

**CANBY UTILITY**  
**REGULAR BOARD MEETING**  
**MARCH 9, 2021**  
**7:00 P.M.**

**AGENDA**

*Due to the COVID-19 Pandemic, the Board of Directors and staff will be attending the meeting virtually. The public is invited to attend the meeting virtually or in person at Canby Utility's office, with measures in place to comply with the Governor's Executive Order regarding social distancing.*

- I. CALL TO ORDER
- II. AGENDA
  - Additions, Deletions, or Corrections to the Meeting Agenda
- III. CONSENT AGENDA
  - Approval of Agenda
  - Approval of Regular Board Meeting Minutes of February 9, 2021 (pp. 1-6)
  - Approval of Write-Offs
  - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS
- V. RESOLUTION NO. 306 Exempt Employee Compensation Plan, Procedure 405 – Chair Thompson (pp. 7-19)
- VI. RECOMMENDATION Approve Moss Adams Audit Contract Extension – Carol Sullivan, Finance Manager (pp. 20-22)
- VII. BOARD REPORT
  - Chair Comments
  - Board Member Comments
- VIII. STAFF REPORTS

Operations Manager:

  - Quarterly Reliability (pp. 23-24)

Customer Service Supervisor:

  - COVID-19 Utility Billing Comparison (pp. 25-26)

General Manager Updates
- IX. 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 the performance of a public employee. Upon completion of the executive session the Board will return to its regular meeting.
- X. ADJOURN

# ***CANBY UTILITY REGULAR BOARD MEETING MINUTES FEBRUARY 9, 2021***

*Due to COVID-19 Pandemic, the Board of Directors and some staff attended the meeting virtually. The public was invited to attend the meeting in person at Canby Utility's office, with measures in place to comply with the Governor's Executive Order regarding social distancing.*

**Board Present:** Chair Thompson; Members Brito, Wagner, Hill, and Horrax

**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 Doug Erkson, Operations Manager

**Others Present:** Jordan Tibbals, City Council Liaison

Chair Thompson called the Regular Board Meeting to order at 7:00 p.m.

Chair Thompson presented the meeting agenda for consideration. She asked for any additions, deletions, or corrections to the meeting agenda, and there were none.

Chair Thompson 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 January 12, 2021, write-offs in the amount of \$1,223.55, and payment of the electric and water department bills in the amount of \$2,052,861.97. Member Hill seconded, and the motion passed unanimously.

Chair Thompson asked for citizen input on non-agenda items and there was none.

The Board welcomed City Council Liaison Jordan Tibbals to the meeting.

Chair Thompson presented Member Brito with a meter lamp in appreciation for his six years of service as a Canby Utility Board member. During Brito's tenure on the board, he was involved in the selection of the general manager, construction of the new facility, numerous audits, labor contracts, energy and water rate hearings, and budgets. Chair Thompson gave thanks to Member Brito on behalf of the Board, the employees, and the community for his dedication and service to Canby Utility.

Chair Thompson suggested moving the agenda item for a recommendation regarding Procedure 405 to later in the agenda to provide more time for Member Wagner to join the meeting. The board members agreed.

Finance Manager Carol Sullivan presented a recommendation to update the master fee schedule under Resolution No 267 to reflect current costs. Sullivan stated that the proposed fee schedule adds a new fee for water line inspections at a rate of \$74 per hour. This fee covers the employee performing the inspection, overhead, and vehicle costs. Staff also updated the cost for main-to-meter 5/8" – 1" and 1 1/2" – 2" meters, and the meter installation only for the 5/8" – 3/4", 1", 1 1/2",

and 2" meters. Sullivan stated that she would like to add an effective date of March 1, 2021, to allow time to notify the contractors of the change. Member Horrax asked about the significant increase for the main-to-meter hook-up fee for the 5/8" – 1" meter. Sullivan replied that the drivers for that increase are labor and inventory costs. Staff reviews cost annually to determine if the fee schedule adjustment is necessary. Sullivan stated that it was the right time to update the fee schedule since the labor contracts and new wage rates are in effect, and we want to ensure we recover our costs. The master fee schedule was last updated in October 2018. Following discussion, Member Hill made the \*MOTION to adopt revised Exhibit A to Resolution No. 267, related to the Master Fee Schedule. Member Horrax seconded, and the motion passed.

Finance Manager Carol Sullivan presented a recommendation to update the electrical line extension charges under Resolution No 293. Sullivan stated that the proposed increases in charges would apply to the single-family residential and temporary construction power installations. Sullivan noted that she wants to add an effective date of March 1, 2021, to allow time to notify the contractors of the change. The current rates have been in effect since October 2017. Chair Thompson asked about the drivers for this cost increase. Sullivan replied that the increases are primarily due to labor costs. Member Brito made the \*MOTION to adopt revised Exhibit A to Resolution No. 293, related to the charges for electrical line extensions and upgrades. Member Horrax seconded, and the motion passed.

Chair Thompson presented a recommendation from the Board subcommittee that was presented to the Board back in 2019. The recommendation at that time was to approve Procedure 405 committee's revisions. Chair Thompson asked for a motion and a second to that motion so that a discussion on that topic can be held per Roberts Rules of Order. Member Hill made the \*MOTION to proceed into a discussion regarding Procedure 405. Member Horrax seconded the motion.

Chair Thompson stated that there had been a lot of discussion on the difference of opinion on the section regarding step increases. Chair Thompson asked General Manager Dan Murphy to verify if a couple procedures within the Plan are still accurate and beneficial to the Board: 1) Does the General Manager report annually to the Board the exempt employee's salary increase identified in Section 4.B? Murphy stated that he does report this information as required by the procedure; and 2) Does Canby Utility still use the Portland-Salem Consumer Price Index (CPI) for the cost-of-living adjustments? Murphy replied that we had to change the index used due to the modifications to the index. Board Secretary Barb Benson added that when the Portland-Salem CPI was discontinued, we transitioned to the West Class Size B/C index.

Member Hill said that he does not have any concerns with the proposed revisions except for Section B, related to salary steps, which would grant step increases to the General Manager under the revisions. Member Hill said that the General Manager position should not be subject to salary increases without the board's vote. The vote should be conducted in a public meeting to provide transparency to the ratepayers. He opposes the Plan giving the General Manager position what he believes are "automatic" salary increases. Member Hill proposed amending Section B. Salary Steps to read: "With the exception of the General Manager, salary steps are how employees progress through a salary range throughout their CU career. CU uses a five (5)

step plan, plus a probationary half step. Salary steps do not apply to the General Manager. Instead, the terms of the General Manager's employment agreement govern any salary increases the Board may approve."

Member Brito said that he feels the General Manager salary adjustments should be based on a system, such as salary steps or good performance, that would ensure that salary increases are not overlooked. He is agreeable to taking salary increases to the Board for a vote. Member Hill briefly shared some history of the compensation issues that drove his proposed amendment to the revision. Member Horrax said that he feels that it is proper to have the Board approve the General Manager's salary increases. He added that it is his understanding that this had been the Board's procedure and that this position was not subject to the step increase provisions of the Compensation Plan. Member Horrax recalled that the Board had previously decided that they would continue to approve increases. Chair Thompson discussed options for the Board to consider since a step increase system and the employment contract are not mutually exclusive. The employment contract offers options for salary supplementation.

General Manager Dan Murphy stated that he was nonparticipative in the discussion because he feels that any decisions made regarding Procedure 405 would have no bearing on him. He said that the committee's revisions to the procedure were intended to provide clarity and language that would be prospectively applied and that he is retroactively covered under the old version. Murphy cited the CU Employee Handbook Section 1.7 to provide the board with the basis for his position on this question. Murphy reassured the board that whichever direction the board ends up going in regarding adoption of the committee's recommendations for revisions to Procedure 405 is of no consequence to this general manager. Murphy shared his understanding of the committee's intent behind the revisions proposed.

Member Wagner joined the meeting at 7:32 p.m.

Member Brito said that his intent was to create a more structured process and clarify vague language through the procedure revisions. Wagner noted that there needs to be some clarification and structure to define a pay plan and a pay rate. Addressing pay plan provisions in the employment contract would be appropriate since his employment relationship is different from other employees and should be consistent and balanced.

Member Hill withdrew his motion to discuss Procedure 405.

Member Hill made the \*MOTION to approve procedure 405 as amended by replacing Section 4.B. to read, "With the exception of the General Manager, salary steps are how employees progress through a salary range throughout their CU career. CU uses a five (5) step plan, plus a probationary half step. Salary steps do not apply to the General Manager. Instead, the terms of the General Manager's employment agreement govern any salary increases the Board may approve." Member Horrax seconded the motion. Murphy reviewed the handbook language in the personnel handbook. Benson asked if the Board wanted to revise Section 5, Cost of Living Adjustments, to reflect the updated Consumer Price Index. There was consensus among the Board to make that revision. Chair Thompson called for a vote, and the motion passed.

Finance Manager Carol Sullivan presented the first-quarter Executive Financial Summary. Sullivan reviewed the profit resulting from operations and capital contributions year-to-date three months ending September 30, 2020. The electric operating profit was \$152,343, plus the capital contributions of \$187,065, total a net income of \$339,408. The water operating profit was \$397,690, plus the capital contributions of \$409,127, total a net income of \$806,817.

Sullivan then compared the operations with capital contributions to the budget. The electric fund's net income was over budget \$276,197. The year-to-date operating revenue is 3.67% or \$120,539 under budget, mainly due to lower small commercial sales. The operating expenses are 10.38% or \$353,982 under budget, mainly due to more labor being capitalized and vacant positions. The capital contributions are 48.51% or \$61,104 over budget, mainly due to more hook-up fees than budgeted. The change in net assets is 436.94% or \$276,197 over budget, mainly due to lower operating expenses.

The water fund was over budget \$166,154. The year-to-date operating revenue is 6.09% or \$71,993 over budget, mainly due to higher residential sales. The total operating expenses are 11.40% or \$111,226 under budget, mainly due to the timing of rate studies and a vacant position that will not be filled due to succession planning. The capital contributions are 3.36% or \$14,206 under budget, mainly due to the timing of contributions by others. The change in net assets is 25.93% or \$166,152 over budget, mainly due to lower operating expenses.

Sullivan then reviewed the cash reserves summary. This summary compares Canby Utility's current cash reserves to the targeted amount for June 30. The electric reserves are over the year-end target by \$6,490,899. Sullivan noted that the Phase 2 construction would use most of these reserve funds. The water reserves are over the year-end target by \$4,209,931. Sullivan said that the water department is purchasing the land from the electric department for the future water treatment plant.

Customer Service Supervisor Dee Anne Wunder presented the COVID-19 bill comparison through December 2020. The delinquency numbers are lowering, and staff is working with customers to make payment arrangements. Member Hill asked how the staff was handling disconnections or if a moratorium was still in effect. Wunder said that customers who have not made a payment on their account for 60 to 90 days and we have not been successful in making contact with them, then staff assumes that they are no longer residing at that service address. Staff is mailing notification letters and placing calls to make a payment arrangement to avoid a disconnection of service. Wunder noted that customers are not currently required to pay their full past-due amount, and that staff helps each customer establish an individual payment plan. A brief discussion ensued and the Board was pleased with staff's approach to delinquent accounts.

Wunder also presented an update on the Share the Warmth bill assistance program. In 2020, the program received \$10,502 in generous donations from customers, and we were able to assist 211 families in need. Since the beginning of 2021, the program received over \$8,000 in customer donations, and we have helped 28 families in need. The program has sufficient funds to help

approximately 34 customers. We partner with the Canby Adult Center to qualify customers for assistance.

General Manager Dan Murphy reported on Clackamas County's South Ivy Street road widening and sidewalk improvement project that is scheduled to break ground this summer. Murphy and Operations Manager Doug Erkson met with city staff again to further discuss the city's desire to construct our electrical line underground. The city obtained an estimate from their engineering firm for the expected cost of the underground construction option. Canby Utility estimated the cost for pole change-out and reconductoring to be approximately \$200,000, and has offered to fully-credit the city the amount that is equal to our cost estimate for the overhead option towards the underground option. Murphy had also offered to handle the cost of removing the old electric line at our expense. We will then be able to salvage reusable materials. The city is in their decision-making process, and will determine if they will enter into an agreement with Canby Utility once they have been able to secure funds and decide to move forward. Murphy noted that the city staff is very appreciative of the added financial contribution.

Murphy reported on the progress of the Combined Service Center Phase 2 project. Essex Construction had been focused on grading the site and setting forms for the concrete slabs for Building B (warehouse) and Building C (covered truck and equipment parking). The Building C concrete pour is complete. The steel superstructure will begin being erected in about two weeks. The anticipated completion and move in will be in August. The project costs are on budget with minimal change orders.

Murphy reported that the Canby Utility office will be closed on Monday, February 15th in observance of the President's Day holiday.

Chair Thompson asked about two checks that are listed in the Consent Agenda disbursements. Her first inquiry was on the Oregon Bureau of Labor and Industries fee for Phase 2 in the amount of \$6,101.06. Purchasing Agent Sue Arthur responded that this expense is a standard permit fee for the prevailing wage project. Her second inquiry was for an HR Survey and she asked if a salary survey was being conducted. Murphy stated that it was a budgeted item that is in process now in accordance with the 2012 Procedure 405. Murphy said the results will be ready to present to the board in a couple months.

Chair Thompson requested that the updated management salary ranges be attached to the revised Procedure 405. The attachment presented in the board packet included the 2011 salaries and she wanted the current salary ranges to be attached to the procedure and updated as salary ranges are updated. Murphy stated that the only approved pay ranges were adopted by the Board in 2011 and the salaries are adjusted administratively per the policy. Thompson requested those annually adjusted salary ranges be attached to eliminate confusion for board members in the future.

Member Brito 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 8:18 p.m.

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Melody Thompson, Chair

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David Horrax, Member

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Jack Brito, Member

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Robert Hill, Member

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Todd Wagner, Member

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Barbara Benson, Board Secretary

**RESOLUTION NO. 306**

**A RESOLUTION ADOPTING REVISIONS TO PROCEDURE 405 AND ADOPTING  
UPDATED SALARY RANGES FOR EXEMPT EMPLOYEES**

**WHEREAS**, Procedure 405 relates to compensation for Canby Utility’s exempt employees;

**WHEREAS**, the Canby Utility Board of Directors (“Board”) originally adopted Procedure 405 in 2012;

**WHEREAS**, in 2019 the Board initially considered edits to Procedure 405 in order to clarify language in it and clarify the policy regarding salary steps; and

**WHEREAS**, after continuing to discuss Procedure 405, the Board now wishes to adopt clarifications to Procedure 405.

**NOW, THEREFORE, THE CANBY UTILITY BOARD RESOLVES AS FOLLOWS:**

Section 1. The Board adopts a new version of Procedure 405, attached as Exhibit A and incorporated into this resolution by reference. The version in Exhibit A replaces the existing version of Procedure 405.

Section 2. Attached and incorporated into the new version of Procedure 405 is a list of the current salary ranges for management team employees. Cost of living adjustments to these ranges will be made pursuant to the terms of Procedure 405. The Board may also periodically adjust these ranges in its discretion.

Section 3. This resolution takes effect immediately upon its approval by the Board of Directors.

Section 4. Resolution No. 188 is hereby repealed.

**Approved** on March 9, 2021

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Board Chair Thompson

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Board Member Gustafson

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Board Member Hill

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Board Member Horrax

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Board Member Wagner

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Barbara Benson, Board Secretary



# CANBY UTILITY

PROCEDURE 405

Revised MARCH 2021

## Exempt Employee Compensation Plan

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### I. Purpose

Well qualified and dedicated employees are a key component to Canby Utility (CU) meeting its mission. The Compensation Plan (Plan) has been developed to maintain a program of internally and externally equitable salaries.

### II. Scope

This procedure applies to CU's exempt, full-time employees whose compensation is not determined in accordance with a collective bargaining agreement. This includes the General Manager, except as an employment contract or this procedure expressly states otherwise.

### III. Policy

CU strives to pay its employees a total compensation package that is competitive with those in the region and industry, recognizing individual effort and contribution to CU's success. The Plan focuses on being competitive, rewarding knowledge, skills, tenure and performance, as well as being centered on values. The Board of Directors (Board) is responsible for establishing policy for the Plan, with the General Manager being generally responsible for executing the Plan, and the HR Administration Manager responsible for maintaining the Plan's procedure. The General Manager is not responsible for executing the Plan relative to the General Manager's compensation. The Board will be solely responsible for executing the Plan relative to the General Manager's compensation. The Plan will be executed in line with the employee's overall performance.

### IV. Compensation Program Elements

#### A. Salary Ranges

Minimum and maximum dollar values are established by CU and each employee covered by the Plan has an established salary range. The HR Administration Manager maintains current salary ranges. Steps within the ranges are established administratively in accordance with Section IV.A.2 and IV.A.3, below.

##### 1. Minimum Range

The minimum of the appropriate salary range is the rate of pay for newly hired employees and the minimum rate of pay at any time. New

employees will be hired at the minimum salary. New employees with experience and/or education significantly exceeding the job description may be hired at a rate of pay within the salary range.

**2. Maximum Range**

The maximum of a salary range provides an upper limit of pay for employees and the maximum to be paid at any time, unless: (i) the Board authorizes an employee to be paid above the maximum on a case-by-case basis; or (ii) pursuant to the condition described in Section IV.A.6.

**3. Range Spread**

The salary range for each position consists of a thirty percent (30%) spread from minimum to maximum salary with the market average as the mid-point. The Board-approved market-average will be placed in “Step 3”. Calculations for determining salary ranges are subject to change based on recommendation of compensation consultants.

**4. Salary Range Approach**

CU applies a salary range for each exempt position that has been approved by the Board. Except as the Board may determine otherwise in its discretion, salary ranges are established through a recommendation from the independent compensation consultant and the General Manager. The range is used to calculate salary steps. Salary steps are created by using an equal spread in dollars between steps with the exception of the probationary step being set at 50% of the equal spread in dollars.

**5. Cost of Living Adjustment**

The salaries and salary ranges of management team employees will be adjusted on a yearly basis based upon the Consumer Price Index (CPI-U) for West B/C. The index used is announced in August each year and retroactively applied to the salaries and salary ranges at the beginning of the fiscal year. A negative index will not impact employee salaries or ranges. In that scenario, salaries and ranges will reflect a 0% increase for that year. This index will be used until such time as Congress changes the method used for cost-of-living escalation applications for salary and salary range adjustments, and a new standard is adopted in lieu of the CPI-U standard for subsequent fiscal years. On an annual basis, the General Manager will report to the Board on the status of CPI-U adjustments.

**6. “Red-Circle” Salary**

If market rate compensation study reveals that an employee is paid above the maximum at the time the range for the position is established, or if the

position is re-evaluated and reclassified to a lower range, the salary may be “red circled” or reduced. The employee will be considered ineligible for an increase in pay until an adjustment in the salary range brings the rate within the established range for the position. The adjustments to ranges are typically the result of a market salary study or cost of living increases.

## **B. Salary Steps**

With the exception of the General Manager, salary steps are how employees progress through a salary range throughout their CU career. CU uses a five (5) step plan, plus a probationary half step. Salary steps do not apply to the General Manager. Instead, the terms of the General Manager’s employment agreement govern any salary increases the Board may approve.

### **1. Step Progression**

A covered employee will progress to the next step by:

- Successfully meeting job performance expectations as a condition of their newly appointed position, new hire or promotion, referred to as completing the six (6) month probationary period. Employees in this situation will be eligible for a half-step progression.
  - For all covered employees other than the General Manager, probationary periods may be extended at the discretion of the General Manager.
  - The General Manager may authorize a half-step increase to a subordinate’s salary upon the employee’s successful completion of a probationary period.
- Successfully meeting job performance expectations on the employee’s service anniversary for each step.
  - The General Manager will annually review the job performance of subordinate employees and will authorize step increases for subordinate employees who are successfully meeting job performance expectations.
- Employees whose tenure has exceeded the range for steps will likely top out at the maximum salary for their range providing performance expectations have been met. Should a salary study adjust the range upwards, the employee’s current salary shall be placed within that range. The employee will then advance to the next step at their subsequent anniversary, again providing performance expectations are met. Should that next step have minimal salary impact due to where the rate falls in comparison to their existing salary:

- The General Manager, with the approval of the Board, may increase the salary of a subordinate employee by two steps; and

## **2. Oversight**

For covered employees other than the General Manager, completion of the exempt employee's evaluation and General Manager-approved step increase results will be reported to the Board. The Board will participate in the Board Secretary-Clerk's performance reviews, as that position also directly reports to the Board, which may impact his/her salary steps. Under the Canby City Charter, the Board has final approval of the Board Secretary-Clerk's compensation. Upon recommendation and justification from the General Manager, the Board may authorize an employee to be compensated at a rate above their next scheduled step increase if exemplary performance justifies the action.

## **C. Salary Review Frequency**

The first salary review after employment will occur at the end of six month's service or when the employee successfully completes his/her probationary period. Subsequent salary reviews will be held on or about the employee's annual employment anniversary thereafter.

## **D. Promotion**

A promotion is a change in status for an employee to a higher range position. Employees, changing from one position to another, will be subject to a new job probationary period with the eligibility for a half-step salary adjustment upon successful completion of the job probationary period. In this situation, benefits will not be affected.

## **E. Promotion Increases**

An employee shall be moved into the step for the new position, having the least impact on their existing salary. The date of promotion establishes a new anniversary date for salary review.

## **F. General Salary Adjustment**

General salary adjustments may be given to all or selected pay ranges when the local and/or regional economic factors indicate the pay ranges are falling below competitive marketplace salaries for equal or comparable job positions. If the General Manager determines such adjustments are appropriate, he/she will submit the request for adjustment to the Board for its consideration and approval.

**G. Maintaining Competitive Salaries**

It is the Board’s desire that CU’s salaries remain competitive to attract, retain and motivate committed, hard-working, creative and thoughtful employees who support our mission and values. To ensure salaries remain competitive, the Board may periodically conduct a market study to determine if adjustments are necessary. Except as the Board determines otherwise, CU will engage a consultant to obtain an unbiased and impartial study. The consultant, with the assistance of the HR Administration Manager and oversight by the General Manager, will establish a list of suitable comparators for the industry and region. In addition to salaries, benefits may also be evaluated as part of CU’s total compensation package. The results of the consultant’s study will be presented to the Board for review and consideration.

**V. Salary Ranges**

The salary ranges adopted by the Board are attached and incorporated into this procedure by reference. The attached ranges are adjusted annually, in accordance with Section IV.A.5 above, and do not affect the Plan procedures.

This procedure was adopted by the Board of Directors on \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Barbara Benson, Board Secretary

\_\_\_\_\_  
Date

**PROCEDURE 405  
ATTACHMENT**

<b>CANBY UTILITY MANAGEMENT TEAM SALARY RANGES</b>					
<b>Updated: 7/1/2020</b>					
30% Spread					
<b>POSITION</b>	<b>STEP 1</b>	<b>STEP 2</b>	<b>STEP 3</b>	<b>STEP 4</b>	<b>STEP 5</b>
General Manager	Board determines compensation through employment contract. No steps within salary range. Current range: \$158,885 - \$206,369				
Operations Manager	\$ 119,973	\$ 128,937	\$ 137,901	\$ 146,865	\$ 155,830
Finance Manager	\$ 118,894	\$ 127,776	\$ 136,660	\$ 145,544	\$ 154,425
CS Supervisor	\$ 70,618	\$ 75,913	\$ 81,210	\$ 86,505	\$ 91,802
Admin/HR Manager Board Secretary	\$ 71,337	\$ 76,667	\$ 81,996	\$ 87,323	\$ 92,655
Purchasing Agent	\$ 75,660	\$ 81,312	\$ 86,965	\$ 92,618	\$ 98,270
Ops Field Supervisor	\$ 103,846	\$ 111,634	\$ 119,422	\$ 127,210	\$ 134,998

Note: Newly hired employees will be eligible for a 1/2 step increase upon successful completion of their probationary period. The employee will then be eligible for the next published step upon their anniversary.

# CANBY UTILITY

PROCEDURE 405  
~~2012~~MARCH 2021

Revised June

## Exempt Employee Compensation Plan

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### II. Scope

This procedure applies to CU's exempt, full-time ~~position~~employees whose compensation is not determined in accordance with a collective bargaining agreement. This includes the General Manager, except as an employment contract or this procedure expressly states otherwise.

### III. Policy

CU strives to pay its employees a total compensation package that is competitive with those in the region and industry, recognizing individual effort and contribution to CU's success. The Plan focuses on being competitive, rewarding knowledge, skills, tenure and performance, as well as being centered on values. The Board of Directors (Board) is responsible for establishing policy for the Plan, with the General Manager being generally responsible for executing the Plan, and the ~~Administration~~/HR Administration Manager responsible for maintaining the Plan's procedure. The General Manager is not responsible for executing the Plan relative to the General Manager's compensation. The Board will be solely responsible for executing the Plan relative to the General Manager's compensation. The Plan will be executed in line with the employee's overall performance.

### IV. Compensation Program Elements

#### A. Salary Ranges

Minimum and maximum dollar values are established by CU and each employee covered by the Plan has an established salary range. The ~~HR~~ Administration/~~HR~~ Manager maintains current salary ~~schedules~~ranges. ~~Salary ranges and steps are approved by the Board~~Steps within the ranges are established administratively in accordance with Section IV.A.2 and IV.A.3, below.

**1. Minimum Range**

The minimum of the appropriate salary range is the rate of pay for newly hired employees and the minimum rate of pay at any time. New employees will be hired at the minimum salary. New employees with experience and/or education significantly exceeding the job description may be hired at a rate of pay within the salary range.

**2. Maximum Range**

The maximum of a salary range provides an upper limit of pay for employees and the maximum to be paid at any time, unless: (i) the Board authorizes an employee to be paid above the maximum on a case-by-case basis; or (ii) pursuant to the condition described in Section IV.A.6.- However, it is not an absolute limit, and the condition described in Section A.6 may allow an employee to be paid above the maximum.

**3. Range Spread**

The salary range for each position consists of a thirty percent (30%) spread from minimum to maximum salary with the market average as the mid-point. The Board-approved market-average will be placed in “Step 3”. Calculations for determining salary ranges are subject to change based on recommendation of compensation consultants.

**4. Salary Range Approach**

CU applies a salary range for each exempt position that has been approved by the Board. Except as the Board may determine otherwise in its discretion, salary ranges are established through a recommendation from the independent compensation consultant and the General Manager. The range is used to calculate salary steps. Salary steps are created by using an equal spread in dollars between steps with the exception of the probationary step being set at 50% of the equal spread in dollars.

**5. Cost of Living Adjustment**

The salaries and salary ranges of management team employees will be adjusted on a yearly basis based upon the “1<sup>st</sup> half” of year published Consumer Price Index (CPI-U) for Portland-Salem West B/C. The index used is typically announced in August each year and retroactively applied to the salaries and salary ranges at the beginning of the fiscal year. A negative index will not impact employee salaries or ranges. In that scenario, salaries and ranges will reflect a 0% increase for that year. This index will be used until such time as Congress changes the method used for cost-of-living escalation applications for salary and salary range adjustments, and a new standard is adopted in lieu of the CPI-U



standard for subsequent fiscal years. On an annual basis, the General Manager will report to the Board on the status of CPI-U adjustments.

#### 6. “Red-Circle” Salary

If market rate compensation study reveals that an employee is paid above the maximum at the time the range for the position is established, or if the position is re-evaluated and reclassified to a lower range, the salary may be “red circled” or reduced. The employee will be considered ineligible for an increase in pay until an adjustment in the salary range brings the rate within the established range for the position. The adjustments to ranges are typically the result of a market salary study or cost of living increases.

### B. Salary Steps

~~With the exception of the General Manager, salary steps are how employees progress through a salary range throughout their CU career. CU uses a five (5) step plan, plus a probationary half step. Salary steps do not apply to the General Manager. Instead, the terms of the General Manager’s employment agreement govern any salary increases the Board may approve.~~ Salary steps are how employees progress through a salary range throughout their CU career. CU uses a five (5) step plan, plus a probationary half step.

#### 1. Step Progression

An covered employee will progress to the next step by:

- Successfully meeting job performance expectations as a condition of their newly appointed position, new hire or promotion, referred to as completing the six (6) month probationary period. Employees in this situation will be eligible for a half-step progression.
  - ~~For all covered employees other than the General Manager, p~~Probationary periods may be extended at the discretion of the General Manager.
  - ~~For the General Manager, probationary periods may be extended at the discretion of the Board.~~
  - ~~The General Manager may authorize a half-step increase to a subordinate’s salary upon the employee’s successful completion of a probationary period.~~
  - ~~The Board Chair, with the Board’s consent, may authorize a half-step increase to the General Manager’s salary upon the General Manager’s successful completion of a probationary period.~~

- Successfully meeting job performance expectations on the employee's service anniversary for each step.
  - The General Manager will annually review the job performance of subordinate employees and will authorize step increases for subordinate employees who are successfully meeting job performance expectations.
  - The Board will annually review the job performance of the General Manager and the Board Chair will authorize step increases for the General Manager if he or she is successfully meeting job performance expectations.
- Employees whose tenure has exceeded the range for steps will likely top out at the maximum salary for their range providing performance expectations have been met. Should a salary study adjust the range upwards, the employee's current salary shall be placed within that range. The employee will then advance to the next step at their subsequent anniversary, again providing performance expectations are met. Should that next step have minimal salary impact due to where the rate falls in comparison to their existing salary:
  - The General Manager, with the approval of the Board, may approve increase the salary be increased of a subordinate employee by two steps; and-
  - The Board may increase the salary of the General Manager by two steps.

## 2. Oversight

~~Completion~~ For covered employees other than the General Manager, completion of the exempt employee's evaluation and General Manager-approved step increase results will be reported to the Board. The Board will participate in the Board Secretary-Clerk's performance reviews, as that position also directly reports to the Board, which may impact his/her salary steps. Under the Canby City Charter, the Board has final approval of the Board Secretary-Clerk's compensation. Upon recommendation and justification from the General Manager, the Board may authorize an employee to be compensated at a rate above their next scheduled step increase if exemplary performance justifies the action.

## C. Salary Review Frequency

The first salary review after employment will occur at the end of six month's service or when the employee successfully completes his/her probationary period. Subsequent salary reviews will be held on or about the employee's annual employment anniversary thereafter.

#### D. Promotion

A promotion is a change in status for an employee to a higher range position. Employees, changing from one position to another, will be subject to a new job probationary period with the eligibility for a half-step salary adjustment upon successful completion of the job probationary period. In this situation, benefits will not be affected.

#### E. Promotion Increases

An employee shall be moved into the step for the new position, having the least impact on their existing salary. The date of promotion establishes a new anniversary date for salary review.

#### F. General Salary Adjustment

General salary adjustments may be given to all or selected pay ranges when the local and/or regional economic factors indicate the pay ranges are falling below competitive marketplace salaries for equal or comparable job positions. If the General Manager determines such adjustments are appropriate, he/she will submit the request for adjustment to the Board for its consideration and approval.

#### G. Maintaining Competitive Salaries

It is the Board's desire that CU's salaries remain competitive to attract, retain and motivate committed, hard-working, creative and thoughtful employees who support our mission and values. To ensure salaries remain competitive, the Board may periodically conduct a market study ~~is conducted~~ to determine if adjustments are necessary. ~~The market study process will begin within three (3) months of the represented employees' contract ratification or as the Board directs. Except as the Board determines otherwise.~~ - CU will engage a consultant to obtain an unbiased and impartial study. The consultant, with the assistance of the ~~Administration/~~HR Administration Manager and oversight by the General Manager, will establish a list of suitable comparators for the industry and region. In addition to salaries, benefits may also be evaluated as part of CU's total compensation package. The results of the consultant's study will be presented to the Board for review and consideration.

#### V. Salary Ranges

The salary ranges adopted by the Board are attached and incorporated ~~herein and attached as into this procedure by~~ reference. The attached ranges are adjusted annually, in accordance with Section IV.A.5 above, ~~according to Resolution No. 188~~ and do not affect the Plan procedures.

This procedure was adopted by the Board of Directors on \_\_\_\_ day of \_\_\_\_\_, ~~2012~~2021.

\_\_\_\_\_  
Barbara Benson, Board Secretary

\_\_\_\_\_  
Date



**MEMORANDUM**

March 5, 2021

TO: Chair Thompson, Member Wagner, Member Hill, Member Horrax, and Member Gustafson

FROM: Carol Sullivan, Finance Manager

SUBJECT: Extend Audit Contract with Moss Adams through Fiscal Year 2023

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**Suggested Motion:**

*I move to authorize the General Manager to sign the contract extension with Moss Adams, LLP.*

**Background:**

The State of Oregon requires Canby Utility to have an annual audit to get an opinion on our financial statements. Moss Adams has been performing our audit since fiscal year-end June 30, 2015, a total of six years. I recommend we continue working with Moss Adams because of their familiarity with Canby Utility's financial processes, which allows them to dive-in deeper and find areas for improvement. I have found their expertise to be very helpful in completing our past audits and other items that arise throughout the year.

The cost for the 2021 audit is \$35,280 and is comparable to the 2016 competitor's proposal. The cost of the audit per the attached contract extension will not exceed 3% annually for the additional two years.

Thank you for your consideration, and I will answer any questions the Board may have.



T (503) 242-1447  
F (503) 274-2789

805 SW Broadway  
Suite 1200  
Portland, OR 97205

March 3, 2021

Ms. Carol Sullivan, Finance Manager  
Canby Utility  
1265 SE 3rd Avenue  
Canby, OR 97013

Re: April 2018 Contract Extension

Dear Ms. Sullivan:

Moss Adams is pleased to be able to provide this contract extension to Canby Utility. The Professional Services Contract dated April 23, 2015 and the related extension dated February 26, 2018 (expiring on April 30, 2021) shall be extended for an additional three years and will expire on April 30, 2024. Pricing increases will be no more than 3% each year. All other terms and conditions of the original contract remain unchanged.

We are eager to continue our working relationship with Canby Utility and welcome any questions you may have about this contract extension. Thank you for your continued consideration of Moss Adams.

Very truly yours,

A handwritten signature in blue ink that reads 'Julie Desimone'.

Julie Desimone, Partner, for  
Moss Adams LLP

**Accepted and Agreed:**

This Contract Extension extends the professional services contract dated April 30, 2021 to April 30, 2024. Pricing increases will be no more than 3% each year. All other terms and conditions of the original contract remain unchanged.



Ms. Carol Sullivan  
Canby Utility  
March 3, 2021  
Page 2 of 2

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Client: #636127

## OUTAGE AVERAGES April 2020 THROUGH March 2021

MONTH	YEAR	NUMBER OF OUTAGES	NUMBER OF CUSTOMERS AFFECTED	TOTAL CUSTOMER MINUTES OFF	MONTHLY NUMBER OF CUSTOMERS IN THE SYSTEM	NUMBER OF MOMENTARY INTERRUPTIONS
April	2020	0	0	0	7635	0
May	2020	0	0	0	7660	1
June	2020	3	229	5965	7663	3
July	2020	0	0	0	7678	1
Aug	2020	3	166	14283	7684	4
Sep	2020	3	79	7478	7692	4
Oct	2020	1	548	80296	7715	2
Nov	2020	0	0	0	7740	0
Dec	2020	0	0	0	7768	0
Jan	2021	1	19	1360	7786	1
Feb	2021	1	7800	22464000	7800	4
March	2021	0	0	0	7813	0
<b>12 MONTH TOTALS</b>		<b>12</b>	<b>8,841</b>	<b>22,573,382</b>	<b>92,634</b>	<b>20</b>
<b>12 MONTH AVERAGE</b>		<b>1.00</b>	<b>737</b>	<b>1,881,115</b>	<b>7,720</b>	<b>1.7</b>

			<u>C.U.</u>	<u>Industry Typical Value</u>
SAIDI =	$\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}}$	= $\frac{22,573,382}{7,720}$	= 2924.2026	87.0
SAIFI =	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}}$	= $\frac{8841}{7,720}$	= 1.15	0.93
MAIFI =	$\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}}$	= $\frac{20}{7,720}$	= 0.003	0.96
CAIDI =	$\frac{\text{Total interruption minutes for 12 months}}{\text{Total number of interruptions}}$	= $\frac{2,553}{12}$	= 213	107.25



## **System Average Interruption Duration Index (SAIDI)**

SAIDI indicates the total sustained interruption duration for the average customer during a predefined period of time. It is commonly measured in minutes or hours of interruption.

## **System Average Interruption Frequency Index (SAIFI)**

SAIFI indicates how often the average customer experiences a sustained interruption during a predefined period of time.

## **Momentary Average Interruption Frequency Index (MAIFI)**

MAIFI is a reliability indicator used by electric power utilities. MAIFI is the average number of momentary interruptions that a customer would experience during a given period (typically a year).

## **Customer Average Interruption Duration Index (CAIDI)**

CAIDI gives the average outage duration that any given customer would experience. CAIDI can also be viewed as the average restoration time.



**MEMORANDUM**

March 1, 2021

**TO:** Chair Thompson, Member Hill, Member Wagner,  
Member Horrax, and Member Gustafson

**FROM:** Dee Anne Wunder, Customer Service Supervisor

**SUBJECT: COVID-19 Utility Billing Comparison**

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The attached report compares activity of payments and delinquencies for the months of November, December 2019 and January 2020 to the same months in 2020 and 2021. I will update the comparisons monthly to monitor impacts from the COVID-19 pandemic.

I will be available to answer questions during the Board Meeting.

**Canby Utility**  
**COVID Utility Billing Comparison 2019, 2020 & 2021**  
**January 31, 2021**

	Nov. 2019	Nov. 2020	Dec. 2019	Dec. 2020	Jan. 2020	Jan. 2021
<b>Statements Mailed</b>	8,000	8,227	8,044	8,244	8,057	8,258
<b>Delinquent Notices</b>	1,643	1,212	1,117	1,268	1,319	1,447
<b>Delinquent Accounts</b>	\$ 178,639	\$ 308,377	\$ 252,517	\$ 266,629	\$ 208,769	\$ 314,465
<b>Average Delinquent Amount</b>	\$ 109	\$ 254	\$ 226	\$ 210	\$ 158	\$ 217
<b>Percentage of Delinquencies From Prior Month Billing</b>	21%	15%	14%	15%	16%	18%
<b>Bank Deposits, SDC's, and Misc Payments</b>	\$ 1,162,250	\$ 1,625,048	\$ 1,752,591	\$ 1,613,872	\$ 1,753,029	\$ 1,350,873
<b>Number of Payments</b>	5,765	7,856	9,279	8,583	7,272	6,980