

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, JANUARY 13, 2016
8:30 A.M.

Present: Darsweil L. Rogers, Chairman
Wade R. Fowler, Jr., Vice Chairman
Michael G. Lallier, Secretary
Evelyn O. Shaw, Treasurer

Others Present: David Trego, CEO/General Manager
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
James Arp, City Council Liaison
PWC Staff

Absent: Kenneth Edge, County Liaison
Mike Bailey, Hope Mills Liaison
John Ellis, Hope Mills Liaison
Media

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, January 13, 2016 to order.

APPROVAL OF AGENDA

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

CONSENT ITEMS

Upon motion by Commission Shaw, seconded by Commission Fowler, the following Consent Items were unanimously approved.

- A. Approve Minutes of meeting of December 9, 2015
- B. Approve Resolutions Authorizing Condemnation To Acquire Certain Property Rights For Permanent Easement (See page _____ of Minutes)

The following addresses require condemnation to acquire certain property rights for permanent easement in order to complete Phase V, Areas 17-19.

1. 7319 Hyannis Drive
2. 1313 Chilton Drive
3. 6598 Vineyard Drive
4. Lake Trail Drive

UPDATE ON "CONNECT" PROGRAM (Advanced Metering Infrastructure/Smart Grid)

*Presented by: Susan Fritzen, PMP, Chief Corporate Services Officer
Paula Shambach, PMP, Corporate Development Manager*

Susan Fritzen, Chief Corporate Services Officer and Paula Shambach, Corporate Development Manager updated the Commission on the "Connect" Program.

Ms. Fritzen provided an overview of the program, which involves a communications network and meters which works in conjunction with the new software systems. She stated once the advanced electric and water meters are installed, data flows through a communications network at the base stations. Data then goes through the RNI (Regional Network Interface) and then to the Meter Data Management system (MDM). Data flows to the Customer Care and Billing system which creates the bills.

Ms. Fritzen stated the program's objectives for the AMI electric meter functionality are: receive interval data; remotely connect and disconnect services; remotely read meters; detect tampering and meter theft; monitor voltage and detect outage and monitor power quality.

Ms. Fritzen stated data is gathered once a month on the older AMR meters by staff driving by the address and reading the meter. With the new AMI meters, data can be gathered hourly and in some cases every 15 minutes remotely from the office.

Commissioner Rogers requested for staff to explain 'power quality monitoring'. Reggie Wallace, Electric Systems Chief Officer explained power quality monitoring is how pure the power is being delivered to the customers. Discussion ensued.

The program's objectives for the AMI water meter functionality are: receive interval data; leak detection; tamper detection and meter theft detection.

Ms. Fritzen stated security was a concern when they laid out the program objectives and security standards needed to be adhered to. Reliability was also a concern. She stated one of the reasons the current vendor was chosen is the vendor only has 20 communications towers which covers the entire area whereas others had 100s. We have the reliability with less equipment.

The project is in phases. Phase 1 (January 2014 thru June 2017) consists of building the advanced infrastructure: towers, fiber, communications and installation of 181,978 AMI meters (83,946 electric and 98,032 water).

The field infrastructure is completed. There are twenty base station locations. Fourteen are located in the substations; five are located on the water towers and one is located at Lake Rim School.

Paula Shambach provided an overview of the deployment of electric and water meters. She stated electric commercial meters will read at 15 minute intervals. Residential electric and all water meters will read at 60 minute intervals.

Before AMI, the number of reads was 2.2 million per year. After AMI installations are complete, the numbers of reads per year will be 1.9 billion. Ms. Shambach stated they are working very closely with the IS team to be prepared for the increased data collection.

She stated as of the end of FY16, 78% of electric meters and 76% of water meters are scheduled to be deployed. Ms. Shambach stated as of now we are on track to meet these goals. Approximately 6,400 electric meters are installed per month. We are 67% completed with 33% remaining. Approximately 8,800 water meters are installed per month. We are 58% completed with 42% remaining.

Commissioner Rogers asked where and how will the data be stored. Paula Shambach stated PWC will keep the active data for three years and data will be stored onsite and not on the cloud. Additional data will be stored for an extended period of time and can be retried when needed. Discussion ensued.

Ms. Shambach stated AMI meters are installed by PWC staff as well as subcontractors. She stated large meters and sensitive accounts are handled by PWC. Discussion ensued.

The original program cost which was submitted to City Council on September 3, 2013, is \$62.9 million and Ms. Shambach stated the program is within budget.

Phase 1 – Infrastructure & meters	\$46.7 Million
Phase 2 – Distribution automation & water remote functionality	\$ 8.0 Million
Subtotal	\$54.7 Million
Contingency (15%)	\$ 8.2 Million
ESTIMATED TOTAL PROJECT COSTS	\$62.9 Million

Ms. Shambach detailed the contact costs. She stated we are utilizing two vendors, Sensus USA and Landis & Gyr. There has been two change requests for (\$1,101,865) and \$5,500 respectively. The reduction was due to PWC reducing the number of meters installed by the vendor (Sensus USA). The increase was due to adding a base station. Discussion ensued.

City Council approved the contract with Sensus for NTE \$46.7 M on September 9, 2013. City Council approved the contract with Landis & Gyr for \$7,468,418 on November 18, 2013.

Paula Shambach stated Phase 2 (July 2017 – September 2019) takes into account additional functionality. When we began this process in 2013 we knew technology was rapidly developing. She stated in Phase 2, we will look at additional functionality that will help us take advantage of our AMI network and the capability of these meters. She stated they will work closely with the Electric, Water and Customer Programs Divisions to research those types of new technologies that we might take advantage of in the future.

Ongoing/Future Activities: Ms. Shambach stated, we will continue to analyze the data we are getting from the meters. We work closely with our Financial Division to use the data to help them research and develop new rates. This data will help us to provide new program opportunities for our customers and in FY2017 we will begin to rollout customer educational campaigns. Once new rates are developed staff will come before the Commission for approval.

Ms. Shambach stated there have been challenges. There is a long lead time on meter delivery. It is ranging anywhere from 3 to 6 months on the electric meters. There are always competing initiatives and there are a limited number of resources within PWC to manage all the activities we have going on. Weather has been a factor in meter installation as well as subcontractor staffing.

Commission previously asked staff to look at the possibility of accelerating deployment. Staff looked at three factors; meter availability, PWC staffing requirements and vendor resourcing.

The meter inventory prevents PWC from accelerating the schedule. Sensus is not able to accelerate meter deployment to PWC. If meters become available from Sensus or Landis and Gyr we will look at the possibility of accelerating deployment.

Commission thanked staff for the update on the ‘Connect’ Program.

DISCUSSION ON PWC PROCUREMENT PROCESS

*Presented by: Gloria Wrench, Procurement Manager &
Mark Cannady, Procurement Supervisor*

Gloria Wrench, Procurement Manager and Mark Cannady, Procurement Supervisor discussed the PWC Procurement process.

Ms. Wrench stated the PWC Procurement Department provides procurement services for PWC and the City and ensures compliance of the NC Procurement Statutes. She stated they initiate and manage informal and formal bids. Her department works with departments to develop bid specifications and facilitate bid evaluations. They process requisitions for goods, equipment and services. The Procurement Department conducts vendor outreach programs, administer and ensure DBE/HUB contracting compliance.

Ms. Wrench stated PWC spends over \$1 million monthly with local companies. There are 270+ local businesses which have been identified that we have done business with. There are 28 certified vendors identified as providing the goods or services PWC uses within the local community and they are a part of our outreach program. She stated we are doing business with 12 of them.

Gloria Wrench also discussed bidding requirements for the purchase of supplies, material and equipment. Based on North Carolina Statute informal bidding is required for purchases of \$30,000 to \$90,000. Formal bidding and Board approval is required for purchases above \$90,000. Construction and Repair projects require informal bidding for services \$30,000 to \$500,000. Formal bidding and Board approval is required for services above \$500,000. Ms. Wrench stated although there is not a statute for purchases below \$30,000, PWC follows the internal bidding guidelines. Also, there is nothing in the statute for construction and repair projects below \$30,000 and PWC follows internal policies. Discussion ensued.

Ms. Wrench also discussed other requirements, such as insurance, bonding and licensing for Construction and Repair projects. She stated there is no statutory requirement for insurance, bonding or licenses for the purchase of goods, materials and equipment; however PWC does

require bonds in some cases for large equipment purchases, such as power transformers. She provided examples of repairs or services in which PWC requires the vendor to secure insurance, bonds and or licenses. Discussion ensued.

The North Carolina Statute requires Qualifications-Based Selection (QBS) process for engineering, architectural, surveying and construction services. The unit (PWC) can elect to exempt itself from the QBS process for projects where the cost of services is less than \$50,000. For all other services, there is no statutory requirement and PWC follows internal policies.

The statute allows exceptions to bidding for state contracts, federal contracts (GSA), cooperative groups, sole source, emergency purchases, used goods and 'Piggybacking'.

Staff responded to questions from Commissioners on PWC policy of securing 'soft services', such as legal and accounting services. Staff also described PWC's process of opening bids.

Mark Cannady discussed the DBE and HUB program and how PWC utilizes the firms on their construction projects and internally in contracting everyday with the day to day operations with the Commission.

Mark Cannady described a DBE (Disadvantaged Business Enterprise) and a HUB (Historically Underutilized Business). The HUB program is administered by the state of North Carolina, through the Department of Administration.

The DBE program is for federally funded projects. They are mostly transportation funding on these projects. The funding agency generally determines DBE requirements. Firms that are DBE certified are majority owned by socially disadvantaged individuals.

The HUB program is a state administered program. A HUB is required to be a part of the project. Mr. Cannady outlined the HUB monetary requirements based on cost of projects.

Mark Cannady stated PWC works with minority-focused/small business groups (CEED, Fay Biz Ctr.). Also, PWC solicits certified HUB firms for subcontracting. Prime contractors are encouraged to consider HUB firms. Discussion ensued. Mark Cannady also stated PWC follows HUB Outreach best practices. Offers training with interested businesses and organizations and maintains a database of HUB/majority contractors.

He described PWC's vendor selection/notification practices. Staff considers local sources first; reviews established bidders' lists. Notices are published on PWC web and Matchforce.org (<\$30,000) and in minority publications and on-line "plan rooms". Staff notifies minority and business organizations to include NAACP, CEED and Chamber. Discussion ensued concerning notifying businesses of opportunities.

Notices are published in the Fayetteville Observer for federal/grant funding. Prime contractors' lists are made available to local, HUB and DBE subcontractors and vice versa. Discussion ensued.

PWC reaches out to the vendor community by hosting and helping to facilitate workshops. Also, by networking and facilitating vendor registration and providing certification assistance. PWC supports Hire Fayetteville First (HFF).

Mr. Cannady outlined the workshops and forums PWC participated in 2015 and CEED workshops planned in 2016.

He completed the presentation by listing planned initiatives which included PWC Procurement Website upgrade, enhancing vendor relationships, providing more outreach, updating/upgrading the Vendor Notification System and providing internal procurement training.

Commission thanked staff for the discussion of PWC's Procurement Process. Council Member Arp requested for this presentation be provided to the Council.

GENERAL MANAGER REPORT

David Trego, CEO/General Manager stated Butler Warner was run the other day. PWC completed a maintenance project at the power plant last year to go through the boiler and increase efficiency and life extension. We increased our megawatt output on the steam boiler by 5% which shows our dollars were well spent. That helps us in the cue as far as efficiency with Duke and makes us more valuable to them. Mr. Trego stated we haven't seen those numbers since the plant was started up years ago.

Mr. Trego also reported that PWC completed a project last year for \$200,000 in which our building automation and HVAC system was analyzed/upgraded to provide additional efficiencies and he is pleased to report that we have saved \$100,000 in energy. He stated we have also upgraded our chiller and expect to realize efficiencies there as well.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Monthly Cash Flow Report for December 2015
- B. Investment Report for December 2015
- C. Monthly Incident Summary for December 2015
- D. Personnel Report for December 2015
- E. Position Vacancies
- F. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 17991 – 8” RJDIP Sewer Main; 16” Steel Casing and 1 “ SDR-9 water service – SR1600
- G. Approved NC DOT Relocation Agreement(s):
 - Relocation Agreement No. 18263 – Relocation of Overhead Electrical Facilities to Accommodate Roadway Widening on Dedication Drive (SR 1242) and I-95 Business Fayetteville, NC – NCDOT TIP: W-5519/WBS Element 45849.1.FR1
- H. Actions by City Council during meeting of November 9, 2015, related to PWC:
 - Approved Eastover Emergency Interconnect Interlocal Agreement
 - Approved Annual Transformer Contract awarded to Ermco c/o National Transformer Sales, Inc., Raleigh, NC
- I. Actions by City Council during meeting of December 14, 2015, related to PWC:
 - Approved Bid Recommendation – 35’ Fiberglass Poles
 - Approved bid Recommendation – Fayetteville Annexation Phase V – Phase VIII, Area 18 – Section 1 – Reilly Road Outfall

Closed Session As Allowed Under N.C. General Statutes 143-318.11(A)(9) To Discuss Briefing On Cyber Security

Chairman Rogers entertained a motion to go into closed session to discuss Cyber Security as allowed under N.C. General Statutes 143-318.11(a)(9).

Upon motion made by Commissioner Fowler and seconded by Commissioner Shaw, the Commission unanimously voted to go into closed session at 10:20 a.m. as allowed under N.C. General Statutes 143-318.11(a)(9) to discuss Cyber Security.

Following discussion, upon motion made by Commissioner Fowler and seconded by Commissioner Shaw, the Commission voted to return to open session at 10:41 a.m.

ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Shaw and unanimously approved, the meeting was adjourned at 10:41 a.m.