

***CANBY UTILITY  
REGULAR BOARD MEETING  
AUGUST 11, 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 August 11, 2015 Agenda
  - Approval of Regular Board Meeting Minutes of July 14, 2015
  - Approval of Write-Offs
  - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS
- V. PRESENTATION Evaluation of Water Taste and Odor Control Options – Dan Murphy, General Manager and MWH Global, Inc. (Separate Item)
- VI. BOARD REPORTS
  - Chairman Comments
- VII. STAFF REPORTS

Board Secretary:

  - 45<sup>th</sup> Anniversary Customer Appreciation Event

General Manager Updates:

  - Board Planning Calendar (pg.1)
- VIII. ADJOURN

**CANBY UTILITY**  
**REGULAR BOARD MEETING MINUTES**  
**JULY 14, 2015**

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

ALSO PRESENT: Sue Arthur, Purchasing Agent; Larry Hepler, Operations Superintendent; Dee Anne Wunder, Customer Service Supervisor; and Keith Galitz

Chairman Cornelius called the Regular Board Meeting to order at 7:01 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, Regular Meeting Minutes of June 23, 2015, Write-Offs in the Amount of \$568.83, Payment of the Electric and Water Department Bills in the Amount of \$804,851.76, with Carry-Ins in the Amount of \$44,749.31, for a Total of \$849,601.07. Member Daniels seconded, and the motion passed unanimously.

Chairman Cornelius asked for citizen input on non-agenda items. Keith Galitz, retired president of Canby Telecom and Canby resident for eight years, addressed the Board to express his concern for the lack of financial support Canby Utility gives to local non-profit organizations. He stated that the utility's former general manager Matt Michel had shared with him on numerous occasions that the utility was unable to provide support due to the Board's policy. Mr. Galitz urged the Board to take a look at their policy and consider changing it. He shared his views about the needs and reasons for Canby Utility to support these types of organizations and their activities. Canby Telecom has a policy that has been in place for more than 20 years that provides one-half percent of total revenue be used to support non-profit organizations and their activities. He gave examples of projects, such as the fundraising efforts for the recent fireworks display and the million-dollar artificial turf at the high school. Mr. Galitz noted that the City of Canby donated funds to help pay for the fireworks display. He noted that if Matt was correct in the reasons the utility does not provide financial support because of being a city-owned utility, he asked that the Board look at the city's recent activity of purchasing fireworks and the city-owned fire department putting on the display because it was important to the community. Mr. Galitz stated that he wasn't asking the Board to make any decisions immediately, but that they would review their policy and consider changes. Following a brief discussion, Mr. Galitz departed at 7:07 p.m. Discussion ensued regarding Canby Utility's current policy that provides in-kind services, such as labor, materials, supplies and facilities for community use. One example of Canby Utility's assistance to the community is its Share the Warmth program. Having an energy assistance program is mandated; however, the amount of assistance offered is not established under the mandate. The Board budgets \$40,000 annually to help customers who are in need.

**Canby Utility  
Regular Board Meeting Minutes  
July 14, 2015  
Page 2 of 4**

Two examples of the utility's assistance program activities were donating labor and equipment to maintain the Vietnam Memorial site and to help the Molalla River Alliance make improvements along the Molalla River to protect the water shed. Chairman Cornelius commented on Mr. Galitz's statement regarding the city contributing money for the fireworks and that he understood that the contributions were made by individuals. Discussion continued regarding the fireworks funding. Member Potter asked staff to develop list of the activities Canby Utility has done to help the community. He would also like to review the policy. Chairman Cornelius shared the history on the policy that was developed in the 1990s by former general manager Dirk Borges, who felt it was important for the utility to help where it could without costing additional money so that rates can be kept low for customers. Dan Murphy, General Manager, noted that Mr. Galitz suggested Canby Utility offer sustaining funds to help non-profit organizations activities.

Dan Murphy, General Manager, asked the board to share any input received by members of the public over the past month pertaining to taste and odor of Canby Utility's water. Murphy reported that staff is aware of many water related questions surfacing. Concerns about taste and odor and been prevalent; however, concerns about the need for water rationing with regional drought conditions have also been received. Dan presented the board with a water system fact sheet. The fact sheet provides information that will help them in addressing water supply questions they may receive in the community. Member Maxwell stated that he has had questions specific to taste and odor. Member Potter reported that he has been asked about water availability and if Canby Utility will be rationing water. Member Daniels asked about the warm water temperature and does keeping water stored in reservoirs caused the temperature to rise? Larry Hepler, Operations Superintendent, stated the ambient temperatures are likely impacting the stored water temperature combined with the already elevated river water temperatures, which is earlier than usual. Member Potter noted that according to the USGS river monitoring website, the median river flow should be about 180 cubic feet per second (cfs), but is currently running at 60 cfs. Larry noted that the 60 cfs is the median low point for summer. The potential for any possible water rationing was discussed. Larry stated that Canby Utility's current curtailment plan is based on the plants water production ability, not river flow. In the event water restrictions are implemented, enforcement would result in potential discontinuation of service for repeat violators. Dan shared that Barb Benson, Administration/HR Manager, had a conversation with the Watermaster who provides oversight for the Molalla River and asked her to share the highlights of the discussion. Barb stated that according to Watermaster Amy Kim, the 60 cfs river flow is the minimum flow for the Molalla River before she begins imposing restrictions. She will notify the most junior water rights holders to stop taking water from the river first to protect stream flows. Member Potter noted that he learned from the Watermaster that since Canby has a senior right on the river, we will be one of the last users on the river asked to curtail. Larry stated that the majority of the curtailment enforced by the Watermaster is related to fish protection. He doesn't anticipate capacity issues, because of the minimal impact Canby's water needs have on the river. Larry did note that in 1959, the Molalla River water flow dropped to 22 cfs and should we be faced with a similar event, he is not sure how that would impact us. Dan reported on a recent story in the news regarding a toxic algae event in a Willamette River lagoon. This prompted him to implement weekly testing for algae bloom toxins at our intake, so that we can alert customers should we detect any toxic algae in our source water. Larry also noted that

**Canby Utility**  
**Regular Board Meeting Minutes**  
**July 14, 2015**  
**Page 3 of 4**

the water seems to be only having a taste issue, which indicates the presence of Methylisoborneol, a non-toxic algae bloom compound. There doesn't appear to be an odor at this time. Dan talked about possible responses to any questions about water rationing. We are actively monitoring river conditions and ready to react if necessary.

Chairman Cornelius reported that he reviewed the Board's list of initiatives and issues for the new general manager with Dan. He also reported that a developer who is potentially interested in purchasing the city block where Canby Utility's office resides is planning to meet with the city soon. He hasn't heard if the project is moving forward and is waiting to see if the developer contacts us about making an offer.

Larry Hepler, Operations Superintendent, presented the quarterly reliability report. He stated there is very little change from the last report and that the indices are very good. Member Daniels asked if the cost associated with the utility's recent work related to the city's library/civic center project is being charged to the Urban Renewal District, and Larry stated that it was.

Barbara Benson, Administration/HR Manager, reported the activities associated with planning the 45<sup>th</sup> Anniversary event. The plan is to have the event on the afternoon of Friday, August 28, 2015. This date corresponds with the kick off of Canby's Big Weekend event. The preliminary plan involves having Ebner's cook burgers and hot dogs for the public, our large utility vehicles on display, a "how to read your meter" demonstration, water treatment filtration demonstration by Veolia, giveaways of promotional items, drawings for certificates towards customer utility bills, event shirts for staff and board members, and energy efficiency product giveaways. Dee Anne Wunder, Customer Service Supervisor, shared the details of the product giveaways that may include a free power strip, LED lights and shower heads. The money Canby Utility spends on energy efficiency products will be reimbursed by the Bonneville Power Administration (BPA) energy efficiency program. The board gave consensus to award a \$45 bill credit drawing to five customers, honoring the 45<sup>th</sup> anniversary.

Dan Murphy, General Manager, reported that an underground power outage occurred on July 6. This outage affected 9 customers for about 45 minutes. The loop feed capability installed in that area in 2011 helped to limit the outage exposure and response time. This section of cable will be repaired and then monitored for potential replacement in fiscal year 2017.

Dan also reported that starting this week, customers on the south side of Highway 99E will be receiving the letters on the residential backflow prevention and inspection. They will receive a flyer in their bill followed by the survey. In about a month, letters encouraging them to comply will be sent. Chairman Cornelius asked Dan if he had an opportunity to review the letter content before they are mailed and he stated that he had. He feels that the revisions made to the letter from the previous versions have made the letter more customer friendly.

**Canby Utility**  
**Regular Board Meeting Minutes**  
**July 14, 2015**  
**Page 4 of 4**

Dan reported that the electric rate study is on schedule and moving forward. The BPA Final Record on Decision and new BP16 Rates are expected to be announced July 23. Dan will also receive from BPA the rate impact model that he'll forward to our rate consultant. The consultant is providing Dan with preliminary power cost increase information and will be prepared to give Dan an initial presentation on the cost of service analysis and rate study when Carol Sullivan, Finance Manager, returns from vacation. Member Maxwell asked if the need for a rate increase is being driven more by BPA or increases in other operating costs. Dan said the BPA wholesale power costs increase of about 8% is by far the major driver for the expected need to increase Canby Utility's retail rates. Reserves cannot absorb this level of a power cost increase. The wholesale power cost is nearly 65-70% of our total electric operating expenses.

Member Daniels asked about two bills on the accounts payable report. One was for lighting rebate which is part of the energy conservation program and the other was for the purchase of street lights.

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

There being no further business, the meeting was adjourned at 8:07 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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Jack Brito, Member

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Barbara Benson, Board Secretary

**Board Planning Calendar**

**FY 2016**

<p>JULY 2015</p> <ul style="list-style-type: none"> <li>▪ Board Planning Calendar</li> <li>▪ Quarterly Reliability Update</li> </ul> <p><i>&lt; 2015: Electric Rates Cost of Service Analysis (COSA) &gt;</i></p>	<p>JANUARY 2016</p> <ul style="list-style-type: none"> <li>▪ Board Chairperson Election</li> <li>▪ Quarterly Reliability Update</li> <li>▪ Green Power Donation to City</li> <li>▪ Share the Warmth Update</li> <li>▪ Strategic Plan: Key Issues Review</li> <li>▪ Board Secretary Evaluation</li> <li>▪ Board Planning Calendar Update</li> </ul>
<p>AUGUST 2015</p> <ul style="list-style-type: none"> <li>▪ Quarterly Financials &amp; Reserves Update</li> <li>▪ Future Facility Development Planning</li> <li>▪ Summer Potluck BBQ</li> <li>▪ 45<sup>th</sup> Anniversary Event</li> </ul>	<p>FEBRUARY 2016</p> <ul style="list-style-type: none"> <li>▪ Quarterly Financials &amp; Reserves Update</li> <li>▪ Water Rates Analysis</li> <li>▪ 401(k) Annual Report</li> </ul>
<p>SEPTEMBER 2015</p> <ul style="list-style-type: none"> <li>▪ Master Service Fees Cost Index</li> <li>▪ Electric Rates Public Hearing; rates effective October 1</li> </ul>	<p>MARCH 2016</p> <ul style="list-style-type: none"> <li>▪ Water Rates Review</li> <li>▪ Water Treatment Plant O &amp; M Contract</li> </ul> <p><i>&lt; New Board Member Appointed &gt;</i></p>
<p>OCTOBER 2015</p> <ul style="list-style-type: none"> <li>▪ Quarterly Reliability Update</li> <li>▪ Water Revenue Forecast</li> </ul>	<p>APRIL 2016</p> <ul style="list-style-type: none"> <li>▪ Quarterly Reliability Update</li> <li>▪ Budget Process Begins</li> <li>▪ Water Rates Public Hearing; rates effective June 1<sup>st</sup></li> </ul>
<p>NOVEMBER 2015</p> <ul style="list-style-type: none"> <li>▪ Quarterly Financials &amp; Reserves Update</li> <li>▪ Financial Audit Report</li> <li>▪ Red Flag Report</li> <li>▪ Board Mtgs. Holidays Schedule</li> <li>▪ Employee Recognition Event</li> </ul>	<p>MAY 2016</p> <ul style="list-style-type: none"> <li>▪ Quarterly Financials &amp; Reserves Update</li> <li>▪ Water SDC Index Update</li> </ul>
<p>DECEMBER 2015</p> <ul style="list-style-type: none"> <li>▪ General Manager 6-Month Evaluation</li> </ul>	<p>JUNE 2016</p> <ul style="list-style-type: none"> <li>▪ Recommended Budgets</li> <li>▪ Proposed Budgets</li> <li>▪ General Manager Evaluation</li> <li>▪ Customer Account Agings Update</li> </ul>