Minutes of Regular Board Meeting November 14, 2018

A regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at the Northern Operation Center in Newport on Wednesday, November 14, 2018. President Matheny called the meeting to order at 10:00 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:   Brian Barth, Interim General Manager
                Sunnetta Capovilla, Executive Assistant
                Wade Carey, Energy Services Manager
                Chris Chandler, Public Affairs Manager
                Amanda Downey, Financial Analyst
                Guy Elliott, Apprentice Lineman
                Mark Freeman, Director of Employee, Customer & Community Services
                Randy Grove, Director of Engineering & Operations
                Brandon Hignite, Finance & Resource Supervisor
                Ty Hillebrand, Civil & Distribution Engineering Supervisor
                Gail Malcolm, Project Manager
                Cody Malloy, Apprentice Lineman
                Bill Reinhart, Controller
                Don Schuch, Engineering Associate II - Civil
                Teri Turner, HR Manager
                Tom Willoughby, Materials Manager
                Jim Chambers, Central Lincoln Board Member-Elect
                Julie Desimone – Moss Adams
                Chris Walkup – GLAS Architects, LLC
                Trace Ward – GLAS Architects, LLC
                Heather Meyer – GLAS Architects, LLC

President Matheny welcomed staff and visitors to the meeting:

Public Hearing

President Matheny opened the meeting to hear public comment on standards, criteria and policy directives for hiring a new general manager. As no public comments were made or received, President Matheny closed the public hearing.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

a) Minutes from October 17, 2018
b) Accounts Payable Check Register for October 2018
Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
   a) Accounts Receivable Aging Analysis as of October 31, 2018
   b) Cash Report as of October 31, 2018
   c) Contribution Margin Analysis Fiscal YTD

FY18 Audit Report

Julie Desimone from Moss Adams, LLC was present to review Central Lincoln’s FY18 Audit and findings. She commented that staff put in a lot of extra work and did a great job in facilitating a smooth transition to the new audit firm. Moss Adams produced an “unmodified opinion” which means a clean audit. Ms. Desimone reviewed critical audit areas regarding GASB33 which changed the way certain items are recorded, and this created adjustments for previous years. While these adjustments do not affect bond covenants or rates, they were noted as a “material weakness.” Recommendations were made for best practices, including a requirement for more detailed documentation by the Accounting department to assist in tighter internal controls. Ms. Desimone noted that the Board receives good information from staff on a regular basis, and she is confident next year’s audit will be easier.

Headquarters 30% Design Progress Report

Chris Walkup with GLAS Architects, LLC gave a progress report on the 30% design process for building a new Headquarters building next to the Northern Operations Center. GLAS has met with staff and discussed space needs based on duties, organizational structure, conference room requirements, storage needs etc. GLAS presented location and parking area concepts for both a two and three story building. If the Board decides to move forward, it is anticipated this will be a 12-14 month construction project. GLAS plans to bring the full 30% design with renderings, floor plans and costs to the Board in March of 2019.

Hiring Criteria for a New General Manager

The Board held public hearings on September 18, October 17, and November 14, 2018 providing members of the public with opportunities to comment on standards, criteria and policy directives for hiring a general manager. Lanie Mycoff of the recruitment firm Mycoff, Fry and Prouse, LLC submitted a hiring criteria document for the Board’s consideration. Hearing no public comment, and after discussion, the following motion was made:

**Motion:** Mr. Abbott moved and Ms. Lyon seconded to adopt the General Manager hiring standards, criteria and policy directives document as presented by Lanie Mycoff. **Aye:** Lyon, Tymchuk, Abbott, Benfield, Matheny.

Contract Award

Insurance Broker Services

Staff issued a request for proposals (RFP) in September to experienced insurance firms for broker services. On October 17, 2018, six qualified proposals were received. Based upon the established criteria, Barker-Uerlings obtained the highest score of all proposers and offered the lowest annual fee. After discussion, the following motion was made:
**Motion:** Mr. Abbott moved and Mr. Tymchuk seconded to approve a contract award to Barker-Uerlings for insurance broker services for an annual fee of $17,500 for three years with an option to extend for two additional years. **Aye:** Lyon, Tymchuk, Abbott, Benfield, Matheny.

**Contract Award**
**Two Service Trucks**

Staff issued a request for proposals (RFP) in October for two work-ready service trucks to replace two similar vehicles assigned to the NOC. Two proposals were received and evaluated based on established criteria and specifications as well as warranty, service center availability, delivery time and customer references. After discussion, the following motion was made:

**Motion:** Ms. Lyon moved and Mr. Abbott seconded to approve an agreement with Altec Industries, Inc. for two work-ready service wagons built to Central Lincoln’s specifications for an amount not to exceed $367,176. **Aye:** Lyon, Tymchuk, Abbott, Benfield, Matheny.

**Resolution No. 957**
**Procurement Policy**

Central Lincoln’s Board of Directors is the utility’s designated local Contract Review Board and has the authority to adopt rules necessary to carry out the provisions of the Public Contracting Code. Until now, the Board has directed staff utilizing three resolutions: No. 836: Prevailing Wage Scales, No. 862: Contract Review Board and No. 874: Amendment to Resolution No. 862. Staff has consolidated the contents of the three resolutions to create a stand-alone Procurement Policy document for the Board’s consideration. If adopted, going forward this policy will be amended by resolution, similar to the process used to amend the Customer Service Policies and the Board Policy Manual. After discussion, the following motion was made:

**Motion:** Mr. Tymchuk moved and Mr. Abbott seconded to adopt Resolution No. 957 which establishes a stand-alone Procurement Policy and revokes Resolutions Nos. 836, 862 and 874. **Aye:** Lyon, Tymchuk, Abbott, Benfield, Matheny.

**December 19, 2018 Board Agenda – Florence Office**

Board Meeting 10:00 a.m.  Financial Condition & Dashboard
Acceptance of CLPUD Election Results
Resolution: Board Compensation
Resolution: Communication & Dark Fiber Agreements
Florence Mural Presentation
Executive Session: Consider Employment of GM

**Manager’s Report**

**Career Fair**

Mr. Barth reported that three of our linemen crew attended the Lincoln County School District’s career fair on October 24th which was held at the fairgrounds in Newport. Over 1,500 students attended. Our employees had the opportunity to talk about the utility trades with students. Many were interested in Information Technology and Engineering as well as Operations. The Board expressed appreciation for Central Lincoln’s participation in promoting trade career opportunities.
Implementation of Opt-Out Fees
Central Lincoln recently increased its monthly Opt-Out Fee from $25 to $35 for customers declining to have an automated meter. It was noted that four customers have since decided to opt-in, bringing the current total of customers choosing to opt-out to 36.

Key Account Forum
Mr. Freeman reported on the Key Account Forum which was held on October 23rd in Newport. Seven large-load customers attended, representing NOAA, the Oregon Coast Aquarium, City of Newport, City of Toledo, City of Yachats, Oregon State University’s Hatfield Marine Science Center and the Lincoln County Solid Waste District. Key Account Managers will meet individually with large-load customers who could not attend.

Health Care Costs Update
Each year the Board is apprised of employee healthcare costs and premiums. Central Lincoln is self-insured for medical and dental/vision coverage, and premiums are set at a level that manages the utility’s risk and keeps employee contributions (14% of premiums) affordable. For 2019, medical premiums will increase by 3.5% and dental/vision premiums will increase by 5%. It was noted that it had been eight years since vision coverage had been reviewed, and after evaluation, a biennial increase of $100 in vision benefits was made; contributing to the higher premium.

Quarterly Conservation Update
Wade Carey presented the quarterly conservation program update. He provided the Board with statistical data comparing incentive programs to savings. We are ahead on spending and savings targets for the two-year rate period. This is mostly due to heat pump and residential direct install programs, both of which are very popular with customers. He noted that the community solar project at the Florence Office is on hold until the Oregon Department of Energy completes its technical review. Mr. Carey also reported that he attended an Energy Efficiency regional roundtable in Roseburg where others shared information on savings for weatherization and heat pumps, etc. There was discussion about the future of potential demand-based programs.

Property Tax Report
Each year, Central Lincoln files a listing of all properties owned by the utility with the Oregon Department of Revenue. The properties are centrally assessed by the ODR and information is provided to the respective four counties Central Lincoln serves. The Board reviewed three graphs reflecting the most recent 11 years by county for taxes paid, assessed values, and assessed rate per thousand. After the discount, the total amount paid for property taxes for the 2018-19 tax year was $2,000,354; an increase of $291,000 over the prior year. The increase was anticipated due to the building of the Northern Operations Center.

Rates Future Path Forward
A memo was reviewed which memorialized staff’s understanding of the Board’s communication with respect to long-term rate strategies. Demand vs. time of use, and commercial and residential rate changes were discussed. The option to either continue with separate commercial and residential rates or move to a general service large and small’ based solely on consumption patterns. Staff will work with EES Consulting to analyze potential rate change effects on customers, and plans to bring enough information to the Board in time to decide whether to make any changes effective July 1, 2019 in conjunction with the usual rate actions.
BPA TC-20 Tariff Settlement
A memo was presented from NRU (Northwest Requirements Utilities), which negotiated with BPA on behalf of 53 utilities on a tariff settlement for BPA transmission services. The proposed TC-20 tariff will eliminate some loopholes for point-to-point customers and restore priority to Network Integration (NT) transmission services. Central Lincoln staff believes that NRU negotiated a good deal for NT customers, and all 53 members of NRU voted to accept the TC-20 tariff at its October board meeting. It was reported that Interim GM Brian Barth intends to sign the settlement agreement by the end of November, when it is due back to the BPA.

Board Member Compensation
Currently the Central Lincoln Board receives a monthly stipend of $770/month. After reviewing various statistics regarding cost of living increases for the past year, the consensus of the Board was to use the same percentage (2.25%) used to increase Central Lincoln employees’ wages in July, 2018. A resolution will be brought to the Board in December to codify this change.

Directors’ Discussion

OPUDA
It was noted that the recent mid-term elections affected some PUDs with a loss of several long-serving board members.

OMS (Outage Management System)
Mr. Hillebrand reported that staff is working with West on the outage phone system to change the messaging so customers calling in will be made aware that there is a real time outage map that can be viewed on Central Lincoln’s website.

There being no further business, the meeting adjourned at 12:01 p.m.

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Jill Lyon, Secretary       Judy Matheny, President