Place recommendation for changes in Board committees on April agenda, for action in May
3. Schedule discussion of the policy issues on future Board agendas
4. Undertake the remaining steps in the strategic planning process

Workshop Evaluation

Worked well	Could have been better
<ul style="list-style-type: none">• Facilitator• Open discussion• Collaborative thinking• Mutual respect shown• Frank discussions• Handout was useful for rules of engagement and roles discussions	<ul style="list-style-type: none">• Room was stuffy in the afternoon