

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, JANUARY 25, 2017
8:30 A.M.

Present: Evelyn O. Shaw, Chairwoman
Wade R. Fowler, Jr., Vice Chairman
D. Ralph Huff, Secretary
Darsweil L. Rogers, Treasurer

Others Present: David Trego, CEO/General Manager
Karen McDonald, City Attorney
Jay Reinstein, Assistant City Manager
Melissa Adams, Hope Mills Interim Town Manager
Robert Van Goens, Fayetteville/Cumberland County Economic
Development Corporation
Media
PWC Staff

Absent: Jim Arp, City Council Liaison
Michael Boose, County Liaison

CALL TO ORDER

Chairwoman Shaw called the meeting of Wednesday, January 25, 2017, to order.

APPROVAL OF AGENDA

Upon motion by Commissioner Rogers, seconded by Commissioner Huff, the agenda was unanimously approved.

CONSENT ITEMS

Upon motion by Commissioner Rogers and seconded by Commissioner Fowler the Consent Items were unanimously approved.

A. Approve Minutes of meeting of January 11, 2017

END OF CONSENT

STRATEGIC PLAN PRIORITY ACTION ITEMS UPDATE

*Presented by: Mark Brown, Senior Customer Programs Officer
Susan Fritzen, Chief Corporate Services Officer*

Mr. Brown updated the Commission on Customer Programs' Strategic Plan Priority Action Items.

Mr. Brown made a presentation on Community Solar in the last Commission meeting. Based on the Commission's consensus from the meeting, the Community Solar Project will be included in the CIP plan. Pending approval of the CIP Budget, design will begin this fiscal year and construction will begin next fiscal year (FY18).

He stated he is also tasked with supporting economic development and coordinating regional infrastructure needs to support economic development.

Mr. Brown stated PWC has been in conversations with Fayetteville Cumberland County Economic Development Corporation (FCCEDC) and the City of Fayetteville Economic Development department to promote economic development in Fayetteville.

He also has a support role in research into the feasibility of the City using fiber assets to expand broadband services in the City of Fayetteville.

Mr. Brown stated staff made a presentation to the Commission regarding our existing infill economic development policy several months ago. He stated his department is looking at promoting that policy with developers. He is also working with the other agencies to see if there is anything they can assist with in recommendations to the Commission regarding revising the policy for economic development.

He also stated Mr. Trego will discuss countywide water and how his department is working with Mr. Noland's to explore options and develop a plan.

Commissioner Fowler asked Mr. Brown to expand on his involvement in the Gateway Project. Mr. Brown stated he goes to the City's meetings regarding Gateways and coordinates with the proper department on how to support what the City is doing with Gateways in the effort to improve them.

Mr. Trego stated New Business Development issues run through Mark's group. He has taken on that responsibility and goes to all the meetings and then coordinates with the other chiefs. This has streamlined the process as far as coordinating our efforts with the County and the City.

Commissioner Shaw asked how the developers are receiving PWC's efforts regarding the Infill Policy. Mr. Brown stated most of the developers he has spoken with were pretty much aware of it. He stated there are some things we can do to clarify it to ensure it is clearly understood.

Commissioner Shaw thanked Mr. Brown for the presentation.

Susan Fritzen, Corporate Services Chief Officer stated one of her Strategic Priority Items is to ensure cyber and physical security in our IS systems. She stated two action items come along with this. The first is to research best practices in areas around cloud, phones, physical, customer data, offsite storage security and redundancy. The second is to look at our policies and revise them when needed.

Ms. Fritzen stated last January she presented a brief on Cyber Security in closed session. Today she will give a high level update and will come back in closed session to discuss some of the deeper items if it is the pleasure of the Commission.

Susan Fritzen gave some facts regarding attacks of power and utility systems. She stated power and utility attacks alone make up for 28% of all cyber security attacks. Power and water combined account for 47% of all attacks. Studies have shown that 59% of employees steal corporate data when they are fired or quit. In 2014, researchers taking a look at the Russian activity have identified almost 60,000 exposed SCADA control systems that had been breached online over the previous year.

Ms. Fritzen stated cyber security incidents reported by federal agencies are constantly increasing. She also gave statistics on the Reality of Readiness; PWC's Daily Email; PWC Daily Web Traffic; and PWC Top Blocked Websites by Category. She stated PWC security software locates and removes over 3,500 viruses every month.

In 2014 we brought in a firm to assist us in an assessment of our overall IT security. They looked at what we were doing as well as our policies. Ms. Fritzen stated we developed a three year plan and now we are in the second year of the plan. We are putting controls in place. One of the areas we recently talked about is training. All staff will have IT Training depending on the level needed as identified by HR.

We are reviewing the policies that are in place and finding the gaps and determining what needs to be updated and which new policies are needed. They will be coming soon for review.

Susan Fritzen stated we have a three parameter approach.

1. Access. We have done the assessment on the IT side. We are currently working with the Electric group and the Water group to complete an assessment of our SCADA system to see how secure it is.
2. Defend. We defend by warding off anything from the outside or inside.
3. Prevent. We prevent by placing new restrictions in place and additional software to monitor.

Mr. Trego stated that he receives daily Homeland Security briefings. They are finding that the hackers try to gain access in the smaller utilities (because they do not have robust

protections in place) in an effort of using the smaller utility as a backdoor to hack larger ones. Discussion ensued.

Chairwoman Shaw thanked Ms. Fritzen for the presentation.

NORTH CAROLINA LEGISLATIVE UPDATE

Presented by: David Trego, CEO/General Manager

Richard Zechini, Attorney, Williams Mullen

Mr. Trego introduced Richard Zechini, an Attorney with Williams Mullen. Mr. Zechini thanked PWC for the opportunity to represent PWC in the General Assembly for the past several years.

Mr. Zechini gave an overview of the North Carolina election results. He updated the Commission on the incoming members of the Council of State. He noted that he anticipates this legislative session to be divisive.

Mr. Zechini detailed the membership in the House and Senate.

- House Breakdown - 74 Republicans and 46 Democrats
- Senate Breakdown - 35 Republicans and 15 Democrats

Republicans maintain supermajority in both chambers. This means that they have the votes to override a veto by the Governor.

There are twenty-two new House members:

- Fifteen Republicans and seven Democrats.
 - Four Republican seats were lost to Democrats.
 - These seats were in Wake and Mecklenburg Counties.
 - Three Democrat seats were lost to Republicans.
 - These seats were in Harnett, Haywood, and Columbus counties.
- Six new Senate members.
 - All new members are Republicans.
 - One Democrat lost her seat to a Republican.
Senator Jane Smith of Robeson County

Rick Zechini noted due to legislation enacted in December, the Governor's Cabinet Secretaries are now subject to the Senate's approval.

The current House Leadership is as follows:

- Speaker of the House: Tim Moore (R-Cleveland)
- Speaker Pro Tempore: Sarah Stevens (R-Surry)
- Majority (Republican) Leader: John Bell (R-Wayne)

- Deputy Majority Leader: Stephen Ross (R-Alamance)
- Majority Whip: Jon Hardister (R-Guilford)
- Conference Leader: John Szoka (R-Cumberland)
- Minority (Democrat) Leader: Darren Jackson (D-Wake)
- House Appropriations: Chair- Nelson Dollar (R-Wake)
- House Finance: Chairs- Jason Saine (R-Lincoln) and Bill Brawley (R-Mecklenburg).
- House Rules: Chair- David Lewis (R-Harnett)
- Notable: Rep. Skip Stam's Retirement.

The current Senate Leadership is as follows:

- President: Lt. Governor Dan Forest
- President Pro Tempore: Phil Berger (R-Rockingham)
- Deputy President Pro Tempore: Louis Pate (R-Wayne)
- Majority (Republican) Leader: Harry Brown (R-Onslow)
- Majority Whip: Wesley Meredith (R-Cumberland)
- Minority (Democrat) Leader: Dan Blue (D- Wake)
- Senate Appropriations: Chairs- Harry Brown (R-Onslow), Kathy Harrington (R-Gaston), and Brent Jackson (R-Sampson)
- Senate Finance: Chairs- Andrew Brock (R-Davie), Jerry Tillman (R-Randolph), and Tommy Tucker (R-Union)
- Senate Rules: Chairs- Bill Rabon (R-Brunswick)
- Notable: Senator Apodaca and Senator Rucho retirements.

The current Cumberland County Delegation is as follows:

House

Rep. John Szoka (R-District 45)

- Third term in the House; Conference Leader; Chair of the Energy and Public Utilities Commission and Vice Chair of Finance.

Rep. Elmer Floyd (D-District 43)

- Fifth term in House.

Rep. Marvin Lucas (D-District 42)

- Ninth term in House.

Rep. Billy Richardson (D-District 44)

- Three and a half terms in the House

Senate

Sen. Wesley Meredith (R-District 19)

- Fourth term in the Senate; Majority Whip; Co-Chair of the Appropriations on DOT Committee and Co-Chair of the Commerce and Insurance Committee.

Sen. Ben Clark (D- District 21)

- Third term in the Senate; Democrat Caucus Secretary.

Mr. Zechini stated we are likely to see highly politically charged agendas due to the executive and legislative branches having differing political philosophies. He stated we have already seen some of this in the special sessions regarding House Bill 2 and the limiting of the executive branch's power.

The 2017 budget will likely see some politically charged provisions due to the impending redistricting. There is currently a \$322 million surplus.

He stated potential session agenda items include:

- More disaster recovery for Hurricane Matthew and western wildfire victims.
- Address concerns raised by last year's legislation limiting class sizes for K-3.
- Another increase in teacher pay.
- Election laws.
- More tax reform.
- Regulatory reform.
- HB 2 repeal.
- Criminal justice reform.
 - Sixteen and seventeen year olds tried as juveniles rather than adults.

Mr. Zechini, Commission and staff discussed the renewable energy portfolio standards as well as regulatory reform and its impact on North Carolina. Mr. Zechini will research the impact of the regulatory reform on our state.

Chairwoman Shaw thanked Mr. Zechini for the presentation.

GENERAL MANAGER REPORT

Mr. Trego stated we have scheduled our next Building Business Rally for April 6th. We had one last year in which we concentrated on major infrastructure projects, primarily on the water and sewer side of the house. The City and County also participated. We are yet to see the fruits of it but we are reaching out and trying to build capacity.

This Building Business Rally will focus on the smaller businesses. We have reached out to the City and County and will reach out to the school district. We may also reach out to the surrounding communities like Hope Mills and Spring Lake to see if they want to participate.

Mr. Trego stated we will be able to let smaller businesses know the type of contracts we normally let and then get them into the training process. We are planning to have this rally in the early evening so people can come after their workday.

Jay Reinstein stated the City is committed to this project. Commissioner Shaw requested to ensure we have all the soft services represented. She also asked staff to ensure that the representatives from the DBE office are present.

Mr. Trego also updated the Commission on the IBT case. The administrative law judge has been granted a second extension until February. Discussion ensued on the administrative law process.

Mr. Trego stated we are about 96% deployed on our advanced meters and are on schedule. Discussion ensued on the quality of the work of the contractors.

The City, County and PWC are putting our FEMA packets together. PWC is looking for \$5-7M in reimbursements and because of mitigation efforts from FEMA. Commissioner Shaw asked if there are deadlines to be met. Mr. Trego responded that our consultants know the deadlines and they are ensuring that all required paperwork is in on time.

Mr. Trego also stated that PWC received five awards of excellence from ElectriCities. They are in the areas of Competitive Business Environment; Energy Efficiency; Financial Stability; Legislative Involvement and Service Excellence. Commissioner Huff stated that these awards along with the City's recognition for financial stability are very good.

Mr. Trego also mentioned that we are also taking a look at county wide water. Staff has been reviewing the study that was done some years ago. Commissioner Huff asked if staff has considered Farmers Home to get grants for part of the project. Discussion ensued.

Commissioner Comments:

Chairwoman Shaw acknowledged the presence of Melissa Adams, the Interim Town Manager of Hope Mills.

Mr. Robert Van Goens, President/CEO of Fayetteville/Cumberland County Economic Development Corporation was also acknowledged.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information:

- A. Monthly Cash Flow Report - December 2016
- B. Recap of Uncollectible Accounts - December 2016
- C. Investment Report – December 2016
- D. Purchase Orders – December 2016
- E. Personnel Report – December 2016
- F. Position Vacancies
- G. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. #18462 – 8” DIP water main on SR-1410 (Oakridge Estates Subdivision)
 - Encr. #18472 – water main on US401 (Raeford Road) for Rayconda Connector 12” water main ext.
- H. Approved Utility Extension Agreement(s):
 - Hope Mills Marketplace, LLC – water and sewer services to serve Wal-Mart Neighborhood Market (SR1132)

- I. Actions by City Council during meeting of January 9, 2017, related to PWC:
 - Approved Bid Recommendation for 200,000 Feet of I/O Underground Primary Distribution Cable

CLOSED SESSION PERSUANT TO N.C. GENERAL STATUTES 143-318.11(A)(3) TO DISCUSS LEGAL MATTERS RELATED TO COAL ASH

Chairwoman Shaw entertained a motion to go into closed session to discuss legal matters related to Coal Ash as allowed under NC General Statutes 143-318.11(a)(3).

Upon motion by Commissioner Rogers and seconded by Commissioner Fowler, the Commission unanimously approved to go into closed session at 9:50 a.m. as allowed under N.C. General Statutes 143.318.11(a)(3) for legal matters to discuss Coal Ash.

Following discussion, upon motion by Commissioner Fowler and seconded by Commissioner Rogers, the Commission returned to open session at 10:29 a.m.

ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Rogers and unanimously approved, the meeting was adjourned at 10:30 a.m.