

***CANBY UTILITY  
REGULAR BOARD MEETING  
JANUARY 13, 2015  
7:00 P.M.***

**AGENDA**

- I. CALL TO ORDER
- II. CONSENT AGENDA
  - Approval of January 13, 2015 Agenda
  - Approval of Regular Board Meeting and Executive Session Minutes of December 9, 2014
  - Approval of Write-Offs
  - Approval of Payment of Water and Electric Bills
- III. CITIZEN INPUT ON NON-AGENDA ITEMS
- IV. NOMINATIONS FOR 2015 BOARD CHAIRPERSON (pg. 1)
- V. BOARD REPORTS
  - Compensation Study – Member Maxwell and Member Potter
- VI. STAFF REPORTS

Operations Superintendent:

  - Quarterly Reliability Report (pp.2)
- VII. EXECUTIVE SESSION The Canby Utility Board will adjourn its regular meeting to go into executive session pursuant to ORS 192.660(2)(i) to discuss performance of public employee. Upon completion of the executive session the Board will return to its regular meeting.
- VIII. ADJOURN

**CANBY UTILITY**  
**REGULAR BOARD MEETING MINUTES**  
**DECEMBER 9, 2014**

PRESENT: Chairman Cornelius; Members Wagner, Maxwell, Potter and Daniels; and Barbara Benson, Board Secretary

ALSO PRESENT: Carol Sullivan, Finance Manager; Sue Arthur, Purchasing Agent; Larry Hepler, Operations Superintendent; Dee Anne Wunder, Customer Service Supervisor; Tim Dale, City Liaison; Scott Daniels from Aldrich, Kilbride & Tatone, LLC; and Heather Gantz from Waldron (arrived at 7:37 p.m.)

Chairman Cornelius called the Regular Board Meeting to order at 7:00 p.m.

Chairman Cornelius presented the meeting agenda for consideration. He asked for any additions, deletions or corrections to the meeting agenda. Barbara Benson, Board Secretary, stated that the agenda topic order was revised to accommodate a potential scheduling conflict for Heather Gantz from Waldron.

Chairman Cornelius presented the consent agenda for approval. Member Wagner made the \*MOTION to Approve the Consent Agenda, Consisting of the Revised Meeting Agenda, Regular Meeting Minutes of November 13, 2014 and Special Meeting Minutes of November 18, 2014, Write-Offs in the Amount of \$470.60, Payment of the Electric and Water Department Bills in the Amount of \$704,775.38, with Carry-Ins in the Amount of \$6,404.69 for a Total of \$711,180.07. Member Maxwell seconded, and the motion passed unanimously.

Chairman Cornelius asked for citizen input on non-agenda items and there was none.

Chairman Cornelius welcomed Scott Daniels from Aldrich, Kilbride & Tatone, LLC (AKT) who was presenting the fiscal year 2014 annual audit report. Mr. Daniels reviewed the letter to the Board of Directors, a required communication that summarizes the process and results of the audit, and the auditor's report.

He stated that Canby Utility received an unmodified or clean opinion on the audit, which is the highest form of assurance you can receive on the financial statements. He stated that AKT does not audit the utility's internal controls; however, as part of the audit they go through a number of transactions to help them to understand the systems and processes in place. They will then determine if they find any significant weaknesses or deficiencies, which none were found. Mr. Daniels noted minor changes needed have already been addressed with staff verbally during the audit process. He then talked about the audit standards, AKT's responsibilities when conducting the audit and the required communications. He noted that the financial records were in excellent condition and no material audit adjustments were required.

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He then reviewed the combined balance sheets including the revenues and expenses, comparing 2014 to 2013 and budget to actual. Canby Utility has nearly \$12 million in assets compared to about \$1.4 million in liabilities and \$4.1 million in debt that continues to be paid down. Current assets increased to just over \$49 million with approximately \$37 million of that being property, plant and equipment. He explained the working capital verses investments for both electric and water. He then reviewed the statement in revenue and expenses, noting the increases in revenue were greater than expenses. He highlighted the changes in operating revenues, expenses, and contributed capital from the last fiscal year to the current year. The change in net position is lower this year due to the FEMA grant funds received in the previous year. The electric fund budget to actual comparison showed that revenues were above budget; however, the purchase power was also above budget and variances in line items were explained. The water fund comparison showed that revenues were above budget with expenses being just below budget. The operating margin for electric increased from 4.18% to 6.0% and water decreased 3.29% to .84%. The water fund is more volatile than the electric fund. Mr. Daniels then reviewed the cash flow statement. Cash generated from operations had increased while capital expenditures decreased.

Mr. Daniels reviewed the supplemental information and required disclosures including: cash and investments; property, plant and equipment; pension plan; long-term revenue bond debt and refunding issuance of the bonds; and the purchase power agreement. Next year, a new reporting requirement goes into effect for pension plans. Canby Utility will be required to show the pension plan's long term obligations as liability. The significant impact of this change has yet to be determined. He also stated that there were additional newly required communications and compliance testing that they completed, noting that Canby Utility was in compliance.

Mr. Daniels reviewed the highlights from the audit and concluded that Canby Utility has maintained a strong financial position. Discussion ensued regarding the upcoming changes in pension reporting and how that could affect Canby Utility's financial position. The Board thanked Mr. Daniels for his presentation and he departed the meeting at 7:40 p.m.

Member Potter stated that during the November meeting, the Board established a subcommittee consisting of himself and Member Maxwell, to review HR Answer's compensation study with a focus on developing a recommendation regarding the General Manager's salary range and residency requirement. He reported that the subcommittee met and wanted to defer their recommendations on the overall impact of the study to the January meeting; however, they were ready to present recommendations on the General Manager's compensation and residency requirement. They used the newly hired City Administrator position's salary as a benchmark for making their recommendation. He presented the recommended range and range spread, noting that it would provide flexibility when considering a candidate's qualifications and experience. The subcommittee recommended the Board establish a policy that the General Manager live within the city limits of Canby and any exceptions to that policy be approved by the Board. He noted that in the final selection of a new manager, there may be extenuating circumstances to consider and an exception may be granted should it be in the best interest of the utility to do so. A brief discussion ensued regarding the recommendation on the maximum salary for the range.

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Heather, project manager for Waldron, recommended not advertising the salary range in the candidate profile. The Board gave consensus to accept the subcommittee's recommendation on the residency requirement and salary range.

Heather Gantz stated that she emailed the draft candidate profile to Board members for their review and welcomed their feedback so that she could finalize the document and begin recruiting. She reviewed the changes made prior to the meeting and discussion ensued regarding additional changes and clarifications to be made to the document. Heather noted that the profile will be accessible from their website and that she'll provide us with a link so that it can be posted on our website. Ms. Gantz reviewed the recruitment schedule, beginning with direct outreach this month. In January, the Board will begin seeing regular statistical reports on candidate interest. The posting will close on January 31 with candidate presentations in February. Ms. Gantz departed the meeting at 8:17 p.m.

Carol Sullivan, Finance Manager, presented the first quarter executive financial summary as of September 30, 2014. The electric fund has an operating profit of \$119,017, including capital contributions; and the water fund has an operating profit of \$289,041 including capital contributions. Compared to budget, the electric fund was over budget by \$234,309 and the water fund was under budget by \$42,560. Carol explained reasons for the budget variance for each fund. The cash reserves for the electric fund are under the budgeted target by \$166,858 and the water fund was over the budgeted target by \$209,269. The Board had no questions.

Sue Arthur, Purchasing Agent, reported that the SE 2<sup>nd</sup> Avenue water main replacement project was under budget \$2,266. The project began in July and was substantially completed in September. Sue provided explanation of the contractor expenses and the allocation of those costs between the water and electric department.

Sue Arthur also reported that the request for proposals to purchase a new bucket truck for the electric department has been advertised. Bid opening will be on Friday, December 19. The company who submits the lowest responsible and responsive bid will provide the crew with a demonstration truck to ensure the controls and functionality is acceptable for their needs. Sue plans to present the recommendation to award the contract at the first meeting in January. Member Maxwell asked about the budget amount and how that plays into the bid process and Sue explained. Member Daniels asked about the vehicle replacement program and Larry Hepler, Operations Superintendent, explained the frequency of replacing vehicles. He also noted that the new bucket truck will be replacing a non-aerial service vehicle and explained the need for it.

Chairman Cornelius recessed the meeting for a break prior to going into executive session at 8:24 p.m. and excused all staff with the exception of Barbara Benson, Board Secretary, at that time. The meeting reconvened at 8:38 p.m.

Member Daniels made the \*MOTION to go into Executive Session according to ORS 192.660(2)(i) to performance of public employees. Member Potter seconded, and the motion passed unanimously.

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The regular meeting was recessed at 8:40 p.m. and at that time Barbara Benson, Board Secretary, was excused for the remainder of the meeting.

The regular meeting was reconvened at 8:55 p.m.

Member Potter made the \*MOTION to Adjourn the Meeting. Member Wagner seconded, and the motion passed unanimously.

There being no further business, the meeting was adjourned at 8:56 p.m.

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Bob Cornelius, Chairman

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Robert Maxwell, Member

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Gary Potter, Member

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Walt Daniels, Member

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Todd Wagner, Member

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Barbara Benson, Board Secretary

***CANBY UTILITY  
EXECUTIVE SESSION MINUTES  
DECEMBER 9, 2014***

PRESENT: Chairman Cornelius; Members Wagner, Maxwell, Potter and Daniels

The Executive Session was opened at 8:40 p.m. by Chairman Cornelius, in the Conference Room of the Canby Utility Board office, pursuant to ORS 192.660(2) (i) for the purpose of discussing performance of public employees.

Chairman Cornelius excused all staff for the executive session.

There being no further business, the Executive Session was adjourned at 8:55 p.m.

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Bob Cornelius, Chairman

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Robert Maxwell, Member

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Gary Potter, Member

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Walt Daniels, Member

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Todd Wagner, Member

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Barbara Benson, Board Secretary



## MEMORANDUM

December 26, 2014

TO: Chairman Cornelius, Member Wagner, Member Maxwell, Member Potter  
and Member Daniels

FROM: Barbara Benson, Board Secretary

SUBJECT: Annual Board Chairperson Election

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In Chapter X, Section 4, of the City of Canby Charter, the Board is required to elect during the first meeting in January one of its members to serve as the Board's Chairperson for the year.

Per language in the Charter, the Chairman shall preside over all meetings of the Board and in doing so, shall, so far as possible, follow Roberts Rules of Order. The Chairman shall, with the approval of the Board, sign all Resolutions and Orders of the Board and all notes, contracts, deeds, mortgages, bonds and other agreements of the Board.

Any member may nominate another member. The nomination must be accepted and seconded. More than one nomination can be made. The current Chairperson will then call for a motion to conduct the election. The newly elected Chairperson will begin serving immediately.

The call for nominations for the 2015 Board Chairman is on the agenda for the January 13<sup>th</sup> Board meeting.

# OUTAGE AVERAGES Jan. 2014 THROUGH Dec. 2014

MONTH	YEAR	NUMBER OF OUTAGES	NUMBER OF CUSTOMERS AFFECTED	TOTAL CUSTOMER MINUTES OFF	MONTHLY NUMBER OF CUSTOMERS IN THE SYSTEM	NUMBER OF MOMENTARY INTERRUPTIONS
Jan.	2014	1	920	44160	6800	1
Feb.	2014	0	0	0	6794	0
March	2014	0	0	0	6788	0
April	2014	1	8	440	6791	1
May	2014	0	0	0	6811	1
June	2014	5	80	3387	6810	5
July	2014	4	146	18239	6804	6
August	2014	3	93	21438	6846	3
Sep.	2014	3	98	2123	6810	4
Oct.	2014	4	91	11723	6823	4
Nov.	2014	3	1002	56303	6811	2
Dec.	2014	2	98	3627	6848	2
<b>12 MONTH TOTALS</b>		<b>26</b>	<b>2,536</b>	<b>161,440</b>	<b>6,811</b>	<b>29</b>
<b>12 MONTH AVERAGE</b>		<b>2.17</b>	<b>211</b>	<b>13,453</b>	<b>6,811</b>	<b>2.4</b>

C.U.                      Industry Typical Value

SAIDI =  $\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}} = \frac{161,440}{6,811} = 23.7017$                       90

SAIFI =  $\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}} = \frac{2536}{6,811} = 0.37$                       1.10

MAIFI =  $\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}} = \frac{24,691}{6,811} = 3.625$                       N/A

CAIDI =  $\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customer interruptions}} = \frac{161,440}{2,536} = 64$                       81.6