

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, MAY 13, 2015
8:30 A.M.

Present: Michael G. Lallier, Chairman
Lynne B. Greene, Vice Chairman
Wade R. Fowler, Jr., Secretary
Darsweil L. Rogers, Treasurer

Others Present: Steve Blanchard, Interim CEO/General Manager
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
Glenn Adams, County Liaison
Media
PWC Staff

Absent: James Arp, County Liaison
Mike Bailey, Hope Mills Liaison
John Ellis, Hope Mills Liaison

Chairman Lallier called the meeting of May 13, 2015, to order.

Commissioner Lallier announced the Commission met via telephone on Friday, May 8, 2015, to consider the semi-finalist candidates for the PWC CEO/General Manager position. They have narrowed the list to three candidates which will be interviewed the first week of June.

APPROVAL OF AGENDA

Upon motion by Commissioner Rogers, seconded by Commissioner Greene, the agenda was unanimously approved.

PRESENTATIONS

Customer Service “Award of Excellence” Presentation
Presented by: Susan Fritzen, Chief Corporate Services Officer

Susan Fritzen, Chief Corporate Services Officer stated during the 39th Annual CS Conference in Charlotte, NC, PWC was presented with an award. The ‘CS Week’ Conference is a national premier conference, which touches on customers, customer service and utilities. During the conference, they recognize those utilities, both large and small, which go above and beyond in different areas. There are four categories evaluated. There is one winner and two finalists chosen in each category for small and large utilities. The categories are: Best Mobility Implementation; Best Smart Infrastructure; Innovation in Customer Service and Best CIS Implementation. Ms. Fritzen stated PWC received the Expanding Excellence Award as a finalist in the Best CIS Implementation in a Small Utility.

Ms. Fritzen presented the award to Steven Blanchard, Interim CEO/General Manager. Mr. Blanchard accepted the award on behalf of PWC employees, stating, 'great job as always from all our folks'.

CONSENT ITEMS

Upon motion by Commissioner Rogers, seconded by Commissioner Greene, the following Consent Items were unanimously approved.

- A. Minutes of Reconvened Meeting on April 21, 2015
- B. Minutes of Meeting on April 22, 2015
- C. Cancellation of June 10, 2015, Commission Meeting due to conflict with APPA Annual Conference
- D. Capital Project Ordinance Clean Fuel Advanced Technology Grant Capital Project Fund, PWC ORD 2015-1. The Commission previously approved accepting a Federal Grant for the purpose of purchasing and installing four electric vehicle charging stations. In addition to the Federal Grant of \$37,884, PWC Electric Fund is to contribute \$14,472 of that cost. The total project cost is \$52,356.

Staff requests Commission approve Capital Project Ordinance Clean Fuel Advanced Technology Grant Capital Project Fund, PWC ORD 2015-1 and request the City Council approve the City of Fayetteville ORD 2015-24 at their May 26, 2015 Council Meeting.

- E. FMISF Maintenance Internal Service Fund (FMISF) Budget Amendment - The FMISF Budget requires an amendment to complete the 2015 fiscal year. An additional \$650,000 is needed in the Equipment and Repair Parts increasing this cost type to \$3,650,000. Cost type 702, Administrative Fleet Overhead will increase by \$52,000, totaling \$536,700.

The proposed modifications will increase the overall FMISF by \$702,000 for a total fiscal year 2015 budget of \$9,816,300.

Services to the City Fleet are the main reason an increase is needed. The service ratios for the first nine months of the fiscal year are approximately 75% City and 25% PWC. Therefore, we are projecting the total billings to the City of \$6,300,825 and PWC \$2,100,275. For the same period, Revenues exceed Expenses by \$879,700.

Staff recommends the Commission approve the attached FMISF Budget Amendment #1 and forward to the City for acceptance at their May 26, 2015 Council Meeting.

Nine Month Financial Recap (July 2014 - March 2015)

Presented by: Dwight Miller, PWC Chief Finance Officer

Dwight Miller, PWC Chief Finance Officer, reviewed the preliminary month and year-to-date financial statement recap for the period ending March 2015. The financial statement reflected a change in net assets of \$17,108,452 for the electric utility and \$12,536,400 for the water and sewer utility that included assessments, aid to construction, grants and transfers of \$4,252,800 and a change in net assets for the Fleet Maintenance Internal Service Fund of \$879,550. Mr. Miller stated the combined reserves are 120 days, which is the max of our target range. Discussion ensued.

Mr. Miller stated the unaccounted for water is above the 5 year average, approximately 9%. Commissioner Fowler asked if the introduction of the new systems will decrease the unaccounted for water. Mr. Miller responded most of the loss is in the pipes in the ground before the meters. He stated the unaccounted for sewer is also above the 5 year average. This increase may be caused by storm water getting into the drains and water flowing into the sewer pipes. Discussion ensued. Chairman Lallier requested for staff to give a presentation on the impacts of water and sewer loss, treatment and the effect on rates.

Mr. Miller stated health insurance costs are lower than expected for this fiscal year. Chairman Lallier suggested establishing a reserve for health insurance cost fluctuations in future years. Discussion ensued. Commission agreed to consider adding medical to insurance reserves and staff is directed to return with a recommendation in a future meeting.

Mr. Miller also reviewed the number of services/connection points and bad debts which has increased. Future capabilities of the Connect Program were also discussed.

The Commission discussed the labor rate for fleet services which is currently at \$61.00 per hour, compared to the industry labor rate which is significantly more at \$88.00 per hour. Mr. Miller stated the remaining cost of the fund is cleared with the overhead rate and the overage is credited back to the city (75%) and PWC (25%).

Mr. Blanchard stated Mr. Miller will be working on some statistics for Fleet Maintenance to show how the calculations were put together as it applies to both PWC and the City. So the term 'overhead' and the way it is being applied is understood. We will be able to define all the different pieces as to how the costs are allocated. They are allocated proportionately and allocated the same, whether it is to PWC or to the City.

Chairman Lallier stated he felt it was inappropriate for the City to send out a very limited review without giving the PWC opportunity to address the issues on a staff to staff basis.

Commissioner Rogers thanked staff for the financial recap presentation. He requested for staff to give a narrative and dollar amounts in advance of the meeting. Discussion ensued.

General Manager Report

May 21 - Chamber Breakfast at the Highland Country Club at 7:30 a.m. PWC will make a presentation at the breakfast, promoting 'Hire Fayetteville First'.

May 22nd – Public Works Exhibit at the Arts Council. PWC and the City’s Storm Water Staff will provide information and have displays. The board is invited to the Arts Council reception on May 21st at 5:30 p.m.

May 25th – Friends of the Sandhills State Veterans’ Cemetery - PWC is invited to join in the Re-Dedication of the Committal Structure at the Sandhills State Veterans Cemetery on Monday at 11:00 a.m. PWC was involved in helping them to upgrade the structure.

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

- A. Recap of Uncollectible Accounts
 - March 2015
 - April 2015
- B. Monthly Incident Summary for April 2015
- C. Personnel Report for April 2015
- D. Position Vacancies
- E. May 2015 Wholesale Power Cost Adjustment
- F. Approved N.C. Department of Transportation Encroachment Agreement(s):
ENCR #17983 – Water Main Installations on SR2252 (Chicken Foot Road)
- G. Actions by City Council during meeting of April 27, 2015, related to PWC:
 - Approved the following Bid Recommendations for W/WW Reclamation Chemicals:
Ferric Sulfate Liquid; 50% Caustic Soda; 15% Sodium Hypochlorite
 - PWC-Phase 5 Annexation Areas 14 and 15 – Council will consider approving the Resolution Confirming the Assessment Roll and Levying Assessments at the May 11, 2015 regular City Council Meeting.

ADJOURN

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Rogers and unanimously approved, the meeting was adjourned at 9:34 a.m.