

CANBY UTILITY
REGULAR BOARD MEETING
AUGUST 9, 2022
7:00 P.M.

AGENDA

The Board of Directors and staff have resumed in-person meetings. The public is invited to attend the meeting virtually or in person at Canby Utility's office.

- 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 and Executive Session Minutes of July 12, 2022 (pp. 1-5)
 - Approval of Write-Offs
 - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS *Citizen's wanting to speak virtually, please email or call the Board Secretary-Clerk by 4:30 p.m. on August 9, 2022 with your name, the topic you would like to speak on, and contact information: bbenson@canbyutility.org or 503-263-4312.*
- V. BOARD REPORT
 - Chair Comments
 - Board Member Comments
- VI. STAFF REPORTS

Operations Field Supervisor:

 - Vactor Hydro-Excavator Truck Purchase (pg. 6)

Board Secretary:

 - Summer BBQ

General Manager Updates:

 - Third Quarter Financials (pp. 7-10)
 - Clearwell Tank Exterior Paint Project (pg. 11)
- VII. ADJOURN

CANBY UTILITY
REGULAR BOARD MEETING MINUTES
JULY 12, 2022

Due to COVID-19 Pandemic, the Board of Directors meeting was a hybrid of in-person and virtual. The public was invited to attend the meeting virtually or in person at Canby Utility's office.

Board Present: Chair Thompson; Members Hill, Gustafson, Horrax, and Molamphy

Staff Present: Carol Sullivan, General Manager; Barbara Benson, Board Secretary; Jason Berning, Operations Manager; Sue Arthur, Purchasing Agent; Cindy Dittmar, Customer Service Supervisor; and Jason Peterson, Operations Field Supervisor

Chair Thompson called the Regular Board Meeting to order at 6:59 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 Molamphy made the *MOTION to approve the consent agenda, consisting of the meeting agenda, regular meeting minutes of June 14, 2022, write-offs in the amount of \$860.85, payment of the electric and water department bills in the amount of \$1,091,946.53. Member Horrax seconded, and the motion passed 5-0.

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

Human Resources/Administration Manager Barbara Benson recommended opening a new account for the Share the Warmth program. Benson stated that last September, the Board approved an update to Canby Utility's Share the Warmth energy assistance program bank account signers due to staffing changes. Wells Fargo's records show that this account is under the business name of Share the Warmth and has no affiliation to Canby Utility, even though the Employer Identification Number associated with the account is for Canby Utility. Benson stated that she engaged the services of the board attorney's office to assist with interactions with Wells Fargo. Wells Fargo's representative recommended we close the existing Share the Warmth account, open a new account under Canby Utility, and use the nickname of Share the Warmth. The funds in the existing account will be transferred to the new account, closing the existing account. The new account will identify Customer Service Supervisor Cindy Dittmar and Benson as the key account executives, who can update signature authority and have full account access. Staff will bring any future changes to the key account executives to the Board for approval. A brief discussion ensued regarding preserving pertinent information related to the banking account for historical purposes. Member Gustafson made the *MOTION to authorize Barbara Benson and Cindy Dittmar to open a new account in the Canby Utility Board's name and use the nickname of Share the Warmth and grant these representatives key account executive status with signing authority for banking transactions at Wells Fargo Bank. Furthermore, funds in the

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existing Share the Warmth Account shall be transferred to the new account, and the existing account will be closed. Member Horrax seconded, and the motion passed 5 to 0.

Operations Manager Jason Berning presented the quarterly reliability report. Berning gave an overview of the calendar year 2022 to date. In January, there were two power outages. One was caused by a car hitting a power pole, and the other from a customer backing over a pad-mounted transformer. In February, an equipment failure caused an outage. In May, a scheduled outage occurred as part of the first phase of the S. Ivy Street project. Berning noted an outage today was caused by a tree branch falling across a power line, and a brief discussion ensued.

Board Secretary Barbara Benson presented the board planning calendar for the new fiscal year. This calendar provides information such as board meeting dates, holidays, special events, and other items of interest that staff anticipates will occur over the year. Benson encouraged feedback from board members, noting that the dates are subject to change throughout the year.

General Manager Carol Sullivan presented the second-quarter Executive Financial Summary. Sullivan reviewed the profit resulting from operations and capital contributions year-to-date for six months ending December 31, 2021. The electric operating profit was \$733,059, plus capital contributions of \$659,791, for a total net income of \$1,392,850. The water operating profit was \$718,130, plus the capital contributions of \$1,154,587, for a total net income of \$1,872,717.

Sullivan then compared the operations with capital contributions to the budget. The electric fund's net income was over budget by \$657,547. The year-to-date operating revenue is 3.50% or \$238,126 over budget, mainly due to greater residential and commercial sales. The operating expenses are 5.13% or \$344,785 under budget, mainly due to labor capitalization, vacant positions, and depreciation. The capital contributions are 13.94% or \$80,718 over budget, mainly due to more line extensions than budgeted. The change in net assets is 89.42% or \$657,547 over budget, mainly due to more residential and commercial sales than budgeted, labor capitalization, and vacant positions. Chair Thompson asked about labor capitalization, and Sullivan explained.

The water fund was over budget by \$555,070. The year-to-date operating revenue is 15.38% or \$326,266 over budget, mainly due to higher residential, commercial, and multi-family sales. The total operating expenses are 4.08% or \$72,691 under budget, mainly due to postponing space rental of the combined service center (phase 2), vacant positions, and labor capitalization. The capital contributions are 17.46% or \$171,632 over budget, due to the timing of infrastructure contributions by developers. The change in net assets is 42.13% or \$555,070 over budget, mainly due to higher residential, commercial, and multi-family sales, and timing of contributions from developers.

Sullivan then reviewed the cash reserves summary. This summary compares Canby Utility's current cash reserves to the targeted amount for June 30, 2022. The electric reserves are under the year-end target by \$536,476. The water reserves are over the year-end target by \$842,089. Chair Thompson asked about the reasons for reserves being under target. Sullivan gave some

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likely reasons for the variance but she will need to review it and bring that information to the Board at the next meeting.

Member Gustafson asked if construction appears to be trending downward. Berning shared that several subdivisions under construction are moving forward. There is one planned subdivision where the builder has significantly reduced the number of lots to be developed. There is also a large commercial facility planned that is now on hold. Several large buildings are underway in the industrial park and continuing with construction. Berning anticipates that the current subdivisions under construction will be complete by the fall.

Sullivan also reported on the Public Power Council's Post 2028 workshop for a policy proposal to BPA regarding the power contracts. The focus was on system size, allocation, and Augmentation.

Oregon Municipal Electric Utility's Executive Director Jennifer Joly visited with Sullivan and Berning to tour the new facility and to discuss current issues affecting Canby Utility and others in the industry.

Sullivan listened to a webinar about Drinking Water Health Advisories about four PFAS (polyfluoroalkyl substances) that are widely used chemicals that break down slowly over time and can appear in the water. We will be testing for PFAS contaminants next year as required by the Environmental Protection Agency. Sullivan noted that the Oregon Water Utilities Council also held a virtual meeting that discussed the PFAS not being a problem in Oregon.

Sullivan reported that the management team listened to a webinar on Navigating Wildfire Smoke & Heat Illness Prevention Plan Rules: How to Keep Your Employees Safe & Stay in Compliance. Canby Utility has prepared a written Heat-Illness Prevention plan.

Sullivan reported that the Bonneville Power Administration may offer a renewable or carbon-free energy-based "Vintage" Tier 2 rate for customers if there is enough interest. Canby Utility has a two-year "short-term" Tier 2 rate that will be revisited in 2024. The Vintage power option would commit Canby Utility to this rate until 2028, and we would have to pay a premium for the Renewable Energy Credits when the market is high. Sullivan informed our BPA account executive that Canby Utility was not interested.

Member Molamphy made the *MOTION to go into Executive Session according to ORS 192.660(2)(i) to discuss the performance of a public employee. Member Gustafson seconded, and the motion passed 5 to 0.

The regular meeting recessed at 7:29 p.m.

The regular meeting reconvened at 7:44 p.m.

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Member Gustafson made the *MOTION to adjourn the meeting. Member Molamphy seconded, and the motion passed unanimously.

There being no further business, the meeting adjourned at 7:45 p.m.

Melody Thompson, Chair

David Horrax, Member

Tim Gustafson, Member

Robert Hill, Member

John Molamphy, Member

Barbara Benson, Board Secretary

***CANBY UTILITY
EXECUTIVE SESSION MINUTES
JULY 12, 2022***

Board Present: Chair Thompson; Members Hill, Horrax, Gustafson, and Molamphy

The Executive Session was opened at 7:29 p.m. by Chair Thompson, in the Conference Room of the Canby Utility Board office, pursuant to ORS 192.660(2) (i) for the purpose of discussing performance of a public employee. The staff was excused for the executive session.

There being no further business, the Executive Session was adjourned at 7:44 p.m.

Melody Thompson, Chair

David Horrax, Member

Tim Gustafson, Member

Robert Hill, Member

Todd Wagner, Member

Barbara Benson, Board Secretary



MEMORANDUM

August 2, 2022

TO: Chair Thompson; Members Hill, Horrax, Gustafson, and Molamphy

FROM: Sue Arthur, Purchasing Agent and Jason Peterson, Operations Field Supervisor

SUBJECT: Purchase a Used Vactor Hydro-Excavator from Owens Equipment

Background: The FY23 Capital Budgets, approved by the Board of Directors, included \$300,000 to purchase a new or used Vactor hydro-excavator. Three bids were received and opened in a public setting on Monday, July 18, 2022.

All submitted bids met the requested criteria and were responsive and responsible:

- Owen Equipment submitted a bid of \$215,000, which is within our budget. This truck has the best overall value, with the lowest miles (24,849) and hours (1,492) compared to the other used truck. Operations Manager Jason Berning and staff were satisfied with all aspects of the truck and felt the quality and workmanship are exceptional. Upon inspecting the truck, we noticed the tires showed wear. Owen Equipment agreed to lowering the purchase price by \$5,000 to allow for new tires.
- Haaker Equipment Company submitted the lowest bid in the amount of \$207,200; however, the truck offered has more miles (34,651) and hours (2,795), which decrease the overall value of the truck.
- SWS Equipment submitted the highest bid in the amount of \$377,487.33. The truck offered is new and the price exceeded our budget by \$77,487.33; therefore, their bid was not considered.

Staff will be available to answer any questions the Board may have.



Memorandum

July 27, 2022

To: Chair Thompson, Member Hill, Member Horrax, Member Gustafson, and Member Molamphy

From: Craig Tuholski, Interim Finance Manager

Subject: Quarterly Financial Update as of March 31, 2022 Fiscal Year 2022

Please find attached the Executive Financial Summary through March 31, 2022, the Utility's first nine months of fiscal year 2022. 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.

Carol Sullivan 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) Nine Months Ending March 31, 2022

Legend	
	= Electric
	=Water

Electric

Profit (Loss) From Operations

	Revenue		Expense		Operating Profit (Loss)
\$	11,043,931	\$	9,856,552	\$	1,187,379

Operations And Capital Contributions***

	Operating Profit (Loss)		Capital Contributions		Net Income (Loss)
\$	1,187,379	\$	791,352	\$	1,978,731

Water

Profit (Loss) From Operations

	Revenue		Expense		Operating Profit (Loss)
\$	3,233,284	\$	2,601,863	\$	631,421

Operations And Capital Contributions ***

	Operating Profit (Loss)		Capital Contributions		Net Income (Loss)
\$	631,421	\$	1,732,027	\$	2,363,448

*****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) Nine Months Ending March 31, 2022

Electric

Net Income (Loss)		Budget		Over (Under) Budget	
\$	1,978,730	\$	1,283,887	\$	694,843

Notes : YTD total operating revenue is \$235,379 over budget mainly due to greater commercial sales.

YTD operating expenses are \$537,508 under budget mainly due to vacant positions, labor capitalization, and depreciation.

YTD Capital contributions are \$77,257 under budget mainly due to less line extension fees than budgeted.

YTD Change in Net Assets is \$694,843 over budget mainly due to more residential and commercial sales than budgeted, as well as vacant positions and labor capitalization.

Water

Net Income (Loss)		Budget		Over (Under) Budget	
\$	2,363,448	\$	1,675,322	\$	688,126

Notes : YTD operating revenue is \$305,989 over budget mainly due to higher residential, multi-family, and commercial sales.

YTD Operating expenses are \$135,387 under budget mainly due to vacant positions, labor capitalization, and postponing space rental of phase II building.

YTD Capital contributions are \$260,875 over budget due to the timing of contributions of infrastructure from developers.

YTD Change in Net Assets is \$688,126 over budget mainly due to timing of contributions of infrastructure from developers, higher commercial sales, and vacant positions.

Canby Utility Executive Financial Summary
Cash Reserves
Year To Date (YTD) Nine Months Ending March 31, 2022

Electric

<u>Budget Target 3/31/2022</u>	Current Cash Reserves		March Target		Over (Under) Target
	\$ 8,751,499	\$	8,396,043	\$	355,456

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 8,751,499	\$	4,000,000	\$	4,751,499

Water

<u>Budget Target 3/31/2022</u>	Current Cash Reserves		March Target		Over (Under) Target
	\$ 6,025,073	\$	4,766,709	\$	1,258,364

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 6,025,073	\$	2,000,000	\$	4,025,073



MEMORANDUM

August 2, 2022

TO: Chair Thompson; Members Hill, Horrax, Gustafson, and Molamphy
FROM: Sue Arthur, Purchasing Agent and Carol Sullivan, General Manager
SUBJECT: Clearwell Tank Exterior Paint Project Update

Background: The FY23 Water Capital Budget, approved by the Board of Directors, included \$150,000 for painting the exterior of the 2.4 mg clearwell water tank located at the Water Treatment Plant on North Cedar Street.

Staff issued a formal Request for Proposal on June 9, 2022, inviting qualified contractors to bid on the project. The project included pressure washing, repairing, and painting the exterior surface of the water tank. Bids from qualified contractors were due and publicly opened June 30, 2022.

We received limited inquiries from qualified contractors. Our solicitation resulted in receiving only one bid due to the busy summer months and the lack of available labor. The one bid was submitted by ABHE & Svoboda, Inc., in the amount of \$1,098,480. The bidder is located in Minnesota. This bid was rejected due to lack of competition and exorbitant pricing according to ORS 279C.395.

Management discussed the results and would like to readvertise the RFP at a later date when conditions are more favorable to achieve better pricing and competitive bids.

Staff will be available to answer any questions the Board may have.