

FOR BOARD ACTION

Agenda Item # 11

Meeting Date:

1/31/12

SUBJECT:

Approval of Revised Board Policies (Discussed at December Meeting)

PREPARED BY:

Susan Parker, Director of Corporate Services

ITEM DESCRIPTION:

At the December Board Meeting three policies were presented for review. The first document was a new policy establishing the Board's intent for worker safety consistent with our core values. In addition, two policies were updated with the recommended changes marked in the documents.

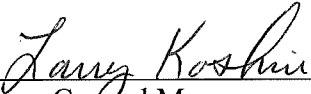
The various comments from individual Board Members have been captured in the attached documents.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not Applicable

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve a motion to adopt the policies as discussed.


General Manager

1-26-12
Date

ROCHESTER PUBLIC UTILITIES
BOARD POLICY STATEMENT

POLICY SUBJECT: Board Relationship with the Common Council

POLICY OBJECTIVE:

The Board intends to state its relationship with the Common Council and the relationship of its management and staff with the staff of other City departments. This policy is intended to establish the limits of Board authority and accountability to the Common Council.

POLICY STATEMENT:

1. The Board recognizes the Common Council as the elected body of the City of Rochester to whom the Board is accountable for the performance of the City utility systems which it controls. The Board's accountability extends only to the limits of authority which have been delegated to the Board by the Council or provided by the Home Rule Charter to the Board.
2. The Board, by authority of the City's Home Rule Charter, was created "to control, manage, and operate" the electric, water, and steam district heating systems of the City." The Board's principal role is to provide policy direction for the RPU management and staff. The Board's responsibilities and functions are covered in a separate policy statement.
3. The Board will delegate certain responsibility and authority to its management and staff employees, who are accountable directly to the Board. The Board's delegations to management are covered in a separate policy statement.
4. The Board will cooperate with the Council in a manner consistent with the policies adopted by the Board and the City's Home Rule Charter, and with the implementing policies and procedures of its management and staff employees.

The Board will direct its employees to cooperate and coordinate their activities with the staff of other City departments in a manner consistent with the established policies and procedures of the Board and its management, and the City's Home Rule Charter.

5. The Board recognizes that certain actions which are essential to the sound management of its utility systems are, by law or Charter, reserved for the Common Council, upon recommendations of the Board. These actions include:
 - a. Approval of the Board's annual utility budget.
 - b. Authorization to expend in excess of \$3100,000 to any one person, firm, or corporation for the purchase of goods or services which is not contained within the board's approved annual budget.
 - cb. Authorization to purchase or sell real and personal property or an interest in such

- property where the value exceeds \$3100,000.
- ~~de.~~ ~~Establishment-Concurrence~~ of hourly wages or salary ranges for all employee positions authorized by the Board.
 - ~~ed.~~ Establishment of procedures for the appointment, employment, and termination of the General Manager and other employees.
 - ~~fe.~~ Authorization to issue revenue bonds or in any way to contract indebtedness.
 - ~~gf.~~ Authorization to transfer monies from the City General Fund into the utility enterprise funds.
 - ~~hg.~~ Concurrence in rates and charges for utility services, as established by the Board.
 - ~~ih.~~ Authorization to provide utility service to areas outside of the City corporate limits or other legally assigned service area.
 - ~~ji.~~ Authorization to establish or discontinue any City utility system.
 - ~~kj.~~ Assignment to or removal from Board control of a City utility system.
 - ~~lk.~~ Authorization for the electronic transfer and disbursement of monies from the Utility enterprise funds
 - 1. Authorization to acquire real property or property rights by condemnation.
6. The Utility Board has full authority to act and is accountable, in the following respects:
- a. Establishment and application of approved rates and charges as well as the billing and recovery of amounts due.
 - b. Quality and reliability of services provided.
 - c. Authorization of expenditures and contracts provided the board's approved annual budget contains an appropriation to pay the expenditure.
 - ~~ed.~~ Authorization of expenditures of \$30,000 or less for the purchase of goods and services. Authorization of expenditures and contracts less than \$100,000 when the boards approved annual budget does not contain an appropriation to the contract or expenditures.
 - ~~de.~~ Authorization to purchase or sell real and personal property or an interest in such property where the value is \$3100,000 or less provided advance notice to the City Administrator is given.
 - ~~ef.~~ Payment of all approved financial obligations resulting from the purchase of goods and services and the borrowing of funds.
 - ~~fg.~~ Protection and preservation of all physical and financial assets of the utility systems controlled by the Board.
 - ~~gh.~~ Organizational structure and, with Council concurrence, staffing levels, personnel policies, compensation and fringe benefit programs.
 - ~~hi.~~ Employee conduct.
 - ~~ij.~~ Financial accounting, reporting, and periodic auditing, according to generally accepted procedures for municipal utility enterprises.
 - ~~jk.~~ Planning, budgeting, and controlling the use of human, physical, and financial resources.
 - ~~kl.~~ Customer and public relations programs including the scheduling and conduct of meetings or hearings to obtain public comment regarding utility operations
 - ~~lm.~~ Scheduling and conduct of hearings and the issuance of rulings related to customer or employee appeal of Board or management policies and decisions.
 - ~~mn.~~ Conformance with applicable law and regulations.

7. The Utility Board expects the Common Council to provide public policy direction on the following items which are relevant to the Board's utility system operations:
 - a. The short and long-term growth policy of the City and the role of the Board in implementing such policy.
 - b. The extent to which each revenue producing utility is expected to be financially self-supporting.
 - c. The extent to which service will be provided, on a non-preferential basis, within or beyond the assigned service area.
 - d. The extent to which rates and charges will differentiate among customers with respect to the costs of serving them.
 - e. The extent to which the Board should provide customer services beyond those customarily required to deliver the utility capacity or commodity.
8. The Board will advise the Council of any action related to the utility systems which must or should be taken by the Council. Such notification will set forth the need for action, the specific action requested, and such supporting information as will reasonably inform the Council of prevailing circumstances and the expected results of the requested action. The Board will prepare or assist the Council in preparing all documentation required for the requested action.
9. The Board will routinely furnish to the Council copies of all annual reports, audit reports, Board agendas and minutes, financial statements, and other reports and information as may be appropriate to keep the Council reasonably informed.
10. The Board will endeavor to establish and maintain good working relations with the Council through the practice of personal interaction. To this end, the Board will encourage the scheduling of a joint meeting ~~with the Council at least once per quarter~~ as needed. The purpose of this meeting is to exchange information relating to utility operations and to discuss any matter of mutual interest. The Board will also designate one of its members and/or management employees to attend any meeting of the Council, when requested, to answer questions or furnish additional information which the Council may require, regarding utility operations, or requested Council actions.

RELEVANT LEGAL AUTHORITY: City of Rochester Home Rule Charter Chapter XV

EFFECTIVE DATE OF POLICY: October 14, 1988

DATE OF POLICY REVIEW: December 20, 2011

POLICY APPROVAL:

Board President

Date

ROCHESTER PUBLIC UTILITIES
BOARD POLICY STATEMENT

POLICY SUBJECT: Delegation of Authority/Relationship with Management

POLICY OBJECTIVE:

The Board intends to clearly state its role as distinguished from that of the General Manager and the management staff. This distinction will be made by setting forth the authorities and accountabilities, which the Board has specifically delegated, to the General Manager. The Board will also describe the type of Board-Management working relationship which best serves the long-term interests of the RPU and its ratepayers.

POLICY STATEMENT:

The Board's principal role is to provide policy direction, not to manage the RPU organization. The General Manager's principal role is to see that the Board's policies ~~are is carried out~~ implemented and to report on the results of that policy.

The Board and the General Manager must work together as a team to fulfill their obligation to "control, manage, and operate" the utility systems of the City which are assigned to them by the Common Council. The Board members bring to this team their general knowledge of business operations and public policy and a commitment to act as responsible trustees on behalf of their citizen ratepayers. The General Manager and management staff ~~bring~~ bring to this team the professional and technical expertise needed to competently manage a complex business organization and to keep the Board ~~appraised~~ appraised/informed of its performance.

The Board delegates to the General Manager the authority to act on its behalf in the management, operation, maintenance, improvement and expansion of the City utility systems and properties which the Board controls. The General Manager's delegated authority extends to the limitations prescribed by law or set forth in this and any other policies which the Board has adopted or may adopt in the future. The General Manager's authority includes, but is not limited to, the following functions:

1. Direction of all management activities and work of the RPU staff. Delegation of appropriate responsibility with commensurate authority to the Division Directors (Does Board Policy create the position of "Division Director"? If not, then use of the term is constraining and should be replaced with a generic term, such as "other levels of management.") and authorization for further delegations to any level of management. It is clearly understood that the General Manager is solely accountable to the Board, to the extent of his delegated authority, regardless of any authority, which he may delegate to others.

2.
 - a. Development and analysis, with appropriate participation by management and staff, of viewpoints, legislation, regulations, and policies for consideration by the Board.
 - b. Interpretation of same to employees, customers, and other interested parties.

3. Development and recommendation to the Board of short and long range plans and programs, including the strategic plan and an annual work plan. (Are "strategic plan" and "annual work plan" defined somewhere? Should they be defined?)

4.
 - a. Preparation and recommendation to the Board of annual capital and operating budgets.
 - b. Preparation and review of budget reports to determine conformance with approved budgets.

5.
 - a. Approval of accounting systems and execution of procedures necessary to ensure sound financial management of the RPU's utility systems.
 - b. Presentation to the Board, for audit, of accounts payable from the public utility fund.

6.
 - a. Approval of all operating and capital expenditures of \$50,00075,000 or less for the procurement of goods and services, provided that the expenditures are within approved budget limits.
 - b. Signing and executing such instruments, as the Board may authorize, which are necessary to conduct operations or to carry out the decisions of the Board. At this time, the General Manager is authorized to ~~sign~~ approve only those purchases ~~orders~~ which involve the expenditure of \$50,00075,000 or less for procurement of goods and services and those permits and licenses which are required in connection with the construction, operation, or maintenance of RPU property.
 - c. ~~Certain contracts require the Board to publicly advertise for bids. The General Manager or his/her designee is responsible to a~~ advertise for materials, equipment, or contracts as approved by the Board in the budget whenever it is required to advertise for bids.
 - d. (Better alternate for c.?) Execution of all purchases and contracts in accordance with prevailing law, including requirements for public bidding processes.

7. Supervision of the purchase, lease, rental, use, maintenance, assignment, or sale of property controlled by the Board.

8. Development, recommendation to the Board, and administration of customer ~~service~~ related policies, rates, and other charges for service provided.

9. Development, recommendation to the Board, and administration of personnel policies, not in conflict with those which are or may be established by authority of the Common Council, applying to employees of the Board.

10. Negotiation of labor agreements, with oversight assistance from the City Director of ~~Employee Relations~~ Human Resources, and presentation of such agreements to the Board for approval. Administration of approved labor agreements.
11. Selection, appointment, transfer, promotion, discipline, or release of all employees of the Board, subject to procedures approved by the Board and Common Council.
12. Approval of salary and wage changes for all employees of the Board, in accordance with policy and established wage and salary administration plans, and within budget limitations.
13. Development and establishment of the organization structure necessary to carry out the Board's objectives and programs. The General Manager is authorized to create or eliminate positions, subject to the provisions of labor agreements and approved salary administration programs, but is not authorized to exceed the overall head count limit of permanent employees as established by the Board.
14. Preparation and recommendation to the Board, with assistance from the City Director of ~~Employee Relations~~ Human Resources, of job position pay range and fringe benefit changes which are intended to maintain the internal equity and external competitiveness of employee compensation.
15. Direction and implementation of employee training, educational programs, and management services within approved budget limitations. The General Manager is authorized to approve employee travel and living expense within the continental United States for training, education, or business purposes. A record of all out-of-state travel will be maintained for audit by the Board.
16. Cooperation with local, state, and national organizations with the intent to obtain support for and promote the viewpoints and objectives of the Board.
17. Representation of the viewpoints and objectives of the Board to the Southern Minnesota Municipal Power Agency in the capacity of the City's member representative and Board member.
18. The exercise of all and every other action necessary to protect the interests and promote the welfare of the City utility systems which are controlled by the Board, consistent with directives of the Board and applicable law.

RELEVANT LEGAL AUTHORITY:

Rochester City Charter Chapter XV
Minnesota Statute § 471.345

EFFECTIVE DATE OF POLICY:

October 14, 1988

DATE OF POLICY REVIEW:

~~January 31, 2002~~ December 20, 2011

POLICY APPROVAL:

Board President

Date

DRAFT

ROCHESTER PUBLIC UTILITIES
BOARD POLICY STATEMENT

POLICY SUBJECT: Worker Safety

POLICY OBJECTIVE:

The Board intends to set forth the policy of Rochester Public Utilities (RPU) regarding development and management of its safety process and to guide the safety related behavior of management and staff . (COMMENT: This paragraph describes the objective of the policy, it does not state the policy. And, brevity is second only to clarity.) in accordance with the RPU Core Value of “Protect Every Individual.”

POLICY STATEMENT:

1. ~~Commitment to Safety:~~ RPU is absolutely committed to the safety of its employees in all aspects of its operations as stated in its Core Value – Protect Every Individual. Worker safety shall be the primary consideration in performing all tasks. This commitment is supported by RPU’s Board of Directors and management. (COMMENT: This is a Board policy, so the Board obviously supports it, and management is directed to support all policies) Safety at RPU is the responsibility of each and every individual employee and of individual and collective responsibility of all RPU employees as a team.
2. ~~Achievement of Commitment to Safety:~~ RPU will achieve its safety commitment by establishing and maintaining a culture embodying the through its safety core value culture process and will strive for continually improvement in this area by: following the general steps that follow.
 - a. ~~Communicating the an expectation that each~~ workers will take personal responsibility for their own safety and the safety of their co-workers.
 - b. Providing appropriate equipment and levels of education and training ~~in an effort to~~ enhance workers ability to perform their tasks in the safest possible manner.
 - c. Setting and monitoring ~~the compliance with~~ safety goals and objectives.
 - d. Inspiring a culture of safe work behavior through ~~safety-awareness programs, safety teams and other activities, that keep safety at the forefront~~
 - e. Allowing paid work time for workers-employees to participate in safety related activities. (COMMENT: It was suggested that this item be deleted for inclusion in Management policy instead of Board policy.)
 - f. Establishing, communicating and enforcing safety best practices and procedures.
 - g. Promoting the concept that “no job is so important and no task is so critical that we cannot afford to do it safely”. (COMMENT: It was suggested that this item be combined with item d above)

- h. ~~Using both internal and external technical expertise where necessary to facilitate a safer work environment. (COMMENT 1: Delete, for inclusion in Management policy instead of Board policy? COMMENT 2: This is a good thought, but it is operational, not policy)~~
 - i. ~~At a minimum, cComplyingianee with applicable regulatory requirements, while recognizing that i. In many circumstances compliance simply complying with these requirements may not in fact create the safest possible working environment. In these cases polieies and procedures that exceed regulatory requirements will be developed and implemented. (COMMENT: Delete, for inclusion in Management policy instead of Board policy?)~~
 - j. ~~Authorizing any employee, regardless of position, title or grade, Providing authority to all working levels to stop any work deemed to be unsafe without repercussion.~~
3. The Board delegates to the General Manager the authority to act on its behalf to ensure compliance with the objectives of this policy.
 4. The Board's delegated authority to the General Manager extends to the development and implementation of management policies and procedures required to meet this stated objective.
 5. The General Manager's delegated authority is limited only by law, City of Rochester Home Rule Charter provisions, City Policies or other policies which the board has adopted or may adopt in the future.

RELEVANT LEGAL AUTHORITY: Rochester City Charter Chapter XV, Section 15.05
Minnesota Statutes, §182.653, subd. 8.

EFFECTIVE DATE OF POLICY:

DATE OF POLICY REVIEW:

POLICY APPROVAL:

Board President

Date