Minutes of a Regular Board Meeting March 20, 2019

A regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at the Newport Office on Wednesday, March 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  
                 Paul Davies - Secretary  
                 Judy Matheny - Treasurer  
                 Jim Chambers – Board Member

Due to the recent passing of longtime Board Member Ron Benfield, President Tymchuk called for a moment of silence and reflection.

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

Randy Grove, General Manager  
Donna Beckham, Utility Assets Coordinator  
Sunnetta Capovilla, Executive Assistant  
Wade Carey, Energy Services Manager  
Chris Chandler, Public Affairs Manager  
Mark Freeman, Director of Employee, Customer & Community Services  
Brandon Hignite, Finance & Resource Supervisor  
Ty Hillebrand, Director of Shared Services  
Joe Hiner, Director of Engineering & Operations  
Gail Malcolm, Project Manager  
Bill Reinhart, Controller  
Teri Turner, HR Manager  
Trace Ward, GLAS Project Manager  
Chris Walkup, GLAS Principal in Charge  
Heather Meyer, GLAS Project Support

Consent Agenda

The Board approved the following Consent Agenda items as presented:
   a) Minutes from February 20, 2019  
   b) Accounts Payable Check Register for February 2019

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
   a) Accounts Receivable Aging Analysis as of February 28, 2019  
   b) Cash Report as of February 28, 2019  
   c) Contribution Margin Analysis Fiscal YTD
Board Governance Policies

Governance Process

Governance Policies describing the Board’s governance process are reviewed every March. The following were noted by the Board to be straightforward and no changes were suggested:

1. General Governance Commitment
2. Governing Style
3. Board Job Description
4. Chairperson’s Role
5. Board Committee Principles
6. Committee Structure
7. Annual Board Planning Cycle
8. Board Member Code of Conduct
9. Board Member Compensation
10. Memorializing Board Actions

30% Design and Project Costs
New Headquarters (HQ) Building

Ms. Malcolm provided background on the condition of the current headquarters building in Newport, based on a seismic evaluation in 2015, concluding the structure would not be usable after an earthquake. Based on those findings, staff has taken steps to relocate critical physical assets; and is developing procedures to ensure the preservation of critical documents and equipment in the event of a major disaster. The primary driver for investigating options for the headquarters facility is the life-safety of 46 staff members who provide critical functions for Central Lincoln in the HQ building.

During development of the Northern Operation Center (NOC), 1.2 acres of the site was reserved for a headquarters building. Storm drains, water, sewer and electric infrastructure were sized and located to accommodate future development. Chris Walkup, Principal in Charge from GLAS Architects, LLC presented a 30% design review for the Board’s consideration. Project objectives include:

- Continue to build toward a more resilient future
- Provide cost-effective, long-lasting, low maintenance facilities
- Accommodate current needs, plus allow for future growth
- Be adaptable to future alterations in the business model
- Provide productive work environments for utility employees

A visual rendering of a three-story building with improved work and meeting space, including ample parking, was presented for consideration. The design would also allow for additional laydown space needed for warehouse supplies and a maintenance shop. Project costs for development and construction of the new facility is estimated at $15.9 million; and includes equipment, furnishings and funding for a possible traffic signal. The finished building would be built to a seismic Category 4 level. If the Board were to decide to go forward with construction of a new HQ facility, architects would need 6-8 months to develop a full design, and approximately 14 months for actual construction.

The Board requested that GLAS estimate costs to retrofit the current headquarters building for:

- Seismic upgrades only, and
- Seismic upgrades including additional needs such as a new HVAC system
A high-level assessment of costs will be reviewed at the April 17, 2019 board meeting.

**Resolution 961**  
**Naming Acting General Manager**

ORS 261.445 authorizes the Central Lincoln Board of Directors to designate a person as Acting General Manager in case of absence or temporary disability of the General Manager. Mr. Grove recommended Mr. Hillebrand. After discussion, the following motion was made:

**Motion**: Mr. Abbott moved and Mr. Davies seconded to adopt Resolution No. 961 naming Ty Hillebrand as Acting General Manager effective March 1, 2019. **Aye**: Abbott, Chambers, Davies, Matheny, Tymchuk.

**Resolution 963**  
**Board Governance Policy Modification**

In February, staff suggested a modification to Governance Policy II.E Asset Protection, which would align with the language adopted in Resolution No. 957 in November 2018 establishing a Procurement Policy document. A redline version of the governance policy page was presented for consideration. After discussion, the following motion was made.

**Motion**: Mr. Abbott moved and Mrs. Matheny seconded to adopt Resolution No. 963 to amend Governance Policy II.E Asset Protection to read: “The General Manager may not make any purchase or commit the organization to any expenditure that does not comply with Central Lincoln’s current Procurement Policy for procurement and contracting processes.” **Aye**: Abbott, Chambers, Davies, Matheny, Tymchuk.

**April 17, 2019 Board Agenda – Waldport City Hall**

Board Meeting 10am:  
- Consent Agenda - Minutes, A/P Check Register  
- A/R Analysis, Cash Report, Contribution Margin  
- Resolution: Rate Schedule 900 – Joint Use  
- Cost of Service Analysis  
- GLAS Architects Headquarters Retrofit Cost Estimates  
- APPA & NWPPA Voting Delegates  
- Five-Year Capital Improvement Plan  
- FY20 Work Plan  
- Annual Identity Theft Prevention Program Report  
- Customer & Community Connections Calendar  

**Manager’s Report**

**High Level FY19 Budget Assumptions**

Supervisors and managers are in the process of evaluating projects, and adjusting their respective budgets based on expenditure reports and findings from the Vulnerability Risk Assessment. The following high-level budget items were discussed:

- Revenue  
- Power and Transmission Costs  
- Labor and Benefits  
- Other Non-Power and Non-Labor Expense Items
- Minimum Cash Reserve Requirements
- Capital Improvement Plan (CIP) and Budget

Management will bring the Five-Year CIP (capital improvement plan) for FY20-24 to the Board at its regular meeting on April 17, 2019 as well as the FY20 Organizational Work Plan. The Work Plan builds on the 2018-2023 Strategic Plan approved by the Board last spring. In May, the Board will review a proposed FY20 Budget and Five-Year Financial Plan for possible adoption.

**Joint Use Update**
Central Lincoln has contracts in place with various communications companies allowing attachment of their cables to utility poles. Each contract specifies application, rental and sanction fees that are assessed for those attachments. Sanction fees align with the Oregon Administrative Rules and went into effect January 1, 2019.

Central Lincoln recently assessed sanction fees against two companies. One was invoiced $3,000 for failing to perform transfers from old to new poles; and another was invoiced $9,028 for 56 unpermitted attachments. The former has contacted Central Lincoln and is scheduled to begin the transfer work in April. The latter failed to submit applications, even after a deadline extension. Staff is currently working on resolutions to these non-compliance issues.

**Wireless Pole Occupancy License Agreement Update**
Central Lincoln was approached several months ago by a small cell and 5G company called Extenet. Extenet is the first company of this kind to make a request to mount small cell antennas to CLPUD poles. Staff reached out to other utilities and the information they shared was used to develop a standard Wireless Pole Occupancy License agreement. The agreement was reviewed by Central Lincoln’s joint use lawyer and final edits are being made; including proposed additions to Rate Schedule 900. A resolution to change Rate Schedule 900 will be brought to the Board meeting in April.

**Long Lead Time Purchases**
Large purchases for items such as bucket trucks and substation transformers have procurement lead times that often exceed 12 months. This can cause fiscal year budget overruns if staff waits until after the Board approves the budget in May to order large items that may not arrive until after June the following year. In an effort to keep the expenditures in the correct fiscal year, management would like to change the process; and order the items prior to the year in which they are budgeted by using the board-approved contract award process as authorization for these high-priced items. Since these items are already included in the Five-Year Capital Improvement Plan, the Board agreed by consensus updating the procurement process makes sense and is appropriate.

**Mutual Aid**
During a recent severe snowstorm, utilities in Lane and Douglas Counties requested assistance from Central Lincoln through multiple Mutual Aid agreements. Over a period of two weeks, linemen and tree crews spent 3,981 hours providing assistance to these utilities. Following the return of the crews, two debrief meetings were held; one at the NOC and one in Florence. These meetings provided useful information that will enhance Central Lincoln’s mutual aid protocols in the future. The Board expressed its appreciation to the crews who put in long hours away from their families assisting those utilities, noting they represented Central Lincoln well.
**Drone Inspections**  
Central Lincoln recently hired a local drone contractor to inspect several transmission structures in remote areas. It was an opportunity to better understand the advantages of this type of inspection when poles may be considered unsafe to climb, or when access by a bucket truck is problematic. Due to the high initial cost of training and certification as well as internal resource requirements, drone use will continue to be contracted as needed for now.

**Records Retention Meeting**  
Central Lincoln recently hosted a semiannual meeting of the Oregon Utilities Records Group as organized by NWPPA. Many representatives from surrounding utilities attended. The group discussed electronic records, retention requirements, and scheduled purging. Ms. Malcolm spoke on risks to important records due to natural disasters and how to be better prepared.

**Webpage Update**  
Mr. Grove reported that the Leadership Team recently met with the people from Ruralite who are designing Central Lincoln’s new customer-facing webpage. The new webpage is being designed to improve the customer experience by making it easier to navigate, offering multiple languages, providing the ability to increase the font size with the click of a single button and making the process of paying bills more intuitive. The website will be easy to modify, and will scale to any size of a customer’s smart device, laptop or computer.

**Autopay Customer Data**  
Currently there are 11,810 customers taking advantage of Central Lincoln’s Autopay program. Of those, 6,121 are still receiving billing statements on paper sent through U.S. Mail. At a cost of $0.665 per paper bill, there is an opportunity to reduce expenses by $48,846 annually if those customers convert to paperless billing. Staff will continue to incorporate this targeted opportunity for savings into future outreach efforts.

**Legislative Update**  
Ms. Chandler reported that various lobbyists representing Central Lincoln are tracking approximately 60 House and Senate bills currently being considered in the 2019 session of the Oregon Legislature, and reviewed several such bills with the Board. March 21st is the Oregon PUD Association’s “Lobby Day,” a day representatives from various Oregon PUDs meet with legislators to discuss these bills. Two of the top bills of interest to OPUDA under consideration are HB 2020: Carbon Cap and Trade, and SB 928: Oregon Climate Authority.

**Directors’ Discussion**

Legal Counsel has advised that when the Board Secretary is unavailable to sign documents such as minutes or resolutions, the Vice-President or other officer can sign in her or her place.

Mr. Abbott requested that vendors or consultants submit electronic copies of board reports or documents when possible, particularly when such reports are lengthy.

There being no further business, the meeting adjourned at 1:00 p.m.