

COLUMBIA RIVER PEOPLE’S UTILITY DISTRICT
Special Meeting – Budget Advisory Committee
October 25, 2016

CONVENE MEETING

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 5:30 p.m. The following individuals were present:

Directors:

Jake Carter
Craig Melton
Harry Price
Richard Simpson

Staff:

John Nguyen
Libby Calnon
Rick Calnon
Tim Lammers
Sonia Wendelschafer

Branden Staehely
Tracy Pinder
Heidi Ralls
Eli Crape

Committee:

Rita Bernhard
Grant Gillis

Jack Carter
Dan Garrison

Chuck Daughtry
Kyle Stonelake

Bill Eagle

Public: None

President Carter advised that the special meeting was called to discuss the proposed 2017 Operating and Capital Budget. He welcomed the Committee members and introductions were made.

T. Pinder welcomed everyone and thanked the Committee and Board for attending, recognizing that time is valuable. She acknowledged input from last year’s meeting: One meeting was not enough time to adequately review the information; the meeting was heavy on slides and words, and not enough numbers to review. Staff has diligently worked on improving on all points. She indicated there would be some handouts and a draft budget will be given out at the end of the evening so the committee has time before the second meeting to review the information and submit questions and suggestions.

J. Nguyen thanked everyone in attendance and encouraged interaction throughout the meeting. He reviewed the PUD’s mission statement: “To provide quality services at the lowest practical cost.” The utility does that by being financially secure with strong working capital; resilient – having adequate cash reserves for emergency situations, capital improvements, and debt services; and a stable and healthy organization holding an A+ Standard & Poors rating, will be debt free by 2020, and continue to control costs as established for 2016. The utility also demonstrates quality services through reliability, outage response, low rates, and knowledgeable and dedicated staff.

J. Nguyen reviewed the upcoming opportunities and challenges which include load growth, system capacity, staffing levels, BPA rate increases and the probability of securing Tier-2 resources.

T. Pinder noted that while the committee is reviewing 2017 information, it is necessary to review 2016 as well. She reminded the committee of the PUD budgeting philosophy of conservatism - prefer to err on the side of underestimating revenues and overestimating expenses; and consistency.

T. Pinder reviewed Revenue & Power costs noting that predictions for unseasonable weather have potential to affect our revenues. The proposed 2017 budget assumes growth and new load for residential and commercial customers. It also assumes a rate increase in October as a result of a Cost of Service Analysis (COSA) including a rate study and design.

PUD General Expenses include a significant increase in Directors and Officers Coverage and Cyber Security coverage due to a claims-made type policy rate adjustment. Healthcare coverage is expecting an increase yet to be determined. The most notable increase is PERS contributions. PERS announced Tier I/II can expect a 13.68% - 17.31% increase and PERS OPSRP is expecting 9.60% - 12.24%.

J. Nguyen discussed the projected legal fees and the method of using a three year average excluding 2015 as it was an outlier year, not indicative of typical expenses. He also noted the expense for the COSA was also included in the Board of Directors' budget.

S. Wendelschafer reviewed the Administration Budget noting the changes in payroll include a total of two salary exempt and two hourly part time positions as well as fees for human resources legal support and the actuarial study.

The Accounting & Finance budget reflects the removal of one salary exempt position. T. Pinder noted the Contractor/Consulting and Office Expense lines are for bill print outsourcing, postage and forms related to the outsourcing, and audit fees.

T. Pinder reviewed the Customer Accounts budget noting the department will focus on participating in locally provided trainings instead of going out of town.

The Community and Public Relations budget was reviewed by L. Calnon. Increases reflect added duties, expense category changes, sponsorships, PUD events and the residential benchmark survey.

R. Calnon provided information on IT Projects including a new GIS system. He explained the utility is moving away from internally developed programs in an effort to reduce relying on individuals and increase the potential for future new hires familiar with standardized utility programs. He reviewed the annual costs of support and hardware.

T. Lammers provided information on capital improvement items including a Demand-Control Ventilation System and a project to install a water heater system for the sprinkler system external water tank.

B. Staehely reviewed customer work and carryover projects from 2016 emphasizing most of the carry over projects had engineering work done in 2016 with construction to be done in 2017. He explained N-1 reliability is a term used meaning if a substation loses power,

the utility has the ability to switch loads from that substation to another in order to restore power as quickly as possible.

T. Pinder discussed the Draft Budget Summary pointing out that the cash increase/decrease of (\$2,599,315) is not accurate. There are still items that need to be taken out. The most accurate difference is (\$546,014). There is an expected budget surplus from 2016 that staff would like to move forward. She suggested that the Board look at financing the land purchase for three years which could help the cash situation and still keep the PUD on track to be debt free in 2020.

The committee asked about year end cash forecast. T. Pinder indicated that currently, it appears there will be close to \$8.8 million which would translate to a \$600 thousand carryover.

R. Bernhard thanked staff and the Board for providing more detailed information and thanked the Board for the senior discount last year. She has talked to many individuals in the community who appreciate the help.

C. Daughtry provided information on the OMIC project in Scappoose and thanked B. Staehely for his help noting that Staehely has been a pleasure to work with. His knowledge and information is appreciated.

T. Pinder handed out a draft version of the proposed 2017 budget asking the committee to contact her with any questions that can be addressed at the November 17, 2016 Budget Advisory Committee Meeting.

J. Nguyen thanked the Committee for attending.

No action was taken.

The meeting was adjourned at 8:02 p.m.

Columbia River People's Utility District

By 
Heidi Ralls, Board Secretary