Minutes of Regular Board Meeting September 18, 2018

Following the employee forum workshop that began at 10:00 a.m., a regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at the Yachats Overleaf Events Center on Tuesday, September 18, 2018. President Matheny called the meeting to order at 1:00 p.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
                   Sunnetta Capovilla, Executive Assistant
                   Chris Chandler, Public Affairs Manager
                   Mark Freeman, Director of Employee, Customer & Community Services
                   Brandon Hignite, Finance & Resource Supervisor
                   Ty Hillebrand, Civil & Distribution Engineering Supervisor
                   Gail Malcolm, Project Manager
                   Bill Reinhart, Controller
                   Teri Turner, HR Manager
                   Pete Gintner, Legal Counsel
                   Jim Chambers, Customer
                   Paul Davies, Customer

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 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 August 14 and 27, September 5 and 13, 2018
   b) Accounts Payable Check Register for August 2018

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
   a) Accounts Receivable Aging Analysis as of August 31, 2018
   b) Cash Report as of August 31, 2018
   c) Contribution Margin Analysis Fiscal YTD
The year-end financial audit and supplemental audit of the pension plan is in process. Central Lincoln did not expend more funds than have been budgeted in the current fiscal year of the rolling five-year plan. The Board reviewed a preliminary year-end financial statement as well as a 12-month budget-to-actual report with comments. The final Performance Dashboard as of June 30, 2018 was also presented for review and discussion.

Resolution No. 949
Rate Schedule 700 (Deposits)

At the August board meeting, management discussed the current deposit policy for new customers. The Board agreed to modify the policy and authorize deposits, where required, from “two times the average bill” to “two times the highest bill” over the previous 12-month period. Once adopted, staff will refund deposits collected in excess of the revised policy. After discussion, the following motion was made:

Motion:  Mr. Abbott moved and Mr. Benfield seconded to adopt Resolution No. 949 which authorizes deposits, where required, of two times the highest bill over the previous twelve-month period and adjusts Rate Schedule 700 accordingly. Aye:  Abbott, Benfield, Lyon, Tymchuk, Matheny.

Resolution No. 950
Naming Acting GM

ORS 251.445 authorizes the Central Lincoln PUD Board of Directors to designate a person as acting General Manager in case of absence or temporary disability of the General Manager. After discussion, the following motion was made:

Motion:  Mr. Tymchuk moved and Mr. Benfield seconded to adopt Resolution No. 950 naming Randy Grove as Acting General Manager effective upon the resignation of current General Manager, Debra Smith. Aye:  Abbott, Benfield, Lyon, Tymchuk, Matheny.

Resolution No. 951
Naming Interim GM

The Board would like to ensure an orderly transition when General Manager Debra Smith’s resignation is final. The Board negotiated with Brian Barth, who agreed to delay his retirement and act as Interim General Manager until a new General Manager is recruited. After discussion, the following motion was made:

Motion:  Ms. Lyon moved and Mr. Tymchuk seconded to adopt Resolution No. 951 naming Brian Barth as Interim General Manager, with an agreed-upon wage and benefit adjustment, effective upon the resignation of current General Manager Debra Smith. Aye:  Abbott, Benfield, Lyon, Tymchuk, Matheny.
Resolution No. 952
Termination of CoastNet Agreements

At the February Board meeting, staff outlined alternatives that would transition the existing CoastNet agreement to a standard dark fiber lease. Central Lincoln has worked with the Lincoln County Economic Development Corporation, DBA the Economic Development Alliance of Lincoln County, as well as Lincoln County to develop a termination agreement between the three parties; and create standard leases for the continued use of dark fiber, including mutually agreeable rates and conditions. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Ms. Lyon seconded to adopt Resolution No. 952 to terminate the CoastNet agreement and authorize the General Manager to execute the tri-lateral termination agreement with the other parties. Aye: Abbott, Benfield, Lyon, Tymchuk, Matheny.

Resolution No. 953
Land Purchase to Relocate Substation 138, Mossy Lane

In October of 2017, the Board passed Resolution No. 938 authorizing the purchase of 9.57 acres of land to relocate the Mossy Lane Substation, also known as Substation 138, to a higher elevation for an agreed-upon price of $250,000. Since that time, survey and easement work, road permitting and partition plats were required; complicating access to the 9.57 acres. Recently, the owner of the entire 52 acre parcel indicated a willingness to sell additional adjacent acreage to Central Lincoln alleviating the easement and access issues. To ensure that Central Lincoln is able to construct the new transmission line and connect to the relocated substation in the most cost-effective way possible, acquiring approximately ten additional acres for a price of $50,000 seems prudent. After discussion, the following motion was made:

Motion: Mr. Tymchuk moved and Mr. Benfield seconded to adopt Resolution No. 953 authorizing the General Manager to execute all documents necessary for Central Lincoln to purchase nearly 19 acres for $300,000. Resolution No. 953 was rescinded as a part of this adoption. Aye: Abbott, Benfield, Lyon, Tymchuk, Matheny. (see attached)

October 17, 2018 Board Agenda – Newport Office

Board Meeting 10:00 a.m. Public Hearing for GM Hiring Criteria
Possible meeting with Mycoff, Fry & Prouse
Various Governance Policies
Resolution: Rate Schedule 700 (fees)
Resolution: Joint Use Application & Sanction Fees
Resolution: Appointment of NRU Director
Customer & Community Connections Update & Calendar
Rate Design Discussion
SDAO Report on Board Governance
SDIS Best Practices Checklist
Manager's Report

Resignation Process of General Manager
Ms. Smith noted that her interview and confirmation process with Seattle City Light was continuing and she would have a better idea of the outcome after the September 20th session. Assuming things move forward as expected to a confirmation vote of the Seattle City Council to appoint Ms. Smith as their new CEO and General Manager on October 1st, she noted that her last day with Central Lincoln would most likely remain October 12, 2018 as previously discussed.

Retirement Plans Update
Central Lincoln received the annual actuarial valuation of the Pension Plan and Trust as of 7/1/18 from Silverstone Group. After years of increases to the required employer contribution for the coming year, the contribution has decreased for the third year in a row. This trend will likely continue. It has been over eight years since Central Lincoln closed its pension plan to new hires and there are currently 50 employees, hired after the close of the pension plan, receiving 401(k) matching funds. The combined pension and 401(k) plan percentage cost of payroll is down approximately 7.57%. Over time, the costs will continue to trend downward as new employees join Central Lincoln and participate in the 401(k) plan.

Rate Schedule 700 (fees)
The Board reviewed and discussed several proposed updates to various fees contained within Rate Schedule 700. Fee changes being considered were tampering fees, late fees, non-broadcasting meter reading fees, deposit requirement change for new customers and adding a new large load engineering fee. Staff will bring a resolution to adopt these suggested changes to the October board meeting.

Joint Use Application & Sanction Fees
Contracts are in place with communication companies allowing those companies to attach their cables to Central Lincoln’s poles. It was suggested that Central Lincoln move from a flat application fee to charging for actual costs to perform the required reviews, allowing for full cost recovery. There is also an interest in updating sanction fees to follow the updated Oregon Administrative Rules. The actual amounts under OAR are based on the nature of the violation and the time to remedy. Staff sees value in creating a rate schedule to identify the fees and sanctions contained in the Joint Use contracts, and will bring a resolution to the Board in October for consideration and adoption.

Conservation Voltage Regulation (CVR) Project Update
A CVR pilot project was initiated in 2013 and proved to successfully reduce customers’ energy consumption by approximately 2%. Homeowners and renters experienced cost savings with no impact on residential power quality, and without having to engage in active energy efficiency management. The process to fully deploy CVR throughout the District requires a great deal of preliminary work, some of which is ongoing. A memo was provided to the Board outlining the timing of the necessary upgrades and staff resources required for full implementation.

Email Retention
In March, while performing an upgrade to Central Lincoln’s current server, it was discovered that deleted emails from certain employees were not archived due to a misconfiguration of the email repository in September 2016. Mitigation efforts were performed and the archiving of all Central Lincoln emails was resumed. There is no way to determine the quantity or type of these documents. Central Lincoln’s records officer reported this discovery to the Oregon State Archives
office on September 4, 2018, and the state’s recommendation was to make the Board aware of the missing emails and document the reasons for the variance. (see attached)

Directors’ Discussion

Board Appointed Consultants Discussion
Board Governance Policy III.B “Board Job Description” establishes the Board’s obligation to hire certain outside consultants, namely: legal counsel, external auditor (and to review and accept annual audit); and insurance agent of record (and to review liability policy annually). In January of 2018, the consultant ratification list brought to the Board by the General Manager also included legal counsel for human resources and bond counsel. At that meeting, Board members tabled ratification of the latter two for discussion at a future board meeting which became this meeting. It was noted that an RFP was issued for an external auditor in the fall of 2017, and an RFP for insurance agent of record this fall. A commitment to regular solicitations negates the need for a ratification process each year. The consensus of the Board was that a single point of contact for legal counsel makes sense; and in instances in which an HR or bond attorney is needed, the Board would contact that specific legal counsel as needed.

Oregon PUD Association Bylaws
Mr. Abbott noted, at the upcoming OPUDA meeting on Friday, there will be a vote on proposed changes to the Bylaws, and asked that all board members familiarize themselves with the proposed Bylaw updates prior to the meeting.

There was a brief discussion about progress on automated phone responses during power outages. Staff will bring a full update to the Board in October.

There being no further business, the meeting adjourned at 3:08 p.m.

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Jill Lyon, Secretary       Judy Matheny, President