

***CANBY UTILITY
REGULAR BOARD MEETING
APRIL 14, 2020
7:00 P.M.***

AGENDA

- 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 March 10, 2020 (pp. 1-3)
 - Approval of Write-Offs
 - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS
- V. RECOMMENDATION Approve General Manager Employment Agreement Extension – Chairman Hill and Dan Murphy, General Manager (pp. 4-5)
- VI. BOARD REPORT
 - Chairman Comments
 - Board Member Comments
- VII. STAFF REPORTS

Operations Manager:

 - Quarterly Reliability (pg. 6)

Finance Manager:

 - First Quarter Financial Reports (pp. 7-10)
 - Fiscal Year 2021 Budget Timeline (pg. 11)

General Manager Updates:

 - Infectious Disease Control Plan Related to COVID-19 (pg. 12-13)
- VIII. ADJOURN

***CANBY UTILITY
REGULAR BOARD MEETING MINUTES
MARCH 10, 2020***

Board Present: Chairman Hill; Members Brito, Wagner, and Horrax

Staff Present: Daniel P. Murphy, General Manager; Barbara Benson, Board Secretary; Dee Anne Wunder, Customer Service Supervisor; and Jim Stuart, Operations Manager

Others Present: Tim Dale, City Council Liaison; Walt Daniels; Adams Olsen and Seth Bradshaw, Mackenzie Architects; and James Hieb

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

Chairman Hill presented the meeting agenda for consideration. He asked for any additions, deletions, or corrections to the meeting agenda. Board Secretary Barbara Benson requested to table the Finance Manager's first-quarter financial report until next month due to Carol Sullivan being unable to attend the meeting.

Chairman Hill 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 February 11, 2020, write-offs in the amount of \$197.61, payment of the electric and water department bills in the amount of \$1,023,681.24. Member Wagner seconded, and the motion passed unanimously.

General Manager Dan Murphy introduced Adam Olsen, of Mackenzie Architect, who was presenting on the planned phase 2 combined service center project. Olsen introduced Seth Bradshaw, the Project Architect, who was also present. Olsen reviewed the combined service center project history dating back to March of 2009 until now. Phase 1 of the project was completed in August 2018. At that time, it was projected that phase 2 construction would occur within two to ten years. Olsen stated that although the construction of phase 2 was moving forward sooner than initially anticipated, the timing is right due to increasing costs. Olsen noted that the project design review and permit applications are to be submitted next week. The permitting process will take approximately 16 weeks to receive approval to move forward. Olsen reviewed the project site plan and projected costs for phase 2, giving an overview of the current market inflation trends. Mackenzie anticipates phase 2 will finish in the Spring of 2021. A brief discussion ensued regarding subcontractors, permitting costs, and the deferral of the green energy technology. Murphy assured the Board that there were no expansion or significant changes with the phase 2 project. Murphy gave examples of the changes made. Following discussion, Member Brito made the *MOTION that Resolution No. 302 be adopted approving Mackenzie Architect's revised site plan, revised building design, and authorizing Mackenzie Architects to proceed with bidding the project out of construction. Member Horrax seconded

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

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

Chairman Hill reported that General Manager Dan Murphy's employment agreement is expiring July 1. Hill consulted with Board Attorney David Doughman on the process for an extension. Hill stated that he and Murphy have discussed this and agree to do an extension without revisions to the terms of the agreement. Hill said that if the Board has no objections then he will ask Dan to work with the Board Attorney Doughman to prepare the extension and put it on the agenda for approval at the scheduled April 14, 2020, regular board meeting. Member Wagner asked about the proposed term length of the agreement, and Murphy replied that he requests a five-year agreement. Murphy noted that either party could cancel the agreement with a 30-day notice. The board members present had no objections to Hill's suggestions regarding the 5-year extension of the agreement.

Chairman Hill commented on Murphy's recent legislative report and response to Mayor Hodson's questions about how the Cap-and-Trade legislation would impact the citizens of Canby.

Chairman Hill reported that they had completed the interviews for the vacant Canby Utility Board of Directors position. The Mayor will be contacting candidates tomorrow regarding the appointment, which will be voted upon by the City Council at their next meeting.

General Manager Murphy gave a follow-up report on the conclusion of the short legislative session. The three legislative bills that Oregon Municipal Electric Utilities Association's Executive Director Jennifer Joly was tracking did not make it out of the short session. The Cap-and-Trade bill (HB 1350) died as a result of the Republican's walk-out. Cap-and-Trade legislation will likely come back again next year during the regular legislative session. The Wildfire Risk Mitigation bill (SB 1536/HB4006) initially contained provisions that would have imposed a significant cost requirement on Canby Utility despite not having any wildfire risk factors. Although this bill did not make it out of the session, Joly and her associates were successful in having concerning language removed. The Electric Vehicle Utilities bill (HB 4135) contained a clause that required all utilities to spend 1%, at a minimum, of their revenue to fund programs for the installation of electric charging stations that would have increased electric rates. Murphy complemented Joly's efforts to protect the interest of our ratepayers.

Murphy reported that Mayor Hodson had asked him what the projected impacts of the Cap-and-Trade bill would have been on the Canby ratepayers. Murphy shared that he told Hodson that fortunately, Canby Utility is a Bonneville Power Administration (BPA) power supply utility. Canby Utility has long-standing preference power rights. Canby's rights are under an Act that developed the Columbia Generation Station (CGS) electrification program. Canby Utility has a share of the capacity that comes from the CGS. Murphy also explained Canby Utility's Tier 1 preference power allocation under the BPA Regional Dialog Contract. Murphy said that with

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Canby's growth, our power needs are exceeding the allocation threshold, which will require Canby Utility to purchase some Tier 2 power at a much higher cost. Murphy said that the Cap-and-Trade legislation would not affect Canby Utility because nearly all of the power purchased is considered green, hydropower. Canby Utility's Tier 2 power purchases would be affected by Cap-and-Trade legislation. Murphy noted that the amount of Tier 2 power purchased is minimal, estimating it being only 2-5% of our total purchased power needs. Member Horrax mentioned the fuel cost increase would have increased by \$0.22 per gallon under the bill. This increase would have had a minimal impact on Canby Utility's operational costs for its fleet vehicles due to the size of Canby. Murphy also reminded the Board that Canby Utility's electric rates are among the lower 1/3 in electric rates compared to other utilities surveyed.

Murphy reported he is headed to Reno, Nevada, in the morning to attend the Northwest Public Power Association's board meeting.

Chairman Hill thanked Walt Daniels for his service as a Canby Utility Board member.

Chairman Hill recessed the meeting at 7:42 p.m. to go into Executive Session.

The regular meeting reconvened at 7:49 p.m.

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

There being no further business, the meeting adjourned at 7:49 p.m.

Robert Hill, Chairman

David Horrax, Member

Jack Brito, Member

Barbara Benson, Board Secretary

Todd Wagner, Member

MEMORANDUM

Date: April 14, 2020

To: Canby Utility Board

From: Dan Murphy, General Manager

Subject: 5-Year Extension to General Manager Employment Agreement

Suggested Motion: ***Motion that the Proposed 5-Year Term Extension to the current General Manager Employment Agreement be approved and that the Chairman be directed to sign the extension agreement on behalf of the Board of Directors***

Background: At the March 10, 2020 regular board meeting, the Chairman questioned the board to determine consensus regarding a proposed 5-year term extension to the existing employment agreement between Canby Utility and its General Manger. The current employment agreement will expire July 1, 2020. The proposed extension will continue the existing agreement in force with a new expiration date of July 1, 2025. This extension does not include any changes to the present agreement's employment terms or its amendments. All other agreement provisions, conditions, and amendments continue throughout this new third term.

Attached to this memorandum is the extension agreement to be signed by both parties entitled *"Third Amendment to Employment Agreement between Daniel Murphy and Canby Utility Board."*

**THIRD AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN DANIEL MURPHY AND CANBY UTILITY BOARD**

The Canby Utility Board (“Utility”) and Daniel Murphy (“Employee”) enter into this agreement (“the Third Amendment”) on April 14, 2020.

Recitals

Whereas, Utility and Employee executed an employment agreement (“the Agreement”) on May 6, 2015;

Whereas, the parties amended Employee’s start date in the First Amendment to the Agreement on June 4, 2015;

Whereas, the parties amended Employee’s Vacation Leave in the Second Amendment to the Agreement on June 29, 2017;

Whereas, the parties desire to extend the term of the Agreement, presently set to expire July 1, 2020, for an additional five (5) year period with a new expiration date of July 1, 2025;

Whereas, the parties desire to amend the Agreement to reflect this term extension.

Agreement

1. The Agreement is extended for a period of 5 years and will expire on July 1, 2025 unless:
 - a. Utility and Employee mutually agree to extend the Agreement prior to the end of this new Third Term; or
 - b. Utility or Employee terminate the Agreement prior to the end of this new Third Term, consistent with the terms of the Agreement.

2. Utility and Employee affirm all remaining provisions of the Agreement.

SIGNED:

For Utility:

For Employee:

Robert Hill, Chairman
Canby Utility Board of Directors

Daniel Murphy
Canby Utility General Manager

OUTAGE AVERAGES April 2019 THROUGH March 2020

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	2019	2	291	58130	7500	5
May	2019	1	40	1880	7517	1
June	2019	1	320	34880	7504	2
July	2019	1	7	1190	7521	1
Aug	2019	4	88	9559	7537	4
Sep	2019	0	0	0	7538	0
Oct	2019	1	25	2050	7551	3
Nov	2019	1	25	500	7570	1
Dec	2019	0	0	0	7597	0
Jan	2020	0	0	0	7600	0
Feb	2020	1	12	972	7620	1
March	2020	0	0	0	7630	0
12 MONTH TOTALS		12	808	109,161	90,685	18
12 MONTH AVERAGE		1.00	67	9,097	7,557	1.5

			<u>C.U.</u>	<u>Industry Typical Value</u>
SAIDI =	$\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}}$	= $\frac{109,161}{7,557}$	= 14.4449	87.0
SAIFI =	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}}$	= $\frac{808}{7,557}$	= 0.11	0.93
MAIFI =	$\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}}$	= $\frac{18}{7,557}$	= 0.002	0.96
CAIDI =	$\frac{\text{Total interruption minutes for 12 months}}{\text{Total number of interruptions}}$	= $\frac{135}{12}$	= 11	107.25



Memorandum

February 25, 2020

To: Chairman Hill, Member Brito, Member Wagner, and Member Horrax

From: Carol Sullivan, Finance Manager

Subject: Quarterly Financial Update as of September 30, 2019 Fiscal Year 2020

Please find attached the Executive Financial Summary through September 30, 2019, the Utility's first three months of fiscal year 2020. 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 (YTD) Three Months Ending September 30, 2019

Legend	
	= Electric
	=Water

Electric

Profit (Loss) From Operations

	Revenue	Expense	Operating Profit (Loss)
\$	3,325,746	\$ 3,314,099	\$ 11,647

Operations And Capital Contributions***

	Operating Profit (Loss)	Capital Contributions	Net Income (Loss)
\$	11,647	\$ 450,393	\$ 462,040

Water

Profit (Loss) From Operations

	Revenue	Expense	Operating Profit (Loss)
\$	1,329,182	\$ 890,613	\$ 438,569

Operations And Capital Contributions ***

	Operating Profit (Loss)	Capital Contributions	Net Income (Loss)
\$	438,569	\$ 603,493	\$ 1,042,062

*****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 (YTD) Three Months Ending September 30, 2019

Electric

Net Income (Loss)	Budget	Over (Under) Budget
\$ 462,040	\$ 263,327	\$ 198,713

Notes : YTD operating revenue is largely on budget.

YTD operating expenses are overall largely on budget.

YTD Capital contributions are over budget 239.85% due to more line extension being built than budgeted for.

YTD Change in Net Assets is 75.46% over budget mainly due to the line extension fees.

Water

Net Income (Loss)	Budget	Over (Under) Budget
\$ 1,042,062	\$ 936,857	\$ 105,205

Notes : YTD operating revenue is over budget 5.81% due to higher water consumption than budgeted.

YTD Operating expenses are under budget 8.68% mainly due to more labor being capitalized.

YTD Capital contributions are largely on budget.

YTD Change in Net Assets is 11.23% over budget due increased sales and decreased expenditures.

Canby Utility Executive Financial Summary
Cash Reserves
Year To Date (YTD) Three Months Ending September 30, 2019

Electric

<u>Budget Target 6/30/20</u>	Current Cash Reserves		FYE 2020 Target		Over (Under) Target
	\$ 9,990,573	\$	10,238,041	\$	(247,468)

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 9,990,573	\$	4,000,000	\$	5,990,573

Water

<u>Budget Target 6/30/20</u>	Current Cash Reserves		FYE 2020 Target		Over (Under) Target
	\$ 5,512,557	\$	4,795,916	\$	716,641

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 5,512,557	\$	2,000,000	\$	3,512,557



MEMORANDUM

April 7, 2020

TO: Chairman Hill, Member Brito, Member Wagner, Member Horrax, and Member Thompson

FROM: Carol Sullivan, Finance Manager

SUBJECT: FY 21 Operating & Capital Budget Process

The following is the schedule for the development and completion of the FY 21 Operating & Capital Budgets.

- April 9th - E-mail Capital Budget forms to Management Team
- April 10th - E-mail Operating Budget forms to Department heads
- April 21st and 28th - Check with department heads to review budget progress, determine final steps to reach completion
- May 5th - Departmental Operating & Capital Budgets due
- May 18th - Start budget review process with General Manager
- May 22th - Complete budget review process with General Manager
- **June 5th** - Include Proposed Operating & Capital Budgets in Board packet
- **June 9th** - Review Proposed Operating & Capital Budgets with Board

If you have further questions or would like more information please let me know.

CANBY UTILITY

Infectious Disease Control Plan Related to COVID-19

March 2020

Canby Utility ("CU") is striving for each and every employee to remain healthy during this global COVID-19 pandemic. CU is taking proactive steps to protect the workplace during this health emergency. It is CU's goal during this time period to strive to operate effectively and ensure that all essential services are continuously provided for our customers, and that employees are safe within the workplace. Management will continue to monitor the guidance of our state and federal officials, the Centers for Disease Control, the Oregon Health Authority, the Bureau of Labor and Industries, and Oregon OSHA for updates and changes necessary to this plan.

CU will continue to provide employees with information about the nature and spread of infectious diseases, including symptoms and signs to watch for, as well as required steps to be taken in the event of an illness or outbreak as more information becomes available.

Preventing the Spread of Infection in the Workplace

CU will make every effort to ensure a clean workplace, including the regular cleaning of objects and areas that are frequently touched such as tables, doorknobs, light switches, countertops, handles, desks, phones, keyboards, toilets, faucets, and sinks.

We ask all employees to cooperate in taking steps to reduce the transmission of infectious disease in the workplace by:

1. Staying home if feeling ill. Employees are expected to evaluate their physical wellbeing prior to coming in to work. Employees who report to work ill will be sent home.
2. Practicing social (physical) distancing of no less than six (6) feet from another person who is not living in your household at all times.* If faced with a work task that normally requires close contact, consider alternative ways to do the task to maintain the required distance. If this is not possible and the task is essential, employee is encouraged to use any available personal protective equipment that will promote slowing the spread of the infectious disease (masks, gloves, etc.).
3. Frequent handwashing, using soap and warm water for 20 seconds. Use alcohol-based hand sanitizer or disinfecting wipes between washings as needed or desired. Avoid touching your eyes, nose, mouth, and face with unwashed hands or any other object that could carry the virus.
4. Keeping work surfaces and equipment that you touch clean. This includes frequently (daily) wiping down surfaces, desk and cell phones, tools that you touch, and commonly touched surfaces in vehicles.

5. Covering your mouth whenever you sneeze or cough. If you don't have a tissue, use your clothing as a barrier. Be sure to discard used tissues in wastebaskets immediately.
6. Avoiding traveling in company vehicles with other employees. Each employee will be provided a separate vehicle for field duties whenever possible.
7. Avoiding congregating in work rooms, copier rooms and other areas where people often gather. Employees must avoid all situations where there would be a gathering of 25 or more people.* It is possible that this situation could arise at the shops with combined staffing levels of CU and City workers.
8. Avoiding in-person meetings where strict social distancing cannot be maintained. If a meeting is necessary, consider options for video conferencing such as Zoom. There is currently a company-wide moratorium on all business-related travel and training, including same day meetings out of the city.
9. Avoiding opening mail from the post office and payment drop sites for three calendar days to protect employees from viruses that may survive on the surface.
10. Flexing work schedules where possible is recommended to reduce the number of employees in the workplace at one time.

Plan Compliance

Management and staff are expected to work together for the protection of CU employees, its customers, and members of the public. It is the employee's responsibility to express concerns to another person who is not respecting the social distancing guidelines. If an employee, customer, or member of the public is not practicing safe work practices after being told to do so in order the help slow the spread of COVID-19, employees should notify their supervisor for assistance.

Duration

CU understands that circumstances surrounding the COVID-19 continues to be a fluid situation. Management will continue to monitor the advice and directives from local, state and federal officials and organizations and update staff as the situation evolves.

If you have any concerns, please talk to your supervisor.

Thank you for your efforts and together we will get through this difficult and challenging time.


Signed by General Manager

* Denotes Executive Order No. 20-12 by Governor Brown