

***CANBY UTILITY
REGULAR BOARD MEETING
JULY 13, 2021
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 June 8, 2021 (pp. 1-4)
 - Approval of Write-Offs
 - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS
- V. PRESENTATION 2021 Salary Study, Lauri Grenya, President, HR Answers Inc.
- VI. RECOMMENDATION Procedure 405 General Manager Authorization – Dan Murphy, General Manager and Carol Sullivan, Finance Manager (pg. 5)
- VII. BOARD REPORT
 - Chairman Comments
 - Board Member Comments
- VIII. STAFF REPORTS

Operations Manager:

 - Quarterly Reliability Report (pg. 6)

Board Secretary:

 - Board Planning Calendar (pg. 7)

General Manager Updates
- IX. ADJOURN

CANBY UTILITY
REGULAR BOARD MEETING MINUTES
JUNE 8, 2021

Due to COVID-19 Pandemic, the Board of Directors and 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 Hill, Wagner, Horrax, and Gustafson

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 Jason Berning, Interim Operations Manager

Others Present: Jennifer Joly, Oregon Municipal Electric Utilities

Chair Thompson called the Regular Board Meeting to order at 7:02 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 Gustafson made the *MOTION to approve the consent agenda, consisting of the meeting agenda, regular meeting minutes of May 11, 2021, write-offs in the amount of \$656.65 payment of the electric and water department bills in the amount of \$1,137,354.95. Member Wagner seconded, and the motion passed unanimously.

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

Finance Manager Carol Sullivan presented a recommendation for the water fund to purchase the five-acre parcel of land from the electric fund. The electric fund has ownership of the land, located at 1450 NE Territorial Road. This ownership of this land was acquired through the land swap agreement between Canby Utility and the City of Canby for our share of the ownership in the shops complex, located at 1470 NE Territorial Road. The land is intended to be used for a future water treatment plant. Sullivan stated that to facilitate the transfer ownership, the water fund would purchase the land from the electric fund based on the appraiser's findings for the price of \$1,750,000. Chair Thompson commented on the thorough valuation provided to Canby Utility by David Balfour, Oregon Certified Appraiser. General Manager Dan Murphy reminded the board that this was a budgeted item included in the last year's budget. Murphy and Sullivan estimated a fair-market value for budgetary purposes at that time. The valuation came in lower than their estimate, but both feel that it was in the ballpark. Member Horrax asked about the value of the shop complex at the time of the land swap. Murphy explained that a valuation

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analysis was not conducted and that staff used the County's appraisal data to determine value. He added that our options were limited since it was a shared-ownership property. Following discussion, Member Hill made the *MOTION to authorize the water fund to purchase the five-acre future water treatment plant site located at 1450 NE Territorial Road from the electric fund for \$1,750,000. Member Gustafson seconded, and the motion passed unanimously.

Finance Manager Carol Sullivan presented the recommended fiscal year 2022 (FY22) electric and water operating and capital budgets for approval. Sullivan started the presentation with a review of the Electric Department Executive Summary that highlighted the proposed changes for FY22 compared to FY21. The total electric sales are expected to increase \$434,703 based on FY21 actuals with a three percent growth factor. The other electric energy revenues are expected to increase by \$82,747 based on history and BPA's new contract amount for the conservation program. The overall operating revenues are increasing \$517,450, mainly due to the residential electric sales. Sullivan explained that the total operating expenses are increasing \$35,114, mainly due to BPA's funding for the conservation projects, depreciation from the combined services center project completion, and labor expenses using a 3.9% COLA adjuster. The operating income is increasing \$482,336, mainly due to increased residential sales. The total non-operating revenues and expenses are decreasing \$2,986,508, due to the sale of land to the water department being in FY21 budget. The total capital contributions are increasing \$649,897 based on an estimated 130 new residential meter connects, seven new subdivisions, and two commercial projects for the new fiscal year. Sullivan reviewed the change in net assets, cash and investments, cash used for capital purchases, and depreciation. The total estimated end of FY 22 cash and investments is \$9,031,163.

Sullivan reviewed the Water Department Executive Summary that highlighted the proposed changes for FY22 compared to FY21. The total water usage sales are expected to increase \$353,000 with increased meter counts for expected growth, the water rate increase from 2020, and based on a low consumption year. The total operating expenses are expected to decrease \$113,876 mainly due to two water worker positions being eliminated after successful succession planning. The operating income will increase \$466,876 as a result of the 2020 rate increase and reduced expenses. The total non-operating revenues and expenses are decreasing \$16,427, mainly due to a lower interest expenses on the water bonds. The total capital contributions are increasing \$512,549 based on an estimated 130 new residential meter connects, seven new subdivisions, and two commercial projects for the new fiscal year. Sullivan reviewed the change in net assets, cash and investments, cash used for capital purchases, principle payments on water bonds, and depreciation. The total estimated end of FY 22 cash and investments is \$4,820,707. Chair Thompson asked where the Canby Utility holds its funds for investment? Sullivan replied that funds are all in the Local Government Investment Pool that has a current interest rate of 0.6%.

Member Hill asked about the trade organization dues and what benefits we receive from them. General Manager Dan Murphy stated that we receive benefits through their representation and lobbying to protect our interests, as well as training. Murphy reviewed the various trade

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organizations listed. Member Wagner noted a correction to a line item, noting that the water fund operating income percentage should have represented a positive number.

Member Hill made the *MOTION that the fiscal year 2022 electric and water operating and capital budgets be approved as presented. Member Horrax seconded the motion, and the motion passed unanimously.

Customer Service Supervisor Dee Anne Wunder reported on the COVID-19 utility billing impacts for February through April 2020, compared to the same months in 2021. Wunder said that the account delinquencies and past-dues are in line with where she feels they should be at this time. Staff continues to reach out to customers on delinquency report weekly in an effort to payments on track.

General Manager Dan Murphy introduced Jason Berning who has been promoted to the Interim Operations Manager following Doug Erkson's departure from the utility. Murphy thanked Berning for his willingness to step up into the new role.

Chair Thompson noted that in the most recent newsletter from Special Districts Association of Oregon, special districts are being left out of the COVID-19 relief funds and are urging districts to reach out to their legislators. Board Secretary Barbara Benson noted that Canby Utility is a member of SDAO, but technically is a municipality. She expressed hesitation for Canby Utility's role in lobbying for special district funding. Murphy talked about minimal losses related to COVID-19.

General Manager Dan Murphy reported that cyanotoxin testing has begun. In the summer of 2018, the Oregon Health Authority's (OHA) implemented mandatory testing for the harmful blue algae cyanotoxins in drinking water found in the Bull Run reservoir and near Salem. The mandatory bi-weekly testing runs May through October. Murphy stated that all testing results to date have been negative for harmful cyanotoxins. Murphy assured the Board that staff is prepared to carefully follow the OHA's protocols for public notification and warnings should a test indicate the presence of cyanotoxins.

Murphy also reported on the intermittent taste and odor problems in the drinking water that comes from our source water, the Molalla River. Murphy stated that so far this year, there has not been an occurrence of the intermittent taste and odor. We have not had experienced any concerns and is contributing that to lower temperatures earlier in the year. Murphy stated there is no way to resolve the taste and odor issues with our drinking water when the problem occurs. These organic compounds are harmless, and taste and odor of water are not under any mandates or regulations by state or federal authorities. Murphy noted that these authorities have deemed the taste and odor of drinking water to be "aesthetic properties" that do not adversely affect the safety of the drinking water. The future water treatment plant will include the technology necessary to remove the harmless algae byproducts that cause the earthy taste in the water when the algae is present.

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Murphy reported on the progress of the Combined Service Center Phase 2 construction project. He said that Essex Construction has informed Murphy and McKenzie Architects that it has become necessary to extend the completion date to August 30th. Essex is experiencing delays in delivery of building materials, especially the metal siding for Buildings B (warehouse and vehicle maintenance building) and Building C (covered truck and equipment parking) and metal stud framing for the Building B. Essex is now working on both structures' metal siding and roofing. Murphy said that the change orders to date are at 5.1% of the original contract price. The delay in completion will have no negative effect on Canby Utility.

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

There being no further business, the meeting was adjourned at 7:36 p.m.

Melody Thompson, Chair

David Horrax, Member

Tim Gustafson, Member

Robert Hill, Member

Todd Wagner, Member

Barbara Benson, Board Secretary

MEMORANDUM

Date: July 13, 2021

To: Board of Directors

From: Dan Murphy, General Manager, Carol Sullivan, Finance Manager

Subject: General Manager Authorization Needed Pursuant to Procedure 405

Suggested Motion: *General Manager be Authorized Pursuant to Procedure 405 to Adjust Customer Service Supervisor Salary*

Recommendation: Management recommends that the board of directors authorize the general manager to adjust the customer service supervisor's current salary in order to retain this valued incumbent. Adjustment to this exempt position is supported by comparative market data contained in salary studies done by *HR Answers, Inc.* (HRA) in 2014 and in 2021. This job position is one of several CU exempt employee job positions that have significantly fallen behind current market levels. Keeping salaries market-competitive is crucial to achievement of CU's policy goals for effective personnel recruitment and retention.

Background:

- Incumbent CS Supervisor has resigned to take a similar job position.
- Incumbent is receptive to a counter offer to stay with CU.
- Incumbent has served CU as Customer Service Supervisor for 10+ years.
- CS Supervisor pay range has lagged the market since the 2011 HRA salary study.
- Position is critical to CU. Vacancy jeopardizes success of several key projects.
- CU Procedure 405 requires GM board approval to adjust this salary.
- 2021 HRA Salary Study flags the need to adjust this salary range.

OUTAGE AVERAGES July 2020 THROUGH June 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
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
April	2021	0	0	0	7851	0
May	2021	0	0	0	7864	1
June	2021	2	264	122784	7871	1
12 MONTH TOTALS		11	8,876	22,690,201	93,262	18
12 MONTH AVERAGE		0.92	740	1,890,850	7,772	1.5

			<u>C.U.</u>	<u>Industry Typical Value</u>
SAIDI =	$\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}}$	= $\frac{22,690,201}{7,772}$	= 2919.5429	87.0
SAIFI =	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}}$	= $\frac{8876}{7,772}$	= 1.14	0.93
MAIFI =	$\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}}$	= $\frac{18}{7,772}$	= 0.002	0.96
CAIDI =	$\frac{\text{Total interruption minutes for 12 months}}{\text{Total number of interruptions}}$	= $\frac{2,556}{11}$	= 232	107.25

**Board Planning Calendar
 FY 2022**

<p>JULY 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 7/13 ▪ Start of Fiscal Year 2022 ▪ Board Planning Calendar ▪ Quarterly Reliability Update ▪ Office Closed Independence Day 7/5 ▪ Monthly Financial Report Distributed ▪ Board Training ▪ BPA Wholesale Rates Announced 	<p>JANUARY 2022</p> <ul style="list-style-type: none"> ▪ Board Meeting 1/11 ▪ Board Chairperson Election ▪ Quarterly Reliability Update ▪ Green Power Donation to City ▪ Share the Warmth Update ▪ Board Secretary Evaluation ▪ Monthly Financial Report Distributed
<p>AUGUST 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 8/10 ▪ FY 21 Customer Account Agings Report ▪ Monthly Financial Report Distributed ▪ Water SDC Inflationary Adjustment ▪ Phase II Construction Completion 	<p>FEBRUARY 2022</p> <ul style="list-style-type: none"> ▪ Board Meeting 2/08 ▪ Office Closed President’s Day 2/21 ▪ Monthly Financial Report Distributed ▪ Member Wagner’s Farewell ▪ SDAO Conference
<p>SEPTEMBER 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 9/14 ▪ Electric Rate Study ▪ Office Closed Labor Day 9/6 ▪ FY 20 4th Quarter Financials & Reserves ▪ Monthly Financial Report Distributed ▪ Management Cost of Living Adjustment 	<p>MARCH 2022</p> <ul style="list-style-type: none"> ▪ Board Meeting 3/08 ▪ Monthly Financial Report Distributed ▪ 2nd Quarter Financials & Reserves Update <p align="center"><i>< New Board Member Appointed ></i></p>
<p>OCTOBER 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 10/12 ▪ Electric Rate Hearing ▪ Quarterly Reliability Update ▪ Monthly Financial Report Distributed ▪ 50th Anniversary Event (rescheduled) 	<p>APRIL 2022</p> <ul style="list-style-type: none"> ▪ Board Meeting 4/12 ▪ Budget Process Begins ▪ Quarterly Reliability Report ▪ Monthly Financial Report Distributed ▪ Board Training
<p>NOVEMBER 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 11/09 ▪ Master Fee Schedule Review ▪ Red Flag Annual Update/Report ▪ Office Closed Veteran’s Day 11/11 & Thanksgiving Day/Day after 11/25-26 ▪ Monthly Financial Report Distributed ▪ New Electric Rates in Effect 11/1 	<p>MAY 2022</p> <ul style="list-style-type: none"> ▪ Board Meeting 5/10 ▪ Office Closed Memorial Day 5/30 ▪ Monthly Financial Report Distributed
<p>DECEMBER 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 12/14 ▪ Annual Financial Audit ▪ 1st Quarterly Financials & Reserves Update ▪ Office Closed Christmas Eve and Day 12/24-12/27, & 12/31 for New Years ▪ Employee Recognition Event 12/10 ▪ Monthly Financial Report Distributed 	<p>JUNE 2022</p> <ul style="list-style-type: none"> ▪ Board Meeting 6/14 ▪ FY 22 Budgets Approval ▪ General Manager Evaluation ▪ Monthly Financial Report Distributed ▪ 3rd Quarter Financials & Reserves Update ▪ Water Master Plan Update