

***CANBY UTILITY  
REGULAR BOARD MEETING  
OCTOBER 11, 2016  
7:00 P.M.***

**AGENDA**

- I. CALL TO ORDER
- II. CONSENT AGENDA
- Approval of the October 11, 2016 Agenda
  - Approval of Regular Board Meeting Minutes of September 13, 2016 (pp. 1-4)
  - 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:
- Quarterly Financials (pp. 5-8)
- Customer Service Supervisor:
- Website Update
- General Manager Updates
- VI. ADJOURN

**CANBY UTILITY**  
**REGULAR BOARD MEETING MINUTES**  
**SEPTEMBER 13, 2016**

**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; Sue Arthur, Purchasing Agent; Dee Anne Wunder, Customer Service Supervisor

**Others Present:** Tim Dale, City Council Liaison

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

Chairman Potter presented the consent agenda for approval. Member Brito made the \*MOTION to approve the Consent Agenda, consisting of the meeting agenda, regular meeting minutes of August 9, 2016, write-offs in the amount of \$328.25, payment of the electric and water department bills in the amount of \$974,522.97, with carry-ins in the amount of \$239,164.54, for a total of \$1,213,687.51. Member Daniels seconded, and the motion passed unanimously.

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

Administration/HR Manager Barbara Benson presented a recommendation for the board to adopt an apprentice reciprocal training intergovernmental agreement. Last December, the board approved a change to Canby Utility's organizational structure by adding an apprentice lineman. Staff anticipated the need at that time to outsource some of the employee's training to have the ability to meet the apprenticeship standards that mandates 1,000 hours for each apprentice step in specific areas of overhead and underground work processes. Since Canby Utility is a fairly small utility, our ability to provide enough training in those areas in a limited time period would likely present a challenge. Earlier this year, staff approached McMinnville Water & Light and Forest Grove Light & Power to gauge their interest in providing additional training. Our apprentice Eric Haney would then work for another entity but will be compensated by Canby Utility. Both utilities expressed interest and have provided opportunities for apprentice training for one another in past years. They provided us with a copy of their joint training intergovernmental agreement as an example of what we would need to sign. Staff then had the board attorney's office review the agreement, and attorney Heather Martin incorporated additional provisions that McMinnville and Forest Grove approved. The agreement was also reviewed by our worker's compensation carrier. Benson stated that she is recommending the board approve a template document so that it could be used with other utilities should the opportunity arise. Benson reported that on September 21, staff will be recommending to the Joint Apprenticeship and Training Committee that our apprentice, Eric Haney, be advanced to his 5th step as a hot apprentice. He should complete the apprenticeship in approximately one year. Member Daniels asked if our apprentice would work alongside the other entity's linemen; Benson responded yes. Chairman Potter asked if the agreement allows for Canby Utility to provide training for another

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agency's apprentice; Benson replied that it would allow for it, but not as likely. Benson gave an example of another utility that is primarily an overhead system may need some additional training hours for their apprentice in underground work. Member Daniels made the \*MOTION to approve Resolution No. 286, a resolution of the Canby Utility Board adopting an apprentice reciprocal training agreement by way of an intergovernmental agreement. 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.

Chairman Potter gave an update on Molalla River Scenic Waterways designation. Earlier this year, segments of the Molalla and Chetco Rivers were approved for the State of Oregon's Scenic Waterways designation. The draft rules for a portion of the Molalla River recently designated are the topic of a September 27 rules hearing hosted by Oregon Parks and Recreation Department. The meeting will be at 6 p.m. at the Molalla Public Library. The proposed rules focus on specific management practices to maintain the character of the river in those sections. Chairman Potter will be unable to attend and does not feel Canby Utility needs to be represented at the meeting.

Potter also gave a report on a tour he and General Manager Dan Murphy attended of Wilsonville's water treatment plant. Their plant is currently treating approximately 8 million gallons of water a day (MGD) from the Willamette River, and has the capacity to treat 15 MGD. The plant currently provides drinking water to the cities of Wilsonville and Sherwood, and soon to the Tualatin Valley Water District. The designed build-out capacity of the facility that sits on 30 acres is 125 MGD. Potter talked about the stigma that surrounded the use of the Willamette River in the early 1990s. Since that time, extensive testing of the river has proven the river to be a very good source for drinking water. Potter stated that out of the 192 contaminants regulated by the Safe Drinking Water Act, there are none, of any significant amount, present in the Willamette River. Potter stated that one possible solution for future water supply would be to tap into that plant and pipe it to Canby, and discussion ensued.

General Manager Dan Murphy gave a report on the architectural design of the proposed new Canby Utility office building. The design work being done by Mackenzie Engineering is in anticipation of the Hanlon development occurring on the city block. Murphy gave an update on the status of the Hanlon project. Murphy noted that Mary Hanlon indicated the project was moving forward and was optimistic they would close on the downtown property before the end of the year. Murphy reported that Hanlon is now having the Phase II environmental assessment completed that will test soils for contaminants.

Murphy presented the preliminary site plan and floor plan for the new facility developed by Mackenzie. The plans represent the layout of the future combined administrative and operations offices to be located at SE 3<sup>rd</sup> and Pine Street, with an option of building in two phases. Murphy explained that based Mackenzie's estimated costs, it is likely that the recommendation on what to build will be only the portion identified on the site plan as Phase I, which does not include any of the operations facilities that presently operate at the shop complex. Mackenzie, however, is developing designs for the entire combined service center, so that when Canby Utility is ready to

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build out the remainder of the project the plans will be ready. Murphy stated that should the Hanlon project continue moving forward as planned, in November he will present a recommendation to the board asking for approval to construct the replacement office building. Mackenzie will be in attendance to present the recommendation and associated cost estimate. Murphy noted a competitive bid process would then be initiated for the construction project. Chairman Potter asked about timing to move into the new building if the sale on the existing property closed in November. Murphy stated he anticipates the construction would be complete within one year. Member Wagner asked what sources of input Murphy received when developing the actual floor plan layout. Murphy stated he relied on the programming that was conducted when the site feasibility study was completed in 2009 and later in 2013 when additional work on the project was done. Member Maxwell asked about the amount of parking for the site and Murphy stated the parking is based on the city's code. Member Daniels asked about the purpose of having design-bid agreement with Mackenzie versus a design-build. Murphy explained that a competitive bid process, with no formal relationship to the architectural firm, will help ensure better pricing. A brief discussion ensued about the timing of the Hanlon project that will drive Canby Utility's need to build a new building.

Murphy reported that he has been working closely with Canby Utility's water treatment plant partner Veolia to address items identified in the 2016 water system survey that was conducted by the Oregon Health Authority (OHA) this past spring. There were no violations noted, but there were several deficiencies that need to be addressed. One of the deficiencies noted was the water reservoir at the corner of 4<sup>th</sup> and Fir St., having vent screen failures and outflow piping backflow protection. An integrity inspection of the reservoir will be conducted to determine if it should be decommissioned or is it structurally sound enough to be refurbished. The reservoir is currently off-line. OHA has also requested modifications be made to the wording in Canby Utility's backflow prevention plan. Our record keeping of annual device testing is not as complete as they want it to be. Murphy stated that he initially disagreed with their findings, since there has been significant progress made towards improving our devices testing database. Murphy stated that he learned that the annual backflow report submitted by the water department contained erroneous responses that lead to OHA's concern about our backflow testing records. OHA will allow Canby Utility to submit a corrected report with the accurate data. OHA has requested Canby Utility update its enabling ordinance and its written backflow prevention plan and bring these documents up to current standards. A brief discussion ensued.

Murphy also reported on the recruitment to fill the vacant Operations Manager position. The position has been advertised on several websites. Murphy shared information about the number of applications received and that there are two internal candidates who have applied. Interviews will begin in October. Murphy stated that we will continue to accept applications until such time as we have found the right candidate for the position. Member Wagner asked if staff felt the defined pay range is appropriate for the position and Murphy responded that he did feel the range was acceptable.

Murphy reported on the water filter rebate program, stating that 113 proofs of purchases have been submitted. Staff will continue to remind customers of the water filter promotion in the

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November Reporter, through bill messages, and by word of mouth. The rebate program does not have an expiration date. Customer Service Supervisor Dee Anne Wunder explained how they are applying the credit to accounts.

Murphy reported that he has re-formed the operations safety committee. The former operations superintendent disbanded the safety committee several years ago. While attending the recent safety meeting, Murphy asked for volunteers to serve on a safety committee. Murphy stated the committee will be comprised of two employees and our safety trainer will serve as the management representative. The safety committee will investigate all accidents and will periodically conduct site inspections of the office facilities and outside work areas to prevent accidents.

Murphy reported that Chairman Potter recommended scheduling a board workshop to review the Water Master Plan (WMP) and to review options for new source water. The workshop is tentatively scheduled for November 17, 2016 at 10:00 a.m. Brian Ginter, a consultant with Murray Smith & Associates who prepared the last WMP update, will facilitate the workshop and review the WMP and the 2013 study for new source water options. This will give staff and the board an opportunity to get more familiar with the WMP. Board Secretary Barb Benson will issue a quorum notice. Chairman Potter shared his thoughts on the benefits of the workshop. Murphy noted the date could be changed.

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 7:53 p.m.

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Gary Potter, Chairman

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Robert Maxwell, Member

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Jack Brito, Member

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Walt Daniels, Member

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Todd Wagner, Member

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Barbara Benson, Board Secretary



## Memorandum

October 3, 2016

**To:** Chairperson Potter, Member Maxwell, Member Daniels, Member Brito, and Member Wagner

**From:** Carol Sullivan, Finance Manager

**Subject:** Quarterly Financial Update as of June 30, 2016 Fiscal Year End 2016

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Please find attached the Executive Financial Summary through June 30, 2016, the Utility's whole fiscal year 2016. This report does not include the adjustment for the Governmental Accounting Standards Board Statement 68, accounting and financial reporting for pensions, when included it will significantly increase 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 2016**

Legend	
	= Electric
	=Water

**Electric**

**Profit (Loss) From Operations**

	Revenue	Expense	Operating Profit (Loss)
\$	11,651,343	\$ 10,701,973	\$ 949,370

**Operations And Capital Contributions\*\*\***

	Operating Profit (Loss)	Capital Contributions	Net Income (Loss)
\$	949,370	\$ 277,429	\$ 1,226,799

**Water**

**Profit (Loss) From Operations**

	Revenue	Expense	Operating Profit (Loss)
\$	2,991,858	\$ 2,678,243	\$ 313,615

**Operations And Capital Contributions \*\*\***

	Operating Profit (Loss)	Capital Contributions	Net Income (Loss)
\$	313,615	\$ 931,821	\$ 1,245,436

\*\*\***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 2016**

**Electric**

<b>Net Income (Loss)</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
\$ 1,226,799	\$ 417,296	\$ 809,503

**Notes :** Our net income year to date is over budget.

Operating revenue is over budget due to booking of unbilled revenue, a year end only adjustment.

Operating expenses are under budget mainly due to less purchase power expense, less depreciation, more labor being capitalized, and a lineman out on workers comp.

Capital contributions are under budget due to postponed projects.

**Water**

<b>Net Income (Loss)</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
\$ 1,245,436	\$ 287,209	\$ 958,227

**Notes :** Our net income year to date is over budget.

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

Operating expenses are overall close to budget.

Capital contributions are significantly over budget due to more SDC's being collected, contributed infrastructure, and water hook-up fees.

**Canby Utility Executive Financial Summary  
Cash Reserves  
Year To Date Month Ending June 2016**

**Electric**

<u>Budget Target 6/30/16</u>	<b>Current Cash Reserves</b>		<b>FYE 2016 Target</b>		<b>Over (Under) Target</b>
	\$ 9,702,872	\$	8,136,290	\$	1,566,582

<u>MINIMUM</u>	<b>Current Cash Reserves</b>		<b>Minimum</b>		<b>Over (Under) Minimum</b>
	\$ 9,702,872	\$	4,000,000	\$	5,702,872

**Water**

<u>Budget Target 6/30/16</u>	<b>Current Cash Reserves</b>		<b>FYE 2016 Target</b>		<b>Over (Under) Target</b>
	\$ 3,088,553	\$	2,100,146	\$	988,407

<u>MINIMUM</u>	<b>Current Cash Reserves</b>		<b>Minimum</b>		<b>Over (Under) Minimum</b>
	\$ 3,088,553	\$	2,000,000	\$	1,088,553