

COLUMBIA RIVER PEOPLE’S UTILITY DISTRICT
Special Meeting – Retreat/Workshop
October 11, 2016

The Special Meeting of the Board of Directors of the Columbia River PUD was called to order by President, Jake Carter, at the Deer Island District Office at 1:00 p.m. Notice was provided to the press. The following individuals were present:

Directors:

Jake Carter
Craig Melton
Harry Price

Staff:

Libby Calnon, Community & Public Relations
Rick Calnon, IT
Eli Crape, Operations
Tim Lammers, Energy Services
Mikka Mullican, Customer Accounts
John Nguyen, Interim General Manager
Tracy Pinder, Accounting & Finance
Heidi Ralls, Administration
Branden Staehely, Engineering
Sonia Wendelschafer, Human Resources

Public:

Debbie Reed

President Carter called the meeting to order at 1:03p.m. John Nguyen advised the purpose of the meeting is for Staff to engage the Board with the budgeting process for 2017.

Legal Fees: J. Nguyen noted legal fee projections for 2017 were calculated by averaging 2013, 2014, and 2016. Nguyen explained 2015 was left out of the calculation as it was an outlier year, not indicative of typical expenses. T. Pinder noted \$4,000 of the \$10,000 in the Administration budget for Legal Fees was allotted for the GASB Actuarial Study with the remaining set aside for any potential HR legal review needs.

Membership Dues & Property/Liability Insurance: H. Ralls reviewed Membership fees, noting most were only projections with a three percent increase over 2016 fees. She also reviewed Property and Liability insurance premiums. Discussion occurred on the difference between a “claims-made” policy versus an “occurrence” policy.

Staffing: S. Wendelschafer went over current and projected staffing levels and touched on Payroll and Benefits. She reviewed the projected 2017 COLA increase noting there is a negotiated 3% increase for Union employees; with the Salary Survey still being reviewed, a 3% increase has been built into the budget for non-union employees which is subject to change based on industry and local standards. Medical/Dental/Vision premiums were discussed.

T. Pinder indicated there is an expected increase for PERS contributions in June of 2017 but the amount has not yet been announced.

Energy Efficiency: T. Lammers discussed how energy efficiency measures will have significant changes in 2017 noting that BPA is revising their program. He reviewed several industrial energy efficiency projects that are in the works for 2017.

IT Budget: R. Calnon reviewed IT cost drivers noting the utility is moving away from in-house written solutions adding more flexibility in succession planning and recruitment. Lengthy discussion occurred on GIS upgrades and operating systems.

Tree Trimming: E. Crape indicated the tree trimming process is running efficiently, crews are ahead of schedule. He anticipates needing only two crews for 2017. In September, the Board approved going out for bid for tree trimming services, bids are due back December 9, 2016.

System Improvements: B. Staehely reviewed the anticipated system improvements for 2017. He reviewed carryover projects and substation maintenance and noted staff is looking to purchase a piece of land in Scappoose for a future Substation. J. Nguyen indicated the cost for land is currently at about \$6 per square foot.

J. Nguyen shared that an internal rate committee was formed to review current and future rate structures. The PUD is currently under billing demand charges. They are looking into a simplified rate structure that includes collecting for demand charges based on usage in preparation for the 2017 Cost of Service Study.

Capital Equipment: B. Staehely and E. Crape reviewed the capital equipment budget for 2017 as well as the vehicle replacement criteria and trends.

Revenue & Power Costs: T. Pinder reviewed 2017 Load Forecast for all rate classes. She reminded the Board that there will be a Cost of Service Analysis (COSA) in 2017 as the PUD does every two years. Staff will ask EES to review the PUD's rate design at the same time to ensure the true cost of service for all customers is being captured.

T. Pinder reminded the Board that all numbers are DRAFT numbers which include a cost increase of 5%. BPA's proposed Power and Transmission costs were discussed.

T. Arnst presented information on a proposed system which is designed to reduce demand costs on the BPA bill through voltage reduction. The system is still being reviewed by staff.

Other Deductions & Income: T. Pinder reviewed Other Deductions & Income with the Board noting one of the biggest cost drivers is Payroll and Benefits. This draft budget includes a total of 47.9 FTE's.

Cash Management Policy: The Cash Management Policy was reviewed. Discussion occurred regarding the significance of the number of days on hand required for the utility. The Board discussed the option of short-term financing for land and/or vehicles as long as the utility is still able to be debt free in 2020.

The Budget Schedule was reviewed.

COMMIT Sponsorship Request: L. Calnon presented the proposed budget for the COMMIT Team emphasizing that list represented historical requests and that the PUD does not solicit requests. Criteria for sponsorship was reviewed.

Retiree Healthcare Benefits: J. Nguyen reviewed current retiree healthcare benefits in relation to the objective in the Strategic Plan to attract and retain employees. Director Melton suggested a comparison from the industry, both consumer and investor owned utilities.

Deferred Compensation: J. Nguyen reviewed a proposal to remove the performance requirement from the 401(a) match and move toward a complete matching option in an effort to avoid future potential for supervisory interference with retirement savings and to encouraging employees to contribute more into their own retirement plan. The 401(k) option was also discussed.

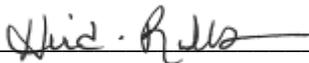
Office Hours: Staff presented an option of changing office operating hours to a 4x10 schedule. Other PUD's have moved that direction. J. Nguyen indicated he wanted Board and employee buy-in prior to investing a lot of time exploring options. The intent would be to put a team together to gather and review employee input and visit other utilities to see what's working and if they would do it again knowing what they know now.

Health Care Premium Incentive: S. Wendelschafer discussed a potential to offer health care premium incentives. The idea is still in the research process and it would have to fall within the ACA guidelines.

Strategic Plan: Staff reviewed some options to change the formatting of the Strategic Plan including a higher level public facing document for the website.

There being no further business to come before the Board, the meeting was adjourned at 4:30 p.m.

Columbia River People's Utility District

By  _____
Heidi Ralls, Board Secretary