

***CANBY UTILITY
REGULAR BOARD MEETING
MARCH 8, 2022
7:00 P.M.***

AGENDA

Due to the COVID-19 Pandemic, the Board of Directors and staff will be attending the meeting virtually. The public is invited to attend the meeting virtually or 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 February 8, 2022, and Special and Executive Session Minutes of February 22, 2022 (pp. 1-6)
- Approval of Write-Offs
- Approval of Payment of Water and Electric Bills

IV. CITIZEN INPUT ON NON-AGENDA ITEMS

V. BOARD REPORT

- Chair Comments
- Board Member Comments

VI. STAFF REPORTS

Purchasing Agent:

- Water Master Plan Bid Award

Customer Service Supervisor:

- Red Flag Rules Update (pp. 7-15)

General Manager Updates

- Fiscal Year 2023 Budget Process (pg. 16)

VII. ADJOURN

CANBY UTILITY REGULAR BOARD MEETING MINUTES FEBRUARY 8, 2022

Due to COVID-19 Pandemic, the Board of Directors and staff attended the meeting virtually. The public was invited to attend the meeting virtually or in person at Canby Utility's office, with measures to comply with the Governor's Executive Order regarding social distancing.

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

Staff Present: Carol Sullivan, Interim 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

Others Present: David Bajorin, City Council Liaison; and John Molamphy

Chair Thompson called the Regular Board Meeting to order at 7:03 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 amended meeting agenda, regular meeting minutes of January 20, 2022, write-offs in the amount of \$111.42, payment of the electric and water department bills in the amount of \$1,017,457.05. Member Hill seconded, and the motion passed unanimously.

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

Chair Thompson recognized Member Wagner for his dedication and service to the Canby Utility Board. Member Wagner had completed his second two full terms on the Board of Directors. Chair Thompson highlighted the projects and activities that Member Wagner helped guide the utility through during his tenure.

Human Resources/Administration Manager Barbara Benson presented a recommendation to revise Canby Utility's Equal Employment Opportunity Anti-Harassment and Anti-Discrimination Policy. The Board adopted the policy in February 2020, following new employment laws established in the 2019 legislative session. The proposed revisions include identifying specific individuals to receive complaints and adding the new CROWN Act language. These changes comply with Oregon law. In addition, our labor counsel drafted an investigation guidance procedure that will give management direction on how to properly navigate the complaint process to ensure compliance with the policy and law. After a brief discussion, Member Hill made the *MOTION to adopt updated Procedure 500 and Procedure 501, the Equal Employment Opportunity Anti-Harassment and Anti-Discrimination Policy, and

Procedure 501, Investigation Guidelines for Canby Utility. Member Wagner seconded, and the motion passed unanimously.

Interim General Manager Carol Sullivan presented a recommendation to recruit for a Finance Manager and appoint her as the General Manager. She felt that this approach would be a good succession plan for the utility. Sullivan stated that she was willing to accept the risk of a six-month probationary period. If the Board decided to go another direction at that time, they would then proceed with recruitment for a new General Manager. Sullivan thanked the Board for their consideration of her request. The board members shared their support for Sullivan and expressed their confidence in her abilities to serve in the General Manager role. Chair Thompson noted that Board Attorney Ashley Driscoll could prepare a contract for the Board and Sullivan to review, and the Board concurred.

Chair Thompson acknowledged Council Liaison Bajorin and thanked him for sharing an email he received from another city council member regarding the City of Molalla's wastewater discharge. Thompson briefly talked about the document that Canby Utility and Veolia's staff prepared to help provide some history and current information on Molalla's discharge that could impact our water quality. Thompson invited Councilor Bajorin to share his thoughts on the information we provided. Bajorin said that it was beneficial to give him a better understanding of the issue. He also expressed the importance of ensuring that the activities upriver are being monitored.

Purchasing Agent Sue Arthur reported that the Oregon Health Authority approved Canby Utility's Water Master Plan in April 2010 and is in effect for 20 years. There is a requirement for a formal plan review under certain circumstances during those 20 years. The City of Canby has made staff aware of development projects expected to begin soon that do not exist in the current master plan. Canby Utility must complete a plan review to proceed with these significant additions to the existing system. Arthur stated that due to the urgency to get the plan review started so that these projects can proceed, staff issued a Request for Proposal for the plan update on January 18 with a bid opening date of February 10. The bid amounts are not expected to exceed \$100,000. The plan review is in the current fiscal year budget. Arthur noted that should the bids exceed \$100,000, staff will need board approval to award the contract. In this scenario, a second board meeting will need to occur later this month so that the plan update can proceed without delay. Arthur noted that the engineers anticipate the plan review will take about nine months to complete. Discussion ensued regarding the bid process, timelines, and the developments driving the plan update.

Interim General Manager Carol Sullivan reported that she attended a wildfire mitigation virtual workshop with staff to prepare them for drafting Canby Utility's Wildfire Mitigation Plan. The Public Utilities Commission requires the plan to be approved by the Board and submitted to them by June 30, 2022. Sullivan stated that Operations Manager Jason Berning is taking the lead on this project.

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Sullivan reported that Essex Construction completed the final piece of the Combined Service Center project needed for the City of Canby to sign off on the Certificate of Occupancy. This work included a section of the sidewalk that was in question on the plans.

Sullivan also reported that the office would be closed on February 21 for the President's Day holiday.

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

There being no further business, the meeting adjourned at 7:30 p.m.

Melody Thompson, Chair

David Horrax, Member

Tim Gustafson, Member

Robert Hill, Member

Todd Wagner, Member

Barbara Benson, Board Secretary

CANBY UTILITY SPECIAL BOARD MEETING MINUTES FEBRUARY 22, 2022

Due to COVID-19 Pandemic, the Board of Directors and staff attended the meeting virtually. The public was invited to attend the meeting virtually or in person at Canby Utility's office, with measures to comply with the Governor's Executive Order regarding social distancing.

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

Staff Present: Barbara Benson, Board Secretary

Others Present: Ashley Driscoll, Board Attorney

Chair Thompson called the Regular Board Meeting to order at 7:02 p.m. and read the Executive Session announcement.

Member Wagner made the *MOTION to go into Executive Session according to ORS 192.660(2)(f) to discuss exempt public records. Member Hill seconded, and the motion passed unanimously.

The regular meeting recessed at 7:03 p.m.

The regular meeting reconvened at 7:37 p.m.

Chair Thompson opened the discussion of the General Manager's employment agreement. Board Attorney Ashley Driscoll reviewed the items for discussion. These items included 1) term of the agreement, 2) severance, 3) vacation and benefits, 4) residency, 5) probationary period, 6) salary review, and 7) salary.

The Board discussed and had consensus to offer Carol Sullivan the following: 1) a two-year employment agreement, 2) a six-month probationary period, 3) one month of severance for each year served in the General Manager position, and 4) maintain the existing vacation structure that the management team receives with a provision for board approval the vacation roll-over accruals. The Board also concurred that Sullivan does not need to relocate to reside within the city limits, with her current residence being within close proximity to Canby. A brief discussion ensued about the salary review and salary provisions. The Board wanted Chair Thompson to have a conversation with Sullivan first on salary expectations and then bring it back to the Board for further discussion.

Member Gustafson made the *MOTION to delegate authority to Chair Thompson to negotiate the terms of the contract within the parameters given by the Board, understanding that the

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agreement will go to the Board for final review. Member Horrax seconded, and the motion passed 5-0.

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

There being no further business, the meeting adjourned at 7:49 p.m.

Melody Thompson, Chair

David Horrax, Member

Tim Gustafson, Member

Robert Hill, Member

Todd Wagner, Member

Barbara Benson, Board Secretary

***CANBY UTILITY
EXECUTIVE SESSION MINUTES
FEBRUARY 22, 2022***

Due to COVID-19 Pandemic, the Board of Directors and staff attended the meeting virtually.

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

Staff Present: Barbara Benson, Board Secretary

Others Present: Ashley Driscoll, Board Attorney

The Executive Session was opened at 7:02 p.m. by Chair Thompson pursuant to ORS 192.660(2)(f) for the purpose of discussing exempt public records.

There being no further business, the Executive Session adjourned at 7:37 p.m.

Melody Thompson, Chair

David Horrax, Member

Tim Gustafson, Member

Robert Hill, Member

Todd Wagner, Member

Barbara Benson, Board Secretary



MEMORANDUM

February 25, 2022

TO: Chairperson Thompson, Member Hill, Member Horrax and
Member Gustafson

FROM: Cindy Dittmar, Customer Service Supervisor

SUBJECT: Annual Red Flag Rules Update

Overview: The Federal Trade Commission requires every creditor to establish an “Identity Theft Prevention Program” that is defined by the Red Flag Rules. Canby Utility established this program in November 2008.

Staff follows the current policy which is in compliance with the Federal rules. We are pleased to report that there have not been any incidents over the past year. The annual Red Flag Rules training was completed by our customer service staff on February 8, 2022.

A copy of the Identity Theft Prevention Program is attached for your review.

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

Exhibit A

Canby Utility Board

Identity Theft Prevention Program

Effective November 1, 2008

I. PROGRAM ADOPTION

The Canby Utility Board (Utility) developed this Identity Theft Prevention Program (Program) pursuant to the Federal Trade Commission's Red Flags Rule (Red Flag Rule or Rule), 16 C. F. R. § 681.2 and Appendix A to Part 681 that implements Sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), Pub. L. 108-159 amending parts of the Fair Credit Reporting Act (FCRA), 15 U.S.C. § 1681 *et seq.* This Program also responds to ORS 646A.622, the Oregon Consumer Identity Theft Protection Act.

After consideration of the size and complexity of the Utility's operations and account systems, and the nature and scope of the Utility's activities, the Utility management team, including the Finance Director (Program Administrator), developed this Program. The Canby Utility Board reviewed this Program and adopted it by Resolution No. 224e on October 28, 2008.

II. REQUIREMENTS AND DEFINITIONS

A. Requirements

Under the Red Flag Rule, every creditor is required to establish an "Identity Theft Prevention Program" tailored to its size, complexity and the nature of its operation. According to 16 C.F.R. § 681.2(d)(2), each program must contain reasonable policies and procedures to:

- Identify relevant Red Flags for the Utility's new and existing covered accounts and incorporate those Red Flags into the Program;
- Detect Red Flags that have been incorporated into the Program;
- Respond appropriately to any Red Flags that are detected to prevent and mitigate identity theft; and
- Ensure the Program is updated periodically, to reflect changes in risks both to customers and to the safety and soundness of the Utility from identity theft.

B. Definitions

"Covered account" means an account the Utility offers or maintains, primarily for personal, family, or household purposes, that involves or is designed to permit multiple payments or transactions such as a utility account; and any other account the Utility offers or maintains for which there is a

reasonably foreseeable risk to customers or to the safety and soundness of the Utility from identity theft, including financial, operational, compliance, reputation, or litigation risks.

“Creditor,” as identified in the Rule and defined in the FCRA at 15 U.S.C. § 1681a(r)(5), means utility companies such as the Utility that are under the jurisdiction of the Federal Trade Commission (FTC) because, as interpreted in a June 2008 FTC Business Alert, “government entities [that] defer payment for goods or services...are to be considered creditors.”

“Identifying information” means information retained by the Utility including any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including any—name, social security number, date of birth, official State or government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, unique electronic identification number, IP address, or routing code.

“Identity theft” means fraud committed or attempted using the identifying information of another person without authority.

“Red Flag” means a pattern, practice, or specific activity that indicates the possible existence of identity theft.

III. IDENTIFYING RED FLAGS

In order to identify relevant Red Flags, the Utility considers the types of accounts that it offers and maintains, the methods it provides to open its accounts, the methods it provides for access to its accounts, and its previous experiences with Identity Theft.

The Utility identifies the following Red Flags in each of the listed categories. The categories are not intended to be all-inclusive, and other suspicious activity may be investigated as necessary.

A. Notifications and Warnings From Credit Reporting Agencies

Red Flags

- Report of fraud accompanying a credit report;
- Notice or report from a credit agency of a credit freeze on a customer or account applicant;
- Notice or report from a credit agency of an active duty alert for an account applicant; or
- Indication from a credit report of activity that is inconsistent with a customer's usual pattern or activity.

B. Suspicious Documents

Red Flags

- Identification document or card that appears to be forged, altered or inauthentic;

- Identification document or card on which a person's photograph or physical description is not consistent with the person presenting the document;
- Other document with information that is not consistent with existing customer information (such as if a person's signature on a check appears forged); or
- Application for service that appears to have been altered or forged.

C. Suspicious Personal Identifying Information

Red Flags

- Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates);
- Identifying information presented that is inconsistent with other sources of information (for instance, an address not matching an address on a credit report);
- Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
- Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
- Social security number presented that is the same as one given by another customer;
- An address or phone number presented that is the same as that of another person;
- A person fails to provide complete personal identifying information on an application when reminded to do so (however, by law social security numbers must not be required); or
- A person's identifying information is not consistent with the information that is on file for the customer.

D. Suspicious Account Activity or Unusual Use of Account

Red Flags

- Change of address for an account followed by a request to change the account holder's name;
- Payments stop on an otherwise consistently up-to-date account;
- Account used in a way that is not consistent with prior use (example: very high activity);
- Mail sent to the account holder is repeatedly returned as undeliverable;
- Notice to the Utility that a customer is not receiving mail sent by the Utility;
- Notice to the Utility that an account has unauthorized activity;
- Breach in the Utility's computer system security; or
- Unauthorized access to or use of customer account information.

E. Alerts from Others

Red Flag

- Notice to the Utility from a customer, identity theft victim, law enforcement or other person, that it has opened or is maintaining a fraudulent account for a person engaged in identity theft.

IV. DETECTING RED FLAGS

A. New Accounts

In order to detect any of the Red Flags identified above associated with the opening of a new account, Utility personnel will take the following steps to obtain and verify the identity of the person opening the account:

Detection

- Require certain identifying information such as name, date of birth, residential or business address, principal place of business for an entity, driver's license or other identification;
- Review documentation showing the existence of a business entity; and/or
- Independently contact the customer.

B. Existing Accounts

In order to detect any of the Red Flags identified above for an existing account, Utility personnel will take the following steps to the extent possible to monitor transactions with an account:

Detection

- Verify the identification of customers if they request information (in person, via telephone, via facsimile, via email);
- Verify the validity of requests to change billing addresses; and/or
- Verify changes in banking information given for payment purposes.

V. RESPONSE AND PROTECTION

A. Response

1. In the event Utility personnel detect identity theft, such personnel shall notify the customer consistent with this Section. The disclosure notification shall be made in the most expeditious time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement as provided in subsection (2) of this section, and consistent with any measures necessary to determine sufficient contact information for the customers, determine the scope of the breach and restore the reasonable integrity, security and confidentiality of the data.

2. The notification to the customer required by this Section may be delayed if a law enforcement agency determines that the notification will impede a criminal investigation and that the Utility has made a written request that the notification be delayed. The notification required by this section shall be made after that law enforcement agency determines that its disclosure will not compromise the investigation and notifies the person in writing.

3. For purposes of this Section, notification to the customer may be provided by written notice or telephone notice, provided that contact is made directly with the affected customer.

4. Notice under this section shall include at a minimum:

- A description of the incident in general terms;
- The approximate date of the breach of security;
- The type of personal information obtained as a result of the breach of security;
- Contact information for the Utility;
- Contact information for national consumer reporting agencies; and
- Advice to the customer to report suspected identity theft to law enforcement, including the Federal Trade Commission.

5. If Utility personnel discover a breach of security affecting more than 1,000 customers that requires disclosure under this Section, such personnel shall notify, without unreasonable delay, all reporting agencies that compile and maintain reports on customers on a nationwide basis of the timing, distribution and content of the notification given by Utility personnel to the customers, including the police report number, if available.

6. Notwithstanding subsection (1) of this section, notification is not required if, after an appropriate investigation or after consultation with relevant federal, state or local agencies responsible for law enforcement, the Program Administrator or designee determines that no reasonable likelihood of harm to the customers whose personal information has been acquired has resulted or will result from the breach. Such a determination must be documented in writing and the documentation must be maintained for five years. The Program Administrator may act to mitigate future red flags in the following, non-exclusive manners:

- Continue to monitor an account for evidence of identity theft;
- Not open a new account;
- Close an existing account; and/or
- Reopen an account with a new number.

B. Protection

1. In order to further prevent the likelihood of identity theft occurring with respect to Utility accounts, the Utility will take the following steps with respect to its internal operating procedures to protect customer identifying information:

- Ensure complete and secure destruction of paper documents and computer files containing customer information;
- Ensure that office computers are password protected;
- Keep offices clear of papers containing customer information;
- Ensure computer virus protection is up to date; and
- Require and keep only the kinds of customer information that are necessary for utility purposes.

2. In the event a credit reporting agency sends notice to the Utility of a substantial difference between the address for the customer that the Utility provided to request the report and the address(es) in the reporting agency's file, Utility personnel will confirm the personal information received from the customer with the customer and compare that information with other internal records, third-party records, or other reasonable means.

If Utility personnel:

- form a reasonable belief that the customer-provided address is accurate,
- the Utility establishes a continuing relationship with the customer, and
- the Utility regularly and in the ordinary course of business furnishes information to the reporting agency that identified the address discrepancy,

then Utility personnel shall furnish the confirmed address to the reporting agency that identified the address discrepancy.

VI. PROGRAM UPDATES

The Program Administrator will review and update this Program at least once a year to reflect changes in risks to customers and the soundness of the Utility from identity theft. In doing so, the Program Administrator will consider the effectiveness of the policies and procedures of the Utility in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts, service provider arrangements, significant incidents involving identity theft and management's response, Utility's experiences with identity theft situations, changes in identity theft methods, changes in identity theft detection and prevention methods, and changes in the Utility's business arrangements with other entities.

After considering these factors, the Program Administrator will determine whether such factors warrant changes to the Program, including the listing of Red Flags. If warranted, the Program Administrator will update the Program.

The Program Administrator will report annually to the Utility Board on compliance with the Red Flag Rule.

VII. PROGRAM ADMINISTRATION

A. Oversight

Responsibility for oversight, implementation and administration of this Program lies with the Program Administrator. The Program Administrator is responsible for the Program for ensuring appropriate training of Utility staff on the Program, for reviewing any staff reports regarding the detection of Red Flags and the steps for preventing and mitigating identity theft, determining which steps of prevention and mitigation should be taken in particular circumstances and considering periodic changes to the Program.

B. Staff Training and Reports

Utility staff responsible for implementing the Program shall be trained either by or under the direction of the Program Administrator in the detection of Red Flags, and the responsive steps to be taken when a Red Flag is detected. Utility staff will provide reports to the Program Administrator on incidents of identity theft.

C. Service Provider Arrangements

In the event the Utility engages a service provider to perform an activity in connection with one or more accounts, the Utility will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft.

- Require, by contract, that service provider(s) have such policies and procedures in place; and
- Require, by contract, that service provider(s) review the Utility's Program and report any Red Flags to the Program Administrator.

D. Non-disclosure of Specific Practices

For the effectiveness of this Program, knowledge about specific Red Flag identification, detection, mitigation and prevention practices must be limited to the Program Administrator and to those employees with a need to know them. Any documents that may have been produced or are produced in order to develop or implement this program that list or describe such specific practices and the information those documents contain are considered "Security information" (as defined in the following paragraph) and are unavailable to the public because disclosure of them would be likely to substantially jeopardized the security of information against improper use, that use being to circumvent the Utility's identity theft prevention efforts in order to facilitate the commission of identity theft.

"Security information" is defined as government data the disclosure of which would be likely to substantially jeopardize the security of information, possessions, individuals or property against theft, tampering, improper use, attempted escape, illegal disclosure, trespass, or physical injury.

RESOLUTION NO. 226

A RESOLUTION OF THE CANBY UTILITY BOARD ESTABLISHING AN IDENTITY THEFT PREVENTION PROGRAM.

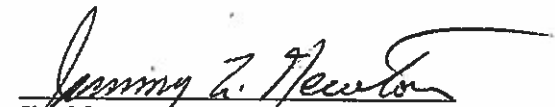
WHEREAS, the Board of Directors of the Canby Utility Board seeks to protect the personal information of its customers; and

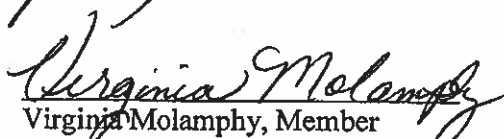
WHEREAS, the Federal Trade Commission established the Red Flags Rule that requires certain organizations to establish an Identity Theft Prevention Program to identify, detect and respond to identity theft, and the State of Oregon enacted similar identity theft requirements; and

WHEREAS, The Board of Directors must adopt an Identity Theft Program by November 1, 2008; and

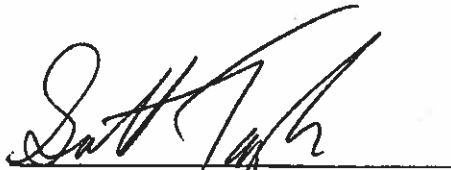
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Canby Utility Board, that Canby Utility adopts the Identity Theft Program, attached hereto as Exhibit A.

THIS RESOLUTION ADOPTED BY THE CANBY UTILITY BOARD this 28th day of October, 2008.


Jim Newton, Chairman


Virginia Molamphy, Member


Jerry Smith, Member


Scott Taylor, Member


John Byers, Member


Barbara Benson, Board Secretary



MEMORANDUM

March 4, 2022

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

FROM: Carol Sullivan, Finance Manager

SUBJECT: FY 23 Operating & Capital Budget Process

The following is the schedule for the development and completion of the FY 23 Operating & Capital Budgets.

- March 22nd - E-mail Capital Budget forms to Management Team
- March 29th - E-mail Operating Budget forms to Department heads
- April 19th and 26th - Check with department heads to review budget progress, determine final steps to reach completion
- May 11th - Departmental Operating & Capital Budgets due
- May 23rd - Start budget review process with General Manager
- May 27th - Complete budget review process with General Manager
- **June 10th** - Include Proposed Operating & Capital Budgets in Board packet
- **June 14th** - Review Proposed Operating & Capital Budgets with Board

If you have further questions or would like more information please let me know.