Minutes of Regular Board Meeting August 14, 2018

Following an SDAO Board Assessment workshop that began at 9:00 a.m., a regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at the Newport Office on Wednesday, August 14, 2018. President Matheny called the meeting to order at 10:50 a.m. and asked that roll be called.

Directors present: Judy Matheny, President
Keith Tymchuk, Vice President
Jill Lyon, Secretary
Ron Benfield, Treasurer
Curt Abbott, Assistant Treasurer

Also present: Debra Smith, General Manager
Brian Barth, Director of Shared Services
Ron Beck, Network Engineer
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Manager
Mark Freeman, Director of Employee, Customer & Community Services
Brandon Hignite, Finance & Resource Supervisor
Ty Hillebrand, Civil & Distribution Engineering Supervisor
Gail Malcolm, Project Manager
Teri Turner, HR Manager
Megan Walters, Customer Communications Specialist
Pete Gintner, Legal Counsel
Jim Chambers, Customer

President Matheny welcomed staff and visitors to the meeting.

Consent Agenda

The Board approved the following Consent Agenda items as presented:
   a) Minutes from June 13 and July 11, 2018
   b) Accounts Payable Check Register for June and July 2018

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
   a) Accounts Receivable Aging Analysis for July 31, 2018
   b) Cash Report as of June 30 and July 31, 2018
   c) Contribution Margin Analysis Fiscal YTD
   d) Preliminary Dashboard Report

NOC Projects and Construction Manager/General Contractor Update (CMGC)

Upon completion of a public improvement project not contracted by competitive bidding such as the recently constructed Northern Operations Center (NOC), ORS 279C.355 requires that an evaluation of the CMGC process be completed and presented to the Board. Staff provided final costs and concluded that as an electric utility, our capacity and expertise to issue bids, manage contractors and coordinate all aspects of a large construction project of this type, is limited.
Therefore, the CMGC process proved to be a cost effective and positive experience for Central Lincoln.

**Resolution 948**

**Appointment of Director to NRU Board**

Central Lincoln is a member of NRU (Northwest Requirements Utilities), and as such is entitled to appoint an individual to represent Central Lincoln, to the NRU Board of Directors. After discussion, the following motion was made:

**Motion:** Mr. Tymchuk moved and Mr. Abbott seconded to adopt Resolution 948 which appoints Debra Smith as its Director serving on the NRU Board of Directors. **Aye:** Lyon, Tymchuk, Abbott, Benfield, Matheny.

**Contract Award:**

**Next Generation Substation Telecommunications Project**

Central Lincoln’s current telecommunications network was installed in 1995 and has become difficult to support and maintain because the technology is outdated and replacement parts are no longer available. An RFP was issued in June 2018 to solicit the services of an experienced network integrator to assist staff with the design, procurement, and integration of updated technology. Two responses were received and both companies were interviewed. Management recommended the contract be awarded to Burns & McDonnell for an amount not to exceed $1,618,350 over a three-year period. $518,350 of that amount is included in the FY19 Capital Budget. After discussion, the following motion was made:

**Motion:** Mr. Abbott moved and Ms. Lyon seconded to approve a contract award for the Next Generation Substation Telecommunication Project to Burns & McDonnell for a total amount not to exceed $1,618,350. **Aye:** Lyon, Tymchuk, Abbott, Benfield, Matheny.

**September 18, 2018 Board Agenda – Yachats Overleaf**

Board Meeting 1:00 p.m.  
Financial Condition & Dashboard  
Resolution: Rate Schedule 700 (deposits)  
Resolution: Naming Acting General Manager  
Pension Update  
Discussion: Schedule 700 (fees)  
Discussion: Joint Use Application & Sanction Fees  
Discussion: Board-Appointed Consultants

**Manager’s Report**

**Schedule 700 Plan and Deposit Policy**

Staff has identified multiple changes to Central Lincoln’s fees and deposits that the Board will be asked to consider over the next few months. A schedule was presented with details and proposed timing. The board reviewed the customer deposit policy as currently defined in Rate Schedule 700 and its sufficiency to cover write-off amounts when customers are disconnected for non-payment. After review and discussion, the Board determined that changing the policy to require deposits of two times the highest bill at that residence during the previous twelve months would best serve all of Central Lincoln’s customers. Central Lincoln will also refund any deposits
that are more than $20 in excess of the agreed-upon deposit policy. A resolution to ratify this decision will be brought to the Board for consideration in September.

**Conservation Program Update**
Mr. Carey reviewed the current Central Lincoln/BPA FY18-19 Conservation Program report which includes all program activity for the period of October 1, 2017 through June 30, 2018. Central Lincoln is currently projecting it will exceed its savings target while spending all of its self-funded and EEI (energy efficiency incentive) funds by end of the current federal biennium September 30, 2019.

**Community Solar**
Mr. Carey gave a community solar update presentation. Although the financial case for the project as originally conceived was challenging, the recent award of grant funds from the Bonneville Environment Foundation (BEF), and the ODOE’s Renewable Energy Development (RED) program; combined with a change in location and project size, make community solar attractive for Central Lincoln’s customers. Solar panels will be installed on the new Southern Operations Center (SOC) in Florence and direct ownership offerings will be made available to all customers. BEF will contribute up to $50,000 for any unsold portions of the system after 18 months, significantly reducing financial risk to Central Lincoln.

**Electric Vehicle (EV) Strategy Update**
September’s Coastlines newsletter will inform customers about a new $250 Central Lincoln rebate for customers who install a Level 2 charging station in their homes or business. EV adoption results in credits issued to Central Lincoln from the Oregon Department of Environmental Quality. Those credits can be used to offset the cost of the rebate.

**Southern Operations Center (SOC) Update**
Mr. Freeman reported that the SOC parking lot was being sealed & striped and the building inspected on August 14th, with a plan to reopen the Florence office on Friday August 17th. He noted that there are a few parts and pieces for the shops that have not been received, but the remodel work has been substantially completed.

**Fraudulent Check Attempt**
Central Lincoln recently implemented a program called Positive Pay, where lists of authorized checks that have been issued by Central Lincoln are sent to the bank. Before checks can post against Central Lincoln’s checking account, the bank compares each check to the list. This process caught an attempt by a company called “Roots International” from being able to cash a $30,800 fraudulent check issued on paper check stock that looked almost identical to Central Lincoln’s check stock.

**Recruitment Activity**
Ms. Turner reported that it is a very busy time for the Human Resources Department with a number of recruitments for open positions in process.

**DSL Easement**
Mr. Hignite reported that the Division of State Lands had previously charged a renewal fee of $43,000 for access easements to cross non-trust lands, and he was successful in advocating for all Oregon PUD’s to get the amount reduced to $100.
**Training Day**
Central Lincoln’s annual training day will be held on August 20th at the Florence Events Center. In addition to length-of-service awards, there will be an open fair with booths offering information about varied topics, activities including viewing/driving electric vehicles, and a keynote speaker who will focus on workplace safety, relationships, morale, leadership, customer service, and the importance of proper techniques for giving & receiving feedback.

**Directors' Discussion**

**APPA Meeting Review**
Mr. Abbott reviewed this year’s APPA annual meeting which was held in New Orleans June 15-20. Topics included: Cyber security, a Los Angeles water storage project and the City of Glendale, and a California electric utility working on electric battery storage using both solar and wind. Johnathan Swan, a national political reporter, spoke about some of the political processes in the Trump administration. Whitney Morgan spoke at the Legislative Session addressing resolutions aligned with public utilities’ priorities.

There being no further business, the meeting adjourned at 2:10 p.m.

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Jill Lyon, Secretary       Judy Matheny, President