

Minutes of the October 19, 2016 Regular Board Meeting

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Toledo City Hall on Wednesday, October 19, 2016 at 10:00 a.m. President Benfield called the meeting to order and asked that roll be called.

Directors present: Ron Benfield, President
Curt Abbott, Vice President
Larkin Kaliher, Board Member

Directors absent: Judy Matheny, Secretary
Tom Tymchuk, Treasurer

Others present: Debra Smith, General Manager
Brian Barth, Customer & Shared Services Manager
Sunnetta Capovilla, Executive Assistant
Chris Chandler, Public Affairs Manager
Randy Grove, Operations Manager
Brandon Hignite, Finance and Resource Planner
Bruce Lovelin, Engineering Manager
Gail Malcolm, Project Manager
Teri Turner, Human Resources Manager
Pete Gintner, Legal Counsel
Tony Williams, Craford Benefit Consultant

Staff and Visitors Recognized

President Benfield welcomed staff and visitors to the meeting.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of September 14, 2016 Regular Board Meeting
- b) Vouchers for September, 2016
- c) Uncollectibles for September, 2016
- d) Directors' Cash Report as of September 30, 2016

Directors' Healthcare Benefits **Tony Williams**

Tony Williams, a Benefits Consultant with Craford Advisors LLC which provides benefit analysis for Central Lincoln, was present to discuss a change in the manner in which Board Members receive health care benefits in order to comply with both the Affordable Care Act and Section 125 of the Internal Revenue Code. Four potential solutions were presented, and the Board asked staff to provide more data on one of the options for further discussion at the November meeting.

Board Governance Policies

Aims/Ends: Organizational Purpose, Pg. 1

This is the Board's policy statement regarding Central Lincoln's "Organizational Purpose" and identifies areas most important to the Board such as providing safe and reliable energy at the least (actual) cost and reasonable risk. Ms. Smith provided a list of staff's activities in keeping with this policy:

- Completion of a cost of service analysis creating an appropriate adjustment to rate schedules for Board approval
- Tracking safety and reliability statistics through a quarterly dashboard report and watching for opportunities to improve
- Respectful workplace training has been provided to employees three times in the last two years
- Staff provides the Board with a Customer and Community Connections Calendar twice a year

Communication and Counsel to the Board, Pg. 8

This Board policy states "With respect to providing information and counsel to the Board, the General Manager may not permit the Board to be uninformed." Ms. Smith discussed ways in which this is being accomplished:

- All Governance Policies are reviewed in the appropriate month in which they are scheduled
- The Board is made aware of changes and influences on policy by scheduling discussion items on the board agenda as a result of attendance and involvement with PPC (Public Power Council), NRU (National Requirements Utilities), OPUDA (Oregon PUD Association), as well as real-time communication about emerging important issues
- Staff provides consistently formatted memorandums for Board communication clearly indicating whether action is required or requested
- An inventory of current resolutions is provided on a bi-annual basis
- Management periodically brings economic development opportunities to the Board that would significantly impact loads or generate substantial community interest

Customer and Community Connections Calendar

Central Lincoln values connection with its customers and its community; and strives to be involved and visible in the communities it serves. Ms. Chandler provided a calendar with highlights of Central Lincoln activities:

- Public Power Week has been extended with month-long food drives at the Florence, Newport and Reedsport offices
- Coastlines is mailed out with monthly statements and made available online
- Participation in the Dunes City Informational Fair and various "Safety Town demonstrations
- Participated in eight community parades with excellent participation from the Electric Car Club
- Opportunities are provided to nonprofits in the Central Lincoln service area to have small inserts included with utility bills about nonprofit fundraising, events, volunteer recruitment, etc.

Economic Development

Ms. Chandler provided the Board with a brief economic development update within Central Lincoln's district:

- The Hwy 20 improvement section is now open, opening the highway to large semi-trucks, making it easier to ship goods to and from the coast, saving approximately 10 minutes in the drive to or from Corvallis
- Central Lincoln's Indoor Agriculture Committee has been formed to address potential load changes associated with the emerging Cannabis Industry.
- Gardiner—Ms. Chandler reported that in the past year, Central Lincoln has had 4-5 inquiries from parties interested in the vacated IP mill site.
- Florence—has launched efforts in business retention and expansion, business marketing and recruitment, entrepreneurship and innovation
 - Focus areas are: outdoor gear, craft food/beverages, software IT, forest products
 - In one year, the new economic development committee in Florence has sponsored 10 seminars /meet ups with 352 folks attending
 - Just secured a \$50-thousand regional grant for “coastal venture catalyst” staff member
- Investment in the Yaquina Bay area in past few years and for the next five will tally over \$174 million for:
 - Rogue Ales expansion
 - Camp OMSI cabins, meeting/dining hall
 - OSU Marine Studies Initiative
 - Port of Toledo boatyard/haul out facility
 - New City of Newport pool
 - Samaritan Pacific Communities Hospital's Center for Health Education
 - New Pacific Communities Hospital in Newport
 - Central Lincoln's new Northern Operations Center
 - In addition, investment in the Northwest National Marine Renewal Energy Center (NNMREC)—will be \$40 million, if pending grant funds are secured

NISC iVue Solution Work Process

In November 2015, the Board authorized management to contract with National Information Solutions Cooperative, Inc. (NISC) for a fully integrated software system for electric utilities. The system includes customer care and billing, financial accounting and business systems, document storage, meter data management, outage management, and other critical work processes.

Two of the largest changes for customers will be: 1) That the CSRs (Customer Service Representatives) will no longer take debit or credit card information over the phone—NISC provides a secure way for customers to enter this information directly into their account via phone; 2) Customers will be ultimately be offered a prepaid option, which will eliminate deposits and disconnect fees for those who choose to pay in advance for service received.

Documenting the way work is completed today (called process mapping), involved approximately 50% of Central Lincoln's staff and is now complete. A field inventory of all structures and devices is in progress. A diagram of how all of the components relate to one another was presented for the Board's review.

Approval of New Rate Schedules
Resolution 911

At the September Board meeting, staff presented draft updates to rate schedules 405, 405T, 500 and 700 for Board consideration. Rate Schedule 700 has subsequently been modified to reflect the Board's feedback, and all four rate schedules were presented for adoption. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Kaliher seconded to adopt Resolution 911 which approves new Rate Schedules 405, 405T, 500 and 700 effective November 1, 2016. Aye: Abbott, Kaliher, Benfield.

Granting a Public Sewer and Storm Drain Easement on District Property
Resolution 912

The 11.36 acres of property purchased for the Northern Operation Center is comprised of various lots that contained sewer line easements in conflict with the site of the new operations Center. Central Lincoln has worked with the City of Newport to straighten the easement and staff requested the Board adopt Resolution 912 which grants to the City of Newport a straightened sewer and storm drain easement. After discussion the following motion was made:

Motion: Mr. Kaliher moved and Mr. Abbott seconded to adopt Resolution 912 which authorizes the General Manager to execute and deliver any agreements or documents reasonably necessary to grant the sewer and storm drain easement at the Northern Operation Center to the City of Newport. Aye: Abbott, Kaliher, Benfield.

November 16, 2016 Board Agenda – Newport Office

Board Meeting -	10:00 a.m.	Governance Policies: Pg. 4 Board Healthcare Benefits FY16 Audit Report Conservation Quarterly Report OPUDA Annual Meeting Review
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Manager's Report

SDIS Best Practices Checklist

The District currently carries workers compensation, property and liability insurance through Special Districts Insurance Services (SDIS). SDIS offers discount opportunities worth 2% each for clients using best practices. A "Public Meetings and Records Best Practices Checklist" was presented to the Board for one such discount. Approval by consensus of the Board was given to management.

Real Estate Offers

Central Lincoln is working to market three surplus pieces of property that are currently for sale. Management asked the Board to clarify whether they wanted to see all offers tendered, or only those offers considered “reasonable.” Management will keep the Board apprised of the general interest level in these surplus properties but will only bring reasonable offers forward for consideration.

Yachats Underground

Mr. Grove reported that the undergrounding project in Yachats (Hwy 101 from 7th Street to Prospect Street) is moving forward. The initial project has now been expanded, and will include installing sidewalks, upgraded street lighting, and beautification of the surrounding area. The total estimated cost for what Central Lincoln will provide is \$514,000. A portion of the work has been paid up front to Central Lincoln, and an additional payment will be made next week. Central Lincoln will provide a statement of actual costs at the end of the project. The City of Yachats began its portion of the work September 19th.

Recent Storm Update

Mr. Grove and Mr. Lovelin reported on how the recent storm impacted Central Lincoln and its customers. The SCADA, AMI and communication systems all worked as they should have. Of the 600 customers without power at one point or another during the storm, approximately 200 were in the northern portion of the District, and 400 were in the southern area. Two lightning strikes that occurred on Monday, October 10th hit Central Lincoln’s transmission lines. A distribution class 3 phase recloser along Hwy. 20 was destroyed by one of the lightning strikes and will cost \$18,000 to replace.

OPUDA Annual Conference

Ms. Smith discussed the final arrangements in place for the Oregon PUD Association (OPUDA) conference that Central Lincoln is hosting on October 26th & 27th. She noted that registration has risen to 103 individuals planning to attend.

Directors’ Discussion

Tom Tymchuk – Intention to Resign Letter

Mr. Benfield read a letter from Director Tymchuk announcing his intention to retire from Central Lincoln’s Board effective December 31, 2016 after more than three decades of service. Members of the Board voiced their appreciation for Mr. Tymchuk’s years of service to Central Lincoln. It was decided that the board vacancy will be advertised in the Umpqua Post for three weeks, and electronic applications will be accepted until November 23, 2016.

There being no further business, the meeting was adjourned at 2:21 pm.

Judy Matheny, Secretary

Ron Benfield, President