Minutes of Regular Board Meeting February 19, 2020

A regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at the Newport Office on Wednesday, February 19, 2020. Due to a last minute scheduling conflict at Toledo City Hall, the board meeting was moved to the Newport Office the morning of February 19. President Abbott called the meeting to order at 10:00 a.m. and asked that roll be called.

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

President Abbott welcomed staff and visitors to the meeting:

Randy Grove, General Manager
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Manager
Chris Chandler, Public Affairs Manager
Cody Christian, Safety Coordinator
Mark Freeman, Director of Employee, Customer & Community Services
Brandon Hignite, Director of Shared Services
Ty Hillebrand, Director of Engineering & Operations
Becky Johnson, Accounting Supervisor
Gail Malcolm, Senior Project Manager
Ken Murray, Information Technology Manager
Ryland Passmore, Journeyman Tree Trimmer
Todd Wright, Right of Way Supervisor
C.M. Hall, CLPUD Customer
Renee Albertson, CLPUD Customer
Steve Uerlings, President of Barker Uerlings Insurance
Deidre Thede, Chief Operations Officer of Barker Uerlings Insurance

Public Comment
Ms. Hall and Ms. Albertson introduced themselves. They are Central Lincoln customers representing the Playa Del Mar Condo Association located on Elizabeth Street in Newport. They expressed an interest in having the utility poles and lines in front of their building relocated underground. They stated they observed pole movement during the recent New Year’s Eve storm, and feel having poles and wires 15’ in front of the condo windows is too close. They expressed appreciation to Central Lincoln’s crews for their speedy repair work during the storm after a fuse blew and they lost power. Mr. Grove stated that undergrounding work is typically requested and funded by the City of Newport, and Mr. Hillebrand offered to meet with Ms. Hall and Ms. Albertson to discuss this process further.

Annual Property & Liability Insurance Review
Steve Uerlings of Barker Uerlings Insurance, Agent of Record for Central Lincoln, reviewed Central Lincoln’s 2020-2021 property and liability insurance coverage and premium report with the Board. The overall premium increased by $57,795 or 22.4% compared to 2019. Mr. Uerlings commented on the largest increase, which was the “equipment breakdown” portion, noting last-minute changes by the carrier due to losses experienced by other utilities included in the
insurance pool. Central Lincoln staff is gathering detailed data to submit regarding the utility’s substation transformers in an effort to reduce this portion of the premium for next year. The Board also expressed an interest in considering higher deductibles to reduce insurance premium costs.

Consent Agenda

The Board approved the following Consent Agenda items as presented:
  a) Minutes from January 15, 2020
  b) Accounts Payable Check Register for January 2020

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
  a) Accounts Receivable Aging Analysis as of January 31, 2020
  b) Cash Report as of January 31, 2020
  c) Contribution Margin Analysis Fiscal YTD

Board Governance

Executive Limitations

II.C Financial Condition

This Board policy states, “The General Manager may not expend more funds than have been budgeted in the current fiscal year of the rolling five-year plan.”

- Financial reporting for the first six months of the current fiscal year identified revenues and expenditures are within expected ranges. The Board was provided a budget-to-actual report with detailed notes for the period ending 12/31/19.
- A performance dashboard tracking ratios for safety, customer services, reliability, and financial and system stability through 12/31/19 was presented for review. It was noted there were zero recordable OSHA incidents in 2019.
- A memorandum was also provided with detailed information regarding vehicle incidents. Mr. Christian was recently certified to train drivers to use the Smith Driving System; he will be providing training and conducting ride-alongs to coach employees on improving driving skills.
- Key financial ratios were provided, and indicated that Central Lincoln’s current financial position continues to be strong, particularly when compared to other utilities in our region as well as APPA medians. Ratios include:
  o Operating ratios
  o Debt service coverage
  o Current ratio and working capital
  o Equity level

II.E Asset Protection

This policy states, “The General Manager may not allow assets to be unprotected, inadequately maintained nor unnecessarily risked.”

- As part of the insurance renewal process, the Special Districts Association of Oregon (SDAO) reviews the estimated replacement value of Central Lincoln’s buildings, including substations, contents, stock, and mobile equipment to ensure policy coverage is within 80% of replacement costs. Appropriate liability insurance is purchased, which protects board members and staff at the same or greater levels as other public entities. The Board
heard a report from Central Lincoln’s insurance agent of record, Steve Uerlings, at the beginning of the meeting.

- $500,000 insurance is provided for blanket employee dishonesty coverage; and internal controls are in place for non-bonded employees handling funds
- Trainers from SDAO and other state agencies are utilized from time to time to provide specific training in various employee safety areas. Central Lincoln’s full-time Safety Coordinator, Mr. Christian, briefs the Leadership Team each quarter on trends, concerns and plans; and holds regularly scheduled safety meetings with all employees.
- Central Lincoln staff continues to take incremental steps to ensure recovery from a disaster by training employees using the Incident Command System (ICS), updating the emergency action plan, mitigating for seismic and flood issues at Central Lincoln facilities, installing ShakeAlert seismometers in substations, attending wildfire mitigation workshops, and addressing issues identified in the vulnerability risk assessment.

II.F Compensation and Benefits

This board policy states, with respect to employment, that “The General Manager may not:

- Change his/her own compensation and benefits
- Promise or imply guaranteed employment
- Establish compensation and benefits which deviate materially from the geographic or professional market for the skills employed
- Create obligations for a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to loss of revenue
- Establish or change pension, retirement or post-employment benefit plans.”

Mr. Grove presented a memo that outlined procedures in place to assure Central Lincoln is complying with each item.

II.H Customer Feedback

This policy states, “The General Manager may not fail to have a mechanism for dealing with customer feedback”.

Customers are provided multiple avenues for feedback to the General Manager, including:

- Contact information that is provided on the utility’s website.
- The public is notified of the time, date and location of all board meetings via public notice and posting on Central Lincoln’s website.
- Every three years, Central Lincoln commissions a customer satisfaction survey performed by an independent contractor.
- Two Key Account forums were held in 2019 and two are planned in 2020 to hear from the utility’s largest customers regarding any issues or concerns they may have.
- Open houses are proposed for customers in both the northern and southern areas of the District, providing customers an opportunity to discuss conservation programs, distribution engineering processes, rates, and to consult with customer service representatives.

Provide for collection and analysis of data for future planning:

- The Director of Shared Services interfaces with the BPA to forecast customers’ needs.

Provides information to the Board about major trends on customer issues:

- The Public Affairs Manager receives customer comments and feedback, follows social media and reviews news media articles; and the Customer Communications Specialist
receives feedback through social media accounts. These trends are periodically shared with the Board.

- The General Manager, Director of Shared Services and Director of Engineering and Operations attend monthly meetings of Northwest Requirements Utilities, Public Power Council, Pacific Northwest Utilities Conference Committee and RiverPartners, monitoring regional issues and providing updates as appropriate.
- Customers occasionally express interest in renewable energy and sustainable technology. In response, Central Lincoln initiated a community solar project in 2019; and continues to promote the value of owning or leasing an electric vehicle, and to educate customers about electric vehicles.
- The Energy Services Manager provides quarterly reports to the Board, which include program-specific data, key trends, and accumulated energy savings.

### Board Governance

#### Board-GM Relationship

**IV.C General Manager Compensation and Benefits**

This policy states in part, “The Board will pay its General Manager fair market value for services within the context of fiscal responsibility to the organization.” The Board noted that Mr. Grove’s annual performance evaluation would be conducted in executive session at the end of the meeting.

**IV.D Monitoring Organizational Performance**

This policy outlines the Board-GM relationship with respect to monitoring organizational performance. No change or action was needed.

### Contract Approval Request

#### Headquarters Telecommunications Core Relocation Project

Communications and network equipment is critical to Central Lincoln being able to perform its business functions, and it has been determined that critical communication assets housed inside the headquarters building should be relocated. Staff is proposing construction of a new communications building that should withstand a 9.0 earthquake, as well as provide easier access to maintain the equipment. Two bids were received which include earthwork, foundations, building construction, and paving. The new facility will be located directly west of the radio tower at the headquarters facility in Newport.

After discussion, the following motion was made:

**Motion:** Mrs. Matheny moved and Mr. Chambers seconded to approve an agreement with S&J Construction for the Headquarters Telecommunication Core Relocation Project for $158,985.

**Aye:** Chambers, Davies, Matheny, Tymchuk, Abbott.

### Contract Approval Request

#### Township 13 Bore Project

The Township 13 subdivision in Waldport is prone to outages due to failures in the underground line. The proposed Township 13 Bore Project will replace the existing direct-buried cable with new line, conduit and vaults, which will improve reliability for current customers in that area as well as provide capacity for planned expansion of that subdivision. After discussion, the following motion was made:

**Motion:** Mrs. Matheny moved and Mr. Chambers seconded to approve an agreement with S&J Construction for the Township 13 Bore Project for $158,985.

**Aye:** Chambers, Davies, Matheny, Tymchuk, Abbott.
Motion: Mr. Tymchuk moved and Mr. Davies seconded to approve an agreement with Key Line Construction for the Township 13 Bore Project for $110,350. Aye: Chambers, Davies, Matheny, Tymchuk, Abbott.

Confirm Next Board Meeting Agenda
March 18, 2020– Newport Office

Board Meeting 10:00 a.m. Consent Agenda – Minutes, A/P Check Register
A/R Analysis, Cash Report, Contribution Margin
Governance Policies
Resolution: Modify Governance Policy-Board Job Description
High-Level FY21 Budget Assumptions
Updated Organizational Chart

General Manager’s Report

Quarterly Conservation Report
Mr. Carey reported on 1st quarter’s conservation program as of 12/31/19. He noted that program activity for the first three months of the new two-year Bonneville rate period is within historical ranges. Due to reduced funding from Bonneville for this biennium, no large projects or special limited-time programs are planned. However, due to doubled incentive amounts for weatherization programs, there is an expectation Central Lincoln will experience increased participation by customers completing weatherization projects.

Community Solar Update
The community solar system installation on the Florence office building is now complete, and Mr. Carey provided the Board with installation costs, grant offsets and panel sales to customers. Total project costs to date are $225,316, less a BPA Grant of $50,000, an Oregon Renewable Energy Development (RED) grant of $69,314, and solar panel sales to customers of $70,950 netting a cost to Central Lincoln of $35,052 (down from the $75,000 budgeted in the FY19 Capital Plan). A portion of these expenses paid for replacement of a distribution panel, re-wiring of circuits and back-up battery storage for lights, garage door use and building access controls to the Florence office building. Mr. Carey stated he regularly receives requests from customers wondering if Central Lincoln might install another community solar project. He is currently exploring options. The Board expressed an interest in hearing feedback from customers on their reasons for participating in our current program.

Reservoir Crossing Transmission Project
In 2016, Central Lincoln completed a Vulnerability and Risk Assessment Study for its transmission, substation and communication assets. The study identified the transmission feed for Newport as a critical risk and one of the highest priorities for the utility. Since that study, project funding was approved and Central Lincoln staff have developed designs, identified needed easements and construction work to be done. This project will provide a full capacity power source for Newport increasing reliability and resiliency. Staff has been working with the City of Newport to address concerns of tree harvesting and recreational impacts at Big Creek Reservoir. The City Council has scheduled a vote on this project at their March 16, 2020 meeting.
Safety Coin Recognition Program
Cody Christian, Central Lincoln’s Safety Coordinator, spoke to the Board about the utility’s new safety incentive program, in which safety coins will be awarded to staff or the public in cases where employees or members of the public have gone above and beyond in dangerous situations. He reported that he recently presented coins to a Duty Fire Chief and dispatcher with Siuslaw Valley Fire and Rescue following an incident on New Year’s Eve in which an SUV, driven by a mother with three children inside, ran off a road and hit a utility pole. Downed energized lines fell on the SUV. The Duty Fire Chief was first on the scene. Her knowledge of what to do, thanks to training with Central Lincoln personnel, and her insistence on keeping the family members inside their vehicle until the lines could be safely cleared most likely prevented the mother and children from being badly burned or killed. Coins were also presented to Central Lincoln’s serviceman on the scene, operations assistant, and operations supervisor who were on duty when the accident happened. Mr. Christian pointed to this event as a prime example of how the safety training Central Lincoln provides throughout the District is invaluable.

February Public Power Meetings Recap
Mr. Hignite reported on public power meetings he attended during the first week of February during which the following topics as they relate to the Bonneville Power Administration were discussed:
- Fair allocation of FCRPS costs based on benefits received
- BPA executive compensation
- Workshops for BPA rates, transmission tariffs, and joining the CAISO EIM
- Mutually beneficial options for new large single loads
- Columbia River Systems Operations/Environmental Impact Statement (CRSO/EIM)
  - Flexible spill operations balancing revenue with fish benefits
- NEMS strategic planning

Extended Hours Planning and Implementation
Mr. Freeman and Ms. Chandler distributed a detailed timeline outlining activities required for permanently moving all of Central Lincoln’s employees to a 4-10 schedule (4 days per week, 10 hours per day) starting March 30, 2020. Central Lincoln’s new hours will be Mondays-Thursdays, 7am to 5:30pm, and closed Fridays.

Legislative Update
Members of the Board as well as the General Manager and Public Affairs Manager will be attending the OPUDA Lobby Day Thursday, February 20, 2020. Topics of interest to Central Lincoln are: cap and trade bills, a combined electric vehicle support and wildfire mitigation bill, and ShakeAlert funding.

NWPPA Article– Central Lincoln Low Side Rebuild
Central Lincoln was featured in an NWPPA “Bulletin” magazine article for using an innovative design and construction method for a low-side substation rebuild. Journeyman Substation Foreman Dave Brucha suggested the structure be assembled on the ground then hoisted into place when the structure was nearing completion. It took two trucks and a crane to do the hoist successfully. Mr. Grove stated, “The idea was simple, yet ingenious.” Central Lincoln will be using this approach for future substation builds and rebuilds. The substation crew’s work will be quicker and less risky because employees will no longer be working out of a bucket truck on low-side builds, saving approximately two weeks in construction time.
Executive Session 1:34 p.m.

The meeting was recessed into Executive Session in accordance with ORS 192.660(2)(i) “To review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing”. All staff was asked to leave the meeting at that time. Mr. Grove was asked to rejoin the Board in executive session at 1:55 p.m.

Regular Meeting reconvened at 2:17pm

Ms. Capovilla rejoined the meeting for the purpose of recording any further discussion or decisions.

Resolution 972
Setting General Manager’s Compensation

After a brief discussion of Mr. Grove’s compensation package, the following motion was made:

Motion: Mr. Tymchuk moved and Mr. Davies seconded to set the base salary of General Manager Randy Grove at $20,416.67 per month effective March 1, 2020. All current benefits and reimbursements will continue. Aye: Chambers, Davies, Matheny, Tymchuk, Abbott.

There being no further business, the meeting adjourned at 2:19 p.m.

Jim Chambers, Board Secretary    Curt Abbott, Board President