

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, AUGUST 12, 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: David Trego, CEO/General Manager
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
Glenn Adams, County Liaison
Media
PWC Staff

Absent: Mike Bailey, Hope Mills Liaison
John Ellis, Hope Mills Liaison

Chairman Lallier called the meeting of August 12, 2015, to order.

APPROVAL OF AGENDA

Upon motion by Commissioner Fowler, seconded by Commissioner Rogers, the agenda was unanimously approved with the exception of Consent Items D thru F which was pulled for discussion.

CONSENT ITEMS

Upon motion by Commissioner Rogers, seconded by Commissioner Greene Consent Items A thru C were unanimously approved.

- A. Approve Minutes of meeting of July 22, 2015
- B. Approve bid recommendation to award bid for purchase of 200,000 feet of 1/0 Underground Primary Distribution Cable, PWC Stock No. 1-065-510 (with option to purchase additional quantities within a one-year period upon the agreement of both parties.) to WESCO Distribution Inc., Raleigh, NC, the lowest bidder in the total amount of \$370,200.00 and forward to City Council for approval. This inventory item was last purchased in December of 2013 at a cost of \$2.0565 per foot. The current bid price per foot is \$1,851. The cost of this cable fluctuates due to metals pricing. Bids were received on July 21, 2015 as follows:

<u>Bidders</u>	<u>Total Cost</u>
WESCO Distribution Inc., Raleigh, NC	\$370,200.00
HD Supply Power Solutions, Wake Forest, NC	\$385,800.00

Stuart C. Irby, Rocky Mount, NC	\$480,000.00
Shealy Electrical Wholesalers, Greenville, SC	\$524,000.00

- C. Approve bid recommendation to award contract for the Cross Creek WRF Alkalinity Feed Improvements Project to Water & Waste Systems Construction, Inc., Garner, NC, the lowest responsive, responsible bidder in the total amount of \$815,000.00 and forward to City Council for approval. The Cross Creek WRF Alkalinity Feed Improvements Project is a budgeted item (CIP WS86 – Cross Creek WRF pH Stabilization Improvements - \$539,900 and a transfer of \$305,000 from WS71 – Surrey Road Sewer Replacement). Bids were received on May 5, 2015 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Water & Waste Systems Construction, Inc., Garner, NC	\$815,000.00
TA Loving Company, Goldsboro, NC	\$867,630.00
Dellinger, Inc., Monroe, NC	\$871,669.00
MB Kahn, Columbia, SC	\$883,700.00
State Utility Contractors, Monroe, NC	\$890,000.00

Discussion on Consent Items D thru F

Commissioner Fowler stated there have been much discussion about Areas 16 and 17 in the press and in meetings. He stated the Commission has been accused of deliberately delaying Areas 16 and 17. He requested to know if the Commission delayed Areas 16 and 17 and what are the additional costs and where they derived from.

David Trego, CEO/General Manager stated when he heard the comments he did due diligence to determine if there were delays. He compiled a timeline to show the project’s progress as of March 2014 which included the additional lots which were added to the project.

Mr. Trego delineated the timeline, commenting on the progress and discussions between the PWC and City Staff. Please see ‘Annexation Areas 16 and 17 Timeline Paving Discussions’ document on page _____ of Minutes.

He noted bids were opened on August 20, 2014, with the City and PWC present. Mr. Trego also noted on October 15, 2014, the City commented PWC made the permanent patch specs more stringent and this increased costs. PWC responded the requirements did not change and were the same as used in previous projects.

Mr. Trego stated on November 3, 2014, during a City Council Work Session, Rusty Thompson indicated PWC did not bid the projects as requested by the City. He suggested if projects were bid differently they would be cheaper and he recommended roads be overlaid. Mr. Thompson did not inform Council the City signed off on the specifications and that he told PWC to go with the bid of permanent patch and did not recommend overlay.

Chairman Lallier confirmed with staff that prior to November 3rd, PWC received email approval from City staff members for the Areas 16 and 17 bids with the specifications.

Mr. Trego noted on November 24, 2014, the City Council passed new paving requirements requiring overlays, and in the same meeting rejected Areas 16 and 17 base bids and directed PWC to follow the new paving ordinance, which was not yet complete. He stated in

December 2014, there were multiple meetings between the City and PWC and the City communicated new paving specifications and requirements were being developed. The PWC could not rebid Areas 16 and 17 until the new City requirements were finalized, incorporated in the new bid documents and communicated to bidders.

Chairman Lallier asked Joe Glass, Manager of Water Resources Engineering if he or his staff purposely delayed the rebid of these projects or was he or his staff directed to delay the rebidding of these projects. Mr. Glass responded 'no sir' to both questions.

Mr. Trego stated once the specifications and requirements were finalized, PWC began the process over again with conversations with the City and exchanging documents and specifications to receive the City's review and comments to ensure bid documents met the City's specifications.

In March 2015 PWC sent over the final set of new bid documents and specifications for the City's review and in April 2015, the City approved the documents and specifications.

He stated the pre-bid meeting for Area 16 was held on May 27th and on June 10th for Area 17, sections I and II.

Mr. Trego also stated the bids were opened on June 24th for Area 16 and on July 14th for Area 17, Section I. Since only two bids were received on Section II, it had to be rebid and bids were opened on July 24th.

Mr. Trego then gave a brief summary of the budget for Areas 16 and 17. Please see 'Area 16, 17 and 17-2 Total Budget Summary document' on page _____ of the Minutes.

Mr. Trego stated that the original cost of the project was \$14.5 million. The new cost of the project is \$20.5 million. 95% of the increase is directly or indirectly attributable to the new paving specifications and City requirement to overlay.

Staff responded to questions from Commissioners regarding additional specifications and requirements.

Commissioner Rogers asked if the additional specifications and requirements will result in a better product for the citizens. Or if in the future, additional discussion should be held between PWC and City staff.

Commissioner Fowler expressed concern over areas that have known failed areas and also suggested the need for additional discussions in the future. He stated he has no problem with PWC installing overlays on projects but he is concerned about the innuendoes and false accusations.

David Trego stated staff will note the concerns of the Commissioners as they are working on Areas 18 and 19 and will work with the City to refine the specifications when needed.

Commissioner Fowler motioned that Consent Items D, E, F and G relating Areas 16 and 17 be approved, Commissioner Greene seconded. The motion was approved 3 – 1 (Chairman Lallier opposing). Chairman Lallier stated he could not approve the motion because the rate payers are paying an additional \$4 million that they should not have to pay if the bids were approved in November 2014.

- D. Approve bid recommendation to award contract for Annexation, Phase V – Project VII, Area 16, Hampton Oaks & Southgate Subdivisions to include overlay to State Utility Contractors, Inc., Monroe, NC, the lowest responsive, responsible bidder in the total amount of \$6,262,701.00 and forward to City Council for approval.

This is a budgeted item in FY 2016 - CIP WS 46 – Phase V Annexation. \$7,200,000.00 was budgeted for construction of Area 16.

Bids were received June 24, 2015 as follows:

<u>Bidders</u>	<u>Total Cost</u>
State Utility Contractors, Inc., Monroe, NC	\$6,262,701.00
Billy Bill Grading, Fayetteville, NC	\$6,974,918.55
Devere Construction, Alpena, MI	\$7,462,302.00

- E. Approve bid recommendation to award contract for Annexation, Phase V – Project VII, Area 17, Section I – Blue Spring Woods, Beacon Hill and Emerald Gardens Subdivisions, to include overlay to State Utility Contractors, Inc., Monroe, NC, the lowest responsive, responsible bidder in the total amount of \$4,335,346.00 and forward to City Council for approval.

This is a budgeted item in FY 2016 - CIP WS 46 – Phase V Annexation. \$4,500,000.00 was budgeted for construction of Area 17, Section I.

Bids were received July 14, 2015 as follows:

<u>Bidders</u>	<u>Total Cost</u>
State Utility Contractors, Inc., Monroe, NC	\$4,335,346.00
Billy Bill Grading, Fayetteville, NC	\$4,398,189.55
Hall Contracting Corporation, Charlotte, NC	\$6,841,242.05

- F. Approve bid recommendation to award contract for Annexation, Phase V – Project VII, Area 17, Section II – Blue Spring Woods, Beacon Hill and Emerald Gardens Subdivisions to include overlay to Billy Bill Grading, Inc., Fayetteville, NC, the lowest responsive, responsible bidder in the total amount of \$5,079,322.14 and forward to City Council for approval.

This is a budgeted item in FY 2016 - CIP WS 46 – Phase V Annexation. \$5,200,000.00 was budgeted for construction of Area 17, Section II.

Bids were received July 24, 2015 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Billy Bill Grading, Fayetteville, NC	\$5,079,322.14
State Utility Contractors, Inc., Monroe, NC	\$5,483,125.40

Note: This section was advertised twice due to the fact than an insufficient number of bids were received on the first advertisement.

G. Capital Project Fund Amendments

Capital Project Fund (CPF) amendments are required in conjunction with the bid awards of annexation Phase V, Areas 16-17. Funds are acclimated from PWC and City contributions along with assessments and interest in the Annexation Phase V Reserve Fund. Funds are transferred from the reserve fund to other Phase V funds as needed to construct the various projects.

1. Annexation Phase V Reserve Fund Budget Amendment #16 will transfer \$7,200,000 to the Annexation Phase V – Areas 16-17 CPF. After the transfer the fund balance will be \$53,374.
2. Annexation Phase V – Areas 16-17 CPF Budget Amendment #2 receives the \$7,200,000 as a funding source along with \$2,300,000.00 of anticipated 2016 bond proceeds. The initial budget was established with \$11,000,000 and was amended on October 8, 2014 to \$14,500,000 by the Commission (not approved by the City Council). Budget Amendment #2 will increase the total project budget to \$20,500,000.

Staff recommends that the Commission approve the Annexation Phase V Reserve Fund Budget Amendment #16 and the Annexation Phase V – Areas 16-17 Capital Project Fund Amendment #2 and request that City Council approve similar amendments at their August 24, 2015 meeting.

UPDATE ON CELLULAR ANTENNA REVENUE

Presented by: Mark Brown, Senior Customer Programs Officer

Mark Brown, Senior Customer Programs Officer provided an update on third party cellular antenna installations on PWC water tanks and electric poles. Mr. Brown stated this presentation is in response to the Commissioners' request for an update on Cellular Antenna Revenue.

Mr. Brown provided the background of cellular antenna usage, the cellular carriers that currently lease space and the current agreements in place with the cellular carriers. He stated each agreement calls for a specific number of antenna reservations. Currently we have commitments for 237 antennas with 147 currently installed. Based on our current commitments, five tanks have insufficient corral space. Five new corrals are required. The corral cost will be shared with carriers based on the number of antenna reservations.

Although the previous procedure allowed antenna installations outside the corrals, the new procedure requires installation in the corrals to facilitate operation and maintenance.

Mr. Brown stated, PWC staff will review and approve constructions plans; provide access to the sites for construction and maintenance and administer contracts and bill monthly. Staff will also design and install expanded corrals.

Cellular Carriers will design the installation; provide calculations to confirm structural integrity; install the antennas; maintain the antennas; pay monthly bills and also pay their portion of corral expansion cost.

The current annual revenue for all installations is \$948,000 (water fund revenue is \$774,000 and electric fund revenue is \$174,000). Revenue increases at 3% annually. The average for one antenna installation is approximately \$3,000 per month.

Commissioner Rogers suggested an annual billing or full fee on execution of the contract. Mr. Brown responded we are currently reviewing our process and will look into incorporating these suggestions. Commissioner Rogers also requested to know the cost analysis. How much of the income flows to the bottom line.

Mark Brown went on to state currently new corrals are required on five tanks. PWC is working with carriers to “right size” the corrals. Carriers will pay corral cost based on number of antenna reservations on each tank. Mr. Brown stated carriers have been very receptive to this approach. Staff is developing installation schedule with the carriers.

Current CIP budget includes corral expansion projects over five years. Carrier cost sharing will appear as Contribution Aid of Construction in Water Fund revenues.

Commissioner Rogers asked why it will take five years to complete the expansion. Mr. Glass responded it is basically a resource issue, managing and completing the design and bidding; managing the construction and getting them constructed.

Going forward staff will work with carriers to “right size” corrals and design and install new corrals. Carriers are to pay pro rata share of corral costs. Staff will evaluate inactive water tanks to determine if current revenue exceeds maintenance cost. Fleming & Associates, a local engineer will review plans and perform construction verification to ensure the antennas that are installed are according to specifications.

Mr. Brown also gave an update on the Wildfire Camera Installation. Wildfire Camera is installing security cameras throughout Fayetteville for the Police Department. Wildfire wants to install antennas on the Cliffdale and Wilson Street water tanks to transmit camera data to Police Headquarters.

At an onsite meeting (July 31st) Wildfire and PWC agreed on the mounting plan. PWC is currently waiting for drawings from Wildfire. Mr. Brown stated PWC is currently investigating a cost based public safety lease fee.

Commissioner Lallier asked for the typical repainting time and fee on the tanks. Mr. Glass responded they are normally repainted every eight to ten years. He will report back on the fee to paint them as the costs vary.

Commissioner Lallier requested for staff to report back with the final agreement with Wildfire Camera and thanked staff for the presentation.

GENERAL MANAGER REPORT

Open Commission Requests – Mr. Trego gave an update on the Open Commission Requests. Commissioners requested for format of document to be changed to a tabled approach, sorted by date.

Mr. Trego stated staff completed a recovery exercise on our information systems which was very successful. He requested for Susan Fritzen to give more detail on the results.

Susan Fritzen, Corporate Services Chief Officer, stated this is a ‘best practice’ in the Information Systems profession. She stated we completed a test restoration exercise in which we unplugged the Oracle Systems and re-plugged them back in. We utilized our test environment, so we would not disrupt our users during the work day. Ms. Fritzen stated we planned for this exercise to take two days and it was completed in just two and half hours and all systems came back up as expected. We will continue this testing in the future.

Commissioner Lallier requested an update on the Audit Exceptions. Mr. Miller, Chief Finance Officer stated the SOD is completed as of the end of June. The WAM Deficiency, WAM to EBS is still in process. Mr. Miller stated he is not sure if it will be completed by the audit. They have completed a lot of work on it and although it may be cleared in time, he could not give an exact date for completion. Discussion ensued.

Commissioner Rogers asked if staff needs to devote more time to complete the project. Mr. Miller stated that staff is dedicating evenings and weekends to complete the project. Discussion ensued.

Mr. Miller will schedule a meeting to meet with Commissioner Rogers to discuss the deficiency.

COMMENTS:

County Commissioner Glenn Adams thanked the PWC Commissioners and Staff. Mick Noland, Water Resources Chief Officer, did an outstanding presentation to the County Commission on the Interbasin Transfer issue. He thanked PWC for ‘staying on top of it’.

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

- A. Monthly Cash Flow Report for June 2015
- B. Recap of Uncollectible Accounts
- C. Purchase Orders
- D. Monthly Incident Summary for July 2015
- E. Personnel Report for July 2015
- F. Position Vacancies
- G. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 18224 – Sewer Lateral and RJDI Fire Line Installation on SR-2299 (Russell St.)
 - Encr. # 18262 – LED 180w Roadway Luminaires Installation – SR1592 (Glensford Dr.)

- Encr.# 18261 – Underground cable; conduits and padmounted transformer installation –I295 at SR 1600 (McArthur Road)
- H. Approved Railroad Encroachment Agreement(s):
 - CSX Transportation – Encr. # 17984 - 16’ water main - Russell Street Grade Crossing at Cool Spring Street
 - CSX Transportation – Encr. # 17985 – 16’ water main - Russell Street Grade Crossing at Old Wilmington Road
- I. Approved Utility Extension Agreement(s):
 - United Developers, Inc. - electric, water and sewer to serve Southview VI Project, located at Elk Road and Dunrobin Drive
- J. Actions by City Council during meeting of August 3, 2015, related to PWC:
 - a. Approved Resolution designating the Public Works Commission Procurement Manager and Procurement Supervisor as Deputy Finance Officers – Resolution No. 2015-044

ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Greene and unanimously approved, the meeting was adjourned at 9:42 a.m.