

***CANBY UTILITY
REGULAR BOARD MEETING
APRIL 11, 2023
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 and Executive Session Minutes of March 14 and Special Board Meeting Minutes of March 21, 2023 (pp. 1-6)
- 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 April 11, 2023 with your name, the topic you would like to speak on, and contact information: bbenson@canbyutility.org or 503-263-4312.*

V. BOARD REPORT

- Chair Comments
- Board Member Comments

VI. STAFF REPORTS

Operations Manager:

- Quarterly Reliability Report (pp. 7-8)
- Substation Five- and Ten-Year Maintenance Bid Award

Finance Manager:

- Fiscal Year 2024 Budget Process (pg. 9)
- First Quarter Financial Reports (pp. 10-13)

General Manager Updates

VII. 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 the performance of a public employee. Upon completion of the executive session the Board will return to its regular meeting.

VIII. ADJOURN

CANBY UTILITY REGULAR BOARD MEETING MINUTES MARCH 14, 2023

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

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

Others Present: Jason Padden, City Council Liaison; 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 Molamphy made the *MOTION to approve the consent agenda, consisting of the meeting agenda, regular and executive session meeting minutes of February 14, 2023, write-offs in the amount of \$288.92, payment of the electric and water department bills in the amount of \$900,834.70. Member Hill seconded, and the motion passed 5-0.

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

Operations Field Supervisor Jason Peterson recommended reallocating funds within the capital budget to replace nine aging fire hydrants. This project would provide value to the community. Peterson acknowledged the water distribution crew for bringing the need to replace these hydrants to management's attention, noting they have a lot of pride in their work for Canby. A brief discussion ensued regarding the age of five hydrants dating back to the 1950s and the 4 ½" hose connections. Board members expressed their support for replacing the hydrants. Member Hill made the *MOTION to authorize the reallocation of \$90,000 from the fiscal year 2023 mainline replacement capital budget to replace nine outdated hydrants. Member Molamphy seconded, and the motion passed 5-0. Member Molamphy asked about the process to surplus the obsolete hydrants, noting that they may have a high resale value in the right market, and a brief discussion ensued.

Chair Thompson welcomed Jack Pendleton, the newest member appointed to the board of directors.

Member Molamphy asked about the status of the proposed dog park. City Council liaison Jason Padden provided the update, sharing that the City Council voted to send the project back to the Parks Board for review. They will reevaluate alternate sites for the park. Eventually, the project

will return to the council with a recommendation to build the dog park in the proposed existing location, present a new site, or table the project.

Member Hill asked about the recent announcement that the Oregon Department of Transportation has halted the Highway 99E project due to an old underground pipe. He was uncertain of the type of pipe and wanted to know if it was Canby Utility's infrastructure. Operations Manager Jason Berning explained that it was an old storm drain, not a water line. He attended a project meeting just before the project was halted. He learned that K&E Construction was waiting for corrected drawings from ODOT's engineering firm. The current drawings were off by approximately two feet in some areas of the surveys. The errors in the drawings resulted in changes to the scope of the work and added costs for the materials needed to complete the job. K&E Construction gave PPS Engineering several months to correct the drawings, which is why the contractor had to keep moving from one section of the highway to another while working. Our crew also faced challenges with our infrastructure due to the engineered drawings.

Chair Thompson asked Human Resources/Administration Manager Barb Benson to briefly report on a grant she applied for to purchase new cameras for enhanced security. Benson said that she applied for a grant to help cover the cost of replacing cameras at one of the substations through City/County Insurance Services. They approved the application and funded the project to the maximum amount we were eligible for under the grant. We will receive approximately \$1,100 for eight new cameras.

General Manager Carol Sullivan reported on the request for proposals for the five- and ten-year substation maintenance project. As of today, staff has received three proposals, and bids will be accepted until March 15 at 2:00 p.m. Ben Leland, our engineer from David Evans & Associates, will evaluate all submitted proposals. Sullivan noted that if the successful bid is within the existing budget, staff will issue the notice of award. If not, staff will bring the recommendation to award to the Board and ask for approval. The budgeted amount is \$155,000. A discussion ensued regarding the recommended five-year maintenance being skipped and being late on the 10-year maintenance, work involved with the maintenance work, inventory for replacement parts, inflation costs, and supply chain challenges.

Sullivan also gave an update on the Water Master Plan. Consor, our consulting engineer, has finished the model and system analysis. They are identifying areas within the distribution system that will need fire-flow improvements. These projects will fill out the distribution piping projects on the Capital Improvement Plan (CIP). Consor is adding a seismic component, as required by the 2018 state rules, and completing a pipeline fragility analysis that will identify seismic-related projects. These projects will also be included in the updated CIP. The new water treatment plant and any associated studies will move to an immediate-to-short-term project list, with the estimated build-out being 2030. The existing treatment plant will no longer be adequate to meet the projected supply demands.

Sullivan reported that she contacted Oregon Municipal Electric Utilities Executive Director Jennifer Joly for information and contacts regarding legislation and grant opportunities. Sullivan and Human Resources/Administration Manager Barb Benson attended an informal meeting with

Representative James Hieb and obtained the 2023-25 Capital Funding Request information. Sullivan noted that after reviewing the available grants, staff would begin gathering more data on costs associated with the project. The focus will be on an engineering feasibility study and changing the point of diversion on the Willamette River. Member Pendleton asked about the master plan addressing the taste and smell of the drinking water. Sullivan noted that the new treatment plant could remove the taste and odor-causing compounds from the water. A brief discussion continued regarding the potential of maintaining two water treatment plants and the PFAS testing requirements next year.

Sullivan stated that negotiations for a new collective bargaining agreement with the International Brotherhood of Electrical Workers Union would commence on March 23.

Chair Thompson asked for an update on the electric vehicle charging station project. Sullivan said that the proposed site is on city property, and therefore they are managing the installation of the charging stations. Operations Manager Jason Berning noted that the city had engaged engineers to design the charging stations. Council Liaison Padden added that they are considering charging stations at the future Canby Area Transit bus station.

Member Molamphy made the *MOTION to go into Executive Session according to ORS 192.660(2)(i) to discuss the performance of a public employee. Member Hill seconded, and the motion passed 5-0.

The regular meeting recessed at 7:36 p.m.

The regular meeting reconvened at 7:39 p.m.

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

The meeting adjourned at 7:40 p.m.

Melody Thompson, Chair

David Horrax, Member

Robert Hill, Member

John Molamphy, Member

Jack Pendleton, Member

Barbara Benson, Board Secretary

***CANBY UTILITY
EXECUTIVE SESSION MINUTES
MARCH 14, 2023***

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

The Executive Session was opened at 7:36 p.m. by Chair Thompson, in the Conference Room of the Canby Utility Board office, pursuant to ORS 192.660(2)(i) for the purpose of discussing the performance of a public employee. All staff was excused for the executive session.

The Executive Session adjourned at 7:39 p.m.

Melody Thompson, Chair

David Horrax, Member

Robert Hill, Member

John Molamphy, Member

Jack Pendleton, Member

Barbara Benson, Board Secretary

CANBY UTILITY SPECIAL BOARD MEETING MINUTES MARCH 21, 2023

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

Staff Present: Carol Sullivan, General Manager; Barbara Benson, Board Secretary; and Mike Schelske, Finance Manager

Others Present: Brian Hutchins, Veolia Water

Chair Thompson called the Special Board Meeting to order at 5:03 p.m. The meeting was called to authorize the Board Chairperson to sign Oregon Health Authority's FFY-2023 Funding Drinking Water Source Protection Letter of Interest.

General Manager Carol Sullivan provided background on the funding opportunity. The Clackamas Soil and Water Conservation District (CSWCD) applied for this funding to study the occurrence and potential sources of taste and odor (T&O) compounds, T&O genes, and cyanotoxins and cyanobacteria in the Molalla River basin. The Oregon Health Authority denied their request for funding. As a drinking water provider, Canby Utility can submit a Letter of Interest on behalf of the river partners in anticipation that the funding request will carry more weight and be approved.

The grant proposal requests \$50,000 from the Oregon Health Authority's Safe Drinking Water Revolving Loan Fund, which provides grants for source water protection. If approved, additional funds will come from Canby Utility (\$5,000), CSWCD (\$5,000), and the United States Geological Survey (\$37,300). The partners will work together to conduct the testing along the Molalla River and designated tributaries.

Veolia Water's Treatment Plant Manager Brian Hutchins talked about the presence of geosmin and 2-methylisoborneol in the Molalla River water, which is the primary cause of taste and odor in the drinking water. In September 2014, microcystin-LR and cylindrospermopsin were detected in the water source. Cyanotoxins have not been detected in the past five years of testing under the Oregon Department of Environmental Quality's testing requirements. Chair Thompson asked why CSWCD's application was denied, and a discussion ensued. Hutchins noted that Gribble Creek had been identified as a testing site to determine if the farm ponds along the creek are a potential source of cyanobacteria or cyanotoxins. If these ponds are a contributing source, mitigation strategies will be developed with the help of our partnership with CSWCD.

Member Molamphy asked about the \$5,000 we are committing to the project and where the funding will come from in the budget. Sullivan stated that there is approximately \$10,000 in the budget allocated to source water testing; however, Canby Utility's \$5,000 funding commitment

**Canby Utility
Regular Board Meeting Minutes
March 21, 2023
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will fall under the next fiscal year budget due to the Oregon Health Authority's grant funding being available late fall.

Member Horrax made the *MOTION to authorize the Chair to sign the Oregon Health Authority's 2023 funding Letter of Interest for drinking water source protection. Member Pendleton seconded, and the motion passed 5-0.

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

The meeting adjourned at 5:14 p.m.

Melody Thompson, Chair

David Horrax, Member

Robert Hill, Member

John Molamphy, Member

Jack Pendleton, Member

Barbara Benson, Board Secretary

OUTAGE AVERAGES April 2022 THROUGH March 2023

MONTH	YEAR	NUMBER OF OUTAGES	NUMBER OF CUSTOMERS AFFECTED	TOTAL CUSTOMER MINUTES OFF	MONTHLY NUMBER OF CUSTOMERS IN THE SYSTEM	NUMBER OF MOMENTARY INTERRUPTIONS
April	2022	0	0	0	7960	0
May	2022	1	3	270	7971	2
June	2022	0	0	0	7978	1
July	2022	2	14	498	8005	1
Aug	2022	0	0	0	8023	1
Sep	2022	4	715	370102	8061	5
Oct	2022	2	5	1149	8072	3
Nov	2022	2	741	92499	8074	4
Dec	2022	1	628	49612	8101	10
Jan	2023	0	0	0	8102	2
Feb	2023	0	0	0	8111	3
March	2023	1	10	1100	8142	1
12 MONTH TOTALS		13	2,116	515,230	96,600	33
12 MONTH AVERAGE		1.08	176	42,936	8,050	2.8

				<u>C.U.</u>	<u>Industry Typical Value</u>
SAIDI =	$\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}}$	=	$\frac{515,230}{8,050}$	=	$\frac{64.0037}{87.0}$
SAIFI =	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}}$	=	$\frac{2116}{8,050}$	=	$\frac{0.26}{0.93}$
MAIFI=	$\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}}$	=	$\frac{33}{8,050}$	=	$\frac{0.004}{0.96}$
CAIDI =	$\frac{\text{Total interruption minutes for 12 months}}{\text{Total number of interruptions}}$	=	$\frac{243}{6}$	=	$\frac{41}{107.25}$

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

March 30, 2023

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

FROM: Mike Schelske, Finance Manager

SUBJECT: FY 24 Operating & Capital Budget Process

The following is the schedule for the development and completion of the FY 24 Operating & Capital Budgets.

- April 3rd - E-mail Capital Budget forms to Management Team
- April 5th - E-mail Operating Budget forms to Department heads
- April 18th and 25th - Check with department heads to review budget progress, determine final steps to reach completion
- May 9th - Departmental Operating & Capital Budgets due
- May 16rd - Start budget review process with General Manager
- June 1st - Complete budget review process with General Manager
- **June 8th** - Include Proposed Operating & Capital Budgets in Board packet
- **June 13th** - Review Proposed Operating & Capital Budgets with Board

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



Memorandum

March 15, 2023

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

From: Mike Schelske, Finance Manager

Subject: Quarterly Financial Update as of September 30, 2022 Fiscal Year 2023

Please find attached the Executive Financial Summary through September 30, 2022, the Utility's first three months of fiscal year 2023. 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.

I 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) Through Quarter Ending September 30, 2022

Legend	
	= Electric
	= Water

Electric

Profit (Loss) From Operations

Revenue		Expense		Operating Profit (Loss)	
\$	3,700,875	\$	3,363,415	\$	337,460

Operations And Capital Contributions***

Operating Profit (Loss)		Capital Contributions		Net Income (Loss)	
\$	337,460	\$	452,876	\$	790,336

Water

Profit (Loss) From Operations

Revenue		Expense		Operating Profit (Loss)	
\$	1,531,500	\$	925,417	\$	606,083

Operations And Capital Contributions ***

Operating Profit (Loss)		Capital Contributions		Net Income (Loss)	
\$	606,083	\$	722,605	\$	1,328,688

*****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) Through Quarter Ending September 30, 2022

Electric

Net Income (Loss)		Budget		Over (Under) Budget	
\$	790,336	\$	691,669	\$	98,667

Notes : YTD total operating revenue is \$104,664 under budget mainly due to lower commercial and industrial sales.

YTD operating expenses are \$45,359 under budget mainly due to open positions offset by higher purchased power.

YTD Capital contributions are \$132,645 over budget due to hook-up fees and infrastructure contributions by others.

YTD Change in Net Assets is \$98,667 over budget mainly due to higher capital contributed by others.

Water

Net Income (Loss)		Budget		Over (Under) Budget	
\$	1,328,688	\$	946,448	\$	382,240

Notes : YTD operating revenue is \$179,323 over budget mainly due to higher residential sales.

YTD Operating expenses are \$53,301 under budget mainly due to open positions.

YTD Capital contributions are \$151,444 over budget mainly due to higher infrastructure contributions from others.

YTD Change in Net Assets is \$382,240 over budget mainly due to higher sales, higher contributed capital, and lower expenses.

Canby Utility Executive Financial Summary
Cash Reserves
Year To Date (YTD) Through Quarter Ending September 30, 2022

Electric

<u>Budget Target 9/30/2022</u>	Current Cash Reserves		September 2022 Target		Over (Under) Target
	\$	9,067,184	\$	9,287,785	\$ (220,601)

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$	9,067,184	\$	4,000,000	\$ 5,067,184

Water

<u>Budget Target 9/30/2022</u>	Current Cash Reserves		September 2022 Target		Over (Under) Target
	\$	6,811,640	\$	6,678,660	\$ 132,980

<u>MINIMUM</u>	Current Cash Reserves		Minimum		Over (Under) Minimum
	\$	6,811,640	\$	2,000,000	\$ 4,811,640