

***CANBY UTILITY  
REGULAR BOARD MEETING  
SEPTEMBER 13, 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 August 9, 2022 (pp. 1-3)
- 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 September 13, 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.*

I. RESOLUTION NO. 310 Revising Canby Utility's Water System Development Charges – Carol Sullivan, General Manager (pp. 4-7)

II. BOARD REPORT

- Chair Comments
- Board Member Comments

III. STAFF REPORTS

Board Secretary:

- September 27 Board Training - Virtual

General Manager Updates

IV. ADJOURN

# ***CANBY UTILITY REGULAR BOARD MEETING MINUTES AUGUST 9, 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, Gustafson, Horrax, and Molamphy

**Staff Present:** Carol Sullivan, General Manager; Barbara Benson, Board Secretary; and Cindy Dittmar, Customer Service Supervisor

**Others Present:** Art Marine, City Council Liaison; Robert Westcott

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 additions, deletions, or corrections to the meeting agenda. Board Secretary Barbara Benson stated that the General Manager would be giving the staff report on the Vactor hydro-excavator truck purchase.

Chair Thompson presented the consent agenda for approval. Member Molamphy made the \*MOTION to approve the consent agenda, consisting of the meeting agenda, regular and executive session meeting minutes of July 12, 2022, write-offs in the amount of \$334.94, payment of the electric and water department bills in the amount of \$1,097,220.09. Member Hill seconded, and the motion passed unanimously.

Chair Thompson asked for citizen input on non-agenda items. Robert Westcott gave input on the topic of electric vehicle charging stations. In the Board's meeting minutes, he read that Canby Utility is coordinating with the City of Canby on grants for an electric vehicle charging station. Westcott requested information on who the contact representatives are for both agencies. General Manager Carol Sullivan said that Operations Manager Jason Berning and Public Works Director Jerry Nelzen are working together on the project. Sullivan added that the Bonneville Environmental Foundation could also assist with grants. There are funds in the city's budget for a charging station. The city will own it due to the proposed placement of the station being on city property. Sullivan noted that equipment representatives have not been responsive in providing information to move the project along. A brief discussion ensued about grant funding opportunities. Chair Thompson asked about the first step to move forward. Sullivan said that the first step is determining the scope and design of the project, but ultimately it is a city project. Bob Westcott shared that he has done a significant amount of research on charging stations and is willing to meet with Nelzen to provide him with the information he has gathered.

General Manager Carol Sullivan reported that staff had awarded the bid to purchase a Vactor hydro-excavator truck to Owen equipment. Owen was the most responsive bidder based on the

analysis of the bids received. Sullivan provided the details of the analysis. The truck is currently being detailed and will be delivered soon.

Board Secretary Barbara Benson reported that Canby Utility's summer barbeque would be at the Champoeg State Heritage Park on August 27. Benson discussed the planning activities in preparation for the event.

General Manager Carol Sullivan presented the third-quarter Executive Financial Summary. Sullivan reviewed the profit resulting from operations and capital contributions year-to-date for nine months ending March 31, 2022. The electric operating profit was \$1,187,379, plus capital contributions of \$791,352, for a total net income of \$1,978,731. The water operating profit was \$631,421, plus the capital contributions of \$1,732,027, for a total net income of \$2,363,448.

Sullivan then compared the operations with capital contributions to the budget. The electric fund's net income was over budget by \$694,843. The year-to-date operating revenue is \$235,379 over budget, mainly due to greater commercial sales. The operating expenses are \$537,508 under budget, mainly due to vacant positions, labor capitalization, and depreciation. The capital contributions are \$77,257 under budget, mainly due to fewer line extension fees than budgeted. The change in net assets is \$694,873 over budget, mainly due to more residential and commercial sales than budgeted, as well as vacant positions and labor capitalization.

The water fund was over budget by \$688,126. The year-to-date operating revenue is \$305,989 over budget, mainly due to higher residential, multi-family, and commercial sales. The total operating expenses are \$135,387 under budget, mainly due to a vacant position, labor capitalization, and postponing space rental of the phase II building. The capital contributions are \$260,875 over budget, mainly due to the timing of contributions of infrastructure by developers. The change in net assets is \$688,126 over budget, mainly due to the timing of contributions from developers, higher commercial sales, and vacant positions.

Sullivan noted that she had updated the reporting for cash reserves to reflect the target budget for the reporting month instead of the year-end target for clarity. Sullivan then reviewed the cash reserves summary. This summary compares Canby Utility's current cash reserves to the targeted amount for March 31, 2022. The electric reserves are over the target of \$8,396,043 by \$355,456. The water reserves are over the target of \$4,766,709 by \$1,258,364. A brief discussion ensued regarding using the term "over budget," meaning that the funds are above the budgeted amount expected for that time and that the financial reporting is caught up through March. Sullivan said that April and May's financial reports are ready to be distributed to the board.

Sullivan reported on the status of the Clearwell tank exterior painting project. Staff budgeted \$150,000 for the project. When staff solicited a Request for Proposals (RFP) for the project, we received a very limited number of inquiries and only one bid with a cost of over \$1 million. Another contractor who came out to look at the tank, but did not submit a bid, had estimated the cost to be about \$500,000. Sullivan stated that staff plans to revisit the project and issue a new RFP at a later time.

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Sullivan also reported that the auditors performed their interim audit work, and their final audit work will take place the last week in September.

Sullivan and Customer Service Supervisor Cindy Dittmar had a review with Payment Systems Network (PSN), our credit card and online payment provider. We have 8,300 customers. On average, 52.8% of monthly customer payments are made using the PSN system. These payments include online, over-the-phone or in-person credit cards, and auto-pay.

Sullivan and Member Molamphy attended the Public Power Council and Oregon Municipal Electric Utilities meetings the previous week. Discussion during the meetings included the removal of dams in the lower Snake River, power markets, post-2028 wholesale power contracts with the Bonneville Power Administration, BPA transparency, renewables, electric vehicles, and funding opportunities through the Bonneville Environmental Foundation.

Sullivan noted she also attended the Chamber of Commerce meeting.

Chair Thompson had asked Sullivan about a payable related to spoils. Sullivan explained that the payment was related to the 5<sup>th</sup> Avenue project spoils dump fee.

Chair Thompson also asked about the litigation surrounding the removal of the lower Snake River dams. Member Molamphy explained that a total of 78 megawatts would be lost by removing these dams. The environmental groups are advocating for four dams to be removed to save endangered and threatened fish; however, it was noted that the salmon runs are about 121% above average this year. The cost of replacing the power is a significant concern, and a discussion ensued.

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

There being no further business, the meeting adjourned at 7:44 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

August 16, 2022

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

FROM: Carol Sullivan, General Manager

SUBJECT: Water System Development Charge Annual Inflationary Adjustment

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**Suggested Motion:** Adopt Resolution No. 310, adjusting Canby Utility's Water System Development Charges by the prescribed inflationary amount effective October 1, 2022, and repeal Resolution No. 308.

**Background:** Each year, the Board is presented with a staff recommendation to adjust Canby Utility's Water System Development Charges (SDC) based on an inflationary index adjustment.

SDC's account for new development impacts on water infrastructure needs and planning. When a new water connection is made the SDC must be paid to buy-in to the existing infrastructure and the capital reserves planning for future water needs. Infrastructure costs, both existing and future, are calculated in our 2010 Water Master Plan.

The amount of a SDC paid corresponds to the size of meter requested, based on water consumption needs computed from a single dwelling unit equivalent (DUE). Canby Utility's SDC methodology allows for an annual inflation adjustment to the charges using the Engineering News Record's Construction Cost Index.

The fiscal year 2023 inflation factor increase is 8.85% for one DUE or \$377. The fiscal year 2022 inflation factor increase was 3.82% for one DUE or \$157. Please see the attached Resolution No. 310, Exhibit A.

Staff has notified a list of interested parties regarding the recommendation to adjust the SDC's. This notification gives them an opportunity to comment on the proposal, and attend the September 13th board meeting.

Staff will be available to answer questions.

## RESOLUTION NO. 310

### **A RESOLUTION OF THE CANBY UTILITY BOARD ADOPTING REVISED WATER SYSTEM DEVELOPMENT CHARGES REFLECTING ANNUAL ADJUSTMENTS FOR INFLATION, REPEALING RESOLUTION NO. 308.**

The CANBY UTILITY BOARD resolves as follows:

Section 1. The 2004 Water System Development Charge methodology contains a method of annual adjustment of Water System Development Charges (SDCs) to account for inflation as determined by a known and recognized index, the Engineering News Record Construction Cost Index (CCI).

Section 2. The purpose of this Resolution is to apply this index to reflect changes in the index as a proxy for construction-related inflation between now and the last Water Master Plan update in 2010.

Section 3. Applying the CCI index change to the current SDC schedule results in inflation-index adjusted Water SDCs as reflected in Exhibit A attached hereto and incorporated herein by reference. The adjusted Water SDCs are set forth in Exhibit B attached hereto and incorporated herein by reference.

Section 4. Resolution No. 308 is hereby repealed.

Section 5. Effective date. This Resolution shall become effective on the 1st day of October, 2022.

THIS RESOLUTION IS ADOPTED BY THE CANBY UTILITY BOARD THIS 13th DAY OF SEPTEMBER, 2022

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Melody Thompson, Chair

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Robert Hill, Member

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David Horrax, Member

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Tim Gustafson, Member

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John Molamphy, Member

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Barbara Benson, Board Secretary

# RESOLUTION NO. 310

## Exhibit A

### System Development Charge - Proposed Adjustment Summary

Class / Meter Size	DUEs	Current SDC	Proposed SDC	Change	% Change
<b>Residential</b>					
5/8 x 3/4 Inch	1.0	\$ 4,258	\$ 4,635	\$ 377	8.85%
1 Inch	1.6	6,813	7,416	603	8.85%
<b>Non Residential</b>					
5/8 x 3/4 Inch	1.1	\$ 4,684	\$ 5,099	\$ 415	8.86%
1 Inch	2.3	9,793	10,661	868	8.86%
1.5 Inch	3.9	16,606	18,077	1,471	8.86%
2 Inch	9.4	40,025	43,569	3,544	8.85%
3 Inch	13.9	59,186	64,427	5,241	8.86%
4 Inch	20.4	86,863	94,554	7,691	8.85%
<b>Irrigation</b>					
5/8 x 3/4 Inch	1.6	\$ 6,813	\$ 7,416	\$ 603	8.85%
1 Inch	5.6	23,845	25,956	2,111	8.85%
1.5 Inch	5.3	22,567	24,566	1,999	8.86%
2 Inch	8.2	34,916	38,007	3,091	8.85%
3 Inch	13.9	59,186	64,427	5,241	8.86%
<b>Multi Family (SDC Per DUE)</b>	0.7	\$ 2,981	\$ 3,245	264	8.86%
<b>Qualifying Small-lot Planned Unit Development (SDC Per DUE)</b>	0.7	\$ 2,981	\$ 3,245	\$ 264	8.86%
<p>Note: The Water System Development Charge will increase by \$377 for a 1.0 Dwelling Unit Equivalent (DUE) and by a factor of that amount for all customer classes and meter sizes based upon results of the Red Oak Consultant's study.</p>					

**RESOLUTION NO. 310****Exhibit B****System Development Charge - Recommended Adjustment Summary**

<b>Class</b>	<b>Meter Size</b>	<b>SDC</b>
<b>Residential</b>	5/8 x 3/4 Inch	\$ 4,635
	1 Inch	7,416
<b>Non Residential</b>	5/8 x 3/4 Inch	\$ 5,099
	1 Inch	10,661
	1.5 Inch	18,077
	2 Inch	43,569
	3 Inch	64,427
	4 Inch	94,554
<b>Irrigation</b>	5/8 x 3/4 Inch	\$ 7,416
	1 Inch	25,956
	1.5 Inch	24,566
	2 Inch	38,007
	3 Inch	64,427
<b>Multi-Family</b>	SDC per Dwelling Unit	\$ 3,245
<b>Qualifying Small-lot Planned Unit Development</b>	SDC per Dwelling Unit	\$ 3,245