

***CANBY UTILITY
REGULAR BOARD MEETING
APRIL 10, 2018
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 Agenda
- Approval of Regular Board Meeting and Executive Session Minutes of March 13, 2018 (pp. 1-5)
- Approval of Write-Offs
- Approval of Payment of Water and Electric Bills

III. CITIZEN INPUT ON NON-AGENDA ITEMS

IV. RECOMMENDATION Revise Procedure 496, Canby Utility's Bereavement Policy – Barbara Benson, HR/Administration Manager (pp. 6-7)

V. BOARD REPORT

- Chairman Comments
- Board Member Comments

VI. STAFF REPORTS

Finance Manager:

- 2nd Quarter Financials (pp. 8-11)

Board Secretary-Clerk/Admin-HR Manager:

- Board Training

General Manager Updates

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 a public employee. Upon completion of the executive session the Board will return to its regular meeting.

VIII. ADJOURN

***CANBY UTILITY
REGULAR BOARD MEETING MINUTES
MARCH 13, 2018***

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

Staff Present: Daniel P. Murphy, General Manager; Barbara Benson, Board Secretary; Carol Sullivan, Finance Manager; Sue Arthur, Purchasing Agent; Dee Anne Wunder, Customer Service Supervisor ; and Jim Stuart, Operations Manager

Others Present: Tim Dale, City Council Liaison; Steven Schuback, Labor Attorney; Peter Hostetler; Victoria Heintz; and Max Marcott

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

Chairman Potter presented the meeting agenda for consideration. He asked for any additions, deletions or corrections to the meeting agenda and there were none.

Chairman Potter presented the consent agenda for approval. Member Brito made the *MOTION to approve the consent agenda, consisting of the meeting agenda, regular and executive session meeting minutes of February 13, 2018, write-offs in the amount of \$594.61, payment of the electric and water department bills in the amount of \$1,543,631.83. Member Daniels seconded, and the motion passed unanimously.

Chairman Potter asked for citizen input on non-agenda items and invited those present in the audience to introduce themselves. Peter Hostetler introduced himself as a business owner in Canby. Victoria Heintz also introduced herself as a business owner in Canby and stated she is currently working with staff on an issue related to a meter placement at her business. Max Marcott introduced himself. No discussion ensued.

Finance Manager Carol Sullivan presented a recommendation to extend the contract with Moss Adams, LLC to audit Canby Utility's financial statements. Sullivan noted that the three-year contract with Moss Adams is expiring and she expressed her desire to extend it an additional three years. Sullivan commented on the positive working relationship between the firm and utility staff. Moss Adams' fees are reasonable and even with the extension, their rates will continue to be below a competitive quote we received from another audit firm three years ago. Chairman Potter asked if there is a standard for the length of time we should continue using the same audit firm. Sullivan answered that five years is a typical length of time; however, she can request Moss Adams change the individual auditors reviewing Canby Utility's financials for a fresh look. Member Daniels made the *MOTION to authorize the Purchasing Agent to sign the contract extension with Moss Adams, LLC to audit Canby Utility's financial statements for the fiscal years' ending June 30, 2018 through June 30, 2020. Member Wagner seconded the

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motion and the roll call ballot was as follows: Member Brito, aye; Member Daniels, aye; Member Wagner, aye; and Chairman Potter, aye. The motion passed 4 to 0.

Chairman Potter reported that he and Member Brito will be unavailable for the May 8, 2018 regular board meeting. Following discussions with staff, it was determined that moving the meeting up by one week to Tuesday, May 1 was the best alternative. The board gave consensus to move the meeting to May 1.

Member Daniels asked if Canby Utility or the City of Canby has the responsibility for the street lights. He recalled some previous discussion about the lighting when he was a city councilor and wondered if Canby Utility had any control of the type of bulbs used. General Manager Dan Murphy stated that the City of Canby owns the lighting fixtures, but Canby Utility installs them for the city. Manager Jim Stuart added that the city is responsible for determining the type of lights to be used and that the industry is phasing out the older, less-efficient style street lights. A brief discussion ensued regarding the use of more energy efficient LED style lights.

Finance Manager Carol Sullivan presented the first quarter Executive Financial Summary for the fiscal period ending September 30, 2017. Sullivan reviewed the profit and loss resulting from operations and capital contributions year to date. The electric operating profit was \$264,328 and the capital contributions were \$602,437, resulting in a total net income for the electric department of \$866,765. The capital contributions included some pre-payments made by contractors that were carried over to the new reporting period. Sullivan stated that the water operating profit was \$555,075 and the capital contributions were \$68,918. This resulted in a total net income for the water department of \$623,993.

Sullivan then compared the operations with capital contributions to budget. The electric fund was over budget \$519,428. Sullivan noted the reasons for this budget variance. The operating revenue is over budget mainly due to higher reimbursements of qualifying conservation expenses from BPA's conservation credit program and more electricity sold. The operating expenses are also over budget due to higher customer conservation payments and purchased power and transmission, which were slightly offset by the timing of distribution expenses. The capital contributions are over budget due to more customer funded projects.

The water fund was under budget \$89,510. Sullivan noted the reasons for this budget variance. The operating revenue is above budget due to higher water consumption than budgeted. The operating expenses are under budget mainly due to more labor being capitalized. The capital contributions are under budget mainly due to the timing of system development charge fees being received.

Sullivan then reviewed the cash reserve balances for both funds. The electric cash reserves are over target by \$4,584,761, noting that much of these funds are being used for the new office building construction. The water cash reserves are under target by \$387,653, noting that is due to the timing of system development charge payments.

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Finance Manager Carol Sullivan gave an update on the fiscal year 2019 operating and capital budget process timeline. The board will receive the budget for review on June 8 and will consider approval on June 12 during the regular board meeting.

Operations Manager Jim Stuart gave an update on the NE 9th Place waterline replacement project. ML Houck was awarded the project and began work on March 12. They have discovered large boulders underground, which was anticipated and planned for in their contract. The project is progressing very quickly and is expected to be complete by April 5.

General Manager Dan Murphy reported that in January approximately 2,500 letters were mailed to residential and general service rate customers, who our records indicate have a backflow device assembly at their service address but have not provided Canby Utility with a certified test record for that device in the previous 12 months. As a result of that mailing, we have received 1,061 test results from residential customers and 163 results from our general service rate customers. Murphy noted that Customer Service Representative/Office Specialist Lisa Berent has done a tremendous job at fielding hundreds of calls from customers as a result of the mailing. Murphy commented on the substantial progress being made to obtain testing results and update our database to comply with Oregon's Drinking Water Program. Murphy also commented on the re-writing of the letters that made them more customer-friendly. Discussion ensued regarding the overall customer response to the mailings.

Murphy reported on the new office building construction progress. The framing is almost complete and the concrete veneer has been installed on the building exterior. The subcontractors are continuing their work on the HVAC, plumbing, and electrical installation. Murphy noted that the management team was able to tour the construction site and everyone was pleased with the progress. Chairman Potter stated that the construction of a new facility is part of the City's master plan to move Canby Utility to a location more centrally located within its customer base. Another factor in building the new office is due to being displaced as a result of the development taking place at Canby Utility's present location. Potter added that Canby Utility's operations will eventually move to the new location from the current facility that is shared with the City of Canby. Murphy stated that there have been five construction draws paid out so far, totaling \$2.9 million of the project budget. The project is on budget.

Murphy reported that the Oregon legislative session concluded its 35-day short session on March 3, eight days earlier than scheduled. Any legislative bills presented during the short session that concerned utilities were not enacted. Murphy shared that this short session was a good experience for Oregon Municipal Electric Utilities' new executive director Jennifer Joly. It provided her with an abbreviated picture of how the sessions will be and to help in establishing contacts for the next session.

Member Daniels made the *MOTION to go into Executive Session according to ORS 192.660(2)(d) to discuss labor negotiations. Member Brito seconded, and the motion passed unanimously.

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The regular meeting was recessed at 7:28 p.m.

The regular meeting was reconvened at 8:01 p.m.

Member Wagner made the *MOTION to approve the Collective Bargaining Agreements with the International Brotherhood of Electrical Workers for the Electrical, and Office and Water Workers as presented by Steven Schuback, Labor Attorney at Peck, Rubanoff and Hatfield; and Barbara Benson, Human Resources/Administration Manager for Canby Utility. Member Daniels seconded the motion and the roll call ballot was as follows: Member Brito, aye; Member Daniels, aye; Member Wagner, aye; and Chairman Potter, aye. The motion passed 4 to 0.

Member Wagner made the *MOTION to adjourn the meeting. Member Brito seconded, and the motion passed unanimously.

There being no further business, the meeting was adjourned at 8:03 p.m.

Gary Potter, Chairman

Walt Daniels, Member

Jack Brito, Member

Board Member - Vacant Position

Todd Wagner, Member

Barbara Benson, Board Secretary

***CANBY UTILITY
EXECUTIVE SESSION MINUTES
MARCH 13, 2018***

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

Staff Present: Daniel P. Murphy, General Manager; Barbara Benson, Board Secretary; Carol Sullivan, Finance Manager; Sue Arthur, Purchasing Agent; Dee Anne Wunder, Customer Service Supervisor ; and Jim Stuart, Operations Manager

Others Present: Steven Schuback, Labor Attorney, Peck, Rubanhoff and Hatfield

The Executive Session was opened at 7:28 p.m. by Chairman Potter, in the conference room of the Canby Utility Board office, pursuant to ORS 192.660(2) (d) for the purpose of discussing labor negotiations.

There being no further business, the Executive Session was adjourned at 8:01 p.m.

Gary Potter, Chairman

Walt Daniels, Member

Jack Brito, Member

Board Member – Vacant Position

Todd Wagner, Member

Barbara Benson, Board Secretary



MEMORANDUM

April 3, 2018

TO: Chairman Potter; Members Daniels, Brito, Wagner, and Hill

FROM: Barbara Benson, Human Resources/Administration Manager

SUBJECT: Bereavement Leave Procedure 496 Revision

Suggested Motion: Move to approve revised Procedure 496, revising Canby Utility's Bereavement policy.

Recommendation: Approve revised Procedure 496, revising Canby Utility's Bereavement Leave policy to extend time limits for paid benefits.

Background: In our recent labor negotiations with the IBEW, we notified the union of our intent to update Procedure 496 by extending the allowable time for an employee to deal with the death of a family member and still receive paid leave.

Canby Utility's policy gives employees three days of paid time off when the death of a covered family member occurs, but under current policy that leave must be used within ten days following the date of death. In an effort to simplify Canby Utility's paid leave policy with the Oregon Family Leave Act's unpaid leave requirements, we propose to extend our 10 day allowance to 60 days.

I will be available to answer questions you may have.

PROCEDURE 496
REVISED ~~FEBRUARY 2016~~ APRIL 2018

~~FUNERAL/BREAVEMENT LEAVE~~

When death occurs to a member of an employee's immediate family, the employee shall be granted paid leave for the purpose of attending the funeral or making the appropriate arrangements. The employee will be compensated at their regular, straight-time hourly rate of pay for hours lost from their regular work schedule for up to three (3) days, within ~~sixty ten (60+0)~~ sixty ten (60) days following the date on which the employee receives notice of the death of a family member.

The immediate family shall be limited to:

Employee's Spouse
Employee's Children
Employee's Parents
Spouse's Parents
Employee's Brothers
Employee's Sisters
Employee's Grandparents
Employee's Sister-in-Law
Employee's Brother-in-Law
Employee's Grandchildren
Employee's Son-in-Law
Employee's Daughter-in-Law
Spouse's Grandparents

Proof of relationship and/or death certificate may be required.

~~Funeral~~ Bereavement leave pay will not be granted for any day on which an employee is not otherwise scheduled to work (no compensation for non-working days).

When possible, a time-off request form should be submitted to the ~~foreman~~, supervisor or general manager prior to time taken, or immediately upon return to work.

Oregon Family Leave Act (OFLA) allows for an employee to take up to two weeks of unpaid leave for bereavement within 60 days of the date when the employee learned of the death. The list of qualifying eligible family members identified in the law varies from the list of eligible family members covered in our policy. For example, OFLA excludes leave for siblings. Bereavement leave will count toward the total amount of OFLA eligible leave.



Memorandum

April 5, 2018

To: Chairperson Potter, Member Daniels, Member Brito, Member Wagner, and Member Hill

From: Carol Sullivan, Finance Manager

Subject: Quarterly Financial Update as of December 31, 2017 Fiscal Year 2018

Please find attached the Executive Financial Summary through December 31, 2017, the Utility's first six months of fiscal year 2018. 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 Six Months Ending December 2017

Legend	
	= Electric
	=Water

Electric

Profit (Loss) From Operations

	Revenue		Expense		Operating Profit (Loss)
\$	6,516,983	\$	5,931,098	\$	585,885

Operations And Capital Contributions***

	Operating Profit (Loss)		Capital Contributions		Net Income (Loss)
\$	585,885	\$	687,372	\$	1,273,257

Water

Profit (Loss) From Operations

	Revenue		Expense		Operating Profit (Loss)
\$	2,008,521	\$	1,508,012	\$	500,509

Operations And Capital Contributions ***

	Operating Profit (Loss)		Capital Contributions		Net Income (Loss)
\$	500,509	\$	335,763	\$	836,272

*****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 Six Months Ending December 2017**

Electric

Net Income (Loss)	Budget	Over (Under) Budget
\$ 1,273,257	\$ 773,807	\$ 499,450

Notes : The net income year to date is over budget.

Operating revenue is over budget mainly due to higher reimbursements of qualifying conservation expenses from BPA's conservation credit program and more electricity sold.

Overall operating expenses are over budget mainly due to higher customer conservation payments and purchased power & transmission, these are slightly offset by the timing of distribution expenses.

Capital contributions are over budget due to more customer funded projects.

Water

Net Income (Loss)	Budget	Over (Under) Budget
\$ 836,272	\$ 902,181	\$ (65,909)

Notes : The net income year to date is under budget.

Operating revenue is above budget due to higher water consumption than budgeted.

Operating expenses are under budget mainly due to more distribution labor being capitalized this is somewhat offset by bond refunding expenses.

Capital contributions are under budget mainly due to the timing of system development charge fees.

**Canby Utility Executive Financial Summary
Cash Reserves
Year To Date Six Months Ending December 2017**

Electric

<u>Budget Target 6/30/18</u>	Current Cash Reserves		FYE 2018 Target		Over (Under) Target
	\$ 11,214,558	\$	7,158,791	\$	4,055,767

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 11,214,558	\$	4,000,000	\$	7,214,558

Water

<u>Budget Target 6/30/18</u>	Current Cash Reserves		FYE 2018 Target		Over (Under) Target
	\$ 4,249,288	\$	4,597,468	\$	(348,180)

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 4,249,288	\$	2,000,000	\$	2,249,288