

## **Minutes of Regular Board Meeting February 18, 2015**

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Reedsport Office on Wednesday, February 18, 2015 at 10:00 a.m. President Kaliher called the meeting to order and asked that roll be called.

Members present: Curt Abbott  
Larkin Kaliher  
Judy Matheny  
Tom Tymchuk

Members Absent: Ron Benfield

Others present: Debra Smith, General Manager  
Brian Barth, Accounting & Finance Manager  
Sunnetta Capovilla, Executive Assistant  
Chris Chandler, Communication, Community & Econ Development Mgr.  
Doug Dawson, IT & Communications Manager  
Randy Grove, Distribution, Engineering & Operations Manager  
Brandon Hignite, Power Analyst  
Dennis Hinton, Customer & Energy Services Manager  
Gail Malcolm, Project Manager  
Sue Tyler, Personnel, Human Resources Manager  
Linda McCollum, Reedsport Mayor

### **Staff and Visitors Recognized**

President Kaliher welcomed staff and Mayor Linda McCollum to the meeting.

### **Reedsport Mayor Linda McCollum**

Mayor Linda McCollum briefly spoke to the Board about plans for Reedsport. The mayor discussed various projects and said hanging flower baskets on city thoroughfares will be big and beautiful this year. She noted that the main focus of the city is to bring in new businesses. She spoke about the importance of getting FEMA certification for the community's levy, which is having some settling issues; noting a firm has been hired to study the situation and advise the city on potential solutions. She thanked the Board for the opportunity to speak at the meeting, and left at 10:10.

### **Consent Agenda**

The Board approved the following Consent Agenda items as presented:

- a) Minutes of January 21, 2015 Regular Board Meeting
- b) Vouchers for January, 2015
- c) Petty Cash for January, 2015
- d) Uncollectibles for January, 2015
- e) Directors' Cash Report as of January 31, 2015

### **Executive Session:**

The meeting recessed into Executive Session at 10:15 a.m. President Kaliher stated "The Central Lincoln PUD Board of Directors will now meet in Executive Session in accordance with ORS 192.660 (2)(d) to conduct deliberations with persons designated by the governing body to carry on labor negotiations; and in accordance with ORS 192.660 (2)e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions:

**The Board reconvened into Regular Session at 12:20 p.m.**

### **Financial Condition – Quarterly Update**

Ms. Smith discussed the Financial Condition, page no. 4 of the Board's Governance Policy. She stated Central Lincoln has completed the second quarter of FY-15 and has not expended more funds than have been budgeted in the current fiscal year. Preliminary budget work for FY-16 has begun, and management will provide high level budget assumptions at the March Board meeting. Management has also developed an organizational "dashboard" of measureable statistics to track the utility's performance in a number of key areas.

### **Review GM Role, Delegation & Job Description**

President Kaliher noted that the next agenda item was a review of the Board/GM Relationship as found on page no. 5 of the Board's Governance Policies. After a brief review of the policy it was determined that there were no changes necessary.

### **Contract Award CM/GC**

#### **(Construction Manager – General Contractor)**

Central Lincoln issued an RFP for a contractor to provide Construction Manager/General Contractor (CM/GC) services for a new operations/warehouse facility north of the Yaquina Bay Bridge; and eight proposals were received. Upon completion of the interview process, the committee named Lease Crutcher Lewis as its first choice. Management recommended awarding the contract for Pre-Construction Services for the proposed electric operations facility to Lease Crutcher Lewis for an amount not to exceed \$44,000.

**Motion:** Mr. Abbott moved and Mr. Tymchuk seconded that the contract for pre-construction services for the proposed operations facility to Lease Crutcher Lewis for an amount not to exceed \$44,000. Aye: Abbott, Matheny, Kaliher, Tymchuk.

### **Digger Derrick Award**

As part of Central Lincoln's ongoing fleet maintenance program, it is necessary to purchase a 47' complete work-ready digger derrick truck to replace the existing digger derrick in use in Florence, at a staff-estimated cost of \$270,000. Proposals were received from three qualified manufacturers. Altec Industries was best able to meet the evaluation criteria and was also the lowest-cost bidder. Staff recommended awarding the purchase contract for the digger derrick truck to Altec Industries for a purchase price of \$245,618.

**Motion:** Mrs. Matheny moved and Mr. Abbott seconded to award the purchase contract for a digger derrick Truck to Altec Industries for a purchase price of \$245,618. Aye: Abbott, Matheny, Kaliher, Tymchuk.

### **Pension Amendment**

As part of a settlement agreement that was negotiated with Gary Nieborsky on October 9, 2014, Central Lincoln agreed to accelerate his vesting in the defined benefit pension plan prior to completing the minimum five years of service (normally required) with Central Lincoln. This will be a one-time only exception that does not create precedence. Management recommended the Board approve the amendment to Central Lincoln's Pension Plan and Trust dated February 18, 2015.

**Motion:** Mr. Tymchuk moved and Mrs. Matheny seconded to approve the pension amendment to Central Lincoln's Pension Plan and Trust dated February 18, 2105. Aye: Abbott, Matheny, Kaliher, Tymchuk.

### **March 18, 2015 Board Agenda – Newport Office**

Board Meeting -	10:00 a.m.	Contract Award: Deferred Compensation Reimbursement Resolution Executive Session – Bargaining Approval of Union Contract High-Level Budget & Reserve Level discussions Review Governance Process
Consent Agenda -		Minutes, vouchers, petty cash, uncollectibles, and Directors' cash report

### **Manager's Report**

#### **CPI-W Index:**

Ms. Smith presented Consumer Price Index information for the Salem-Portland (CPI-W) area, and compared it to what has been happening with Lincoln County wages since 2011. She proposed using the CPI-W as a means to offer wage adjustment during current union negotiations for the next 3-5 years. She presented a short memo from Erik Knoder, Regional Economist with the Oregon Employment Department, which supported using the CPI-W as an appropriate comparison to coastal wages. The Board offered no objections to this proposal.

#### **Quarterly Performance Dashboard:**

A draft of a new dashboard report was presented to the Board. It charted and graphed various indicators under categories including "Safe & Committed Employees", "Customer Service", "Reliability, Dependability & Consistency", "Financial & System Stability" such as: Customers using paperless billing or auto-pay, New metered services, Miles driven, Vehicle incidents, Injuries & illnesses, Energy efficiency incentives, Identifying causes for customer outages, Tracking the length and frequency of interruptions per customer, etc. The Central Lincoln Dashboard will be updated and presented to the Board on a quarterly basis going forward.

Ms. Smith noted that a postcard will soon be sent out to customers who are already participating in Central Lincoln's AutoPay program, encouraging AutoPay customers to use the utility's new paperless billing program as well.

**EnerNoc Demand Response Pilot Program:**

Mr. Hignite gave the Board an overview of BPA's new demand response pilot program. BPA has contracted with EnerNOC, a company which has extensive demand response experience with utilities across the nation. The program will offer financial incentives to customers who reduce their load during times when BPA generation or transmission is constrained to the point where BPA is concerned about the health of the electric system. Central Lincoln customers with the most consumption and certain load shapes will qualify. EnerNOC and Central Lincoln will reach out to qualifying customers to discuss participating in the pilot. The pilot will last two years and Central Lincoln will receive \$5,000 for each customer that enters the program to compensate for Central Lincoln staff time and reduced revenue.

**Integrated Program Review (IPR2):**

Mr. Hignite discussed BPA's upcoming IPR2 process which will examine whether and how BPA will begin expensing conservation in future rate periods. Currently, BPA capitalizes conservation over a twelve year period. Many Northwest utilities have asked BPA to begin expensing conservation to save on interest costs, freeing up BPA borrowing authority for capital improvements to the Federal Columbia River Power System, and to give utilities more flexibility in how they achieve conservation goals. The IPR2 process will look at how expensing conservation might affect BPA rates in the near and distant futures and whether BPA has flexibility to make other budget cuts to offset expensing conservation in the short-term.

**Conservation Voltage Regulation (CRV) Article:**

Ms. Smith noted that the NWPPA (Northwest Public Power Association) published an article in its February *Bulletin* magazine. The article was written by members of Central Lincoln's staff about the Smart Grid Investment Grant-funded Conservation Voltage Regulation demonstration project. Based on the monitoring and verification procedure approved by BPA, the CVR demonstration project reduced voltage by 2.9% and provided energy savings of 1.92%. This resulted in an annualized savings of 168-megawatt hours from a single substation transformer.

A letter was received from Depoe Bay Customer, Diana Ostrander who reached out to State Representative David Gomberg because of information in our September Boardlines newsletter. She shared his response regarding the Energy Supplier Assessment. She expressed her appreciation to the Board for its dedication and service. (see attached)

**Directors' Discussion**

Board members voiced their desire to set a date and time for a future Executive Session and one was set for 9:00am, Tuesday, February 24, 2015.

There being no further business, the meeting adjourned at 1:20 p.m.

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Curt Abbott, Secretary

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Larkin Kaliher, President