Special Board Meeting - July 29, 2019

1. Agenda

   Documents:

   190729 AGENDA - POSTED ON 07192019.PDF

2. Related Agenda Items: Submitted At The Meeting

   Documents:

   PRESENTATION - POSTED ON 07302019.PDF
AGENDA

Special Meeting
Governing Board of Sweetwater Authority
Monday, July 29, 2019 – 10:00 a.m.

- Call Meeting to Order and Roll Call
- Pledge of Allegiance to the Flag
- Opportunity for Public Comment
  Opportunity for members of the public to address the Board (Government Code Section 54954.3)

ACTION CALENDAR AGENDA

The following items on the Action Agenda call for discussion and action by the Board. All items are placed on the Agenda so that the Board may discuss and take action on the item if the Board is so inclined, including items listed for information.

California Special Districts Association Good Governance Foundations Training

- Directors’ Comments
  Directors’ comments are comments by Directors concerning Authority business that may be of interest to the Board. Directors’ comments are placed on the Agenda to enable individual Board members to convey information to the Board and the Public. There is no discussion or action taken on comments made by Board members.

- Adjournment

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**PUBLIC COMMENT PROCEDURES**

Members of the general public may address the Board regarding items **not** appearing on the posted agenda, which are within the subject matter jurisdiction of the Governing Board. Speakers are asked to state name, address, and topic, and to observe a time limit of three (3) minutes each. Public comment on a single topic is limited to twenty (20) minutes. Anyone desiring to address the Governing Board regarding an item **listed on the agenda** is asked to fill out a speaker’s slip and present it to the Board Chair or the Secretary. Request to Speak forms are available at the Speaker’s podium and at [www.sweetwater.org/speakerform](http://www.sweetwater.org/speakerform).
WELCOME

Principle Author Governance Foundations is:
Martin Rauch, Rauch Communication Consultants, Inc.
With review and support from David Aranda and CSDA Staff.
GOVERNANCE FOUNDATIONS
Topics for the Morning

• Welcome/Introductions/Getting Acquainted
• Program Overview/Expectations
• What Are Boards and How Did They Get Here?
• Why Think About Governance?
• How Do Boards Achieve Unity of Purpose?
• Process and Steps Your Board Can Take to Build Unity of Purpose
• Qualities and Skills of Effective Directors
• How Boards Carry Out Their Mission Effectively
Overview

- The Goal of CSDA’s Leadership Academy
- Key Components
- CSDA Leadership Academy Program Overview
- The Four Stages of Learning
The Goal of CSDA’s Leadership Academy

• To provide special district board members with the knowledge and skills that will enable them to better understand their role in the district and function as an effective member of the governance team.
Key Components

- Applied training and interactive sessions.
- All four courses must be taken to earn the certificate of completion. You will complete all four courses in the next two and a half days.
- Additional electives can be taken to earn the SDLF Recognition in Special District Governance.
- General managers are encouraged to participate in the program.
- CSDA-trained faculty will be comprised of board members, administrators, and field experts.
Leadership Academy Overview

- **SDLF’s Recognition in Special District Governance**
  - Full Academy
  - Additional 10 Elective Hours from any statewide agency specializing in local government

**SLIDE 7**

- **Governance Foundations**
- **Setting Direction/Community Leadership**
- **Board’s Role in Finance & Fiscal Accountability**
- **Board’s Role in Human Resources**
The Four Stages of Learning

- **UNCONSCIOUS INCOMPETENCE**: We don’t know that we don’t know.
- **CONSCIOUS INCOMPETENCE**: We know that we don’t know.
- **CONSCIOUS COMPETENCE**: We work at what we don’t know.
- **UNCONSCIOUS COMPETENCE**: We don’t have to think about knowing it.
WHAT ARE BOARDS AND HOW DID THEY GET HERE?
It All Starts With the Public

Your district started with a community that had a need and its members wanted services to fill the need.

• They do that by initiating a local government to provide that service (its mission).

• And they delegate responsibility and authority to a board of directors to carry out the mission by establishing, and then overseeing the new local governments, activities.
A board is given responsibility to:

- Carry out the mission by establishing, and then overseeing the new local governments activities.
- Raise revenue, set rules, and do what is needed.

Accountability – əˌkoun(t)əˈbilədē/ - noun
The state of being responsible, liable, answerable.

All accountability, responsibility and authority is vested in the board of directors.

Board’s are accountable to the public for the performance of the district.
More Specifically, What is the Board’s Job?

Carver says a board’s job is to identify WHAT RESULTS are wanted for WHAT PEOPLE at WHAT COST.
The Way That Boards Work Together is Called Governance

In most other relationships we have practice and history knowing what to do and how to make it work:

- PARTNERSHIPS like friends, business partners, lovers, spouses, some siblings.
- HIERARCHICAL RELATIONSHIPS: bosses and workers, military, teams and coaches, parents and children.

Most people have little familiarity with working as a collaborative group of five or seven or nine, or...?

- And that is our topic for today – proven governance practices for boards of directors that have been developed over the years.
WHY THINK ABOUT GOVERNANCE?
The way boards work together is called governance. There is a right way and many wrong ways to govern. This session provides a proven system of governing effectively.
Why is Good Governance Critical?

Because even small districts provide critical services

• QUESTION TO GROUP: What services does your district provide?
• QUESTION TO GROUP: Let’s quickly tally the budgets in the room?
• QUESTION TO GROUP: Let’s also tally how many people the districts in this room serve?
Foundations for Effective Governance

The GOVERNANCE TEAM Succeeds with Unity of Purpose
- Identify and appeal to shared values and perspectives
- Obtain board consensus by starting with high level issues and working down through the details to merge various director perspectives for best overall solution
- Ensure the process for gathering information and options for presentation to the board is complete and represents all perspectives
- Focus on representing the entire district rather than “your” group, agenda or program: I to WE

The DIRECTOR’S Individual Attitudes and Approach Affects Their Effectiveness
- EFFECTIVE DIRECTORS
  - Have a clear understanding of the district
  - Develop dialogue and deliberation
  - Recognize & respect different perspectives & styles
  - Are prepared
  - Govern with dignity & understand the implications of demeanor and behavior

The BOARD’S Responsibilities are as Follows
- Hire and evaluate the CEO
- Retain legal counsel
- Set the district’s future direction
- Provide resources
- Engage with the wider community
- Institutionalize effective governance through policies, etc.
- Monitor, evaluate and revise for accountability
How Do Boards Achieve Unity of Purpose and Thereby Do Their Jobs More Effectively?

“I TO WE”
Boards May Not Have a Lot in Common

They are voted in as individuals

- May not know each other.
- May have different political and work backgrounds.
- May have different life experiences and be from different parts of the community.

Yet they must work together and become a single corporate body that must jointly oversee and direct the district as a single board.
How Can Boards Work Together & Overcome Their Differences?

It is Critical to Establish Unity of Purpose

- Unity of purpose is bigger than the individual directors.
- It is more important than any disagreement on issues.
- It is what leads you to assume that you will find a way to handle the disagreements.
Why Boards Need Unity of Purpose

Directors/Trustees Are Effective When You Help The Board Reach A Majority Vote

• You campaign as an individual, but serve as a member of a team.

• You do not have the authority as an individual to fix the problems you campaigned to fix. Your powers as an individual are limited.

• Your success as a board member is tied to the success of your board.
Unity Does Not Mean Uniformity

UNITY does not mean UNIFORMITY or forced agreement. UNITY is a shared commitment to work together to serve the public.

“[UNITY] uses harmony of opinion to form a consensus which is agreeable within a group, without sacrificing the uniqueness of each member... [UNIFORMITY] harmonizes all members of the group by destroying the uniqueness of each member and forcing all to conform to a single pattern.”

Which unification, UNITY or UNIFORMITY, does your group strive for?
Video:
Be Together, Not the Same
Process and Steps Your Board Can Take to Build Unity of Purpose
Four Ways to Build Unity of Purpose & Board Effectiveness

1. Identify & appeal to shared values & perspectives.

2. Work from values down through details.

3. Ensure process for gathering & presenting information and identifying options is complete.

4. Represent the entire district: By transitioning from “I to WE”.
1. Identify & Appeal to Shared Values & Perspectives

Value – valyōō - noun
Common belief and sense of importance related to right and wrong, prudent and impudent, ethical and unethical, etc.
EXAMPLE: “Cost-of-living raises should be consistent with those in other organizations in our county.”

Perspective – pər'spektiv - noun
Perspective: is “a common way of looking at,” “a guiding principle,” “approach,” or “conceptual” point of view.
EXAMPLE: “CEO evaluation will be based on total organization performance.”
1. Identify & Appeal to Shared Values & Perspectives (CONTINUED)

RECOGNIZE HOW VALUES & PERSPECTIVES AFFECT DECISION-MAKING

Our values & perspectives affect what are considered relevant facts

• This is so subtle that most boards do not regard their selection of facts as a choice; after all facts are facts.

• This is the “box” we so often say we want to think outside of.

• Values and perspectives are invisible forces that affect decision-making and even the data that is admitted into the assessment of reality.
2. Work From Values Down Through Details

Resolve disagreements by evaluating all concerns and perspectives from a high position and from values down through the details

- The larger the question, the more likely it is that differences can be resolved.

FOR EXAMPLE IT IS EASIER TO AGREE THAT:
“Preventing disease through vector control is good and is our mission”

THAN:
“We should spend the equivalent of $5 per home to spray an approved pesticide to kill disease carrying mosquitos.”
2. Work From Values Down Through Details (CONTINUED)

Steps your board can take

- Promote healthy dialogue and differences of opinion.
- Start by agreeing on the broadest issues, then resolve sub-issues.
- Then when a vote is taken – it is not important that it be unanimous.
- It is critical that after the final vote is taken the support for the board’s position should be firm and unanimous.
3. Ensure Process for Gathering & Presenting Information and Identifying Options is Complete

Making time for the whole board to properly be informed and jointly convinced about a new direction is more appropriate than pushing forward.
From The Imperfect Board Member: Discovering the Seven Disciplines of Governance Excellence, Brown p.70

Directors don’t have to pretend to agree on content, but they should “agree on and support the procedural integrity that they went through to reach a decision.”
From Boards that Make a Difference, Carver p.279)
4. Represent the Entire District: By Transitioning From “I to WE”

- Individual opinions, perspectives, sub-groups, and issues are important, but must be voiced in context of the entire district.
- Individual directors and the board team must balance individual beliefs and values with developing consensus and serving the entire community.
- The reality is that each board member must transition from I to WE.

Exhibit team spirit — an eagerness to sacrifice personal interests for the welfare of the entire district.
Qualities and Skills of Effective Directors
Effective Directors
HAVE A CLEAR UNDERSTANDING OF THE DISTRICT

Effective directors have a clear understanding of the district and take into account their district’s enabling act, mission, facilities, staff, finances, history and more when proposing ideas and making decisions.
Effective Directors
UNDERSTAND AND EMBRACE THEIR ROLE AS A TRUSTEE

“The very essence of a free government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party.” - John C. Calhoun

“When a man assumes a public trust, he should consider himself as public property.”
- Thomas Jefferson
### Effective Directors

DEVELOP DIALOGUE AND DELIBERATION

<table>
<thead>
<tr>
<th>Debate</th>
<th>Dialogue and Deliberation</th>
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</thead>
<tbody>
<tr>
<td>Assuming that there is a right answer and you have it</td>
<td>Assuming others have pieces of the answer &amp; together you can craft solutions</td>
</tr>
<tr>
<td>Combative: participants attempt to prove the other side wrong</td>
<td>Collaborative: participants work together toward common understanding</td>
</tr>
<tr>
<td>About winning</td>
<td>About exploring common ground</td>
</tr>
<tr>
<td>Listening to find flaws and make counter arguments</td>
<td>Listening to understand, find meaning and agreement</td>
</tr>
<tr>
<td>Defending assumptions as truth</td>
<td>Revealing assumptions for reevaluation</td>
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<tr>
<td>Critiquing the other side’s position</td>
<td>Reexamining all positions</td>
</tr>
<tr>
<td>Defending one’s own views against those of others</td>
<td>Admitting that others’ thinking can improve on one’s own</td>
</tr>
<tr>
<td>Searching for flaws and weaknesses in other positions</td>
<td>Searching for strengths and value in others’ positions</td>
</tr>
<tr>
<td>Seeking a conclusion or vote that ratifies your position</td>
<td>Discovering new options, not seeking closure</td>
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from “The Magic of Dialogue, Transforming Conflict Into Cooperation” -- Daniel Yankelovich
Effective Directors
DEVELOP DIALOGUE AND DELIBERATION

Examples of how to develop dialogue and deliberation

“I hear two ideas being presented here. Maybe if we took them one at a time we could better discuss them.”

“I’m noticing we have a number of questions about this issue. Maybe we need more information. Could this come back to us on our next agenda?”

“I agree with Mario when he says __________, but I would like to add something that’s important to me.”

“I think maybe we aren’t really saying different things, can somebody summarize what he or she is hearing.”
Effective Directors
RECOGNIZE & RESPECT DIFFERENT PERSPECTIVES AND STYLES

Effective board members recognize and respect differences of perspective and style on the board and among staff and the community.

For example, on any given board there may be:

- Data people
- Relationship people
- Bottom line people
- Visionary, big picture people
- The historian
Effective Directors
RECOGNIZE & RESPECT DIFFERENT PERSPECTIVES AND STYLES

Remember, with all interpersonal communication both verbal and nonverbal communication matter.

- Voice Tonality: 38%
- Body Language: 55%
- Words: 7%

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Effective Directors
MAINTAIN TRUST

Effective board members always keep confidential matters confidential.

- A huge issue
- A trust buster
- A resource waster
Five Successes of a Team

Celebrate Results

• Encourages setting goals and targets for the good of the team.
• Attracts team-oriented employees.

Promote Accountability

• Unifies team members with a common standard of performance.
• Allows leaders to focus on leading the team.
• Encourages excellence.
Five Successes of a Team (continued)

Encourage Commitment

- Reinforces decisions.
- Creates an atmosphere of dependability.
- Sets clear goals and priorities.

Value Conflict

- Realizes that conflict is healthy and help facilitate a resolution.
- Creates an environment where back-channel politics and personal attacks will not survive.
- Effectively manages behaviors of team members that hurt the team.
Five Successes of a Team

Create Trust

- Can safely share weaknesses and mistakes with one another.
- Builds faith in others’ intentions and aptitudes.
- Instills confidence, encourages risk taking.

*Adapted from Vanderbilt University Medical Center, VMG Training and Organizational Development*
Lencioni’s Five Dysfunctions of a Team

- **Inattention to Results**: The pursuit of individual goals and personal status erodes the focus on collective success.
- **Avoidance of Accountability**: The need to avoid interpersonal discomfort prevents team members from holding one another accountable.
- **Lack of Commitment**: The lack of clarity or buy-in prevents team members from making decisions they will stick to.
- **Fear of Conflict**: The desire to preserve artificial harmony stifles the occurrence of productive ideological conflict.
- **Absence of Trust**: The fear of being vulnerable with team members prevents the building of trust within the team.

Source: Patrick Lencioni

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Effective Directors

ARE PREPARED

Effective board members are prepared. They:

• Do their homework;
• Work hard; and
• Commit the time and energy required to be effective.
Effective Directors

GOVERN WITH DIGNITY AND UNDERSTAND THE IMPLICATIONS OF DEMEANOR & BEHAVIOR

• Treat others with openness and respect, especially those they disagree with
• Remember that communication is both verbal and nonverbal
  • Be attentive when others are talking.
  • Show interest.
  • Be aware of your body language.
The way to institutionalize unity of purpose is to agree on how your board team will work together. These agreements can be in the form of:

- Policies;
- Core belief statements;
- Credos; or
- Norms.
How Boards Carry Out Their Mission Effectively
Set the District’s Future Direction

- Each board member should stay focused on the important policy issues, not administrative, day-to-day issues that the board employs staff to handle.

- Think about the future and understand trends and the needs of the constituents of the district.
Classic Structure of Setting Direction Documents

- **MISSION:** Why our organization exists.
- **VISION:** A guide that describes the agency’s desired future.
- **VALUES:** Tell what is important about the way we work and act.
- **GOALS:** Intentions directed at meeting and mission. They are broad, primary ideas to be addressed to optimize progress.
- **OBJECTIVES:** Specific directions to guide how to implement the goal.
- **WORK PLAN:** Staff plan for implementing the board’s goals and objectives.
Institutionalize Effective Governance In Writing

Specify how your district will operate in writing

• Policies;
• Core belief statements;
• Credos; or
• Norms.
Institutionalize Effective Governance In Writing (CONTINUED)

To Create Policies, Norms, Credos, Core Beliefs Statements

1. **CONSIDER WHAT KEEPS YOU UP AT NIGHT.**
   - Is there a problem with the board that is upsetting you – excessively long meetings, micromanaging, or inadequate deliberation?
   - Is there a news story that has you worried – another district got in trouble for something. Go to your policies – do they cover it? Are they being enforced? Do you need more or less?
   - Develop the policies and documentation needed to pass off decisions to staff to implement.
Institutionalize Effective Governance In Writing (CONTINUED)

To Create **INTERNAL** Policies, Norms, Credos, Core Belief Statements through a workshop, work your way through questions like these:

1. What processes do we need to spend time discussing?
2. How do we want to do business as a team?
3. What protocols should we establish to support effective governance, including during public meetings?
4. What agreements would help us relate effectively to each other?
5. What does the board need from the general manager?
6. What does the general manager need from the board, in order to carry out his or her responsibilities?
Institutionalize Effective Governance In Writing (CONTINUED)

To Create **EXTERNAL** Policies, Norms, Credo, Core Belief Statements, through a workshop, work your way through questions like these:

1. How do we want to be perceived by the community?
2. How should we act toward each other and others in order to be perceived this way? In order to “live” our unity of purpose?
3. What norms do we need to adopt in order to do this?
Institutionalize Effective Governance In Writing (CONTINUED)

When it comes to actually writing the Policy, Norm, Credo, Core Belief Statements:

• For each example (and any others you may come up with) identify if a policy or agreement is needed by asking if that issue is a problem or concern.
• For each area of concern, ask if a policy or agreement is needed?
• If a new policy or agreement is needed, agree about the core points and decide where it will be memorialized: as a policy, norm, etc.
• It is usually best to have staff or legal counsel draft it for later review by the board.
Hire A CEO

Hire a CEO to carry out policy direction
Maintain an effective board/manager relationship

BOARD: VALUE DRIVEN
Focus on what to do
- Mission/Vision
- Priorities
- Policies
- Labor Contracts

STAFF: SKILL DRIVEN
- Operations
- Management
- Administration

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Retain Legal Counsel

- Legal counsel works for the board
- But should work collaboratively with the manager
Provide Resources

• Set and approve budget, reserves, overall finances.
• Approve overall staffing.
• Approve rates, charges, fees, taxes or assessments.
Engage With the Wider Community

Remember that this enterprise belongs to the public

• Understand the public needs and wants.
• Understand where the district is not meeting public needs.
• Communicate what you are doing to meet those needs and progress you are making or not.
• Make an effort to understand those you may not know, may not agree with, and may not like.
Video:
If we don’t engage and tell our story, this is what can result...
Monitor, Evaluate, and Revise for Accountability

- Finding the right degree of monitoring is difficult.
  - Do too much and you waste time and resources without benefit and risk micromanaging staff.
  - Do too little and the board loses accountability.

- The board should focus on results not how things are done (staff arena).
Examples of what to monitor

- Financial monitoring: reserves (what type and how much), audit, financial trends, overall budget, pay-go versus debt, cost per customer, affordability.
- Monitor and review the performance of the CEO and progress of the “Plan,” “Priorities,” “Goals,” etc.
- Review progress toward meeting mission, goals and objectives.
- Ensure meeting legal requirements.
- Be self-critical and conduct periodic reviews of board performance.
- Promote ongoing improvement and training of directors and staff.
SUMMARY
Summary
PRINCIPLES OF ACCOUNTABLE GOVERNANCE

• The board governs on behalf of all owners.
• The board is the highest authority in the district, below only the owners.
• The board is the initial authority in district.
• The board is accountable for everything about the district.
• All authority and accountability is vested in the board as a group.
• Governance roles and executive roles have different purposes.
• Delegation to the manager should be maximized, short of risking the board’s fulfillment of its accountability.
• Assessing board performance requires evaluation of both governance (board) and management (manager).