

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, FEBRUARY 10, 2016
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
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
James Arp, City Council Liaison
Steven Blanchard
PWC Staff

Absent: Kenneth Edge, County Liaison
John Ellis, Hope Mills Liaison
Media

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, February 10, 2016 to order.

APPROVAL OF AGENDA

Commissioner Lallier motioned to add the following item to the agenda and to remove item VIII (Closed Session) from the agenda. Motion was seconded by Commissioner Shaw and unanimously approved.

Added: Vb. Discussion on the Cost to Run the FAST Bus from Downtown to the Customer Service Center

Upon motion by Commissioner Shaw and seconded by Commissioner Fowler the amended 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 January 27, 2016

COMMISSION DISCUSSION ON WATER FEES FOR CITY GATEWAY PROJECTS

Commissioner Fowler stated he would like to explore the possibility of waiving the tap and FIF fees for economic development purposes for the City Gateway Projects. He stated there were 4 projects at the most.

Kristoff Bauer, Assistant City Manager stated there will be a coordination meeting on next week and there will be a more detailed conversation at the meeting. Discussion ensued on the location of gateways and need of irrigation at the sites.

Commissioner Lallier requested a definitive list of the projects and costs for the water taps. He stated the Commission may want to consider an economic development incentive payment to the City to offsite the costs. Discussion ensued.

Commissioner Rogers stated the Commission is very interested in supporting the City in this project. He requested for staff to return with definitive information from the committee on costs associated with the project.

2ND QUARTER (OCTOBER – DECEMBER) FINANCIAL RECAP (Goal #1)

*Presented by: J. Dwight Miller, Chief Finance Officer
Brenda Brown, Controller*

Dwight Miller, Chief Finance Officer, reviewed the preliminary six month financial recap for the period ending December 2015.

Mr. Miller provided a summary for the 2nd Quarter. Electric kWh Sales are up 4.2%; Electric Power Cost are down 2.6%; Electric Operating Expenses are up 8.9%; Water Sales are down 2.9%; Waste Water Sales are up 16.0%; W/WW Systems Operating Expenses are up 3.2%; Net Bad Debts are just under 1%; and the Days Cash Reserve is 124.0.

For electric, operating revenues are \$115.5 million. Power supply costs are less than last year and less than budgeted. Available operating revenues were over \$41 million. Other operating results were \$23.3 million. Operating results for the electric utility were just over \$18 million. Discussion ensued on the Other Operating Expenses, Operating Results and Transfers to City.

Mr. Miller detailed purchased power as well as power cost for the 2nd Quarter.

Water volume sales increased to 4.3 million. Total operating revenues for water and wastewater were just over \$41.7 million. Operating expenses are \$35.5 million, almost \$4 million under budget. Operating results for the water utility are \$6.2 million.

Fleet Maintenance Services – City/PWC are just over \$3 million and \$1.1 million respectively. Almost 73% of work is done for the city, with approximately 27% for PWC. Net revenues are \$333,200.

Commissioner Lallier questioned if the City has moved forward with plans to return Fleet Maintenance back to the City. Council Member Arp stated there have only been preliminary plans. Assistant City Manager, Kristoff Bauer stated staff has had discussions but have not presented alternatives to the City Council to act on for this year. Discussion ensued.

Mr. Miller also gave results for the capital and debt service, as well as bad debts. Discussion ensued.

The Commission and staff also discussed research, reports and the current data on the pre-pay option.

Mr. Miller reported the Operating Reserves were 124 days as of the end of the 2nd Quarter. He noted a debt service payment of \$20 million will come up in February which will affect the amount of operating reserve days.

Commissioner Rogers thanked and commended Mr. Miller for the report.

GENERAL MANAGER REPORT

David Trego, CEO/General Manager, announced PWC has received the APPA RP3 Award. He noted PWC received a perfect score. In the past PWC participated and won 3 straight Diamond Awards. He stated we skipped one year because we felt the process was becoming too cumbersome. As a result, APPA revised their process, making it more of an online process and PWC participated this time.

The APPA has created this best practice award to take a look at safety, reliability, training of employees, maintenance and upgrading of facilities. They take a wide look at best practices in the industry. Mr. Trego reiterated PWC does not do our operations to win an award. We use it as a gauge to determine how well we are doing in comparison to our peers and it is a companywide effort.

COMMENTS:

Commissioner Rogers:

Commissioner Rogers informed Council Liaison Arp PWC will hold Strategic Planning Sessions this month with Fountain Works. Before PWC forms the final plan, we will confer with Council to get their perspective.

Mr. Trego stated Fountain Works has already met with senior officers and three employee focus groups (45 employees). The next phase is to combine the information they have received from the commissioners, officers and employees and roll it into a strategic plan.

Commissioner Fowler:

Commissioner Fowler commented on the RP3 award. He stated he believes some people have a misconception about the role of the public power and they equate us with investor owned utilities by looking at the return on investment. From his understanding, when he went through governance training, the role of public power is to provide the most reliable public power, at the best possible cost for its users. He stated the RP3 award is indicative PWC does a good job.

Mr. Trego commented that the RP3 award is a tool PWC uses to help us with our bond rating, as an outside source. It also assists us with our insurance ratings with our insurance companies, Mr. Miller stated.

DISCUSSION ON THE COST TO RUN THE FAST BUS FROM DOWNTOWN TO THE CUSTOMER SERVICE CENTER

Commissioner Lallier stated when we moved the Customer Service Center from the RC Williams Building to the present site at Old Wilmington Road, there was a need for some customers to have bus service from downtown to here.

He stated, essentially we are spending \$7,700 per month to transport an average of 1,100 customers. We are spending approximately \$6.50 per customer and recovering about .20¢ per customer. Commissioner Lallier asked if we are offering bus service every day.

Mr. Miller stated we offer bus service every day and it runs hourly. Commissioner Lallier asked if we have considered running it once or twice a week as opposed to every day to mitigate the costs.

Kristoff Bauer stated the Council had a public hearing to consider modifying the FAST routes. The PWC site may be integrated into a new route. He stated Council considered it on Monday evening and the beginning of the new routes will be in the fall or in the spring. Commissioner Lallier requested for an Open Commission Item to be noted to revisit this issue.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information:

- A. Monthly Cash Flow Report for January 2016
- B. Investment Report for January 2016
- C. Monthly Incident Summary for January 2016
- D. Personnel Report for January 2016
- E. Position Vacancies
- F. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. #17963 – 12” RJDI Water Main on SR-3828 (Robeson St.)
- G. Actions by City Council during meeting of January 25, 2016, related to PWC:
 - Approved Resolutions Authorizing Condemnation to Acquire Certain Property Rights for Permanent Easement.
- H. Financial Statement Recaps – December 2015

ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler seconded by Commissioner Shaw and unanimously approved, the meeting was adjourned at 9:39 a.m.