

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, APRIL 8, 2009
8:30 A.M.

Present: Wilson A. Lacy, Chairman
Terri Union, Vice Chairman
Luis J. Olivera, Secretary
Michael G. Lallier, Treasurer

Others Present: Steve Blanchard, CEO/General Manager
Wesley Meredith, Council Liaison
Jimmy Keefe, County Liaison
Jeffrey Powell, Assistant City Manager
PWC Staff

Absent: Robert Massey, Council Liaison
Hope Mills Liaison (Position Vacant at this time)
Media

On behalf of the Commission and staff, Chairman Lacy expressed condolences to Steve Blanchard, CEO/General Manager in death of his sister.

The meeting was called to order by the Chairman.

Approval of Agenda:

Upon motion by Commissioner Union, seconded by Commissioner Olivera, the agenda was unanimously approved.

Consent Items:

Prior to entertaining a motion regarding the Consent Items, Chairman Lacy commented about staff's recommendation to take the second low bidder for Consent Item B. He stated he had talked with staff concerning this matter and did not have a problem with their recommendation, however in future bid specifications, in order to avoid potential problems he recommended staff not include specific manufacturer models that PWC does not intend on using.

Upon motion by Commissioner Lallier, seconded by Commissioner Union, the following Consent Items were unanimously approved:

- A. Minutes of meeting of March 25, 2009.
- B. Approve bid recommendation to award bid for purchase of two (2) Helical Screw Pumps for the Cross Creek Water Reclamation Facility to HD Supply Waterworks, Hickory, NC in the total amount of \$122,194.00 and forward to City Council for approval. This is a budgeted item (budgeted amount of \$200,200.00). Bids were received March 19, 2009 as follows:

<u>Bidders</u>	<u>Unit Cost</u>	<u>Total Cost</u>
HD Supply Waterworks, Hickory, NC	\$61,097.00	\$122,194.00
Microtech Control & Auto., Roseboro, NC	\$65,500.00	\$131,000.00
Technology International, Lake Mary, FL	\$55,749.00	\$111,498.00

COMMENTS: Bids were solicited from five (5) vendors with three (3) vendors responding. The low bid by Technology International is for pumps manufactured by Wemco. The bid submitted by HD Supply Waterworks is for pumps manufactured by Hayward-Gordon. Wemco and Hayward-Gordon are presently the only companies that manufacture pumps of this nature. The Cross Creek WRF currently utilizes both Wemco and Hayward-Gordon pumps. In the past year, the facility has had three (3) Wemco pumps that required repair and these repairs proved to be costly (approximately \$23,000). The pumps were out of service between 77 and 182 days since the repair parts for the Wemco pumps have extremely long lead times. The Rockfish Creek WRF currently utilizes only Hayward-Gordon pumps. The Hayward-Gordon pumps have proven to be more reliable and less costly to operate and maintain. Therefore, Staff feels it is in the best interest of the Commission to award this bid to HD Supply Waterworks for the purchase of the Hayward-Gordon pumps due to standardization, reliability and cost efficiency.

- C. Bid recommendation for annual transformer contract for purchase of miscellaneous transformers to National Transformer Sales, Inc., Raleigh, NC, for a one year contract (with the option to renew contract for additional period(s) upon the agreement of both parties) in the total bid amount of \$616,651.70 and forward to City Council for approval.
- D. NC Department of Transportation Deed for Highway Right-of-Way for the taking of 14.2 acres of the Bonnie Doone Watershed Tract for the I-295 Outer Loop Highway Project and forward to City Council for approval and execution. The NC Department of Transportation is offering PWC compensation in the amount of \$143,281.00.
- E. Southeastern Power Administration (SEPA) Funding Agreement and adopt PWC Resolution PWC2009.02 in support of the Funding Agreement and to authorize the CEO/General Manager of Public Works Commission to execute said agreement.

Review Proposed Capital and Operating Budget for Fiscal Year 2009-2010

Steve Blanchard, CEO/General Manager reviewed the proposed Capital and Operating Budgets for Fiscal Year 2009-2010. Mr. Blanchard stated PWC's budget is made up of three parts, Capital Improvement Projects, Operating Budget and Fleet Maintenance Budget with the main focus being on the Capital Improvement and Operating Budgets. He informed the Commission the FY 2009-2010 PWC budget will be on the April 22, 2009 Commission agenda for their approval. The budget will then be forwarded to the City Council for their review and approval.

Mr. Blanchard provided an overview of the Capital Improvement Program (CIP) Budget for FY 2010-2015. The CIP is a multi-year funding budget since some capital projects take multiple years to complete. Capital projects have a useful life greater than 10 years and a cost of \$30,000 or more. Capital assets, which are listed in the Capital Section of the Operating Budget, are items with a value in excess of \$2,500 and an expected life of more

than one year, such as vehicles, equipment and furniture. The CIP Budget feeds into the annual operating budget as single line items under the different departments.

Mr. Blanchard highlighted some of the major capital projects included in the 2010 CIP Budget from the Finance, Administrative, Water and Electric Divisions. The total proposed CIP Budget for FY 2010 is \$66,779,800. The division totals for the CIP Projects are: \$38,376,300 Water Resources Division, \$23,032,500 Electric Division, \$3,386,000 Finance Division and \$1,985,000 Administrative Division. Some of the significant CIP projects for FY 2010 include rehabilitation of water and sewer lines, construction of a water main to serve Spring Lake and Fort Bragg, upgrade fuel nozzles at the Butler-Warner Generation Plant to reduce plant emissions, downtown cable replacement and conversion to underground cable, rebuild Arran Park substation which includes the purchase of a substation transformer, purchase of electric and water meters and the Customer Service Building addition.

Mr. Blanchard reviewed the proposed PWC FY 2010 Operating Budget. He stated the Budget Ordinance is the document adopted by the Commission and forwarded to the City to be included in their budget. Mr. Blanchard informed the Commission the recommended Electric Fund budget totals \$179,539,400, the Water/Sewer Fund budget totals \$80,871,785 and the Fleet Maintenance Internal Service Fund Revenue totals \$6,304,900 which represents a total recommended Budget for FY 2010 in the amount of \$266,716,085 as compared to the current FY 2009 budget in the amount of \$267,085,900.

Mr. Blanchard provided a summary of the Electric Fund and Water and Sanitary Sewer Fund budget. He said \$5,000,000 has been appropriated for the electric rate stabilization fund and \$500,000 for the water and sewer rate stabilization fund. Mr. Blanchard commented the budget includes a transfer to the City of Fayetteville in the amount of \$8,376,300. He stated this transfer is in addition to \$319,600 for street lights within the city. The budget also includes an appropriation to the annexation fund in the amount of \$850,000. It was also noted a total of \$633,000 has been allocated in the budget for Community Economic Development, of which \$315,000 is allocated to the Fayetteville/Cumberland County Chamber of Commerce and \$318,000 to the Hope VI project. The budget also includes \$71,000 for ElectriCities dues.

Mr. Blanchard addressed the issue of salary adjustments for employees. He stated the budget includes a two percent (2%) allowance to be used in the formula to calculate performance pay increases for employees. Mr. Blanchard stated during the last Commission meeting, the Commission voted to increase the employee health insurance premiums effective July 1, 2009, therefore, in order to not have a net negative effect for the employees, especially the lower paid employees, a two percent (2%) merit adjustment is being recommended. He stated no cost of living allowance is recommended. Mr. Blanchard reminded the Commission that employees are evaluated during their anniversary month and any pay adjustment is based on their job performance. Chairman Lacy requested the information that is presented to City Council regarding personnel issues and pay adjustments for PWC employees is clear and easy to understand in order to eliminate any misunderstanding between City Council and Commission.

Mr. Blanchard and staff responded to questions from the Commission regarding the proposed budget. In summary, Mr. Blanchard stated details for all items in the budget are available for review by the Commission. He stated the Commission will be asked to approve the FY 2009-2010 budget during their April 22, 2009 Commission meeting and the budget will then be forwarded to the City Council for approval. The Commission commented this is an excellent budget and is reflective of the good financial condition of PWC. They thanked staff for their dedication and hard work in preparing this budget.

General Manager Comments:

- ❑ Update on Linear Park Committee Request. PWC agreed to transfer a small portion for the extension of the Linear Park along the Cross Creek. The property is adjacent to the Cross Creek Water Reclamation Facility. PWC will relocate the existing fencing.
- ❑ PWC Purchasing Manager Gloria Wrench has earned the designation of Certified Local Government Purchasing Officer (CLGPO). The certification, established by the Carolina Association of Governmental Purchasing and the School of Government, recognizes an established level of competency and proficiency among purchasing

officials. PWC is one of only three public utilities in North Carolina to have a CLGPO administering their purchasing program.

- ❑ April is “Free Admission” at the Cape Fear Botanical Garden, compliments of PWC. The partnership encourages visitors to see the water wise demonstration garden and utilize the water efficient ideas in their own landscaping.
- ❑ Update on the NC Utilities Commission ruling on the Orangeburg-Duke Case.
- ❑ PWC’s power supply contract negotiations are near completion. A decision is expected within the next two months.

Reports and Information: The Commission acknowledges receipt of the following:

- A. Purchase orders
- B. Personnel Report for March 2009
- C. Position vacancies
- D. April 2009 Fuel Adjustment
- E. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - ❑ Encr. #16876 – installation of gravity sewer main and water main – SR-1110 (Grimes Road)
 - ❑ Encr. #16884 – installation of sewer main – SR-1140 (Strickland Bridge Road)
 - ❑ Encr. #16885 – installation of gravity sewer main – SR-1406 (Fillyaw Road)
 - ❑ Encr. #16887 – installation of water main – SR-1411 (Bunce Road)
- F. Actions by City Council during meeting of March 23, 2009 related to PWC:
 - ❑ Adopted Resolution to apply for Stimulus Funding (The American Recovery and Investment Act of 2009)
 - ❑ Adopted Resolution and Order to File and Publish a Preliminary Assessment Resolution for the extension of Sanitary Sewer Collection System within Areas 6 and 7 of the Phase 5 Annexation
 - ❑ Approved revision to City Council Policy 111.2(2) Terms – Extended PWC Commissioners terms to allow up to three four-year terms.

Other Comments:

Chairman Lacy: Thanked PWC staff for their continued assistance with the school project along Century Circle.

There being no further business, upon motion by Commissioner Union, seconded by Commissioner Lallier and unanimously approved, the meeting was adjourned at 10:55 a.m.