

***CANBY UTILITY
REGULAR BOARD MEETING
MARCH 14, 2017
7:00 P.M.***

AGENDA

I. CALL TO ORDER

I. AGENDA

- Additions, Deletions or Corrections to the Meeting Agenda

II. CONSENT AGENDA

- Approval of the March 14, 2017 Agenda
- Approval of Regular Board Meeting and Executive Session Minutes of February 14, 2017 (pp. 1-5)
- Approval of Write-Offs
- Approval of Payment of Water and Electric Bills

III. CITIZEN INPUT ON NON-AGENDA ITEMS

IV. BOARD REPORT

- Chairman Comments
- Board Member Comments

V. STAFF REPORTS

Finance Manager:

- Budget Timeline (pg. 6)

Customer Service Supervisor:

- Website Upgrade Demonstration

General Manager Updates

VI. ADJOURN

***CANBY UTILITY
REGULAR BOARD MEETING MINUTES
FEBRUARY 14, 2017***

Board Present: Chairman Potter; Members Maxwell, Daniels, Brito, and Wagner

Staff Present: Daniel P. Murphy, General Manager; Barbara Benson, Board Secretary; Carol Sullivan, Finance Manager

Others Present: Tim Dale, City Council Liaison

Chairman Potter called the Regular Board Meeting to order at 7:01 p.m.

Chairman Potter presented the meeting agenda for consideration. He asked for any additions, deletions or corrections to the meeting agenda. Board Secretary Barbara Benson reported a scrivener's error in the minutes that was corrected.

Chairman Potter presented the consent agenda for approval. Member Brito made the *MOTION to approve the consent agenda, consisting of the meeting agenda, amended regular meeting minutes of January 10, 2017, Write-Offs in the Amount of \$297.63, Payment of the Electric and Water Department Bills in the Amount of \$1,250,919.16, with Carry-Ins in the Amount of \$614.83, for a Total of \$1,251,533.99. Member Daniels seconded, and the motion passed unanimously.

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

Administration/Human Resource Manager Barbara Benson stated that the Board adopted a 457 deferred compensation plan for the utility. Then in 1993, former General Manager Dirk Borges asked the Board to include Jackson National Life Insurance as an approved 457 plan so that the existing funds from that plan could be transferred from his previous employer to Canby Utility. Borges is the sole annuitant associated with the plan. Since taking ownership of the plan, Canby Utility has remained the plan trustee and administrator. In December 2016 the plan reached its maturity date, at which time Borges was required to begin taking income from the plan; however, we were able to extend the maturity date so that we could work on a transition plan. Financial Advisor Chris Stutes provided guidance on how to proceed with releasing plan ownership to Borges, which will enable Borges to roll the funds over into another investment vehicle of his choosing. Canby Utility would then no longer be responsible for the plan. Benson noted that Canby Utility has not contributed funds to the plan, nor has the utility been charged with any administrative fees. The Board did not have any questions. Member Daniels made the *MOTION to approve Resolution No. 289, a resolution of the Canby Utility Board authorizing Jackson National Life Insurance Company's 457 Plan to be released. Member Wagner seconded the motion and the roll call ballot was as follows: Member Brito, aye; Member Daniels, aye; Member Maxwell, aye; Member Wagner, aye; and Chairman Potter, aye. The motion passed 5 to 0.

Administration/Human Resource Manager Barbara Benson presented a recommendation to authorize one additional water utility worker for the purpose of succession planning. The water department's aging workforce and staffing level challenges caused by injuries and other events is driving the decision to request an additional position for the department. Benson shared that the Board approved an additional water worker in the previous fiscal year. That position was filled, but soon afterwards the employee was approached by his previous employer and resigned from Canby Utility. When the Operations Superintendent announced his retirement, the decision was made to postpone recruitment until we filled the management position. This would allow the new manager an opportunity to participate in the hiring process. With the management position having since been filled, the utility worker position was re-advertised. Benson shared that more recently the water crew has been faced with significant staffing challenges that have limited their ability to address current workload demands. In addition, at least two water department employees have eligibility to retire within the next 18 months. Due to these upcoming retirements and workload demands, management is requesting to increase the water department staffing level and hire two water utility workers during this recruitment process. Having two new employees will provide an opportunity to complete more projects, as well as begin the process of transferring knowledge of the water system. Benson noted that it is anticipated that once the retirements have cycled through, the crew size will remain at the level it was prior to hiring the two workers. Benson shared that Finance Manager Carol Sullivan reviewed the financial impacts of hiring an additional utility worker. The current fiscal year will have no impact since the first position has remained vacant during the current fiscal year; however, the next fiscal year could see a labor cost increase of approximately \$83,000. The actual budget impact would be determined by the qualifications of the new employees. A brief discussion ensued regarding the recruitment process, retention of a new hire, and budgetary impacts. Chairman Potter commented on the fragile state of the water department based on the factors discussed, and feels that adding an additional utility worker is a prudent decision. Member Daniels made the *MOTION to approve one additional water utility worker for the purpose of succession planning. Member Maxwell seconded the motion and the roll call ballot was as follows: Member Brito, aye; Member Daniels, aye; Member Maxwell, aye; Member Wagner, aye; and Chairman Potter, aye. The motion passed 5 to 0.

Benson noted that Customer Service Supervisor Dee Anne Wunder's staff report is being postponed until March. Wunder was unable to attend tonight's meeting.

Finance Manager Carol Sullivan presented the first quarter Executive Financial Summary through September 30, 2016. Sullivan reviewed the profit and loss resulting from Operations and Capital Contributions year to date. The electric operating profit was \$279,310. The capital contributions were \$279,760, which were primarily a result of line extensions. The total net income for the electric department was \$559,070. The water operating profit was \$438,045. The capital contributions were \$135,610, which were primarily a result of water system development charges. The total net income for the water department was \$573,655.

**Canby Utility
Regular Board Meeting Minutes
February 14, 2017
Page 3 of 4**

Sullivan then compared the operations with capital contributions to budget. The electric fund was over budget \$474,161. Sullivan noted the reasons for this budget variance is even though the operating revenue is under budget due to reduced kWh sales, the operating expenses are under budget due to lower purchased power, more labor being capitalized, the vacancy of the Operations Superintendent position, and capital contributions being over budget due to more projects. Member Wagner asked about the drivers for lower purchased power and discussion ensued. The water fund was over budget \$179,304. Sullivan noted the reasons for this budget variance is due to the operating revenue being above budget, operating expenses being under budget mainly due to more labor being capitalized, the vacancy of the Operations Superintendent and utility worker positions, and capital contributions being under budget due to less system development charges being collected. Chairman Potter noted that this quarterly report was through the month of September and asked about her intent to bring the financial reporting current. Sullivan noted that it is her intent to get caught up and that the cause of being behind was due to the audit and an employee's personal issue that has taken that employee out of the workplace.

General Manager Daniel Murphy reported on the status of the new replacement office building. Mackenzie Architects are working in the design-development phase of the project and are preparing the construction plans necessary to bid the project out. Mackenzie hopes to release the project for bids on April 27. The Canby Herald published an article on the sale of the downtown property and construction of the new facility. A public hearing, before the Canby Planning Commission, is scheduled for Monday, February 27 at 7:00 p.m. to review the site and design application. The public has been given the opportunity to provide comment. Murphy shared staff's activities involved with the project. September 12, 2017 is the anticipated ground breaking with a completion of April 2018. Murphy noted the contingency factor has been reduced from 20% to 10%.

Murphy reported there is an underground conductor replacement project in progress on NE 13th Circle. Canby Utility operations staff has been working with an underground boring contractor to replace first generation underground conductor that has been failing over the past few years. The work has been disruptive to the residents; however, it is necessary to prevent reoccurring outages to the homes at 13th Circle. This project entails relocating facilities from the rear property line to the front of the property. The underground boring being performed has greatly reduced the amount of trenching needed to relocate facilities. All residents impacted by the project have received advanced notice of the work being performed. Murphy reported that the contractor did damage some customer's water services and that the contractor is liable for that damage. Canby Utility is not licensed to work on the customer's side of the meter; therefore, we will assist the customer in resolving the claim, but cannot make any repairs on their side of the meter. Murphy assured the Board that we are doing everything possible to be responsive to the homeowner concerns. The project is also taking longer than anticipated due to encountering rock underground. The project should be done in approximately one week.

Murphy reported on the water filter promotion. Canby Utility has received 199 proofs of purchase submitted for residential and one for a commercial customer.

**Canby Utility
Regular Board Meeting Minutes
February 14, 2017
Page 4 of 4**

Murphy reported that the new Operations Manager will begin on February 27. This is earlier than anticipated. He will be introduced to the Board at the March board meeting.

Murphy noted the website upgrade is online. He encouraged board members to spend time on the canbyutility.org site and be prepared to share feedback on the site.

Murphy reported that the office will be closed on Monday, February 20 in observance of Presidents Day.

Chairman Potter announced the Board going into Executive Session according to ORS 192.660(2)(i) to discuss performance of a public employee. All staff was excused for the remainder of the meeting.

The regular meeting was recessed at 7:48 p.m.

The regular meeting was reconvened at 8:19 p.m.

Member Maxwell 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 8:20 p.m.

Gary Potter, Chairman

Robert Maxwell, Member

Jack Brito, Member

Walt Daniels, Member

Todd Wagner, Member

Barbara Benson, Board Secretary

***CANBY UTILITY
EXECUTIVE SESSION MINUTES
FEBRUARY 14, 2017***

Board Present: Chairman Potter; Members Maxwell, Daniels, Brito, and Wagner

Staff Present: None

The Executive Session was opened at 7:48 p.m. by Chairman Potter, in the Conference Room of the Canby Utility Board office, pursuant to ORS 192.660(2) (i) for the purpose of discussing performance of a public employee.

There being no further business, the Executive Session was adjourned at 8:19 p.m.

Gary Potter, Chairman

Robert Maxwell, Member

Jack Brito, Member

Walt Daniels, Member

Todd Wagner, Member

Barbara Benson, Board Secretary



MEMORANDUM

March 10, 2017

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

FROM: Carol Sullivan, Finance Manager

SUBJECT: FY 18 Operating & Capital Budget Process

The following is the schedule for the development and completion of the FY17 Operating & Capital Budgets.

- March 9th - E-mail Capital Budget forms to Management Team
- March 10th - E-mail Operating Budget forms to Department heads
- March 27th - Check with department heads to review budget progress, determine final steps to reach completion
- April 5th - Departmental Operating & Capital Budgets due
- April 18th - Start budget review process with General Manager
- April 21st - Complete budget review process with General Manager
- **May 5th** - Include Proposed Operating & Capital Budgets in Board packet
- **May 9th** - Review Proposed Operating & Capital Budgets with Board

After the budget process is completed the electric rate case study will begin to determine the effect of Bonneville Power Administration's rate increase on Canby Utility. If you have further questions or would like more information please let me know.