

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

AGENDA

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - Approval of the October 13, 2015 Agenda
 - Approval of Work Session Minutes of September 15, 2015, Regular Board Meeting and Executive Session Minutes of September 22, 2015
 - Approval of Write-Offs
 - Approval of Payment of Water and Electric Bills
- III. CITIZEN INPUT ON NON-AGENDA ITEMS
- IV. RECOMMENDATION Adopt Revised Exhibit A to Resolution No. 267, Related to Master Fee Schedule – Carol Sullivan, Finance Manager (pp. 1-3)
- V. BOARD REPORT
 - Chairman Comments
- VI. STAFF REPORTS

Operations Superintendent:

 - Quarterly Reliability Update (pg. 4)

Finance Manager:

 - Quarterly Financial Reports (pp. 5-8)

General Manager Updates:

 - Taste and Odor Mitigation Update
- VII. ADJOURN

***CANBY UTILITY
WORK SESSION MINUTES
SEPTEMBER 15, 2015***

PRESENT: Chairman Cornelius; Members Maxwell, Potter, Daniels and Brito; Daniel P. Murphy, General Manager; and Barbara Benson, Board Secretary

ALSO PRESENT: Mike Greene and Dean Harvey, Veolia Water

The meeting and tour of the water treatment plant began at 2:00 p.m.

The work session consisted of a tour of the water treatment plant, and discussion of plant upgrade options presented by MWH Global at the August 11, 2015 regular board meeting to mitigate taste and odor issues.

The tour concluded and meeting adjourned at 3:25 p.m.

Bob Cornelius, Chairman

Robert Maxwell, Member

Gary Potter, Member

Walt Daniels, Member

Jack Brito, Member

Barbara Benson, Board Secretary

CANBY UTILITY
REGULAR BOARD MEETING MINUTES
SEPTEMBER 22, 2015

PRESENT: Chairman Cornelius; Members Maxwell, Potter, Daniels and Brito; Daniel P. Murphy, General Manager; 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; and Bob Westcott

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 and there were none.

Chairman Cornelius presented the consent agenda for approval. Member Potter made the *MOTION to Approve the Consent Agenda, Consisting of the Meeting Agenda and Regular Board Meeting Minutes of September 8, 2015. Member Daniels seconded, and the motion passed unanimously.

Chairman Cornelius asked for citizen input on non-agenda items. Bob Wescott, customer and former board member, shared that he is aware that the board is asked to give monetary donations from time to time to non-profit organizations and he read in the minutes that the board was recently asked again to consider giving money to these types of organizations. He stated that he strongly supports the existing community donation policy that offers in-kind services to non-profit organizations versus giving money. He views giving money away as a hidden tax since Canby Utility is a monopoly electric and water utility provider in the city. The board thanked Westcott for his comments. Chairman Cornelius commented on the value provided to the community under the existing policy which was appropriately designed to provide a service without giving away money. Council Liaison Tim Dale added that the City appreciates the green power donation made to green-up the city parks and thanked the board for that annual donation.

General Manager Murphy presented a recommendation for a proposed retail electric rate adjustment in response to the Bonneville Power Administration's (BPA) 7.1% increase in the cost of power and increases in other operating expenses. Canby Utility has had to utilize approximately \$450,000 per year from the reserve funds to cover increases in operating expenses since 2013. Canby Utility will need to increase rate revenues by 12.7% to cover the additional \$1.286M in expected costs. These costs include wholesale power and transmission, operating expenses, and reserve funding for catastrophic event, future facility and fleet vehicle replacements. The break-even rate revenue scenario previously presented by the rate consultant does not provide enough revenue to get back on track with reserve funding. Member Daniels made the *MOTION to Approve the Proposal for a Retail Rate Adjustment of 12.7% on Average as Recommended by Rate Consultant Bob Brooks. Member Potter seconded the motion. A brief

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Regular Board Meeting Minutes
September 22, 2015
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discussion ensued regarding the difference between the break-even 9.98% rate increase option and the 12.7% proposal. Murphy explained that two years ago the shortfall in funds needed to operate in a positive position was not addressed and resulted in diminishing reserves. The recommended proposal will cover the BPA rate increase, cover costs and put the utility in a positive position. In 2013, the rate revenue increase was 6.5%, which only covered the 9.9% increase in BPA power costs and disregarded increases in operational expenses. That decision two years ago is the reason for such a large increase now. Cornelius spoke about the importance of protecting reserve funds. After discussion, the roll call ballot was as follows: Member Potter, aye; Member Daniels, aye; Member Maxwell, aye; Member Brito, aye; and Chairman Cornelius, aye. The motion passed 5 to 0.

Murphy recommended the board schedule the retail electric rate hearing for October 27, 2015. The board gave consensus to have the public hearing on that date.

Murphy stated that he was asked to consider what Canby Utility's needs would be for a new facility should the board be presented with another purchase offer for Canby Utility's downtown property. There is currently a developer looking at purchasing the city block for development, and Murphy is expecting the board will receive a formal offer sometime in the near future. Murphy reviewed the options with staff, researched past records and reviewed the board's 2008 resolution to purchase the property on SE 3rd and Pine St. As a result he concluded that building on that property is the best overall decision should the downtown property be sold. Murphy added that his recommendation is based on the facts that the SE 3rd and Pine St. property was purchased for the future facility and for eventually combining operations when funding is available. The resolution provides staff with the ability to act and prudently plan for development. Murphy shared that staff had conducted a month-long survey of customer traffic into the headquarters building. The survey included the number of customers and their service location for everyone who either walked or drove to the office. The survey results showed that the SE 3rd and Pine property is geographically located closer to the majority of our walk in traffic. Discussion ensued regarding the survey findings. Member Potter suggested the board consider two things, if a developer wants the property, should the board sell and if so where should the headquarters move? He felt that selling the property for development would greatly benefit the downtown area. However, he has concerns about moving the utility out of downtown area. Murphy and Customer Service Supervisor Dee Anne Wunder presented options for having continued downtown presence should the utility move out of downtown. Potter stated that he respects the decisions made by the previous board to purchase the property for that purpose and staff's work and shared his perspective in an effort to potentially preserve and protect the downtown urban fabric. He suggested that the board take pause and thoroughly consider the potential impacts before taking action on the resolution. Member Brito expressed concern for how customers will view the need for a new building. He knows it is needed, but recommended taking a cautious approach and educate customers when that decision is made, especially in light of the recent water taste and odor issue and rate increase. Member Daniels asked if there were current space constraints at the operations center. Operations Superintendent Larry Hepler replied that there were no issues and adequate space is available. Murphy noted that there is no pressing need to build the operations center. The property was purchased so that we could act

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should a proposal to purchase the downtown properties present itself. Cornelius reviewed the background on the purchase of the S.E. 3rd and Pine St. property and that the resolution presented would allow staff to begin planning for development. He feels strongly that the utility needs to continue to have a downtown presence and shared some ideas. Following discussion about the potential relocation of the downtown property in the future and the desire to postpone planning efforts to develop the S.E. 3rd and Pine St. property, Member Maxwell made the *MOTION to Table the Decision to Reaffirm the New Service Center Location and Proceeding with Design Phase of Development. Member Potter seconded the motion and the roll call ballot was as follows: Member Potter, aye; Member Daniels, aye; Member Maxwell, aye; Member Brito, aye; and Chairman Cornelius, aye. The motion passed 5 to 0. Murphy noted that staff understands that at such time that an offer to purchase the downtown property is received, the board will reconsider the recommendation and a decision will need to be made so that staff can move forward. Cornelius asked Murphy to work on options for Canby Utility to maintain a downtown presence and Daniels suggested that he watch for alternative locations that may work for Canby Utility.

Chairman Cornelius reported that he and Murphy have decided to combine the process of evaluating the performance of the Board Secretary-Clerk. In the past, the board prepared a separate evaluation that was then given to the General Manager to complete his evaluation.

Murphy reported that he joined the Kiwanis Club of Canby to fulfill his civic responsibilities. He felt that this club would benefit most from his participation and support.

Operations Superintendent Hepler reported on the cause of a power outage related to an underground cable failure along N. Juniper St. The cable has been subject to three previous failures. The cable will be repaired in conjunction with a cable replacement project and estimates the cost to be \$6,500. Another section of cable on Territorial Rd. is planned to be replaced next fiscal year. Hepler also reported that the underground cable repair along Cedar St. has been made and the loop is now in service. Murphy expressed appreciation for the responsiveness of the operations crew in restoring power to customers.

Murphy gave an update on the taste and odor mitigation project. Murphy stated that board participated in a tour of the water treatment plant on September 15 that gave them an opportunity to review the treatment process and to get a visual idea of the options for mitigating the taste and odor. Murphy wanted to thank Mike Greene and his staff for the tour. Staff is continuing to evaluate options and is researching a grant opportunity that could play a significant role in helping to fund the mitigation efforts. The grant may also provide funding to develop a new groundwater supply. The board commented on the value of the tour provided.

Murphy reported that at the last Oregon Municipal Electric Utilities meeting, there was substantial concern about the Oregon Department of Energy's increased assessment fees. He distributed a graph that illustrates the impact the 45.2% increase will have on Canby Utility. Although not substantial in dollars, the percentage is quite large.

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Member Potter made the *MOTION to go into Executive Session according to ORS 192.660(2)(i) to Discuss Performance of Public Employee. Member Daniels seconded, and the motion passed unanimously.

The regular meeting was recessed at 8:22 p.m. Staff, with the exception of Board Secretary Barb Benson, departed the meeting at that time.

The regular meeting was reconvened at 8:34 p.m.

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

There being no further business, the meeting was adjourned at 8:34 p.m.

Bob Cornelius, Chairman

Robert Maxwell, Member

Gary Potter, Member

Walt Daniels, Member

Jack Brito, Member

Barbara Benson, Board Secretary

***CANBY UTILITY
EXECUTIVE SESSION MINUTES
SEPTEMBER 22, 2015***

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

The Executive Session was opened at 8:23 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 employee.

There being no further business, the Executive Session was adjourned at 8:34 p.m.

Bob Cornelius, Chairman

Robert Maxwell, Member

Gary Potter, Member

Walt Daniels, Member

Todd Wagner, Member

Barbara Benson, Board Secretary



MEMORANDUM

October 8, 2015

TO: Chairperson Cornelius, Member Maxwell, Member Potter, Member Daniels, and Member Brito

FROM: Carol Sullivan, Finance Manager

SUBJECT: Update Master Fee Schedule

RECOMMENDATION: Adopt Revised Exhibit A to Resolution No. 267, Related to Master Fee Schedule.

BACK ROUND: On September 24, 2013 the Board adopted Resolution No. 267, establishing a master fee schedule for Canby Utility's water service, electric service, and customer service allowing for an annual update to the exhibit of fees.

Staff proposes the following revisions to the exhibit:

- Water hook-up, main to meter, 5/8" – 1" meter charge increase from \$4,224 to \$4,806 to reflect current costs.
- Water hook-up, main to meter, 1-1/2" – 2" meter charge increase from \$7,533 to \$8,650 to reflect current costs.
- Water hook-up, meter installation only charge, updated to current costs as follows:
 - 5/8" – 3/4" decrease from \$272 to \$246
 - 1" decrease from \$348 to \$322
 - 1-1/2" decrease from \$805 to \$559
 - 2" decrease from \$954 to \$741

Staff will answer any questions the Board may have during the regular board meeting.

CANBY UTILITY MASTER FEE SCHEDULE

RESOLUTION 267 EXHIBIT A

OTHER SERVICES	FEE
DOORHANGER FEE	\$25
NSF CHECK	\$33
RECONNECTION	\$40
AFTER-HOURS RECONNECTION	\$250
ACCOUNT SET UP FEE	\$25
PUBLIC RECORDS (Clerical Research)	\$20/Hour
PUBLIC RECORDS (Admin. Research)	\$35/Hour
PUBLIC RECORDS (Legal Research)	\$80/Hour
PUBLIC RECORDS (Mailing Costs)	Actual cost plus \$1 handling
PHOTOCOPIES (Single/Double Sided)	\$0.25
PHOTOCOPIES (Color or Printouts)	\$0.75

STREET LIGHTING FIXTURE RENTAL	MONTHLY FEE
100 WATT	\$4.00
150 WATT	\$4.10
200 WATT	\$6.75
250 WATT	\$6.90
400 WATT	\$7.25

STREET LIGHTING POLE RENTAL	MONTHLY FEE
24' ALUMINUM POLE	\$3.00
30' WOOD POLE	\$1.50
35' WOOD POLE	\$1.75
40' WOOD POLE	\$2.75

WATER HOOK-UP MAIN TO METER SERVICE LATERAL INCLUDING METER	
METER SIZE	CHARGE
5/8" – 1"	\$4,806
1-1/2"- 2"	\$8,650
Above 2"	Job Cost Estimate

WATER HOOK-UP METER INSTALLATION ONLY	
METER SIZE	CHARGE
5/8" – 3/4"	\$246
1"	\$322
1-1/2"	\$559
2"	\$741
Above 2"	Job Cost Estimate

Source Documents:

Customer Service Policies & Procedures:	Resolution No. 270
Electric Service Conditions:	Resolution No. 254
Water Service Policies and Procedures:	Resolution No. 259
Public Records Request Procedures:	Procedure 402

OUTAGE AVERAGES October 2014 THROUGH September 2015

MONTH	YEAR	NUMBER OF OUTAGES	NUMBER OF CUSTOMERS AFFECTED	TOTAL CUSTOMER MINUTES OFF	MONTHLY NUMBER OF CUSTOMERS IN THE SYSTEM	NUMBER OF MOMENTARY INTERRUPTIONS
Oct.	2014	4	91	11723	6823	4
Nov.	2014	3	1002	56303	6811	2
Dec.	2014	2	98	3627	6848	2
Jan.	2015	1	11	1285	6834	1
Feb.	2015	0	0	0	6841	2
March	2015	3	877	69563	6848	3
April	2015	1	31	1152	6820	0
May	2015	0	0	0	6832	1
June	2015	2	35	6190	6837	2
July	2015	3	88	4280	6847	3
August	2015	2	518	29697	6845	3
Sept.	2015	1	66	3388	6847	1
12 MONTH TOTALS		22	2,817	187,208	82,033	24
12 MONTH AVERAGE		1.83	235	15,601	6,836	2.0

C.U. Industry Typical Value

$$\text{SAIDI} = \frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}} = \frac{187,208}{6,836} = 27.3853 \quad \underline{\quad 90 \quad}$$

$$\text{SAIFI} = \frac{\text{Total number of customer interruptions}}{\text{Total number of customers}} = \frac{2817}{6,836} = 0.41 \quad \underline{\quad 1.10 \quad}$$

$$\text{MAIFI} = \frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}} = \frac{20,508}{6,836} = 3.000 \quad \underline{\quad \text{N/A} \quad}$$

$$\text{CAIDI} = \frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customer interruptions}} = \frac{187,208}{2,817} = 66 \quad \underline{\quad 81.6 \quad}$$



Memorandum

October 8, 2015

To: Chairperson Cornelius, Member Maxwell, Member Potter, Member Daniels, and Member Brito

From: Carol Sullivan, Finance Manager

Subject: Quarterly Financial Update as of June 30, 2015 Fiscal Year 2015

Please find attached the Executive Financial Summary through June 30, 2015, the Utility's whole fiscal year 2015. This report does not include the adjustment for the new Governmental Accounting Standards Board Statement 68, accounting and financial reporting for pensions, when included it will significantly reduce expenses and the comparison to budget will be distorted. The report is cumulative to date and gives a quick overview of profit and loss resulting from operations and capital contributions, a comparison to budget with notes, and cash reserves compared to the budget target and minimum. For monthly information refer to the financial packet sent via e-mail.

I will present these at the next board meeting and will be available for comments or to answer any questions.

Canby Utility Executive Financial Summary
Profit (Loss) Resulting From Operations and Capital Contributions***
Year To Date Month Ending June 2015

Legend	
	= Electric
	=Water

Electric

Profit (Loss) From Operations

	Revenue	Expense	Operating Profit (Loss)
\$	10,486,118	\$ 9,988,697	\$ 497,421

Operations And Capital Contributions***

	Operating Profit (Loss)	Capital Contributions	Net Income (Loss)
\$	497,421	\$ 243,476	\$ 740,897

Water

Profit (Loss) From Operations

	Revenue	Expense	Operating Profit (Loss)
\$	2,754,635	\$ 2,585,503	\$ 169,132

Operations And Capital Contributions ***

	Operating Profit (Loss)	Capital Contributions	Net Income (Loss)
\$	169,132	\$ 774,989	\$ 944,121

*****Capital Contributions** are contributions of capital, in the form of money or assets/infrastructure to Canby Utility from a customer or a vendor.

Canby Utility Executive Financial Summary
Profit (Loss) Resulting From Operations With Capital Contributions Compared To Budget
Year To Date Month Ending June 2015

Electric

Net Income (Loss)	Budget	Over (Under) Budget
\$ 740,897	\$ 675,355	\$ 65,543

Notes : Our net income year to date is over budget; even though revenue is under budget, because the expenses were significantly under and this was only slightly offset by capital contributions being under budget.

Revenue is under budget due to less electric kWh sales and less reimbursements of qualifying conservation payments than anticipated.

Operating expenses are under budget mainly due to less purchase power expense, more labor being capitalized, the General Manager position vacancy and lower conservation payments.

Capital contributions are under budget due to a journal entry to move street lights sold to the proper account and less line extension than anticipated.

Water

Net Income (Loss)	Budget	Over (Under) Budget
\$ 944,121	\$ 201,304	\$ 742,818

Notes : Our net income year to date is over budget; revenue is over budget, expenses are somewhat over budget, but combined with capital contributions being over budget, the net income is over budget.

Revenue is above budget due to higher water consumption than budgeted.

Operating expenses are over budget. This is due to expenses associated with the bond refinance which was somewhat offset by the General Manager position vacancy.

Capital contributions are over budget due to assets/infrastructure donated to the Utility.

**Canby Utility Executive Financial Summary
Cash Reserves
Year To Date Month Ending June 2015**

Electric

<u>Budget Target 6/30/15</u>	Current Cash Reserves		FYE 2015 Target		Over (Under) Target
	\$ 8,439,078	\$	7,837,994	\$	601,084

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 8,439,078	\$	4,000,000	\$	4,439,078

Water

<u>Budget Target 6/30/15</u>	Current Cash Reserves		FYE 2015 Target		Over (Under) Target
	\$ 2,334,477	\$	2,006,064	\$	328,413

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 2,334,477	\$	2,000,000	\$	334,477