

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, APRIL 16, 2014
2:00 P.M.

Present: Michael G. Lallier, Chairman
Wick Smith, Vice Chairman
Lynne B. Greene, Secretary
Darsweil L. Rogers, Treasurer

Others Present: Steve Blanchard, CEO/General Manager
James Arp, Council Liaison (via Conference Call)
Chalmers McDougald, Council Member, District 4
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
Jay Reinstein, Assistant City Manager
Lisa Smith, Chief Finance Officer, City of Fayetteville
PWC Staff

Absent: Billy King, County Liaison
John Ellis, Hope Mills Liaison
Mike Bailey, Hope Mills Liaison

Chairman Lallier called the meeting of April 16, 2014 to order.

Approval of Agenda.

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

Consent Items

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

- A. Minutes of meeting of April 2, 2014.

Review Proposed Operating Budget for Fiscal Year 2014-2015

The proposed operating budget for Fiscal Year 2015 was presented to the Commission by Dwight Miller, Chief Financial Officer.

Mr. Blanchard updated the Commission on changes to the FY 2015 CIP Budget that was presented to the Commission on April 2, 2014. He stated five projects were moved from the operating fund to the Bond fund, totaling \$5,161,400. Mr. Blanchard stated with these changes, the total CIP Budget changed from \$64,374,000 to \$59,212,600 for FY 2015.

Prior to reviewing the FY 2015 Operating Budget, Mr. Miller informed the Commission that PWC again received for the 19th consecutive year the Distinguished Budget Award from the Government Finance Officers Association. He congratulated and thanked Donna Lopes, Budget Manager and Lisa Buffaloe, Budget Analyst for their work each year preparing the budget document and for receiving this distinguished budget award. Mr. Miller reviewed in detail by PWC divisions the proposed PWC FY 2015 Operating Budget. The Commission was informed the recommended Electric Fund budget totals \$244,113,270, the Water/Wastewater Fund budget totals \$111,025,830 and the Fleet Maintenance Internal Service Fund Revenue totals \$9,114,300 which represents a total recommended Budget for FY 2015 in the amount of \$364,253,400 as compared to the FY 2014 budget in the amount of \$353,882,200. The FY 2015 budget also includes a transfer to the City of Fayetteville in the amount of \$12,527,800. Discussion ensued. Mr. Miller and Mr. Blanchard responded to questions from the Commission pertaining to the FY 2015 operating budget. Chairman Lallier commented in regards to the methodology used in determining costs for the Purchasing and Fleet Maintenance agreements between PWC and the City, he would like for Mr. Blanchard to provide an update/presentation to the Steering Committee at their next meeting scheduled for April 24th regarding this subject. He also recommended discussions begin on rates (water/sewer) after the budget is approved. For clarity, Chairman Lallier and Commissioner Smith also asked staff to add footnotes to explain the changes on the budget summary sheets. Chairman Lallier also stated he would like an update on the new sales tax formula (from 3% to 7%) that takes effect in July once staff receives clear guidance from the State regarding the change in the sales tax formula. He requested staff to also compare PWC's late payment fees to what other utilities charge.

Mr. Blanchard and Mr. Miller addressed salary adjustments for employees. The Commission was informed the recommended budget includes a 2.5% allowance to be used in the formula to calculate performance increases in pay for employees. The recommended 2.5% allowance includes the consumer price index (CPI) and merit adjustments. It was noted that once the 2.5% is calculated in the formula and then applied for the year, because of the staggered evaluation periods; the total impact on salaries in the budget is about 2%. The Commission was reminded that employees are evaluated during their anniversary month and any pay adjustment is based on their job performance. Mr. Blanchard also commented that the number of authorized positions approved by the Commission is 629 and that no additional positions have been requested at this time. Staff responded to questions from the Commission.

Chairman Lallier stated the Commission had originally scheduled to adopt the budget at the April 23, 2014 Commission meeting, which is a week later than anticipated due to budget software issues. He stated the Commission has a couple of options – continue until the April 23, 2014 Commission meeting to vote on the budget or if the Commission is satisfied with the recommendation and final product and want to benefit the City and get the PWC budget to them early, the Commission can choose to pass the budget today. Chairman Lallier also stated at the next meeting staff will be presenting the employee benefit changes for Commission consideration. He stated if the Commission chooses to vote on the budget today, the April 23, 2014 meeting can be delayed which would give staff additional time to prepare for the employee benefit presentation. Chairman Lallier said he felt it would be beneficial for staff to meet with the Commission prior to the next meeting to discuss the medical benefit changes. Mr. Miller stated he would schedule meetings with the Commission to review recommended changes to the medical plan. In summary, Chairman Lallier stated the Commission has the following options: (1) adopt the budget today and send it to Council and (2) reschedule the April 23, 2014 meeting to April 30, 2014. Commissioner Smith stated since the changes to the budget are minor, he would personally like to proceed with approving the budget today and send to the City so they would have full opportunity to review the budget. Commissioners Greene and Rogers were also in agreement to proceed with approving the budget today.

Following discussion, upon motion by Commissioner Smith, seconded by Commissioner Rogers, the Commission unanimously approved the FY 2015 PWC Budget Ordinance as presented and authorized staff to forward the Budget Ordinance to City Council for adoption in their budget. (See FY 2015 Budget Ordinance on Page _____ of Minutes)

Upon motion by Commissioner Rogers, seconded by Commissioner Greene, the Commission unanimously approved to reschedule the April 23, 2014 Commission meeting to Wednesday, April 30, 2014 at 3:00 p.m.

The Commission commended staff for their dedication and hard work in preparing this budget.

General Manager Report

- ⇒ The Safety Luncheon to celebrate PWC employees achieving 3 million hours without a lost time injury is planned for April 23, 2014 at 11:30 a.m. Commissioners are invited to attend. NC Department of Labor Commissioner Cherie Berry will also be present for the celebration.
- ⇒ Annual PWC Employee Picnic will be held on Saturday, April 26, 2014 from 11:00 a.m. – 3:00 p.m. at Paradise Acres.
- ⇒ Dogwood Festival is April 26, 2014. PWC will have a booth.
- ⇒ May is existing industry appreciation month and PWC will be recognizing our local industry. On May 15th PWC will host the Chamber Breakfast at 7:30 at Highland Country Club.

Reports and Information: The Commission acknowledges receipt of the following reports and information:

- A. Monthly Incident Summary for March 2014.
- B. Personnel Report for March 2014.
- C. Position Vacancies
- D. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - ⇒ Encr. #17791 – sewer main installation – SR-1104 (Strickland Bridge Road)

E. Actions by City Council during meeting of March 31, 2014, related to PWC:

- ⇒ Accelerated Phase V Annexation Scheduling
- ⇒ Discussed alternative funding methodologies for Phase V Annexation
- ⇒ Call Center Update

F. Actions by City Council during meeting of April 7, 2014, related to PWC:

- ⇒ Purchasing Overview
- ⇒ Update on PWC Fiber Network Operational Summary

Comments:

⇒ Commissioner Smith:

- Thanked the budget staff for their diligent work and the backup information associated with the budget.
- He was on a conference call yesterday with APPA and their Washington Delegation. They are monitoring legislation both in the House and Senate. None of the budget bills that are being presented had anything relative to municipal bonds and the chance of taxation there. They will continue to monitor legislation.

Closed session for legal consultation as allowed by NC General Statutes 143-318.11(a)(3)

Chairman Lallier entertained a motion to go into closed session for legal consultation as allowed under N.C. General Statutes 143-318.11(a)(3).

Upon motion made by Commissioner Smith and seconded by Commissioner Greene, the Commission unanimously voted to go into closed session at 4:50 p.m. as allowed under N.C. General Statutes 143-318.11(a)(3).

Following discussion, upon motion made by Commissioner Greene and seconded by Commissioner Smith, the Commission voted to return to open session at 5:56 p.m.

There being no further business, upon motion by Commissioner Greene, seconded by Commissioner Smith and unanimously approved, the meeting was adjourned at 5:56 p.m.