Minutes of a Regular Board Meeting April 17, 2019

A regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at the Waldport City Hall on Wednesday, April 17, 2019. President Tymchuk called the meeting to order at 10:00 a.m. and asked that roll be called.

Directors Present:  Keith Tymchuk - President  
Curt Abbott – Vice President & Assistant Treasurer  
Paul Davies - Secretary  
Judy Matheny - Treasurer  
Jim Chambers – Board Member

President Tymchuk welcomed staff and visitors to the meeting as follows:

Randy Grove, General Manager
Ron Beck, Network Engineer
Zach Blackwood, IT Support Specialist I
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Manager
Chris Chandler, Public Affairs Manager
Mark Freeman, Director of Employee, Customer & Community Services
Chadd Fromm, Journeyman Tree Trimmer
Shamus Gamache, Electrical Engineering Supervisor (PE)
Brandon Hignite, Finance & Resource Supervisor
Ty Hillebrand, Director of Shared Services
Joe Hiner, Director of Engineering & Operations
Gail Malcolm, Project Manager
Audrey Nemeth, Customer Service Representative
Jake Pettis, Distribution Engineering Supervisor
Bill Reinhart, Controller
Teri Turner, HR Manager
Todd Wright, Right of Way Supervisor
Trace Ward, GLAS Project Manager
Tom Ryan, Customer

Public Comment

Tom Ryan, Central Lincoln customer and former employee, presented a copy of 2017 ORS 192.650 regarding written minutes requirements; citing “all minutes or recordings shall be available to the public within a reasonable time after the meeting…” He stated in his opinion minutes were not being posted timely, believing they should be available within a few days. The Board responded that minutes are approved by the Board at the following board meeting, then posted on Central Lincoln’s website a day or two later. Mr. Ryan further commented that he occasionally sees streetlights on during daylight hours, and would like those photocells replaced. The Board thanked Mr. Ryan for his concern and comments.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

a) Minutes from March 20, 2019
b) Accounts Payable Check Register for March 2019
Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
  a) Accounts Receivable Aging Analysis as of March 31, 2019
  b) Cash Report as of March 31, 2019
  c) Contribution Margin Analysis Fiscal YTD

FY20 Work Plan

In May 2018, the Board adopted the 2018-2023 Strategic Plan that includes multi-year business strategies. In order to execute the strategies, an annual Work Plan is developed to guide activities and allocate resources for the upcoming fiscal year. The Work Plan has goals, objectives and targets that cascade down to employee goals. Management then uses these goals as a basis for performance evaluations. The Board reviewed and discussed the FY20 Work Plan; Mr. Grove noted he believes all targeted completion dates to be realistic and achievable.

Five-Year Capital Improvement Plan (CIP)

Each year management prepares a Five-Year Capital Improvement Plan (CIP), as required by Board policy, which informs the annual budget process and feeds into the rolling Five-Year Financial Plan. This year’s plan provides a focus on reliability and resiliency i.e. underground distribution rebuilds; replacing distressed direct-bury cables; overhead to underground line conversions; pole replacements; construction and maintenance of transmission lines; substation rebuilds--expansion and relocation; telecommunication, fiber optic and network upgrades; new fleet vehicles; large tools and equipment etc. The CIP is not approved as a stand-alone item, and a request for approval will come as part of the Five-Year Financial Plan and FY20 Budget in the upcoming May or June board meetings.

Cost of Service Analysis (COSA)

Central Lincoln uses a consultant to perform a Cost of Service Analysis (COSA) every three years, and 2019 is one of those years. A COSA allocates costs to the various customer classes served, corresponding to the level of service provided. Some costs are for the joint benefit of all customers, while other costs benefit certain customers more than others or only specific customers. Mr. Hignite presented the most recent COSA to the Board. During the presentation, he discussed the recommended rate increase of over 4% and interclass cost subsidies. He noted that the potential rate increase was based on costs and forecasts as of June 2018 and staff’s current recommendation for an overall rate increase will likely be different. He also reported that due to the current level of interclass cost subsidies, staff will likely recommend a 5% rate increase for lighting, and no increase for Schedule 300. Staff might also recommend no rate increase for Schedule 200 and/or rate structure changes for that rate schedule. Staff plans to survey fixed and demand rates of other utilities in the region before bringing rate recommendations to the May Board Meeting.

Headquarters Building Follow-Up
Seismic Retrofit & Remodel

Trace Ward from GLAS Architects, LLC provided a high-level estimate of costs to seismically retrofit and remodel the current Headquarters building. Cost estimates and structural modifications presented for consideration were made based upon a 2015 seismic evaluation and a 2014 geotechnical survey. This work, if chosen, is anticipated to affect the entire building and
take approximately one year to complete. Staff would most likely need to relocate during the construction period. Three retrofit scenarios with cost estimates were provided, ranging from $4.4 million for a “small earthquake event,” $5.6 million for a “larger event” to $9.9 million for a “large event plus renovation work”. The Board requested more discussion at the May meeting with various funding scenarios developed for a future meeting.

**Annual Identity Theft Program Report**

The Red Flags Rule requires many businesses and organizations to implement a written Identity Theft Prevention Program designed to detect warning signs or “red flags” of identity theft. Under Federal Trade Commission rules, Central Lincoln is required to comply because service to customers is provided in advance of payment. Mr. Freeman reported there have been no issues or incidents of identity theft; noting staff has implemented new Red Flag compliance procedures to verify the identity of new Central Lincoln customers.

**Resolution 964**

**Rate Schedule 900 – Joint Use Fees**

In October 2018, the Board approved a revised Rate Schedule 900 (Joint Use Fees) updating application, rental and sanction fees. Those changes became effective January 1, 2019. Resolution 964 provides for the addition of fees and charges applicable to small cell and 5G antenna installations in Rate Schedule 900. In addition, wireless providers will be subject to the terms of the Wireless Pole Occupancy License Agreement as reported at the March 20, 2019 Board meeting. After discussion, the following motion was made:

**Motion:** Mr. Abbott moved and Mrs. Matheny seconded to adopt Resolution No. 964 updating the Joint Use Fees in Schedule 900 based on the report above, and language contained within the Resolution effective July 1, 2019. **Aye:** Matheny, Abbott, Chambers, Davies, Tymchuk.

**May 29, 2019 Board Agenda – Newport Office**

**Board Meeting 10am:** Consent Agenda - Minutes, A/P Check Register A/R Analysis, Cash Report, Contribution Margin Resolution: Five-Year Financial Plan & FY20 Budget Tentative Contract Award to Set Single Pole Structures Rate Schedule Discussion Headquarters Discussion Conservation Quarterly Report

**General Manager’s Report**

**Customer & Community Connections Calendar**

The Board reviewed a Central Lincoln Customer & Community Connections Calendar prepared by Ms. Chandler. Future Coastline topics as well as community outreach opportunities, i.e. parades, career days, safety town presentations for kids, home shows, electric car events and more were outlined in the calendar.

**Organization Chart**

An updated Organizational Chart of Central Lincoln employees was provided to the Board.

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**Mutual Aid Update Related to Materials & Labor**

Mr. Grove updated the Board on the Mutual Aid assistance Central Lincoln provided from February 25 – March 14 of this year. Invoices being sent to Lane Electric, Eugene Water and Electric Board (EWEB) and Douglas Electric from Central Lincoln total $824,000 for materials and labor. Key staff recently met with Lane Electric and EWEB to discuss storm management processes and efficiencies. Central Lincoln will incorporate several key takeaways from those meetings into its Emergency Action Plan.

**BPA (Bonneville Power Administration) Meter Failure at Lakeside**

In December, BPA discovered the C phase of its meter in Lakeside had not been registering power provided to Central Lincoln between June 2013 and December 2018. It is estimated that Bonneville will back-bill Central Lincoln $1.5 million, which the BPA can do under our contract, with a term of 90 days for repayment. Staff will explore the impact of this charge along with BPA’s misallocation of reserves and whether or not there will be a reserve surcharge in upcoming rates; and bring information and options to the Board in May when the full budget is presented.

**Georgia Pacific Shutdown**

Last week, GP scheduled a partial shutdown, which provided Central Lincoln an opportunity to do needed maintenance on one transformer (Unit #4 load tap-changer). Materials and labor totaling $60,000 will be charged to GP through its rates. Maintenance on three other transformers will occur in February of 2020.

**APPA (American Public Power Association) Reliability Tracker**

Central Lincoln purchased APPA’s reliability tracker program at a minimal annual cost. This will provide another means to measure reliability against like-sized utilities. There are currently 460 utilities that participate, 25 of which have over 40,000 customers.

**Electric Vehicle (EV) Event**

A “Drive Electric Earth Week” event was held on April 14th co-hosted by Central Lincoln, Toyota of Newport and others in South Beach. There were 25 EVs of various makes and models on display, including Chevy Bolts, Teslas, Honda Claritys, Nissan Leafs and a Toyota Prius Prime. Owners of the EVs were on hand to answer questions and provide test drives to those interested. It is estimated that 150 people attended the event.

**House Bills Summary 2019 Session**

The Board reviewed a summary of 2019 legislative session bills Central Lincoln staff and lobbyists are tracking. The status of specific bills will be discussed at OPUDA (Oregon PUD Association) this Friday.

**Directors’ Discussion**

**NWPPA Remembers Ron Benfield**

As published in NWPPA’s month Bulletin magazine “Former Central Lincoln PUD board member and NWPPA President Ronald Charles Benfield passed away on March 18, 2019. He was 83 years old.” The article provided details about Mr. Benfield’s life and family, noting his passion for
serving on Central Lincoln’s board for 24 years post-retirement from Central Lincoln. He will be missed.

**Voting Delegates**

The Board appointed Mr. Abbott to be the voting delegate for the June APPA National Meeting; and Mrs. Matheny to be the primary voting delegate and Mr. Abbott to be the alternate for the May NWPPA Annual Meeting.

**Board Comments**

Mrs. Matheny thanked Mr. Freeman for attending the Florence City Council meeting on Central Lincoln’s behalf during which the final approval of a colorful new mural to be painted on two exterior walls on Central Lincoln’s Florence facility was discussed. Mr. Freeman noted there was a large turnout with plenty of lively discussion. In the end, the Council voted 3-2 in favor of allowing the mural to be painted on two of Central Lincoln’s Florence building walls at the corner of Highway 126 and Quince Street.

Mr. Chambers expressed his appreciation for staff’s hard work in preparing for and presenting today’s CIP, COSA and FY20 Work Plan.

Mr. Tymchuk noted Oregon’s Department of Geologic and Mineral Industries (DOGAMI) has proposed highly restrictive new regulations with regard to construction of facilities on land within the tsunami inundation zone. Oregon’s Coastal Caucus members have introduced HB 3309, which would mitigate DOGAMI’s proposal. Mr. Tymchuk noted that coastal residents are well aware of the hazards of building in inundation zones, and school districts, fire departments and other governmental entities do not build in such areas without significant scrutiny.

**Other**

Mr. Ryan expressed his appreciation for the large amount of work that lays ahead for Central Lincoln, noting as a former employee, he is glad that he’s retired. He then requested an update on what is happening with wave generation. Oregon State University’s work in this arena is underway, and it is now called PACWAVE, which is permitted for testing generation devices up to 20 megawatts in the ocean near Seal Rock.

There being no further business, the meeting adjourned at 2:04 p.m.

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Paul Davies, Board Secretary       Keith Tymchuk, Board President