

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, JULY 13, 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
Jim Arp, Council Liaison
John Ellis, Hope Mills Liaison
Tom Tant, Hazen and Sawyer
PWC Staff
Media

Absent: Kristoff Bauer, Deputy City Manager
Kenneth Edge, County Liaison

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, July 13, 2016 to order.

APPROVAL OF AGENDA

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

PRESENTATION

2016 Sustainable Sandhills Platinum Certified Green Business Award

Presented by: Carolyn Justice Hinson, Communications/Community Relations Officer

Carolyn Justice-Hinson stated on June 23rd the Sustainable Sandhills held their Annual Green Business Awards Luncheon. They recognized organizations which have demonstrated leadership through sustainable practices and a commitment to environmental excellence. She stated our chairman, Commissioner Rogers, gave a very inspiring speech.

PWC was an award winner and received the Green Business Platinum Award. PWC has been a certified green business since the inception of the Sustainable Sandhills program in 2008. Ms. Justice-Hinson stated to be a certified green business we must meet requirements in 10 areas, which include: green purchasing, pest management, transportation, air quality,

waste reduction, and energy and water efficiency. The Platinum Award recognizes PWC for going above and beyond in sustainability practices and facilities management.

Ms. Justice-Hinson stated PWC uses sustainable practices in all areas of our operations. Some of our highlights include, our Customer Payment Center which was one of the first buildings in the area to be LEED Certified (Gold); our facilities management efforts include numerous energy efficiency measures which have reduced our energy consumption 33% since 2013, which equates to \$100,000 per year in savings. Other efforts include using water wise landscaping techniques on the campus to reduce water use and using irrigation only when needed, as opposed to being on a regular schedule. We also have a successful employee recycling program. We have special programs to recycle scrap metals and electronics. We have paperless office procedures and initiatives. These are just a few of the many sustainable initiatives that we have.

Ms. Justice Hinson requested for Charles Johnson, our Facilities Manager to join her as she presented the award to PWC and the Commissioners.

Mr. Trego also stated that Charles Johnson is taking a look at many areas of our operation. He stated that some of his crew was on the 4th floor changing fluorescent fixtures to LED fluorescent fixtures. He stated not only does it save us approximately 50% less in electricity but with the new fixtures, the installation can be cut in half. Mr. Trego stated our efforts will continue to lower our energy profile and reduce our carbon footprint.

Commissioner Rogers stated he has become more enlightened on sustainability since he has been associated with the utility. He stated that he would like to influence the broader community to move in the direction of sustainability. The definition of sustainability is far broader than the simple question of water, energy and the like. It also encompasses things like keeping our young people, who are smart, bright and capable in our community; attracting more people to our community; putting in place more cultural activities that are vibrant and interesting. He stated there are a lot of elements to sustainability. Commissioner Rogers also stated he appreciates that PWC is in a leadership role and is pushing us to do a better job to be a bigger exemplar of what is possible.

CONSENT ITEMS

Upon motion by Commissioner Lallier and seconded by Commissioner Shaw, Consent Items were unanimously approved following discussion.

- A. Approve Minutes of Special Meeting on June 16, 2016
- B. Approve Minutes of Meeting on June 22, 2016
- C. Approve bid recommendation to award bid for purchase of Ferric Sulfate Liquid to Pencco, Inc., San Felipe, TX, in the total amount of \$622,620.00 with the option to extend contract for additional one-year periods upon the agreement of both parties and forward to City Council for approval. Bids were received on June 1, 2016 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Pencco, Inc., San Felipe, TX	\$622,620.00
Kemira Water Solutions, Lawrence, KS	\$696,000.00

Comments: Bids were solicited from two (2) bidders with two (2) bidders responding. Currently, these are the only two bidders known to PWC who are able to provide this chemical pursuant to our specifications. Although Pencco's corporate office is located in Texas, they have a manufacturing plant in Middlesex, NC. PWC is currently paying \$119.20 per ton; this year's bid price is \$103.77 per ton, which represents a decrease of \$92,580.00 over the term of the contract. The low bid is recommended.

PROPOSED P. O. HOFFER EXPANSION PRESENTATION

*Presented by: Mick Noland, Water Resources Chief Operations Officer
Tom Tant, Hazen and Sawyer*

Mick Noland, Water Resources Chief Operations Officer, began the discussion by stating, the PO Hoffer Water Plant expansion is similar to the challenges facing the Butler Warner Generation Plant expansion. We know sooner or later we will have to do something, but the timing and exactly what to do, with the options and variables that are involved are constantly changing from every six months to a year.

He stated PWC began talking about the Hoffer Water Plant expansion 4 – 5 years ago and since it was such an expensive and long process, we decided we would complete it in phases so we could ensure we had the information we needed to then move to the next phase.

Mr. Noland stated we are at the point in our phased approach where it is a good time to bring everyone up to date on where we started, where we are now and what we are trying to plan going forward. Some of the ball-park estimated project costs are substantial. The water/sewer business is a capital business. It takes a lot of money to make it work and we have to consider what it means to our customers, our company, our finances and so forth.

Mr. Noland then introduced Tom Tant and his team from Hazen Sawyer.

Mr. Tant stated that one of the big topics to discuss is when and how much to expand the PO Hoffer Plant. He stated we will discuss the overview of the facilities; the phased approach; the demand projections and the needs; and in the end we will discuss possible next steps and recommendations.

Mr. Tant provided a historical graph of water use as well as the capacity of the water treatment plant over the last 60+ years. He pointed out the maximum day water demands over the recent years which indicate a steady incline upward. The industry standard is generally to look at a 20 year plan to avoid looking at increasing plant capacity every 4 to 5 years.

PWC has two water treatment plants: Glenville Lake Water Treatment Plant has a capacity of 18 million gallons per day (mgd) and P.O. Hoffer Water Treatment Plant has a capacity of 32 million gallons per day (mgd). Mr. Tant noted that Glenville Lake is not expandable

and P.O. Hoffer is expandable. Today's discussion will focus on the P.O. Hoffer Water Treatment Plant.

Mr. Tant noted the P.O. Hoffer Plant has been expanded a number of times. In 1967, the capacity was 8 mgd; in 1974 it was expanded to 16 mgd; in 1985 to 24 mgd and again in 1986 to 32 mgd.

Mr. Tant noted PWC is utilizing a phased approach. Phase 1A/1B is primarily concerned with reliability. Phase 2 deals with water treatment expansion; when do we expand and by how much? Phase 3 deals with solids treatment expansion.

Phase 1A: The project scope consisted of new and upgraded process basins; filter rehabilitation and hydraulic improvements. The project cost approximately \$16M and it was completed in June 2016.

Phase 1B: This project consists of solids pumping and polymer system upgrades, as well as solids treatment discharge improvements. The project is estimated to be completed in August 2017 at a cost of approximately \$4.6M

Mr. Tant stated the next step is Phase 2 at a cost of approximately \$36M for a 16 mgd expansion (the option for expansion is 8 mgd or 16 mgd). Phase 2 entails new basins, new filters, chemical facilities, yard pipings, improvements to the raw water intake, new roller pump, control systems and supporting building systems. Those projects require the design consisting of electrical, control, structural and architectural components. There is a lot of detail which goes in the project and it is fairly complex. The Phase 2 project will entail a set of drawings of over 250 sheets. He stated PWC will have supporting bid documents to describe to the contractors and bidding community to show them what the expectations are.

Once the Phase 1A and 1B are complete, the cost will be \$21M. Phase 2 and Phase 3 will cost approximately \$48M for a total cost of all phases of \$69M. Phase 2 is scheduled for design to begin later this year and construction is estimated to begin in 2019.

Mr. Tant outlined the proposed phased project schedule and responded to questions from Commission.

He also discussed demand projects and proposed capacity; historical and projected Cumberland County population; historical and proposed PWC Service Area population. Discussion ensued.

Mr. Tant also discussed assessing capacity needs within the residential, commercial and industrial communities considering population demands, areas served and weather conditions. Discussion ensued.

Where do we go from here? Mr. Tant stated if PWC is considering countywide service, then 16 mgd expansion is what you may want to do. If that is not a viable option then 8 mgd expansion is the option you may want to choose.

In an effort to address that, one of the concepts they are suggesting PWC consider for next steps is to begin our design process in anticipation that our 16 mgd need is indeed where we

are headed. The project does not go to bid until the middle of 2019. He stated their suggestion is to give PWC time to consider two things; what PWC growth plans really are and demand data. He suggested that PWC considers a base design of 8 mgd with an alternate of 16 mgd which gives us the ability to postpone the decision until 2019. This approach will allow PWC to be ready for growth but not have to commit the capital dollars on construction until we have additional data points. Discussion ensued. Mr. Tant and Commission discussed various scenarios for the future. He also responded to questions from the Commission.

Mr. Tant stated they are recommending the Commission begin Phase 2 Expansion design in the fall 2016; Configure design with an 8 mgd base bid and a 16 mgd alternate bid; Re-evaluate demands and future projections prior to bidding – adjust the schedule and scope for Phase 2 accordingly.

Mr. Trego stated staff is not requesting a vote. This is an informational presentation and staff is only requesting for a consensus of the Commission that designing with the 8 mgd base (alternate 16 mgd) begin, with the understanding we can hold off on a decision to build 8 or 16 until construction. Commission consented.

Commissioner Lallier motioned to accept the following three items as printed (Resolutions and Policies/Procedures) without additional discussion. He stated they were discussed as a result of the new charter. He also stated we are aware of these and they are perfunctory. Motion was seconded by Commissioner Fowler and unanimously approved.

RESOLUTION OF THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE NORTH CAROLINA AUTHORIZING THE DELEGATION OF CERTAIN DUTIES OF THE COMMISSISON TO THE GENERAL MANAGER, CHIEF FINANCIAL OFFICER AND OTHER SENIOR STAFF

Presented by: David W. Trego, CEO/General Manager

See above motion to accept as printed without additional discussion.

RESOLUTIONS APPOINTING FINANCE OFFICER AND BUDGET OFFICER

Presented by: David W. Trego, CEO/General Manager

See above motion to accept as printed without additional discussion.

REVIEW/APPROVE THE FOLLOWING POLICIES/PROCEDURES TO COMPLY WITH THE REVISED CHARTER

Presented by: David W. Trego, CEO/General Manager

- A. Execution of Standard Agreements/Encroachments by the CEO/General Manager
- B. Water and Sanitary Sewer Main – Extension and Service Policy
- C. Water Main and Sewer Main Extension Permitting Procedure

See above motion to accept as printed without additional discussion.

FY2017 BUDGET AMENDMENTS

Presented by: J. Dwight Miller, Chief Finance Officer

Rhonda Haskins, Director of Financial Planning and Capital Projects

- A. FY2017 Electric, Water/Wastewater (W/WW) and Fleet Maintenance Internal Service Fund (FMISF) Budget Amendment #1 – PWCORD2016-02
- B. Capital Project and Reserve Fund Budget Amendments - PWCORD2016-03 thru PWCORD2016-08

Mr. Miller, Chief Finance Officer, outlined Item A which is the amendment which takes care of the transfer issue and also makes changes related to the bond issue.

He stated in Item B there are a number of capital projects in reserve funds. They also adjust for the bond issue and some of the tweaking that goes along with it.

Dwight Miller stated the cover memos explain the items and if Commission desires for additional detail, Ms. Haskins will present.

Commissioner Lallier motioned to accepted Items 8A and 8B budget amendments as requested. Commissioner Shaw seconded and motion was unanimously approved.

REVIEW MERIT INCREASE RECOMMENDATIONS

Presented by: David W. Trego, CEO/General Manager

Bobby Russell, Human Resources Officer

Mr. Trego stated when the Commission approved the budget they held off on the decision as to what the targeted merit increase would be for FY2017. Staff has shared some information with the Commission and based on staff's review, Bobby Russell, Human Resources Officer has made the recommendation of a merit increase of 2.5%.

Commissioner Lallier asked what the impact on the aggregate of all increases was last year. Mr. Trego responded it is roughly 2 ½ on payroll. If the employee is at mid-point it is 2 ½ percent, if the employee is lower than midpoint it is slightly above and if the employee is above midpoint it is slightly lower. Because we have employees who have been here for a long period of time, we have many people who are at mid-point.

Commissioner Lallier also asked if an employee is not performing up to standard what is the impact of an action like this. Mr. Trego responded that if the employee is not meeting the standard the merit increase can be as little as 0%.

Commissioner Lallier also asked staff to comment briefly on the Hay Study results. Mr. Trego stated in the aggregate, because we have held off for several years in increasing the grids, we found we are paying our people fairly (because we have a workforce that has been here for while) because they are close to the mid-point. But from a competitive standpoint

in recruiting new hires, we are a little bit behind the 50th percentile. In the aggregate we are slightly below the direction the Commission has followed for the last couple of years which is being right at the median. There is no wholesale need to increase employees' pay because they are behind because our comp ratio (where people are in reference to the mid-point) is relatively sound. Mr. Trego stated we have also eliminated employees constantly bumping up against the minimum.

Commissioner Lallier also commented that it has been the policy of the Commission that we keep our workforce as close to mid-point as much as possible and he supports the request.

Commissioner Shaw motioned to accept staff's recommendation for the merit increase. Motion was seconded by Commissioner Lallier and unanimously approved.

GENERAL MANAGER REPORT

Mr. Trego stated at the last meeting we had several speakers from the County Club Lake region. We determined we would have a community meeting and also invite the state to attend.

The community meeting did take place which was very well attended and he feels it was a very positive meeting in that there is a much better understanding of the respective roles of PWC, the state and the city.

There was also a much better understanding of the history of the area (the lake). There were a number of residents who expressed the history of the area which we did not have. And there is an enhanced mutual desire to increase communications with the area as it relates to PWC needing to maintain our lines and what is going on at the lake. We will also attempt to increase communications between the state, the city and PWC for the benefit of the residents.

Mr. Trego then asked Commissioner Shaw for comments because she attended the meeting. Commissioner Shaw thanked Mr. Noland and Ms. Justice-Hinson. She stated for the record, she did not advocate for the meeting, she simply lives on the street.

Commissioner Shaw stated she is the second resident to move on the street and lived there since 1984. These issues began in the mid-1980s. She stated the meeting went extremely well. Mr. Noland stated the residents asked why PWC was concerned about the lines since they are old. He stated PWC will go out to clean and TV the lines to ensure they are as good as we expect them to be. Information will be distributed through Doug Elwell (area resident).

Commissioner Shaw stated that the residents who attended the meeting were very pleased that PWC cared enough to organize the event. And they really understood once PWC and the state explained the issue. Some of the residents came into the meeting thinking they owned the properties of the lake (by virtue of what they were told) when they brought property there. She stated everyone went away with a smile.

Mr. Trego stated on July 21st we will hold our first Building Business Rally. He stated the building of local and regional capacity to participate in our projects is something Commission has prioritized not only in meetings but also in strategic plan. As we have discussed with relation to water, wastewater and storm water projects (he included the city and county as well). We do have a capacity issue that is shared among the three different governmental entities that deal with that work. We are having a meeting to try to educate the contractor and sub-contractor community that might be involved in those types of projects in our plans for FY2017 and beyond. So they will know that these are long term projects and there are these types of projects that are coming down, not only from PWC but also from the City and the County to hopefully encourage them to build capacity to be able to bid on the projects.

Mr. Trego disseminated the flyer that has gone out. PWC, the City and County will make presentations on our projects. We believe the seminar will give them a good regional view of the different types of projects we have going on as far as from an educational perspective. We will also have optional breakout sessions at the end: one for DBEHB to go over with them of how to register with that process and how to do business with the different governmental agencies; the second is how to do business with governmental entities for non-DBEHB organizations. They are optional and are available for the participants to take advantage of.

Carolyn Justice-Hinson stated the Chamber is assisting us in getting the word out. We have completed a targeted mailing. The Procurement Department will also call vendors. She does not have a number of those registered to date, but will get the information to Commissioners before the event. Mr. Trego stated we have a list of approximately 200 contractors and sub-contractors.

Commissioner Fowler requested for PWC to contact Economic Development Corporation; the Hope Mills Chamber; and the North Carolina Military Business Center was also suggested.

Commissioner Rogers requested an update on the Gateway Project. Mr. Trego stated per our previous discussion, PWC was to pull together a list of projects that we believe are in the docket based on our conversation with the City as far as what was in their budget as well as projects we are involved with DOT. Mr. Trego had the list compiled and the list was forwarded to Kristoff Bauer on last week for him to double check with his staff to confirm that 'yes' we do want irrigation at these different projects. Mr. Bauer acknowledged he has received it and stated he will get back to Mr. Trego, though he has not received a reply yet. As soon as Mr. Bauer acknowledges that they do want irrigation at certain projects we will be able to come back to the Commission with the projects for FY2017 that are on the docket and what the specific request will be for a waiver of the FIF fees. As soon as he receives the information he will place on the agenda. Council Liaison Arp stated he will also follow-up on the Gateway issue.

Commissioner Shaw thanked staff for the planning of the business rally. She stated it is long overdue and more importantly it provides an opportunity for our local and regional businesses to come before us in an effort to offer them opportunities. If they do not take advantage of them, then we have done our part. She stated she appreciates it.

Mr. Trego stated he plans to have more. This one was targeted toward water and wastewater, which is a specific area. They are also considering a more general contractor fair that deals with the smaller contracts we let on an annual basis and have discussed with the City and County. Because of the specific need we have for water and waste water, we wanted to target that one first.

REPORTS AND INFORMATION

Commission acknowledges receipt of the following reports and information.

- A. Monthly Cash Flow Report for May 2016
- B. Recap of Uncollectible Accounts
- C. Investment Report for May 2016
- D. Purchase Orders for May 2016
- E. Utility Billings (Progress Energy, SEPA)
- F. Monthly Incident Summary for June 2016
- G. Personnel Report for June 2016
- H. Position Vacancies
- I. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. #18266 – install. of electrical fac. on SR4200 nr. SR1344; install. of two 6 inch HDPE conduits
- J. Approved Railroad Encroachment Agreement(s):
 - CSX Transportation – Encr. # 17984 – 12” & 16” water mains - Russell Street at Cool Spring Street
 - CSX Transportation – Encr. #17985 – 2-16” & 2-6” water mains – Russell Street at Old Wilmington Road
- K. Approved Utility Extension Agreement(s):
 - GLT Property Management Services – electric, water and sewer to serve Oakridge Commons
- L. Actions by City Council during meeting of June 27, 2016, related to PWC:
 - Approved – Inclusion of the Fayetteville Public Works Commission’s (FPWC) Amended Budgets into the City of Fayetteville’s Budget

CLOSED SESSION PURSUANT TO N.C. GENERAL STATUTES 143-318.11(A)(6) FOR PERSONNEL MATTERS

Commissioner Fowler motioned to go into closed session pursuant to N.C. General Statutes 143-318.11(a)(6) for Personnel Matters. Motion was seconded by Commissioner Lallier and unanimously approved at 9:55 a.m.

Commissioner Lallier motioned to return to open session at 10:50 a.m. Motion was seconded by Commissioner Shaw and unanimously approved.

Following a brief discussion regarding the General Manager for the next fiscal year, it was motioned by Commissioner Fowler to increase the General Manager’s salary from \$260,000 to \$280,000. Motion was seconded by Commissioner Shaw and unanimously approved.

ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Shaw and unanimously approved, the meeting was adjourned at 10:55 a.m.