

***CANBY UTILITY
REGULAR BOARD MEETING
MARCH 10, 2015
7:00 P.M.***

AGENDA

- I. CALL TO ORDER
- II. AGENDA
 - Additions, Deletions or Corrections to the Meeting Agenda
- III. CONSENT AGENDA
 - Approval of March 10, 2015 Agenda
 - Approval of Regular Board Meeting & Executive Session Minutes of February 24, 2015
 - Approval of Write-Offs
 - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS
- V. PRESENTATION City/County Insurance Services' Elected Official Training – Scott and Tim Gustafson, Gustafson Insurance (pg. 1)
- VI. RECOMMENDATION Increase Water Rate Revenues – Carol Sullivan, Finance Manager (pp. 2-4)
- VII. BOARD REPORTS
 - Member Wagner's Board Status – Chairman Cornelius
- VIII. ADJOURN

CANBY UTILITY
REGULAR BOARD MEETING MINUTES
FEBRUARY 24, 2015

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; and Heather Gantz, Waldron (arrived at 7:35 p.m.)

Chairman Cornelius called the Regular Board Meeting to order at 7:02 p.m.

Chairman Cornelius presented the meeting agenda for consideration. He asked for any additions, deletions or corrections to the meeting agenda. Larry Hepler, Operations Superintendent, requested to add a recommendation to replace underground cable to the agenda.

Chairman Cornelius presented the consent agenda for approval. Member Wagner made the *MOTION to Approve the Consent Agenda, Consisting of the Amended Meeting Agenda, and Regular and Executive Session Meeting Minutes of February 10, 2015. Member Daniels seconded, and the motion passed unanimously.

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

Larry Hepler, Operations Superintendent, presented a recommendation to replace approximately 1700 feet of failing underground primary cable. He explained that the primary cable to be replaced is not included in the current fiscal year budget; however, was budgeted as part of a larger project in previous fiscal years. The project was postponed due to the construction of the Knights Bridge substation and the lack of additional cable failures at this location during that time frame. Larry stated that since last October, there have been three failures on this portion of the underground system. He noted that he is only recommending a portion of a larger project be done immediately, and the remainder primary cable replacement to be done in the next fiscal year. Discussion ensued regarding the description of work to be completed and where it is located. Member Daniels made the *MOTION to Authorize Staff to Proceed with Replacement of Approximately 1700 feet of Failing Underground Primary Cable at an Estimated Cost of \$48,500. Member Maxwell seconded the motion and the roll call ballot was as follows: Member Potter, aye; Member Wagner, aye; Member Maxwell, aye; Member Daniels, aye; and Chairman Cornelius, aye. The motion passed 5 to 0.

Sue Arthur, Purchasing Agent, presented a recommendation to revise the award amount of the new bucket truck. Sue stated that Ford manufacturing closed their 2015 order desk during the second week of January; therefore, the 2015 chassis is no longer available and a 2016 chassis needs to be ordered. She explained that the 2016 model is estimated to cost no more than \$700

Canby Utility
Regular Board Meeting Minutes
February 24, 2015
Page 2 of 3

and Altec Industries agreed to absorb any cost above that amount. The anticipated delivery dates will not be delayed due to this change and there are no design differences. This additional cost remains below the budgeted amount. Member Maxwell made the *MOTION to Revise the Award Amount for the Purchase of the New Bucket Truck for an Amount Not to Exceed an Additional \$700. Member Potter seconded the motion and the roll call ballot was as follows: Member Potter, aye; Member Wagner, aye; Member Maxwell, aye; Member Daniels, aye; and Chairman Cornelius, aye. The motion passed 5 to 0.

Chairman Cornelius reported that Member Wagner's Board term expires February 28. Since no applications have been submitted to fill his position, Chairman Cornelius wanted to bring this before the Board to discuss options. He asked Member Wagner if he would be willing to continue serving until a new Board member has been appointed and he agreed. Chairman Cornelius then asked the remaining Board members if they wanted Member Wagner to continue on the Board and they did. Chairman Cornelius then asked if the Board wanted to set a limit to the length of time and they decided he should be allowed continue serving until his replacement was appointed. Chairman Cornelius then reviewed the City Charter language. Chairman Cornelius will discuss the decision to have Member Wagner continue serving with the Mayor and report back at the next meeting. Chairman Cornelius expressed his appreciation for Member Wagner's contributions to the Board of Directors.

Member Wagner presented information about smart irrigation controllers for landscaping purposes. He has been researching programs and discovered some entities offer rebates and rate reduction for using such devices. He talked about the City of Bend's program, as well as other entities in various states that have similar programs. The Environmental Protection Agency has a list of WaterSense label irrigation approved devices. Some entities offer programs using this list and others offer a specific product. Dee Anne Wunder, Customer Service Supervisor, added that she talked with a representative from Scottsdale, AZ, and it was her recommendation that if Canby Utility were to consider starting such a program that customer education is imperative to make sure the program works as intended. Member Wagner has been working with staff to learn more about our customer's water usage. The largest irrigation user is a free-water consumer for a ball park. This would be a good location for a pilot program to see how much consumption decreases. Chairman Cornelius cautioned about Canby Utility competing with private businesses and wanted to be sure the Board is careful not to promote a particular product. A discussion ensued about how these devices work and the goal is to save water during peak demand periods. The cost of these devices average \$150-\$200, but vary depending on functionality, size and type. Member Wagner and staff will continue researching program ideas.

Carol Sullivan, Finance Manager, reported that staff is preparing to issue a Request for Proposals (RFP) for financial auditing services. The last time an RFP was issued was in 2003 and hasn't been done in recent years due to Finance Manager position turnover. Chairman Cornelius asked how often the utility should look at changing auditing services. Carol stated that Canby Utility is not required to change auditors; however, the standard recommendation is to issue an RFP every five years. AKT offered to rotate the partner in charge as opposed to changing firms. Carol talked about the benefits to keeping the same auditors as well as having new auditors taking a

Canby Utility
Regular Board Meeting Minutes
February 24, 2015
Page 3 of 3

fresh look at the financials. Carol noted that AKT, Canby Utility's current auditors, will be included in the RFP. Staff will direct solicit proposals from approximately nine firms, as well as advertise on the Northwest Public Power Association, League of Oregon Cities, and Canby Utility websites. Member Potter asked about advertising on the Daily Journal of Commerce and Sue stated that it would cost Canby Utility \$500 to advertise the RFP through them and that it wasn't required.

Dee Anne Wunder, Customer Service Supervisor, presented a report on the quarterly customer account agings. She noted that the annual report will be presented in July. Chairman Cornelius asked about the findings comparing this year to the previous year and discussion ensued regarding timing of payments and potential weather impacts on bills. Dee Anne also noted that changes in the utility's collection process may have a positive impact on the overall outstanding balances.

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

The regular meeting was recessed at 7:44 p.m. Tim Dale and staff, with the exception of Barbara Benson, Board Secretary, departed the meeting at that time.

The regular meeting was reconvened at 9:18 p.m.

Member Daniels 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 9:19 p.m.

Bob Cornelius, Chairman

Robert Maxwell, Member

Gary Potter, Member

Walt Daniels, Member

Todd Wagner, Member

Barbara Benson, Board Secretary

***CANBY UTILITY
EXECUTIVE SESSION MINUTES
FEBRUARY 24, 2015***

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

ALSO PRESENT: Heather Gantz, Waldron

The Executive Session was opened at 7:44 p.m. by Chairman Cornelius, in the Conference Room of the Canby Utility Board office, pursuant to ORS 192.660(2) (a), (i) for the purpose of discussing employment of public employee and performance of public employee.

Heather Gantz and Barbara Benson departed the meeting at 8:58 p.m.

There being no further business, the Executive Session was adjourned at 9:18 p.m.

Bob Cornelius, Chairman

Robert Maxwell, Member

Gary Potter, Member

Walt Daniels, Member

Todd Wagner, Member

Barbara Benson, Board Secretary



MEMORANDUM

March 6, 2015

TO: Chairperson Cornelius; Members Wagner, Maxwell, Potter and Daniels

FROM: Barbara Benson, Administration/HR Manager

SUBJECT: City/County Insurance Services Elected Officials Training

Representatives from Gustafson Insurance Agency will be here on March 10th to present a 14-minute elected officials training video, prepared by City/County Insurance Services (C/CIS), and answer any questions you may have. Although our Board is appointed instead of elected, the information will be good to share with you and help you to better understand Canby Utility's relationship with C/CIS.

Your participation in this training will enable Canby Utility to receive a 1% of the cost of our general liability premium back as an incentive.

If you have any questions prior to the meeting, please let me know.

Thank you.



MEMORANDUM

March 6, 2015

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

FROM: Carol Sullivan, Finance Manager

SUBJECT: Water Rate Revenue Adjustment

RECOMMENDATION: Increase total water revenues 12.63% by increasing the base rate only, to be effective June 1, 2015.

For Canby Utility to meet ideal funding, we would need 16.46% more revenues than was budgeted in fiscal year 2015. The additional revenue generated would cover an increase to the operations and maintenance reserve (O&M), an additional laborer position, an increase to the main replacement program and fund the future water supply reserve.

I looked at two scenarios: increasing both the base rate and the tiered rates or just increasing the base rate. The new rates were derived from the previous 2013 rate study. In looking at these two scenarios, I applied the new rates to a high consumption year and a low consumption year to determine the best and worst possible outcomes. A low consumption year would not fund the ideal reserve allocation but this could be resolved by the O&M reserve having a minimum of 120 days. See exhibit A "Rates" and exhibit B "Funding" for the analysis.

You may recall the Board reduced O&M from 180 days to 120 days last August to cover the reserve for the water bond that was refunded. My recommendation is to increase just the base rate and to continue to have at least 120 days of O&M reserve. The intent of this rate adjustment is to cover a two year period. An increase to both the base and tiered rates does not guarantee revenues and appears to the customer as a double increase.

I will be available at the Board meeting to go through the exhibits, answer any questions and discuss other options you may want to explore.

Exhibit A Rates

Fixed Charge Comparison

Meter Size	Single Family		126.0%	Multi Family		130.0%	Commercial/Irrigation/General		126.0%
	Current	Base & tier	Base only	Current	Base & tier	Base only	Current	Base & tier	Base only
5/8" x 3/4"	\$ 16.93	\$ 19.47	\$ 21.33	\$ 6.97	\$8.04	\$ 9.06	\$ 17.81	\$ 20.78	\$ 22.44
1"	24.40	28.06	30.74	8.23	9.49	10.70	31.43	36.68	39.60
1 1/2"				9.50	10.95	12.35	49.23	57.45	62.03
2"				12.98	14.97	16.87	109.56	127.86	138.05
3"				38.64	44.55	50.23	179.79	209.81	226.54
4"				48.14	55.51	62.58	256.03	298.79	322.60
				Per Dwelling Unit					
				\$ 7.97	\$ 10.00	\$ 10.00			

Volume Rate Comparison

Class	Rates			Thresholds per DUE (CCF)		
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3
Single Family						
Existing	\$ 1.36	\$ 1.71	\$ 2.39			
Base Only	1.36	1.71	2.39			
Base & Tier	1.56	1.98	2.39	7	12	Over 12
Multi-Family						
Existing	\$ 1.17	\$ 1.47	\$ 2.05			
Base Only	1.17	1.47	2.05			
Base & Tier	1.35	1.70	2.05	5	8	Over 8
Commercial						
Existing	\$ 1.20	\$ 1.50	\$ 2.11			
Base Only	1.20	1.50	2.11			
Base & Tier	1.40	3.46	2.11	6	13	Over 13
Irrigation						
Existing	\$ 2.16	Note :all consumption is billed at one rate.				
Base Only	2.16					
Base & Tier	2.48					
General						
Existing	\$ 1.33	Note :all consumption is billed at one rate.				
Base Only	1.33					
Base & Tier	1.53					

Exhibit B Funding

Funds needed for ideal funding of reserves				
Existing Revenue Budget FY15	\$	2,503,000		
120 to180 days O&M increase \$300k over two years		150,000		
Additional laborer position - annual		87,000		
Increase in main replacement - annual		50,000		
Future Water Supply - annual		125,000	\$	412,000
		2,915,000		
Overall Rate Increase		16.46%		
Revenues Expected From Different High Low Scenarios				
				Over / (Short) of Ideal funding
HIGH consumption BASE & TIER increase	19.92%	\$	3,001,500.50	\$ 86,500.50
LOW consumption BASE & TIER increase	14.35%	\$	2,862,062.14	\$ (52,937.86)
HIGH consumption BASE increase	17.86%	\$	2,950,058.66	\$ 35,058.66
LOW consumption BASE increase	12.63%	\$	2,819,025.41	\$ (95,974.59)

If ideal revenue stream is not met by rate increase keep 120 days O&M				
Existing Revenue Budget FY15	\$	2,503,000		
120 days O&M remains at 120 days		-		
Additional laborer position - annual		87,000		
Increase in main replacement - annual		50,000		
Future Water Supply - annual		125,000	\$	262,000
		2,765,000		
Overall Rate Increase		10.47%		
Revenues Expected From Different High Low Scenarios				
				Over / (Short) of funding
HIGH consumption BASE & TIER increase	19.92%	\$	3,001,500.50	\$ 236,500.50
LOW consumption BASE & TIER increase	14.35%	\$	2,862,062.14	\$ 97,062.14
HIGH consumption BASE increase	17.86%	\$	2,950,058.66	\$ 185,058.66
LOW consumption BASE increase	12.63%	\$	2,819,025.41	\$ 54,025.41