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## MINUTES

The Sunrise Water Authority Board of Commissioners held a work session on Wednesday, June 2, 2010 at 6:00 PM at 10602 SE 129<sup>TH</sup> Ave., Happy Valley, OR, 97086.

Board Present: Bob Frentress, Chair; Ron Blake, Vice Chair; Judy Grycko; Bob Garbarino; Ernie Platt and Terry Roskey.

Staff Present: John Thomas, General Manager, Lin Rigutto, Finance Director; and Kim Anderson, Special Projects.

Visitors Present: Barbara Kemper, CRW

### **1. CALL MEETING TO ORDER**

The meeting was called to order at 6:03 PM

### **2. INTRODUCTIONS & WELCOME OF VISITORS**

### **3. FLAG SALUTE**

The flag salute was waived.

### **4. PUBLIC COMMENT**

### **5. DISCUSSION**

#### 5.1 Review of Strategic Plan

Thomas commented that the intent is not to review the content of the strategic plan tonight, but to analyze the objectives of the plan in order to identify candidate characteristics that would assist in achieving the goals. He commented that the Board may also want to prioritize the Goals.

The Board discussed the goals contained in the strategic plan and selected a subset to of skills necessary to move the strategic plan forward. The Board considered the following:

- Managerial Skills
- Technical Skills/Training
- Financial Knowledge
- Political Savvy
- Water Industry Knowledge
- Regional Familiarity

Platt asked if the strategic plan should be updated in the near future. Thomas stated that it does need to be addressed, especially in light of the economic changes.

Grycko commented that the Board should prioritize the skills, because some, while important will naturally evolve out of the work on the others.

Thomas asked the Board to prioritize three items: Political skills, Financial knowledge, and technical skills. The Board discussed the issue. The Board generally identified political skills as being paramount. Thomas stated that his experience is that technical skills and financial knowledge prevent the manager from being misled by others.

Platt suggested that it would be appropriate for Staff to work on an update of the action plan, as this is going to be shown to the applicants. Thomas stated that Staff can bring back some updates at the June 23<sup>rd</sup> meeting.

The Board skipped ahead to discuss the list of Skill sets addressed in Agenda Item 5.3, Selection Criteria. The Board engaged in an extended conversation about how the Board might go about determining how to analyze the commitment level of the candidates.

## 5.2 Review General Manager Job Description

Grycko commented that the education and experience seemed too limiting by specifying engineering. The Board discussed the variety of educational backgrounds that might be applicable to the position of General Manager. Platt suggested that the first bullet be expanded to include additional courses of study and that the third bullet eliminate the high school or GED requirement, as that is assumed since a college degree will be required. He suggested that bullet two should be expanded to 6-8 years of experience. Platt suggested that an additional bullet could be added to include that a master's in management or business is desirable and that an Oregon PE may be desirable. A suggestion was made that the requirement for the Water Certification be excluded. The general consensus of the Board was that experience in Oregon would be desirable or preferred.

## 5.3 Selection Criteria

This item was rolled into the discussion under item 5.1.

#### 5.4 Compensation Package

Platt asked for an explanation of how deferred compensation works. Thomas explained that it is additional money that gets placed tax exempt into an account for the benefit of the employee. It is similar to an IRA. Thomas stated that it can have a vesting requirement. Rigutto stated that it can also be set up to allow for an employee match also.

Blake asked if the requirement under the new medical act to report and tax the employer paid medical costs will affect this issue. Thomas stated that Staff will investigate that, as that is not staff's understanding of how that works.

Grycko commented that she liked the Tualatin Valley Water District model. Thomas commented that there is a \$15,000 cap on deferred comp. Platt commented that all of the allowances will be considered taxable compensation. Thomas explained that the deferred comp functions like a 401K, in that it can be borrowed against and withdrawn early with penalties.

The Board discussed the willingness to pay deferred comp and PERS and at what level. Platt suggested that Sunrise be willing to pay deferred comp up to the \$15,000 cap, on a match 6%/3% with the employer paying PERS. A long discussion ensued regarding what and how much should be offered in the initial compensation package. The Board expressed the preference to establish a range for the compensation package. Board members expressed concern that if the range was too high, there would be no room to increase compensation over time. Thomas stated that the final decision will rest with the Board. Thomas pointed out that the type of candidates that would be applying for this job are career individuals that will need to know what the potential compensation package will be in order for them to make a decision on whether to apply or not.

Platt was satisfied with the proposed range, as was Grycko, Frentress and Garbarino. Roskey expressed concern that management and employees are being treated differently. Grycko expressed that Sunrise already pays employees PERS by increasing salaries to cover it. Blake expressed that he would like to see the deferred comp reduced. Blake asked if the auto expense could be reduced. Thomas proposed that the total compensation package range should be from \$125,000 to \$159,000, which would include base salary, deferred compensation, PERS, medical, dental and vision insurance, Health Reimbursement Account contributions, an auto allowance and cancer, life and long term disability insurance. Thomas asked how the Board will determine which number the Board discusses with the individual candidates. Platt suggested that the Board could discuss with candidates the option of adding in the deferred comp or other incentive after a certain time, like a probationary period.

#### 5.5 Use of Committees

Thomas stated that Staff is recommending that the Board establish a screening committee. He suggested that the screening committee include a couple of staff, a couple of Board members.

He suggested that there should be two committees, one for political/policy issues made up of Board members, the General Manager and perhaps some outside parties, and a technical committee comprised of a cross section of staff and Board members. Platt suggested that the committee that includes staff should be comprised of a majority of staff and a minority of Board members, in order to empower the staff with the level of confidence to speak freely.

Thomas proposed a technical committee of four staff and three Board members and a political committee comprised of three Board members and the General Manager and an additional outside General Manager. The Board expressed concern over the size of the technical committee, proposing to reduce it to five with three staff and two Board members. Thomas suggested that the two Board members not included in the committees be designated to perform the due diligence interviews. The Board agreed to this premise by consensus.

#### 5.6 Screening Criteria

The Board determined that this item would be refined as the discussion in items 5.1, 5.2, and 5.3 was filtered and refined.

#### 5.7 Process Schedule

Roskey asked about the process, stating that he doesn't believe that a new manager will want to work under an old manager for six months. He feels that it is an issue that needs to be addressed before that point is reached. Thomas agreed that it needs to be discussed relatively soon. Grycko stated that the new manager may need all the help the person can get during the initial settling in phase. She suggested that Thomas's contract may be modified as needed in the future to accommodate Thomas working on specific projects or working on an as needed, consultative basis.

Thomas stated that his current contract needs to be modified to in any event prior to renewal. He stated that the E & O insurance is a waste of time and money for both the organization and him, that medical insurance needs to be addressed and that the cost of living needs also needs to be discussed.

Platt asked if the next meeting will include regular business, a continuation of this discussion and an executive session if needed. Thomas stated that the next agenda will include the budget hearing and Thomas' contract. Rigutto stated that the Red Flag policy needs to be addressed also. Thomas suggested that during the regular meeting one hour could be set aside to discuss issues that haven't been resolved today and that Staff will attempt to provide the Board with information so they can make decisions on items left unresolved at this meeting.

## **6. BUSINESS FROM THE BOARD**

### 6.1 Future Agenda Items

A motion to adjourn was made by Grycko and seconded by Roskey. Motion carried unanimously.

The meeting adjourned at 8:13 pm.

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ROBERT FRENTRESS, CHAIR

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JEANNE ANSPACH, SECRETARY