

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, SEPTEMBER 27, 2017
8:30 A.M.

Present: Evelyn O. Shaw, Chairwoman
Wade R. Fowler, Jr., Vice Chairman (VIA TELECONFERENCE)
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
PWC Staff

Absent: Melissa Adams, Hope Mills Town Manager
Media

CALL TO ORDER

Chairwoman Shaw called the meeting of Wednesday, September 27, 2017, to order.

APPROVAL OF AGENDA

Commissioner Rogers motioned to pull Consent Item III-C for discussion. Motion was seconded by Commissioner Huff and unanimously approved.

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

PRESENTATIONS

Special Recognition Presentation

Presented by: Evelyn O. Shaw, PWC Chairwoman

Chairwoman Shaw presented to Fayetteville City Attorney, Karen McDonald, ESQ, a Resolution of Appreciation and plaque, thanking her for providing legal support to the Fayetteville Public Works Commission since December 2013. It was noted Karen McDonald provided support spanning the appointments of seven Commissioners and two General Managers.

Ms. McDonald thanked Chairwoman Shaw and the PWC Staff. She stated she has enjoyed the opportunity to serve the Commission and appreciated the support of the staff.

CONSENT ITEMS

Upon motion by Commissioner Rogers and seconded by Commissioner Huff the Consent Items were unanimously approved, with the exception of Item C.

- A. Approve Minutes of meeting of September 13, 2017
- B. Approve bid recommendation to award bid for purchase of nine (9) 600A, 15kV Reclosers, PWC Stock No. 1-280-481, with the option to purchase additional quantities within a one-year period upon agreement of both parties to Wesco Distribution Inc., Clayton, NC, the lowest responsive, responsible bidder, in the total amount of \$106,335.00 and to forward to City Council for approval.

The nine (9) 600A, 15kV Reclosers are Electric Inventory items (PWC Stock No. 1-280-481).

Bids were received on August 22, 2017, as follows:

<u>Bidders</u>	<u>Unit Price</u>	<u>Total Cost</u>
Wesco Distribution, Inc., Clayton, NC	\$11,815.00	\$106,335.00
Anixter, Inc., Wake Forest, NC	\$11,910.00	\$107,190.00

COMMENTS: Bids were solicited from five (5) vendors with two (2) vendors responding. This is an electric inventory item last purchased in September 2004 at a cost of \$15,155.00 each. The lowest responsive, responsible bidder is recommended.

Wesco Distribution does have a store located in Fayetteville, NC; however, this order will be placed through the Clayton office which handles the larger electric utility equipment. Wesco is not certified as a SDBE.

PULLED FOR DISCUSSION

- C. *Approve bid recommendation to award bid for purchase of seven (7) Outdoor Distribution Switching Cabinets, PWC Stock No. 1-283-044, with the option to purchase additional quantities within a one-year period upon agreement of both parties to Shealy Electrical Wholesalers, Inc., Greenville, SC, the lowest responsive, responsible bidder, in the total amount of \$622,076.00, and to forward to City Council for approval.*

The seven (7) Outdoor Distribution Switching Cabinets are Electric Inventory items (PWC Stock No. 1-283-044).

Bids were received on August 22, 2017, as follows:

<u>Bidders</u>	<u>Unit Price</u>	<u>Total Cost</u>
<i>Shealy Electrical Wholesalers, Inc. Greenville, SC</i>	<i>\$ 88,868.00</i>	<i>\$622,076.00</i>
<i>Anixter, Inc., Wake Forest, NC</i>	<i>\$102,469.00</i>	<i>\$717,283.00</i>

COMMENTS: *Bids were solicited from four (4) vendors with two (2) vendors responding. This is a new inventory item. No prior purchase history is available. The lowest responsive, responsible bidder is recommended.*

Shealy Electrical Wholesalers, Inc. is not classified as a SDBE, minority or women-owned business. There are no known local vendors who can supply this equipment.

- D. Approve bid recommendation to award bid for purchase of two (2) 67KV Delta to 26.18Y15.12 KV WYE with LTC 30/40/50 MVA Power Transformers, with the option to purchase additional quantities within a one-year period upon the agreement of both parties to Pennsylvania Transformer Tech, Inc., Canonsburg, PA, the lowest responsive, responsible bidder, in the total amount of \$1,322,546.00, and to forward to City Council for approval.

The two (2) 67KV Delta to 26.18Y15.12 KV WYE with LTC 30/40/50 MVA Power Transformers are budgeted in FY2018 CIP EL34 – Fenix Substation Upgrade \$875,000; and FY2019 CIP EL37 – Murray Fork Substation Rebuild - \$850,000.

Bids were received on August 22, 2017, as follows:

<u>Bidders</u>	<u>Total Cost</u>
Pennsylvania Transformer Tech, Inc., Canonsburg., PA	\$1,322,546.00
WEG Electric Corp., Duluth, GA	\$1,451,400.00
PowerTech, LLC, Waxhaw, NC	\$1,468,880.00
OTC Services, Inc., Louisville, OH	\$1,538,450.00
Anixter, Inc., Wake Forest, NC	\$1,561,135.00
Virginia Transformer Corp, Roanoke, VA	\$1,567,210.00
Delta Star, Inc., Lynchburg, VA	\$1,593,138.00
SPX Transformer Solutions, Goldsboro, NC	\$1,621,184.00
Niagara Transformer Corporation, Buffalo, NY	\$1,704,002.00

COMMENTS: Bids were solicited from fifteen (15) vendors with nine (9) vendors responding. Delivery of these transformers is scheduled as follows. Fenix Substation – June 5, 2018; Murray Fork Substation – September 25, 2018

Pennsylvania Transformer Technology is nationally certified by the Eastern Minority Supplier Development Council. Pennsylvania Transformer will manufacture the transformers at their Raeford, NC plant.

END OF CONSENT

DISCUSSION OF CONSENT ITEM C

Commissioner Rogers stated he sent an email to staff requesting additional information on the Outdoor Switching Cabinets. He received a reply from Gloria Wrench, Procurement Manager, explaining their purpose. She also stated it is the first time we have purchased this item. Commissioner Rogers asked “why are we purchasing this new item and what were we using in lieu of it in the past”?

Jonathan Rynne, Chief Operations Officer, stated this item is basically newer technology for the same purpose we had before. His understanding of the differential is the construction of the equipment and the type of connection scheme that is inside of it (devices which are a part of it). It is something we did not purchase before in this exact configuration. What we were using before did a similar action but did it differently; through fuses or something else. This device does not use fuses. It uses circuit breakers. The newer technology required a different bid; basically abandoning the old technology.

Commissioner Rogers asked if this Outdoor Switching Cabinet is waterproof. Mr. Trego stated there is a difference in waterproof and flood proof. Mr. Rynne responded they will withstand a certain amount of flooding, but not extensive flooding.

Upon motion by Commissioner Rogers, seconded by Commissioner Huff, Consent Item C was unanimously approved.

STRATEGIC PLAN PRIORITY ACTION ITEMS UPDATE

Presented by: Jon Rynne, Chief Operations Officer – Electrical
Bobby Russell, Human Resources Officer

Mr. Trego stated toward the end of the physical year 2016 and beginning of 2017, he directed the Officers to give an update to the Commission of their Strategic Action Items. Though the strategic plan items may span several departments, he assigned an officer to lead the effort. He stated we are going through another round of updates. Reviewing what we have done so far and what has been accomplished since the last update. This will allow the Commission to make an informed decision by the end of the year regarding the type of Strategic Plan Session they want next year (full or abbreviated).

Mr. Rynne discussed the Strategic Plan Action Items for the Electric Division which includes: Evaluate Long-Term Power Supply Options; Rehabilitate Aging Infrastructure; Ensure Cyber and Physical Security.

He stated from the description of the above, the Commission has seen some progress already.

Regarding power supply options, GDS gave a presentation in the last meeting. Mr. Rynne stated we budgeted for the Consulting Services. GDS was awarded the contract through a RFQ process.

We met with power providers and our consultants. We have also meet with numerous representatives that offer a myriad of power supply options. It is ongoing now.

We are now evaluating power supply options. In the last meeting GDS gave the Commission a broad overview of how these options look and the risk versus cost model for them. This will be ongoing until we take a deeper look at our options, including a possible new RFP for power supply.

Mr. Rynne stated we are proceeding with our Community Solar Recommendation. The RFQ for design-build is in the Procurement Department now. The successful bidders are those who will design and build the entire installation at the Butler Warner plant. This is ongoing and the Commission should see some progress on this soon.

We have been going through an intensive process of inventorying, classifying and prioritizing our infrastructure, determining where we need to put our capital dollars.

He stated we are working toward replacing 100 of our sub-transmission poles each year. This is a 30 year project. There are 2093 poles. We will continue to replace the poles until we start over again in 30 years. We are also replacing poles through the DOT projects, some replacements are driven by road widening and so on.

Mr. Rynne stated our substation upgrades continued. Through our capital improvement project, we will complete POD 2 this fiscal year. The outage for it is coming up very soon due to the final work on the POD. We are working on the Lafayette Village, Fenix II and Murray Fork stations also.

He reported we are adding additional capacitor banks. We are looking at the system, figuring out where we need voltage support in order to get the most out of the system itself and have the least reduction in losses on the system. Also it will supplement our voltage reduction project which helps us to control our power supply cost by reducing our peak demand.

We have increased our capital budget for our underground cable replacement. There has been a \$640,000 investment in new equipment. We are re-tasking some of our crews that are in the line construction area towards doing underground work. We have outfitted them through a capital needs for new equipment in order to do more underground replacement.

Mr. Rynne went on to state we have 1,150 miles of underground cable on our system and it has a certain lifespan. We want to ensure we identify the oldest and the cables which have had the most faults on them and systematically replace them before they fail so we can maintain the reliability of the system. We also want to have a structured plan to replace them. We will break up the replacement in different fiscal years to manage the cost.

Regarding Cyber and Physical Security, Mr. Rynne reported we finished up a security camera upgrade in all of our substations this year. We installed fiber-optics, new cameras and a lot of other improvements to monitor those substations.

We completed an inherent risk assessment with SERC in June of 2016. We looked at the applicability of PWC being a distribution provider and a transmission owner. We are

working with SERC to remove us from being classified as a transmission owner. This will limit the amount of reporting we need to do with SERC.

We are still participating in the NERC Alert System and we are receiving the Homeland Security Updates.

Mr. Rynne commented on PWC's Self Reporting. One was through a guided assessment and the other was through a spot check from SERC. In both cases PWC identified what we thought were possibly a deficiency in our compliance with the different standards that were there. We reported the deficiency and our proposed and enacted mitigation to each. SERC has been very accepting of our proactive efforts. To date we have not seen any fines or punitive actions because of our proactive actions.

Mr. Rynne responded to Commissioner Shaw's question regarding underground cables. She asked if the 1,150 miles of underground cable is spread out throughout our service territory. He responded yes. He also stated many of the new subdivisions are completely underground. Typically you will see the overhead system being the main trunk system and the underground coming off of it and feeding the subdivision, neighborhood or commercial development. We use underground to have an aesthetic look so there are not poles all over the installations or neighborhoods. She asked if that negates the need for the big transmission poles on the corners. Mr. Rynne responded no. We do not have underground for the transmission network. He stated it is very cost prohibitive. Underground at the transmission level is about 10 times the expense of what overhead is. The constraints are the same with both and they have the same lifespan. In the transmission world you would want to replace one before it fails.

Commissioner Shaw asked Mr. Rynne if we are adding the additional capacitor banks so we will not have surges or brown outs. Mr. Rynne responded the capacitor banks provide voltage support on the distribution system. He stated depending on how the system was configured and the load on it, you may see a particular circuit because of the loading on it, pull the voltage level down at a certain area. In order to improve the performance you place capacitor banks strategically where you need to improve the voltage level. He stated what it does is better our voltage and decrease our power loss.

Mr. Trego stated we have a service requirement to provide certain voltage to the home. There could be a chance that the voltage to the last home on the line can go below the threshold. He stated we have two options. We can boost it at the source which means we would have to buy more power from Duke or we can place a control in there which allows us to boost it midway on the line. More discussion continued regarding the next phase of AMI meters which allows PWC to see the voltage at particular customers' homes to ensure we are providing the required voltage to them.

Commissioner Rogers asked how many sub-transmission poles have we replaced so far. Mr. Trego stated we are in the fifth year of replacing them and have replaced between 400-500 poles. He stated we had a mix of poles (very old steel, wooden and concrete). The new poles are state of the art technology. In the first couple of years, we inspected all our sub-transmission poles. If any were at risk, we targeted them first. Now we are replacing whole

sections. Commissioner Rogers asked how many of the remaining poles are at risk in a basic hurricane. Mr. Trego stated in the last few hurricanes, we have not had any transmission poles to fail. He stated this is because we inspected the poles to see which were at risk and replaced them first.

Commissioner Shaw thanked Mr. Rynne for the Strategic Priority Action Items Update for Electric.

Bobby Russell, Human Resources Officer provided an updated on the Strategic Priority Action Items within the Human Resources Department.

He stated the Action Items within the HR community are:

1. Conduct pay study to evaluate pay scale. Review longevity
2. Offer pay and benefits to attract hard-to-fill positions. Educate COF regarding different needs at PWC
3. Expand in-house training capabilities – prepare employees for future PWC job requirements.
4. Facilitate talks between FTCC & Nash CC to offer classes under the existing line worker program.
5. Expand succession planning further into organization.
6. Evaluate human resources policies set by Board
7. Ensure employee workloads are manageable throughout PWC

Mr. Russell stated HR conducted a compensation review with the Hay Group. We completed the pay study and put it into place. This item is completed.

Mr. Russell stated our benefits platform is very competitive when it comes to the private sector. Medical, dental, the major benefits as well as LGERS benefits make it very attractive to secure and retain employees. We continue to consult with our benefits committee in an effort to keep us in a competitive position when we are seeking to fill hard to fill jobs. He stated from a City of Fayetteville standpoint, the needs we have and the needs they have in this area are different. Mr. Russell stated we have educated them on the regards of what we do differently. He stated we continue to have hard to fill positions because of the Oracle platform we have. These skills are in high demand throughout the country.

Mr. Russell stated PWC has implemented the pay scale recommendations. We have shifted the pay scales to reflect an external market salary. He stated we are moving right along with the pay study, though every day is a challenge.

Mr. Russell stated we have expanded the in-house training capabilities, preparing employees for future opportunities. We have implemented an apprentice type program within our substations. We have just signed off on a progression plan within our engineering department. We have some employees going to AWWA classes. External vendors have come in to give presentations pertaining to workplace laws for supervisors and managers. Some supervisors are going to CAI for supervisor level training. Leadership development training is taking place in house as well. We have a lot of training elements taking place to

get employees ready for future opportunities. We offer an educational assistance program within our portfolio as well.

Mr. Russell stated PWC has partnered with Fayetteville Technical Community College. Their representatives have been to Nash Community College as well as Forsyth Community College to speak to them about their lineman curriculum. Mr. Trego, Mr. Russell and Commissioner Huff met with FTCC representatives a few weeks ago to talk to them about beginning a lineman curriculum that will prepare external candidates to come into PWC at a Ground Worker level within our Electrical Construction Department. They have tasked us to help build the curriculum. Marc Tunstall, our Construction Manager, has accepted the task to help develop the curriculum that FTCC will use to get external candidates ready for these types of vocational jobs within PWC.

Mr. Russell stated PWC also met with Fort Bragg representatives last week to tap into the market of soldiers who are transitioning out of the military and want to get into a vocational arena and they want to utilize FTCC to do so. Fort Bragg also has within their structure an opportunity of a worldwide recruitment portfolio through FTCC where we can attract military personnel throughout the whole world. We can relocate them here and they can work with PWC in particular jobs we have available within our workplace.

Mr. Russell stated we also met with Robeson County Community College and they are ready to go. We certainly want to give FTCC the first opportunity because they are right here, however, our second alternative is to go with Robeson County Community College.

Mr. Russell stated we have expanded the Succession Plan further into the workforce. We have identified the hard to fill type positions and placed them within our succession plan. We have allowed employees to self-elect the desired career positions they would like to see themselves into. We are doing follow-up with them to build their career plan to get them ready for that career opportunity. We have completed the succession plan for officers, direct reports and supervisory positions. We have a chart that is extensive and we are working the organizational chart with the succession plan so we can have the future leaders in place within the organization. He stated it is encumbered on those of us within this room to ensure they are ready to assume our roles when we step out of them.

Mr. Russell stated with the help of our General Counsel, they are reviewing the HR policies set by the Commission. He stated one of the new policies they have already put in place is the Work Flexibility Policy. He stated the major focus is to keep the productivity within the organization.

Mr. Russell stated another focus is to ensure the workers' workload is manageable. This action plan is ongoing. A lot of the departments within PWC are changing; the structure is changing and job descriptions are being reviewed. Also when a vacancy occurs the manager takes a look the job description as well as the structure of his organization to ensure they are continuing to get the work done and getting it done effectively and efficiently.

Mr. Russell stated we also look and focus on safety. We have a Safety Committee within PWC. Typically, each department has a representative on the Safety Committee. Our safety

accomplishments have been great. We have attained over 5M Safe Work Hours. He stated we have slipped in the last couple of years with lost time accidents that have occurred. We have redirected our focus on issues that have occurred on a week to week basis. One of them is 'backing'.

The Safety Committee, led by Tim Stankiewicz (President), Rhonda Locklear (WW Laboratory) and Courtney Lucas (CC&R) has produced a Safety Video on 'Backing'. Mr. Trego stated though we have a library of safety videos, the safety committee created this updated video on backing, which is completely produced by PWC and stars PWC employees.

Ms. Justice Hinson played the video for the Commission. Mr. Russell stated this video will be shown to all employees throughout PWC. The Safety Committee will create other videos to address safety concerns within PWC.

Following the video, Mr. Russell and Mr. Trego responded to questions from the Commissioners regarding the in-house/outside training budget and other benefits offered to employees. The Commission and staff also discussed PWC's Succession Planning.

Chairwoman Shaw thanked Mr. Russell for providing an update to the Human Resources Action Plan.

FAYETTEVILLE CUMBERLAND ECONOMIC DEVELOPMENT CORPORATION LETTER OF INTENT TO LEASE SPACE IN THE RC WILLIAMS BUILDING

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

Mr. Trego reminded the Commission that Fayetteville Cumberland Economic Development Corporation sent a letter to Commissioner Shaw several months ago expressing interest in renting a portion of the fourth floor of the RC Williams Building. Due to their budget and the nature of the work they do, they requested for consideration to be given by the Commission for a reduced or step rate over a period of time. Also, during this time others expressed interest in buying the entire building or a floor in the building. The Commission voted to put the EDC decision off for 30 days to determine if there was interest in purchasing or condominium-izing the building. Mr. Trego stated no one came forward.

Mr. Trego went on to state we received an offer through a Letter of Intent from the EDC. He stated the Commission set the parameters or guidelines for an offer the Commission would be willing to consider from the EDC. It was a step rate, beginning at \$8.00 per sq. ft. in the first year, increasing to \$10.00 in the second year and so on until the fifth year with a rate of \$16.00 per sq. ft. The EDC would also be responsible for any up-fits to the space, other than maintenance. The Commission also wanted to have a clause in the lease that if the building were to sale before EDC's lease is over, the rate would automatically increase to \$16.00 per sq. ft. (the current market rate). They have agreed to all the Commission's requirements.

The EDC has requested roughly a third to half of the fourth floor of the RC Williams Building. Mr. Trego stated if the Commission decides to move forward, he is requesting to be authorized to sign the Letter of Intent, which is unbinding but says we will move toward final resolution in obtaining a lease.

He stated he has already consulted our attorney and determined the issue falls under Section 6A-7(7) of the Charter of the City of Fayetteville, and requires City Council approval because it is a contribution in support of economic development. The Commission cannot move forward on such without City Council approval.

Commissioner Rogers motioned and Commissioner Huff seconded to move forward, allowing Mr. Trego to sign the Letter of Intent from the EDC and the same to be sent to City Council for approval. The motion was unanimously approved.

Mr. Van Geons, Director of the FCEDC thanked the Commission.

GENERAL MANAGER REPORT

RC WILLIAMS BUILDING

Mr. Trego stated he had another item related to the RC Williams Building. We have leased space in the building on the third floor to the Veterans Assembled Electronics Group. They train veterans to enter into the electronics field. They rented approximately 3,600 square feet. He stated we are now 72% occupied which does not include the potential space EDC will lease. The Veterans Administration has indicated they may not extend their current lease.

PUBLIC POWER WEEK

Next week is Public Power Week. Mr. Trego stated he has been asked to speak at the Fayetteville Rotary next week and he will promote public power and PWC's value in the community.

PWC Day is next week also. We have a very good program planned with a very good cross section of leaders within the community planning to attend.

Sunday will be the Taste of Fayetteville event. It will be held in Festival Park. Several of our line-workers will be on hand to do demonstrations.

HURRICANE IRMA

Mr. Trego stated our crews are back from Florida offering assistance in Fort Meade. We had crews from all over North Carolina to go south to assist in the relief efforts. They had challenges but they were able to help get the power back on. Mr. Trego also stated Steve Blanchard, former PWC CEO, went to Florida to volunteer. He was there representing

ElectriCities, offering his time and support. Carolyn Justice Hinson stated we have a gallery of photos on our Facebook page and Steve Blanchard supplied a lot of them

POWER SUPPLY OPTIONS

Mr. Trego stated at our last meeting, GDS gave a presentation on the options regarding our power supply options. The next day, Governor Cooper delayed his decision to approve the Atlantic Coast Pipeline for 90 days. A lot of our decisions are based on whether the Atlantic Coast Pipeline is built.

Mr. Trego stated the Governor's decision more than likely will not impact the analysis GDS is doing. They are planning to do an analysis with and without the pipeline. If the Governor does not respond until December, we may hold off on the presentation to the Commission which is planned for December.

Mr. Trego stated, in his opinion, having increased natural gas not only helps PWC but it runs very close to a lot of potential industrial development sites.

ELECTION OF OFFICERS

Mr. Trego reminded the Commission they will elect a new slate of officers at the next meeting and Commissioner Rogers will be sworn (affirmed) for a second term.

NEW CCR EMPLOYEE

Ms. Justice-Hinson introduced Lamont Hinson to the Commission. He has recently joined the PWC Communications/Community Relations Team. Mr. Hinson thanked PWC for the opportunity to work here and stated he feels he has already had the opportunity to contribute to the team.

RETIREMENT

Mr. Trego announced Gloria Wrench has decided to retire. He stated she will celebrate 30 years at PWC in December and she will also retire in December.

COMMISSIONER COMMENTS

Commissioner Rogers inquired about the water tower on Andrews Road. Mr. Noland stated the tank is under construction. It should be in operation shortly. The construction on the water main should begin in a month or so. It will add redundancy and reinforce the system. Construction should last 6 to 9 months.

Mr. Noland reminded the Commissioners that this project is the same that the residents were concerned about having the pipes in their backyard. There were no other options available, so the water main will have to be installed within the easements we have. He stated residents were notified and were paid for some of the inconvenience they will have during the construction.

Commissioner Shaw asked for a clearer understanding of PWC's exposure, if any, to the pipings/mains going through the lakes (dams). There has been discussion between citizen forums and council. There has been suggestion as we run them across there is some liability. Staff will respond at a future Commission Meeting.

REPORTS AND INFORMATION

- A. Monthly Cash Flow Report – August 2017
- B. Recap of Uncollectible Accounts – August 2017
- C. Investment Report – August 2017
- D. Purchase Order Report – August 2017
- E. Position Vacancies
- F. Actions by City Council during meeting of September 11, 2017, related to PWC:
 - Approved Bid Recommendation – Purchase of one (1) 86,000 GVWR Heavy Haul Transfer Truck
 - Approved Bid Recommendation – Purchase of 35,000 GVWR Cab and Chassis with a 6-Cubic Yard Dump Body
 - Approved Phase 5 Annexation Areas 20 and 21 Utility Improvement Project
 - Approved Appointment of Commissioner Darsweil Rogers to a second term.

ADJOURNMENT

There being no further business, upon motion by Commissioner Rogers, seconded by Commissioner Huff and unanimously approved, the meeting was adjourned at 9:35 a.m.