

## **Minutes of Regular Board Meeting June 25, 2014**

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Reedsport office on Wednesday June 25, 2014 at 10:00 a.m. PDT. President Matheny called the meeting to order and asked that the roll be called.

Members present: Curt Abbott  
Ron Benfield  
Larkin Kaliher  
Judy Matheny  
Tom Tymchuk

Others present: Debra Smith, General Manager  
Brian Barth, Accounting & Finance Manager  
Julie Brown, Retiring Executive Assistant effective June 30<sup>th</sup>  
Sunnetta Capovilla, Executive Assistant  
Chris Chandler, Communication, Community & Econ Development Mgr.  
Doug Dawson, IT & Communications Manager  
Brandon Hignite, Power Analyst  
Dennis Hinton, Customer & Energy Services Manager  
Bruce Lovelin, Chief Engineer & Systems Engineering Manager  
Gary Nieborsky, Distribution, Engineering & Operations Manager  
Sue Tyler, Personnel, Compensation and Benefits Manager  
Keith Tymchuk, Mayor of Reedsport

### **Staff and Visitors Recognized**

President Matheny welcomed staff and a visitor to the meeting. Mrs. Matheny asked Mayor Keith Tymchuk if he would like to address the Board. Mayor Tymchuk thanked Central Lincoln staff for participating in the Reedsport Memorial Day Parade with electric cars. The event gave Reedsport Community Charter School students a chance to participate in community service (a part of their graduation requirement) by handing out Central Lincoln-sponsored candy during the parade.

Mayor Tymchuk also gave a very brief report on the Reedsport community meeting held on June 24<sup>th</sup> to discuss the coming of the Jordan Cove Liquefied Natural Gas (LNG) Facility. There will be \$7 billion invested in the project just south of Coos Bay. He discussed the huge positive economic impact the project will bring to the area. He discussed the dredge process involving 9 million cubic yards of dredge spoils, with construction to begin in 2016. The Reedsport community is preparing to welcome some of the 3,000+ workers who will come and live temporarily in Coos Bay and the surrounding areas to complete the project and discussed how to attract these workers' discretionary and recreational dollars into the community.

### **Consent Agenda**

The Board approved the following Consent Agenda items as presented:

- a) Minutes of May 14, 2014 Regular Board Meeting
- b) Vouchers for May, 2014

- c) Petty Cash for May, 2014
- d) Uncollectibles for May, 2014
- e) Directors' Cash Report dated May 25, 2014

### **Board Governance Policy**

#### **GM Compensation and Benefits, pg. 25**

President Matheny asked Ms. Smith to report on GM Compensation and Benefits from the Board's Governance Policy. Ms. Smith reviewed a memo with the Board, in which she highlighted the areas of her accomplishment over the past year, noting that she has enjoyed invigorating challenges and opportunities at Central Lincoln; and looks forward to the coming year to build on the successes that have been achieved in the past twelve months:

- Strengthen Central Lincoln's Leadership Team
- Establish clear expectations around performance and connect employee work to Central Lincoln's Strategic Plan
- Implement internal communication improvements
- Train and implement interest-based bargaining
- Review and update Central Lincoln's safety program
- Implement customer facing/enhancing applications such as "MyMeter" & "QuickPay"
- Closure of the Waldport office
- Improved customer/community connections
- Consistency of policy, memo, and reporting formats
- Initiated a strategic planning process
- Instituted a multi-pronged approach to emergency preparedness
- Implementation of Phase II of the Automated Metering Infrastructure system allowing for remote connect/disconnects as well as maximizing the value of the data acquired through this advanced metering system
- Reviewing project management resources

Ms. Smith thanked the Board for the opportunity to make a difference here and "to provide the people of Oregon's Central Coast with reliable and affordable electricity in the tradition of public power." President Matheny commented that Ms. Smith has done an extraordinary job.

### **Rate Schedule Action** **Resolution No. 878**

Ms. Smith discussed the proposed 5% rate increase as reviewed during May's Board meeting. She noted this is the first increase proposed since 2010, and noted the increase is necessary due to past and future Bonneville Power Administration increases. The proposed increase was included in the 2014-2015 Budget Plan. After discussion, the following motion was made:

**Motion:** Mr. Abbott moved and Mr. Benfield seconded the adoption of Resolution No. 878.  
**Aye:** Tymchuk, Benfield, Abbott, Kaliher, Matheny.

## City of Waldport Franchise Ordinance

Ms. Smith discussed the City of Waldport franchise agreement which expires on July 25, 2014. The City of Waldport has proposed a 10-year agreement and is basically the same form of agreement as the one the board signed 20 years ago. After discussion the following motion was made:

**Motion:** Mr. Abbott moved and Mr. Kaliher seconded that we adopt the City of Waldport's Franchise Ordinance 748. Aye: Tymchuk, Benfield, Abbott, Kaliher, Matheny.

Brian Barth then gave the Board an update on franchise negotiations with Depoe Bay. Discussions are ongoing and it appears the city will want an entirely new form of agreement. It is likely that we will not get a new agreement in place before the existing agreement expires next month. Ms. Smith will check with Central Lincoln's legal counsel to see if it would be appropriate to escrow future franchise payments to Depoe Bay until negotiations are resolved, or just extend the current contract.

## Employee Benefit Changes

Ms. Smith reported that Board Policy II-F prohibits the General Manager from changing his or her own compensation and benefits. She discussed the current term life insurance program which is provided at no cost to employees. There are several employees who are subject to "capped benefits" because their earnings are in excess of the maximum payout.

Employees pay 50% of their long-term disability insurance premium if they choose to participate in that plan. The plan pays 66.7% of the employees' wages with a maximum payout per month. Several employees are subject to that cap as well.

Central Lincoln's benefits consultant suggested putting the long-term disability and life insurance coverage out to bid, and asking potential bidders about increasing the maximum payouts. UNUM, which provides the current employee-paid voluntary short-term disability coverage, offered increased maximums at lower costs than our current provider. UNUM's bid also included additional coverage under the term life insurance proposal – accidental death and dismemberment (AD&D) insurance. There would be no change to the coverage for represented employees under the life insurance policy although all employees would receive the AD&D coverage.

Summary: For fewer dollars, Central Lincoln will be able to increase the maximum payout cap for non-represented employees and offer additional coverage to all employees. After discussion the following motion was made:

**Motion:** Mr. Kaliher moved and Mr. Abbott seconded to accept the General Manager's recommendation to move life and long-term disability insurance coverage to UNUM. Aye: Tymchuk, Benfield, Abbott, Kaliher, Matheny.

It was noted that neither the Waldport City Hall nor Waldport Community center were available for the July 23<sup>rd</sup> Board meeting. After discussion the following motion was made:

**Motion:** Mr. Abbott moved and Mr. Tymchuk seconded to change the location of July's board meeting to the Newport Office. Aye: Tymchuk, Benfield, Abbott, Kaliher, Matheny.

### **July 23, 2014 Board Agenda - Newport Office**

Board Meeting - 10:00 a.m. Staff Treatment, pg. 2. Customer Forum Discussion

Consent Agenda - Minutes, vouchers, petty cash, uncollectibles, and Directors' cash report

A request was made to reschedule the October 22<sup>nd</sup> meeting to October 8<sup>th</sup> due to a scheduling conflict. After discussion the following motion was made:

**Motion:** Mr. Kaliher moved and Mr. Benfield seconded to change the October board meeting to October 8<sup>th</sup>. Aye: Tymchuk, Benfield, Abbott, Kaliher, Matheny.

### **Manager's Report**

- Ms. Smith discussed a sole source justification memo to support issuance of a direct purchase order to Brown & Kysar, Inc. without solicitation for the inspection of Central Lincoln Overhead facilities as required by the Oregon Public Utilities Commission. Our legal counsel is comfortable with Central Lincoln moving forward with the sole source procurement. Discussion ensued on the pros and cons of a sole source in this particular case, and concerns were expressed. Ms. Smith agreed to revisit this issue with legal counsel before moving forward.
- Ms. Smith discussed the cell phone and tablet reimbursement policy as it applies to employees and the Board. Board members are eligible for the tablet reimbursement portion of this policy for an amount of \$300 every three years. Tablet reimbursement is taxable. The policy becomes effective 7/1/14.
- A letter was received from Emerald PUD thanking Central Lincoln for assistance during the February snow and ice-storm.
- Ms. Chandler and Mr. Hinton provided an update on the closure of the Waldport Office. They stated that everything is going very smoothly and we have received no complaints. Columbia Bank has been receiving payments from approximately 8-10 Waldport area customers daily. Ms. Smith reported that the former Waldport Customer Service Representatives, who have been transitioned to the Newport office, are also able to cover the Customer Service Representative positions in Florence, when CSRs there are using Personal Time Off (PTO) or there is a job vacancy. Mr. Hinton noted that with our "virtual phone presence" employees are able to move around but keep their same extension and help customers at various locations. Both features are very helpful in maintaining appropriate staffing levels. Going forward, Central Lincoln will research using Columbia Bank as an option for the Depoe Bay area, although there is no plan to close Depoe Bay at this time.
- Ms. Smith noted that "T-Shirt Express", which has been serving as a pay station in North Bend, has notified us that it no longer wishes to provide this service effective

6/30/14. A post card will be sent to the affected customers outlining their payment options.

- Ms. Smith informed the Board that we are issuing a Request for Proposal (RFP) for a Geographic Information System Field Inventory Project (involving GPS field technology).

### **Director's Discussion**

#### **Conferences**

Board members reported that the NWPPA (Northwest Public Power Association) Conference they attended in mid-May was very informative. The focus of the conference was future trends, including solar power and responding to generational expectations. Battery and hot water storage were discussed as potential energy sources.

Mr. Kaliher noted that at the APPA conference it was discussed that only 20% of those that participated in the federally-funded smart meter programs were successful. Central Lincoln is in that 20%. During one of the breakout sessions, there was a program about disaster recovery; and how the first thing that needs to be done is to set up a "command center" person. Ms. Smith noted that much of Central Lincoln's staff just participated in ICS (Incident Command Structure) training on Monday. Any entity that receives federal funds as part of their disaster recovery efforts is required to use ICS. Central Lincoln is implementing ICS as part of its emergency preparedness work.

#### **Other**

It was noted that the Board needs to complete their Special Districts Association of Oregon (SDAO) "best practices" training by the September Board meeting.

The Board acknowledged that it was Julie Brown's last meeting as Executive Assistant as she was retiring at the end of the week. Board members presented her with a card and a token of their appreciation, thanking her for all she has done and wishing her the best in her retirement. Julie said she has appreciated her years at Central Lincoln, working with the staff and the Board and is leaving with mixed emotions.

#### **Executive Session:**

The Board went into Executive Session at 12:47. President Matheny stated "The Central Lincoln PUD Board of Directors will now meet in Executive Session pursuant to ORS 192.660(2)(i) to review and evaluate the employment-related performance of a chief executive officer."

#### **The Board reconvened into Regular Session at 1:25 p.m.**

The Board expressed unanimous appreciation to Debra Smith for her great work during the past year.

**Motion:** Mr. Benfield moved and Mr. Abbott seconded that the salary and benefits for the General Manager be adjusted as follows: A \$500/month automobile allowance (in addition to standard mileage rate reimbursements as identified by the IRS), \$500/month reimbursement for health care premiums plus a 3% base salary increase (with a provision that she be allowed

to invest some of that 3% in a retirement plan as long as this complies with IRS guidelines).  
Aye: Tymchuk, Benfield, Abbott, Kaliher, Matheny.

Ms. Smith thanked the Board, and expressed her appreciation for the caliber of employees she oversees. She said her employees are very smart people with great skills; and she is working to give them the tools to be more impactful and more successful in doing their work. She commented that she loves her job and appreciates working with a great Board. She briefly discussed her plans for changing how the budget is managed.

As Treasurer, Mr. Tymchuk requested that two Board signatures (President and Treasurer) be required to sign off on the General Manager's expense reports. This will be a change in procedure from current practice where only one signature -- the Treasurer's -- is required.

Meeting adjourned at 1:35 p.m.

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Ron Benfield, Secretary

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Judy Matheny, President