

SPRINGFIELD UTILITY BOARD

223 A STREET, SUITE F
SPRINGFIELD, OR 97477

MINUTES

February 14, 2018

The regular session of the Springfield Utility Board was called to order by Chair Willis at 6:15 p.m.

ATTENDANCE: Board: David Willis, Chair; John DeWenter, Vice Chair; Pat Riggs-Henson; Virginia Lauritsen. Staff: Jeff Nelson; Sanjeev King; Greg Miller; Nick Amann; Janis Brew; Cindy Flaherty; Joe Leahy, Attorney for the Board. Others: Bill Belcher, SUB Budget Committee

ACTION ITEMS:

Consent Agenda

Minutes: January 10 Special Session Minutes and Regular Board Meeting Minutes

Accounts Paid: January 2018

Bids/Proposals:

1. Award of Bid for Fleet Vehicles / 5-year Vehicle Plan. The Electric Division staff recommends award to Ron Tonkin Chevrolet, Jeep, Dodge, Ram, Ford, (Ron Tonkin CJDRF) for the purchase of two Dodge 1500 Crew Cab pickups and one Dodge Journey in the amount of \$79,110.85, (Exhibit A).
2. Award of Bid No.2018-02 – Pavement Restoration for G Street – 5th St. to 7th St. The Water Division staff recommends award to Wildish Construction for the lowest bid meeting specifications in the amount of \$57,288.00, (Exhibit B).
3. Award of Proposal Over \$50K – Survey and Potholing for Mill St, E St, and 4th St. The Water Division staff recommends award of this proposal to Branch Engineering, Inc., in the amount of \$52,500.00, (Exhibit C).
4. Award of Bid No. 7.1.18 – New Phone System. MIS staff recommends award to Black Box Network Services for the least cost provider in the amount of \$174,816.74, (Exhibit D).

- * Pat Riggs-Henson motioned, and Virginia Lauritsen seconded, to approve the consent agenda, as presented. This motion **CARRIED** unanimously.

**BUSINESS FROM
THE AUDIENCE:**

None.

BUSINESS FROM
THE BOARD:

Consideration of Proposed
Board Policy: Evaluation
of General Manager's
Job Performance

Vice Chair DeWenter explained that the policy related to Evaluation of General Manager's Job Performance is a redraft, based upon review by the Board and the General Manager. It was discussed earlier tonight during the March 14 Special Session, and Board consensus was to take action at tonight's Regular Board Meeting to adopt this policy.

- * Pat Riggs-Henson motioned, and John DeWenter seconded, to adopt Board policy related to *General Manager Job Performance Evaluation process*, as presented (Exhibit E). This motion **CARRIED** unanimously.

BUSINESS FROM THE
GENERAL MANAGER:

Additional Updates
to the Board

General Manager Nelson updated the Board that there will be an Executive Session Board Meeting at 5:00 p.m. just prior to the March 14 Regular Board Meeting.

SUB will also hold two public hearings for the proposed electric rate increase. The first public hearing will be held during the March 14 regular Board meeting, and then the second public hearing will be during the April 11 regular Board meeting. The proposed electric rate increase, if adopted by the Board, would be effective as of May 1, 2018.

In March, SUB is targeting a proposed fee that the Water Division has been working on for a backflow test billing service fee. SUB customers can sign up for SUB's Backflow Prevention Program and work through an outside contractor who has met SUB's qualifications. The outside contractor would then do the backflow test and that service would show up as a charge on the customer's bill. The proposed backflow test billing service fee will be brought before the Board at the March 14 Regular Board Meeting to explain it further and to ask the Board to consider adopting that fee.

Presentation on EOP
Activation

Jeff Nelson introduced SUB's Utility Planner Tracy Richardson, who will share this presentation on the Activation of the Emergency Operations Plan (EOP). Ms. Richardson began her presentation by explaining that during her presentation of the basic EOP at the February Board meeting, there were a lot of questions if certain things had been considered. To address those concerns, she met with Water, Electric, Safety, Customer Service, and Meter Reading, to have conversations with them for clarification on what it looks like for their division/department, and what they refer to in order to carry out the EOP. Ms. Richardson then referred to her overheads, (Exhibit F) and reviewed pre-event preparation, the steps that happen if an event were to occur, and SUB's EOP for restoration and post restoration. During her presentation at the February Board meeting, she discussed the different incidents that might happen, and explained that it's more than likely that an event would be weather related in SUB's case. One of the first things that would happen is that customer service would be staffed and the calls would be routed to customer service and the outage database would be used. If necessary, depending on the level of the activation, there would be communication with the City and the County, and then outreach to the other utilities. When an event occurs, she added, the first thing that would happen is that there would be an assessment performed by the supervisor on duty or the supervisor on call, depending if the event happened during business hours or after business hours. Public safety would supersede everything, Ms. Richardson emphasized, including restoration. There would be restoration planning, crew deployment, and then depending on the level of scalability of the event, additional EOP elements would be activated.

On a large scale event, Electric would refer to their Large Outage Document, and in that case an incident commander would be assigned, roles and responsibilities would be assigned, and outage and restoration procedures would be utilized. Any lessons learned from an event would be reviewed and updated in the Large Outage Document.

Ms. Richardson stated that SUB is always in the mode of responding. When an outage or an event happens, nothing would change in terms of how we do our work, it would just

be elevated to be activated, and the activation would be based on the type and scale of the event. She then referred to her overhead on utility-wide resiliency investments being made; SUB is currently working on a new phone system update to enhance the ability to take incoming calls; tree trimming clearances and maintenance; and internal staff training which involves cross-training of the different functions.

She identified the importance of the resiliency investments which includes training and coordination with outside agencies, back-up generation for SUB facilities, and Board support of the resiliency planning and asset effort is critical for effective operation of plans when events occur.

The appendices include SUB's electric system critical loads and equipment; SUB's water sources, water tank locations, and pumping stations; phone lists for all employees, Board members, partner agencies, food and lodging, etc.; forms and checklists with emergency resources, utilities status, PUC incident, etc. There are also functional annexes for divisions/departments: Large Outage Documents for Electric and Water, Data Restoration Plan for Management Information Systems; Active Shooter Procedure at the Main Office, and 2016 Safety Procedures Manual for Safety.

Jeff Nelson shared that SUB maintains communication with outside agencies regarding their critical facilities. The plans have also been annexed for those outside agencies. Ms. Richardson added that mutual aid agreements will be listed for those, as well.

After discussion, the Board thanked Ms. Richardson for her presentation.

Springfield
Telecommunications
Update

Jeff Nelson disclosed that SUB is planning to propose an increase to the Board on dark fiber rates in the next couple of months.

Mr. Nelson then provided an update with the Board regarding telecommunications and fiber lease agreements with Team Springfield agencies; Springfield Public Schools,

the City of Springfield, and Willamalane; and referred to his memo to the Board (Exhibit G). These legacy agreements include the use of one pair (two strands) along SUB's fiber ring. These agreements will begin to expire in 2020, and the fiber pair in the ring is provided to Team Springfield agencies at a rate lower than the current rate schedule. The capital cost of the fiber system was not charged to these agencies under a "community fiber" concept in the legacy agreements. SUB is not recovering the full cost of that investment, but the agencies are paying some on the Operations and Maintenance (O&M) side. However, it's roughly ten percent of what the current rates are, if they were to be charged the full amount. General Manager Nelson wants to understand what the Board's direction might be, going forward, as these agencies may be interested in another ten year agreement, when their current ten year agreement expires. Mr. Nelson would like to know if the Board is comfortable with another ten year agreement or if they would prefer a five year agreement. Also, would the Board want to continue with a similar concept that was originally developed in 2000 or go in a different direction; in terms of how this folds in to future rate design and how SUB wants to look at service.

After discussion, the Board consensus was to authorize the General Manager to move forward on five year agreements with Team Springfield agencies at a discounted rate, with the option to review every year.

Request for Authorization for
Street Light Financial
Assistance to the City of
Springfield

Mr. Nelson asked Electric Division Director Sanjeev King to update the Board on this item. Mr. King shared that SUB has an O&M agreement with the City that has the ability to increase or decrease maintenance rates every year. SUB likes to keep these O&M expenses close to zero. Mr. King explained that there have been a lot of failures of the current street lights and this creates a lot of repairs that SUB has to do. The technology that's been deployed in the past allowed SUB to change out just the lamps, but now the whole fixtures are failing and they're failing on a rapid scale. There's also been some changes in work practices, in terms of requirements when maintenance is being performed. Mr. King explained that the City is \$56,000 in the hole on their

current agreement, and SUB is only able to raise costs by five percent per year. So SUB is looking at how we can resolve this issue.

Mr. King explained that the City is not behind on their payment. The City has 4,000 street lights, and basically, SUB runs a running total, and then the City pays an O&M rate, based on the fixture type. That rate was determined in 2003 and then every year SUB adjusts it up or down to meet how much SUB is actually spending to maintain the system. So that includes truck time, labor, materials, photo cells; everything that it takes to maintain the system. SUB tracks the cost that it takes for SUB to do O&M on their system; and then SUB charges them an O&M rate that is supposed to recover that. Part of the agreement with the City is based on legacy lighting types, i.e. Low Pressure Sodium (LPS), and everything is now going to LED lights. The City has put together specs for LED fixtures and has been working with SUB on this. He said the cost for LED fixtures is expensive, and replacing them is additional materials cost, because SUB purchases the fixtures and warehouses them for the City.

The City has found funding in a turnkey solution to be able to change out all the street lights to LED. The City is currently in the process of putting out a Request for Proposal (RFP) for getting a consultant and procuring the fixtures. Mr. King said they may not complete that full process this year, but should get a good portion of it done, including field auditing this summer; then possibly starting this fall and winter with replacements, going into 2019. In addition to the \$56,000 in the hole on their current agreement, SUB anticipates about \$100,000 extra this year in materials costs, just because we are not able to purchase those legacy lamps or fixtures anymore. Because of this, Mr. King explained, it makes sense to purchase the LED fixtures that the City is going to put up anyway for this project, but it would create a significant additional cost. The \$100,000 in additional costs, which he shared with General Manager Nelson, was based on recent failure patterns. This additional cost includes SUB's overheads to purchase LED fixtures, and as the legacy fixtures fail, it would be SUB's response to replace the failed fixtures with LED fixtures.

Our agreement would have to change to reflect a different operating agreement, because the O&M for LED fixtures is very different than for the legacy lighting that the City currently has. The City is open to a path where we could look at some type of a loan in which they could pay back over time; knowing that in the next year or two, they should have all of these fixtures changed out to LED.

After discussion, Board consensus was to authorize the General Manager to move forward with street light financial assistance to the City of Springfield for a total of \$156, 000; and if the total were to exceed \$156,000, it will be brought back to the Board for further discussion and approval.

Travel Policy and Procedure Update

Jeff Nelson shared that based on discussions that the Board has had regarding some travel issues, he met with SUB's Finance Director Bob Fondren to discuss options regarding those issues. One option he and Mr. Fondren would like to propose is that SUB provide a SUB credit card. The card would have a maximum limit, which the Board can continue to have conversation about, and a Board member could elect to have a SUB issued credit card or not. Mr. Nelson has asked Mr. Fondren to speak at a future Board meeting to talk with the Board about what the obligation of the Board member would be in keeping track of the use of that card; for authorizations; and how the bill processing would be handled.

This option would help in two issues: one is that Pat Riggs-Henson continues to raise the concern for a Board member's ability to pay to go on SUB approved travel; and at the same time, it allows another tool for a Board member, if they so choose, to have a SUB issued credit card that they can use for their expenses during SUB approved travel.

Additional Item

Jeff Nelson wanted to share with the Board that the Twin Rivers Rotary is holding their annual Derby Night on April 20, and SUB's sponsorship includes four tickets. If any Board member is interested in attending this event, please contact SUB's Executive Assistant Cindy Flaherty.

ADJOURNMENT: The meeting was adjourned by consensus at 7:50 p.m.

David Willis, Board Chair

ATTEST:

Jeff Nelson, Board Secretary