

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY, DECEMBER 9, 2015  
8:30 A.M.

Present: Darsweil L. Rogers, Chairman  
Wade R. Fowler, Jr., Vice Chairman  
Michael G. Lallier, Secretary  
Evelyn O. Shaw, Treasurer

Others Present: David Trego, CEO/General Manager  
Kristoff Bauer, Deputy City Manager  
Lisa Harper, Assistant City Attorney  
Media  
PWC Staff

Absent: Karen McDonald, City Attorney  
James Arp, City Council Liaison  
Glenn Adams, County Liaison  
Mike Bailey, Hope Mills Liaison  
John Ellis, Hope Mills Liaison

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, December 9, 2015 to order.

APPROVAL OF AGENDA

Upon motion by Commissioner Fowler, seconded by Commissioner Shaw, the agenda was unanimously approved.

CONSENT ITEMS

Upon motion by Commission Lallier, seconded by Commission Fowler, the following Consent Items were unanimously approved.

- A. Approve Minutes of meeting of November 11, 2015
- B. Approval of the following recommended bid awards, with the option to purchase additional quantities within one-year period upon the agreement of both parties for the purchase of 35' Fiberglass Poles to be used for the LED Street Light conversion project and forward to City Council for approval. These poles are Electric Inventory items that will be charged to projects as they are used.

Bids were received on December 1, 2015 as follows:

- i. Anixter Power Solutions, Wake Forest, NC, lowest bidder in the amount of \$237,446.40 for the purchase of 480 35' Ft, Smooth Gray Poles (PWC Stock No. 1-220-053)

This item was last purchased in November 2014 at \$522.44 each. The current price is \$494.68 each.

<u>Bidders</u>	<u>Total Cost</u>
Anixter Power Solutions, Wake Forest, NC	\$237,446.40
Irby Utilities, Rocky Mount, NC	\$242,160.00
WESCO, Raleigh, NC	\$329,760.00

- ii. Anixter Power Solutions, Wake Forest, NC, lowest bidder in the amount of \$202,818.80 for the purchase of 410 35' Ft, Smooth Black Poles (PWC Stock No. 1-220-054)

This item was last purchased in May 2012 at \$518.49 each. The current bid price is \$494.68 each.

<u>Bidders</u>	<u>Total Cost</u>
Anixter Power Solutions, Wake Forest, NC	\$202,818.80
Irby Utilities, Rocky Mount, NC	\$206,845.00
WESCO, Raleigh, NC	\$281,670.00

- C. Staff requests the Commission approve the issuance of a purchase order in the amount of \$461,370.00 to Systems with Intelligence, Inc. (SWi), Mississauga, ON, for all hardware, software licenses, technical support, installation, on-site engineering services and testing to provide video security equipment at Camden Road, Cumberland Road, Mintz Pond, P.O. Hoffer, Fenix, Industrial Park, Railroad Street, Arran Park, Grays Creek and Williams Street substations in accordance with N.C.G.S. 143-129(e)(6) "sole source exception". Substation staff has researched multiple sources for this equipment and has found that SWi is the sole source provider to meet the unique requirements necessary to work within an electrical substation environment and provide necessary interfaces to existing PWC equipment and systems.

N.C.G.S. 143-129(e)(6) allows an exception to the bidding requirements when (i) performance or price competition for a product are not available; (ii) a needed product is available from only one source of supply; or (iii) standardization or compatibility is the overriding consideration.

The Commission approved a "sole source" contract for SWi security systems for all PWC's points-of-delivery (POD's) and the Crystal Springs substation on March 11, 2015. The Commission has directed staff to accelerate the upgrade of security monitoring equipment at substations. This request is in support of that directive.

The 'sole source' request is supported by the following specifications available only with the SWi equipment.

- Equipment is specifically designed for Electric Utilities – is substation hardened and meets the IEEE1613 (and IEC61850-3) standards for IED’s designed for electric substations.
- All equipment is fiber-optic based – direct connectivity between cameras and DVS – hence equipment within the substation is optically isolated and data lines are free of being corrupted by EMI/EMF.
- All equipment is designed to handle surges and transients up to 5000V – ideal for substation environment. Universal power supplies can handle any voltage from 24V to 265V AC or DC; therefore, the devices can be powered off different sources within the substation. Additionally, the redundant power supplies means the security system can also use the DC Station batteries for backup.
- Cameras and Digital Videos Servers are fully compliant to MODBUS, DNP 3.0 and IEC 61850 (GOOSE) and consequently can communicate with other IED’s (and RTU’s) within the substation, but also events and alarms can be mapped back to local SCADA systems. Serial connectivity (RS232, RS422 and RS485) allows physical connectivity between substation systems.
- Complying with new regulatory requirements for physical security (eg. NERC CIP version 5); this includes video surveillance and access control for electric utility substations and generating plants.
- SCADA and Asset Management integration allows monitoring and diagnosing primary equipment in real time alongside other electrical data (SCADA) and developing failure analysis curves (Asset managers – such as Cascade).

The total cost to install the SWi video security systems with analytics, which includes all services, hardware, software licenses and support, for the aforementioned substations, is \$461,370.00.

DISCUSSION ON PHASE V ANNEXATION AREA 18, SECTION 1, REILLY ROAD OUTFALL

*Presented by: Mick Noland, Water Resources Chief Operations Officer*

Mr. Noland, Water Resources Chief Operations Officer discussed the Phase V Annexation Area 18, Section 1, Reilly Road Outfall.

Mr. Noland stated this item would normally be listed on Consent, but due to the timing of the opening of the bid, it was not completed in time to be placed on the Agenda. Mr. Noland stated the bids came in lower than budget.

Mr. Noland described, in detail the project and stated the lowest responsive, responsible bidder was Sanford Contractors, Inc., Sanford, NC in the total amount of \$889,996.99. The bidders are listed below.

<b>BIDDERS</b>	<b>TOTAL COST</b>
Sanford Contractors, Inc., Sanford, NC	\$ 889,996.99
ES&J Enterprises, Autryville, NC	\$ 930,460.10
State Utility Contractors, Monroe, NC	\$1,411,576.00

Mr. Noland and Misty Manning responded to questions from Commissioners.

Upon motion by Commissioner Lallier and seconded by Commissioner Fowler, the request to approve the contract for the Phase V Annexation Area 18, Section 1, Reilly Road Outfall project was unanimously approved and will be forwarded to City Council for approval.

#### UPDATE ON WELLNESS PROGRAM

*Presented by: Dwight Miller, Chief Finance Officer*

Dwight Miller, Chief Finance Officer introduced Tina Wise. Ms. Wise is the Sr. VP of Operations at Doctors Direct. Tina Wise is responsible for PWC's biometrics, health screenings and health coaching.

Ms. Wise discussed PWC's New Wellness Program Design as of 2015; which consists of:

1. KYN screening requirement with biometrics/labs - occurred February 2015.
2. Follow-up with Provider for Review/Annual Physical by May 31, 2015
3. Participate in On-going Coaching with DDHC RN/Health Coach

She stated the goal is to keep participants engaged in activities and goals that they choose in order to reduce their risk. Examples are: tracking exercise, checking blood pressure, blood sugar or weight routinely, taking meds as ordered, following up on appointments with doctor, weight loss activities, tracking food habits, maintaining healthy status, obtaining preventive exam.

Compliance is based on continued engagement and communication with the Health Coach. Compliance reporting protects privacy and only includes Name, DOB and "yes/no" indicator of compliance. If an employee is not participating in the program as required, there is a loss of incentive in the wellness program after 6 months.

Ms. Wise stated 91% of participants have screened in 2014 and 2015. About 40% of the participant population continued to make improvements since 2010. Ms. Wise reported on employees' biometrics.

She stated the biggest risk at this point is employees who do not have a condition but have a risk of attracting a disease within the next five years. Ms. Wise delineated the projection of new disease which has decreased and the estimated cost savings to PWC.

She stated those employees who are at greater risk are receiving more coaching to assist them in setting goals to decrease their health risks. Ms. Wise also stated PWC's coaching compliance is 98%.

Ms. Wise outlined the number of care conferences held with members; the on-site coaching session days; outgoing calls and emails sent to members and incoming calls, faxes and emails received from members. She stated the total activity to reach participants as of December 8<sup>th</sup> was 3,597.

Discussion ensued on the benefits of Know Your Numbers Screening and PWC's Lunch at Work Program. Weight Watchers was discussed as well as Lunch and Learn and Doctors Direct Healthy Eating Program.

Commission thanked Ms. Wise and staff on the Wellness Presentation.

## FINANCIAL RECAP – 3 MONTH (Goal #1)

*Presented by: Dwight Miller, Chief Finance Officer*

Mr. Miller provided a financial recap for the 1<sup>st</sup> Quarter of the current fiscal year (June – September). He stated the report is a snapshot in time.

Electric sales were up 8% over the 1<sup>st</sup> Qtr. of fiscal year 2015. Electric power costs were up 1.2%. Operating expenses were down 6.6%. Water and Wastewater sales were up, 5% and 10.6% respectively. Water Systems Operating Expenses were down. Net Bad Debts were 1% and Operating Reserves are 115 days.

G&A expenses were down 12%. Mr. Miller stated this change may represent timing differences. The G&A expenses are included in the operating expenses. Mr. Miller stated healthcare costs were down and Mr. Trego stated we have not had inclement weather which also figured into the reduction in operating expenses. Discussion ensued.

The City Transfer was \$3,147,300 which included \$775,300, a direct transfer to the Annexation Phase V Reserve. Discussion ensued.

Because electric power costs and operating expenses were down and sales were up, there is a \$13M change in net position. Discussion ensued on projected power costs in future years.

Mr. Miller also reviewed purchased power, per kilowatt and megawatt hour cost. Payments from Duke to PWC increased due to incentives. Discussion ensued.

Mr. Miller discussed the margin (sales, less cost of sales) which has steadily increased, though it is not at 2012 levels. Commission and staff discussed the ‘pre contract’ margin compared to the current margin.

Water sales increased by 5.6% compared to the 1<sup>st</sup> Qtr. 2015 and Waste Water sales increased by 5.0%. G&A expenses were down on the water side as well as operating expenses. Water volume sales increased slightly for the quarter.

The Water/Wastewater Operating Results increased to \$5.5M. The change in net position was \$5.8M. He noted the water margin is higher than electric. The Wastewater margin increased 5.5% from the same period a year ago and 15.9% from 1<sup>st</sup> Qtr. 2013 to 2016.

The Fleet Maintenance Internal Service Fund is split 74.4% and 25.6% for the 1<sup>st</sup> Qtr. Mr. Miller stated it will level out to 75% for the City and 25% for PWC once the year continues to progress. Operating Expenses decreased 11.2% from the 1<sup>st</sup> Qtr. 2015.

Staff responded to questions from the Commissioners. Discussion ensued on what is included in G&A and Commission requested for staff to submit the data.

## GENERAL MANAGER REPORT

Mr. Trego stated he has several updates. He referred to Carolyn Justice-Hinson to give an update on United Way.

Ms. Hinson stated PWC has exceeded our goal of \$108,000.00 in contributions. Total amount contributed is over \$111,000 and participation is approximately 96%.

Also Mr. Noland gave an update on the Interbasin Transfer issue. He stated Lower Cape Fear Water and Sewer Authority has intervened and is contributing \$10,000 toward the case. The Cape Fear Public Utilities (Wilmington area) is likely to intervene and contribute \$10,000. The Town of Eastover is intervening and contributing \$5,000 toward the case. Stedman and Linden are proposing to submit resolutions and Sustainable Sandhills and Cape Fear River Watch are planning to submit resolutions in support of our case.

Mr. Noland also stated the progress of the petition and proceedings have been delayed by the Office of Administrative hearings. He stated the Discovery process is slow and we have not received documents that have been requested in order to build our case. Mr. Noland stated there is not a lot of progress to report on the case itself, but is encouraged by others' support of PWC's petition.

Mr. Trego updated the Commission on PWC's LED Lighting Program. Effective December 1<sup>st</sup> all new Area Light contracts PWC enters into will have LED lights installed. The old rate structure has been closed out and grandfathered. There is a little inventory left of the old lighting and once this inventory is exhausted, any replacement lights will be replaced with LED lights.

Mr. Rogers inquired about Downtown and LED Lights. Mr. Trego stated PWC made a presentation to the Downtown Business Alliance and Downtown Business Owners on converting the lights over to LED. The Alliance and Owners have grown accustomed to the softer lighting and is concerned about the brightness of the LED lights. Mr. Trego stated that for a period of time, there was not an LED replacement for the older fixtures in Downtown, but we have found a manufacturer who makes them and are considering options, possibly placing a shroud over the light so that it will not be bright or intense.

## REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

Monthly Cash Flow Report for November 2015

- A. Investment Report for November 2015
- B. Monthly Incident Summary for November 2015
- C. Personnel Report for November 2015
- D. Position Vacancies
- E. Approved N.C. Department of Transportation Encroachment Agreement(s):
  - Encr #18235 – 8” RJDIP & 8” DIP sewer main and 4’ diameter manholes on SR1403
- F. Approved Utility Extension Agreement(s):
  - St. James Square, Inc., – water and sewer services to serve Valley End Phase 2
- G. Approved NC DOT Relocation Agreement(s):
  - Relocation Agreement Number 5977 – relocation of water and sewer lines to accommodate street and highway improvements in Cumberland County: NCDOT Project: W-5519/WBS Element 45849.3FR1

- H. Actions by City Council during meeting of November 23, 2015, related to PWC:
- Approved Capital Project Fund Ordinance, Series 2016 Water and Wastewater Capital Project Fund
  - Approved Bid Recommendation – Tubular Steel Poles Annual Contract
  - Approved Contract for Relocation of 12” Sewer Force Main off of the Cape Fear River Railroad Trestle and Relocation of 30” Water main off of the Cape Fear River Railroad Trestle

*Closed Session As Allowed Under N.C. General Statutes 143-318.11(a)(3)&(6) To Discuss The Pending Litigation On The Request For Declaratory Rulings And Personnel Matter*

Chairman Rogers entertained a motion to go into closed session for legal matters to discuss the pending litigation on the request for declaratory rulings and personnel matters as allowed under N.C. General Statutes 143-318.11(a)(3) & (6).

Upon motion made by Commissioner Lallier and seconded by Commissioner Shaw, the Commission unanimously voted to go into closed session at 9:57 a.m. as allowed under N.C. General Statutes 143-318.11(a)(3) & (6) to discuss the pending litigation on the request for declaratory rulings and personnel issue.

Following discussion, upon motion made by Commissioner Lallier and seconded by Commissioner Shaw, the Commission voted to return to open session at 11:17 a.m.

The following action was taken by the Commission as it relates to the General Manager’s performance review:

The Commission noted, David Trego, the new General Manager has exceeded their expectations in his first six months as CEO of the Public Works Commission. The Commissioners noted in his performance review several positive outcomes during the six month. These positive outcomes are presented under the corresponding strategic goal:

**Lowest Responsible Rates - Most Financially Sound Utility:**

- Remain engaged at both the State and Federal level in ensuring integrity of wholesale electric rates.
- Maintain cash reserves at Commission goal of between 90-120 days.
- Received a clean independent audit with no deficiencies for FY 2014.
- Received the Government Finance Officers Association Awards for Financial Reporting (7<sup>th</sup> year) and the Distinguished Budget Award (18<sup>th</sup> year)

**Strong Core Businesses – Quality and Reliable Services:**

- Successfully initiated LED streetlight conversion program following pilot program including coordination with City of Fayetteville on tree trimming and enhanced customer communication and notification.
- Connect advanced meter program on schedule and on budget.
- Maintaining and expanding water/sewer distribution system rehabilitation program
- Received the APPA Awards of Excellence for 2015 for Competitive Business Environment, Energy Efficiency, Financial Stability, Legislative Involvement and Service Excellence.

### **Customer Focused**

- As part of transition into General Manager role met with largest customers individually and as a group to discuss how we can partner with them to keep rates competitive and improve the economy of Fayetteville Area.
- Prioritized areas of Fayetteville that did not meet new City lighting ordinance requirements for new LED light installations improving security in those areas.
- Proactive in using outbound calls to inform customers of issues, projects and initiatives.

### **Top Quality Workforce:**

- Opened relationship with Nash Community College Lineworker program to help ensure we have quality candidates for upcoming retirements.
- Updated Succession Planning for all officers, Directors and Managers. Also provided for Employee self-identification of interest in future advancement.
- Met with all employees in small groups to discuss transition from Steve Blanchard to myself as General Manager. Also discussed with employees department specific concerns and issues.
- Initiated a regular column in the PWC Communicator employee newsletter entitled “From the General Managers Desk” to improve lines of communication and to inform employees on emerging issues.
- Exceeded 5 million work hours without a lost time accident and received the North Carolina Department of Labor Safety Award.

### **Visionary Working Relationship with City and Local Government Bodies:**

- Successfully bid areas 16 & 17 of Annexation Phase V.
- Met with City and County staff discussing extension of services to areas north of Fayetteville.
- Since City Hall is being renovated made PWC meeting room facilities available to senior City Staff for use when available.
- Continued to meet with City Staff monthly to coordinate projects and improve efficiencies.

### **Sustainable Environmental, Economic and Community Growth:**

- Effective December 1<sup>st</sup> 2015 all new Area Light installations will be LED technology.
- PWC has been active in the Inter Basin Transfer (IBT) process taking the lead in legal action to protect the regions long term water supply.
- Investigating the feasibility of installing a Community Based Solar Energy facility in PWC territory.
- Initiated several new conservation related programs for customers including expansion of the Energy Star appliance program
- Received Grant to install electric vehicle charging stations in Fayetteville.

Because of these and other significant accomplishments, and as a result of his Exceeds Expectations performance rating, a motion was made by Commissioner Lallier and seconded by Commissioner Fowler to increase the General Manager's base salary from \$250,000 to \$260,000 effective January 1, 2016. Motion unanimously approved by the Commission.



## ADJOURNMENT

There being no further business, upon motion by Commissioner Lallier, seconded by Commissioner Shaw and unanimously approved, the meeting was adjourned at 11:17 a.m.