Minutes of a Regular Board Meeting May 29, 2019

A regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at Central Lincoln’s Headquarters in Newport on Wednesday, May 29, 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 & Assistant Treasurer  
Paul Davies - Secretary  
Judy Matheny - Treasurer  
Jim Chambers – Board Member

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

Randy Grove, General Manager  
Goda Akella, Engineering Associate II - Telecommunications  
Stacy Bridgman, Accounting Specialist  
Sunnetta Capovilla, Executive Assistant  
Wade Carey, Energy Services 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  
Gina Nielsen, Customer Service Representative  
Bill Reinhart, Controller  
Teri Turner, HR Manager

Consent Agenda

The Board approved the following Consent Agenda items as presented:
   a) Minutes from April 17, 2019  
   b) Accounts Payable Check Register for April 2019

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
   a) Accounts Receivable Aging Analysis as of April 30, 2019  
   b) Cash Report as of April 30, 2019  
   c) Contribution Margin Analysis Fiscal YTD

Governance Policies

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 nine months of the fiscal year is now complete and revenues and expenditures are both within expected ranges and on target. A copy of the March 31, 2019 budget to actual report was presented with comments. The Performance Dashboard for the same period was also reviewed.
II.B Budgeting/Forecasting
This board policy requires that the General Manager create and maintain a rolling five-year plan and budget in a way that reasonably projects revenues and expenses; separates capital and operational items, and discloses appropriate planning assumptions. A copy of the Five-Year Financial Plan was provided.

Resolution No. 965
Five-Year Financial Plan and FY20 Budget

Each year the Board approves a budget for the coming fiscal year and a Five-Year Financial Plan that is used to manage long-term rate impacts. Planning documents include high-level budget assumptions, a Capital Improvement Plan (CIP) and a Work Plan that implements the Board’s Strategic Plan. Mr. Grove presented the Board with the FY20 Budget, noting that it was developed using a 3% rate increase for customers. Mr. Hillebrand provided budget details to the Board via a PowerPoint presentation. Management recommended the adoption of the Five-Year Financial Plan and FY20 Budget through proposed Resolution No. 965. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Mrs. Matheny seconded to adopt Resolution 965 to approve the Five-Year Financial Plan, which includes the corresponding FY20 Budget as presented. Aye: Abbott, Chambers, Davies, Matheny, Tymchuk.

Contract Award
Northern Pole Replacement Project

As part of Central Lincoln’s maintenance program, 10% of transmission structures are tested each year to identify necessary repairs including poles that require replacement. Based on test results, 29 poles on 14 structures throughout the Newport, Toledo, Seal Rock and Waldport areas need to be replaced. Eight bids were received and staff recommended the contract be awarded to Key Line Construction for $131,790.95. After discussion, the following motion made:

Motion: Mr. Abbott moved and Mr. Chambers seconded to approve a contract award with Key Line Construction in the amount of $131,790.95 for 29 poles to be replaced on 14 structures in Newport, Toledo, Seal Rock and the Waldport areas. Aye: Abbott, Chambers, Davies, Matheny, Tymchuk.

Board Meeting Date Change

Due to a conflict of schedules, it was requested that the June Board meeting date be moved from Wednesday, June 19, 2019 to Monday, June 17, 2019. After discussion, the following motion made:

Motion: Mr. Abbott moved and Mr. Davies seconded to change the date of the June meeting from the originally scheduled date of June 19, 2019 to June 17, 2019. Aye: Abbott, Chambers, Davies, Matheny, Tymchuk.
Confirm Next Meeting Agenda

June 17, 2019 Board Agenda – Newport Office

Board Meeting 10am:
Consent Agenda - Minutes, A/P Check Register
A/R Analysis, Cash Report, Contribution Margin
Resolution: Update Governance Policies
Resolution: Revised Rate Schedules
Tentative Contract Award: Substation 137 Foundation Stabilizing Project
Conservation Voltage Reduction Report
RFP for Third-Party Health Benefit Administrator

General Manager’s Report

Quarterly Conservation Report
Mr. Carey presented the most recent Conservation Program Report, which included all program activity for the period of October 1, 2017 through March 31, 2019. The BPA two-year cycle ends on September 30, 2019, and with only six months remaining; adjustments are being made to meet Central Lincoln’s spending and savings targets. BPA has placed emphasis on programs that provide more savings during the colder months to encourage customer participation in efficiency/conservations programs that save energy during that time. On October 1, 2019, BPA will be increasing incentives for those cold-weather programs by up to 100%.

Rate Schedule Recommendations
Mr. Hignite reported that in order to more closely align with the COSA (Cost of Service Analysis), presented at the April Board meeting, staff is recommending a 3% overall rate increase for most customers, with a few exceptions. Some will experience a Service Availability Charge (SAC) increase with a smaller kWh energy charge, while others will have no increase in the SAC, but will see a larger kWh energy charge. Each rate schedule was reviewed by the Board, and consensus was reached on management’s approach to each rate schedule going forward. Each schedule will be brought to the Board in June for final approval.

Headquarters Remediation
Ms. Malcolm reported that the primary driver for further investigation of options for the headquarters facility is the safety of the 47 employees working within the building who have job functions that are critical to Central Lincoln’s ability to recover after a major event or disaster. Recovery of our coastal communities after a major earthquake is inextricably linked to Central Lincoln’s level of resilience and capacity for business continuity. After discussion, the Board requested that staff look at more options, including determining market value for the HQ building as is, and investigating options for a seismically sound customer service store front location; and include those items in the budget scenarios.

BPA (Bonneville Power Administration) Meter Failure at Lakeside Update
As reported to the Board in April, BPA recently discovered that one of their transmission meters failed to properly record and charge Central Lincoln for power used for 71 months. The total amount owed to BPA is calculated to be $1,617,343. Mr. Grove has had several discussions with BPA staff and the BPA administrator, in an effort to impress upon them the impact of such failures to Central Lincoln’s customers. To avoid a similar situation in the future, Central Lincoln staff has created a process that cross checks the BPA bills against substation metering data. The payments to BPA will be made partially in FY19 and the balance in FY20.
FY18 Audit Report Follow-Up
At the November 2018 Board meeting, Moss Adams, CPA presented their audit findings for FY18. Based on audit recommendations, Central Lincoln staff committed to documenting and publishing procedures for nine identified areas. Five of these procedures were completed by February 1, 2019. Accounting staff has developed written procedures to address the final four recommendations. All procedures have been reviewed by auditors to ensure they meet the intent of their comments. Staff is now working with various departments to implement the processes.

Mutual Aid
Mr. Grove reported that all invoices for mutual aid that Central Lincoln provided to Lane Electric, Eugene Water & Electric Board and Douglas Electric in March and April of this year totaling $824,000 have been paid in full.

Extenet Agreement
Central Lincoln has entered into an agreement with Extenet to install small cell antennas on the utility’s power poles. The first one will be installed near the Newport Bayfront.

New Website
Central Lincoln went live with an updated website on May 28, 2019. The look and feel is significantly different; with the end goal being a better customer experience. Times are changing and customers want to find clear, understandable answers to their questions, quickly at any given time and on the device of their choice. Mobile-first responsive design, web accessibility and ADA compliance was a large part of this redesign, ensuring that customers who have visual disabilities, difficulty reading, or problems browsing with a mouse can fully access the new site.

Reedsport Parade Award
Mr. Grove reported that Central Lincoln staff, family and friends participated in Reedsport’s Memorial Day Parade on May 26, 2019. The judges awarded Central Lincoln with a first place ribbon and Community Spirit Award stating: “You had an excellent group that represented CLPUD with spirit. They interacted with the crowd and were having a good time. The vehicles were decorated appropriately and employees shared the fun with their families. Congratulations!”

Director of Shared Services
Mr. Grove announced that after an internal and external search for a new Director of Shared Services, the position has been awarded to Brandon Hignite, who is currently Central Lincoln’s Finance and Resource Supervisor.

Directors’ Discussion

NWPPA Annual Meeting
Directors Matheny and Abbott attended the NWPPA Annual Meeting in Sacramento May 19-22, commenting that the conference was very relevant with good speakers and well-paced, with exciting content.

There being no further business, the meeting adjourned at 2:04 p.m.

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Paul Davies, Board Secretary

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Keith Tymchuk, Board President

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