

## Cities and RWDs

# WE ARE LOOKING FOR . . .

## Board Members

Passionate about serving the  
community and have a direct  
impact on the health of customers.

**V**irtually every rural water district I work with has trouble finding folks willing to serve as board members. That probably isn't too surprising. Asking around to find individuals willing to donate their time for such a critical job has never been easy. The current board (and even city council) members are often beating the bushes to find someone willing to serve and they will take almost anyone who volunteers. If someone is willing to show up once or twice a month and make a quorum, many small RWDs and cities are happy. (I have sat in far too many RWD board meetings that had to be canceled due to lack of a quorum) Word of mouth is not the way to recruit people who will be knowledgeable and will excel at an unpaid part-time job that is a crucial part of daily life and health. Future board members need to be more than just warm bodies who can show up to vote in favor of motions they may or may not even understand. That is what happens now for the most part. When a board vacancy pops up, board members ask around at church, school, sporting events, etc., to find someone willing to serve. The problem is that for any water system to operate for the long term, it must have a board that is aware of what an important "job" they are

### What does a board member really have to know?

If a small water system were "hiring" a board member, this would be a typical board member "Help Wanted" ad:

#### **HELP WANTED**

Volunteer board member for small water system. Must be able to attend monthly meetings in the evening. May be required to vote on an annual budget and approve monthly bills.

However, in reality, a board member Help Wanted ad should really read like this:

#### **WANTED**

Volunteer board member for small water system. Must know or be willing to learn about human resources/employee management, budget/finance issues, including water rate analysis and state/federal grant/loan programs, utility infrastructure planning, customer service, and state/federal water quality standards and resource law. Additional skills desired include familiarity with outdated office hardware/software, aging infrastructure and operating with inadequate staff and machinery. Prepared to spend several hours a month fielding customer complaints/employee issues and reviewing financial documents. Willingness to attend annual training both online and in-person and to help cross-train fellow board members.

This should be the minimum required skill set for board members where there IS a manager. If your water system is so small that it doesn't even have a manager, board members must be prepared to know even more!

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performing and be qualified to perform it. The board that is charged with a water system has a direct impact on the health of its customers; it should not be treated like a typical volunteer job. It requires more commitment, education, and motivation than any typical "volunteer" job. Existing board members should recruit and screen prospective board members just like an executive job search instead of a simple call for volunteers. It should be a challenge to get on the board of a water system vs. doing a favor to a friend. Ideally, it is a two-step process. First, develop a good position description that covers the skills that a water system board member must have, and, second, create a recruitment strategy and a process to build a talent bank of candidates.

### **A board member's responsibilities . . .**

Let's quickly review the areas that water board members are responsible for:

#### **1. Human resources/employee management.**

Even if a small system has only one employee, board members must understand what it means to be an employer and all the challenges this creates. Disputes over employment issues are among the most common and costly problems facing water boards. A board needs to know whether or not it's acceptable to hire a board member's son or what to do if one employee accuses another of on-the-job harassment. Boards need to create positions for employees, know how to hire and fire, analyze benefit packages, give raises/bonuses/, enroll in worker's compensation, etc. There are dozens of state and federal laws that govern every aspect of employment (from minimum wage laws to OSHA to workers' compensation and everything in between). Board members need to be familiar with them all to make good decisions and avoid penalties/fines/litigation.

#### **2. Financial oversight - budget/finance issues, including water rate analysis and state/federal grant/loan programs.**

"You don't have to be a CPA to work here, but it helps!" That could be the motto for most board members. New board members are often overwhelmed by the amount of financial information they must review. Small water systems require a great deal of financial oversight to stay on track and, as discussed in previous articles, are often susceptible to employee embezzling due to this lack of oversight. In addition to tracking daily banking (money in from

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customers and out to vendors), the board has to track how those expenditures compare to spending estimates set out in an annual budget and track how much overall revenue is needed long-term to guarantee a revenue stream that covers operating expenses, long term repairs, and debt repayment. That last item is a fancy way of describing water rates. The board must make tough decisions on adjusting those rates to keep the system economically viable. Plus, the board needs to do long-term planning to create the annual budget. And don't forget long-term planning includes making decisions on large capital projects that will probably require loans and grants from state and federal funding agencies. Those programs are constantly changing, so someone has to keep an eye on policy shifts and the availability of funds for rural systems.

**3. Utility infrastructure planning.**

Along with financial oversight, water system boards have to know their system. As in knowing the current system service areas, identifying potential growth areas, being aware of service infrastructure issues (low pressure, inadequate wells, water losses), and looping all of that knowledge back into the long-term financial oversight side of the house. Boards need to have regular conversations along the lines of "We have always had water pressure issues on the north side of town and we are expecting a new subdivision there. Do we raise rates and set aside money for a new well, or do we apply for funding or issue a bond?" or "Our water losses are increasing. Should we test our lines and estimate the cost of replacing sections of waterline?" Utility planning should lead to short, mid, and long-term goals a/k/a an annual, three-year and five-year plan. It is a balancing act between keeping rates affordable and replacing

the infrastructure in a timely manner. Remember, eventually every component of a water system will need to be replaced and it is the board's job to figure out how to do that.

**4. Customer service.**

This is a board's favorite juggling act. Knowing that a board will never please 100 percent of the customers, board members still have to deal with customer water quality complaints, complaints over rate increases and requests to expand the water system. Often all at the same meeting. There is no way to do all those things simultaneously and probably no way to do them without spending money. No one serves on a water board to make new friends and please their neighbors!

**5. State/federal water quality standards and resource law.**

So water board members are already managing employees, finances, capital infrastructure improvements, and customer service. They just have to do that against the backdrop of increasingly complex water quality regulatory requirements – which will impact the finances and capital infrastructure improvements and probably lead to rate increases, additional debt and potentially unhappy customers! Safe drinking water is the goal but small water systems have to meet the same water quality standards as large systems and the economy of scale does not favor small systems. That is why the USDA subsidized rural water systems in the first place. There was never going to be enough concentration of customers to make small water systems cost-effective without grants and low-interest loans. The problem is that drinking water standards are getting more complicated, which requires more complex treatment. And that leads to increased costs. Factoring in more expensive water treatment is the final piece of long-term planning and must be added to the other balls the board must keep in the air. Changes in water treatment standards do not happen overnight, so board members have to keep an eye on what is coming from the EPA and how that could drive up their treatment costs.

All these board member skills can be summed up in the phrase TMF, which is short for Technical, Managerial and Financial. Once the current board members have a summary of all duties and qualifications, how do small water systems find board members who can do all this?

The answer is that small water systems need a long-term recruitment and development plan for future board members. At times, a board member may resign unexpectedly, but usually board seats become vacant when a board member finishes the end of their term and decides not to continue serving. That means roughly a third of the board seats are coming up for re-election in any given year. This is why small water systems need to develop a recruitment/development plan to funnel prospective board members into a board member candidate pool. Then when board vacancies are coming up, candidates in the pool can be tapped to serve.

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The recruitment part of the plan will take some brainstorming and it will need to be tailored to the local needs of the water system. Here are a few ideas that have been used to find prospective members:

- ❖ Post notices for prospective members in rural electric cooperative newsletters
- ❖ Use social media to advertise the need for candidates
- ❖ Reach out to other community service organizations and business groups such as Kiwanis, chambers of commerce, etc.
- ❖ Include notices in bills or other correspondence to customers and post them in the office along with meeting notices.
- ❖ Directly invite individuals who may have good qualifications.

The recruitment phase is where most RWDs and cities stop. Once they find someone willing to serve, the process ends. But that is where the process should start. A prospective board member should be invited to shadow the board, i.e., meet with the board, attend meetings and review board documents. They should start about six months minimum out and get a feel for the level of commitment that being a board member takes. Current board members should engage with them and see if they seem like a good fit for the board and see if the prospective member is willing to take on the training and responsibility needed to be a good board member. (Of course, this is where in a perfect world, the prospective member would receive a copy of the Board or Council Member Onboarding Handbook to clearly see what they will be required to learn.) Why not invite a prospective board member to the KRWA Annual Conference and expose them to all the training and technology that is available? The goal is not to accept the first person who volunteers but instead to screen them and be selective. What is wrong with working a year out to develop a pool of prospective board members? Plenty of non-profits do this. The Red Cross has an entire process for the nomination and selection of members of its Board of Governance, and it maintains a pool of candidates. The written selection process outlines the skills and experience that a prospective member must submit on a resume. It sounds like a job application because it resembles one. This makes sense for an organization that has a life-and-death impact on people's lives and is almost treated like a quasi-governmental body.

When you think about it, a small water system board is also acting as a board of governance and should take the process of selecting and grooming board members just as seriously as the Red Cross. A small water system has a

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volunteer board – but it is a governmental entity under the law. It is a hybrid model. That does not mean that standards for prospective board members should follow ordinary volunteer standards. Once word gets out that this is a serious volunteer job with a significant impact on people's daily health and that training is required and will be provided, then the quality and number of prospective board members will improve. Small water system board members should be growing and cultivating the next crop of board members, not hoping that the right board members just show up one day.

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