

***CANBY UTILITY
REGULAR BOARD MEETING
JULY 11, 2023
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 13, 2023 (pp. 1-6)
- 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 July 11, 2023 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 Manager:

- Quarterly Reliability (pp. 7-8)
- Substation Maintenance
- Oregon OSHA Consulting

Finance Manager:

- Third Quarter Financials (pp. 9-12)

General Manager Updates

VII. ADJOURN

***CANBY UTILITY
REGULAR BOARD MEETING MINUTES
JUNE 13, 2023***

Board Present: Chair Thompson; Members Horrax, Molamphy, and Pendleton

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

Others Present: Brian Hutchins, Veolia North America; Brian Ginter and Chris Young, Consor Engineering; and Joe Brennan

Chair Thompson called the Regular Board Meeting to order at 6:59 p.m.

Chair Thompson reported that due to personal reasons, Member Robert Hill is submitting a written letter to announce his decision to resign his position on the Board of Directors effective immediately. Thompson expressed gratitude for Hill's valuable contributions to Canby Utility and that he would be missed.

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 and executive session meeting minutes of May 9, 2023, write-offs in the amount of \$818.06, payment of the electric and water department bills in the amount of \$941,704.59. Member Pendleton seconded, and the motion passed 4-0.

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

Chair Thompson welcomed Brian Ginter and Chris Young of Consor Engineering, who are updating Canby Utility's Water Master Plan (WMP). Ginter stated that this presentation is the first step towards adopting the WMP and is intended to give the Board an overview of the Plan. Consor will spend the next several weeks finalizing the WMP and provide the Board with another presentation once it is complete. Ginter reviewed prior planning documents and new regional developments, the existing system overview, water demand projections and system analysis, capital improvements, and water supply planning. The State of Oregon requires a WMP update to be completed every 20 years, with an update at ten years for growing communities. The Board adopted the existing WMP in 2010, and since its adoption, a Water Supply Analysis was completed in 2013, and the Water Management and Conservation Plan was updated in 2020. The significant developments since the WMP was last adopted are an updated forecast of future

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water demands, seismic resilience planning requirements, and the Willamette Water Supply Program. Ginter gave an overview of the existing system, including the service area size, population served, customer usage characteristics, pressure zones, storage reservoirs, the distribution system, the SCADA system, source water supply, capacity, and demand projections. The water demand projections show that in 2030, Canby will exceed its maximum capacity and will need an additional source within ten years. Ginter then shared their analysis of the system that addressed storage capacity needs, pumping capacity requirements, transmission and distribution systems, service pressure limits, fire flow needs, and source assessment and development.

The 2023 WMP capital improvements include a new water source and treatment plant; storage reservoir and pump station; distribution system improvements, replacement, rehabilitation; pumping capacity improvements; and other studies and operation needs. Consor identified risks and presented a summary of their findings and a timeline to construct a new source and treatment plant. Ginter explained that multiple federal, state, and local permitting agencies will be involved with this project. A brief discussion ensued regarding how the site was selected for the future water treatment plant, which Curran-McLeod Engineering identified as the best location in 2003 when Canby Utility applied for the Willamette water right. Ginter noted that the location of the point of diversion in the water right is not ideal due to the river being shallow in that area. More work must be done to determine the best location for the intake, either upstream or downstream of the existing site. The Board also discussed that the five-acre site Canby Utility owns for the new treatment plant will need a site review and analysis as part of the project; however, the due diligence process is not part of the WMP process. Ginter explained that the Board has three project delivery mechanism options: an internal project management process using a single design firm service, internal project management using multiple consulting contracts, or utilizing an owner's representative program manager. Ginter explained the differences between the three options and potential funding sources to assist with the enormous cost of the new water source and treatment plant project.

Chair Thompson thanked Ginter and Young for their presentation and said she wanted to revisit the discussion later in the meeting.

Human Resources/Administration Manager Barbara Benson presented the conference room policy for consideration. Last month, the Board reviewed the draft and recommended some edits. Benson reviewed the changes that were made to the final policy. Chair Thompson asked about the notification to the groups, and Benson replied that she had informed the groups of the potential changes to the existing policy early in the process. The staff has offered to provide access to the room on a weekend if they are available. Benson noted that the policy allows for some exceptions to the rules on a case-by-case basis. Member Molamphy made the *MOTION to approve the Conference Room Public Use Policy. Member Horrax seconded, and the motion passed 4-0.

Purchasing Agent Sue Arthur presented a recommendation to award a contract for an electric rate study. An electric rate study is necessary for the upcoming wholesale power rate adjustment. We

solicited and received four proposals from qualified firms. Toth & Associates' proposal was \$1,000 higher than the lowest proposal; however, their proposal was more comprehensive, and staff felt it provided the best value. The rate study work will begin this month under the current fiscal year; however, a significant portion of the work will be completed in the next fiscal year. The cost of the study is in the FY24 fiscal year budget. A brief discussion ensued regarding the bid process and our procurement policies. Member Horrax made the *MOTION to award a professional services contract to Toth & Associates for an electric rate study, with a not-to-exceed amount of \$20,000. Member Pendleton seconded, and the motion passed 4-0.

Finance Manager Mike Schelske presented the FY24 Electric and Water Operating and Capital Budgets for approval. Schelske started the presentation with a review of the Electric Department Executive Summary that highlighted the proposed changes for FY24 compared to FY23. The total electric sales are expected to decrease by \$84,224 based on FY23 actuals with a three percent growth factor. The net decrease is mainly due to changes between residential, commercial, and industrial customers. The other electric energy revenues are expected to increase by \$54,252 based on history and BPA's remaining contract amount for the conservation program. The overall operating revenues are decreasing by \$29,972, mainly due to lower commercial and industrial sales. The total operating expenses are increasing by \$1,082,117, mainly due to purchased power costs, payroll costs for a new position, cost-of-living adjustments, depreciation expenses, insurance, and the cost of an electric rate study. The operating income is decreasing by \$1,112,089 due to higher costs. The total non-operating revenues and expenses are increasing by \$758,410 due to the BPA power dividend and interest earned on cash reserves. The total capital contributions will decrease by \$112,446. Projects include an estimated 130 new residential meter connects, three new subdivisions, three multi-family developments, and seven commercial projects scheduled for completion during the fiscal year. Schelske also reviewed the change in net assets, cash and investments, cash used for capital purchases, and depreciation. The total estimated end of FY24 cash and investments is \$12,827,619. Schelske answered the Board's questions on the BPA power dividend, BPA conservation credits, and interest income.

Schelske reviewed the Water Department Executive Summary that highlighted the proposed changes for FY24 compared to FY23. The total water usage sales are expected to increase by \$45,000 based on a low consumption year and adjusted for the increase in meters. The total operating expenses are expected to increase by \$449,907, mainly due to payroll costs for new positions and cost-of-living adjustments, depreciation, Veolia's annual contract fee and variable cost adjustments, and the cost of a water rate study. The operating income will decrease by \$404,907 due to increased expenses. The total non-operating revenues and expenses are increasing by \$169,685 due to interest on cash reserves. The total capital contributions are decreasing by \$423,916. Projects include an estimated 130 new residential meter connects, three new subdivisions, three multi-family developments, and seven commercial projects scheduled for completion during the fiscal year. Schelske reviewed the change in net assets, cash and investments, cash used for capital purchases, principal payments on water bonds, and depreciation. The total estimated end of FY24 cash and investments is \$5,204,187. Schelske noted that the \$4,231,985 in cash used for capital purchases line item includes \$2.4 million for

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the system design of the new treatment plant. Discussion ensued regarding the system development charge funds and Veolia's involvement in the new treatment plant project.

Schelske reviewed a graph illustrating the increase in water meter counts since 2010. The meter count has increased from just under 4,800 meters to slightly over 5,800 meters with no increase in water workers, which is a driver for the added position.

Schelske reviewed the personnel costs increase of \$563,342 or 11.7%. This change is due to having a 7.0% contractual cost-of-living adjustment for the represented employees and an estimated 4.5% Consumer Price Index adjustment for non-represented employees. Three new positions are being added; however, we will not fill one existing vacant position, so the net impact is two new positions. The new positions are a water Utility Worker, a Journeyman Lineman, and an Administrative Assistant. The position not being filled is an Office Specialist/Customer Service Representative.

Member Molamphy made the *MOTION that the fiscal year 2024 Electric and Water Operating and Capital Budgets be approved as presented. Member Pendleton seconded the motion, and the motion passed unanimously 4-0.

Human Resources/Administration Manager Barbara Benson recommended approving the collective bargaining agreements between Canby Utility and the International Brotherhood of Electrical Workers (IBEW). Benson stated that Canby Utility's labor negotiator Steven Schuback of Peck, Rubanoff, and Hatfield, had briefed the Board on the changes to the agreements last month. Since then, the IBEW-represented employees have voted to ratify the agreements. Benson reviewed the substantive changes to the agreements, which include a 7% cost-of-living adjustment, healthcare premiums fully covered by Canby Utility, a dental plan change, incorporating language from the Memorandum of Understanding into the agreements for the 4/10 workweek schedule, and a new classification of lead lineman. Chair Thompson said that she appreciated that both parties could reach an agreement quickly and that the proposals seemed reasonable, especially with the competition for positions in the market. Member Horrax made the *MOTION to authorize the General Manager to execute the collective bargaining agreements with the International Brotherhood of Electrical Workers, Local 125, for the office and water workers, and electric workers for the term of July 1, 2023, through June 30, 2026. Member Molamphy seconded, and the motion passed 4-0.

Chair Thompson expressed her appreciation for the Water Master Plan presentation that brought forward a sense of urgency. Thompson proposed scheduling a workshop to begin discussing funding strategies and the process of procuring an owner's representative. The Board scheduled a meeting for Thursday, June 22, at 7:00 p.m. and requested that Brian Hutchins, Veolia North America, attend.

Member Pendleton asked if Canby Utility should sign the letter of support for the cyber security degree program grant discussed in their newsletter. Human Resources/Administration Manager Barbara Benson will look into it.

Operations Manager Jason Berning reported that in 2022, all utilities were required to develop a wildfire mitigation plan. The plan must be reviewed annually. The staff has completed its plan review and identified some work within Canby's higher-risk area along Knights Bridge Road. Berning noted that Canby does not have any designated wildfire high-risk areas. He then reviewed the mitigation work that our crew had done to reduce the wildfire risk.

Berning also reported a faulted cable with a high fault current caused the power outage over the Memorial Day weekend. This event caused the neutral to fall to the ground. There were 104 customer meters out of power in two different locations when the event occurred. By 11:00 p.m., 68 of those meters had power restored, and then at 2:40 a.m., only 19 customers remained without power. Those customers had power restored later that day. Due to the holiday weekend, Portland General Electric provided mutual aid assistance.

Berning reported that contractors completed the Knights Bridge Substation maintenance work on June 9th. They found two issues. One was a bad regulator control, which they took out of service. A spare regulator was used as a replacement. The second issue was a bad temperature dial on the transformer, and they are continuing to look for a replacement dial. The contractors will begin the Westcott Substation maintenance later in the month.

Berning also reported on the intake valve on the river infiltration gallery; the cast handle connections deteriorated. Divers closed the valve, enabling Veolia to drain the caisson so staff could make repairs. The water crew went 40 feet into the caisson and made the necessary repairs. Berning explained the steps staff took to ensure their safety.

Member Pendleton asked about lead time and supply chain issues affecting transformers. Berning shared the experience we have had with it. Benson added that while she was working on our insurance coverage renewals and ensuring adequate coverage for the substation, she learned that the lead time for a new substation transformer is approximately 80 months and costs more than three times what we paid for the Knights Bridge substation transformer in 2013.

Chair Thompson asked about the information we provide customers when a power outage occurs, and a discussion ensued. Staff will include an article in the newsletter reminding the public not to touch downed powerlines as they may still be energized.

General Manager Carol Sullivan reported that last month staff noticed that the credit card fees increased dramatically. Further investigation found that a large industrial customer switched their payment method to a credit card. The incurred costs exceed \$7,000. The credit card processing agency has a limit of \$5,000; however, the limit was not set in the PCS financial software system that enabled the charge to be processed. Staff worked with the agency and our software vendor to receive partial credit for those fees. PCS and the credit card processing agency now have the \$5,000 limit set up. Staff will lower the credit card payment limit to \$1,000, effective July 18th. The staff has also contacted the customers affected by this change to give them time to set up a new payment method. Sullivan noted that the Board authorized staff in November 2009 to

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establish a proper credit/debit payment limit and to restrict the use of these cards to commodities, not expenses such as hookup fees.

Sullivan reported that staff expressed interest in participating in the 4th of July parade. Staff plans to use a bucket truck and pull a decorated trailer with hay bales for seating. Staff will hand out candy along the parade route. Sullivan invited Board members and guests to participate.

Sullivan also reported participating in one of the Fire Chief interview panels. There are two internal candidates for the position. Next Tuesday, the Fire Board will have an executive session to discuss the candidates, and they anticipate a decision to be announced Wednesday at the regular Board meeting.

Sullivan reported that staff met with Stantec for insight on an owner’s representative for the new water treatment plant. Stantec shared their experience and learned more about the details of our project. After the meeting, they provided us with a copy of a 2023 Water Secondary Source Feasibility Study that they prepared and several Request for Qualifications for an owner’s representative they had received from other entities.

Sullivan stated that the interim audit is scheduled for June 27th and 28th. The final audit is scheduled for September 18th. The auditors will reach out to Chair Thompson to inquire if the Board has any concerns.

Sullivan is planning a tour of our water treatment plant and related facilities on June 15th at 1:00 p.m. for board members and new staff.

Member Molamphy made the *MOTION to adjourn the meeting. Member Horrax seconded, and the motion passed 4-0.

The meeting adjourned at 8:57 p.m.

Melody Thompson, Chair

David Horrax, Member

John Molamphy, Member

Jack Pendleton, Member

Vacant

Barbara Benson, Board Secretary

OUTAGE AVERAGES July 2022 THROUGH June 2023

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	2022	2	14	498	8005	1
Aug	2022	0	0	0	8023	1
Sep	2022	4	715	370102	8061	5
Oct	2022	2	5	1149	8072	3
Nov	2022	2	741	92499	8074	4
Dec	2022	1	628	49612	8101	10
Jan	2023	0	0	0	8102	2
Feb	2023	0	0	0	8111	3
March	2023	1	10	1100	8142	1
April	2023	0	0	0	8185	1
May	2023	1	104	25020	8183	2
June	2023	2	208	12584	8206	13
12 MONTH TOTALS		15	2,425	552,564	97,265	46
12 MONTH AVERAGE		1.25	202	46,047	8,105	3.8

			<u>C.U.</u>	<u>Industry Typical Value</u>
SAIDI =	$\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}}$	= $\frac{552,564}{8,105}$	= 68.1722	87.0
SAIFI =	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}}$	= $\frac{2425}{8,105}$	= 0.30	0.93
MAIFI =	$\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}}$	= $\frac{46}{8,105}$	= 0.006	0.96
CAIDI =	$\frac{\text{Total interruption minutes for 12 months}}{\text{Total number of interruptions}}$	= $\frac{228}{6}$	= 38	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

July 5, 2023

To: Chair Thompson, Member Horrax, Member Molamphy, and Member Pendleton

From: Mike Schelske, Finance Manager

Subject: Quarterly Financial Update as of March 31, 2023, Fiscal Year 2023

Please find attached the Executive Financial Summary through March 31, 2023, the Utility's first nine months of fiscal year 2023. 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) Through Quarter Ending March 31, 2023

Legend	
	= Electric
	= Water

Electric

Profit (Loss) From Operations

	Revenue		Expense		Operating Profit (Loss)
\$	11,794,797	\$	10,029,733	\$	1,765,064

Operations And Capital Contributions***

	Operating Profit (Loss)		Capital Contributions		Net Income (Loss)
\$	1,765,064	\$	626,124	\$	2,391,188

Water

Profit (Loss) From Operations

	Revenue		Expense		Operating Profit (Loss)
\$	3,364,425	\$	2,681,646	\$	682,779

Operations And Capital Contributions ***

	Operating Profit (Loss)		Capital Contributions		Net Income (Loss)
\$	682,779	\$	1,456,039	\$	2,138,818

*****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) Through Quarter Ending March 31, 2023

Electric

Net Income (Loss)	Budget	Over (Under) Budget
\$ 2,391,188	\$ 1,860,574	\$ 530,614

Notes : YTD total operating revenue is \$272,332 under budget mainly due to lower commercial and industrial sales.

YTD operating expenses are \$353,363 under budget mainly due to open positions and lower distribution expenses.

YTD Capital contributions are \$334,571 under budget due to lower line extension fees.

YTD Change in Net Assets is \$530,614 higher than budget mainly due to higher non-operating revenues (the BPA power dividend and the reimbursement for the 2021 ice storm) and lower expenses.

Water

Net Income (Loss)	Budget	Over (Under) Budget
\$ 2,138,818	\$ 1,849,254	\$ 289,564

Notes : YTD operating revenue is \$322,635 over budget mainly due to higher residential sales.

YTD Operating expenses are \$138,317 under budget mainly due to open positions.

YTD Capital contributions are \$257,457 under budget due to lower infrastructure contributions from others.

YTD Change in Net Assets is \$289,564 over budget mainly due to higher sales and lower expenses.

Canby Utility Executive Financial Summary
Cash Reserves
Year To Date (YTD) Through Quarter Ending March 31, 2023

Electric

<u>Budget Target 03/31/2023</u>	Current Cash Reserves		March 2023 Target		Over (Under) Target
	\$ 10,806,753	\$	10,032,535	\$	774,218

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 10,806,753	\$	4,000,000	\$	6,806,753

Water

<u>Budget Target 03/31/2023</u>	Current Cash Reserves		March 2023 Target		Over (Under) Target
	\$ 7,472,043	\$	6,346,064	\$	1,125,979

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$ 7,472,043	\$	2,000,000	\$	5,472,043