

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY, JUNE 14, 2017  
8:30 A.M.

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

Others Present: David W. Trego, CEO/General Manager  
Jay Reinstein, Assistant City Manager  
Jeffrey Bradford, Assistant City Attorney  
Melissa Adams, Hope Mills Town Manager  
PWC Staff

Absent: Michael Boose, County Liaison  
Karen McDonald, City Attorney  
Jim Arp, City Council Liaison  
Media

CALL TO ORDER

Chairwoman Shaw called the meeting of Wednesday, June 14, 2017, to order.

APPROVAL OF AGENDA

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

PRESENTATIONS

22<sup>nd</sup> Consecutive Distinguished Budget Presentation Award

10<sup>th</sup> Consecutive Comprehensive Annual Financial Report (CAFR) Award

*Presented by: J. Dwight Miller, Chief Financial Officer &  
Jeff McCauley, Government Finance Officers Association / Greenville  
Utilities Chief Financial Officer*

Dwight Miller, Chief Financial Officer, introduced Jeff McCauley. He is representing the Government Finance Officers Association. He is also the Greenville Utilities Chief Financial Officer.

Mr. McCauley stated he is happy to be here on behalf of the GFOA to present the Certificate of Achievement for Excellence for Financial Reporting for Fiscal Yearend 2016 and also the Distinguished Budget Presentation Award for Fiscal Year 2017.

Mr. McCauley stated the purpose of the two programs is to encourage and assist governments in preparing financial reports and budget documents of the highest quality for the benefit of its citizens and other parties with a vital interest in the government's finances and budget processes.

Mr. McCauley went on to say during the more than 30 years budget programs have operated, they have gained widespread recognition as premier indicators for excellence in governmental accounting and financial reporting as well as the government's commitment to be accountable to its stakeholders. To earn the Certificate of Achievement for Excellence in Governmental Reporting, the PWC had to complete a 48 page checklist; substantially conform to the program's demanding criteria, which go well beyond the minimum requirements of the generally accepted accounting principles; and have its financial reports reviewed by three independent reviewers.

To earn the Distinguished Budget Presentation Award, the PWC had to substantially conform to 90 points of the program's challenging criteria, which incorporate the guidelines of the National Advisory Council on state and local budgeting; and have its reports go through the scrutiny of three independent reviewers. He stated this is not the first time the PWC has received these honors. But today's presentation marks the 10<sup>th</sup> consecutive year the PWC has received the Certificate of Achievement and the 22<sup>nd</sup> consecutive year the PWC has received the Distinguished Presentation Award. He went on to say such accomplishments reflect the professionalism and commitment of the CEO/General Manager, David W. Trego; the CFO, J. Dwight Miller; the Finance Division Staff; the Budget Division staff as well as numerous other individuals as well as hours of hard work. It also reflects a high degree of dedication and leadership on the part of the PWC's Board of Commissioners.

Jeff McCauley stated there are approximately 90,000 governmental units in the United States and less than 5% achieve this pinnacle in reporting. Accordingly, the Government Finance Officers Association hopes these awards presented to PWC will serve as examples and will encourage others in striving for these high standards in preparing their own financial reports and budget documents. Dwight Miller presented the staff that made it possible to achieve the awards.

Mr. Miller also acknowledged retired employee, Donna Lopes. He stated she was involved in all the years in which PWC received these awards. He presented Donna with a framed budget cover and Certificate of Recognition as PWC Budget Manager.

Mr. Trego stated our budget documents are really working documents that management can use. They are clearly read and used every day of the year.

Chairwoman Shaw stated on behalf of the Commissioners, they congratulate the team and certainly the leadership of our CEO. She stated the team has been extraordinary in their accomplishments.

2016 Excellent Community Partner Award

*Presented by: Rhonda Quador, Salvation Army-Dir. of Community Relations & Dev.*

Ms. Rhonda Quador, Director of Salvation Army's Community Relations & Development Division presented PWC with their 2016 Excellent Community Partner Award. Ms. Quador went on to state PWC assisted the Salvation during Hurricane Matthew. She stated without the help PWC provided of water and other supplies to the Salvation Army, they would not have been able to help the community.

Ms. Quador also thanked PWC, especially the Community Relations Department, for help in kicking off the Christmas season. Their help was integral in the success of the program.

Mr. Trego stated during Hurricane Matthew, PWC provided the Salvation Army with an emergency generator. One of PWC's employees (Marty Tew, Water Resources Construction Field Supervisor) was on his way home after working a hard day. He heard on the radio that the Salvation Army needed the generator and he volunteered to take it to them.

CONSENT ITEMS

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

- A. Approve Minutes of meeting of May 24, 2017
- B. Approve the following recommended bid awards for one-year contracts (with the option to extend contracts for additional one-year period upon the agreement of both parties) for the purchase of water and water reclamation chemicals and forward to City Council for approval. Bids were received on May 4, 2017, as follows:

Oltrin Solutions, LLC, Hamlet, NC, low bidder in the amount of \$377,000.00 for the purchase approximately 3,250 tons of Sodium Hypochlorite 15%. Bids were solicited from thirty-six (36) bidders with four (4) bidders responding.

<u>Bidders</u>	<u>Total Cost</u>
Oltrin Solutions, LLC, Hamlet, NC	\$377,000.00
Water Guard Inc., Wilson, NC	\$390,000.00
Brenntag Mid-South, Inc., Durham, NC	\$398,450.00
JCI Jones Chemicals, Charlotte, NC	\$422,500.00

*Note: FPWC is currently paying \$122.68 per ton; this year's bid price is \$116.00 per ton. The low bid is recommended.*

Oltrin Solutions, LLC, Hamlet, NC, low bidder in the amount of \$735,000.00 for the purchase of approximately 3,000 tons of Caustic Soda 50%. Bids were solicited from thirty-six (36) bidders with four (4) bidders responding.

<u>Bidders</u>	<u>Total Cost</u>
Oltrin Solutions, LLC, Hamlet, NC	\$735,000.00
Univar USA, Inc., Morrisville, PA	\$745,470.00
Brenntag Mid-South, Inc., Durham, NC	\$760,800.00
JCI Jones Chemicals, Charlotte, NC	\$900,000.00

*Note: FPWC is currently paying \$204.66 per ton; this year's bid price is \$245.00 per ton. The low bid is recommended.*

Pencco, Inc., San Felipe, TX, low bidder in the amount of \$732,000.00 for the purchase of approximately 6,000 tons Ferric Sulfate Liquid. Bids were solicited from thirty-six (36) bidders with two (2) bidders responding.

<u>Bidders</u>	<u>Total Cost</u>
Pencco, Inc., San Felipe, TX	\$732,000.00
Kemira Water Solutions, Inc., Lawrence, KS	\$896,400.00

*Note: FPWC is currently paying \$103.78 per ton; this year's bid price is \$122.00 per ton. The low bid is recommended.*

Premier Magnesia, LLC, Wayne, PA, low bidder in the amount of \$275,000.00 for the purchase of approximately 125,000 gallons of Magnesium Hydroxide. Bids were solicited from thirty-six (36) bidders with one (1) bidder responding.

<u>Bidders</u>	<u>Total Cost</u>
Premier Magnesia, LLC, Wayne, PA	\$275,000.00

*Note: FPWC is currently paying \$2.10 per gallon; this year's bid price is \$2.20 per gallon. The low bid is recommended.*

*\*\*Note: There are only two (2) known bidders for this product. The other bidder did not submit a bid for this year. During our last bid process, it was determined that while the other bidder's cost per gallon was less, their product provided 24% less alkalinity per gallon, which would have required us to use more product. As a result, award was recommended and approved for Premier Magnesia during the last bid.*

END OF CONSENT

#### NOTICE TO COMMISSION OF A SELF-REPORT, AND MITIGATION PLAN

*Presented by: Jon Rynne, Chief Operations Officer – Electrical Systems*

Jon Rynne, Chief Electric Systems Operations Officer stated this is a notice to the Commission of a self-report for non-compliance with the SERC. He stated staff, through a self-audit, identified we would not be in compliance with all the requirements of a Cyber

Security Standard for SERC. He stated PWC self-reported we would not be in compliance with the standard and presented a mitigation plan to SERC. They are currently reviewing the plan and will reply to our self-report.

Commissioner Fowler asked 'should they accept the mitigation plan, what kind of timeframe are we looking at until the mitigation is complete?' Mr. Rynne stated the mitigation is actually an incident response plan. We have developed it and all we need to do is go through very quickly and train the individuals responsible for the plan. He expects for it to take three to four weeks.

Commissioner Shaw asked how the non-compliance was discovered. Mr. Rynne stated it was discovered through a self-audit. He stated PWC is required by SERC to look at all the standards that are coming out that have become relevant to us based on our designation as transmission owners and distribution providers. There are a lot of requirements in these standards. As our group went through them, we discovered we would not be in compliance for the particular standard. Mr. Trego stated we have to provide a self-certification of compliance. We complete a double check to ensure we have complied with all standards. In this particular case, there one report we did not supply to SERC by the deadline. He stated there was no vulnerability of cyber security; it was providing them with documentation we were required to provide.

#### PRESENTATION OF NEW PWC VIDEO

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

Carolyn Justice-Hinson stated one our initiatives this year to showcase the value of PWC's services to the community is to update our PWC Video. She stated this video involves testimonials (mostly from our customers and members of the community). Ms. Hinson stated we have other footage in which we will use for shorter videos and also will place some on social media. We will show this video on tomorrow at the Chamber Coffee Club, but wanted the Commissioners to see it today.

Once the video was completed, Ms. Hinson thanked David Trego for his starring role. She also thanked employees, Chris Rainey (WR Construction Manager), Chris McArthur (Electric Construction Lineman) and Latisha Bradford (Customer Service).

Mr. Trego stated we have developed a Power Point presentation for Commissioners and staff and can embed some of the snippets of this video or the entire video into the existing presentation. Commissioner Rogers commended staff, stating 'this five minute video works well'.

#### GENERAL MANAGER REPORT

Mr. Trego stated we have a few of our interns in attendance today. He stated every year we bring in interns to assist in the different departments. Each department is required to have a project with an outcome that the intern will participate in. It gives the intern valuable experience and it also provides us with the service of that employee, taking a look at

something that we may not have the opportunity to in our day to day operations. We also can use their knowledge of current technology. Gloria Wrench and Carolyn Justice-Hinson presented their interns (Jacob Richter and Shawna McIntosh, respectively). Bobby Russell stated we have 16 interns this year and also we will have ten S.T.E.M students beginning on Monday. Jay Reinstein stated they will have 10 students beginning on Monday as well, working 32 hours per week.

Mr. Trego also stated Andrew Barksdale (Fayetteville Observer) will begin employment with NC Department of Transportation as their spokesman. David Trego stated though we may not always agree, one thing Andrew does is double check to get it right and when he is not, he owns up to it.

There is a bill that passed the House and is now in the Senate and it looks as if the Governor will sign it. Mr. Trego stated this is an initiative of Representative Szoka which began last year. He is a big proponent with renewable energy and distributed generation within North Carolina. He stated most of this bill does not have to do with PWC but one part does.

1. Requires that utilities that have more than 150,000 customers must have standard contracts which make it easier for people to sign up. (This does not pertain to PWC.)
2. Requires for any solar or third party facility fewer than 80 megawatts, must be done through a competitive procurement process. (This does not pertain to PWC.)
3. When the Renewable Energy Portfolio Standards was instituted, there was a three period phase-in where we could increase the monthly charge to recoup costs associated with compliance. It was reduced last time to \$34.00. It has been reduced again to \$27.00. This is because the cost of RECs and solar have come down. (This does pertain to PWC, but it does not impact us)
4. The last part is the 'Distributed Resources Act'. Representative Szoka wanted small solar companies or wind companies to come into an area and instead of having solar panels on one house, serving one house, he wanted them to be able to come into the community and serve the community. Mr. Trego stated it is similar to our Community Solar Program. He stated it could be a for-profit entity or a not for profit entity. Under the current laws in North Carolina, you have to register yourself as a public utility because you are selling power. This portion of the bill allowed them to do this (within certain limits) without having to register as a utility. They would have to coordinate with the local utility on safety and connection.

Mr. Trego stated this portion of the bill does not apply to municipalities; it only applies to investor owned utilities. He also stated there are limits on how much can be installed.

Mr. Trego responded to questions from Commissioners regarding PWC's Community Solar Program and net-metering. In response to Commissioner Fowler's question, this does not impose upon PWC or any other municipality net-metering. Our buy-all, sell-all is still in place. Representative Szoka understands there is a subsidy when you do net-metering, and most of the investor owned utilities have a rider to recoup their cost. More discussion ensued regarding the future of solar generated energy and agreement between PWC, South River, Lumbee and Duke Utilities regarding territory rights.

Mr. Trego also notified the Commission that Duke Energy applied to the NCUC for their rate increase (approximately 16%). He stated it is not just for coal ash but it is a general rate case. There are two other aspects of their North Carolina filing that eventually will have a trickle-down effect to PWC. He stated one is nuclear de-commissioning and the other is depreciation expense. They redid their nuclear de-commissioning cost estimate as well as depreciation expense. Typically they go through the NCUC first and then they will go through FERC. Mr. Trego stated PWC has intervened in the North Carolina Utility Commission case as a retail customer. He stated there are many tentacles to this that may impact our rates.

#### *Comments by Commissioners*

Commissioner Huff stated there was an offer to purchase the building from Jonathan Charleston. He asked if it is still active. Mr. Trego responded that Mr. Charleston was considering doing it and he has asked for another six month extension on his lease. Discussion ensued regarding the parking structure attached to the RC Williams Building.

Commissioner Huff also asked if we have extended the listing for six months. Mr. Trego confirmed we have. Commissioner Huff proposed taking the building off the market after six months to allow the market to heal and hopefully improve. Mr. Trego stated the listing is for leasing and not for sale. It was taken off the market for sale several years ago. Additional discussion ensued regarding unsolicited offers, potential lease offers and the EDC.

Mr. Trego stated if the Commission desired to go out for an RFQ for the leasing contract he would need direction from the Commission.

Commissioner Huff also commented about the friendliness of PWC employees.

Commissioner Shaw clarified that if Mr. Murray received an unsolicited offer would he have to bring it to Mr. Trego. Mr. Trego responded yes. Commissioner Shaw then asked if the Commission can determine a minimum unsolicited bid offer and empower the General Manager to reject any bid offer below the determined minimum offer. Mr. Trego responded he will check because it is a statutory question. Additional discussion ensued regarding future leasing and leasing agents.

#### REPORTS AND INFORMATION

Commission acknowledges receipt of the following reports and information.

- A. Purchase Orders
  - April 2017
  - May 2017
- B. Monthly Incident Summary – May 2017
- C. Personnel Report – May 2017
- D. Position Vacancies
- E. Approved N.C. Department of Transportation Encroachment Agreement(s):

- Encr. #18476 – Install. of 24” HDPE temp. sewer main by-pass @ SR-1003 and SR4161
  - Encr. #18477 – Install. of 8” SDR 26 PVC sewer main @ SR-1102 & SR-3569
  - Encr. #18478 – Install. of 8” RJDIP sewer main on SR-1102, near SR-3569
  - Encr. #18479 – Install. of 8” RJDIP water main on SR-1102, near US-401
  - Encr. #18483 – Install. of 4” RJDIP water lateral @ US HWY401 Byp. (Ramsey St)
  - Encr. #18492 – Install. of 6” RJDIP water lateral for fire hydrant @ US HWY 401 (Raeford Rd) & a 2” SDR-21 PVC water lateral @ SR1596 (Glensford Drive)
  - Encr. #18498 – Install. of 6” RJDIP water main @ US 401 (Ramsey Street) & SR1615 (Rosehill Rd.)
  - Encr. #18499 – Install. of 8” RJDIP water main at SR 1141 (Bingham Drive)
  - Encr. #18501 – Install. of 6” RJDIP water lateral for fire hydrant @ SR-1104
- F. Actions by City Council during their meeting of May 22, 2017, related to PWC
- Approved Bid Recommendation – Annexation Phase V – Project VIII, Area 18, Section II – Southgate Subdivision
  - Approved Bid Recommendation to purchase 2017 LED Luminaires
- G. Actions by City Council during their meeting of June 5, 2017, related to PWC:
- City Council voted to study Fleet Maintenance Shop. Appointed three City Council members to the committee, along with two PWC Commissioners.

#### ADJOURNMENT

There being no further business and upon motion by Commissioner Rogers and seconded by Commissioner Fowler the meeting was adjourned at 9:36 a.m.