

# Governance Assessment – *Structural and Procedural Recommendations*

Prepared for

**The Rapid**

**April, 2017**

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## Objectives

Jeff Schilling of Schilling Consulting Services, Inc. (SCS), a strategic planning and analysis consultant based in Rockford, Michigan, was engaged in January, 2017 to conduct a thorough Analysis of Governance at *The Rapid* (Interurban Transit Partnership), including an assessment of Board structure and process, the development of a Balanced Scorecard for use by the Board, and preparation of an initial Board Development Plan. This document includes the assessment of Board structure and process, including specific recommendations.

Three objectives were used to guide the development of these structural and procedural recommendations:

- 1. Great Governance for *The Rapid*:** *The Rapid* is a very successful interurban transit partnership having received recognitions both locally and nationally. The staff, leadership, and Board all deserve credit for the progress made to date. As part of an ongoing commitment to improve, the Board has engaged an independent third party to assess the current governance structure and practices, and recommend a path toward great governance at *The Rapid*.
- 2. Meaningful Work:** Any changes in structure and process should result in Board members being engaged in meaningful work...that is making real, impactful contributions to the strategic success and sustainability of the organization. In order to attract highly skilled and capable members, *The Rapid* Board will need to be focused on roles and responsibilities that are unique from those of leadership, leverage the diverse and valuable skills of the members, and achieve measurable results.
- 3. Efficiency:** Great Boards have great Board members, and great Board members are usually highly sought after. The appealing and important mission of *The Rapid* will help attract new Board members, but keeping them will depend on the Board's ability to engage them in meaningful work, and to do so efficiently. The Board structure and process changes must result in an easier means to accomplishing the work of the Board.

These three objectives served as design parameters for the development of recommendations and provided a context for evaluating all the information and source material described in the next section.

## Research and Information

In order to assess the effectiveness of the structure and process of a governing Board (the form), it is important to first gain an understanding of the current and potential responsibilities and work priorities of the Board (the function). There is truth in the old adage that form should follow function. The current and potential responsibilities of *The Rapid* Board can be identified by reviewing several kinds of information:

- Information about the current structure and process of *The Rapid* Board
- Information about typical or best practices of Transit Partnership Boards
- Knowledge of current trends and best practices of governing boards in general

In the case of *The Rapid*, 11 specific sources representing a cross-section of these three kinds of information were reviewed. Each source contributed to the overall understanding of the current or potential Board structure and procedures. In addition, with six of these sources it was possible to identify specific Board responsibilities or improvement opportunities, and lists were prepared. These six individual lists were compiled into one consolidated list in table form, indicating the source of each item and a subject “category”. For example, a Budget responsibility would be associated with the “Financial” category. The complete list of responsibilities and improvement opportunities is presented and discussed in the next Section of this report: Analysis. In the remainder of this section of the report, each of the 11 sources is listed, accompanied by a brief description of the key findings relevant to this project. An asterisk (\*) indicates that the source generated a list of responsibilities or improvement opportunities.

### **PA 196\***

The Public Transportation Authority Act, or Act 196, of 1986, is the enacting legislation for forming public transportation organizations such as *The Rapid*. In reviewing the document, two lists were created. The first concerned any specific responsibilities or obligations of an authority created under this legislation, especially the Board of such an authority. An example would be “Obtain an annual audit...” (124.471, Sec. 21 (a)). The second list included the rights and powers of such authorities. The second list is actually larger (see box summary at right), and while both are of interest in identifying the work of an authority Board, the shorter first list is of more immediate interest given that it deals with non-discretionary obligations.

#### ***PA 196 Authorities***

##### **Duties / Obligations**

- Annual Audit
- Annual Budget
- Correction Plan (if deficit)

##### **Rights / Powers**

- Property (various)
- Apply/accept Grants/Loans
- Contracting
- Levy Taxes
- Investigate/Study needs
- Hire employees
- Lend or borrow money, issue bonds
- Collect rents, charges, fees, fares
- Collective bargaining
- Invest

### **ITP Articles of Incorporation\***

The Articles of Incorporation forming the Interurban Transit Partnership (*The Rapid*) were adopted by an affirmative vote of the governing bodies of the six participating municipalities at their regular meetings in December, 1999. The Articles of Incorporation reiterate the Board responsibilities related to audits and budgets, as well as the authority to levy a tax. In addition, they require that the Board prepare and submit an annual report to the governing bodies of the member municipalities and that the Board hold regular meetings, including an annual meeting.

### **ITP Bylaws\***

*The Rapid* Bylaws were adopted by a majority vote of the Directors on January 13, 2000. The Bylaws require that the Board have a Chairperson and Vice Chairperson, and employ an Executive Director. Meetings must be held in compliance with the Open Meetings Act and follow Roberts Rules of Order. There are several discretionary powers of note, including:

- The Board may appoint committees as the Board determines necessary (Sec 1.7)
- The Board may appoint other officers from time to time (Sec 2.2)
- Officers may be reappointed to an unlimited number of terms (Sec. 2.6)

### **Board Self-Assessment Survey\***

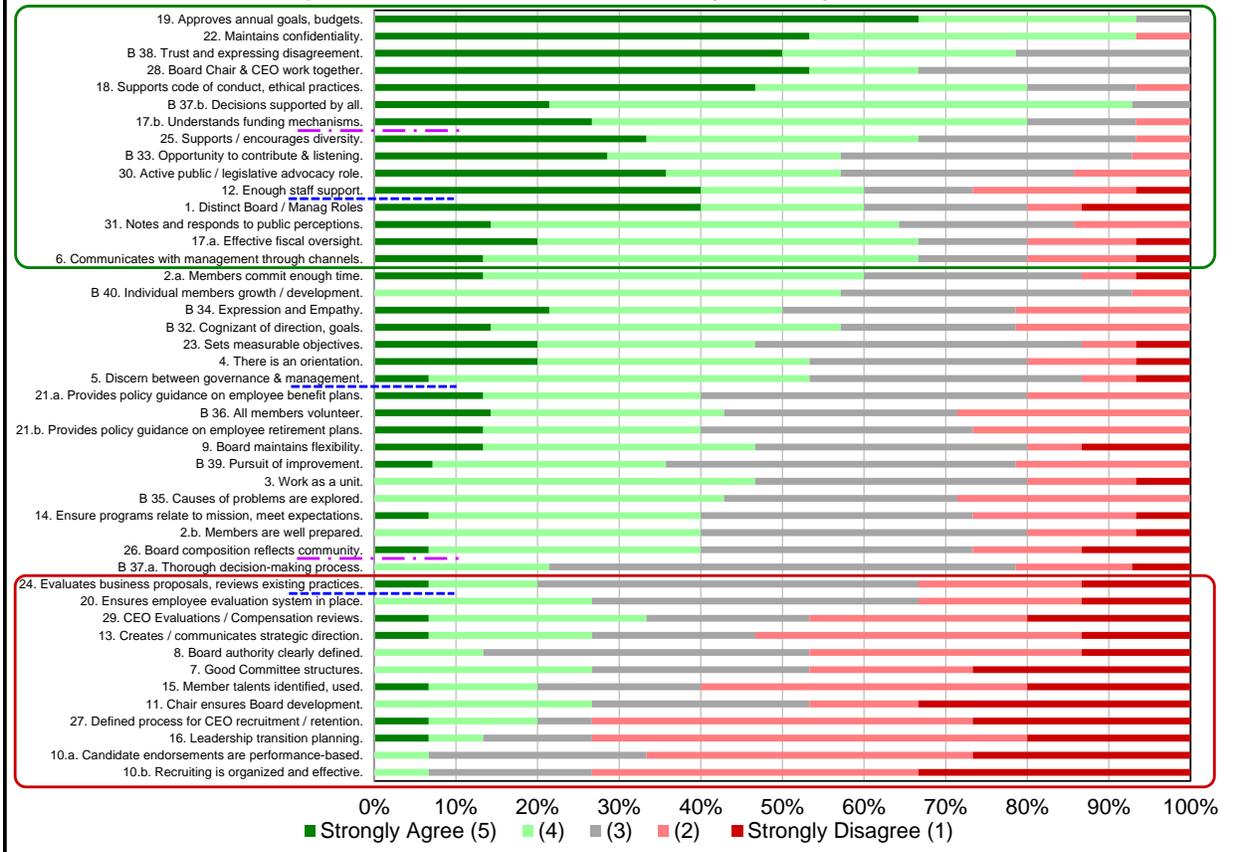
As part of this assessment process, *The Rapid* Board members were invited to participate in a Governance Assessment Survey. The survey was based largely on the Transit Board Self-Assessment Tool Level III, included in the Transit Cooperative Research Program Report 104 - Public Transportation Board Effectiveness: A Self-Assessment Handbook. This Handbook was reviewed in its entirety, including the template Assessment Tools for a Level I, a Level II, or a Level III assessment, the Level I tool being the most basic with 14 questions. The Level II tool included 24 questions, while the Level III tool included 33 questions plus an additional 8 Behavioral Assessment questions, for a total of 41 questions. All three Level tools included questions in the following topical areas:

- Board Processes
- Strategic Planning
- Fiduciary and Legal Responsibilities
- Diversity Program and Implementation
- Chief Executive officer (CEO) Relations
- Public Advocacy

The Handbook included considerations for selecting a Level of analysis and tool. Following review and discussion of these and other considerations, the decision was made to use the Level III Survey as the basis for *The Rapid* Survey. The only changes made were to convert the 8 Behavioral Assessment questions from open text response to a rating scale (agreement) format, and a few minor wording changes to several other questions. There were also opportunities for comment after each Behavioral Assessment question. A copy of the survey can be found in Appendix A.

The survey was open from January 18 to February 15, 2017, and 15 responses were received. One of the responses was incomplete (first 29 questions only), but was still included in the response data set. Because the same 1 – 5 score scale (5 being the most favorable response) was used with all questions, it is possible to produce a comparative review of all questions based on their score distributions. This comparison appears in the following graph.

### The Rapid Board Self Assessment Survey, January, 2017 - All Items

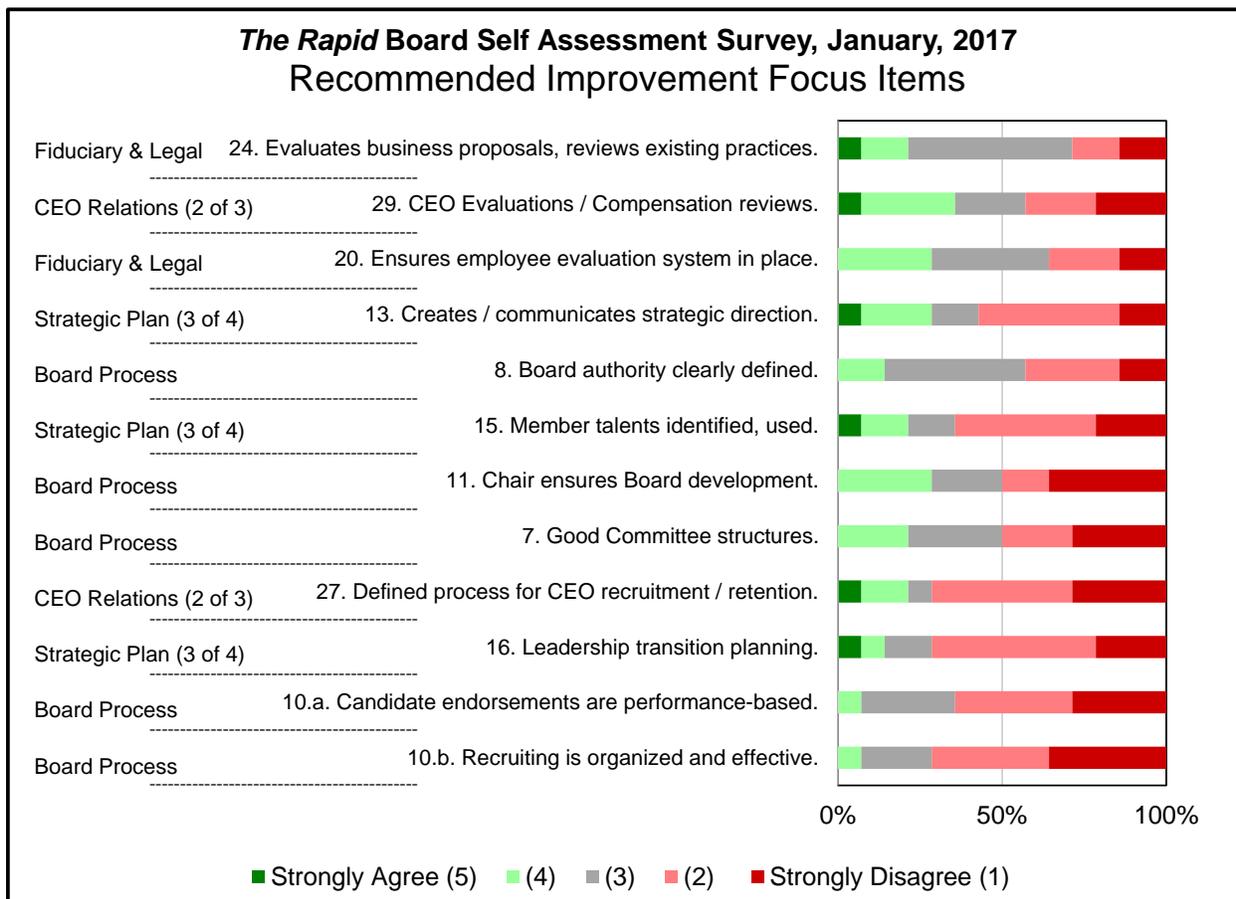


The graph is sorted based on the average rating received for each question, with the highest average rating (most favorable score) item positioned at the top of the graph. This graph also includes several helpful reference markers on the vertical border between the survey questions and the colored bars. The two purple lines indicate breaks between questions with different ranges of average ratings. Those items above the higher purple line had average ratings between 4.0 and 5.0. Between the two purple lines are those items with average ratings between 3.0 and 4.0., still above the midpoint rating of 3. The items below the lower purple line had average ratings between 2.0 and 3.0. No items had an average rating below 2.0. Using these purple bars as a reference, as well as the visually larger amount of green (representing ratings of 4 or 5), demonstrated the somewhat positive skew of the survey responses. Overall, the respondents gave more favorable than unfavorable ratings to the questions.

The three blue dashed lines are placed to indicate approximately even quartiles of survey questions. Quartiles are often used as a way to assess a sorted data set, for example, comparing the items in the top and bottom quartiles.

Finally, a green box is drawn around a set of items that could be considered strengths of *The Rapid Board*. Almost all of these items have 60% or more positive ratings, and 20% or less negative ratings. A red box is also drawn around a set of questions with the lowest scores as a recommended focus for improvement efforts. All these 12 questions have more negative than positive ratings from survey respondents and this group corresponds closely with the bottom quartile of survey questions based on average score.

These 12 opportunities for improvement were pulled into a second graph, with the question category listed to the left of the question. This provides some sense of which categories were more frequently included among these 12 items.



Survey responses by topical group were also graphed. These graphs appear in Appendix B.

Survey comments were also analyzed. Comments were requested in conjunction with each of the 10 behavioral items and there was an opportunity for a final overall comment at the end of the survey. A total of 63 comments were provided across all 11 of the comment items (including the overall comment item), typically with about 6 comments per item.

In analyzing the comments, each one was categorized as favorable, unfavorable, or neutral. The mix of favorable to unfavorable was then examined for each item. In addition, key words were flagged both as a means of interpretation but also to observe any that occurred more frequently than others. The table on the next page summarizes this analysis. Several general observations are worth noting:

- All questions had combinations of favorable and unfavorable comments with the exception of item 38 (trust / expressing disagreement), which had no unfavorable comments.
- Several Key Words appeared more frequently than others. These included:

Decision Process (5)	“Rubber Stamp” (4)	Board Organization (4)
Member Participation (4)	Succession Planning (3)	Innovation (3)

### Board Self-Assessment Survey – Comment Analysis

Survey Item (Green=Mostly Favorable, Rust=Mostly Unfavorable Grey=Mixed / Neutral)	Fav	Unfav	Neut	Key Words
32. Board members know what the organization is trying to achieve, including what needs to be accomplished and when.	2	4	0	<ul style="list-style-type: none"> <li>• Partnering</li> <li>• Paying down liabilities</li> <li>• Succession Planning</li> <li>• Millage / Tax</li> <li>• Union Contract / Relations</li> </ul>
33. All Board members have an opportunity to contribute in meetings and are listened to when they contribute.	3	4	0	<ul style="list-style-type: none"> <li>• “Rubber Stamp” (2)</li> <li>• Compensation Study</li> <li>• Board Organization</li> <li>• Paying down liabilities</li> <li>• Member Participation</li> </ul>
34. Board members can express their feelings and they get empathetic responses when they do.	2	2	1	<ul style="list-style-type: none"> <li>• Discussion / Debate</li> </ul>
35. When problems arise, the causes are addressed (rather than the symptoms).	2	5		<ul style="list-style-type: none"> <li>• Problem Solving</li> <li>• Communication</li> </ul>
36. Board members other than the Board Chair and Board Committee Chairs volunteer to meet group needs. The Board does not depend too much on a single person.	2	3	2	<ul style="list-style-type: none"> <li>• Decision Process</li> <li>• Member Participation</li> </ul>
37.a. In the process of making decisions, the Board considers a variety of solutions and then seeks and tests consensus.	1	4	0	<ul style="list-style-type: none"> <li>• Problem Solving</li> <li>• Decision Process (3)</li> </ul>
37.b. Once decisions are made, they are fully supported by the Board.	3	1	0	<ul style="list-style-type: none"> <li>• Decision Process</li> <li>• Consensus Support</li> </ul>
38. Board members trust each other enough to express disagreement without fearing reprisal.	2	0	1	
39. The Board actively seeks new and better ways to do things.	2	1	2	<ul style="list-style-type: none"> <li>• Innovation (2)</li> <li>• Member Participation</li> </ul>
40. Individual Board members are changing and growing in ways that benefit The Rapid Board.	1	1	4	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Diversity</li> <li>• CEO Relationship</li> </ul>
Other Comments	0	5	2	<ul style="list-style-type: none"> <li>• Succession Planning (2)</li> <li>• Board Organization (3)</li> <li>• “Rubber Stamp” (2)</li> <li>• Member Participation</li> <li>• Mission/Vision</li> <li>• Representing Community (2)</li> <li>• Time / Efficiency</li> <li>• Compensation Study</li> <li>• Millage / Tax</li> <li>• CEO Relationship</li> </ul>

## APTA Board Handbook\*

The American Public Transportation Association (APTA) serves member organizations including *The Rapid* with a wide array of services, publications, and research. The APTA Transit Board Member Handbook, July, 2014, is a comprehensive, educational resource for transit authority Board members. The review of this 109 page publication focused on the following sections:

- Roles and Responsibilities of Board Members (see box at right)
- Board Orientation and Development
- Characteristics of Effective Board Members
- The Job of the Chair
- Ethical Governance
- Committee Structure of the Board
- Governing vs. Managing
- Rubber Stamping or Involvement?
- The Board's Performance:  
The Board's Selection of the CEO
- The Board's Relationship with the CEO
- Evaluation Process of the CEO
- Strategic Planning
- Advocacy
- Sustainability
- Safety

### **Roles & Responsibilities of Board Members**

- The Main Role is **Policymaking**

#### *Three Other Important Roles*

- **System Innovation**, i.e., strategic guidance to lead change
- **Oversight** of the system's performance and legal and fiduciary responsibilities
- **Customer and Citizen Representation**

#### *Two More Board Functions*

- **Board Development** to strengthen board member knowledge and governing skills, and
- **Selecting, supervising, partnering with, and evaluating the CEO.**

APTA Transit Board Member Handbook,  
July, 2014, pgs. 13-15.

## January, 2017 Board Retreat\*

Facilitated by a team from the Ottawa County Administrative Office, the Board Retreat held on January 23, 2017 provided an opportunity to observe Board members working together in several strategic exercises and to hear them express a variety of perspectives and observations. The retreat produced a SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats) and a consensus ranking of brainstormed potential barriers, as well as strategies to overcome barriers, to a successful millage vote in November of 2017. Of particular interest to this analysis were needs to address or work on Board Development and Succession Planning, Community / External Relations, Funding, the CEO Succession Plan, and Labor Relations / Negotiations.

## The Rapid Board Orientation Book

Thoughtfully designed and well-organized, the current Board Orientation Book provides a comprehensive, governance-level overview of *The Rapid*. In addition, it should be useful to Board Members as a compendium of key documents and information for ongoing reference. The information related to the CEO (Employment Contract, Work Plan, Review of Work Plan, Board and Procedures for Evaluation) is especially complete. The Board Roster, Committee Appointments, and Meeting Dates help foster communication and collaboration among the Board members. There is also useful guidance to Board Members in the form of the Conflict of Interest Statement, Board Engagement Guidelines, and the Policy for Reimbursement. The Management Team Roster and Organizational chart would be particularly helpful to new Board members.

Only the Mission Statement/Strategic Plan tab seems light, especially in comparison with the other sections. Additional content available to other Boards would include any applicable measures and a summary (e.g. Gantt Chart) of Tactics. Other sections are already addressed separately in this section of the report.

### **March, 2017 “Great Governance Primer” Presentation Discussions**

On March 22, 2017, the meetings of the Performance Oversight Committee and the Strategic Planning Committee both included a presentation entitled Great Governance Primer. The objectives of the Primer were to:

- Create a focus on governance practice and performance.
- Inspire thinking about great governance at *The Rapid*.
  - Where are we good, even great?
  - Where could we be better?
- Share experiences with and ideas about great governance.

With these objectives, the Primer would “tee up” presentation and discussion of the remaining deliverables of the engagement to be presented over the next few months, specifically the...

*...Structural and Procedural Recommendations*

*...Balanced Score Card for Governance & Leadership*

*...Proposed Board Development (Education) Plan*

Questions and discussion were encouraged at several key points of the presentation, and Board members were engaged and generally responded favorably to the information presented. There was interest in better defining the “middle ground” between governance and management, assessing committee structure, and creating more formal and structured approaches to both CEO and Board Member succession planning.

### **Current Board Committee Charters**

*The Rapid* Board Orientation Book includes the Charge for each of the three current standing committees: Governance, Performance Oversight, and Strategic Planning. Each Charge document includes an opening paragraph indicating the membership (officers, member roles) and a general responsibility statement. The opening paragraph is followed by a list of between 5 and 12 specific duties or responsibilities. These documents were very helpful in understanding the current committee structure, the purpose of each committee, and the various specific responsibilities being carried out at this level of Board organization.

### **Recent Minutes from *The Rapid* Board and Committee Meetings**

The minutes from several recent meetings of the Full Board and each Committee were also accessed from the organization Web Site, the Board Orientation Book, and materials distributed at various Board meetings. These documents provided a detailed record of agenda items, points of discussion, and actions from recent Board meetings.

### **SCS Index of Board Roles & Responsibilities**

SCS maintains a proprietary index of Board Roles and Responsibilities. The index has been compiled from multiple literature searches and client engagements. The Great Governance Primer includes a diagram depicting the Roles and Responsibilities of both Governance and Management. The Governance side of this diagram, as well as several other slides in the presentation, include a subset of the information from the SCS Index selected for use in this engagement based on relevance to the organization and industry.

## Analysis

Six of the 11 sources of information reviewed generated lists of Board responsibilities and opportunities for improvement for *The Rapid*. It is important to note that these lists included both requirements (e.g. Annual Audit) and improvement opportunities (e.g. Board member recruitment needs to be a more organized and formal process). What the items have in common is that they all represent important work to be done by the Board. The next step was to determine the best structure to accomplish this work.

### **Requirements & Improvements Matrix**

In order to more easily understand the nature of the work, the six lists were compiled into one list and then each item was categorized. The combined list was then resorted based on category, preserving the information on the source of each item. This combined, categorized, and sorted view of “the work” appears as the matrix table on the next page. This table made it easier to see which categories accounted for more items and also the source(s) of the items.

Note that the items from the Board Self-Assessment Survey have been shaded. In addition, the Labor Relations / Negotiation item is highlighted in yellow because of the overall importance. This item was also not assigned a single category since, in reality, it related to multiple categories. Also, the “Strategic” Category assignment to the item related to Self-Assessment Survey item 24 (Evaluate Business Proposals / Review existing practices...) is less certain and so is highlighted in yellow.

## Combined Six Source List of Requirements and Improvement – Matrix View

Reference	Responsibilities	Category	Sources - Requirements			Sources - Recommendations		
			PA 196	Articles of Incorporation	Bylaws	Self-Assess Survey	APTA Board Handbook	January Retreat
Article IV, Sec 10	Prepare and submit an annual report to the governing bodies of members	Accountability		✓				
APTA HB	Oversight	Accountability					✓	
APTA HB	Representation	Accountability					✓	
Retreat	Community / External Relations	Accountability						✓
Item 29	(Need better...) CEO Evaluations / Compensation Reviews	CEO				✓		
Item 27	(Need...) Defined CEO recruitment/retention process	CEO				✓		
Retreat	CEO Succession Plan	CEO						✓
Article II, Section 2.7	Employ an Executive Director	CEO			✓			
APTA HB	CEO Relationship	CEO					✓	
114.471, Sec 21	Annual Audit	Financial	✓	✓				
114.471, Sec 21	Budgets	Financial	✓	✓				
114.471, Sec 21	Correction Plan (If deficit)	Financial	✓	✓				
124.468, Sec 18	Call for Election for Tax Levy (by Board Resolution)	Financial	✓	✓				
124.472, Sec 22	Borrow money / issue notes, bonds (by Board Resolution)	Financial	✓					
Retreat	Funding	Financial						✓
Item 20	(Need to...) Ensure employee evaluation system is in place	Financial / HR				✓		
Article IV, Sec 5	Hold at least an Annual Meeting	Governance		✓				
Article IV, Sec 5	Hold regular meetings on a schedule determined by the Board	Governance		✓	✓			
Article I, Section 1.3	Meetings held in compliance with Michigan Open Meetings Act	Governance			✓			
Article I, Section 1.7	Follow Robert's Rules of Order	Governance			✓			
Article II, Section 2.1	Have Chairperson and a Vice Chairperson	Governance			✓			
Item 8	(Need...) More clearly defined Board authority	Governance				✓		
Item 15	(Need to improve how...) Member Talents identified, used	Governance				✓		
Item 11	(Need...) Board Development (Chair ensures...)	Governance				✓		
Item 7	(Need...) Good Committee Structures	Governance						
Item 10a	(Need...) Performance-based endorsements of Board candidates	Governance				✓		
Item 10b	Recruiting (of Board members) is (not) organized and effective	Governance				✓		
APTA HB	Board Development	Governance					✓	✓
Retreat	Board Succession Planning	Governance						✓
Article IV, Section 4.3	May authorize execution contracts (general or confined to specific instances)	Legal			✓			
Item 24	(Need to...) Evaluate Business Proposals / Review existing practices	Strategic				✓		
Item 13	(Need to better...) Creates / Communicates Strategic Direction	Strategic				✓		
Item 16	(Need better...) Leadership transitioning planning	Strategic				✓		
APTA HB	Policy-making	Strategic					✓	
APTA HB	Innovation	Strategic					✓	
Retreat	Labor Relations / Negotiations							✓

## **Structural Design Principles**

With the work identified and sorted, the remaining step is to design a structure that is efficient and effective. The Board can undertake work at the Full Board level (committee of the whole concept), through standing committees, or through Task Forces or other temporary work groups. In the case of *The Rapid* the Bylaws allow the Board to "...appoint committees as the Board determines necessary", so the Board is free to consider other factors.

The following questions and considerations have proven useful in designing an optimal Board structure to accomplish a given set of governance work, and were used in combination with several unique characteristics of *The Rapid* as an organization type. Both the Questions and Considerations and the Unique Characteristics of *The Rapid* are listed below:

### **Questions and Considerations**

1. What are the *topical areas* of responsibility / work? (What makes sense to combine because of similar nature of the work and the expertise needed?)
2. Board / Standing Committee vs. Task Force (Is the nature of the work constant or periodic)?
3. Full Board Involvement vs. delegation to Committee / Task Force:
  - a) Is it important for every Board member to have detailed knowledge of the work?
  - b) Will the work in a given area dominate the Full Board's time?
  - c) Does the work have clear boundaries and scope so that it can be delegated?
  - d) Would a smaller group be more efficient in analyzing and developing solutions or recommendations?

### **Unique Characteristics of *The Rapid***

- A. Well-established organization with experienced leadership
- B. Mid-sized organization with specialized staff
- C. Self-Assessment Survey Results: What were the areas of improvement opportunity for *The Rapid* Board?
- D. Compare current Board focus (roles) with recommended Board Roles (see APTA Board Handbook and Great Governance Primer)
- E. As a Transit Authority...
  - 1) Must meet needs and interests of member organizations
  - 2) Revenue stream is more complex (Transactional, Grants, Taxes)
  - 3) Strong need for public accountability and transparency
  - 4) Board member recruitment needs to combine best practices with member entity "appointment" process

Using these considerations and the unique characteristics of *The Rapid* as guiding design principles, several opportunities for improvement through structural changes emerged. These improvements are embodied in five structural recommendations. These structural changes would be complemented by four additional recommendations related to process. All nine recommendations are highlighted in the next section.

## Recommendations

As noted in the analysis, information from multiple sources, not just the Board Self-Assessment Survey, was used to develop recommendations. In order to obtain more information on Board member perspectives, SCS also attended the January, 2017 Board Retreat, where points of discussion and priority issues and solutions were noted. In addition, the discussion points and feedback provided in response to the presentations of the Great Governance Primer in March of 2017 were noted.

The Board member's own perspective on Board performance is very valuable, but so is a clear understanding of any governing requirements as stipulated in PA 196, ITP Articles of Incorporation, and ITP Bylaws.

While these documents add the important element of requirements, a sense of best / better practice is also important to consider. In this case, best / better practices were gleaned from the APTA Board Handbook and SCS's own index of Board Roles and Responsibilities based on many engagements with Boards for the purpose of Strategic Planning as well as Organizational and Board Improvement.

Finally, an understanding of current operating practices was obtained from a review of *The Rapid Board Orientation Book*, as well as the minutes from Board and Committee meetings, and multiple conversations with the current Board Chair, Barb Holt, and work sessions with Ms. Holt and members of the Leadership Team regarding the development of a Balanced Scorecard for Governance.

All of this information influenced the formation of the following recommendations for building on many good current practices and enabling the Board to guide and support the future success of *The Rapid*. The recommendations can be thought of in two groups, Structural and Procedural.

### **Structural Recommendations**

Structural recommendations encompass how the Board may use Committees, Task Forces, and/or Advisory Groups, to accomplish the work. It also includes meeting frequency of both the Board and these groups since the two are interdependent and both must coincide with the various business cycles of the organization. As a result, an integrated timeline view of the recommended meeting schedule for the Board and any associated groups is a useful way to understand the structural recommendations together and so will be presented at the end of this sub-section.

**Recommendation 1 - Committees:** Transition to two standing Committees (Governance and Strategic Planning).

- The Governance Committee will meet four times a year. The focus of the Governance Committee will be on assessing the performance of *The Rapid* Board and on developing and implementing a plan for improved governance as measured principally, but not exclusively, by 1) the annual Governance Self-Assessment Survey, 2) the sustainability and strategic progress of *The Rapid* as measured by the Governance Balanced Scorecard. Refer to the draft Governance Committee Charge Statement in Appendix C for more detail.
- The Strategic Planning Committee will meet four times a year (more if needed because of special circumstances or issues of a strategic nature). The focus of the Strategic Planning Committee will be the ongoing development and impact assessment of *The Rapid* Strategic Plan. This will include working with Leadership to update industry, market, and organizational assessments, periodically re-assess the

Vision and/or Goals, establish and track Strategic Plan measures, and to provide guidance regarding tactics to achieve the Vision / Goals. Refer to the draft Strategic Planning Committee Charge Statement in Appendix D for more detail.

**Recommendation 2 – Full Board Meeting Frequency:** Reduce the meeting frequency of the full Board to 6 scheduled meetings per year, each of roughly 2 hours in length. Additional meetings can be called if needed.

**Recommendation 3 – Committee of the Whole Functions:** The Board will function as a Committee of the Whole for policy guidance and approvals related to Finance and for policy guidance related to Human Resources.

**Recommendation 4 – CEO Evaluation and Succession Planning Task Force:** The Board should form a Task Force for the purpose of reviewing and possibly amending both the current CEO Performance Evaluation Process *and* the current Management Continuity Succession Plan. Refer to the draft CEO Evaluation & Succession Planning Task Force Charge Statement in Appendix E for more detail. The first meeting of the Task Force is suggested to be in August, 2017. Note that some details, including the end date for the Task Force, still need to be determined by the Board.

**Recommendation 5 – Consumer Advisory Committee:** The current *Consumer Advisory Committee for Seniors and Persons with Disabilities* should continue to meet, though consideration should be given to meeting every other month instead of monthly. Each year in approximately August, this Advisory Committee should formulate recommendations as a means to providing input into the Strategic Planning cycle.

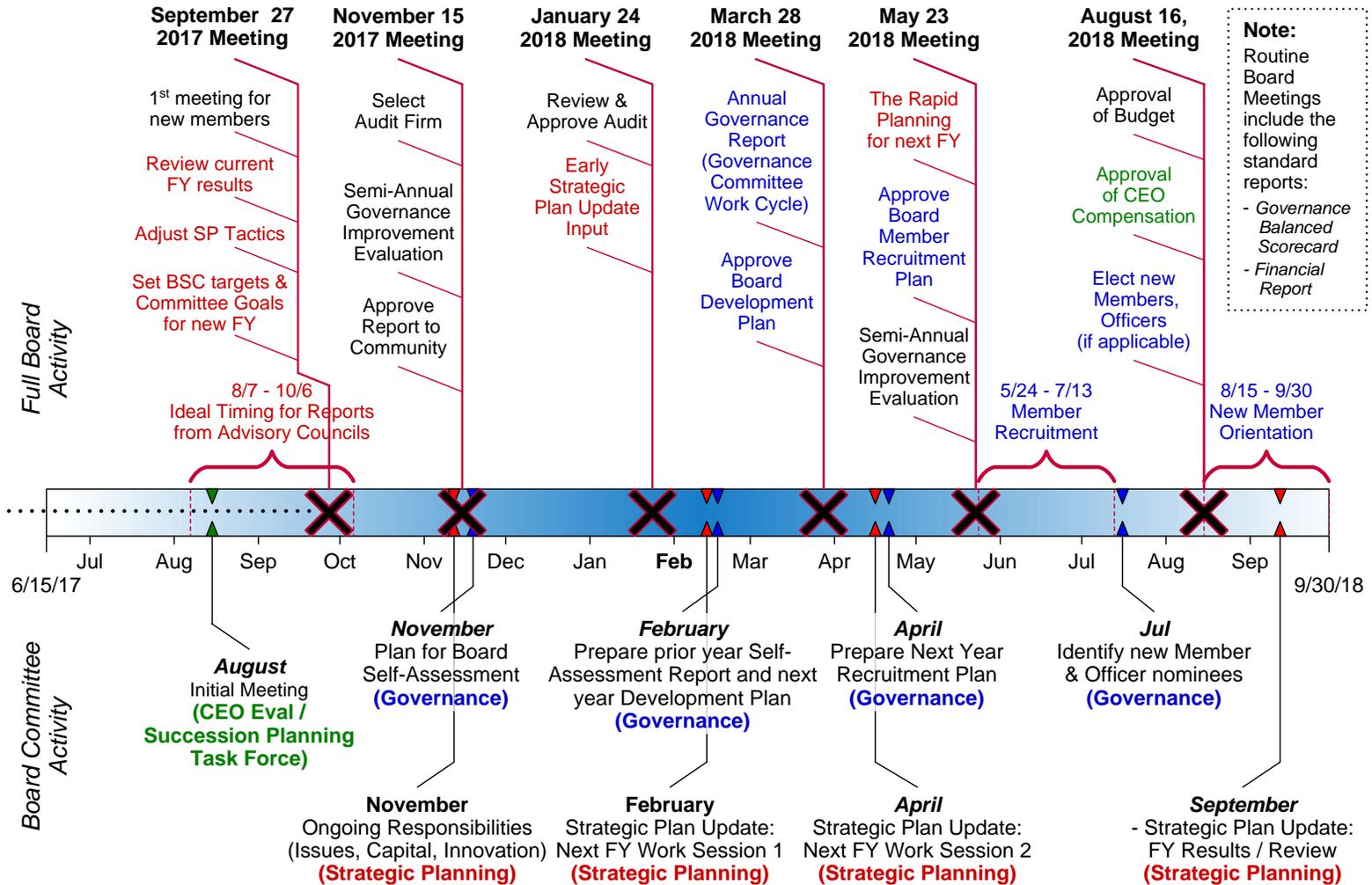
#### **Integrated Meeting and Business Cycle Calendar**

The diagram on the next page illustrates the recommended Committee structure, meeting frequency, and meeting topics on a timeline related to the 2017/18 Fiscal Year. The timing of the meetings and topics is intended to coincide with the planning and business cycles of *The Rapid*.



# Governance Annual Timeline & Schedule

Proposed April 26, 2017



**Note:**  
Routine Board Meetings include the following standard reports:  
- Governance Balanced Scorecard  
- Financial Report

## **Procedural Recommendations**

Procedural recommendations encompass how the Board accomplishes responsibilities on an ongoing basis. They often address meeting procedures, routine activities, and tools. Many current practices of *The Rapid* Board have been effective for them and are popular with other Boards; these should be continued. These include the use of Roberts Rules of Order, the advancement of material for review prior to meetings, the use of a consent agenda, and the recording of the meeting and creation of detailed, accurate meeting minutes by the Executive Administrator/Board Secretary.

The following recommendations are based on the information reviewed and direct observation during Board and Board Committee meetings.

**Recommendation 6 – Governance Scorecard Review:** As explained at the beginning of this document, this structural and procedural analysis is only one part of a broader Governance Assessment. Another part involved the development of a Strategic and Balanced Scorecard for use by *The Rapid* Board. This Governance Scorecard should be available and briefly reviewed at the beginning of every Board meeting. The measures should be updated according to the frequency of available data updates for each measure (i.e. some measures can be updated more frequently than others). A *report by exception* philosophy can be used where there are time constraints, though current performance to target on all Governance Scorecard measures should be assessed periodically.

**Recommendation 7 – Full Board & Committee Work Relationship:** The work of the Committees should be viewed as independent of, but supportive of, the Full Board. The Committees should operate within the scope of their charge, but without the need for full review of all their work by the Full Board. The Committees cannot make decisions on behalf of the Full Board unless they have been given express authority to do so by the Full Board. Instead, Committees should conduct analysis and prepare plans or recommendations which are then presented by the Committee Chair to the Full Board for consideration and approval / revision / disapproval. In this way, they are an extension of the Full Board's time and focus on a specific scope of responsibility.

**Recommendation 8 – Board Use of Consent Agenda:** The Board should continue to use a Consent Agenda. Periodically, consensus should be sought among Board members regarding what items should be earmarked for the Consent Agenda. In making this determination, some organizations with higher levels of community interest elect to keep some routine reports outside of the consent agenda in an effort to be more transparent.

**Recommendation 9 – Identification of Outcomes on Agenda:** One way to place more focus on meaningful Board work is to focus on agenda items with specific outcomes. This is not to say that none of the Board's meeting time should be spent on educating the Board or on staff responding to requests for information. However, without mindful attention, Board meeting agendas, especially in larger organizations with competent leadership teams, can contain more and more information sharing (receiving on the part of the Board) and less discussion and production. An easy way to recognize this trend, and reverse it, is to include an "Outcomes" column on the Board agenda, where a one or two word description of the outcome for each agenda item is listed. Examples include Approval, Decision, Policy, Plan Input, Targets, Discussion, and Vote. If *Information* and *Review* begin showing up a lot, it may be time to rethink how those items could be accomplished (Consent Agenda, Webinar, etc.) without using as much of the meeting time.

## Key Rationale Points

The following points summarize the rationale for these recommendations:

- *The Rapid* is a **well-established organization with an experienced Leadership Team**. In this type of organization, Boards often find that they require **fewer meetings** and less operational oversight, especially in the areas of finance and human resources, and can **focus more on their strategic and long term sustainability** responsibilities.
- **Strategic Planning** is one of the most important roles of a Board. In order for *The Rapid* Board to fulfill its strategic role, a **standing Committee should focus** almost exclusively on participating in the Strategic Plan development process and engaging in regular and more in-depth review of Strategic Plan deployment and impact measurement.
- Board composition at *The Rapid* needs to satisfy the requirements of Public Act 196 and the Articles of Incorporation, and **effectively represent the individual and communal interests of the six member communities**. Where possible, Board composition should **also reflect that of best practice and high performance Boards**. More specifically, the experience and skill sets of the Board members must align with the dynamic, strategic needs of the organization. **Balancing these Board composition needs** is one of the larger challenges, and biggest opportunities, for *The Rapid* Board.
- The **desire to improve the CEO evaluation and succession plan processes** was identified through several channels, including the Self-assessment Survey and the January Retreat. However, once an effective process has been designed and implemented, it can be integrated with the responsibilities of the Full Board, fostering a working relationship between all of the Board members and the CEO. As a result, the **temporary nature of much of the work** in this area is **well suited to a Task Force**.
- While the Planning and Financial oversight roles of the Board need to coincide with the related business cycles, **the recommended cycle of Board Assessment and Recruitment can function on a different timeline**. All that is required is that the Board elections occur annually and that the timing of the recruitment and nominations be workable for the six member communities. There are some advantages to staging this work on a different timeline (April – March as proposed here), including the ability to **have newly elected and oriented Board Members begin their first term at the beginning of the fiscal year** and the ability to **separate the “busiest” phases of this cycle from the busy fiscal year transition period**, providing the opportunity for more leadership involvement in Board Development planning and new member onboarding.

## Implementation

Several considerations were weighed in developing a recommended Implementation Plan. These are described briefly here and the resulting Plan is then presented. However, *The Rapid* Board should carefully assess this Plan and should not hesitate to modify it based on their greater knowledge of other Board priorities and the Board's and Leadership's capacity to take on this work in addition to current responsibilities.

### **Balancing Improvement Appetite and Capacity**

In implementing the recommendations, it will be important for *The Rapid* Board to find a productive balance between timely implementation of needed change and a realistic tolerance of the iterative nature of change at this level of an organization. Board members do not meet every day or work on governance every day. Still, the role of governance in any organization is an important one and can contribute a great deal to the success of an organization; as a result, making measureable improvement in governance is vital. A great organization deserves a great Board!

### **Work Cycles**

Some of the recommendations would be more logical to implement based on the timing of related work. For example, it makes sense to implement the Governance Committee aspect of Recommendation 1 in November, since the November meeting represents the beginning of an important annual cycle of work identified for that Committee.

### **Evaluation and Adjustment**

*The Rapid* Board should assess progress on the implementation of these recommendations at every Full Board meeting as a standing agenda item until all the recommendations have been implemented. The focus of these brief assessments should focus on whether or not the recommendations are being implemented on time, and if not, what needs to be done to get them back on schedule. The actual time required for this agenda item will vary by meeting, though typically, it should only require five to ten minutes. More thorough assessments should take place approximately every six months for the first one to two years to determine if the implementation is achieving the desired results. These assessments would work well at the November and May Full board meetings, for example.

Based on these considerations, the Implementation Timeline on the next page is proposed for Board consideration and discussion.

## Proposed Implementation Timeline

Month	Task
June or Aug, 2017	<input type="checkbox"/> Recommendation 1: Board appoints members of Governance and Strategic Planning Committees <input type="checkbox"/> Recommendation 4: Board appoints members of CEO Evaluation / Succession Planning Task Force <input type="checkbox"/> Recommendation 3: Board begins functioning as Committee of the Whole for Finance and HR <input type="checkbox"/> Recommendation 7: Full Board & Committee Work Relationship implementation begins
Aug, 2017	<input type="checkbox"/> Recommendation 4: CEO Evaluation / Succession Planning Task Force begins meeting <input type="checkbox"/> Recommendation 5: Consumer Advisory Committee presents recommendations as input into Strategic Planning cycle <input type="checkbox"/> Recommendation 6: 1 <sup>st</sup> Governance Scorecard Review
Sep, 2017	<input type="checkbox"/> Recommendation 1: 1 <sup>st</sup> Strategic Planning Committee meeting, “work cycle” begins <input type="checkbox"/> Recommendation 2: 1 <sup>st</sup> Full Board Meeting with new agenda items and meeting frequency <input type="checkbox"/> Recommendation 8: Refine use of Consent Agenda <input type="checkbox"/> Recommendation 9: Outcomes incorporated into agenda format
Nov, 2017	<input type="checkbox"/> Recommendation 1: 1 <sup>st</sup> Governance Committee meeting, “work cycle” begins <input type="checkbox"/> <i>Semi-Annual Governance Improvement Evaluation</i>
Jan, 2018	<input type="checkbox"/>
Mar, 2018	<input type="checkbox"/>
May, 2018	<input type="checkbox"/> <i>Semi-Annual Governance Improvement Evaluation</i>

If necessary, the Board should slow the pace of implementation so that the changes can be made in a well-planned and well-executed fashion. It will likely require several years for all the changes to be implemented, for the new structure and processes to feel comfortable, and for Board members to begin experiencing all the benefits of the changes. The decision to postpone implementation of a recommendation by a few months should be considered in this context.

## APPENDICIES

## APPENDIX A: Governance Self-Assessment Survey Items

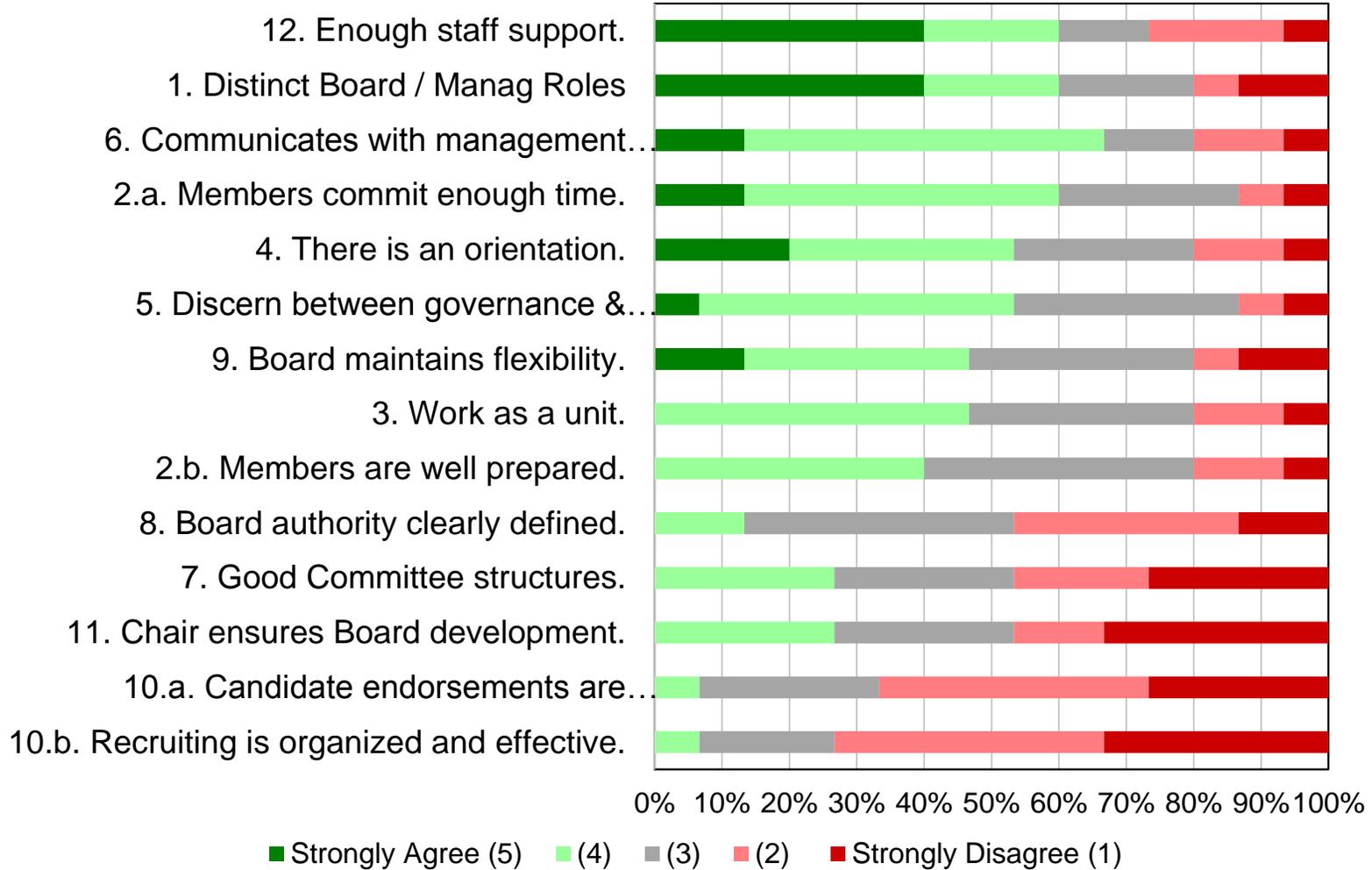
Item	Rating Scale	Comments
1. The Board sets policy; the management implements policy. Board members do not become involved in specific management, personnel, or service issues except in a predetermined oversight role.	Y	N
2. a. Board members devote sufficient time to fulfilling their responsibilities.	Y	N
2. b. Board members are well-prepared for, and fully participate in, Board meetings.	Y	N
3. Board members work cohesively and cooperatively to try to minimize miscommunication and confusion.	Y	N
4. There is an orientation process for new Board members.	Y	N
5. The Board knows the difference between policy and administration and between governance and management.	Y	N
6. The Board regularly communicates with management and staff in Board meetings or through the CEO, and remains open to comment and feedback.	Y	N
7. Board committee structures are streamlined and effective for decision making.	Y	N
8. The authority that the Board retains for itself (i.e., without delegating to management) is clearly defined.	Y	N
9. The Board maintains flexibility to adjust to changing internal and external circumstances.	Y	N
10.a. The Board considers member candidates for endorsement based on each candidate's performance and actions.	Y	N
10.b. The Board has an organized, structured process for recruiting well-qualified Board members.	Y	N
11. The Board Chair assumes active responsibility for ensuring the development and leadership of the Board.	Y	N
12. There is an appropriate level of staff support for the Board.	Y	N
13. The Board creates and communicates the strategic direction of The Rapid; this is achieved by regularly evaluating core values and the strategic mission.	Y	N
14. Board members ensure programs are consistent with the organizational mission and ensure that programs and services meet expectations.	Y	N
15. The Board identifies and uses the specific talents and skills that Board members possess.	Y	N
16. The Board promotes planning for leadership transitions.	Y	N
17.a. The Board provides effective monitoring, evaluation, and oversight of the fiscal concerns of The Rapid.	Y	N
17.b. The Board has an understanding of the funding mechanisms of The Rapid.	Y	N
18. The Board supports a code of conduct and ethical practices; each Board member is committed to ethical practices and guards against conflicts of interest.	Y	N
19. The Board approves annual operating and capital goals and budgets.	Y	N
20. The Board ensures that an effective employee evaluation system is in place and that it is linked to the strategic and operating goals of The Rapid.	Y	N

## APPENDIX A: Governance Self-Assessment Survey Items (continued)

Item	Rating Scale	Comments
21.a. The Board understands and provides policy guidance on employee <i>benefit</i> plans.	Y	N
21.b. The Board understands and provides policy guidance on employee <i>retirement</i> plans.	Y	N
22. Board members do not reveal sensitive and confidential information.	Y	N
23. The Board sets measurable objectives that permit monitoring of agency performance.	Y	N
24. The Board has processes for making effective decisions regarding new business proposals, and for reviewing existing practices.	Y	N
25. The Board supports and encourages diversity policies and programs for The Rapid.	Y	N
26. The Board supports a Board composition that reflects the community's demographics.	Y	N
27. The Board has a defined process for recruiting and retaining a well-qualified CEO.	Y	N
28. The Board Chair and CEO meet regularly, maintain ongoing communications, and ensure availability.	Y	N
29. The Board develops a regular policy and process for carrying out evaluations and compensation reviews for the CEO reporting directly to the Board.	Y	N
30. The Board assumes an active public and legislative advocacy role (i.e. by promoting the transit system and working with community and business leaders, outside interest groups, lobbies, local governments, and community associations).	Y	N
31. The Board takes note of how the public views the system, and responds.	Y	N
32. Board members know what the organization is trying to achieve, including what needs to be accomplished and when.	Y	Y
33. All Board members have an opportunity to contribute in meetings and are listened to when they contribute.	Y	Y
34. Board members can express their feelings and they get empathetic responses when they do.	Y	Y
35. When problems arise, the causes are addressed (rather than the symptoms).	Y	Y
36. Board members other than the Board Chair and Board Committee Chairs volunteer to meet group needs. The Board does not depend too much on a single person.	Y	Y
37.a. In the process of making decisions, the Board considers a variety of solutions and then seeks and tests consensus.	Y	Y
37.b. Once decisions are made, they are fully supported by the Board.	Y	Y
38. Board members trust each other enough to express disagreement without fearing reprisal.	Y	Y
39. The Board actively seeks new and better ways to do things.	Y	Y
40. Individual Board members are changing and growing in ways that benefit The Rapid Board.	Y	Y
41. Comments	N	Y

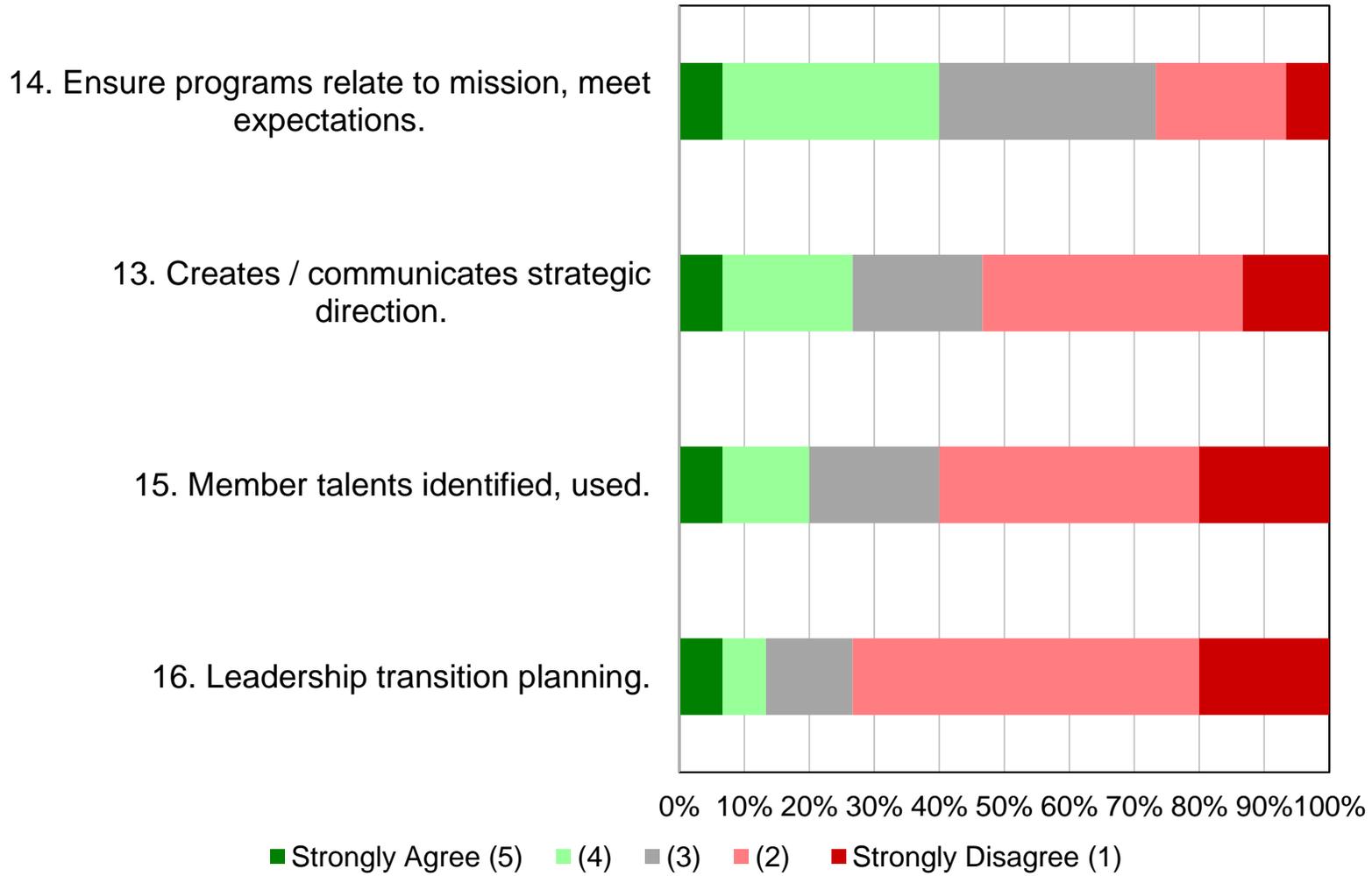
APPENDIX B: Governance Self-Assessment Survey Results, by Item Group

**The Rapid Board Self Assessment Survey, January, 2017**  
**Board Processes Items**



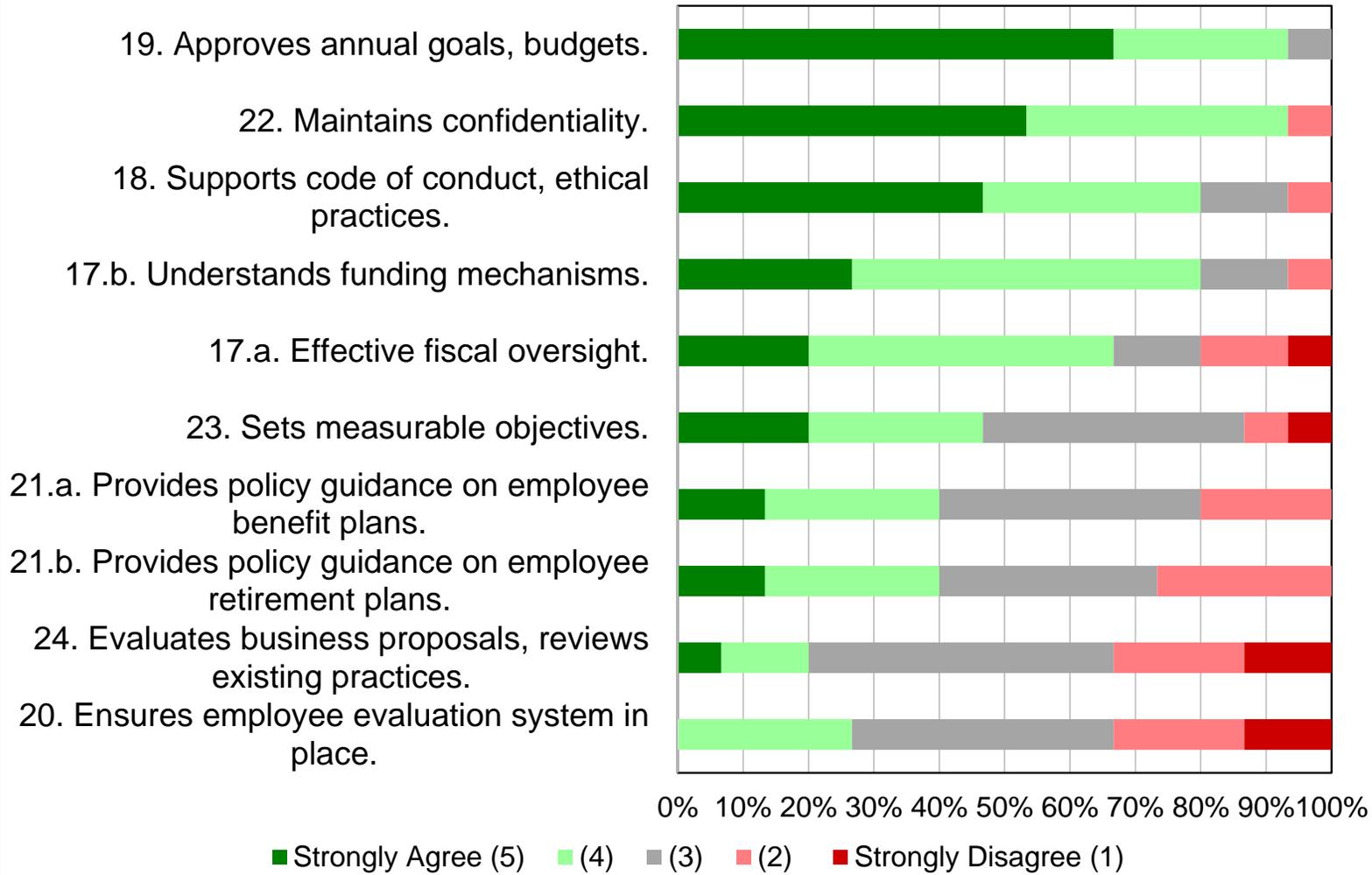
APPENDIX B: Governance Self-Assessment Survey Results, by Item Group (continued)

**The Rapid Board Self Assessment Survey, January, 2017**  
**Strategic Planning Items**



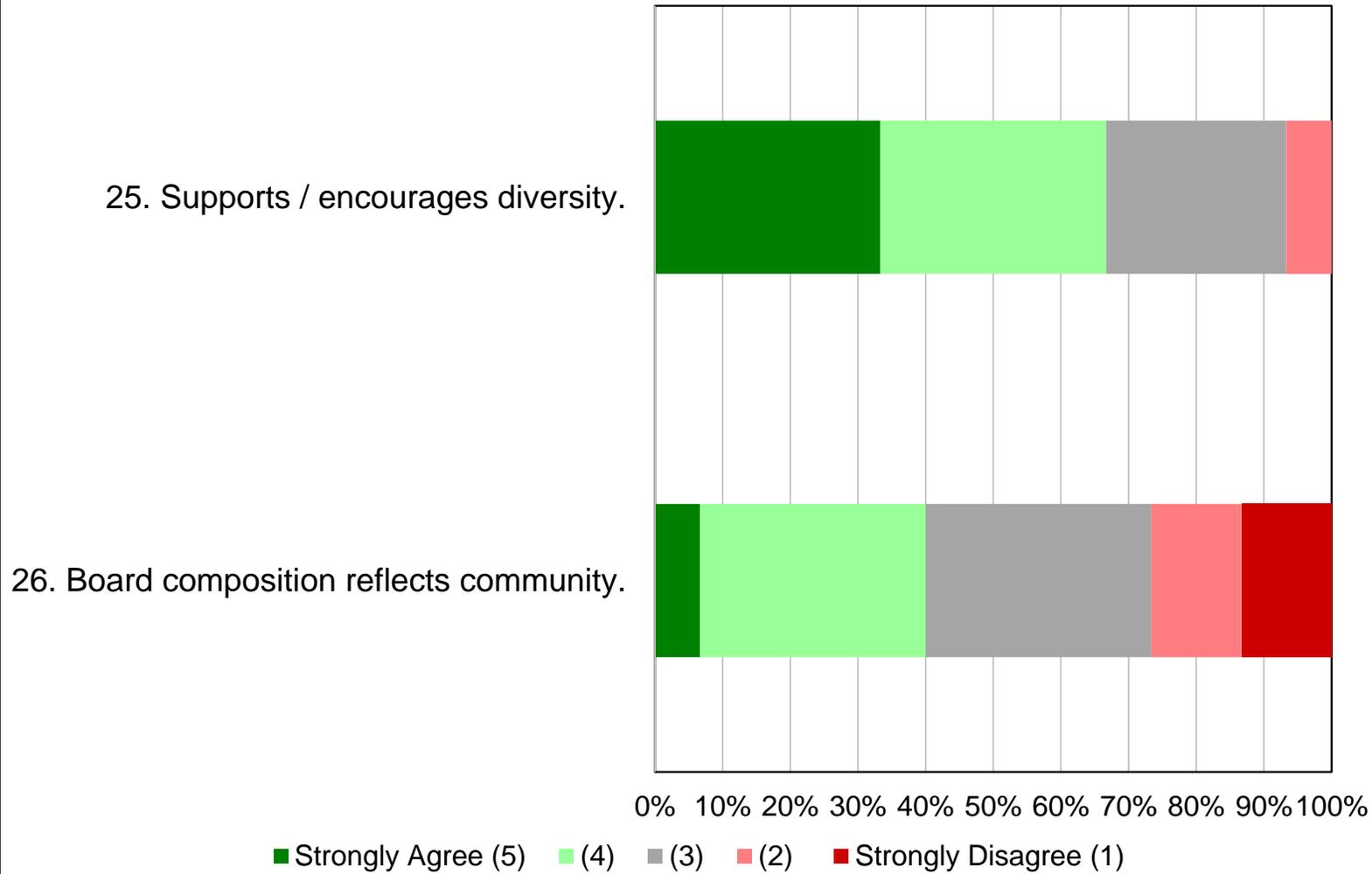
APPENDIX B: Governance Self-Assessment Survey Results, by Item Group (continued)

**The Rapid Board Self Assessment Survey, January, 2017**  
**Fiduciary and Legal Items**



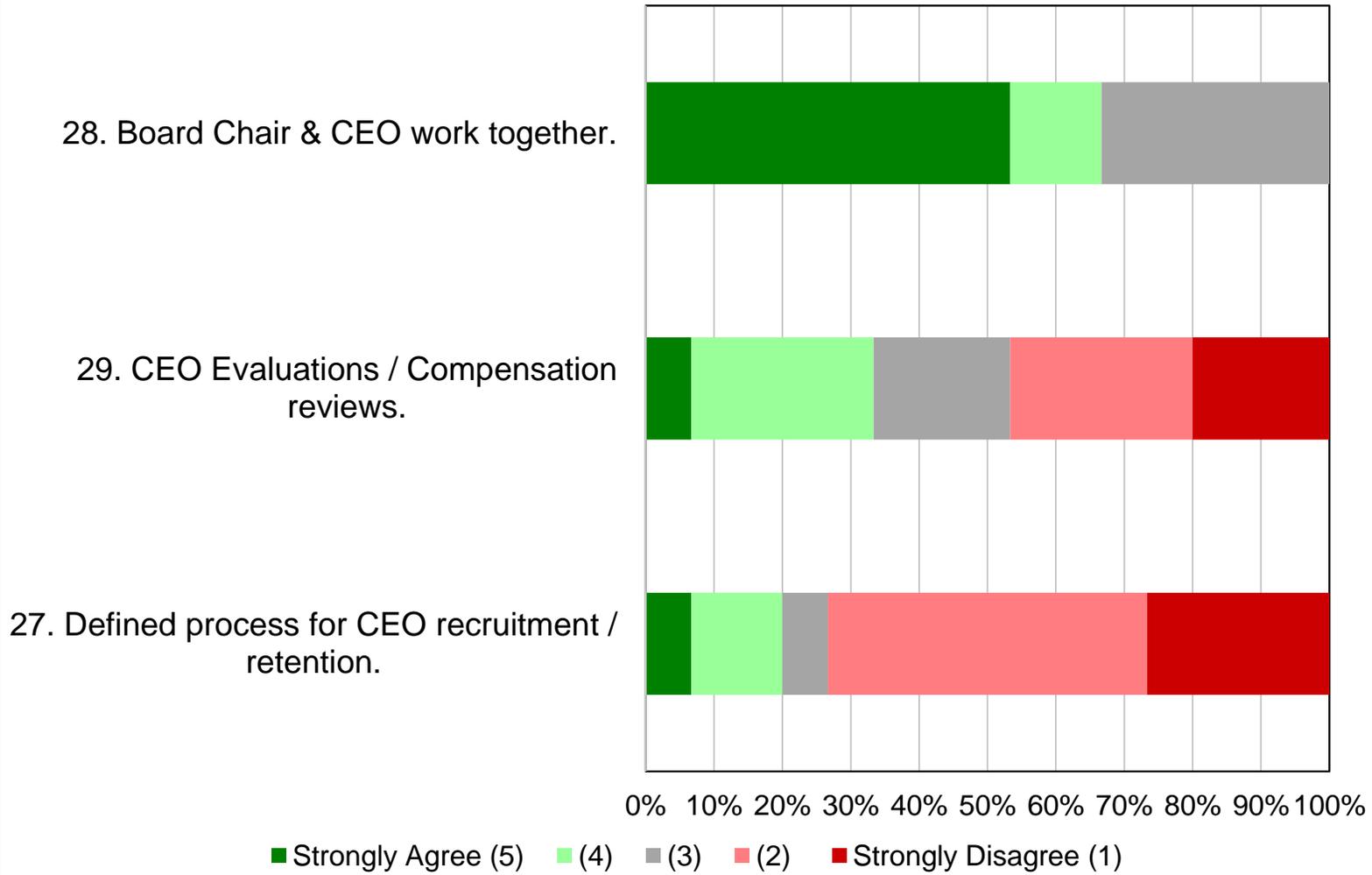
APPENDIX B: Governance Self-Assessment Survey Results, by Item Group (continued)

**The Rapid Board Self Assessment Survey, January, 2017**  
**Diversity Items**



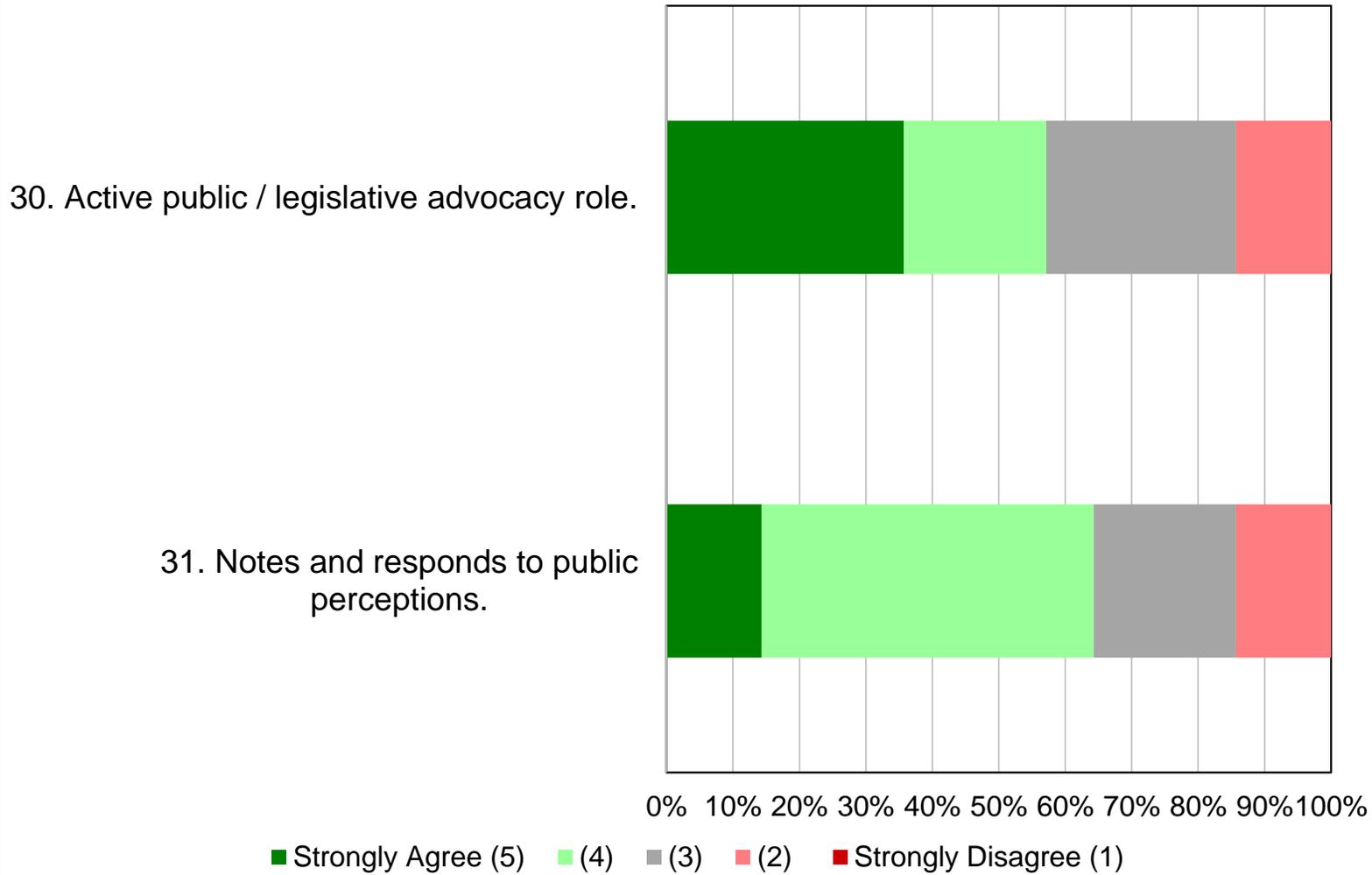
APPENDIX B: Governance Self-Assessment Survey Results, by Item Group (continued)

**The Rapid Board Self Assessment Survey, January, 2017**  
**CEO Relations Items**



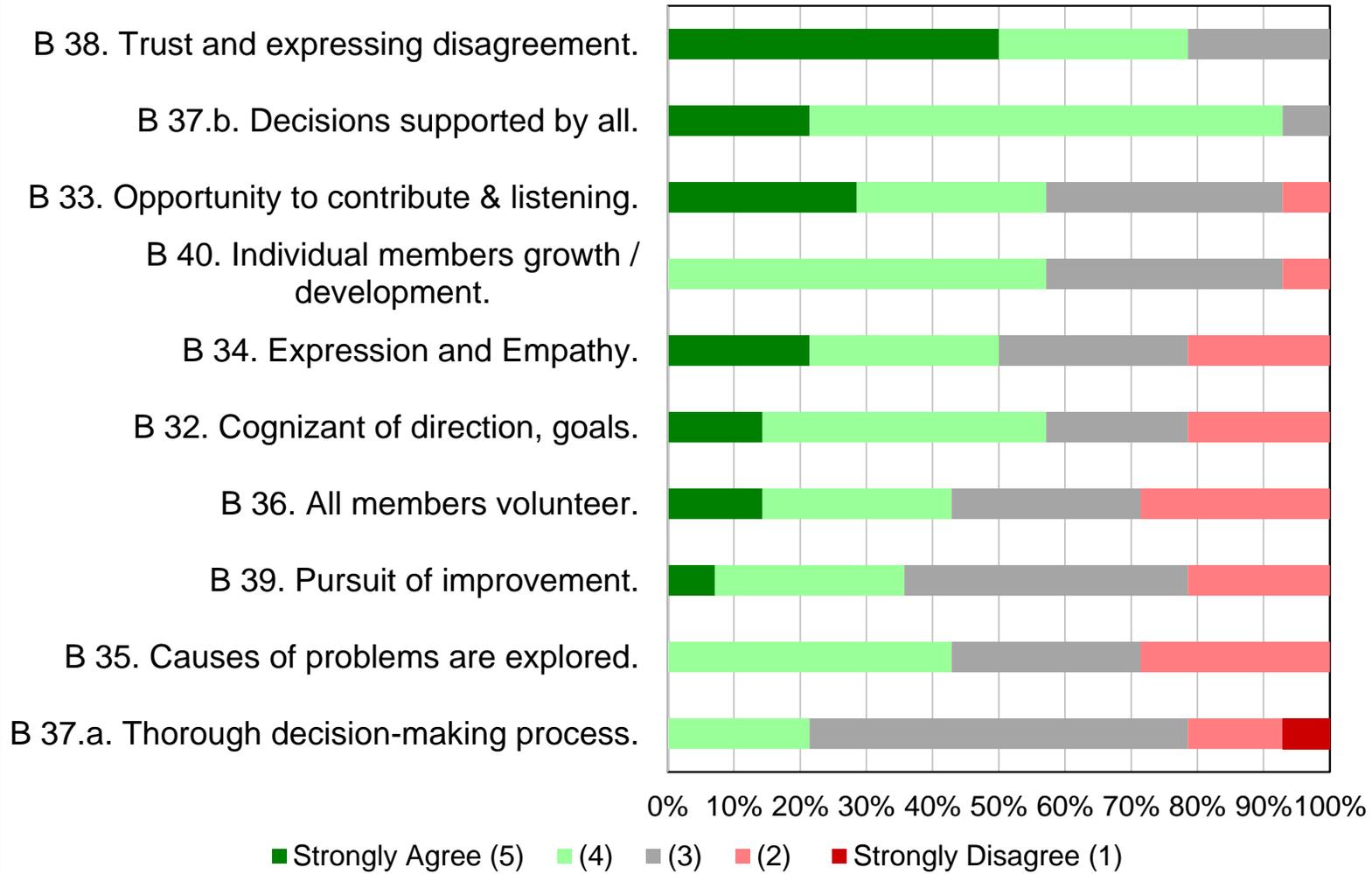
APPENDIX B: Governance Self-Assessment Survey Results, by Item Group (continued)

**The Rapid Board Self Assessment Survey, January, 2017**  
**Public Advocacy Items**



APPENDIX B: Governance Self-Assessment Survey Results, by Item Group (continued)

**The Rapid Board Self Assessment Survey, January, 2017**  
**Behavioral Items**



## APPENDIX C

### Draft Governance Committee Charge Statement

**Overall Charge:** The Governance Committee is responsible for improving and optimizing the performance of *The Rapid* Board of Directors as a Governing Body. To accomplish this, the Governance Committee must engage in an ongoing and repeating cycle of assessing organizational needs, assessing current Board capability, identifying development and recruitment priorities, and preparing and implementing Board-approved Development and Recruitment Plans. The Committee works closely with the member communities to identify the best available candidates for advancing the Vision of *The Rapid* and representing the unique and communal needs of the member communities. The Governance Committee also works closely with *The Rapid* Leadership to identify and provide development opportunities that will enable the Board to guide strategic advancement of the organization.

**Membership:** The Governance Committee will be chaired by the current Chair of *The Rapid* Board and also include up to 4 other Board members for a total of 5 Board members.

#### Action Plan:

Responsibility	Full Board Expectation	Deliverable(s)	Timing / Due Date
1. Create and annually review the <u>Desired Board Competencies (collective)</u> , <u>Board Member Characteristics</u> , <u>Board Member Performance Standards</u> , and <u>Board Position Descriptions (officers)</u> of The Rapid Board (Key Input: Mission, Vision, and Strategic Plan of The Rapid)	Committee development for Full Board Review & Approval	<input type="checkbox"/> Desired Board Competencies <input type="checkbox"/> Board Member Characteristics <input type="checkbox"/> Board Member Performance Standards <input type="checkbox"/> Board Position Descriptions	November Meeting
2. Conduct an Annual Self-Assessment of Board Competencies and Performance (individual and collective), including: <ul style="list-style-type: none"> <li>- Governance Evaluation (survey)</li> <li>- Individual Board Member talent and engagement assessment</li> <li>- Assess Strategic Plan progress</li> <li>- Assess organizational success of The Rapid</li> <li>- <i>Competency Gap Analysis (Current Competencies compared to Needed Competencies)</i></li> <li>- <i>Identification of Performance Improvement opportunities</i></li> </ul>	Summaries as part of other Proposed Plans (see items 3 and 4).	<input type="checkbox"/> Summary of Competency Gaps (if any) <input type="checkbox"/> Descriptive list of prioritized Performance Improvement opportunities with success measures <sup>1</sup>	November and February Meetings (Self-Assessment Survey in January)

<sup>1</sup> It is recommended that improvement opportunities be framed using Thomas Nolan's 3 Questions: 1) What are we trying to improve, 2) How will we know that a change is an improvement, and 3) What changes can we make that will result in an improvement. For more information on Nolan's 3 Questions, see: The Improvement Guide: A Practical Approach to Enhancing Organizational Performance. G. Langley, K. Nolan, T. Nolan, C. Norman, L. Provost. Jossey-Bass Publishers, San Francisco, 1996.

Responsibility	Full Board Expectation	Deliverable(s)	Timing / Due Date
3. Prepare an Annual Board Development Plan designed to address Competency or Performance Gaps through current Board Member Education	Committee development for Full Board Review & Approval (March)	<input type="checkbox"/> Board Development Plan (Learning Objectives, Topics, Sources, Schedule)	February Meeting
4. Annually or as needed, prepare a Board Recruitment Plan by: <ul style="list-style-type: none"> <li>- Identifying Competency Gaps that cannot be addressed by Development alone</li> <li>- Developing, in collaboration with the Full Board, a profile(s) of Board member(s) to address Competency Gaps</li> <li>- Identification of Recruitment Sub-Committee and Timeline</li> </ul>	Committee development for Full Board Review & Approval (May)	<input type="checkbox"/> Board Recruitment Plan	April Meeting
5. Oversee implementation of the Development Plan (working with Leadership and other resources as needed)	Committee has responsibility for implementing Plan	<input type="checkbox"/> Board Member Completion of Education	
6. Recruit new Board Members <ul style="list-style-type: none"> <li>- Form and maintain Recruitment Sub-Committee</li> <li>- Working with the representative(s) of the member of the Authority that will be making an appointment: <ul style="list-style-type: none"> <li>o Review profile(s)</li> <li>o Seek input and names of possible nominees</li> <li>o Identify Candidates using profiles</li> <li>o Solicit interest and obtain completed applications from desired candidates</li> <li>o Determine nominations</li> </ul> </li> <li>- Board recommendation and approval</li> <li>- Orientation</li> <li>- Mentoring<sup>2</sup></li> </ul>	New Member Nominees for Full Board Vote (August)  Committee has responsibility for onboarding new Members	<input type="checkbox"/> Nominations	July Meeting

<sup>2</sup> The development of a Mentoring program as part of the onboarding of new Board members is highly recommended. Program elements should include criteria for selecting mentors, written descriptions of the Mentor and Mentoree expectations, suggested topical and subject matter focus, and the method of individual case and program evaluation.

<b>Responsibility</b>	<b>Full Board Expectation</b>	<b>Deliverable(s)</b>	<b>Timing / Due Date</b>
7. Succession Planning of Board & Officers - Identify Optimal Officer Succession Path - Assess Current Member and Officer Interest and Performance - Determine future needs - Submit nominations to Board	Board approval of Optimal Officer Succession Path  Officer Nominees for Full Board Vote (August)	<input type="checkbox"/> Brief description of Succession Path  <input type="checkbox"/> Nominations	July Meeting
8. Ongoing development and improvement of New Board Member Orientation and Onboarding	Board approval of Updates	<input type="checkbox"/> Summary of recommended changes or updates	Ongoing

**APPENDIX D**

**Draft Strategic Planning Committee Charge Statement**

**Overall Charge:** The approval of The Rapid Strategic Plan, including the Mission and Vision, is the responsibility of the Full Board. The role of the Strategic Planning Committee is to extend the Board’s strategic guidance at key points in the annual planning and operations cycle of the organization and to work closely with Leadership in the development, implementation, and evaluation of the Strategic Plan. This includes detailed work for Board approval related to the periodic review of the mission, the development of a Vision and associated measures for the organization, and supporting the Board in the routine review of strategic measures and other Balanced Scorecard measures against targets. The Committee can also assist Leadership in identifying potential tactics and evaluating the effectiveness of current tactics. The Strategic Planning Committee also helps integrate the strategic intent and direction of the organization into routine business operating cycles including budgeting, capital planning, and performance review. Finally, the Strategic Planning Committee extends the governing Board’s ability to support leadership in fostering and leveraging innovation.

**Membership:** The Strategic Planning Committee will be chaired by the current Vice Chair of *The Rapid* Board and also include up to 4 other Board members for a total of 5 Board members.

**Action Plan:**

<b>Responsibility</b>	<b>Full Board Expectation</b>	<b>Deliverable(s)</b>	<b>Timing / Due Date</b>
1. Utilizing the early Plan input provided by the Full board in their January meeting, works with Leadership to develop the Annual Strategic Plan Update (Goals, Measures, Targets, Tactics) for Full Board discussion and review	Review and discussion of Draft Plan update (May)	<input type="checkbox"/> Summary of Key Assumptions and Possible Goals for May Planning Meeting	February and April Meetings
2. Reviews projected Year End results (Strategic, Financial, Operating) and works with Leadership to assess effectiveness of current tactics	Board review and approval of Tactical Changes (September)	<input type="checkbox"/> Summary of Recommended SP Tactical Changes	September Meeting
3. Serves as the Strategic Plan Development Committee when a new Strategic Plan is developed	Full Board Engagement in the development process at key points  Full Board review & approval of any new Strategic Plan	<input type="checkbox"/> Strategic Plan development documentation as applicable	Typically every 3 years

<b>Responsibility</b>	<b>Full Board Expectation</b>	<b>Deliverable(s)</b>	<b>Timing / Due Date</b>
4. Review Mission Statement, evaluate need for change, make recommendation to Full Board	Board Review & Approval	<input type="checkbox"/> Analysis and Recommended Changes	Typically every 5 – 10 years
5. Ensures use of Listening Posts to obtain Customer Feedback, including measures of satisfaction, and use of feedback to develop improvement plans	Update Board on new research efforts or finding related to Governance Scorecard or Strategic Plan	<input type="checkbox"/> Brief Written Summary	Ongoing
6. Provides guidance as needed on the integration of The Rapid Strategic Planning and Budgeting Process	Board Review & Approval of any Process Changes	➤ Recommended Changes	Ongoing
7. Identifies emergent / new strategic issues and opportunities for Full Board; collaborates with Leadership Team on additional analysis and the formulation of recommendations as requested by Full Board or Leadership Team	Provide synopsis and / or analysis to Board for consideration	<input type="checkbox"/> Written Brief	Ongoing
8. Provide counsel to Leadership regarding major system upgrades and other capital investments for possible inclusion in next Fiscal Year budget	Brief summary to Board on guidance provided	<input type="checkbox"/> Written Summary	As Needed
9. Reviews Feasibility Studies and Business Plans and formulates recommendations to Full Board	Provide recommendation to Board	<input type="checkbox"/> Recommendations	As Needed
10. Serves as a sounding board and resource for the Leadership Team regarding developing and potential innovations of process or service	Update Board as needed	<input type="checkbox"/> Verbal or written report	As Needed

## APPENDIX E

### Possible Charter Elements for CEO Evaluation and Succession Planning Task Force

#### Overall Charge – Part 1: CEO Review Process

1. Guide a review and possible revision of the current CEO evaluation process. In assessing the current process, the Task Force should consider the applicability and utility of key elements of CEO Performance Planning and Review as conducted by Boards, including:
  - a. A clear description of the basis for CEO Performance evaluation. This may include any/all of the following:
    - 1) The Rapid CEO Job Description (including annual updates reflecting the most current leadership needs of *The Rapid* based on Strategic & Operating Plans)
    - 2) Fiscal Year Organizational Goals and Targets for *The Rapid*
    - 3) Current Strategic Plan Goals and Targets for *The Rapid*
    - 4) Individual Performance Goals for the CEO resulting from most recent performance review
    - 5) Survey of all Board Members regarding CEO performance. Potential topics:
      - a) Critical Leadership Qualities
      - b) Strengths and Weaknesses
      - c) Behavioral Attributes
      - d) Effectiveness in achieving strategic and operating goals
      - e) Aspects of the Job Description. Examples include
        - ▶ Administrative management (including staff management)
        - ▶ Professional skills, problem solving, and decision-making
        - ▶ Community and public relations
        - ▶ Board relations
        - ▶ Planning, finance, budgeting
        - ▶ Business development
        - ▶ Compliance with policies
        - ▶ Risk management
    - 6) The CEO's self-evaluation
    - 7) A 360° Performance Appraisal (typically included every 2 to 3 years)
    - 8) Feedback from stakeholders external to the organization (typically survey or interview by 3<sup>rd</sup> party)
    - 9) If multiple inputs are considered, the recommended weighting of each
  - b. How the evaluation ties to the development of a performance plan for the coming year, including new goals with targets, areas needing improvement (if any) and the improvement methods. The format and content of the CEO Performance Plan should be identified.
  - c. The method for determining CEO compensation, including periodically obtaining comparative compensation range information
  - d. A timeline for implementing the process
  - e. A clear written summary of each party's (Board and CEO) role and responsibilities in the process
  - f. Milestones and methods that can be used to evaluate the effectiveness of the process

## APPENDIX E (continued)

### Overall Charge – Part 1: CEO Review Process (continued)

2. Obtain input and agreement on the process from the current CEO
3. Present the above to the Full Board for Full Board Review, Discussion, and Approval (or Revision).

***NOTE: The current process already has some of these elements, including a detailed CEO Work Plan and a clear description of the process timeline.***

### Overall Charge – Part 2: Management Continuity Succession Plan

Conduct a review of the current Management Continuity Succession Plan, the CEO Succession Plan component of which was adopted by the ITP Board on December 5, 2017. The Task Force will formulate recommendations to the Full Board regarding any revisions (if needed). The purpose of a Succession Plan is to ensure timely succession of the CEO and other Leadership positions with a qualified and vetted internal or external candidate. Elements of the Plan should include:

1. Identify the key functions and responsibilities of the position. A key source is the Job Description, if current.
2. Identify the positions in the organization that could include incumbents capable of fulfilling these key functions and responsibilities
3. Assess current capability of any incumbents to meet the requirements of the position
4. Create a development plan for potential successors. This plan may include education, rotations or assignments in certain areas, and mentoring or coaching. The plan should include a timeline for completion of elements and a method of feedback.
5. Identify the key steps of the transition process for any / each position. This may include:
  - a. Structured orientation process. In the case of the CEO, this should include the CEO's role in Governance.
  - b. In the case of the CEO, the transition process may include the designation of several Board members to provide additional guidance and feedback for a specified period of time. A description of the expectations for these Board members should be developed.
  - c. The establishment of feedback sessions in the first year, including agenda, participants, and outcomes.

In the process, it would be important for the Board to work with the CEO to establish a schedule and parameters for a periodic assessment of, and update to the Board on, the Management Succession Plan overall, focusing on any strategic vulnerability in the organization, and the actions being taken to address the vulnerability. Examples of vulnerabilities include many Executive Team members may be retiring at about the same time, or many leaders in a particular area (e.g. Finance) may be new to the organization.