



So you've done it. You've gotten yourself elected to a board/council for a small utility. Could be water. Could be sewer. You can't wait to jump in and start changing some things. You might be a little late for the meetings because you usually have another meeting that might overlap, but you'll get there. Actually, you might not make ALL the meetings, because sometimes you are out late on other work too.

You've seen that one employee who wasn't doing a good job running the backhoe on that water line repair near your house. You'll make it a point to stop by and keep an eye on any other construction jobs and help supervise. Can't hurt to have another pair of eyes on the job. And you know the system needs a new truck, so you're gonna tell your brother-in-law who has a car dealership. Maybe he can get them a good deal. The next time you see a couple of the other board/council members who are regulars at the bakery, you'll let them know and maybe talk about getting some bids. You definitely have several complaints from friends and neighbors that you are going to tell the manager or superintendent about even before your first board meeting. There is a lot that you plan on doing now that you are on the board. But.....STOP. Guess what? None of this is your job as a board/council member. You should not do one single one of these things. Not one. Well then what is your job as a member of a board/council? You see so many things that need to be changed about the way that the utility is managed. Heck that is why you ran in the first place!

Your job is actually both very simple and very challenging. Keep in mind that you were elected to

GOVERN – not MANAGE. That is a subtle but very important distinction that many board members fail to recognize. Here are some definitions:

- ❖ **GOVERN:** to control and direct the making and administration of policy
- ❖ **MANAGE:** to exercise executive, administrative, and supervisory direction; to direct or carry on business or affairs

Another way to break this down is to think of how the chain of command works. You are elected by citizens. That is Tier 1. You “report” to them through Consumer Confidence Reports and newsletters and public meetings. If they aren't happy with your performance, you won't get re-

elected. But they don't come to the meetings and stand up and tell you how to vote, because they have delegated that power to you. In much the same way, the utility manager was voted on and hired by the board and the board delegated the power to manage the system to him/her. That is Tier 2. When he/she needs authority to perform additional functions (i.e. hire an additional employee), the manager may need to come back to the board and ask for it. When the board needs authority to perform additional functions (i.e.

annex additional territory) it has to involve landowners (voters) and ask for it.

So now that we have established the difference between governing and managing, what exactly will you do to govern the utility? There are four basic components of your job. In a nutshell, you supervise one employee, develop an annual budget, make long-term plans and policy decisions, and set rates. Here is an easy way to remember it: just think that water will RISE.

Guess what? None of this is your job as a board/council member. You should not do one single one of these things. Not one.

And when it does you need to:

- ❖ Review rates
- ❖ Implement Annual Budget
- ❖ Supervise Manager
- ❖ Evaluate Plans/Policies

Review rates. This is guaranteed to be the least popular act you will take as a board member. And also guaranteed to be the most important act you will take as a board/council member. Plenty of folks more knowledgeable than I am have written great articles about setting rates. The reality? They should never go down. The costs of operating a utility nearly always go up. Review rates annually and raise them as needed. An easy rule of thumb? Look at it the same way as a cost of living increase. If your rates aren't high enough, you can't get a USDA loan. Let's think bigger. If your rates aren't high enough, you won't be able to run your system properly. Period. And you could end up like the folks in Dalton, Wisconsin. After years of underfunding and chronic refusals by the board to raise rates, the Dalton Sanitary District concluded recently that it had no choice but to abandon the public water service. This means that property owners will have to dig private wells. Wow. Review your rates!

Implement Annual Budget. This is shorthand for budgets and spreadsheets and financials. And it's your #1 responsibility after setting rates. I get it. For many people, numbers are boring. But as board/council member you better come to love them and know every number associated

Examples to further illustrate the difference between governing and managing:

- ◆ Governing is when the board votes to borrow money in order to comply with new federal drinking water standards. Managing is when the manager gathers the information and submits the USDA or other loan application in order to borrow the money. Governing does NOT mean having a board member call a buddy at USDA or state loan program and asking about loan requirements and how the utility should apply.
- ◆ Governing is when the board votes to approve a rate increase in order to make the budget balance. Managing is when the manager presents the amount of a proposed rate increase needed to the board and then sends out the rate increase notices. Governing does NOT mean telling customers that you disagree with the rate increase and that they shouldn't pay it..
- ◆ Governing is when the board votes to approve an annual budget which adds a new field technician. Managing is when the manager writes and posts a position description, reviews resumes and hires the best candidate. Governing does NOT mean that one or more board members present resumes of candidates they like at the board meeting or drop them by the office and tell the manager that they have found an ideal candidate.

with your utility. In order to properly run your utility, you need to pass an annual budget, then compare how much money monthly you are spending compared to that budget. Then use that data in order to have audited financials prepared. And have your auditor present them to you at a meeting where you ask questions. NEVER rubber stamp any of these items. That is a breach of fiduciary duty. If you

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are ever going to micromanage anything, let this be it. Not familiar with budgets and reserve funds and financial statements? Take a free online course. Get training from your state rural water association. Learn it.

Supervise Manager. Did you know that the board only has one employee? As in one direct report? How hard can it be to supervise one employee? Not micromanage one employee but supervise one employee. The manager is the interface between the board and customers and the board and employees. He/she should be the first point of contact for employees and customers alike. Basically, he/she should be using the monthly board meeting to keep you updated on all the issues that you list on the agenda (i.e., water usage, financials, employee performance, customer complaints, regulatory updates). Your job was to hire the best qualified manager the utility could afford and then sit back and let him/her handle the day-to-day operations of the utility. Expect your manager to provide you with the information that you need as a board in order to govern – in order to make decisions. Just like you wouldn't expect to see the board of Ford Motor Company on the assembly line making trucks, you shouldn't expect to see a small utility board/council member out in the field

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Evaluate Plans/Policies. This is a broad way of saying that you need to spend less time micromanaging and more time macro-managing. I have written here many times before that I passionately believe that every utility needs a minimum five-year plan. And a complete map of the system. And every utility needs to have updated regulations, policies, procedures and employee handbooks. This is hard work. You should work closely with your attorney and manager (your system does have an attorney, don't you?) to review and update and revise these items. I have worked with many utilities who don't even have

an accurate enough map to determine which board member is in which sub-district. Or who don't know if the district legal description is even accurate or reflects the last 20 years' worth of annexations. This type of long-term work is a marathon, not a sprint. Take the time to plan workshops or working meetings and do the planning this requires.

So remember, govern not manage. If you are still confused, here a few examples of what NOT to do (sadly, all of these really happened!).

- ❖ Do NOT supervise employees in the office or in the field. If you see an employee sleeping in his work truck,

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do not use your cell phone to video him and then honk your horn and wake him up. And then email the video to all the other board members.

- ❖ Do NOT handle customer complaints. If you have a neighbor call and complain about rusty water, refer her to the manager. Do not go to her house, gather a sample and put it on the table in front of you at the next board meeting.
- ❖ Do NOT hold accidental, unauthorized meetings at the local coffee shop and make decisions on board matters requiring a vote in order to save time at the meeting. By all means meet for coffee, but if you have a quorum present, vote on what flavor of donuts to take to the board meeting – not on the revised employee handbook.
- ❖ Do NOT make it personal or pick fights with the manager during board meetings. You can ask for a motion to go into closed session or even better hold a separate closed meeting where you discuss his/her performance. The manager has employment rights under the law and neither his/her performance nor any other employee's performance should be discussed in an open meeting.
- ❖ Do NOT discipline employees. Instead tell the manager. The board hires the manager. The manager hires the employees. Only the manager can hire/fire/discipline an employee. If you see something inappropriate or dangerous happening, tell the manager.

It isn't all about what not to do. Here a few proactive things that you should do as well.

- ❖ DO maintain confidentiality about employee salaries, reviews and topics discussed in closed sessions.

- ❖ Do show up on time, prepared and ready to discuss monthly agenda items. Ask your manager for a read ahead agenda and supporting financial documents, and then READ them.
- ❖ If you cannot attend the meeting or you will be late, let someone know, because your absence may mean that there is no quorum and therefore no meeting.
- ❖ Do read the by laws and rules and regulations and policies/procedures when you first join the board – or if you haven't looked at them in a while. If no one gives you a set, ask for them and volunteer to prepare an onboarding binder for future board members.
- ❖ DO attend free training through your Rural Water Association

So, in a nutshell, boards govern and managers manage. If it is a job that your manager should be doing – let him/her do it! A good rule of thumb is that if the board is voting on a matter that falls under RISE, then that is probably OK. If the matter does not fall under RISE, then it is probably micromanaging. And if individual board members are acting outside board meetings, that is all but guaranteed to be inappropriate. Think of it as a division of labor and don't get down there in the trenches!

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A large graphic with a dark background and a green border. At the top, the text "WHATEVER IT TAKES!" is written in white, bold, sans-serif font inside a white-bordered box. Below this is the "Nutriject Systems, Inc." logo, which features the word "Nutriject" in a stylized, white, cursive font with a green plant sprout growing from the letter 'i'. Underneath the logo is the phone number "1-800-798-4205" and the website "NUTRIJECT.COM". At the bottom, a list of services is provided in white, all-caps, sans-serif font: "TURNKEY BIOSOLIDS MANAGEMENT • BIOSOLIDS TRANSPORTATION • DREDGING • DIGESTER AND LAGOON CLEANING • HIGH PRESSURE WATER BLASTING • BIOSOLIDS APPLICATION WET/DRY • WATER PLANT RESIDUALS • LAGOON AERATION REPAIRS".