

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

AGENDA

Due to COVID-19 Pandemic, the Board of Directors and staff will be attending the meeting virtually. The public is 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.

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 9, 2020 (pp. 1-4)
- Approval of Payment of Water and Electric Bills

IV. CITIZEN INPUT ON NON-AGENDA ITEMS

V. BOARD REPORT

- Chairman Comments
- Board Member Comments

VI. STAFF REPORTS

Operations Manager:

- Quarterly Reliability Report (pp. 5-6)

Customer Service Supervisor:

- COVID-19 Utility Billing Comparison (pp. 7-8)

Board Secretary-Clerk:

- Board Planning Calendar (pg. 9)

General Manager Updates

VII. ADJOURN

CANBY UTILITY

REGULAR BOARD MEETING MINUTES

JUNE 9, 2020

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: Chairman Hill; Members Brito, Wagner, Horrax, and Thompson

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 Doug Erkson, Interim Operations Manager

Others Present: Tim Dale, City Council Liaison

Chairman Hill called the Regular Board Meeting to order at 7:02 p.m.

Chairman Hill presented the meeting agenda for consideration. He asked for any additions, deletions, or corrections to the meeting agenda, and there were none.

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 May 12, 2020, and payment of the electric and water department bills in the amount of \$1,009,603.22. Member Horrax seconded, and the motion passed unanimously.

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

Finance Manager Carol Sullivan presented the recommended fiscal year 2021 (FY21) 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 FY21 compared to FY20. The total electric sales are expected to increase \$458,000 based on FY20 actuals with a three percent growth factor. Sullivan noted that the revenue from the computer server farms has continued to grow. The total other electric energy revenues are expected to increase by \$17,974 based on history and the remaining funds in BPA's conservation program contract. The overall operating revenues are increasing \$475,974, mainly due to the computer server farm sales. Sullivan stated that the total operating expenses are increasing \$523,600, mostly due to increased power costs, depreciation, and labor expenses. Sullivan noted that additional computer software support due to the mapping program and AMI metering system is also contributing to the increased expenses. The operating income is decreasing \$47,626, mainly due to increased expenses. The total non-operating revenues and expenses are increasing \$2,788,150, driven by the sale of land to the water department for the future water treatment plant. The total capital contributions are decreasing \$25,057 based on the estimated projects for the new fiscal year compared to the prior year. The total projected change in net

assets for the new fiscal year increased \$2,715,467, mainly driven by the budgeted ownership transfer of the five-acre site acquired from the city.

Discussion ensued regarding the positive impact data centers are having on the utility's revenues. The new data centers have contributed significantly to electric sales growth. Sullivan reviewed the change in net assets, cash and investments, cash used for capital purchases, depreciation, and the basis of asset sold. FY 2020 cash reserves are shy of the estimated target and may be affected by completed project payments. At the end of FY21, the total cash and investments are expected to be \$4,171,027. This amount is above the Board's policy for minimum electric department reserves. The board had no further questions about the electric budget.

Sullivan reviewed the Water Department Executive Summary that highlighted the proposed changes for FY21 compared to FY20. The total water usage sales are expected to increase \$62,000, using a 3% growth factor on the meter counts and based on a low consumption year. The total operating expenses are expected to increase \$186,317 due to depreciation, the annual fee adjustment for management of the water treatment plant, and the tracer study for the Clearwell reservoir. Chairman Hill asked about the tracer study. Sullivan explained that the tracer study tests the efficiency of the baffles in the reservoir and determines the minimum capacity of water in the reservoir to operate. Veolia wants to lower the minimum capacity level in the reservoir, but it requires state approval. General Manager Dan Murphy stated that the tracer study is done to maximize efficiency and is conducted about every five years. The operating income will decrease by \$124,317 as a result of increased expenses. The total non-operating revenues and expenses are decreasing \$83,572, mainly due to a lower interest rate from lower cash balances due to the purchase of the land. The total capital contributions are decreasing \$686,602 due to the number of known projects planned for the coming year. The total projected change in net assets for the new fiscal year is a decrease of \$894,491, mainly due to contributed capital projects, some projects budgeted in the prior year have carried over to FY21. Chairman Hill commented on the negative trend in operating income (loss). He asked about the potential need for a water rate adjustment. Sullivan stated that a water rate increase is likely. Murphy noted that a water rate adjustment was avoided two years ago. Hill also commented on the FY year-end cash and investments being only \$29,489 above the minimum reserve policy. Sullivan explained that the low reserve balance is due to the budgeted purchase of the five-acre site acquired from the city for the future water treatment plant. Murphy added that reserve funds have never declined below the \$2 million target in the past eight to ten years. However, liquidity issues may create a need for some short-term financing, should water rates be left unadjusted. Sullivan reviewed the change in net asset, cash and investments, cash used for capital purchases, principle payments on water bonds, and depreciation. At the end of FY21, the total cash and investments are expected to be \$2,029,489. Member Thompson asked about the land purchase amount. Sullivan stated that the land purchase cost is \$3.2 million.

Sullivan reviewed personnel costs, which are expected to increase by 3.8%. Included, are cost-of-living adjustments and potential wage spot adjustments. The workers' compensation premiums are lower in this budget due to an improved experience rating.

Chairman Hill asked about the special events budget, which includes an anniversary event. Board Secretary Barbara Benson explained that on November 3, 2020, Canby Utility reaches its 50th anniversary. The Board traditionally has held an anniversary event every five years. Typically, the event would be scheduled for this summer; however, due to the COVID-19 pandemic, the date is yet to be determined and may be pushed out until the Spring. Benson reflected upon previous anniversary event activities.

Member Thompson made the *MOTION that the fiscal year 2021 electric and water operating and capital budgets be approved as presented. Member Brito seconded the motion, and the motion passed unanimously. Murphy added that all items in the capital budget are considered approved when the Board adopts the fiscal year budget. But, Murphy stated, an exception to this rule for this budget is the Phase 2 combined service center project. Once project bidding is completed, management will present the Board with a recommendation to award the project to the successful bidder. Board approval will be requested at that time to proceed with construction.

Customer Service Supervisor Dee Anne Wunder reported on the COVID-19 utility billing impacts for March through May 2019, compared to the same months in 2020. Her report continued to analyze the same seven billing-related activities. Chairman Hill noted that the delinquent account balances in May 2020 compared to May 2019 increased by approximately \$80,000, and the number of payments dropped nearly 800. Wunder said she expected a decrease in payment activity when the pandemic started. In the past six days, the staff has processed more than 250 payments by telephone. Wunder will continue to provide this report each month until further notice.

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 cyanotoxins in drinking water. This testing requirement resulted from discovery of cyanotoxins in the City of Salem's water supply that originated from a toxic blue-green algae bloom. There was also a similar concerning event near Portland in the Willamette River. The mandatory bi-weekly testing runs May through October and will be paid for by the State of Oregon this year. Murphy stated that all testing results to date have been negative for 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 that staff is beginning to hear complaints from the public regarding taste and odor in the drinking water. The taste and odor in our source water derives from organic compounds from harmless green algae. Murphy stated there is no way to resolve the taste and odor issues with our drinking water when the problem occurs, because our water treatment plant, circa 1970, is not equipped to remove the byproducts. 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. Staff is reminding customers about Canby Utility's water filter rebate program. Residential customers can purchase any water filter or replacement filters and receive a one-time, \$25 credit on their

utility bill. Commercial customers are eligible for a bill credit of up to \$200 for installing or re-packing a commercial-grade filtration system.

Murphy reported on the Clackamas Soil and Water Conservations District's virtual town hall meeting last month regarding their Molalla River drinking water project. Murphy said that it was a good, constructive meeting and that there were no negative citizen comments aimed at Canby Utility. The Clackamas Soil and Water Conservations District's representative stressed the safety of Canby, Molalla, and Colton's source water.

Murphy also reported that Canby Utility's water quality reports are in the process of being mailed to customers. The report lists all of our mandated water quality testing results.

Murphy reported on the Phase 2 combined service center construction project. Mackenzie Architects have advertised the project for bid on May 26. There are ten general contractors who have indicated their intentions to bid on the project. There were seven bidders in 2017 for Phase 1. Murphy anticipates bringing a recommendation to award the project to the successful bidder at the July meeting. Murphy said that the cash reserves are nearly sufficient to fund the construction project fully. If needed, there are some short-term bridge funding available.

Member Brito made the *MOTION to adjourn the meeting. Member Thompson seconded, and the motion passed unanimously.

There being no further business, the meeting adjourned at 7:43 p.m.

Robert Hill, Chairman

David Horrax, Member

Jack Brito, Member

Melody Thompson, Member

Todd Wagner, Member

Barbara Benson, Board Secretary

OUTAGE AVERAGES July 2019 THROUGH June 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
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
April	2020	0	0	0	7635	0
May	2020	0	0	0	7660	1
June	2020	3	229	5965	7663	3
12 MONTH TOTALS		11	386	20,236	91,122	14
12 MONTH AVERAGE		0.92	32	1,686	7,594	1.2

			C.U.	Industry Typical Value
SAIDI =	$\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}}$	$= \frac{20,236}{7,594}$	$= 2.6649$	87.0
SAIFI =	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}}$	$= \frac{386}{7,594}$	$= 0.05$	0.93
MAIFI=	$\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}}$	$= \frac{14}{7,594}$	$= 0.002$	0.96
CAIDI =	$\frac{\text{Total interruption minutes for 12 months}}{\text{Total number of interruptions}}$	$= \frac{52}{11}$	$= 5$	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 9, 2020

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

FROM: Dee Anne Wunder, Customer Service Supervisor

SUBJECT: COVID-19 Utility Billing Comparison

The attached report compares activity of payments and delinquencies for the months of April, May, and June 2019 to the same months in 2020. I will update the comparisons monthly to monitor impacts from the COVID-19 pandemic.

I will be available to answer questions during the Board Meeting.

Canby Utility
COVID Utility Billing Comparison 2019 & 2020
July 9, 2020

	Apr-2019	Apr-2020	May-2019	May-2020	June-2019	June-2020
Statements Mailed	7,944	8,037	7,990	8,090	7,938	8,140
Delinquent Notices	1,148	996 <i>Not mailed</i>	1,275	1,390 <i>Not mailed</i>	1,086	1,016 <i>Not mailed</i>
Delinquent Accounts	\$ 183,893	\$ 164,069	\$ 189,065	\$ 270,418	\$ 151,589	\$ 232,236
Average Delinquent Amount	\$ 160	\$ 165	\$ 148	\$ 195	\$ 140	\$ 229
Percentage of Delinquencies From Prior Month Billing	15%	12%	16%	17%	14%	13%
Bank Deposits, SDC's, and Misc Payments	\$ 1,642,036	\$ 1,335,800	\$ 1,157,142	\$ 1,310,644	\$ 1,512,256	\$ 1,593,050
Number of Payments	8,071	7,246	7,126	6,356	7,325	8,110

**Board Planning Calendar
FY 2021**

<p>JULY 2020</p> <ul style="list-style-type: none"> ▪ Board Meeting 7/14 ▪ Start of Fiscal Year 2021 ▪ Board Planning Calendar ▪ Quarterly Reliability Update ▪ Office Closed Independence Day 7/3 ▪ Monthly Financial Report Distributed 	<p>JANUARY 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 1/12 ▪ Board Chairperson Election ▪ Quarterly Reliability Update ▪ Green Power Donation to City ▪ Share the Warmth Update ▪ Board Secretary Evaluation ▪ Office Closed New Year's Day 1/1 ▪ Monthly Financial Report Distributed
<p>AUGUST 2020</p> <ul style="list-style-type: none"> ▪ Board Meeting 8/11 ▪ FY 20 Customer Account Agings Report ▪ Monthly Financial Report Distributed ▪ Water SDC Inflationary Adjustment ▪ Collective Bargaining Negotiations Update ▪ Phase II Construction Contract Bid Award 	<p>FEBRUARY 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 2/09 ▪ Office Closed President's Day 2/15 ▪ Monthly Financial Report Distributed ▪ Member Brito's Farewell ▪ SDAO Conference
<p>SEPTEMBER 2020</p> <ul style="list-style-type: none"> ▪ Board Meeting 9/8 ▪ Water Rate Analysis ▪ Office Closed Labor Day 9/7 ▪ FY 20 4th Quarter Financials & Reserves ▪ Monthly Financial Report Distributed ▪ Management Cost of Living Adjustment 	<p>MARCH 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 3/09 ▪ Monthly Financial Report Distributed ▪ WTP Operating and Maintenance Contract ▪ 2nd Quarter Financials & Reserves Update <p>< New Board Member Appointed ></p>
<p>OCTOBER 2020</p> <ul style="list-style-type: none"> ▪ Board Meeting 10/13 ▪ Water Rate Hearing ▪ Quarterly Reliability Update ▪ Monthly Financial Report Distributed 	<p>APRIL 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 4/13 ▪ Budget Process Begins ▪ Quarterly Reliability Report ▪ Monthly Financial Report Distributed
<p>NOVEMBER 2020</p> <ul style="list-style-type: none"> ▪ Board Meeting 11/10 ▪ CU's 50th Anniversary ▪ Master Fee Schedule Review ▪ Red Flag Annual Update/Report ▪ Office Closed Veteran's Day 11/11 & Thanksgiving Day/Day after 11/26-27 ▪ Monthly Financial Report Distributed ▪ New Water Rates in Effect 11/1 	<p>MAY 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 5/11 ▪ Office Closed Memorial Day 5/31 ▪ Monthly Financial Report Distributed ▪ Board Member Training
<p>DECEMBER 2020</p> <ul style="list-style-type: none"> ▪ Board Meeting 12/8 ▪ Annual Financial Audit ▪ 1st Quarterly Financials & Reserves Update ▪ Office Closed Christmas Eve and Day 12/24-12/25 ▪ Employee Recognition Event 12/5 ▪ Monthly Financial Report Distributed 	<p>JUNE 2021</p> <ul style="list-style-type: none"> ▪ Board Meeting 6/08 ▪ FY 22 Budgets Approval ▪ General Manager Evaluation ▪ Monthly Financial Report Distributed ▪ 3rd Quarter Financials & Reserves Update