Minutes of Regular Board Meeting February 21, 2018

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 21, 2018. President Matheny called the meeting to order at 9:00 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
                 Sunnetta Capovilla, Executive Assistant
                 Chris Chandler, Public Affairs Manager
                 Mark Freeman, Director of Employee, Customer & Community Services
                 Gail Malcolm, Project Manager

Executive Session 10:02 a.m.

The regular meeting was recessed into Executive Session in accordance with ORS 192.660(2)(e) “To conduct deliberations with persons designated by the governing body to negotiate real property transactions.”

Regular Session 10:29 a.m.

The regular session reconvened, and President Matheny welcomed the following additional staff and visitors to the meeting.

                        Brian Barth, Director of Shared Services
                        Ron Beck, Network Engineer
                        Wade Carey, Energy Services Manager
                        Randy Grove, Director of Engineering & Operations
                        Brandon Hignite, Finance & Resource Planner
                        Teri Turner, Human Resources Manager
                        Greg Palser, WAVE Broadband LLC

Consent Agenda

The Board approved the following Consent Agenda items as presented:
   a) Minutes from January 16, 2018
   b) Accounts Payable Check Register for January 2018

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
   a) Accounts Receivable Aging Analysis for January 31, 2018
   b) Cash Report as of January 31, 2018
   c) Contribution Margin Analysis Fiscal year-to-date
Board Governance Policies

II.C Financial Condition

This Board policy states “With respect to the actual, ongoing condition of the organization’s financial health, the General Manager may not cause or allow the development of fiscal jeopardy, nor a material deviation of the actual expenditures from the Board priorities established in the Aims/Ends policies.”

- Board Members received a copy of the December 31, 2017 Financial Statements with budget to actual comments noted. Central Lincoln is operating profitably and contribution margin continues to track well.
- A Performance Dashboard for the period ended December 31, 2017 was provided. Tracking indicates a positive trend with respect to safety and miles driven; however, vehicle incidents were up sharply at year-end. A separate memo was provided with the details of the various vehicle incidents. The system reliability section continues to show the impacts of last year’s harsh winter weather with outage duration above Central Lincoln’s four-year average, but a lower than average frequency.

II.E Asset Protection

This policy states “The General Manager may not allow assets to be unprotected, inadequately maintained nor unnecessarily risked.” Ms. Smith reported the following:

- Central Lincoln’s liability and property insurance is reviewed annually, and every five to seven years, a commercial property appraiser provides an objective third-party estimate of values.
- The insurance program includes up to $500,000 for blanket employee dishonest coverage.
- Experienced and skilled personnel inspect, recommend and implement maintenance programs and are provided with the required tools and training to ensure the use of up-to-date methods.
- Central Lincoln always consults with an HR attorney prior to taking any high risk personnel action; utilizes SDAO’s pre-loss legal services when appropriate; and has a full time safety coordinator who manages the district-wide safety program for all employees. A near-miss program was recently introduced to employees and a safety committee was put in place last summer.
- Contracting procedures are in line with the latest changes to ORS and all sole source purchase requests are brought to the Board as informational items.

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, or create obligations for longer than one year; or establish or change pension, retirement or post-employment benefit plans.” Ms. Smith reported the following:

- The General Manager’s initial salary was set by Resolution No. 870 on March 20, 2013 and was most recently adjusted by Resolution No. 927 on June 14, 2017.
- Employment is “at will” and a notice of this is provided in the Employee Manual. Central Lincoln’s contract with Local Union No. 659 of the International Brotherhood of Electrical Workers provides that Central Lincoln can discharge employees covered by the contract “for incompetence or other serious cause” (which are specified.)
• Central Lincoln participates in and subscribes to the Milliman Compensation and Benefits Surveys for Northwest Utilities and we also participate in privately fielded surveys when requested. All non-represented positions were priced using available survey data in July 2016, and salary adjustments were made where appropriate.

• In July 2017, the Board approved Resolution No. 928 which authorized the implementation of Health Reimbursement Account Voluntary Employees’ Beneficiary Association (HRA VEBA) accounts for present and future employees. Other post-employment benefits were effectively closed for represented employees hired on or after October 1, 2017.

II.H Customer Feedback

This policy states the General Manager may not fail to have a mechanism for dealing with customer feedback.

• Central Lincoln’s customers are provided multiple avenues for feedback to the General Manager including email, U.S. mail, and a direct office phone number all located on the website. Other avenues include a “how are we doing” feedback form with a self-addressed stamped envelope, and the public is notified of all board meetings via the website and newspaper notices. Every three years a customer satisfaction survey is performed by an independent contractor. A customer forum is held every fiscal year to talk with customers about issues, concerns and utility plans.

• The General Manager monitors census data and monthly state unemployment reports to analyze economic information that may impact usage and collections.

• A 75th anniversary celebration calendar was presented to the Board outlining additional events and customer outreach activities to commemorate this milestone.

• Central Lincoln’s goal is to tailor its customer communication in keeping with utility best practices, initiatives to improve customer service, and the changing face of conservation, energy efficiency, and renewable energy programs.

CoastNet Contract Options

For nearly 20 years, the Economic Development Alliance of Lincoln County, Lincoln County Commissioners, and Central Lincoln PUD have combined assets, through a tri-lateral agreement signed in 1998, to create a communications network on the central Oregon coast that expands access to broadband network connectivity for businesses and residents. A separate parallel Dark Fiber Agreement was completed in 1999, both with 10-year terms in perpetuity unless cancelled by one or more parties at least 24 months ahead of the renewal date. The last amendment was signed in 2001, but there are a number of remaining points that need to be addressed. Ms. Lyon provided disclosure that she is an officer in the Economic Development Alliance coalition. Three paths forward were discussed which include: 1) Leave agreement as is, 2) Terminate the agreement at the next window of opportunity, or 3) Make further amendments to the agreement to address the unresolved issues. It was noted that agreed upon amendments could change the termination provisions.

Mr. Beck noted that planned technological upgrades by Central Lincoln will no longer support DSI paths, and previous points of service at the former Depoe Bay, Toledo and Waldport offices are no longer owned by Central Lincoln. Mr. Palser of WAVE Broadband commented that a new master dark fiber agreement might make sense, and has met with their general counsel, and this would be acceptable as long as the fees and services remain the same as they are now.
The Board expressed an interest in opening the current agreement and changing the nature of the relationship by having conversations with all parties and to develop a transition plan going forward, over the next few months that works for everyone.

2018-2021 Strategic Plan Discussion

Ms. Smith presented a draft of the 2018-2023 Strategic Plan, previously updated in 2016. This year’s comprehensive update process includes pulling information from the employee and Board SWOT (Strength, Weaknesses, Opportunities & Threats) surveys, facilitated conversations with the Board about future challenges, and a session with managers and supervisors to develop business strategies. Prior to approving the Strategic Plan, the Board will evaluate the plan’s consistency with and potential effectiveness in advancing Central Lincoln’s adopted Mission, Vision and Aims/Ends policies and also consider the needs and points of views of Central Lincoln’s customers. The Board appreciated the historical information and saw the plan as well blended and grounded. Consensus was given to build the budget based on the strategic plan draft as presented. The Board prefers to approve the strategic plan in conjunction with the Five-Year Financial Plan in May.

Contract Approval Request
Janitorial Services

An RFP for janitorial services was sent out in December 2017. The two bids received were evaluated based on cost, references, experience, degree of completeness, and ability to service the entire District outside of normal operating hours. Parameters of the contract were expanded for services that were previously invoiced separately. After review of the proposals, management recommended awarding a three-year contract for janitorial services to Associated Cleaning Services in the amount of $247,032. After discussion, the following motion was made:

Motion: Mr. Tymchuk moved and Mr. Benfield seconded to authorize a three-year contract award for janitorial services to Associated Cleaning Services for an amount not to exceed $247,032. Aye: Abbott, Benfield, Lyon, Tymchuk, Matheny.

March 21, 2018 Board Agenda – Reedsport Office

10:00 a.m. Regular Meeting: High Level Budget Assumptions
Review Governance Policies
Consent Agenda – Minutes and Check Register
Monthly Financial Reports
Executive Session: Union Contract Negotiations

Manager's Report

Quarterly Conservation Report

The Board reviewed the conservation report as planned for the BPA years FY2018 – FY2019. While program adjustments from BPA have resulted in reduced incentives for some of the most popular programs, Central Lincoln remains committed to conservation and energy efficiency. Mr. Carey reviewed plans for future programs to be offered during this new two-year BPA cycle.
Exemption from Bidding

In accordance with Resolution No. 862 and Board Policy II.E Asset Protection, Central Lincoln may award a contract for goods or services without competition when it is determined that those goods or services are available from only one source. As part of the Florence and Lakeside substation upgrade projects, staff recommended the purchase of 15 SEL (Schweitzer Engineering Laboratories) feeder relays and two SEL transformer protection relays for a total purchase price of $110,565. The Board was in agreement with this report and recommendation.

Connect Americans Now

The Connect American Now coalition has reached out to Central Lincoln asking for support in their endeavors to advocate for a technology that would close the digital divide between rural and urban areas of our state and our country. This goal, to ensure that everyone is given the same access to technology no matter where they live, is aligned with the goals of Central Lincoln's long history. A letter to Representative Greg Walden in Washington DC will be prepared for President Matheny's signature lending such support.

Possible 30% Design or Seismic Retrofit

Ms. Smith asked the Board for input on whether Central Lincoln should consider proceeding with a 30% Design for a seismic retro-fit on the HQ/administration building or for a new HQ building at the Northern Operations Center (NOC) site. Consensus of the Board was that it is most prudent to consider the cost of building a new seismically sound building at the NOC site by issuing an RFP for 30% Design services.

New Drop Box

It was noted that Central Lincoln has a new payment drop box located at Newport's City Hall.

Directors’ Discussion

There was discussion regarding the effectiveness of NRU (Northwest Requirements Utilities) now that the Chief Executive Officer has changed, and a question was raised about the value of the membership fees Central Lincoln pays. It was the opinion of management that although the style has changed, it is still a worthwhile organization and membership should continue.

Coastlines and paperless billing were discussed as it relates to customer communication. There was conversation about sending Coastlines and other information out via direct mail or separate emails and the IT security issues surrounding that process. A question about Coastlines and communication will be included in the customer survey that will be sent out in May.

The Board was pleased to see that Banner Bank in Florence is offering space for Central Lincoln’s staff during the Florence office remodel project.

There being no further business, the meeting adjourned at 1:39 p.m.

Jill Lyon, Secretary

Judy Matheny, President