

***CANBY UTILITY  
REGULAR BOARD MEETING  
AUGUST 13, 2024  
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 July 9, 2024 (pp. 1-4)
  - 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 13, 2024 with your name, the topic you would like to speak on, and contact information: [bbenson@canbyutility.org](mailto:bbenson@canbyutility.org) or 503-263-4312.*
- V. RESOLUTION NO. 326 Authorizing Two Additional Cash Investment Accounts – Mike Schelske, Finance Manager (pp. 5-6)
- VI. DISCUSSION Canby Drinking Water Supply System Project Manager Resource – Jake Hill, Board Member (pp. 7-8)
- VII. BOARD REPORT
  - Chair Comments
  - Board Member Comments
- VIII. STAFF REPORTS

Operations Manager:

  - Power Outage Update
  - BPA's Large Electric Load System Study

Board Secretary:

  - Board Planning Calendar (pg. 9)

General Manager Updates
- IX. ADJOURN

***CANBY UTILITY  
REGULAR BOARD MEETING MINUTES  
JULY 9, 2024***

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

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

**Others Present:** Jason Padden, City Council Liaison; Brian Hutchins, Veolia Water North America; and Joe Brennan

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 Hill made the \*MOTION to approve the consent agenda, consisting of the meeting agenda, regular meeting minutes of June 11, 2024, and payment of the electric and water department bills in the amount of \$407,510.41. Member Molamphy seconded, and the motion passed 5-0.

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

Chair Thompson presented the proposed Employment Agreement between Canby Utility and General Manager Carol Sullivan for consideration. At the June meeting, the Board discussed provisions of a new employment agreement, granting an increase in Sullivan's vacation accruals and the term. The agreement is retroactive to March 1, 2024 and expires on February 28, 2026. There was no discussion. Member Molamphy made the \*MOTION to authorize the Board Chair to sign the Employment Agreement between Canby Utility and General Manager Carol Sullivan. Member Hill seconded, and the motion passed 5-0.

Human Resources/Administration Manager Barbara Benson presented a draft Community Service Donation and Assistance policy for discussion. At the June meeting, the Board discussed the policy revisions and asked whether an organization's affiliation with a faith or religion would affect their ability to request a donation from Canby Utility based on the policy language restricting making donations for political or religious causes or events. Benson reached out to Board Attorney Heather Martin for clarification on how the policy would apply to The Canby Center's request since they are a faith-based organization. Benson explained that staff would need to do an analysis of a request to determine eligibility for donations or assistance. Using The Canby Center's request as an example, eligibility for a donation towards construction cost to

**Canby Utility  
Regular Board Meeting Minutes  
July 9, 2024  
Page 2 of 4**

build their new facility would be determined based on the purpose for which the building will be used. Since the building will be used to help all members of the public regardless of their religious affiliation and without religious parameters around the assistance, Martin does not view this as a religious cause and is therefore eligible for a donation. Benson added that the Board had also asked staff if they wanted to address further what fees would be included or excluded from a donation request. The staff has decided not to address other fees, only keeping the exclusion of SDCs in the policy. Chair Thompson said that attorney's guidance is helpful and will assist the General Manager in determining eligibility. Member Hill asked if there was a limit to the dollar amount for requests, and there is no limit; however, there is a spending threshold that requires board approval should the request exceed that amount. Member Hill made the \*MOTION to adopt the Community Service Donation Assistance Policy as written. Member Horrax seconded, and the motion passed 5-0.

Chair Thompson reported that staff participated in the 4<sup>th</sup> of July parade, and there was a great turnout. She felt it was great way for Canby Utility to enhance its community relations.

Chair Thompson thanked Sullivan for distributing a copy of the Owner's Representative Request for Proposals. It allowed board members to review the document and provide comments to Sullivan.

Member Hill reported that he had an opportunity to tour the water treatment plant with Operations Manager Jason Berning and Brian Hutchins, Veolia Water North America. He learned about the constraints of the existing plant.

Operations Manager Jason Berning presented the quarterly reliability report. Berning said that we had a very good quarter. Berning noted that an overhead transformer failed two weeks ago, causing an outage.

Berning reported that he promoted Joe Brennan to the Water Foreman position and that a water department employee recently resigned. While staff works to recruit for the vacant positions, Hutchins has graciously offered to provide added support to the distribution crew if needed.

Berning reported that tree trimming will begin soon. The electric crew is doing the tree trimming work between projects.

Berning briefly discussed projects that may be coming to the industrial park. Member Hill asked about two projects specifically, and a discussion ensued. It was also noted that supply chain issues are improving, but low- and high-voltage wire is still experiencing very long lead times.

Member Horrax asked about the current vacancies. Berning explained there are currently three openings on the water crew: Utility Workers I, II, and III. One vacancy is the result of an internal promotion, another from a recent resignation, and the other position is the additional worker for the crew that still needs to be filled.

**Canby Utility  
Regular Board Meeting Minutes  
July 9, 2024  
Page 3 of 4**

Finance Manager Mike Schelske presented the financial results of the fiscal year 2024 third quarter (Q3), ending March 31, 2024. Both the quarter and year-to-date results are, for the most part, favorable compared to the budget. The only item unfavorable to the budget is the capital contributions, which impacted the net income for water. The revenues for electric are higher than budget and driven by small and large commercial accounts. The increase in water revenues is due to multi-family accounts. The electric net income for the quarter is \$756,142 higher than the budget. Water's net income for the quarter was \$26,316 lower than the budget.

Schelske reviewed the key highlights for electric operations. The year-to-date net income for electric was \$737,677 higher than budget. The higher revenues, lower operating expenses, and higher other revenue drove this increase. The other revenue is comprised of the BPA power dividend, which they extended until September 2025, and higher interest earned than budgeted.

Schelske reviewed the key highlights for water operations. Revenues were higher, operating expenses were lower, and other revenue was higher. The other revenue was mostly higher interest earned. Schelske noted that capital contributions were more than \$1 million lower than the budget. Schelske said that by combining the capital contribution decrease with other favorable variables, the net income was \$263,459 lower than the budget.

Chair Thompson asked for more information on the decrease in contributed capital. Schelske explained that planned projects did not happen.

Member Pendleton asked if the increased water rates were reflected in the budget. Schelske stated that it is in the FY 2025 budget. A brief discussion occurred regarding increased water usage and the Molalla River levels.

General Manager Carol Sullivan reported that the City of Canby and the project proponents, COGEO/Oregon Youth Soccer Association, want to locate a sports complex in the city. They had looked at Canby Utility's bottomlands as a potential site. This property is where the city's water intake on the Molalla River is located. Sullivan reported that they are no longer considering this site for the sports complex.

Sullivan also reported that procurement support of an owner's representative for the future water treatment plant project is currently on schedule and within budget. Member Hill asked for clarification on the procurement support for the Owner's Representative budget. Sullivan explained that the contracted work is to prepare the Request for Proposal.

Sullivan reported that Purchasing Agent Sue Arthur will retire on August 19. Sullivan and Schelske want to streamline work processes and have been gathering feedback from staff. She plans to fill Arthur's position with a temporary worker, giving staff time to evaluate the changes and determine how they will replace Arthur's position.

**Canby Utility**  
**Regular Board Meeting Minutes**  
**July 9, 2024**  
**Page 4 of 4**

Sullivan reported that 11 employees and their families participated in the Canby July 4th parade, which had 35 people in total. She said they used two vehicles and a trailer in the parade. Staff and family tossed candy and had bubble machines going, creating a fun atmosphere.

Member Horrax made the \*MOTION to adjourn the meeting. Member Molamphy seconded, and the motion passed 5-0.

The meeting adjourned at 7:26 p.m.

---

Melody Thompson, Chair

---

David Horrax, Member

---

John Molamphy, Member

---

Jack Pendleton, Member

---

Jake Hill, Member

---

Barbara Benson, Board Secretary

## MEMORANDUM

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

**Copy to:** Carol Sullivan

**From:** Mike Schelske, Finance Manager

**Date:** August 13, 2024

**Subject:** Request to Approve New Cash Investment Accounts

---

***Suggested Motion:*** *Adopt Resolution No. 326, authorizing Canby Utility's management to open two additional cash investment accounts, one with the LGIP, and one with Umpqua Bank.*

**Purpose:**

Management would like to open two new cash investment accounts at the LGIP and Umpqua Bank.

**Current Situation:**

Our current cash investments are deposited with the LGIP (Local Government Investment Pool) and Umpqua Bank (Public Funds). The cash deposits of the Electric Fund and Water Fund are recorded in separate accounts on the books of the Utility, but the monies are co-mingled in the investment accounts.

**Proposed New Account:**

We proposed establishing one new account with each entity. This would allow monies from each of the Utility's funds to be held separately. It would also reduce the accounting work needed to allocate interest earnings between the funds and reconcile the accounts balances.

I respectfully ask the Board to approve this action by adopting Resolution 326.

**RESOLUTION NO. 326**

**A RESOLUTION AUTHORIZING ESTABLISHING NEW CASH INVESTMENT ACCOUNTS WITH THE LOCAL GOVERNMENT INVESTMENT POOL (LGIP) AND UMPQUA BANK.**

WHEREAS, the Canby Utility Board is an Oregon municipal utility operating in accordance with the Canby City Charter and ORS Chapter 225;

WHEREAS, the Oregon State Treasury provides an investment service for public funds through the Local Government Investment Pool (LGIP) and the Umpqua Bank Public Fund Money Market account participates in the State of Oregon’s Public Funds Collateralization Program, which provides additional protection for deposit amounts not covered by the FDIC;

WHEREAS, Canby Utility Board currently has two cash investment accounts, one with the Local Government Investment Pool (LGIP) offered through the Oregon State Treasury, and one with Umpqua Bank;

WHEREAS, deposits of the Electric Fund and Water Fund are currently co-mingled in each account;

WHEREAS, Canby Utility Board’s staff desires to open a second account at both institutions to allow cash investments for the Electric and Water Funds to be segregated into separate accounts.

NOW, THEREFORE, the Canby Utility Board resolves as follows:

- A. Authorize Canby Utility staff to establish two additional cash investment accounts, one with the LGIP and one with Umpqua Bank;
- B. Authorize Carol Sullivan and Michael Schelske as designated account signors.

THIS RESOLUTION IS ADOPTED BY THE CANBY UTILITY BOARD THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2024.

\_\_\_\_\_  
Melody Thompson, Chair

\_\_\_\_\_  
David Horrax, Member

\_\_\_\_\_  
John Molamphy, Member

\_\_\_\_\_  
Jack Pendleton, Member

\_\_\_\_\_  
Jake Hill, Member

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

# MEMORANDUM

**To:** Chair Tompson, Member Horrax, Member Molamphy, Member Pendleton, GM Sullivan  
**From:** Member Hill  
**Date:** August 6, 2024  
**Subject:** Canby Drinking Water Supply System (CDWSS) Project Manager Resource Discussion

---

Board Colleagues: I met recently with Carol and Melody to discuss thoughts and concerns I have around the upcoming CDWSS project. The details and suggested recommendation contained below, arise out of my concern to manage the risk of the project based on my experiences with large scale multi-faceted construction projects. Melody recommended I put these in writing to share with the board at the August meeting.

## **Ask of The Board:**

Discussion to determine:

1. Does the complexity and cost risk of the CDWSS warrant a Canby Utility internal Project Manager to work in partnership with Owner's Representatives on behalf of Canby Utility to oversee the CDWSS?
2. If Board agrees, discussion of next steps

## **Background:**

Canby Utility approved its largest capital construction project to date- building a new \$82M+ water treatment plant, intake, transmission and distribution mains, and adding a point of diversion to the Molalla River water rights on the Willamette River. The project is to be completed in the next 5 years to support the projected growth of the City of Canby. Following the completion of the water treatment facility, an additional \$30M+ in infrastructure projects are recommended.

## **Water Treatment Plant Management Resources:**

Canby Utility is currently developing an RFP for Contract Owner's Representatives initially for

1. Conceptual engineering and project definition services
2. Owner's Representative Services

Does the complexity and cost risk of the CDWSS warrant a Canby Utility internal Project Manager to oversee the CDWSS and the consultants and contractors?

Considering the need and criticality of the CDWSS for the City of Canby and considering the complexity and risk associated with \$100M in construction expenses, Canby Utility should consider hiring an internal (direct hire) Project Manager so that, Canby Utility does not rely solely on contract resources to manage project risk. If the Board agrees, the Canby Utility (CU) Project Manager would report to the General Manager, work in partnership with the Owner's Rep Project Manager, and serve as internal risk control and continuity for the project. This resource would be an experienced construction management professional hired to manage the administrative work



and risk mitigation associated with the CDWSS thereby enabling existing CU staff to focus on current operational responsibilities.

**Supporting Material:**

Design and construction risk mitigation is Canby Utility's responsibility. Measures such as contractors (including owner's representatives), contracts, insurance, bonds, retention, and warranties are viable risk mitigation tools and yet, those measures all require management to be effective. If the Board agrees, oversight of those measures would be the role of the CU Project Manager as well as point of contact for the CDWSS contract owner's representative.

Mega construction projects are abundant on the west coast. Contractor and consultant resources are limited more than ever in today's construction market and there is substantial employment volatility in the field. This market reality reduces the experience level and continuity of individuals assigned by contractors. If the Board agrees, the CU Project Manager would be the project lead and provide essential vision, direction, and continuity over the lifecycle of the project.

The water treatment projects may warrant hiring a CU Project Manager to:

- a. Lead preparation of, and regularly communicate project purpose statements, goals, and criteria for success.
- b. Interview and vetting of contract resources.
- c. Contract and scope negotiations for contract resources.
- d. Manage cost risk and defend the budget on behalf of Canby Utility.
- e. Manage Canby Utility's responsibility for project information requests, questions, billing, and change requests. IE- administrative load on CU during design and construction
- f. Point of contact for coordination with owners' representatives and designers during project development to communicate Canby Utility's performance and facility requirements.
- g. Oversee and coordinate with owner's representative to ensure quality assurance and adherence to design specifications.
- h. Coordinate with legal for contract development.
- i. Communicate status, progress, present decisions, and issues to Canby Utility General Manager and Canby Utility Board.
- j. Contract and Claims mitigation/management.
- k. Potentially reduce some consultants need (and therefore cost) by responsibly taking some tasks in lieu of contract employee.

**Board Planning Calendar  
FY 2025**

<p><b>JULY 2024</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 7/9</li> <li>▪ Start of Fiscal Year 2025</li> <li>▪ Quarterly Reliability Update</li> <li>▪ Office Closed Independence Day 7/4</li> <li>▪ General Manager Employment Agreement</li> <li>▪ Donation Policy Update</li> <li>▪ 3<sup>rd</sup> Quarter Financials &amp; Reserves</li> </ul>	<p><b>JANUARY 2025</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 1/14</li> <li>▪ Board Chairperson Election</li> <li>▪ Quarterly Reliability Update</li> <li>▪ Green Power Donation to City</li> <li>▪ Share the Warmth Update</li> <li>▪ Board Secretary Evaluation</li> <li>▪ Water Rate Proposal</li> <li>▪ Office Closed New Year's 1/1</li> </ul>
<p><b>AUGUST 2024</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 8/13</li> <li>▪ Board Planning Calendar</li> <li>▪ CDWSS Final Review of RFP</li> </ul>	<p><b>FEBRUARY 2025</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 2/11</li> <li>▪ Office Closed President's Day 2/17</li> <li>▪ SDAO Conference – Bend (6<sup>th</sup>-9<sup>th</sup>)</li> <li>▪ Water Rate Hearing</li> </ul>
<p><b>SEPTEMBER 2024</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 9/10</li> <li>▪ Office Closed Labor Day 9/2</li> <li>▪ 4<sup>th</sup> Quarter (FY 24 Year End) Financials</li> <li>▪ Management Cost of Living Adjustment</li> <li>▪ Master Fee Schedule Review</li> <li>▪ Exempt Employee Compensation Study</li> <li>▪ Water SDC Inflationary Adjustment</li> <li>▪ CDWSS Finalize and Issue RFP</li> </ul>	<p><b>MARCH 2025</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 3/11</li> <li>▪ 2<sup>nd</sup> Quarter Financials</li> <li>▪ General Manager Evaluation</li> <li>▪ New Water Rates in Effect 3/1</li> <li>▪ Board Training</li> </ul>
<p><b>OCTOBER 2024</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 10/8</li> <li>▪ Quarterly Reliability Update</li> <li>▪ CDWSS Proposals Due</li> </ul>	<p><b>APRIL 2025</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 4/8</li> <li>▪ Budget Process Begins</li> <li>▪ Quarterly Reliability Report</li> </ul>
<p><b>NOVEMBER 2024</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 11/12</li> <li>▪ Red Flag Annual Update/Report</li> <li>▪ SDC Reserves</li> <li>▪ Office Closed Thanksgiving Day 11/28</li> <li>▪ CDWSS Review Proposals</li> </ul>	<p><b>MAY 2025</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 5/13</li> <li>▪ Office Closed Memorial Day 5/26</li> <li>▪ 3<sup>rd</sup> Quarter Financials</li> </ul>
<p><b>DECEMBER 2024</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 12/10</li> <li>▪ Annual Financial Audit</li> <li>▪ 1<sup>st</sup> Quarterly Financials</li> <li>▪ Office Closed Christmas Eve and Christmas Day 12/24-25</li> <li>▪ Employee Recognition Event 12/6</li> <li>▪ Employee Handbook Update</li> <li>▪ CDWSS Award Contract</li> </ul>	<p><b>JUNE 2025</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 6/10</li> <li>▪ FY 25 Budgets Approval</li> <li>▪ Five Year Electrical Study</li> <li>▪ Fire Mitigation Plan Update</li> </ul>

*This calendar is subject to change.*