

***CANBY UTILITY  
REGULAR BOARD MEETING  
JULY 12, 2022  
7:00 P.M.***

**AGENDA**

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

I. CALL TO ORDER

II. AGENDA

- Additions, Deletions or Corrections to the Meeting Agenda

III. CONSENT AGENDA

- Approval of Agenda
- Approval of Regular Board Meeting Minutes of June 14, 2022 (pp. 1-4)
- 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 12, 2022 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. RECOMMENDATION Establish New Account for the Share the Warmth Bill Assistance Program – Barbara Benson, HR/Administration Manager (pp. 5-6)

VI. BOARD REPORT

- Chair Comments
- Board Member Comments

VII. STAFF REPORTS

Operations Manager:

- Quarterly Reliability Report (pp. 7-8)

Board Secretary-Clerk:

- Board Planning Calendar (pp. 9-10)

General Manager Updates:

- Second Quarter Financial Reports (pp. 11-14)

VIII. EXECUTIVE SESSION The Canby Utility Board will adjourn its regular meeting to go into executive session pursuant to ORS 192.660(2)(i) to discuss performance of public employee. Upon completion of the executive session the Board will return to its regular meeting.

IX. ADJOURN

# ***CANBY UTILITY REGULAR BOARD MEETING MINUTES JUNE 14, 2022***

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

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

**Absent:** Member Gustafson

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

**Others Present:** Joe Brennan, Utility Worker III; Art Marine, City Council Liaison; Jennifer Joly, Oregon Municipal Electric Utilities (Virtually)

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 May 10, 2022, write-offs in the amount of \$709.46, payment of the electric and water department bills in the amount of \$947,181.15. Member Molamphy seconded, and the motion passed unanimously 4-0.

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

Chair Thompson welcomed Councilor Art Marine, Canby Utility's newest liaison to the Canby City Council.

Operations Manager Jason Berning presented a Wildfire Risk Mitigation Plan (WRM) for approval. Canby Utility is required to have a WRM plan adopted to comply with the state's requirement to have a plan to address the risk of a wildfire. These wildfire risk conditions include high heat, low humidity, and high winds. The plan will be submitted to the Oregon Public Utilities Commission for approval following the Board's adoption of the plan. Canby's risk of wildfire is considered low due to our location; however, staff has identified some areas along the Knights Bridge substation feeder lines that present some risk. A discussion ensued regarding Canby Utility's exposure along Knights Bridge Road near Canby Grove and across the Molalla River and the right-of-way vegetation maintenance program. Following discussion,

Member Hill made the \*MOTION to adopt Canby Utility's Wildfire Risk Mitigation Plan. Member Horrax seconded, and the motion passed unanimously.

General Manager Carol Sullivan presented the recommended fiscal year 2023 (FY23) 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 FY23 compared to FY22. The total electric sales are expected to increase by \$329,528 based on FY22 actuals with a three percent growth factor. The other electric energy revenues are expected to decrease by \$23,659 based on history and BPA's remaining contract amount for the conservation program. The overall operating revenues are increasing by \$305,869, mainly due to the large commercial electric sales. Sullivan explained that the total operating expenses are increasing by \$47,875, mainly due to more labor being expensed and increased operating and maintenance costs for the new facility. The operating income is increasing by \$257,994, mainly due to increased large commercial sales. The total non-operating revenues and expenses are increasing by \$24,807, due to interest on cash reserves. The total capital contributions are increasing by \$125,991 based on an estimated 131 new residential meter connects, three new subdivisions, three multi-family developments, and nine commercial projects for the new fiscal year. Sullivan reviewed the change in net assets, cash and investments, cash used for capital purchases, and depreciation. The total estimated end of FY23 cash and investments is \$10,478,740.

Sullivan reviewed the Water Department Executive Summary that highlighted the proposed changes for FY23 compared to FY22. The total water usage sales are expected to increase by \$41,000 with increased meter counts for expected growth, the water rate increase from 2020, and based on a low consumption year. The total operating expenses are expected to increase by \$171,445, mainly due to Veolia's annual contract fee adjustment and variable cost adjustment. The operating income will decrease by \$130,445 as a result of increased expenses. The total non-operating revenues and expenses are increasing by \$27,541, mainly due to interest on cash reserves. The total capital contributions are increasing by \$350,257 based on an estimated 136 new residential meter connects, three new subdivisions, three multi-family developments, and seven commercial projects for the new fiscal year. Sullivan 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 FY23 cash and investments is \$6,505,150.

Sullivan reviewed the personnel costs increase of \$124,368 or 2.9%. This change is due to having a 4.0% contractual cost-of-living adjustment for the represented employees and an estimated 8.5% Consumer Price Index adjustment for non-represented employees. Sullivan noted that there are employees in management who are in lower steps of their salary range due to being newer to their positions.

Sullivan noted that the budget does not include the electric vehicle charging stations. The city has \$150,000 budgeted for the project. The city is taking the lead on this project due to the site locations being on city property. Staff may come back to the board later and request funds from reserves to contribute to the project when more is known about the overall costs. Sullivan also

noted that in the Water Treatment Plant budget, ample funds are included to proactively test the Molalla River for the source of the algae byproducts, Geosmin and MIB (Methylisoborneol). A brief discussion ensued regarding the anticipated increased cost for maintenance of the new facility, discontinuing contracted underground utility locating services that will be performed internally, a capital purchase of a vactor truck, a revisit of the management compensation study, and the minimal impact of the Bonneville Power Administration's forecasted rates for the year. Also discussed was the timing of the water master plan and system development charge methodology update, and the financial software conversion project.

Member Horrax made the \*MOTION that the fiscal year 2023 Electric and Water Operating and Capital Budgets be approved as presented. Member Hill seconded the motion, and the motion passed unanimously 4-0.

General Manager Carol Sullivan presented the first-quarter Executive Financial Summary. Sullivan reviewed the profit resulting from operations and capital contributions year-to-date for three months ending September 30, 2021. The electric operating profit was \$354,464, plus capital contributions of \$252,022, for a total net income of \$606,486. The water operating profit was \$674,331, plus the capital contributions of \$965,680, for a total net income of \$1,640,011.

Sullivan then compared the operations with capital contributions to the budget. The electric fund's net income was over budget by \$288,029. The year-to-date operating revenue is 6.88% or \$233,307 over budget, mainly due to greater residential and commercial sales. The operating expenses are 2.58% or \$87,764 under budget, mainly due to more labor being capitalized, vacant positions, and lower purchased power. The capital contributions are 12.96% or \$37,515 under budget, mainly due to fewer line extensions than budgeted. The change in net assets is 90.45% or \$288,029 over budget, mainly due to more residential and commercial sales than budgeted.

The water fund was over budget by \$776,737. The year-to-date operating revenue is 19.17% or \$251,088 over budget, mainly due to higher residential, commercial, and multi-family sales. The total operating expenses are 4.86% or \$44,475 under budget, mainly due to a vacant position and more labor being capitalized. The capital contributions are 104.51% or \$493,477 over budget, mainly due to the timing of contributions of infrastructure by developers. The change in net assets is 89.98% or \$776,737 over budget, mainly due to higher residential sales and timing of contributions from developers.

Sullivan then reviewed the cash reserves summary. This summary compares Canby Utility's current cash reserves to the targeted amount for June 30. The electric reserves are under the year-end target by \$714,988. The water reserves are over the year-end target by \$1,006,659.

Sullivan reported on the Northwest Public Power Association annual conference she attended in May. She highlighted the topics discussed and her contacts with other utility general managers.

Sullivan also attended a virtual meeting for the Molalla River Drinking Water project. There are opportunities for grant funding to cover the costs of future MIB and Geosmin testing samples.

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The grant application will be announced in early 2023 for fall funding. DEQ has offered to help write or review our grant proposal.

Sullivan reported that she participated in a water system development charge study that ECONorthwest is conducting for House Bill 3040. There are several meetings scheduled to complete the study, and we will receive a copy of the final study.

Sullivan reported on the status of the utility's financial reporting. Interim Finance Manager Craig Tuholski is making good progress and is currently working in January and February.

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

There being no further business, the meeting adjourned at 7:55 p.m.

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Melody Thompson, Chair

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David Horrax, Member

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Tim Gustafson, Member

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Robert Hill, Member

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John Molamphy, Member

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Barbara Benson, Board Secretary



## MEMORANDUM

July 7, 2022

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

FROM: Barbara Benson, HR/Administration Manager

SUBJECT: Share the Warmth's Wells Fargo Bank Account Changes

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### **Suggested Motion:**

*I move to authorize Barbara Benson and Cindy Dittmar to open a new account, in the Canby Utility Board's name and using a nickname of Share the Warmth, and grant these representatives Key Account status with signing authority for banking transactions at Wells Fargo Bank. Furthermore, funds in the existing Share the Warmth Account shall be transferred to the new account and the existing account will be closed.*

### **Background:**

On September 14, 2021, staff presented a recommendation that was approved to update Canby Utility's Share the Warmth energy assistance program bank account signers. This account is held by Wells Fargo. At that time, Wells Fargo requested the Board of Directors provide a copy of meeting minutes to reflect that this change in signers was authorized by the governing body. However, the account was set up in the 1990s under a business name of Share the Warmth with no reference to or association with Canby Utility. Wells Fargo believed that Share the Warmth was its own separate non-profit agency and would not allow changes to be made even with the Board's authorization last September.

We requested the help of our board attorney's office to resolve the issue. They wrote a letter that prompted Wells Fargo to allow us to open a new account in Canby Utility's name with a nickname of Share the Warmth and close the existing account. Documentation of the Board's approval will need to be reflected in the minutes that will be approved next month.

The Board of Directors are being asked to approve the following changes that will be reflected in the board's minutes:

- 1 Close the Share the Warmth bank account;
- 2 Open a new account in Canby Utility Board's name with a nickname of Share the Warmth;

- 3 Add Barbara Benson and Cindy Dittmar as Key Executives authorized to make changes to the account, including adding or deleting signers;
- 4 Any changes to Key Executives will be approved by the Board of Directors.

Thank you for your consideration, and I will answer any questions the Board may have.

OUTAGE AVERAGES July 2021 THROUGH June 2022

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	2021	0	0	0	7887	0
Aug	2021	0	0	0	7879	0
Sep	2021	1	8	264	7884	1
Oct	2021	1	2	272	7908	3
Nov	2021	0	0	0	7928	0
Dec	2021	0	0	0	7950	1
Jan	2022	2	10	1980	7950	2
Feb	2022	1	1	90	7947	2
March	2022	0	0	0	7947	1
April	2022	0	0	0	7960	0
May	2022	1	3	270	7971	2
June	2022	0	0	0	7978	1
12 MONTH TOTALS		6	24	2,876	95,189	13
12 MONTH AVERAGE		0.50	2	240	7,932	1.1

			C.U.	Industry Typical Value
SAIDI =	$\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}}$	$= \frac{2,876}{7,932}$	$= 0.3626$	$87.0$
SAIFI =	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}}$	$= \frac{24}{7,932}$	$= 0.00$	$0.93$
MAIFI=	$\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}}$	$= \frac{13}{7,932}$	$= 0.002$	$0.96$
CAIDI =	$\frac{\text{Total interruption minutes for 12 months}}{\text{Total number of interruptions}}$	$= \frac{120}{6}$	$= 20$	$107.25$



## **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

June 30, 2022

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

FROM: Barbara Benson, Board Secretary-Clerk

SUBJECT: Planning Calendar

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Attached is a proposed agenda planning calendar for the fiscal year starting July 1<sup>st</sup>. Staff has provided input on the anticipated timeline for when projects or activities will be presented to the board; however, the actual date of when they will be added to the agenda may change throughout the year.

In addition to the anticipated agenda items, important dates and recurring reporting are also included for your information.

We welcome your input on additional matters that can be added to the calendar. Staff will be ready to answer any questions the board may have.

**Board Planning Calendar  
FY 2023**

<p><b>JULY 2022</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 7/12</li> <li>▪ Start of Fiscal Year 2023</li> <li>▪ Board Planning Calendar</li> <li>▪ Quarterly Reliability Update</li> <li>▪ Share the Warmth Banking Changes</li> <li>▪ Office Closed Independence Day 7/4</li> <li>▪ New 4-10 Workweek Begins</li> <li>▪ Monthly Financial Report Distributed</li> </ul>	<p><b>JANUARY 2023</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 1/10</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>▪ Office Closed New Year's 1/2</li> <li>▪ Monthly Financial Report Distributed</li> </ul>
<p><b>AUGUST 2022</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 8/9</li> <li>▪ Water SDC Inflationary Adjustment</li> <li>▪ Summer BBQ</li> <li>▪ Vactor Truck Purchase</li> <li>▪ Water Reservoir Repainting Project</li> <li>▪ Monthly Financial Report Distributed</li> </ul>	<p><b>FEBRUARY 2023</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 2/14</li> <li>▪ Office Closed President's Day 2/20</li> <li>▪ SDAO Conference - Sunriver</li> <li>▪ Monthly Financial Report Distributed</li> </ul>
<p><b>SEPTEMBER 2022</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 9/13</li> <li>▪ Office Closed Labor Day 9/5</li> <li>▪ FY 22 4<sup>th</sup> Quarter Financials &amp; Reserves</li> <li>▪ Management Cost of Living Adjustment</li> <li>▪ Water Rate Adjustment Update</li> <li>▪ General Manager 6 Mo Evaluation</li> <li>▪ Anti-Harassment/Discrimination Training</li> <li>▪ Monthly Financial Report Distributed</li> </ul>	<p><b>MARCH 2023</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 3/14</li> <li>▪ 2<sup>nd</sup> Quarter Financials &amp; Reserves Update</li> <li>▪ General Manager Evaluation</li> <li>▪ Monthly Financial Report Distributed</li> </ul>
<p><b>OCTOBER 2022</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 10/11</li> <li>▪ Water Rate Hearing</li> <li>▪ Quarterly Reliability Update</li> <li>▪ Board Governance Training</li> <li>▪ Monthly Financial Report Distributed</li> </ul>	<p><b>APRIL 2023</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 4/11</li> <li>▪ Budget Process Begins</li> <li>▪ Quarterly Reliability Report</li> <li>▪ Monthly Financial Report Distributed</li> </ul>
<p><b>NOVEMBER 2022</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 11/8</li> <li>▪ Master Fee Schedule Review</li> <li>▪ MOU – 4/10 Workweek Review</li> <li>▪ Red Flag Annual Update/Report</li> <li>▪ Office Closed Veteran's Day 11/10 &amp; Thanksgiving Day 11/24</li> <li>▪ New Water Rates in Effect 11/1</li> <li>▪ Monthly Financial Report Distributed</li> </ul>	<p><b>MAY 2023</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 5/9</li> <li>▪ Office Closed Memorial Day 5/29</li> <li>▪ Board Training</li> <li>▪ Labor Negotiations Update</li> <li>▪ Monthly Financial Report Distributed</li> </ul>
<p><b>DECEMBER 2022</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 12/13</li> <li>▪ Annual Financial Audit</li> <li>▪ 1<sup>st</sup> Quarterly Financials &amp; Reserves Update</li> <li>▪ Office Closed Christmas 12/26</li> <li>▪ Employee Recognition Event 12/3</li> <li>▪ Monthly Financial Report Distributed</li> <li>▪ Water Master Plan Update</li> <li>▪ 10 Year Substation Maintenance Update</li> </ul>	<p><b>JUNE 2023</b></p> <ul style="list-style-type: none"> <li>▪ Board Meeting 6/13</li> <li>▪ FY 24 Budgets Approval</li> <li>▪ 3<sup>rd</sup> Quarter Financials &amp; Reserves Update</li> <li>▪ Labor Negotiations Update</li> <li>▪ Monthly Financial Report Distributed</li> </ul>



## **Memorandum**

July 1, 2022

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

**From:** Craig Tuholski, Interim Finance Manager

**Subject:** Quarterly Financial Update as of December 31, 2021 Fiscal Year 2022

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Please find attached the Executive Financial Summary through December 31, 2021, the Utility's first six months of fiscal year 2022. The report is cumulative to date and gives a quick overview of profit and loss resulting from operations and capital contributions, a comparison to budget with notes, and cash reserves compared to the budget target and minimum. For monthly information refer to the financial packet sent via e-mail.

Carol Sullivan will present these at the next board meeting and will be available for comments or to answer any questions.

**Canby Utility Executive Financial Summary**  
**Profit (Loss) Resulting From Operations and Capital Contributions\*\*\***  
**Year To Date (YTD) Six Months Ending December 31, 2021**

Legend	
	= Electric
	=Water

**Electric**

**Profit (Loss) From Operations**

Revenue		Expense		Operating Profit (Loss)	
\$	7,219,633	\$	6,486,574	\$	733,059

**Operations And Capital Contributions\*\*\***

Operating Profit (Loss)		Capital Contributions		Net Income (Loss)	
\$	733,059	\$	659,791	\$	1,392,850

**Water**

**Profit (Loss) From Operations**

Revenue		Expense		Operating Profit (Loss)	
\$	2,493,710	\$	1,775,580	\$	718,130

**Operations And Capital Contributions \*\*\***

Operating Profit (Loss)		Capital Contributions		Net Income (Loss)	
\$	718,130	\$	1,154,587	\$	1,872,717

**\*\*\*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) Six Months Ending December 31, 2021**

**Electric**

Net Income (Loss)		Budget		Over (Under) Budget	
\$	1,392,850	\$	735,303	\$	657,547

**Notes :** YTD total operating revenue is 3.50% or \$238,126 over budget mainly due to greater residential and commercial sales.

YTD operating expenses are 5.13% or \$344,785 under budget mainly due to labor capitalization, vacant positions, and depreciation.

YTD Capital contributions are 13.94% or \$80,718 over budget mainly due to more line extension fees than budgeted.

YTD Change in Net Assets is 89.42% or \$657,547 over budget mainly due to more residential and commercial sales than budgeted, as well as labor capitalization and vacant positions.

**Water**

Net Income (Loss)		Budget		Over (Under) Budget	
\$	1,872,717	\$	1,317,648	\$	555,070

**Notes :** YTD operating revenue is 15.38% or \$326,266 over budget mainly due to higher residential, commercial, and multi-family sales.

YTD Operating expenses are 4.08% or \$72,691 under budget mainly due to postponing space rental of phase II building (completed mid-December), vacant positions, and labor capitalization.

YTD Capital contributions are 17.46% or \$171,632 over budget due to the timing of contributions of infrastructure from developers.

YTD Change in Net Assets is 42.13% or \$555,070 over budget mainly due to higher residential, commercial, and multi-family sales and timing of contributions of infrastructure from developers.

**Canby Utility Executive Financial Summary**  
**Cash Reserves**  
**Year To Date (YTD) Six Months Ending December 31, 2021**

**Electric**

<u>Budget Target 6/30/2022</u>	<b>Current Cash Reserves</b>		<b>FYE 2021 Target</b>		<b>Over (Under) Target</b>
	\$ 8,494,687	\$	9,031,163	\$	(536,476)

<u>MINIMUM</u>	<b>Current Cash Reserves</b>		<b>Minimum</b>		<b>Over (Under) Minimum</b>
	\$ 8,494,687	\$	4,000,000	\$	4,494,687

**Water**

<u>Budget Target 6/30/2022</u>	<b>Current Cash Reserves</b>		<b>FYE 2021 Target</b>		<b>Over (Under) Target</b>
	\$ 5,662,796	\$	4,820,707	\$	842,089

<u>MINIMUM</u>	<b>Current Cash Reserves</b>		<b>Minimum</b>		<b>Over (Under) Minimum</b>
	\$ 5,662,796	\$	2,000,000	\$	3,662,796