

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, FEBRUARY 11, 2015
8:30 A.M.

Present: Michael G. Lallier, Chairman
Lynne B. Greene, Vice Chairman
Wade R. Fowler, Jr., Secretary
Darsweil L. Rogers, Treasurer

Others Present: Steve Blanchard, Interim CEO/General Manager
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
Commissioner Glenn Adams, County Liaison
Mike Adcox, American Heart Association 2015 Regional Chairman
Tina Wise, Doctors Direct Healthcare
M. Gray Styers, Jr., Styers & Kemerait, PLLC
Scott Fry, Mycoff, Fry & Prouse, LLC
PWC Staff
Media

Absent: James Arp, Council Liaison
Mike Bailey, Hope Mills Liaison
John Ellis, Hope Mills Liaison

Chairman Lallier called the meeting of February 11, 2015, to order.

Presentation of the PWC's 4 Million Safe Hour Award

*Presented by Andrew Dunlap, PWC Manager of Safety, Organizational
Development and Training*

Andrew Dunlap, Manager of Safety, Organizational Development and Training presented to the Commission on behalf of PWC Employees the Department of Labor the award for working 4 million safe hours without a lost time injury. The Award covers November 11, 2011 thru December 8, 2014.

Mr. Dunlap stated we achieved this award due to the efforts of the PWC employees in the field, in the office, in the lab, at the plant and in the shop on a daily basis. He stated PWC has a commitment to thinking and acting safely, which is the reason we have achieve this excellent milestone. It takes working safe, one day at a time, one task at a time. It requires diligence in every task, from the most simple to the most dangerous. Mr. Dunlap went on to say the credit is due to all PWC employees and their efforts in protecting themselves and fellow workers.

Mr. Dunlap also thanked the Commissioners in supporting PWC's efforts in promoting a safe culture within PWC. Mr. Dunlap presented the PWC Commissioners with a paperweight commemorating 4 million safe hours. And he challenged PWC to go on to achieve 5 million safe hours worked with no lost time injuries.

Chairman Lallier accepted the award on behalf of the PWC Commission and thanked Mr. Dunlap.

Presentation of the American Heart Association Fit Friendly Worksite Platinum Achievement Award

*Presented by: Ike Copeland, PWC Manager of Legal Services
Mike Adcox, American Heart Association 2015 Regional Chairman*

Mr. Adcox, American Heart Association 2015 Regional Chairman, presented to PWC the Platinum Fit Friendly Worksite Achievement Award. Mr. Adcox stated it is the only Platinum Award in this region.

Mr. Adcox commended PWC for their efforts in providing a fit friendly workplace. He stated PWC is the leader in the region for providing a fit friendly workplace, health benefits and healthy options for meals. He commended PWC for all that is offered to employees and all that PWC allows its employees to do. Mr. Adcox went on to state that PWC's example will be utilized across the region.

Chairman Lallier accepted the award on behalf of PWC and thanked Mr. Adcox and his team for joining PWC and stated this award shows a culture of fitness and good health and taking care of people.

Approval of Agenda

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

Consent Items

Upon motion by Commissioner Greene, seconded by Commissioner Rogers, the following Consent Item was unanimously approved:

A. Minutes of Meeting of January 28, 2015

Update on Changes to the PWC Medical Plan Healthy Living Program

*Presented by: Tina Wise,
Doctors Direct Healthcare*

Tina Wise, Doctors Direct Healthcare, updated PWC Commissioners on the PWC Medical Plan Healthy Living Program. Ms. Wise gave a history and progression of the Healthy Living Program.

In order to participate in the PWC Healthy Living Incentive Program, employees currently are required to complete the following by July 1st.

1. Know Your Numbers Screening
2. Review Results with Personal Physician
3. Attend one Education Class

Ms. Wise reviewed health risks and disease risks among PWC employees. She stated as she analyzed 4 years of data, there are 40% of employees who are improving. Sixty percent of employees are either already healthy or are not actively engaged in the program.

Ms. Wise recommended the following changes to the Healthy Living Incentive Program.

1. Know Your Numbers Screening
2. Review Results of Know Your Numbers with Personal Physician and Encourage Employees to Complete Annual Physical
3. Complete On-going Coaching with Nurses

Tina Wise informed the Commissioners the recommended changes do not require additional funding. The changes are intended to help the employees to decrease their risk factors. The changes are activity based and are not punitive based. Employees are encouraged to participate throughout the year in decreasing some of their risk factors. As long as the employees are continuing to work on their goals they will keep their incentives. Discussion ensued.

Chairman Lallier clarified that the new model allows the employee to participate wholly or not at all in the \$120.00 incentive plan. Bobby Russell confirmed that it is all or nothing.

Chairman Lallier asked Tina Wise if there are stats on best practices from other employers. Ms. Wise stated that other employers who use this model have experienced engagements above 70% all year long and their metrics improve across the board. Discussion ensued.

Following discussion, upon motion by Commissioner Rogers, seconded by Commissioner Greene, the Commission unanimously approved to accept the following as it relates to the next fiscal year's (FY2015-2016) Medical Plan Healthy Living Program

- Accept staff's recommendation to adopt the new 3-phase participatory Voluntary Health Plan for healthy lifestyle behaviors to qualify for the additional Wellness Incentive Program (\$120 monthly additional credit).
- Accept staff's recommendation to allow employees opting out of the medical plans to participate in the 3-phase participatory Voluntary Health Program for healthy lifestyle behaviors to qualify for the additional Wellness Incentive Program (\$120 monthly additional credit).

Six Month Financial Recap (July 2014 – December 2014)

Presented by: Dwight Miller, PWC Chief Finance Officer

Dwight Miller, Chief Finance Officer, reviewed in brief (due to available time) the preliminary six month financial recap for the period ending December 2014. For electric, sales are \$115 million. Power supply costs are less than last year and less than the budgeted amount. Available operating revenues are just over \$39 million. Operating expenses are

\$21.2 million. This amount is less than last year and under budget. Operating results for the electric utility are just over \$18 million.

Commissioner Rogers asked staff to explain power supply and function of energy costs and why operating expenses are lower. Mr. Trego, Chief Officer of the Electric Division explained the variance in the weather which impacted expenses. Discussion ensued.

Mr. Miller also noted medical costs have decreased considerably and it has been difficult to analyze our costs at this point. More discussion ensued.

Mr. Miller reviewed purchased power, per kilowatt and megawatt hour cost.

Water sales increased to just under \$4.1 million which are reflected in our revenues at just under \$40 million. Operating expenses are \$34 million, almost \$2 million under budget. Operating results for the water utility are \$5.8 million.

Mr. Miller also gave results for capital expenses, interest expenses and bad debts. Mr. Miller explained the reason for the bad debt increase.

Chairman Lallier asked if PWC has the ability to offer alternate billing for the new meters we have installed so far or do we have to wait until all are installed. Mr. Miller stated we have to wait until all are installed. Chairman Lallier then asked if it is because we do not have the capability or because of a business decision.

Mr. Miller stated he was not very familiar with the AMI portion and deferred to Mr. Brown or Ms. Fritzen. (Discussion ensued.)

Chairman Lallier asked for staff to investigate if it is possible to offer flexible due dates to customers to possibly decrease bad debts and report back to the Commission.

Fleet Maintenance Services – City/PWC - just over \$3 million and \$1.1 million respectively. Net revenues are \$380,000.

Operating reserves are 123 days. The electric system is above 120 days and the water system is below 90 days.

Chairman Lallier thanked Mr. Miller for the 6 Month Recap Report.

General Manager Report

Due to time constraints there were no updates by Steven Blanchard, Interim CEO/General Manager

Comments

Chairman Lallier acknowledged Commissioner Adams who offered the following remarks.

Commissioner Adams thanked the PWC Board and Mr. Noland in particular. Mr. Noland attended the County Commission's Board Meeting and represented Fayetteville Public Works Commission very well. Mr. Noland gave valuable information which allowed the

County Commissioners to draft a resolution concerning the IBT Interbasin Transfer Agreement. On behalf of the County, Commissioner Adams thanked Mr. Noland.

Reports and Information

The Commission acknowledges receipt of the following reports and information.

- A. Monthly Incident Summary for January 2015
- B. Personnel Report for January 2015
- C. Position Vacancies
- D. February Wholesale Power Cost Adjustment
- E. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 17979 – Water Main Installation – SR2238 (Sand Hill Rd.)
 - Encr. #17980 – Bore Holes on Existing Utilities – SR2299
- F. Actions by City Council during meeting of January 26, 2015, related to PWC:
 - Authorized the Fayetteville Public Works Commission Chairman and Secretary to Execute Contracts for the LED Street Light Conversion Project – FY2015 and Water Main Rehabilitation Work for FY2015
 - Approved Resolution Opposing the Proposed Interbasin Transfer (IBT) Certificate Modification for the Towns of Apex, Cary and Morrisville and Wake County (For RTP South) Alternative 2A
- G. November 2014 Financial Statement Recaps

Closed Session as allowed under N.C. General Statutes 143-318.11(a)(3) & (6) to discuss the pending litigation on the request for declaratory rulings and personnel issue

Chairman Lallier entertained a motion to go into closed session for legal matters to discuss the pending litigation on the request for declaratory rulings and personnel matters as allowed under N.C. General Statutes 143-318.11(a)(3) & (6).

Upon motion made by Commissioner Rogers and seconded by Commissioner Fowler, the Commission unanimously voted to go into closed session at 9:11 a.m. as allowed under N.C. General Statutes 143-318.11(a)(3) & (6) to discuss the pending litigation on the request for declaratory rulings and personnel issue.

Following discussion, upon motion made by Commissioner Fowler and seconded by Commissioner Rogers, the Commission voted to return to open session at 12:02 p.m.

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Rogers and unanimously approved, the meeting was adjourned at 12:02 p.m.