



TO: Elizabeth Pauli, City Manager
FROM: Consideration of Tacoma Public Utility Board – Resolution No. U-10949
COPY: City Council and City Clerk
SUBJECT: Resolution - Approving the reappointment of William A. Gaines to the position of Director of Utilities for the period of September 22, 2017, through December 2, 2017; and approving a Transition and Separation Agreement
DATE: August 7, 2017

SUMMARY:

Approving the reappointment of William A. Gaines to the position of Director of Utilities for the period of September 22, 2017, through December 2, 2017; and approving a Transition and Separation Agreement.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

BACKGROUND:

Tacoma City Charter § 4.18 states the Public Utility “Board shall appoint, subject to confirmation by the City Council, a Director of Utilities.... The Board shall review the Director’s performance annually, and every two years shall, by an affirmative vote of at least three members of the Board in a public meeting, vote on whether to reconfirm the appointment, subject to reconfirmation by the City Council. The first review and vote on whether to reconfirm the Director shall be in 2015.”

The Public Utility Board (“Board”) voted in 2015 to reappoint William A. Gaines to the Director of Utilities position for a two-year period, pursuant to Motion 15-08, and the City Council confirmed that reappointment on September 22, 2015. The current appointment period expires September 21, 2017.

On June 21, 2017, the Board passed Amended Motion 17-04, on a 3-2 vote, to reappoint Mr. Gaines as Director for an additional two-year period starting on September 22, 2017. The City Council has not reconfirmed the reappointment of Mr. Gaines, and Mr. Gaines and the Public Utility Board have not agreed to terms for a successor compensation agreement that would go into effect beyond December 31, 2017.

During July 2017, Mr. Gaines notified the Public Utility Board of his consideration of retirement from his current position, pursuant to the provisions of the Tacoma Employees’ Retirement System. The Board desires to ensure an orderly leadership transition period. The City Council desires the Board to immediately seek and retain the services of an individual or organization with the necessary expertise to assist the Board in developing and conducting a nationwide search for the appointment of a new Director of Public Utilities, with such search to begin as soon as



possible. In addition, the City Council desires the Board to include input and assistance from the Mayor and City Council, City Manager, Department of Human Resources, utility constituents, and other utility stakeholders in the City's recruiting and hiring process for the position.

On August 7, 2017, at a special meeting, the Public Utility Board passed resolution U-10949, which repealed Amended Motion 17-04; approved a Transition and Separation Agreement; and reappointed Mr. Gaines as Director for period of less than two years beginning September 22, 2017, through December 2, 2017. As outlined in the Transition and Separation Agreement Mr. Gaines will be entitled to a severance payment as required under the current compensation agreement with Public Utility Board based on not being reappointed for a two-year term and not reaching agreement on a successor compensation agreement that would go into effect beyond December 31, 2017.

Tacoma City Charter § 4.18 requires the City Council to take action to either accept or reject such reappointment by September 21, 2017.

ISSUE:

The current appointment for the Director of Utilities expires on September 21, 2017, so the City Council is required to take action by that date.

ALTERNATIVES:

If the City Council votes to reject the reappointment of Mr. Gaines as submitted by the Public Utility Board pursuant to resolution U-10949, then Mr. Gaines' term as Director will end September 21, 2017, and the Department of Public Utilities will be required under the current compensation agreement to pay Mr. Gaines severance (one year's annual salary of \$387,650, one year's COBRA health care benefits estimated to be \$18,115 (estimated at \$1,509.61), for a total of \$405,765).

FISCAL IMPACT:

Payment of severance in the approximate amount of \$405,765; in addition, Mr. Gaines will be eligible to cash out any unused leave balance at his current rate of pay at the end of his employment.

RECOMMENDATION:

There is no recommendation from staff.