

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 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 bring to this team the professional and technical expertise needed to competently manage a complex business organization and to keep the Board 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 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.
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 \$100,000 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 approve only those purchases which involve the expenditure of \$100,000 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. Execution of all purchases and contracts in accordance with the budget and 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 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 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.

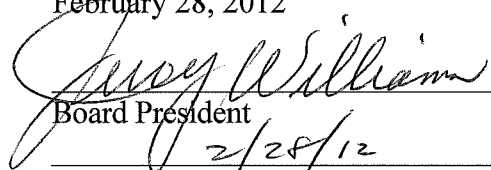
- 13. Development and establishment of the organization structure necessary to carry out the Board's objectives and programs. The General Manager is authorized to create or eliminate positions, subject to the provisions of labor agreements and approved salary administration programs, but is not authorized 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 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: December 20, 2011

POLICY APPROVAL: February 28, 2012

  
 Board President  
 Date 2/28/12