Minutes of a Regular Board Meeting February 20, 2019

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, February 20, 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 & Asst. Treasurer
Judy Matheny - Treasurer
Jim Chambers – Board Member

Directors Absent: Paul Davies - Secretary

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

Brian Barth, Interim General Manager
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Manager
Chris Chandler, Public Affairs Manager
Mark Freeman, Director of Employee, Customer & Community Services
Randy Grove, Director of Engineering & Operations
Brandon Hignite, Finance & Resource Supervisor
Ty Hillebrand, Director of Shared Services
Gail Malcolm, Project Manager
Teri Turner, HR Manager

Consent Agenda

The Board approved the following Consent Agenda items as presented:
  a) Minutes from January 15, 16 and 23, 2019
  b) Accounts Payable Check Register for January 2019

Monthly Financial Reports

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

Board Governance Policies

   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 fiscal year identified revenues and expenditures to be within expected ranges. The Board was provided a budget to actual report with comments for the period ending 12/31/18.
A performance dashboard tracking ratios for safety, customer services, reliability and financial & system stability through 12/31/18 was presented for review. An additional memorandum was also provided with detailed information regarding vehicle incidents.

Key Financial Ratios, which is a relatively new report, indicated that Central Lincoln’s current financial position continues to be strong by tracking the following ratios as compared to other utilities in our region as well as APPA Medians:
  - Operating ratios
  - Debt service coverage
  - Current ratio and working capital
  - 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 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 the policy 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. (At last month’s board meeting, the Board heard a report from Central Lincoln’s insurance agent of record, Steve Uerlings.)
- $500,000 insurance is provided for Blanket Employee Dishonesty Coverage; and internal controls are in place for non-bonded employees handling funds. In addition, Central Lincoln purchases $500,000 in Forgery or Alteration insurance coverage, $500,000 limits on theft and $500,000 on Computer Fraud.
- Managers and supervisors ensure proper care and use of facilities by implementing ongoing maintenance programs, proper training in use of tools and equipment as well as requiring regular inspections.
- Various coaches from SDAO and state agencies provide training in several safety areas including OSHA, HR issues and personnel law, truck permitting and load securing, and hearing loss prevention. Central Lincoln also employs a full-time Safety Coordinator who briefs the Leadership Team each quarter on trends, concerns and future plans.
- The Board recently adopted a Procurement Policy that guides Central Lincoln’s procurement and contracting processes as well as sole source purchases and is in line with ORS rules. A suggested redline version of this governance policy was submitted for consideration to address the changes in the procurement policy language. The consensus was to bring the changes back with a resolution at the March board meeting.
- Central Lincoln staff continues to take incremental steps to ensure recovery from a disaster and is training employees using Incident Command System procedures.

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. Barth presented a memo that outlined procedures in place to assure Central Lincoln is complying with each line 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 “how are we doing” forms, meeting notifications by legal notice and website postings.
• Every three years, Central Lincoln commissions a customer satisfaction survey performed by an independent contractor.
• Customer and Key Account forums are held regularly so the Board and Leadership team can hear from those customers.
• Toll-free information lines, social media (Facebook & Twitter), customer newsletters, targeted publications, direct mail, public presentations, and monitoring of various news media are all avenues used to collect information about customers’ perception of Central Lincoln.
• The General Manager and Director of Shared Services monitor regional issues through various organizations and provide updates to the Board as appropriate.
• The General Manager monitors census data from unemployment reports as well as long and short-term financial reports from the Bonneville Power Administration, Northwest Energy Management Services, and the Northwest Intergovernmental Energy Supply board to monitor regional issues to be used for future planning.
• Energy efficiency programs, grants to help fund a community solar project, and adoption of an electric vehicle strategy are in response to customers’ desire for Central Lincoln to assist rate payers in reducing their carbon footprint. The Energy Services Manager provides quarterly reports to the Board, which include program-specific data, key trends and accumulated energy savings.

Contract Approval
Community Solar Project

Central Lincoln customers have indicated an interest in participating in renewable energy technologies. Staff applied for, and received, two grants to help fund a community solar project within its service territory. In January of this year, a request for proposals to install a solar photovoltaic system was issued, and four contractors responded by the due date. After evaluation of the bids, staff made a recommendation to the Board; and after discussion, the following motion was made:

Motion: Mr. Abbott moved and Mrs. Matheny seconded to approve the agreement with A&R Solar for $154,700, for the purchase and installation of a solar photovoltaic system at the Southern Operations Center in Florence. Aye: Chambers, Matheny, Abbott, Tymchuk.

Resolution 960
Hiring New General Manager & Naming Registered Agent

By special meeting on January 23, 2019 the Board announced its decision to offer the position of General Manager to Randy Grove, with a start date to be determined. Mr. Barth and Mr. Grove met and agreed upon a transition date of March 1, 2019. The Board reviewed a resolution to
solidify the hiring decision and start date as well as naming Central Lincoln’s Registered Agent. The following motion was made:

**Motion**: Mr. Abbott moved and Mr. Chambers seconded to adopt Resolution 960 naming Randy Grove as Central Lincoln’s General Manager and Registered Agent effective March 1, 2019 at a salary of $224,000 per year. The registered office remains unchanged at 2129 North Coast Highway, Newport, Oregon. **Aye**: Chambers, Matheny, Abbott, Tymchuk.

**Naming Acting General Manager**

A proposed Resolution (961) was presented to the Board naming an Acting General Manager with a start date of March 1, 2019. Since it is the General Manager’s responsibility to bring the individual’s name to the Board, there was discussion of whether the timing might make better sense if done at the March Board meeting, when the new General Manager is in place. There was also discussion that the Interim General Manager, who was in favor of this recommendation, could provide his endorsement. After further discussion, the following motion was made:

**Motion**: Mr. Abbott moved and Mrs. Matheny seconded to postpone naming an Acting General Manager until the March Board meeting. **Aye**: Chambers, Matheny, Abbott. **Nay**: Tymchuk.

**Resolution 962**

**IGA with University of Oregon - ShakeAlert**

The United States Geological Survey is building an earthquake early warning system called ShakeAlert, in partnership with universities and state departments along the West Coast. ShakeAlert will monitor the Cascadia Subduction Zone, San Andreas Fault and numerous faults along the West Coast. The University of Oregon (UO) is responsible for building out the early warning system in Oregon. ShakeAlert requires a broad network of strategically-placed seismic sensors. Central Lincoln’s participation is considered key to providing the necessary sensor coverage along Oregon’s coast. After discussion the following motion was made.

**Motion**: Mr. Chambers moved and Mr. Abbott seconded to adopt Resolution 962 to approve execution of an Intergovernmental Agreement between the University of Oregon and Central Lincoln to collaborate on the installation of seismic monitoring equipment on Central Lincoln property. **Aye**: Chambers, Matheny, Abbott, Tymchuk.

**March 20, 2019 Board Agenda – Newport Office**

Board Meeting 10am: Consent Agenda - Minutes, A/P Check Register
A/R Analysis, Cash Report, Contribution Margin
Governance Policy Review
Resolution: Naming Acting GM
Resolution: Modify Governance Policy
High-Level FY20 Budget Assumptions
30% Design Presentation for HQ
Joint Use & Sanction Fees
Wireless Contract Update

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Manager's Report

Quarterly Conservation Report

The Board reviewed the Conservation Program Report for BPA’s FY2018-2019 as presented by Wade Carey. The report includes all program activity for the period of October 1, 2017 through December 31, 2018. Central Lincoln has completed 62.5% of the current Bonneville rate and Energy Efficiency Incentive funding period, and is tracking well in regards to spending and savings targets with 71% and 77.4% achieved respectively. Mr. Carey was recently chosen to fill a vacancy on the Utility Sounding Board (USB), which consists of nine utility energy efficiency professionals offering input to the BPA. Inclusion in the USB allows Central Lincoln to be at the forefront of impending changes to BPA’s energy efficiency program portfolio.

SOC (Florence) Remodel Update

In order to address a constricted yard space issue, and satisfy the City of Florence’s requirement to remove a temporary modular building from the site, remodeling of the Southern Operations Center (SOC) was chosen as the appropriate path forward. In August 2016, management initiated a seismic evaluation of the SOC. The evaluation recommended several retrofits to the structure in order to bring the facility to a life safety standard level at which occupants could be expected to safely exit during a seismic event. Remodeling activities began in March of 2018. The Operations crew and Customer Service Representatives were relocated to other areas during much of the work. CSRs returned to the building in July 2018, and Operations crews moved back two months later. Substantial completion was declared on November 15, 2018. The final project cost came in $3,480 under the budgeted $1.75 million.

FY18 Audit Report Follow-Up

Central Lincoln’s Accounting staff has developed written procedures to address five of nine recommendations made by Moss Adams, Central Lincoln’s auditing firm. The written procedures have been reviewed by the auditors to ensure they comply with the intent of the comments contained in the FY18 audit. Documentation for the four remaining procedures is planned for completion by May 1, 2019.

Customer Kudos

A letter was received from the Lincoln County Sheriff’s Office commending the extra effort made by Central Lincoln crews during a recent December storm when heavy rains and winds blew down trees, blocking roads and knocking out power along Highway 101. ODOT was overwhelmed with downed trees, and Central Lincoln staff went the extra mile to clear a tree across the full width of Highway 101, south of Otter Crest, and not just the section Central Lincoln needed removed. It was the patrol sergeant’s firm belief that the Central Lincoln crew’s decision to “go the extra mile saved a motorist from colliding with this tree as it would have been very difficult to see given its height to be just above the illuminating effects of headlights for most vehicles”.

An email was read from a customer in Yachats who expressed his appreciation to Central Lincoln for changing out a street light that shown directly into the customer’s house as well as diminishing
his ability to see the night sky. Central Lincoln personnel moved the light’s angle to one directing the light downward. “One doesn’t see that kind of prompt and caring customer service anymore. I appreciate my darker house, and I’m enjoying the beautiful night sky on our Coast!”

**Staff Activities**

Mr. Barth noted that in the past month employees have attended Respectful Workplace training, a Lunch ‘n Learn ‘retirement & investment options’ presentation by ICMA-RC, and a quarterly Safety Meeting during which CPR training was provided.

**Directors’ Discussion**

**Appreciation to Brian Barth**

As this was Brian Barth’s final Board Meeting, the Board expressed its appreciation to Brian for delaying his retirement, originally planned for September 2018, and serving in the role of Interim General Manager until the recruitment process for a new General Manager could be completed. Brian commented that he was glad to be able to help, and acknowledged the support he had been provided by Central Lincoln’s Leadership Team.

**Goal Setting and Succession Planning**

The Board asked Randy Grove to visit with the Board informally, following the close of the meeting, to discuss his goals, visions, and plans for filling staff vacancies as he moves into the role of Central Lincoln’s new General Manager on March 1, 2019.

There being no further business, the meeting adjourned at 12:00 p.m.

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Paul Davies, Board Secretary       Keith Tymchuk, Board President