

COLUMBIA RIVER PUD
PUBLIC NOTICE
SPECIAL MEETING - RETREAT

October 11, 2016

The Board of Directors for Columbia River PUD will hold a special meeting on Tuesday, October 11, 2016 from 1:00 p.m. to 4:00 p.m. The Board will meet in a retreat setting to discuss strategic planning for 2017. No action will be taken.

This meeting is accessible to persons with disabilities. A request for further accommodations should be made at least 48 hours in advance by contacting the receptionist at 397-1844. The PUD Board meetings are conducted pursuant to the public meeting laws of the State of Oregon and anyone wishing to attend is welcome.

By: John Nguyen
Interim General Manager

◆
**Board of
Directors**

David Baker
Jake Carter
Craig Melton
Harry Price
Richard Simpson

**Interim
General Manager**

John Nguyen
◆



Board Retreat

OCT 11, 2016

Agenda

- ❖ Legal Fees
- ❖ Memberships & Dues
- ❖ Property/Liability Insurance
- ❖ Staffing
- ❖ Payroll & Benefits
- ❖ Energy Efficiency Measures
- ❖ IT Cost Drivers
- ❖ Tree Trimming
- ❖ System Improvements & Customer Work
- ❖ Substation Projects
- ❖ Capital Equipment
- ❖ Vehicles
- ❖ Break
- ❖ Revenue & Power Costs
- ❖ Voltage Reduction Project
- ❖ Other Deductions & Income
- ❖ Payroll & Benefits
- ❖ Cash Management
- ❖ Board 2017 Budget Priorities
- ❖ Board & Budget Schedule
- ❖ Commit Sponsorship Requests
- ❖ Retiree Healthcare
- ❖ 401(a) and 401(k) Plans
- ❖ Office Hours
- ❖ Health Care Premium Incentive
- ❖ 5-Year Strategic Plan Update
- ❖ Open Discussion

Legal Fees

- ❖ **General Counsel** - \$175,000
- ❖ **Administration** - \$10,000

Memberships & Dues

- ❖ **Memberships & Dues** - \$146,900
 - OPUDA
 - NRU
 - NWPPA/NWWH
 - PPC
 - NEMS/NIES
 - HSEMC (*Columbia County Homeland Security & Emergency Management Commission*)
 - NW River Partners
 - CCET
 - SDAO
 - Other

Property/Liability Insurance

❖ Property / Liability –

- 2016 was \$163,186
- 2017 projected at \$178,240

Staffing - 2016

❖ **2016 Budget – 48 Employees**

- 45 Full Time
- 3 Part Time

❖ **2016 Current – 46 Employees**

- 42 Full Time
- 4 Part Time

❖ **Forecast for remainder of 2016**

- 1 Employee Retiring
- Recruit for 2 positions
 - Utility Worker
 - Energy Specialist I/II

Staffing - 2017

❖ 2017 Budget – 47 Employees

- 43 Full Time
- 4 Part Time

❖ Forecast for 2017

- 2 Employees Retiring
- Recruit for 2 positions
 - Part-Time HR Specialist
 - Utility Worker
- Potentially recruit for 2 more positions, depending on GIS System
 - Field Engineer I/II
 - CAD/GIS Specialist I/II

Payroll & Benefits

❖ Medicare - \$61,819

- 1.45% Employer portion

❖ 401(a) Deferred Compensation Match - \$204,630

- Match based on Employee participation in Deferred Comp 457(b)
- 1% - 4% match plus 2% performance based contribution

❖ Unemployment - \$30,000

- Self insured – pay all benefits claimed

❖ Workers' Compensation – SDIS - \$11,560

❖ Accident, Short & Long-Term Disability, Life - \$60,000

Payroll & Benefits

❖ **Cost of Living Adjustments (COLA) - February 1**

- Union (13) - 3.0%
- Non-union – x.x%

❖ **Medical/Dental/Vision – \$901,500**

- Self Insured - EBMS
- Employee 5% premium contribution less 2% Wellness credit in 2016

❖ **PERS Retirement System - \$756,209**

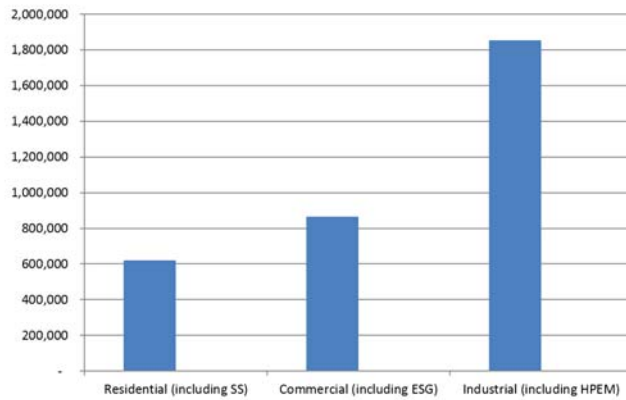
- Employee - 6.0% - paid by PUD
- Employer - 13.68% Tier1/2 and 9.60% OPSRP

Healthcare Insurance

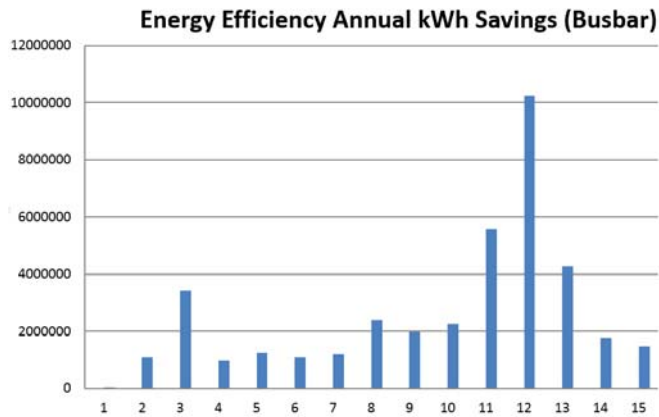
❖ **Healthcare Plan for 2017 - \$901,500**

- Update
- Reforms & Impacts
- Stop Loss

2017 Energy Efficiency Measures



Historical Energy Efficiency Savings



IT – Cost Drivers in 2017

❖ GIS Conversion - \$182,000

- GIS mapping system
- Staking package
- Outage Management System
- Seamless map solution
- CRGIS replacement with web-based system

❖ Server replacements - \$24,000

Cayenta Ongoing Expenses

❖ Annual Maintenance & Support - \$50,750

❖ 3rd Party Licensing Costs - \$16,910

❖ Professional Services - \$36,000

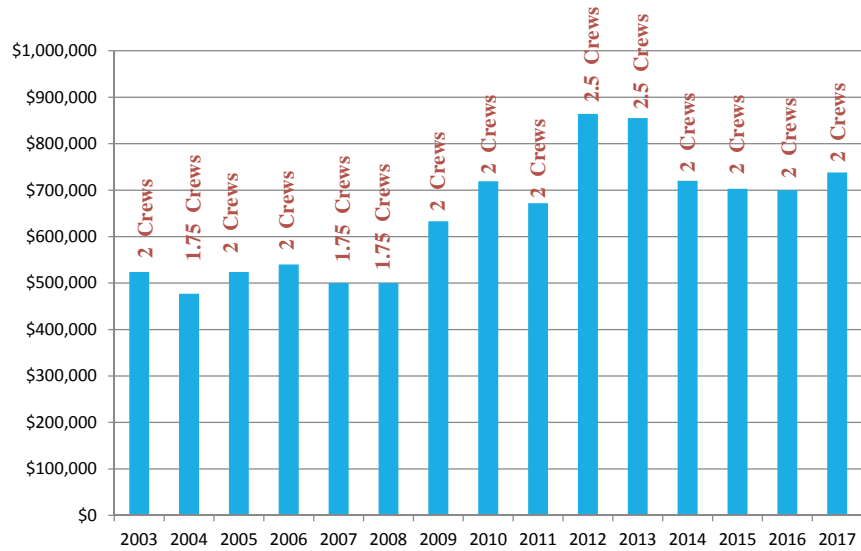
- Fixes to bill print, fixed assets, budgeting, and HR Benefits.
- No upgrade to 7.9 included

❖ Oracle Database Administration Support - \$21,600

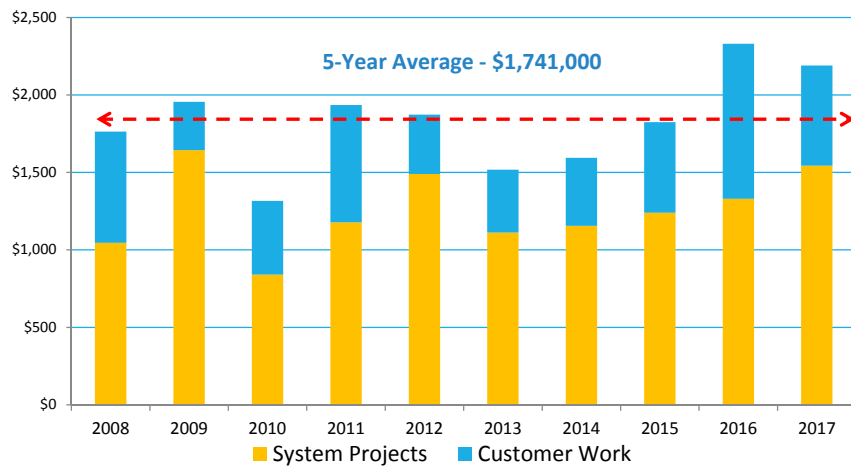
- Critical Patch Updates
- Backup and Recovery Support and Oversight

❖ Explore Cayenta Alternatives - \$0

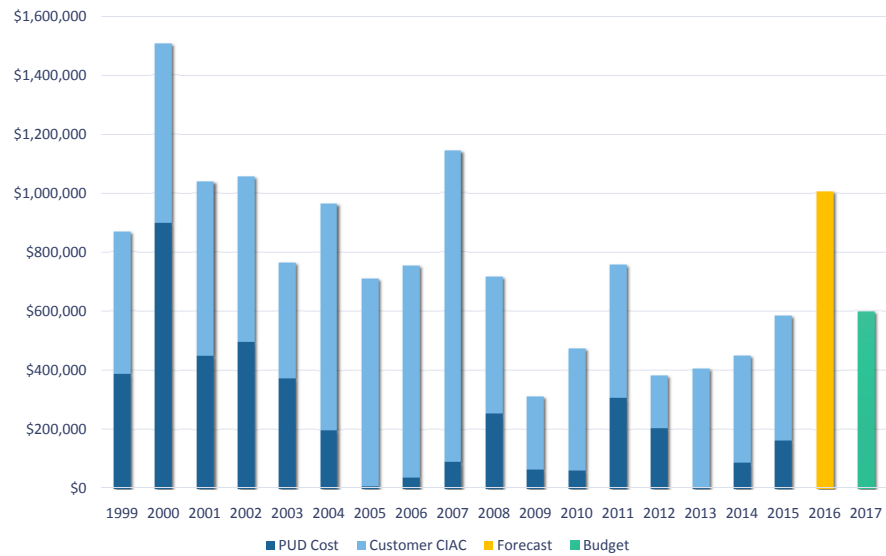
Tree Trimming Costs - \$738,000



System Improvement Projects & Customer Work (\$000's) Without Substation Improvements



Customer Work Trends



2016 Carryover Projects

- ❖ **Columbia Blvd** – Repair Concrete Sidewalk - \$41,990
- ❖ **St Helens Street & North 20th Street** – Repair sidewalk - \$16,990
- ❖ **Low services Correct NESC Violations** – New Discoveries - \$67,258
- ❖ **Gensman & Dan Cupp** – Phase 2 - \$74,576

2016 Engineering to Construction Carryover Projects

Overhead

- ❖ Merrill Creek Road - \$23,819
- ❖ McDermott Road - \$51,598

Underground

- ❖ Paradise Moorage - \$47,981
- ❖ St. Helens High School - \$23,617
- ❖ NE Sawyer St & SE 6th St - \$108,411
- ❖ Old Bunker Hill - \$64,982

New Overhead 2017 Projects

- ❖ Bennett /Hazen - \$255,332
- ❖ Parkdale Road - \$67,017
- ❖ West Lane Road Widening - \$77,496
- ❖ Goble Voltage Regulation- \$238,759
- ❖ Replace Oil Reclosers - \$27,836

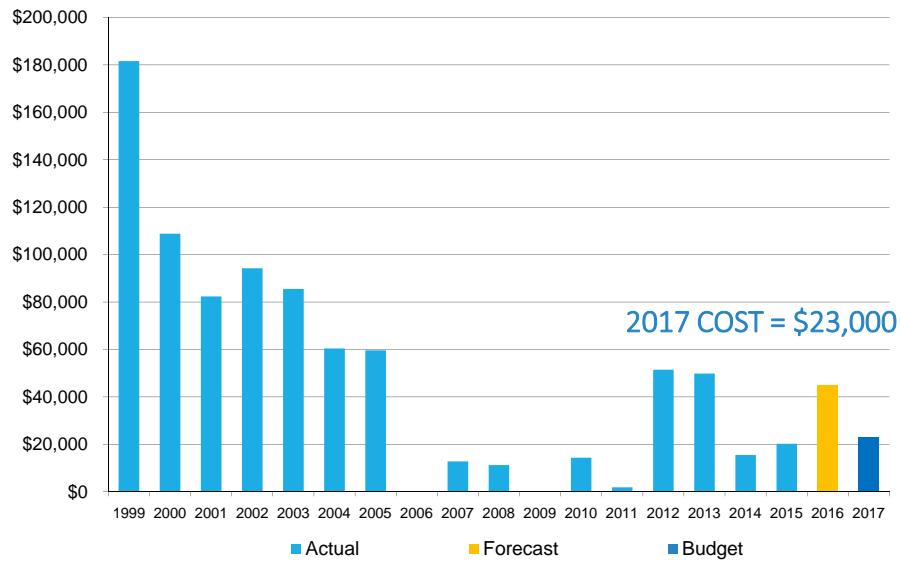
Substation Projects

- ❖ **Scappoose Substation** Replace Circuit Breaker - \$88,031
- ❖ **Scappoose Substation** Replace 115kV disconnect switch - \$22,660
- ❖ **Dutch Canyon Substation** Relay Upgrade - \$45,994
- ❖ **Demand Response System** - \$84,957

Substation Planning

- ❖ **Future Substation** - Obtain land in Scappoose - \$300,000

Capital Equipment History



2017 Capital Equipment

❖ 15 KV Vacuum Bottle Tester	\$8,500
❖ Theodolite (transit) & Tripod	\$4,000
❖ TWACS G2 Board	\$3,800
❖ Ox Block Rescue Handline	\$2,320
❖ Locator Accessories	\$2,000
❖ Sudden Pressure Relay Tester	\$1,200
❖ Travelers	\$1,000

Vehicle General Replacement Criteria

❖ Out of Town Vehicles:

- Replace at 100,000 miles or 12 years for reliability and appearance

❖ Vehicles:

- Replace at 100,000 miles or 15 years for reliability and appearance

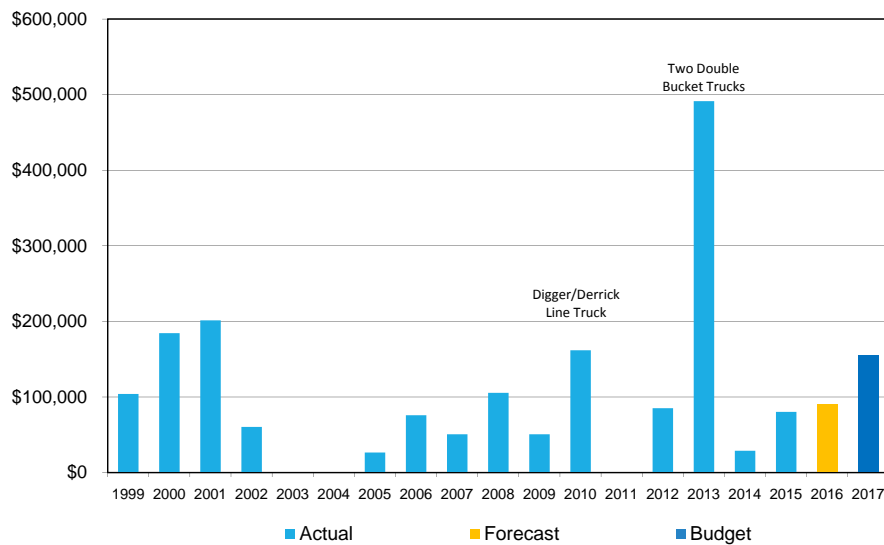
❖ Meter Reading/Collection Vehicles:

- Replace at 75,000 miles or 5 years for reliability

❖ Trucks - Diesel:

- Replace at 150,000 miles or 10 years for reliability

2017 Vehicles – \$155,000



2017 Vehicles – \$155,000

Budgeted

- ❖ **Replace 2008 Jeep Liberty** (2008 / 119,000 miles) \$25,000
- ❖ **Replace Single Bucket Truck** \$130,000

Deferred Vehicle

- ❖ 1999 Jeep Cherokee – - 116,983 Miles and 18 years of service
- ❖ 2000 Jeep Cherokee – 73,502 Miles and 17 years of service
- ❖ 2000 Jeep Cherokee – 98,351 Miles and 17 years of service
- ❖ 2002 Toyota Prius – 86,040 Miles and 15 years of service

Future Needs

- ❖ **Develop a 5-Year Substation & System Improvement plan**
 - Allow the Board to see parameters used in determining projects to ensure quality service at the lowest practical cost.
 - Give the Board enough time to review projects with detailed information.

Break

Revenue & Power Costs

2017 Draft Budget

❖ Revenue

- Prior to 2017 Budget
 - Columbia County stagnant economy
- 2017 Load Forecast
 - Growth / New Load
 - Residential
 - Commercial
- Cost of Service Analysis
 - Rate Study and Design
 - Rate Increase @ October 1, 2017?
 - Budget "DRAFT" currently includes a 5% increase

Revenue & Power Costs

2017 Draft Budget

❖ Power Costs

- BPA Rate Increase @ October 1, 2017
 - Power: 4% to 9%
 - Transmission: 3% to 4%

Revenue & Power Costs

2017 Draft Budget

REVENUE & POWER COSTS			
Total Sales of Electricity	31,400,866	31,260,151	140,715
Other Electric Revenue	278,830	278,500	330
Total Operating Revenue	31,679,696	31,538,651	141,045
NET Power Costs	(19,213,105)	(19,378,638)	165,533
Gross Margin	12,466,591	12,160,013	306,578

Voltage Reduction Project

Other Deductions & Income

2017 DRAFT Budget

- ❖ **Depreciation & Amortization** - \$2,051,484
- ❖ **Property Taxes** - \$465,000
 - Centrally assessed by State on valuation of \$37.8 million
- ❖ **Franchise Fees** - \$532,218
 - 4% of Revenues for Customers under 1,000 kW
 - 1% of Revenues for Customers over 1,000 kW
 - +1% adder to Columbia City, St. Helens and Rainier customers
- ❖ **Long-Term Debt**
 - Principal Payment - \$1,149,603
 - Interest Expense = \$68,006

Other Deductions & Income

2017 DRAFT Budget

OTHER DEDUCTIONS & INCOME			
Depreciation & Amortization	2,051,484	2,016,624	34,860
Property Taxes	465,000	358,350	106,650
Franchise Fees & Other Taxes	567,568	610,350	(42,782)
Interest Expense	72,506	95,192	(22,686)
Other Income	(109,532)	(109,242)	(290)
	3,047,026	2,971,274	75,752
Debt Principal Payment	1,149,603	1,128,724	20,879

Payroll & Benefits

2017 DRAFT Budget

- ❖ **2016 Budget FTE Count: 46.8 FTE's**
- ❖ **Current FTE Count: 45.1 FTE's**
- ❖ **2017 DRAFT Budget FTE Count: 47.9 FTE's**
- ❖ **Wage & Benefit Package:**
 - Wages
 - Cost of Living Adjustment @ February 1, 2017
 - Payroll Tax
 - PERS
 - Tier One/Tier Two: 6% EE / 13.68% ER
 - OPSRP: 6% EE / 9.6% ER
 - Increase to ER portion @ July 1, 2017
 - Defined Contribution Match: 401(a)
 - Medical/Dental/Vision

Payroll & Benefits

2017 DRAFT Budget

Columbia River People's Utility District
2017 DRAFT Budget by Department

	2016 Budget	2017 DRAFT Budget	General	Board	Executive	Admin	Acctg/Fin	Customer Account	Energy Service	Community & Public Relations	Info Tech	Eng/Op
Item 1 Operating Revenues	31,238,683	31,238,683										
Item 1 - Interest Income	54,000	54,000										
Item 1 - Other Income	64,742	66,811							11,280			
Item 1 - Contributions-In-Aid-of-Construction	314,181	330,078										330,078
Item 1 - Total Revenue	31,972,926	31,990,969							11,280			330,078
Item 4 - Power Supply Expense	18,855,811	18,789,729										
Item 7 - Power Cost Recoverment	(577,373)	(578,424)										
Item 1 - Net Power Costs	18,278,438	18,211,305										
Controllable Expense												
Item 9 - Payroll	3,522,395	3,588,329			151,127	217,112	293,962	377,210	322,908	127,210	343,968	1,734,774
Item 10 - Overtime	149,650	156,985						1,200				8,500
Item 11 - Benefits	2,229,679	2,414,574	2,004,629		21,297	26,889	29,804	42,216	34,462	17,016	40,979	197,542
Item 12 - Material & Marketing	1,233,124	1,400,974										1,423,424
Item 13 - Contracting/Consulting	2,355,879	2,477,903	306,400	231,000			15,000	17,800	13,460	640,115	20,000	-
Item 14 - Staff Development	802,400	(74,800)										
Item 15 - Employee Expense	199,465	208,063	40,000	34,275	6,310	37,000	8,200	5,500	11,000	10,800	25,500	27,700
Item 16 - Maintenance	147,718	133,845	150,000				1,000	500				8,000
Item 17 - Office Expense	377,475	387,050	72,100	4,500			7,000	11,200	1,000	700	16,000	20,700
Item 18 - Utilities	87,708	72,640	37,380	2,400	1,440	1,800	-	-	3,600	3,600	3,120	13,300
Item 19 - Software & Support	275,841	522,786	206,650					3,420	2,110	15,420	134,170	59,007
Item 20 - Rent	55,883	54,020	5,800									49,000
Item 21 - Marketing & Promotions	54,820	73,893		400							65,980	500
Item 22 - Misc. Bank Fees/Inst. Debit Payment	148,200	150,520	156,000									3,700
Item 23 - Total Controllable Expense	18,988,177	18,847,764	17,979,788		174,612	180,194	312,649	472,466	442,886	268,763	272,266	666,787
Item 24 - Debt Service - Interest	90,982	65,000	65,000									
Item 24 - Debt Service - Principal	1,128,724	1,148,803	1,148,803									
Item 24 - Term of Expense Fees	908,700	1,020,046	1,020,046									
Item 24 - Total Debt Service & Fees	3,188,416	3,368,177	3,368,177									
Total Operating Expenses	12,266,693	13,197,883	8,239,866		174,612	180,194	312,649	472,466	442,886	268,763	272,266	666,787
Item 28 - Depreciation & Amortization	2,016,624	2,051,484	2,051,484									
Item 29 - Other Debitations	4,200	4,200	4,200									
Item 30 - Capital Equipment & Facilities	143,122	184,007	184,007									
Item 31 - Total Expenditures	33,813,977	34,808,979	30,883,662		174,612	180,194	312,649	472,466	442,886	268,763	272,266	666,787
Item 32 - Actual to Cash Accounting Adjust	1,847,401	-	-									
Item 33 - Cash Increase (Decrease)	7,402	(2,969,898)	4,766,121	(274,826)	(130,194)	(312,649)	(472,466)	(442,886)	(267,473)	(272,266)	(666,787)	(4,792,672)

Payroll & Benefits

2017 DRAFT Budget

	2016 Budget	2017 DRAFT Budget
Controllable Expense		
Payroll	3,522,395	3,588,329
Overtime	149,650	156,985
Benefits	2,229,679	2,414,574
	5,901,924	6,159,888

Summary

2017 DRAFT Budget

	2017 DRAFT	2016 Budget	Variance
REVENUE & POWER COSTS			
Total Sales of Electricity	31,400,866	31,260,151	140,715
Other Electric Revenue	278,830	278,500	330
Total Operating Revenue	31,679,696	31,538,651	141,045
NET Power Costs	(19,213,105)	(19,378,638)	165,533
Gross Margin	12,466,591	12,160,013	306,578
DEPARTMENTAL BUDGETS			
PUD General	2,979,789	2,502,592	477,197
Board of Directors	274,625	172,885	101,740
Executive	180,194	162,921	17,273
Administrative	312,640	284,776	27,864
Finance & Accounting	472,465	564,912	(92,447)
Customer Accounts	442,886	446,621	(3,735)
Energy Services	257,473	332,163	(74,690)
Community & Public Relations	272,266	241,945	30,321
Information Technology	660,787	625,769	35,018
Engineering & Operations	5,083,300	4,763,593	319,707
Departmental Total	10,936,425	10,098,177	838,248

Cash Management

Simplified Approach

Updated Methodology, using readily available information

- Annual Budget
- Annual Audit Report
- Monthly Financial Statements

COLUMBIA RIVER PEOPLE'S UTILITY DISTRICT

AUDIT REPORT

Years Ended December 31, 2015, and 2014

2016 Budget



COLUMBIA RIVER PUD
A COMMUNITY OWNED UTILITY

UNAUDITED

Columbia River People's Utility District

Income Statement
January 2016 through May 2016

	Current Month	Current Month Over Budget	Year to Date	Year to Date Budget	2015 Actual	2016 Budget
	Current Month	2016 Budget	Current Year	Year to Date Budget	2015 Actual	2016 Budget
Operating Revenues						
P01 Residential Sales	1,098,774	(278,960)	(89,972)	7,444,713	6,571,195	7,817,129
P02 Industrial/Commercial Sales	12,905	(9,716)	(896)	106,451	108,006	75,284
P03 General Service - 400 Amps	181,044	(3,841)	4,864	1,084,039	1,052,201	1,008,557
P04 General Service - 400 Amps	202,262	(7,451)	25,937	1,391,156	1,305,618	1,302,251
P05 Industrial	816,875	5,668	1,207	3,083,114	2,846,899	3,024,416
P06 Public Street & Highway Lighting	11,023	(356)	1,125	38,107	38,691	79,312
P07	2,326,921	(282,562)	484,163	13,710,502	12,806,223	13,626,961
Total Sales of Electricity	1,536,772	(568,022)	(184,208)	18,319,109	18,324,211	19,547,568
P08 Other Electric Revenue	129,928	(184,396)	4,124	1,893,511	1,893,846	1,600,422
P09 Total Operating Revenue	2,444,468	(1,036,814)	42,128	14,905,665	14,912,803	16,748,412
Operating Expenses	1,228,255	(388,215)	(64,009)	6,303,665	7,426,751	6,022,254
Operating Margins	1,216,213	(648,599)	106,137	8,601,999	7,486,052	10,726,158
Expense & Taxes						
Expenses - O & M	178,023	41,321	(28,828)	912,105	955,673	1,161,767
Expenses - LT Debt	19,442	8,764	(10,385)	295,237	336,280	346,867
Expenses - Depreciation	27,817	17,673	(25,955)	363,662	384,742	405,102
Expenses - Insurance	29,953	(4,829)	11,247	(179,217)	265,709	(258,000)
Expenses - General Exp	291,174	(29,373)	68,369	1,466,466	1,281,976	1,622,046
Expenses - Property	25,974	0	671	144,870	188,476	144,870
Expenses - Other	45,174	14,988	(11,564)	292,371	284,676	296,546
Total Operating Expenses	618,767	77,772	(19,814)	2,989,516	3,588,032	3,635,035
Operating Revenues	4,831,012	(302,362)	1,881,831	19,807,388	19,806,199	20,373,570
Expenses - LT Debt	(7,295)	0	204	(36,814)	(114,314)	(17,910)
Expenses - Depreciation	(6,827)	(6,827)	(6,827)	(6,827)	(6,827)	(6,827)
Expenses - Insurance	0	0	0	0	0	0
Expenses - Property	0	0	0	0	0	0
Expenses - Other	0	0	0	0	0	0
Total Operating Margins	4,816,615	(315,993)	1,874,814	19,770,573	19,685,058	20,355,743

Cash Management

Determination of Minimum Cash: 2017 DRAFT Budget

Risk Factors to Consider	% Risk Range to Allocate	CRPUD % Risk Range to Allocate	CRPUD \$ to Allocate
O&M <less power costs and depreciation>	12 - 25%	12.30%	1,129,990
Power Costs	10 - 25%	14.30%	2,751,182
Historical Asset Investment	1 - 3%	2.00%	1,361,022
Annual Debt Payment	50 - 100%	97.15%	1,184,367
Total 5 Year Capital Plan	20%	one year depreciation	1,650,000
		Minimum Cash	\$ 8,076,561

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Cash Management

Days Cash on Hand: 2017 DRAFT Budget

Cash On Hand		
A	\$ 28,378,578	O&M Expense (less depreciation & amortization)
B	\$ 8,000,000	Working Capital/Cash Reserves
A/B	3.55	Factor
365/Factor	103	Days Cash on Hand of Total O&M
Comments:		
Find this information in the District's income statement and balance sheet		
Typical Range 90 to 120 days of O&M		

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Cash Management

Days Cash on Hand: 2017 DRAFT Budget

Cash on Hand			
Days	Factor	Days Cash	
		\$	28,378,578
365/75	4.87	\$	5,831,215
365/90	4.06	\$	6,997,458
365/100	3.65	\$	7,774,953
365/120	3.04	\$	9,329,943

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Cash Management

For Discussion

- ❖ Minimum Cash
- ❖ Days Cash on Hand
- ❖ Budget Surplus
- ❖ Financing

Board 2017 Budget Priorities

2016 Board & Budget Schedule

- ❖ **October 25 – Budget Advisory Meeting**
- ❖ **November 15 – Board Meeting (Call for Public Hearing)**
- ❖ **November 17 – Budget Advisory Meeting**
- ❖ **December 20 – Board Meeting (Adopt 2017 Budget)**

Stretching Break!

COMMIT Sponsorship Requests

- ❖ **\$22,000 Budgeted in 2017**
- ❖ **Requests reviewed by COMMIT Team (7 people)**
- ❖ **Each member scores request on a set of pre-defined criteria, including:**
 - Event held in our service area
 - Supports local non-profit
 - Supports local economic development
 - Focus on youth & seniors
- ❖ **Scores are averaged to determine if project is funded.**

Retiree Health Care

❖ **Current Benefit**

- Gap benefit until 65 (Medicare)
- Eligibility – PERS & 58 & 10 continuous years of service
- 100% benefit at 30 years of service
- Benefit = Basic Subsidy x Age Factor x Service Factor
- Basic Subsidy = Monthly premium for single/Monthly premium for single + ½ for spouse
- Service Factor = Years of service/30
 - Adder = .0333% for each year thereafter 30 years of service

401(a) matching (current)

- ❖ Eligibility - Must contribute a minimum of 1% into defer-comp
- ❖ Up to 4% matching is guaranteed
- ❖ 2% tied to performance 3.1 rating (Rating scale 1-5)

401(a) matching (amend)

- ❖ Eligibility - Must contribute a minimum of 1% into defer-comp
- ❖ Up to 6% matching is guaranteed

401(k) - New

- ❖ Recruitment
- ❖ Millennials - Portable

Office Hours

❖ Explore 4x10's schedule

- Recruitment
- Increase productivity on large projects - Reduce windshield time
- Customer friendly
- TPUD & EPUD
- Collecting employee input
- Employee & Customer surveys
- Board input

Health Care Premium Incentive – New Proposal

❖ Potential savings on monthly premiums

❖ Potential savings on claims

5-Year Strategic Plan Update 2017-2021

- ❖ Re-organized key terms
- ❖ Public facing version
- ❖ Adding Performance Metrics for each objective