

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, JULY 26, 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
Karen McDonald, City Attorney
Jay Reinstein, Assistant City Manager
Jim Arp, City Council Liaison (VIA TELECONFERENCE)
Michael Boose, County Liaison
Melissa Adams, Hope Mills Town Manager
Nore Brantley, High School to Work Partnership Coordinator
PWC Staff

Absent: Media

CALL TO ORDER

Chairwoman Shaw called the meeting of Wednesday, July 26, 2017, to order.

APPROVAL OF AGENDA

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

PRESENTATION OF INTERN AND S.T.E.M. STUDENTS

Presented by: Bobby Russell, Human Resources Officer
Andy Dunlap, Safety, Organizational Development and Training Mgr.

Bobby Russell presented the S.T.E.M. Students from various high schools across Cumberland County. This year PWC employed ten students. He stated this partnership with the City of Fayetteville has been very successful.

Jay Reinstein, Assistant City Manager, City of Fayetteville stated this has been another amazing summer. This year the program expanded from four weeks to six weeks. He stated directors and departments want more students next year. As the students are coming in it is obvious they are looking for the work experience, not necessarily the paycheck. He stated

hopefully they are getting a better understanding of their local government and our public utility. Mr. Reinstein went on to say, we want to keep our young people in this community and after they graduate we want them to come back. If they are exposed to these great opportunities within the City of Fayetteville hopefully we can keep more.

He went on to say it has been great working with Bobby Russell and his team. He is looking to grow the program even more next year.

Bobby Russell also asked Nore Brantley, the High School to Work Partnership Coordinator for Cumberland County Schools to have words. Ms. Brantley stated it is a great opportunity for our students to be exposed to the world of work and to careers many of them may not have thought about. She stated she would love to see the program grow.

Mr. Russell requested for the students to give their names, the school they attend and the department each works in at PWC. Mr. Russell asked a representative from the students to give a review of her time here at PWC.

Mr. Russell then introduced the Summer College Intern Students. This year we have 18 summer interns. He stated we look at college talent we can bring into the organization as our aging workforce begins to 'graduate'. The Intern Students introduced themselves, stating their school and major as well as the area each works in here at PWC. Mr. Russell asked a representative from the students to give a review of her time here at PWC.

Mr. Russell thanked the College Interns and S.T.E.M. Students for being a part of PWC for the summer. He stated we look for their safe return back to high school and college and hope they take the experience they have gained and value it for years to come. He stated we hope to recruit them later once they are ready to enter the workforce.

Mr. Trego thanked Bobby Russell and Andy Dunlap for spearheading the summer program. He also thanked the supervisors and managers who have taken these students under their wings throughout their time at PWC.

Chairwoman Shaw stated she wanted the students to meet the Commissioners as they are the policy makers here at PWC. She requested the Commissioners and Officers at the table to introduce themselves, stating their division/area of responsibility.

CONSENT ITEMS

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

- A. Approve Minutes of meeting of July 12, 2017
- B. Approve Resolution No. PWC2017.08 authorizing use of the design-build contracting method for the PWC Dispatch Center Upgrade project.

COMMENTS: In 2013, the General Assembly enacted legislation authorizing the use of new contracting methods for public construction projects, one of which is design-build. Design-build is an integrated approach to a construction project that delivers both design (architectural or engineering) and construction services under one contract with a single point of responsibility. Selection of the design-build team is made via the “qualifications-based” selection method outlined in G.S. 143-64.31.

END OF CONSENT

STATUS OF WATER RESOURCES LEAD AND COPPER COMPLIANCE TESTING PROGRAM

Presented by: Mick Noland, Chief Operations Officer - Water Resources
Chris Smith, Water Treatment Facilities Manager

Mick Noland, Chief Operations Officer for Water Resources stated we have all heard a lot in the news concerning drinking water (what is in it and what is not in it). He stated one of the things we have continually been doing is keeping an eye on lead and copper. Everyone has heard about Flint, MI and the bad engineering as well as administration that led to an avoidable crisis. He stated PWC does things right. We follow the rules and procedures and we take pride in doing so. Mr. Noland stated we have almost 16 years with the Partnership for Safe Water.

He went on to say an excellent management strategy is to try to control the corrosion that causes the lead to leach out. He stated every three years they have to go out to prove that what they are doing is effective. Mr. Noland presented Chris Smith to continue the discussion.

Chris Smith, Water Treatment Facilities Manager stated he will talk about PWC's compliance with the lead and copper rules. He stated there are three things involved in lead and copper compliance: Treatment; Corrosion Control; and Monitoring.

Mr. Smith stated, as far as treatment is concerned PWC monitors the following water quality parameters: pH; Phosphate; Calcium; Alkalinity; and Zinc. Mr. Smith stated these parameters are constantly monitored. pH is monitored online every two seconds.

The next step is corrosion control. He stated anytime you have a change in source water, water quality or a chemical process at your plant you need to do a corrosion control study. PWC did one in 1994. We used a corrosion inhibitor called a polyphosphate. We looked at 8-10 corrosion inhibitors. We switched to Zinc Orthophosphate. It works through a process of passivation where the compound will release the zinc and the zinc will react to any metal in the system and give a microscopic coating. It is good for the plumbing in the customers' homes as well as PWC's systems. In 2008, PWC switched coagulants (at the head of the plant). We did a corrosion control study to ensure that zinc was still the best. We are using it today.

Another corrosion control study is Mild Steel Coupon Analysis. A steel coupon is placed in the distribution system. The coupons sit in a pipe loop which is a plastic pipe and water runs across it for 90 days. Staff removes it and sends it for testing. At the lab it is cleaned up and weighed. The lab sends back a report to let staff know how much the weight of the coupon changed. From that data they can determine the corrosion rate in the system. When you take them out after they have been in the summer quarter, they are really corroded because heat is a catalyst and when you take them out in the winter quarter there is hardly any corrosion. He stated for the last 20 years our corrosion level in the system has been really flat. Actually there has been a slight decrease in the corrosion levels.

Monitoring is the last component. A city our size begins with lead and copper monitoring by sampling 100 homes every six months. After several years and there has been good results, Mr. Smith stated, you can apply for reduced monitoring, which means you need to sample 50 Tier 1 homes every three years. He stated Tier 1 homes are homes built in 1983-1986 which has copper plumbing. According to the chart below, PWC is well below the threshold EPA Action Level.

EPA Action Level	PWC Result
0.015 mg/L (90 th)	<0.001 mg/L
PWC Maximum Concentration of 58 sites:	
.004 mg/L	

The copper testing results were equally well below the EPA Action Level.

EPA Action Level	PWC Result
1.30 mg/L (90 th)	0.06 mg/L
PWC Maximum Concentration of 58 sites:	
0.11 mg/L	

Mr. Smith commented on the high lead levels in Flint, Michigan’s water system and what actions caused the emergency that resulted.

FOLLOW-UP DISCUSSION ON RC WILLIAMS BUILDING LEASING/SALE STRATEGY

Commission Discussion

Commissioner Huff began by stating he would not recommend ‘condominium-izing’ the RC Williams Building unless we are going to sell a portion off.

He then stated there is no reason to sell unless we sell a significant part of the building. He would not recommend selling a portion of the building unless a full floor is initially sold or close to 10,000 feet.

He defined 'usable space' which is where you place a desk and the common area is everywhere else. The RC Williams Building is not efficient as it relates to common area. He stated it is 26% common area. In his experience the common area should be kept to 20-22%.

He stated PWC rents space at \$17.00 and PWC pays the taxes and insurance. So the net rent is \$12.70. The issue is two-fold. He stated when you appraise the building it will have a lower appraisal and the tenants are not interested in buying the space because renting is lower than buying.

He stated if PWC sells the building at \$130.00 per ft. (with commission) we will net about \$7M. If it is sold at \$140.00 per ft. (with commission) we will net about \$7.5M. If it is sold at \$150.00 per ft. (with commission) we will net about \$8M. He stated he believes the building needs to be discounted some due to the common area being a factor. He stated that is why he thinks the best thing to do is nothing for a while unless we receive an unsolicited offer.

He stated if someone rented 10,000 feet, the net effective rent without the taxes and insurance, the true rent is \$10,583.00 per month. If the same space was purchased at \$150.00 the payment is the \$11,865; renting at \$140.00 one would pay \$11,074.

He stated the problem is that we are renting it too cheaply. Discussion ensued regarding PWC's rental rate and marketing of the building.

Commissioner Huff stated his recommendation is to not sell unless you can sell a floor or 1/2 a floor and to sell it at \$140 to \$150 a foot. If that unsolicited bid comes in he recommends making it a condominium, selling the space and then to go to the current tenants and make an offer to them. Discussion ensued regarding why the building is not fully leased.

Commissioner Huff recommended staff reach out to the Raleigh brokerage to determine what percentage of their brokerage is leasing vs. selling and who has the most comprehensive list of national accounts across the board.

Upon motion by Commissioner Huff the CEO will bring any unsolicited bid for a half floor or an entire floor (*of the RC Williams Building*) of \$140.00 or more per sq. ft. to the Commission for consideration of a decision. Motion was seconded by Commissioner Rogers. After discussion, the motion was unanimously approved.

Commission discussed the leasing terms of the current broker for the RC Williams Building. Commission also discussed the merits of condominium-izing the building.

Commissioner Shaw stated we received a request from an agency requesting a discount for space in the building. Mr. Trego detailed the request for the five year lease. The space is priced at \$15.00 a foot. The request was for \$4.00 a foot for the first year and \$8.00 a foot for subsequent years. The agency would pay for any up-fit for the space. It also understood that the building may be sold and agreed to pay \$16.00 per foot should it be sold.

Commissioner Shaw asked the Commission for their comments regarding reduction of rents on the building. She also asked for their parameters if they were in favor of reductions. Commissioner Fowler is not in favor. Commissioner Huff is in favor. Commissioner Rogers stated he is in favor of entertaining a discounted rate.

Commissioner Huff motioned for the Commission to consider a discounted rate for public entities, as the reduced rate would aid their mission if the public entity was located in the RC Williams Building.

Mr. Miller asked if PWC leases space below market rate would it require approval from the Council. Mr. Trego stated if the Commission approved it, it would need secondary approval of Council. Additional discussion ensued.

After discussion the motion was amended to include non-profits and on a case by case basis. The amended motion was seconded by Commissioner Rogers and unanimously approved.

Commissioner Huff motioned for the CEO to respond to the two unsolicited bidders to inform them they have 30 calendar days to make an offer of \$140.00 per foot or higher that the Commission will consider. Motion was seconded by Commissioner Rogers and unanimously approved.

Commissioner Huff stated we will not discount the floor to someone if there are others who are willing to buy.

Commission discussed the request from the Economic Development Corporation (EDC). Mr. Trego stated the EDC is requesting a suite of offices on the 4th floor. It is approximately 1/3 of the floor. Commissioner Huff recommended renting the space to the EDC for \$8, \$10, \$12, \$14 and \$16 per sq. ft., per year respectively for a five year lease. Discussion ensued regarding the EDC offer.

Mr. Trego suggested once we clarify the status of the other entity that is interested in the same space, the Commission request for the EDC CEO to make a presentation to the Commission regarding his vision for the space.

Commissioner Huff motioned for the Commission to counter the EDC offer with \$8.00 per sq. ft., the first year; \$10.00, \$12.00, \$14.00, and \$16.00 per sq. ft., per year respectively. With the provision if the building is sold, he will pay \$16.00 per sq. ft. for the term of the lease. Motion was seconded by Commissioner Rogers and unanimously approved.

Ms. Fritzen affirmed the Commission still wants a RFQ for a new broker to be ready by September.

Chairwoman Shaw thanked Commissioner Huff for the in depth report and responses to her request for information.

GENERAL MANAGER REPORT

New General Counsel

Mr. Trego welcomed James P. West, PWC's new General Counsel, to the Commission.

Mr. West is a native of Washington, DC and he is a graduate of the University of North Carolina. His past experience includes energy law counsel in Washington, DC; practice within Durham's District Attorney Office; and West Law, his private practice for the last ten years. He has experience working with the North Carolina Utilities Commission (NCUC); business law; employment law; estate planning; and for PWC as their Regulatory Attorney. Mr. West is also a Certified Financial Planner. He has begun the transition process and has met with executive staff to understand their needs. He stated he is looking forward to working with the Commission and assisting however possible.

Relining of Sewer Lines

Mr. Trego stated there was a complaint at the Hope Mills Commission meeting on Monday evening regarding an odor from the sewer lines which are being relined. PWC is taking actions to seal the manholes where the smell is emanating. Staff is also looking into placing odor blockers. Mr. Trego stated the Hope Mills Commission was pleased with the steps we are taking to address the concerns of the citizens. Mr. Noland also stated the odor blockers should help. He stated there are other inhibitors they may place in the wastewater stream to help reduce the odor.

LED Lights in Downtown Area

Mr. Trego stated three different lights were tested in the Downtown Area. There was a very clear consensus on the chosen light (it was in the 200 block of Hay Street). PWC is in the process of ordering the lights and they will be in house in six to eight weeks. Mr. Trego stated when the lights are received; we will notify the City and the Downtown Alliance.

Small Business Training

Mr. Trego stated we facilitated Small Business Training, in conjunction with Diana Potts, Center for Emerging Business on yesterday. There were 40 signed up to attend and 18-20 attended. He stated this training was specific to help them know what we are looking for in a proposal. We educated them on the different types of solicitations we may request; as well as insurance and bonding. He also encouraged them to network with one another.

Though some small businesses were already signed up, Mark Cannady stated, we received several more applications after the training.

Commissioner Shaw asked if staff is tracking the vendors departments use through our call list; tracking to see if they are using the same vendors or some of the new vendors on the list. Ms. Wrench responded the Procurement Department is not necessarily tracking on a spreadsheet but are very cognizant when departments use the same recommended bidder/supplier. The Procurement Department will let the department know there are other bidders/suppliers or they may get bids on their own.

Commissioner Shaw suggested for Ms. Wrench to track the suppliers the departments are utilizing and share it with them once a quarter or twice a year. Commissioner Rogers acknowledged departments would like to engage the vendors/suppliers they know and those that have done a good job for them. He suggested that when they use suppliers and they have not done a good job, to supply feedback so the local suppliers/vendors will know how to win business with PWC.

Hurricane Matthew

Mr. Trego stated we have identified \$13.4M we are looking to get back from insurance or FEMA. We have received commitments of \$1.2M from insurance, and \$1.9M from FEMA, for a total of \$3.1M. Only \$27,000 has been rejected out of \$13.4M. The remainder is still pending. FEMA will not act until we receive a decision from the insurance company. Many times the insurance company will not act until the work is completed. He stated he is encouraged with everything we have submitted to the insurance and FEMA only a very small amount has been rejected. All the work involved in ensuring the paperwork was correct and the hiring of a consultant has paid off.

REPORTS AND INFORMATION

Commission acknowledges receipt of the following reports and information.

- A. Monthly Cash Flow Report – June 2017
- B. Recap of Uncollectible Accounts – June 2017
- C. Investment Report – June 2017
- D. Purchase Order Report – June 2017
- E. Position Vacancies
- F. Approved N.C. Department of Transportation Encroachment Agreement(s):
- G. Encr. #18271 – replacement of electric services – SR1006 nr. I-95 Exit 52
- H. Approved Utility Extension Agreement(s):
 - CJR Property Holdings, LLC – water/sewer utility ext. & service to serve Glen Eagles at Gates Four
- I. Financial Statement Recaps – As of May 31, 2017
 - Electric
 - Water/Wastewater
 - Fleet Maintenance Internal Service Fund

ADJOURNMENT

There being no further business and upon motion by Commissioner Fowler, seconded by Commissioner Rogers and unanimously approved, the meeting was adjourned at 10:32 a.m.