

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY, MAY 27, 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  
Rochelle Small-Toney, Deputy City Manager  
Glenn Adams, County Liaison  
Media  
PWC Staff

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

Chairman Lallier called the meeting of May 27, 2015, to order.

APPROVAL OF AGENDA

Upon motion by Commissioner Rogers, seconded by Commissioner Fowler, the agenda was unanimously approved with the addition of Item VIII-A Discussion on Fleet Maintenance Internal Service Fund and change General Manager's Report to Item VIII-B.

PRESENTATIONS

*20<sup>th</sup> Consecutive Distinguished Budget Presentation Award*  
*8<sup>th</sup> Consecutive Comprehensive Annual Financial Report Award*  
*4<sup>th</sup> Consecutive Special Capital Recognition*

*Presented by: Dwight Miller, Chief Finance Officer &  
Jeff McCauley, Government Finance Officers Association (GFOA)*

Dwight Miller, Chief Finance Officer introduced Jeff McCauley of the GFOA. Mr. McCauley presented certificates of achievements for excellence in financial reporting for FY2014 and the Distinguished Budget Presentation Award for FY2015, which also includes the Special Capital Recognition for the Capital Section of the budget to the Public Works Commission.

Mr. McCauley stated the purpose of the two programs are to encourage and assist governments in preparing financial reports and budget documents of the highest quality for the benefit of its citizens and other parties with a vital interest in the government's finances and budgetary process.

Mr. McCauley went on to say, to earn the certificate of achievement for excellence in financial reporting the Public Works Commission completed a 48 page checklist, had to substantially conform to the program's demanding criteria which go well beyond the minimum requirements of generally accepted accounting principles and have its financial reports reviewed by three independent reviewers.

He stated to earn the Distinguished Budget Presentation Award the Public Works Commission had to substantially conform to 90 points of the program's challenging criteria which incorporate the guidelines of the national advisory council of state and local budgeting and have its report undergo the scrutiny of three independent reviewers.

Mr. McCauley stated this is the 8<sup>th</sup> consecutive year PWC received the Certificate of Achievement Award; the 20<sup>th</sup> consecutive year PWC received the Distinguished Budget Presentation Award and the 4<sup>th</sup> consecutive year PWC received the Special Capital Recognition Award. In order to receive this award, three independent reviewers had to review the capital section of the Commission's budget and rank it 'outstanding'.

Mr. McCauley also stated such accomplishments reflect the commitment and professionalism of PWC's CEO/General Manager, Chief Finance Officer, the Finance Staff and the Commissioners of the PWC. There are approximately 90,000 governmental units in the United States and only 5% receive these awards.

Mr. Miller accepted these awards on behalf of PWC and thanked Steve Blanchard, Interim CEO/General Manager, stating 'you've played a tremendous part in allowing PWC to complete and to receive these awards'.

Chairman Lallier thanked staff the finance staff for everything they do, each and every day and it says a lot to be recognized in such a manner.

#### *APPA Safety Award*

*Presented by: David Trego, Chief Operations Officer - Electric Systems & Andrew Dunlap, Manager of Safety, Organizational Development and Training*

David Trego, Chief Operations Officer of Electric Systems stated he and Andy Dunlap represented PWC at the APPA Engineering and Operations Conference in Sacramento, CA. During this conference Safety Awards are presented. These are the top safety awards for all municipal utilities in the United States. PWC ranked first in our category which is based on the number of work hours per year that are reportable that the utility is subject to. Mr. Trego stated PWC is quickly approaching five million hours worked with no lost time accidents.

Mr. Trego then introduced Andy Dunlap, Manager of Safety, Organizational Development and Training. Mr. Dunlap stated the safe hours we worked in 2014 were part of a four million hour milestone that was over three and a half years in the making. Mr. Dunlap went on to say, with a safe June, PWC will reduce personal injuries by 50% and vehicle accidents by 20% in the latest fiscal year.

Mr. Dunlap thanked Mr. Steven Blanchard, Interim CEO/GM, PWC Officers, Commissioners and fellow employees for supporting PWC's Safety Programs.

Mr. Blanchard accepted the award on behalf of PWC.

Commissioner Rogers asked if there is anything comparable on the water side (American Water Works Association - AWWA). Mr. Dunlap stated yes and PWC is applying for possible awards.

### CONSENT ITEMS

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

- A. Minutes of Special Teleconference Meeting on May 8, 2015
- B. Minutes of Meeting on May 13, 2015

### PRESENTATION BY THE CITY OF FAYETTEVILLE GATEWAY COMMITTEE

*Presented by: Michael Gibson, City of Fayetteville Parks and Recreation*

Commissioner Rogers introduced Michael Gibson, Director of Fayetteville-Cumberland Parks and Recreation and a member of the City of Fayetteville Gateway Committee.

Mr. Gibson informed the Commission of the Gateway Committee's plans for beautification of the city's gateways, ensuring the city is represented well by enhancing gateway corridors and reinforcing visitors' perceptions of the livability of our community. The plan for the gateways will reinforce a positive community, enhanced through public realm improvements, private development or a combination of the two. Public realm improvements take the form of landscape improvements or enhancements, direction/information, public artwork, monuments and public infrastructure/bridge improvements.

Mr. Gibson emphasized the need for proper planning. He stated there are 11 Priority and Future Gateways planned as of today.

Mr. Gibson also stated having the infrastructure to make sure the Gateway Committee can actively work on changing the look of our gateways is something they would like the Commission to participate in. He stated they have not identified a value as of yet, but will keep the Commission informed of their progress and hopefully receive PWC's endorsement and participation.

Commissioner Rogers stated the Gateway Committee has projects that have been identified for the new fiscal year. He sought to confirm if a lot of the Committee's projects are related to existing work that has already been identified by PWC. Chairman Lallier asked if any PWC Staff is working on the Committee. Dave Trego, Chief Officer of Electric Systems stated that knowing where enhancements will be prioritized for the next fiscal year is critical. Discussion ensued.

Commissioner Rogers asked about the process of PWC (the Commission) integrating ourselves into these plans so that we are on the same page with the City. Mick Noland stated that whenever PWC is working on capital budgets for the next fiscal year, we get together with the City to find out what they plan to do and ensure the staff is coordinated. Commissioner Rogers asked if we need to do anything differently. Discussion ensued.

Commissioner Lallier asked if the Gateway Committee has established a budget for the next fiscal year. Mr. Gibson stated that they are requesting \$100,000 for their budget. Discussion ensued.

Chairman Lallier thanked Mr. Gibson for the presentation.

#### PRESENTATION ON DISASTER RECOVERY FACILITY - FY2016 CIP ITEM - CS4

*Presented by: Susan Fritzen, Chief Corporate Services Officer*

Susan Fritzen, Chief Corporate Services Officer gave an update on the plans for the Disaster Recovery Facility. She reminded the Commissioners that this is an item in the CIP Budget and they requested additional information on staff's progress and where we are.

Ms. Fritzen introduced the staff which will be involved in this project; Paula Shambach, Corporate Development Manager; Letitia Cisco, Project Manager; and Charles Johnson, Facilities Construction and Maintenance Manager.

Ms. Fritzen discussed the Project Overview; Existing State; Accomplishments to Date; Facility Overview; Potential Sites; Project Timeline; Project Costs and the Next Steps.

There are two components to the facility. One is the 'Hot Site' which is where redundant information systems are placed. The intent of building the disaster recovery facility will be an alternate building should something happen to the Administrative/Operations building. The building will also house data storage, telecommunications and a workspace for critical personnel and backup power capabilities.

Ms. Fritzen stated, currently we have servers at Butler Warner Generation Plant (BWGP) for our legacy customer service and finance systems. There is very limited space at the BWGP. Commissioner Lallier asked if PWC is using these systems as a backup. Ms. Fritzen stated no, they are for history only because we are not actively using those systems which were replaced by Oracle. Discussion ensued.

Ms. Fritzen stated there is no current remote PWC site suitable for critical personnel if the Admin/Ops building became unusable. Also we have a yearly contract with a disaster recovery firm to set up mobile trailers for 144 staff which is not sufficient for the amount of critical personnel that will need to be there.

Ms. Fritzen also highlighted their accomplishments to date which included: departmental meetings to identify critical personnel and alternate locations; documented hardware and software requirements; identified 4 potential sites and released RFP for Architectural/Engineering services. She also detailed a staffing relocation plan.

The potential disaster recovery facility will house a data center with secured access, work spaces, a meeting room, restrooms and kitchen facilities.

Mr. Blanchard reiterated this is a hardened facility, which would be built to withstand storms.

Susan Fritzen detailed Phase 1 and Phase 2 of the project and the planned timeline which spans from FY2015 thru FY2017. She detailed the costs of the project with a total estimated cost to the CIP and Operating Budgets of \$2,681,000.

Ms. Fritzen also stated PWC reached out to the City and County to see if they were interested in having space for their IT systems in the building. The City Staff replied they are not interested. The County Manager has not replied as of today.

Commissioner Fowler asked if there were other operational costs which will be attributable to this project. Mr. Blanchard replied that this project will involve intermittent personnel. Once construction starts, Charles Johnson will be involved, overseeing it. Letitia Cisco, the Project Manager will also be involved. Yet there will not be a large amount of staff dedicated to the project full time.

Commissioner Rogers stated we have a fundamental question as to how we choose to report information going forward, given what Grant Thornton suggested. Mr. Blanchard responded that based on their report and recommendations for projects like the Navigate project, which is an IT Project, they recommend you report as they suggested, but on standard construction type projects it was not necessary. Commissioner Lallier stated that this is not a standard construction project. This is a disaster recovery; building; systems and so on.

Commissioner Lallier reminded staff that they expressed concerns during the capital budget discussions. He noted that the City was contacted and they responded they were not interested and expressed concerns with the business case and mentioned differing types of storage, including the cloud; though he is not in favor of cloud storage, more investigation needs to be completed. Commissioner Lallier also stated that he wants to be convinced of the need; best practices which are in place now. He stated he needs to be convinced of the need for this project to be completed now and in the manner it has been planned. Should the disaster recovery building be built on this property (in an underground facility)? He stated there are so many questions to be answered.

Mr. Blanchard responded that this not just about the software piece of it. It is about what happens to this structural facility and being able to continue to do business. He stated, right now we will spread people out as much as we can, but we do not have a facility where we can tie in all the lines to service customers and answer all the calls that will come in (especially in a disaster). He stated we have 42 trunk lines coming into this building. Where will people meet and get together? He stated this is a worst case scenario and though the Commission does not have to do it, it is insurance.

Following discussion and concerns raised by Commission, Chairman Lallier requested for staff to consider and acknowledge questions asked by the City Manager and to exhaust all options. Commissioner Fowler also asked for staff to present the business case to the Commission. Commissioner Rogers asked staff to consider a site outside of Fayetteville and asked if staff has had discussions with our partners (such as AT&T or other providers). More discussion ensued.

Commissioner Rogers also asked staff to include the communications' aspect of a disaster. Mr. Blanchard responded we have a Comprehensive Disaster Recovery Plan for Operational Staff.

### DISCUSS CONTRACT FOR PURCHASE OF ORACLE ENTERPRISE MANAGER SOFTWARE

*Presented by: Susan Fritzen, Chief Corporate Services Officer*

Susan Fritzen discussed the recommendation for the issuance of a sole source purchase order in the amount of \$303,800 to Mythics, Inc., Virginia Beach, VA, for the purchase of Oracle Enterprise Manager (OEM) software and support.

Ms. Fritzen stated this software is a monitoring tool that gives PWC preventative predictions of something happening on the system. She stated that this software will allow PWC to be proactive and upfront in resolving issues. Also as PWC installs the smart meters, the volume of data will increase dramatically which increases the complexity of maintaining the systems. The software will also monitor this data as well. Discussion ensued.

The Commission requested additional information on this software and will reconsider this request once it is presented.

### CONSIDERATION OF THE FOLLOWING FINANCIAL MATTERS

*Presented by: Dwight Miller, Chief Finance Officer*

Dwight Miller, Chief Finance Officer, presented these items to the Commission. Mr. Miller reviewed in detail the budget summary for the Electric, Water/Wastewater and Fleet Maintenance Internal Service Fund Budget Amendment #2.

A. Electric, Water/Wastewater and Fleet Maintenance Internal Service Fund Budget Amendment #2

The original adopted Budget for Fiscal Year 2015 is \$364,253,400. A proposed increase of \$16,789,800 will bring the Fiscal Year 2015 budget to \$381,745,200. This amendment represents a 4.6% adjustment. (Budget amendment #1 increased the Fleet Maintenance Internal Service Fund by \$702,000.)

Discussion ensued. Executive Staff responded to questions from the Commission related to the proposed budget amendment. Commission requested for staff to simplify language in the back-up documentation sent to Council in the requests for Amendment approval.

Following considerable discussion, upon motion by Commissioner Rogers and seconded by Commissioner Fowler, the Commission unanimously approved to adopt the Electric, Water/Wastewater & Fleet Maintenance Internal Service Fund Amendment #2 Budget Ordinance (See Amendment #2 Budget Ordinance on Page \_\_\_\_\_ of Minutes) for Fiscal Year 2015 and to forward to City Council for approval.

B. Capital Project Fund Budget Amendments:

1. Water and Wastewater Utility Systems Rate Stabilization Fund Amendment #13, effective July 1, 2015
2. Electric Utility System Rate Stabilization Fund
  - a. Amendment #21 for Fiscal Year 2015
  - b. Amendment #22 for Fiscal Year 2016
3. Annexation Phase V Reserve Fund
  - a. Amendment #14 for Fiscal Year 2015
  - b. Amendment #15, effective July 1, 2015
4. Annexation Phase V, Areas 8-13 Capital Project Fund Amendment #4 for Fiscal Years 2010-2015
5. Annexation Phase V, Areas 14-15 Capital Project Fund Amendment #1 for Fiscal Years 2013-2016
6. Series 2014 Water and Wastewater Revenue Bond Capital Project Fund Budget Amendment #1
7. 2014 Water Connect Revenue Bond Capital Project Fund Budget Amendment #1 for Fiscal Years 2014-2017
8. 2014 Electric Connect Revenue Bond Capital Project Fund Budget Amendment #1 for Fiscal Years 2014-2017
9. 2014 LED Street Lighting Revenue Bond Capital Project Fund Budget Amendment #1

Mr. Miller noted corrections in two amendments sent to Commission for approval.

In Section 1 of both amendments the phrase “Annexation Phase V – Areas 8-13” should be replaced with “2014 Water Connect Revenue Bond” for Agenda Item VII. B. 7 and “2014 LED Street Lighting” for VII. B. 9.

Discussion ensued. Following discussion, upon motion by Commissioner Rogers and seconded by Commissioner Greene, the Commission unanimously approved to adopt the Capital Project Fund Budget Amendments as corrected and forward to City Council for adoption. (*See Budget Amendments on Pages \_\_\_\_\_ of Minutes.*)

#### DISCUSSION ON FLEET MAINTENANCE INTERNAL SERVICE FUND

Commission discussed Fleet Maintenance Internal Service Fund Amendment #1 which was pulled for discussion in the City Council Session on May 26, 2015.

Staff will provide a presentation detailing the history of the Fleet Maintenance Internal Service Fund and how costs are allocated in the City Council Work Session on June 1, 2015. This item will be placed on the Consent Agenda in the June 8, 2015, City Council Session.

#### GENERAL MANAGER REPORT

Steve Blanchard stated PWC will hold a meeting this evening at 7:00 pm. at the West Regional Library to discuss Project Areas 14 and 15 Assessments. Will discuss payment options to address the assessment bills which were received by residents.

The Commission approved canceling the June 10, 2015 Commission Meeting due to the APPA National Conference in Minneapolis, MN.

REPORTS AND INFORMATION - The Commission acknowledges receipt of the following reports and information:

- A. Monthly Cash Flow Report for April 2015
- B. Recap of Uncollectible Accounts – February 2015
- C. Investment Report for April 2015
- D. Purchase Order Detail Report
  - July 2014
  - August 2014
  - September 2014
- E. Position Vacancies
- F. June 2015 Wholesale Power Cost Adjustment
- G. Approved N.C. Department of Transportation Encroachment Agreements(s):
  - ENCR #17472 (Revised) – overhead distribution line installation – SR1007 (All American Freeway, between SR1437 (Yadkin Rd.) and SR 1415 (Santa Fe Dr.)
  - ENCR #17477 – single phase overhead line installation – SR1411 (Bunce Road)
  - ENCR #17478 – single phase underground for traffic signals – US HWY 401 (Raeford Rd.)
  - ENCR #17986 – water main installation – SR1593 (Hoke Loop Rd.)
- H. Approved NC DOT Relocation Agreement(s):
  - PWC Relocation Agreement No. 17475 – Relocation of Overhead Electrical Facilities to Accommodate Roadway Widening on Tom Starling Road (SR 2220); NCDOT TIP: W-5512
  - PWC Relocation Agreement No. 17476 – Relocation of Electric Distribution Facilities Necessary for Highway Widening on Reilly Road (SR 1403), From Cliffdale Road (SR1400) to Willowbrook/Kimbridge Road; NCDOT Project No. 45336.2.FD34, TIP I.D. No. W-5206AH
- I. Actions by City Council during meeting of May 11, 2015, related to PWC:
  - Approved Bid Recommendation for Magnesium Hydroxide
  - Approved Bid Recommendation for Tubular Galvanized Poles for Country Club Drive and Langdon Street
  - Approved Amendment – Eastover/NORCRESS Interlocal Sanitary Sewer
  - Approved Phase 5 Annexation Areas 14 and 15 Resolution Confirming Assessment Roll – with the condition to remove any reference to 8% assessment on citizens unable to pay the %5,000.00 and that the current loan rate is 5.25%.
  - Accepted Presentation from Grant Thornton, LLP on Agreed Upon Procedures for the PWC Navigate Project
  - Adopted Budget Work Session Dates, May 13, May 20 and May 27<sup>th</sup>. The Public Hearing on the budget to be held on May 26, 2015 with adoption of budget to take place in early June 2015.

Comments:

*Karen McDonald, City Attorney stated Council routinely meets at 6:00 pm on the evening of the City Council Session and asks questions of City Staff concerning Agenda Items. She stated Commission may want to consider if PWC Staff wants to be at this meeting.*

*Kristoff Bauer, Deputy City Manager, stated the questions [concerning Fleet Maintenance] did not come from City Staff and they attempted to explain to Council to the best of their ability.*

*Dwight Miller stated PWC communications with City Staff has always been very pleasant and very helpful. Any questions appeared to have been resolved.*

ADJOURN

There being no further business, upon motion by Commissioner Greene, seconded by Commissioner Rogers and unanimously approved, the meeting was adjourned at 11:35 a.m.