

June 21, 2017

AMENDED MOTION

I hereby move that the following motion be approved:

17-04. That in accordance with the Tacoma City Charter Article IV Section 4.18, the Board has reviewed the performance of the Director of Utilities, the Board adopts and authorizes the Utility Board Chair to sign and with the Clerk of the Board the Summary of 2016 Evaluation of Director attached to this motion as Exhibit "A" and the Board reconfirms its appointment of William A. Gaines as Director of Utilities and recommends the City Council concur in the reconfirmation.

TACOMA PUBLIC UTILITIES (TPU)

2016 Performance Evaluation, Director/Chief Executive Officer William (Bill) A. Gaines
June 13, 2017

Executive Summary**Tacoma Public Utility Board Members**

Mark Patterson, Chair
Monique Trudnowski, Vice Chair
Woodrow Jones, Secretary
Bryan Flint
Karen Larkin

The Tacoma Public Utility Board Members completed their 2016 performance evaluation of Director of Utilities Bill Gaines, based on eight major areas of responsibility, the 2016 TPU Performance Goals, three additional goals established by the Board and the City Council, consideration of the Director's self-evaluation, and consideration of feedback provided by the Director at the performance evaluation review meeting with the Board. A summary of the Board's assessment is attached.

The majority of the Board members assessed the Director as meeting or exceeding expectations in eight of the major areas of responsibility: organizational and human resources management; fiscal/business management; long range and strategic planning; governmental relations; and professional/personal development, for reasons including the Emergency Management project, attention to employee succession planning and career development, TPU's performance metrics, support of the equity and empowerment initiative, sound financial management with attention to both the short and long-term future, the 2017-2018 budget development process and reporting, bond ratings, recognition by professional Power and Water associations, utility-wide strategic plan, Tacoma Power and Tacoma Water's Integrated Resource Plans, excellent communications and relations with federal and state government, local jurisdictions, and utility management leaders nationally, TPU's high service performance and reliability, consistent benchmarked performance reviews, respected Utility reputation, support and values for professional and leadership development, consistent and commendable communication with employees, community organizations, and the general public, and the Director's leadership roles on Boards such as the American Public Power Association.

A minority of the Board members assessed the Director as performing below expectations in three of the major areas of responsibility: program development and follow-through; relationship with the Board/Council; and relationship with public/public relations, for the following reasons: Resolution of Click! has been mismanaged by the Director, resulting in little meaningful progress made on the policy direction set in the fall of 2015, the Director's lack of sufficient involvement of the Board to obtain input and direction on policy positions and directions, strained relationship between the City and TPU, and the Director projects a negative attitude towards those who disagree with him, including members of the public, constituency groups and the Council.

TACOMA PUBLIC UTILITIES
Summary of 2016 Evaluation of Director of Utilities

May, 2017

Tacoma Public Utility Board Members

Mark Patterson, Chair
Monique Trudnowski, Vice Chair
Woodrow Jones, Secretary
Bryan Flint
Karen Larkin

Director/Chief Executive Officer, Tacoma Public Utilities

William (Bill) A. Gaines

BACKGROUND

Explanations and Directions: Performance Evaluation as Team Building

If an evaluation is to be, in the truest sense, a means of team building, certain conditions must prevail. The two processes must be compatible and interrelated in the following ways:

1. Evaluation is basically a means, not an end in itself.
2. The trust level between the employee and evaluators must be high.
3. The roles must be clearly indicated and accepted.
4. Expectations are defined by standards of performance.

Definition of Roles

Public Utility Board

1. Conduct annual assessments of performance of the Director.
2. Respect the management prerogatives of the Director.
3. Assess in general terms except to cite needed improvements or commend exemplary performance.

Director of Utilities

1. Accepts the need for an annual evaluation.
2. Supports the scope and thrust of the evaluations.
3. Expects the evaluations to adhere to the established procedures for evaluating the performance of the Director.
4. Recognizes and respects the policy role of the Board.

Pre-determined Performance Standards

A performance standard is defined as a condition that will exist when a responsibility or function is successfully performed. It is essential that a performance standard be established, at the outset, for each of the major areas of responsibility of the Director. This is necessary in order to use the rating scale effectively. Performance will be considered effective in an area of responsibility when a majority of the performance standards have been successfully fulfilled.

Major Areas of Responsibility

It should be reiterated that in determining the appropriate level of expectations, actual performance must be measured in relation to the indicated standard of performance in the eight major areas of responsibility. Descriptors as provided under each clarify the meaning and content of the area; however, the evaluation is made of the major area.

MAJOR AREAS OF RESPONSIBILITY

- I. Organizational and Human Resources Management
- II. Fiscal/Business Management
- III. Program Development and Follow-Through
- IV. Relationship with the Board/Council
- V. Long Range Planning/Strategic Plan
- VI. Relationship with Public/Public Relations
- VII. Intergovernmental Relations
- VIII. Professional/Personal Development

Rating Symbols

Rating symbols are used to make assessments; and these symbols fall into three main categories:

- 1 = Below Expectations (performance has been below reasonable expectations)
- 3 = Meets Expectations (performance has attained a level of reasonable expectations)
- 5 = Exceeds Expectations (performance has been above reasonable expectations)

As indicated earlier, without more precise definition of the term “expectations”, it is possible that ambiguity will result in the use of the term. In order to help avoid this possibility, the concept of performance standards is used. It will be noted that in connection with each area, a performance standard is stated, including the condition that has to be met in order to decide the extent to which the “expectations” have been met.

PURPOSE

In order to establish and maintain effective Board/Director relations, it is essential that there be an ongoing evaluation process that offers an opportunity for each party to review the performance of the Director. This evaluation should focus on how effectively the Director is accomplishing established goals and how she/he is carrying out her/his responsibilities in key performance areas.

Specifically, the evaluation should serve the following needs:

- (1) Allow the parties to test, identify, and refine their respective roles, relationships, and expectations of responsibilities to each other.
- (2) Allow discussion of the Director’s strengths and weaknesses as demonstrated by past performance with the objective of increasing the Manager’s effectiveness; that is, give the Board the opportunity to provide positive feedback in areas that have been handled well and to clarify areas where the Director could become more effective through improved performance.

PROCESS

- (1) The Director completes the Self-Evaluation Form by the end of each calendar year.
- (2) In January of each year, each Board member receives a copy of the evaluation form and the completed Director Self-Evaluation Form.
- (3) Each Board member completes an evaluation form, signs it, and returns one copy to the Chair of the Board.
- (4) The Chair or designee tabulates the results of the evaluation forms.
- (5) The composite evaluation of the Board, along with the Director's Self-Evaluation Form, are distributed by the Board Chair to the other Board members prior to the executive session evaluation meeting. A copy of the composite evaluation as well as a list of each member's ratings and comments is provided by the Chair to the Director prior to the evaluation meeting.
- (6) The Board meets with the Director in executive session to review the evaluation.
- (7) The operating ground rules shall be established by the Board for the executive session including, but not limited to, such considerations as location, time, or time considerations for any particular subject matter.
- (8) The Board's evaluation process shall begin in January of each year, except that the Board may require an additional evaluation at any time during the year.
- (9) Following the evaluation, the Director shall present to the Board any requests regarding changes to the Employment Agreement including salary adjustments with the Council-authorized "Executive Salary Schedule."
- (10) At the executive session, the Board Chair shall also solicit additional adjustment suggestions from the Board members. At any point during the executive session, the Board may choose to excuse the Director from deliberations regarding these items. Following the reaching of a majority consensus on any adjustments, the Board shall inform the Director of its pending decision in executive session and then reconvene in open session to ratify the changes.

EXECUTIVE SUMMARY

I. ORGANIZATIONAL AND HUMAN RESOURCES MANAGEMENT

RESPONSIBILITY

- Plans and organizes the work that goes into providing services established by past and current decisions of the Board.
- Plans and organizes work that carries out policies adopted by the Board and developed by Staff.
- Plans and organizes responses to public requests and complaints or areas of concern brought to the attention of the Staff by City Council Board and Staff.
- Evaluation and keeping up with current technology.
- Selecting, leading, directing, and developing staff members.

PERFORMANCE STANDARD

- Well qualified, promising persons are recruited and employed.
- Effectively utilizes subordinates' skills when delegating and clearly defines and follows up on delegated responsibilities.
- Employees are appropriately placed contributing to a high retention rate.
- Supervisory techniques motivate high performance.
- Complaints to Board and City Council are not common.
- The organization is aware of new trends in technology.

<u>Board Ratings:</u>	1 (Below Expectations)	(0)
	2	(0)
	3 (Meets Expectations)	(2)
	4	(0)
	5 (Exceeds Expectations)	(3)

Board Comments/Concerns/Commendations: The majority of the Public Utility Board members assessed the Director as meeting or exceeding expectations.

Areas of commendation included:

- The Emergency Management project, acknowledging that integration with other emergency planning organizations in the City and County needs to continue.
- TPU's long-term attention to successful succession planning, and ongoing career development.
- The completion of TPU-level metrics.
- The Director's support of the equity and empowerment initiative and focus on ongoing programs to incorporate into the Utility.

Areas of concern included:

- Filling senior management positions in a timely manner as retirements continue, and viewing workforce management planning as a top priority so that there are not long vacancy gaps.

II. FISCAL/BUSINESS MANAGEMENT

RESPONSIBILITY

- Plans and organizes the preparation of an annual budget with documentation etc. that conforms to guidelines adopted by the Board and City Council.
- Plans, organizes, and administers the adopted budget with approved revenues and expenditures.
- Plans, organizes, & supervises most economic utilization of manpower, materials, machinery.
- Plans and organizes a system of reports for the Board that provides most up-to-date data available concerning expenditures and revenue.
- Plans and organizes maintenance City-owned facilities, buildings and/or equipment.

PERFORMANCE STANDARD

- Budget preparation and management are thorough and effective.
- Cost-effective measures are persistently pursued.
- Financial reporting is timely and readily understandable.
- Physical facilities management is efficient.
- Maintain competitive rates for utility services.

<u>Board Ratings:</u>	1 (Below Expectations)	(0)
	2	(1)
	3 (Meets Expectations)	(0)
	4	(1)
	5 (Exceeds Expectations)	(3)

Board Comments/Concerns/Commendations: The majority of the Public Utility Board members assessed the Director as performing above or exceeding expectations. One Board member assessed that the Director did not meet performance expectations.

Areas of commendation included:

- Having a strong financial team that focuses on sound financial performance.
- The 2017-2018 Budget process with high levels of regular reporting and impacts provided to the Board.
- Operations as one of the best run utilities in the country, recognized by the American Public Power Association and the American Water Works Association.
- Bond ratings of the Power and Water Utilities were reaffirmed at AA by both Moody's and Standard and Poor's.
- Focus on both the short-term and the long-term fiscal future of Tacoma Public Utilities.

Areas of concern included:

- Maintaining a focus on controlling rate increases even if it is the result of external factors.
- Continuing the focus on cash reserves management to mitigate rate increases when possible.
- Better scoping and timely communication with the Utility Board on policy issues associated with the rate structure.

III. PROGRAM DEVELOPMENT AND FOLLOW THROUGH

RESPONSIBILITY

- Plans and organizes on-going services to TPU customers.
- Plans and organizes work involved by Board and Staff and the reporting of the results of analysis.
- Maintains knowledge of current and innovative trends in the area of services being provided by comparable utilities, and incorporates that knowledge.
- Plans and organizes work assigned by the Board so that it is completed with dispatch and efficiency.
- Plans, organizes and supervises implementation of programs adopted or approved by the Council.

PERFORMANCE STANDARD

- Ongoing programs and services are fully responsive to customer needs.
- Monitoring procedures are in place and functioning well.
- Measurable outcomes (to the extent possible) are used to determine success in programs planning.
- The Director can be depended upon to follow through.
- Makes most effective use of available staff talent.

<u>Board Ratings:</u>	1 (Below Expectations)	(2)
	2	(0)
	3 (Meets Expectations)	(0)
	4	(2)
	5 (Exceeds Expectations)	(1)

Board Comments/Concerns/Commendations: The majority of the Public Utility Board members assessed the Director as performing above or exceeding expectations. Two Board members assessed that the Director's performance was below expectations.

Areas of commendation included:

- The Port Alliance and Tacoma Rail relationship.
- The development of a focused economic development program, with the need to also be responsive to general community goals.
- Tacoma Water's All Hazards Vulnerability Assessment and the Integrated Resource Plan.
- The Utility bill re-design project.
- Redesign of the low income programs.
- Work with the Port of Tacoma, and the Economic Development Board.
- Customer service.

Areas of concern included:

- Lack of a completed workable Click! Network business plan that envisions new products and timely implementation.

IV. RELATIONSHIP WITH BOARD AND COUNCIL

RESPONSIBILITY

- Maintains effective communication both verbal and written, with Board.
- Maintains availability to Board, either personally or through designated subordinates.
- Establishes & maintains a system of reporting to Board current plans and activities of the Staff.
- Plans and organizes materials for presentations to the Board, either verbally or written, in the most concise, clear, and comprehensive manner possible.

PERFORMANCE STANDARD

- Reports, presentations & recommendations are clearly & convincingly made.
- Facilitates Board action, including adoption of ordinances, agenda preparation, and provides information and background required by the Board and City Council.
- Communications are made in a timely, forthright, and open manner.
- Keeps all Board Members well informed and involved on issues that should be addressed or monitored for possible action.
- Responses to requests are made promptly and completely.
- Recommendations appear to be thoroughly researched.
- Demonstrates what he says can be accepted at face value.
- Maintains respect for Council, takes a consistent position and holds confidences.
- A system is in place to report to Council current TPU plans, activities, and events.
- Where feasible, presents alternate recommendations to the Board and City Council.
- Complies with all provisions of the Board-Council MOU.

<u>Board Ratings:</u>	1 (Below Expectations)	(2)
	2	(0)
	3 (Meets Expectations)	(0)
	4	(3)
	5 (Exceeds Expectations)	(0)

Board Comments/Concerns/Commendations: The majority of the Public Utility Board members assessed the Director as performing above expectations. Two Board members assessed that the Director's performance was below expectations.

Areas of commendation included:

- Board retreat was well organized and a useful means for in depth exploration and discussion on complex topics.
- Director's diligent focus on communications, meetings, and relationship building with the City Manager and City Council and Mayor, with recommendations and options for action on major projects on the TPU agenda.

Areas of concern included:

- Desire to have earlier engagement with the Board to obtain input and direction on policy positions and direction.
- Inherent City/TPU tensions associated with TPU's semi-autonomous governance structure.

V. LONG RANGE PLANNING / STRATEGIC PLAN

RESPONSIBILITY

- Maintains knowledge of new technologies, systems, methods, etc. in relation to utility services.
- Keeps Board advised of new and impending legislation and developments in the area of public policy.
- Plans and organizes a process of program planning in anticipation of future needs and problems.
- Establishes and maintains an awareness of developments occurring within other utilities or other jurisdictions that may have an impact on utility activities.
- Plans, organizes and maintains a process for establishing community goals to be approved or adopted by Council and monitoring and status reporting.

PERFORMANCE STANDARD

- A well-constructed long-range strategic plan is currently in operation.
- Annual operational plans are carried out by staff members.
- An on-going monitoring process is in operation to attain quality assurance in program and project implementation.
- Program evaluation and personnel evaluation are inter-related with the strategic planning process.
- Legislative knowledge is current and complete.

<u>Board Ratings:</u>	1 (Below Expectations)	(0)
	2	(0)
	3 (Meets Expectations)	(0)
	4	(2)
	5 (Exceeds Expectations)	(3)

Board Comments/Concerns/Commendations: The majority of the Public Utility Board members assessed the Director as performing above or exceeding expectations.

Areas of commendation included:

- Director’s focus on long-term and strategic planning for all the Utilities divisions, as well as a utility-wide strategic plan.
- Tacoma Power and Tacoma Water’s Integrated Resource Plans (IRPs). Communications on this important tool could be communicated proactively as IRPs may be under-appreciated by the public and outside policy makers.

Areas of concern included:

- Future of Click! Network and the completion of the business plan.

VI. RELATIONSHIP WITH PUBLIC/PUBLIC RELATIONS

RESPONSIBILITY

- Plans, organizes and maintains training of employees in contact with the public, either by phone or in person.
- Ensures that an attitude and feeling of helpfulness, courtesy, and sensitivity to public perception exists in employees coming in contact with the public.
- Establishes and maintains an image of the Utility to the community that represents service, vitality and professionalism.
- Establishes and maintains a liaison with private non-governmental agencies, organizations and groups involved in areas of concern that relate to services or activities of the City.

PERFORMANCE STANDARD

- Contacts with the media are timely and credible.
- Publications are varied and consistently well-received by citizens.
- Feedback from the public and the community leadership is positive.
- Utility has good image with comparable organizations.

<u>Board Ratings:</u>	1 (Below Expectations)	(2)
	2	(0)
	3 (Meets Expectations)	(0)
	4	(1)
	5 (Exceeds Expectations)	(2)

Board Comments/Concerns/Commendations: The majority of the Public Utility Board members assessed the Director as performing above or exceeding expectations. Two Board members assessed the Director as performing below expectations.

Areas of commendation included:

- Director's efforts to have open, candid and clear conversations with the City Council members on complicated topics.
- Successful public relations communications on the lead gooseneck pipe issue and the community solar program. Tacoma Water's proactive, transparent and responsiveness to the public and media.
- Timely responses on public requests for reports and data.
- Director's proactive development of contacts with the media and ratepayers on the direction of TPU – a positive reputation and image exists within the community based on polls.

Areas of concern included:

- Continue to work on TPU reports and press releases that further emphasize visibility, accountability, and transparency on complex issues.
- Electric and water rate setting public input process.
- More attention and deliberate, skilled planning and a responsive approach to community and media relations.
- Director's response when faced with differing viewpoints.

VIII. GOVERNMENTAL RELATIONS

RESPONSIBILITY

- Maintains awareness of developments and plans in other jurisdictions that may relate to or affect TPU.
- Establishes and maintains a liaison with other governmental jurisdictions in those areas of service that improve or enhance the Utility efforts.
- Maintains communications with governmental jurisdictions with which the Utility is involved or interfaces.

PERFORMANCE STANDARD

- Sufficient activity with municipal and professional organizations.
- Regarded as leader by Utility officials.
- Provides examples of good ideas from other jurisdictions.
- Positive relationship with surrounding utilities.
- Good cooperation with county, state and federal agencies.
- Understands problems of other agencies and jurisdictions in achieving City/Utility objectives.
- Constructively cooperative in interacting with other agencies and jurisdictions in achieving City objectives.

<u>Board Ratings:</u>	1 (Below Expectations)	(0)
	2	(1)
	3 (Meets Expectations)	(0)
	4	(2)
	5 (Exceeds Expectations)	(2)

Board Comments/Concerns/Commendations: The majority of the Public Utility Board members assessed the Director as performing above or exceeding expectations. One Board member assessed the Director as performing lower than expectations.

Areas of commendation included:

- Excellent communication on Federal and State level governmental relations, with the City of Tacoma and other local jurisdictions.
- Director's relationships with utility management leaders nationally.
- The respected reputation of TPU from other utilities, associations, private and public leaders.
- TPU's high service performance and reliability, and consistent benchmarked performance reviews.

Areas of concern included:

- Early and ongoing engagement with the Board on major issues the industry faces, and knowledge of what issues are being tracked by staff so that the Board can develop and inform a position for the utility management.

IX. PROFESSIONAL/PERSONAL DEVELOPMENT

RESPONSIBILITY

- Maintains awareness and value of broadening professional and personal development.
- Demonstrates imaginative leadership initiatives.
- Ability to build cohesiveness in staff.
- Decisiveness in leadership performance.
- Effectiveness in verbal communications.
- Cultivates diversity on all levels of the leadership structure.

PERFORMANCE STANDARD

- Management techniques show evidences of innovation, imagination, and decisiveness.
- Synergetic techniques are fostered.
- Verbal communication is commendable.
- Organization reflects the diversity of the community.

<u>Board Ratings:</u>	1 (Below Expectations)	(0)
	2	(0)
	3 (Meets Expectations)	(1)
	4	(1)
	5 (Exceeds Expectations)	(3)

Board Comments/Concerns/Commendations:

The majority of the Public Utility Board members assessed the Director as meeting, performing above or exceeding expectations.

Areas of commendation included:

- Director's strong support of education and training throughout the organization.
- Director's respect, valuing and management of professional development, including leadership training and development.
- Director's willingness to seek innovation.
- Director's leadership role on the Executive Board of the American Public Power Association.
- Consistent and commendable verbal communication with staff, the TPU Board, the City Council, and with community leaders, organizations and the general public.

Areas of concern included:

- None noted.

DATE: _____

Mark Patterson, Chair
Public Utility Board

Monique Trudnowski, Vice-Chair
Public Utility Board

Woodrow Jones, Secretary
Public Utility Board

Karen Larkin, Member
Public Utility Board

Bryan Flint, Member
Public Utility Board