



APPROVED 11-15-17

MINUTES
City of Tacoma
Public Utility Board Special Meeting
October 17, 2017
10:00 a.m.

Ms. Trudnowski called the Public Utility Board meeting to order at 10:03 a.m. at Tacoma Public Utilities.

Present: Woodrow E. Jones, Jr., Monique Trudnowski, Bryan Flint, Karen Larkin, Mark Patterson

The meeting was quorate.

Regular Agenda

Chair Trudnowski made opening remarks. The Board discussion and voting is only for the selection of an executive recruiter for the search for the next Director of Utilities. Chair Trudnowski commented that this recruiter selection process in the past has been made administratively and not in a public meeting and this process is more open than in the past. The timeline was then outlined. On September 5, 2017, a Request for Qualifications (RFQ) was sent to eight recruiting firms agreed upon by the Board and four responses were received. On September 21, the four responses were sent to the Board and no Board discussion has taken place until this special meeting. Board Members then summarized their evaluation of the four responders.

Board Member Patterson made comments that the four responding firms were qualified and after evaluation the firms of Preng & Associates and Mycoff, Prouse, and Fry were the top two. In summary, Preng & Associates has expertise in utilities, but not in a large geographical area. Mycoff, Prouse, and Fry has the most extensive list of successful utility recruiting and because of its familiarity with TPU, the ramp-up and education period would be minimal.

Board Member Larkin made comments that she looked at pricing, timing, participation of principals, recruiting expertise, and processes each would employ that included Council and stakeholder input. In summary, Mycoff, Prouse, and Fry didn't include information on stakeholder input and if a principal would be conducting the recruiting. Preng is favored as their response included how they could include confidentiality in a public process and stakeholder outreach. Board Member Larkin ranked her order as: 1) Preng & Associates; 2) ZRG; 3) Karras; 4) Mycoff, Fry, and Prouse.

Board Member Jones made comments he evaluated the responses from the standpoint of a CEO and how that individual would reach out to the community, legislative bodies, and customers. Board Member Jones ranked his order with Mycoff, Fry, and Prouse being number one and Preng & Associates being number two. Mr. Jones added that ZRG and Karras are good recruiters, but their expertise doesn't apply to this specific recruitment.

Board Member Flint outlined pros and cons of each RFQ response. Karras has a good understanding of municipal government, but their geographical experience is limited. Mycoff,

Fry, and Prouse's experience and long history with a focus in power only is both a pro and con. Another con is that they didn't include stakeholder outreach in their proposal. Preng & Associates' pro is that they have the broadest, applicable experience, stakeholder outreach, and plan to protect confidentiality in public. ZRG has experience, but mainly with oil, gas, and chemical companies, not power and water. Board Member Flint ranked his order as: 1) Preng & Associates; 2) Mycoff, Fry, and Prouse and ZRG tied for two; 3) Karras.

Chair Trudnowski summarized Board Member comments in that Mycoff, Fry, and Prouse and Preng & Associates have the top two rankings. Mycoff, Fry, and Prouse have a history of success in the Pacific Northwest and nationally. Preng's experience is mostly with oil and gas and they have a higher fee. ZRG doesn't have much public power experience, and Karras' experience is geographically limited. The Board owns this process and can include desired elements, such as stakeholder inclusion, into a contract before final execution.

Gary Buchanan, Human Resources Director, added comments. The recruiter has to have a great span of contacts and learn about the community, stakeholders, and issues in the utility and community. Would be preferable to have a dedicated recruiter for this recruitment.

Board Member discussion ensued as summarized below.

Board Member Flint: Would like to know who Mycoff's dedicated principal would be. Preng & Associates actively recruits minorities and females. In the past there has been criticism of TPU's history in that the Power Superintendent becomes the Director and there is only one path to that seat. The concern is that Mycoff, Fry, and Prouse's focus is only on the power side. If you start off that way, you're more likely to end up that way. Preng & Associates has broader experience and has the potential to bring a more interesting mix of candidates so the Board may have broader options.

Board Member Larkin: Mycoff, Fry, and Prouse didn't specify who would be on point for this recruitment nor does their proposal have any public process or stakeholder information about it. Preng & Associates talked about a community process.

Board Member Jones: Mycoff, Fry, and Prouse has relationships with CEOs and knows what is happening in the industry and with that will provide the Board with the questions necessary during the recruitment.

Board Member Patterson: Both Mycoff, Fry, and Prouse and Preng & Associates are professional organizations and the Board will drive the process. Preng & Associates' response was more fleshed out, but Mycoff, Fry, and Prouse outweighs Preng & Associates with their industry contacts and extensive experience.

Chair Trudnowski: Believes Mycoff, Fry, and Prouse, would have a senior person on point. Also, they aggressively recruit both minority and female candidates.

Board Member Flint made a motion – Authorize execution of a contract with Preng & Associates for executive recruitment services for a Director of Tacoma Public Utilities; seconded by Board Member Larkin.

Board Member Flint commented that he made this motion because he feels Preng & Associates is the best candidate.

Mr. Patterson stated that Preng & Associates has a good proposal, but will oppose the motion as Mycoff, Fry, and Prouse has more experience.

Ms. Larkin stated that her comments have already been made.

Mr. Jones voiced his support for Mycoff, Fry, and Prouse citing their experience with CEO recruitment.

Chair Trudnowski stated she could not support the motion as Mycoff, Fry, and Prouse has more depth.

Public comment was then taken:

Tracy Prezeau: Commented that she appreciated the Board's comments about the public process. Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director.

Gavin Guss: Made positive comment about the public process to vet the recruitment firms. Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director.

Donna Walters: Commented to not spend funds on a recruiter if there is already been a decision as to who will become the Director. Favors having a Director with environmental interests.

Jude Shrode: Began to make comments about severance packages; comment was abridged as the Chair stated her comments were not germane to the motion at hand.

David Bluhm: Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director.

Evelyn Lopez: Understand the reasons for focusing on Preng & Associates and Mycoff, Fry, and Prouse. Outlined the importance of the public process, innovation, and the future of TPU.

Tom McCarthy: Made comments about favoring a cultural change at TPU. Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director.

Michael Lafreniere: Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director.

Kit Burns: Thanked the Board for this public process. Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director.

Bruce Martin: Commented that the most important criteria in a new Director is finding someone with experience. The reason why Power Superintendents have become the Director is because the power sector of TPU is the most complicated and has the greatest financial impact.

Chair Trudnowski stated that she's heard all concerns and that this is the beginning of this process, not the end. Chair Trudnowski encouraged all interested to be watchful for opportunities for stakeholder input. All comments will influence the process. Chair Trudnowski voiced her support for Mycoff, Fry, and Prouse and stated a lot of the comments can be integrated into their contract.

Voice vote was taken with Board Members Larkin and Flint casting aye votes and Board Members Trudnowski, Jones, and Patterson casting nay votes.

Board Member Patterson made a motion – Authorize execution of a contract with Mycoff, Fry, and Prouse for executive recruitment services for a Director of Tacoma Public Utilities; seconded by Mr. Jones.

Board Member Larkin commented that she had hoped to rely on the process agreed to when the RFQ was drafted and expressed displeasure in a process not based on proposals.

Mr. Patterson voiced disagreement to the previous comment; stated that all proposals were examined; Preng & Associates had a good proposal but there are better opportunities with Mycoff, Fry, and Prouse.

Mr. Jones agreed with Board Member Patterson and stated that the ongoing process will continue to be open.

Mr. Flint stated that his north star is to find the best candidate available and they're given the full confidence of the Board, Council, and stakeholders. Mycoff will do a good job; opinions can be gathered before the recruiter contacts candidates; will continue to push for robust stakeholder inclusion.

Chair Trudnowski commented that the outlined process has been followed and there is a lot of work to be done. Stakeholders will be included as well as Council and Human Resources.

Public comment was taken.

Gavin Guss: Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director. Favored postponing the vote in favor of more discussion.

Bruce Martin: Commented that Mycoff, Fry, and Prouse didn't place the outgoing CEO, the Board and Council did. They are just recruiters, not the decision makers. Stakeholders should participate to make sure the right person is appointed.

Tracy Prezeau: Favors including stakeholder input and process into Mycoff, Fry, and Prouse's contract.

Tom McCarthy: Commented on TPU needing a cultural change and commented that all ratepayers aren't equal and those who live in the city limits are most important, with the Council interest coming second, and those outside the city limits come in third. Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director.

Kit Burns: Stated that Mycoff, Fry, and Prouse's lower price shouldn't be a deciding factor as their proposal didn't include stakeholder outreach and that could explain the lower fee. Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director.

Michael Lafreniere: Voiced opposition to Mycoff, Fry, and Prouse as they have been used by TPU in the past and recruited the outgoing Director and because they didn't include stakeholder process and input in their proposal.

Chair Trudnowski commented that the fact that this recruiter selection has been made into a public process reflects a culture change. When Board Members took their oath of office, they took it for all ratepayers – both inside and outside the city. The oath didn't differentiate. Chair Trudnowski made comments about collaboration working together through diversity of thought for a strong outcome.

Board Member Flint commented that the new Director will bring a new vision and cultural change in the future. In response to an inquiry from Mr. Flint about who negotiates the recruiter contract, Chair Trudnowski answered that Gary Buchanan will work with the Board.

Mr. Patterson commented that the Board will vote, but it is contingent on getting an agreement on which the Board will agree. That conversation will include discussion on stakeholder input.

Mr. Jones commented that culture has to do with the environment and what's going on in the industry at the time. Culture doesn't say we have to do things in a certain way – things have been done differently in the past at TPU and it has always been driven by circumstances. There will be an open process that results in finding the best person available.

Bill Fosbre, City Attorney, added that the recruiter's contract will require a Board vote.

Voice vote was taken with Board Members Trudnowski, Flint, Jones, and Patterson casting aye votes and Board Member Larkin casting a nay vote.

Motion 17-14 authorizing execution of a contract with Mycoff, Fry, and Prouse, for recruitment services for a Director of Tacoma Public Utilities was taken and carried.

Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 11:35 a.m. until Wednesday, October 25, 2017 for a study session beginning at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Metro Parks Headquarters.

Approved:

Monique Trudnowski, Chair

Karen Larkin, Secretary