

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, MARCH 23, 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
Jim Arp, Council Liaison (VIA TELECONFERENCE)
John Ellis, Hope Mills Liaison
PWC Staff
Media

Absent: Kenneth Edge, County Liaison

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, March 23, 2016 to order.

ADDITION OF CLOSED SESSION TO AGENDA

Commissioner Shaw motioned to add a closed session to the agenda, pursuant to North Carolina General Statutes 143-318.11(a)(3) for legal matters to discuss PWC's Petition for Declaratory Rulings. Motion was seconded by Commissioner Fowler and unanimously approved.

APPROVAL OF AGENDA

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

CONSENT ITEMS

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

A. Approve Minutes of meeting of March 9, 2016

PWC INFILL POLICY DISCUSSION

Presented by: Mark Brown, Senior Customer Programs Officer

Mark Brown, Senior Customer Programs Officer stated the PWC Infill Policy was developed jointly with the City of Fayetteville and was adopted by Commission with the City in 2000. Its goal is to promote quality development in the City.

For this purpose the City was divided into two tiers. Tier 1, which is where infrastructure already exists, encompasses the downtown and core area of the city, extending from Massey Hill through downtown and out Murchison Road and Ramsey Street to the area of U.S. Highway 401 Bypass. Tier 2 is the remainder of the city. New commercial and residential developments are eligible to have Facility Investment Fees (FIF) waived for water and wastewater as an incentive for development.

Tier 1 requirements:

- Customer Must Receive Electric, Water and Wastewater Services from PWC
- Residential Density Requirement (Four Units/Acre)
- Water Meter Size Less Than 2 inches. (Others Case by Case)
- Build Out Schedule Required (Project must be built out within five years)
- Ten Year Value of Services Must Exceed FIF Waivers

Additional Tier 2 requirements:

- Developer Must Install Both Water and Wastewater Mains
- FIF Waiver Limited to Value of Installed Mains
- FIF Waiver Applies Only to That Site

Commissioner Lallier suggested taking another look at our policy to ensure it is accomplishing the goal intended. Mr. Trego suggested adding this policy as an agenda item to the joint City/PWC Staff Meetings. Council Member Arp stated he liked the idea of discussing this policy with the City. It is looking at key areas (expansive growth of North Fayetteville; Murchison Road and Bragg interchanges off I-295) to see if expanding the Tier 1 incentives to these areas will help to develop them.

PRESENTATION ON WATER AND SEWER FACILITY INVESTMENT FEES

Presented by: Dwight Miller, Chief Finance Officer

Dwight Miller, Chief Finance Officer referred the Commission to the memo outlining the sewer facility investment fees (FIF). He stated this is based on the water meter size. PWC's analysis focused on updating the fixed asset information on the debt service cost. Mr. Miller stated court cases have established how these fees are calculated and assessed.

The rational Nexus test requires:

1. The need for development fees as a result of new growth.
2. The amount of the fees does not exceed the reasonable cost to provide capacity to accommodate growth.
3. The funds collected must be adequately earmarked for the sufficient benefit of the new customers required to pay the fee.

Mr. Miller stated staff reviews fees every three to four years. Staff has noted some decrease from the last time fees were increased. He stated 5/8' is the base they calculate the fees. The main reason we see the fee going down is the decrease in the use of our customers. The water side has been rather consistent, but the FIF for the wastewater side has shown a decrease.

Mr. Miller stated the dollars we collect for the FIF go toward paying debt service on the major infrastructure we have in place. Considering some of the things that may be coming on line, we do not foresee the assets bumping this fee back up on the sewer side.

Staff recommends the Commission approve the changes in the sewer FIF fees. Staff responded to questions from Commissioner Lallier regarding the water plant expansion. He confirmed we will not lower the fees on the wastewater side and raise the fees on the water side within the next two years. Mr. Miller stated more than likely we will not review these fees for three or four years.

Mick Noland stated we are approaching the 80% mark on the Rockfish plant on the wastewater side which will affect next year's CIP, but it will not affect the budget for several more years and will be in the next review period.

Commissioner Rogers clarified that the fee is per tap, based on the meter size. Mr. Miller confirmed.

Commissioner Lallier motioned to adopt the revised FIF wastewater fees, effective July 1, 2016. Motion was seconded by Commissioner Shaw and unanimously approved.

Additional discussion ensued regarding water and wastewater connections.

DISCUSSION ON FAST BUS SERVICE TO PWC CUSTOMER SERVICE CENTER

Presented by: David Trego, CEO/General Manager

David Trego, CEO and General Manager updated the Commission on the FAST bus service to the PWC Customer Service Center.

Mr. Trego stated the Commission had an overall discussion on the utilization of the shuttle bus coming to PWC. At that time Kristoff Bauer (Deputy City Manager) mentioned the City was considering revising some of the bus routes (adding a new route) to include the PWC Customer Service Center. Mr. Bauer has updated Mr. Trego on the revised cost to PWC for the service to the Customer Service Center.

Mr. Trego stated we currently spend approximately \$7,700 a month for the shuttle bus and there are approximately 1,100 – 1,200 riders a month. The proposal is to add a new route, incorporating service to the PWC Customer Service Center. David Trego stated that the proposed cost is approximately \$7,000 per month by adding us to the new route. The City requested feedback from PWC so they will know how to budget and to plan the route.

Discussion ensued on customers' options to pay bills. Commission requested for staff to conduct a survey of customers utilizing the CSC to determine the reason why they come to the CSC and to educate customers on options when paying their PWC bills.

Mr. Bauer confirmed that the new routes are planned to begin once the Multi-Modal Center is completed. Additional discussion ensued on customers' options in paying bills.

Mr. Bauer stated the urgency for the City is that they are in the budget process for next year. The City needs to know if they can budget funds from PWC. He stated the route is currently noticed and ready to be implemented as soon as the building is completed. In building the budget they have counted on this revenue to support those operations. If a decision is made sometime between now and then, the City will back have to out those funds and fill them in from another source. Discussion ensued.

Commissioner Lallier motioned to budget \$7,000 per month for FY2017 to subsidize the City of Fayetteville's bus route that will stop at the end of the route at PWC, with the understanding PWC may look for alternatives and will no longer need the route past 2017. Motion was seconded by Commissioner Fowler. Motion was amended to change the amount from \$7,000 per month to \$7,016 per month and was unanimously approved.

GENERAL MANAGER REPORT

Mr. Trego stated PWC is approaching 100 days of providing charging stations around the city. We have promoted them through our Facebook page and there is a website which identifies charging station sites. So far the average charge is 1 per day. Discussion ensued.

He stated PWC received a grant to install the charging stations and our upfront cost matched the grant.

David Trego also updated the Commission on the Carver Falls Substation. Mr. Wallace stated the substation was commissioned on March 1. Load was placed on it and all has gone well. They are in the testing phase with 2.5 megawatts on it (it has a capacity of approximately 20 megawatts). Reggie Wallace stated once they have more experience with the transformers and the relays are checked out, they will look at transferring more load onto it. This substation was a replacement for the old Raleigh Road Substation.

Mr. Wallace noted the isolation of the old Raleigh Road Substation has been completed. He stated PWC plans to keep the substation in place with its equipment (surrounded by fences), utilizing it as a test substation for some of the substation technicians and some of the electrical workers. Commissioner Rogers asked how is testing done now. Mr. Wallace responded testing is done when substations are de-energized. The advantages of having a dedicated test substation are employees will be able to train without delay and PWC will have the ability to offer training to other groups (ElectriCities industry groups) who come to PWC for training courses. Some have never seen a substation of that magnitude. We will also be able to make it available to Fort Bragg personnel. Mr. Trego stated since it is de-energized we can also allow high school students to come to view it. Discussion ensued.

Mr. Trego informed the Commission Susan Fritzen, Chief Corporate Services Officer, had an announcement. Mrs. Fritzen stated PWC has hired a new IS Director, Mr. Paul Rao, who will begin on April 11th. Mr. Rao comes to PWC with 25+ years of experience in IS strategy and technology consulting. He has worked with investor owned utilities, municipalities, and telecommunication companies. Mr. Rao has a very broad utility business background. Ms. Fritzen also stated Mr. Rao has significant experience in business case development which he has used to maximize and fully leverage investments his customers have made.

Mr. Rao has worked for Price Water House Cooper, Accenture, Black and Veatch and he spent six years with Oracle Corporation in their Global Utilities Business Unit. He has a BS in Computer Engineering from the University of Michigan and a Masters in Engineering Management from Northwestern.

Mr. Trego stated we completed a national search to find the right candidate and to have someone come in with utility experience on the investor side and the municipal side is extremely valuable to PWC. It is also valuable for him to have Oracle experience. To know how the Oracle systems react is very good. Commissioner Rogers also stated with him having a sense of business is a real positive.

Council Member Arp asked for an update on the water pressure on Andrews Road. Mr. Noland stated PWC plans to bid during the month of April for the work that will address the tank installation. The new tank will boost the water pressure. The construction period is 6 to 9 months. Discussion continued regarding Fort Bragg's consent to the construction.

Council Member Arp confirmed the construction time is approximately 9 months. Mr. Noland stated the schedule will be highly variable if there are issues with the site and placement of the tank.

Mr. Trego updated the Commission on the Hope Mills inside and outside rate issue. He stated the data has been received. There were some addresses in which PWC needed more information in order to determine if these are inside or outside of Hope Mills. Once the definitive information is received PWC will communicate to all affected customers. He stated our goal is to have all customers identified and rates changed prior to May 1st. Once this process is completed, we will begin to identify potential refunds. Discussion ensued.

Commissioner Lallier asked if PWC has posted updates to the website. Ms. Hinson stated updates and communications will be complete by the end of this week or next week. Mr. Trego stated the Hope Mills website has a hotlink to our website which has all the frequently asked questions and updates. The number of calls has not been substantial. The initial communication we had in the newspaper and on the website have been successful in keeping the calls down in the call center.

Commissioner Rogers requested for this issue to be a regular item in the General Manager's Report.

REPORTS AND INFORMATION

Commission acknowledges receipt of the following reports and information.

- A. Monthly Cash Flow Report for February 2016
- B. Recap of Uncollectible Accounts
- C. Investment Report for February 2016
- D. Budget Transfers – July 2015 thru December 2015
- E. Position Vacancies

CLOSED SESSION

Commissioner Shaw motioned to into closed session pursuant to North Carolina General Statutes 143-318.11(a)(3) for legal matters to discuss PWC's Petition for Declaratory Rulings of PWC. Motion was seconded by Commissioner Fowler and unanimously approved 9:23 a.m.

Upon motion by Commissioner Shaw and seconded by Commissioner Fowler it was unanimously approved to return to open session at 10:50 a.m.

ADJOURN

There being no further business and upon motion by Commissioner Shaw, seconded by Commissioner Fowler and unanimously approved the Commission was adjourned at 10:54 a.m.