

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY, JUNE 22, 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  
Nat Robertson, Mayor  
Kristoff Bauer, Deputy City Manager  
Karen McDonald, City Attorney  
Jay Reinstein, Assistant City Manager  
Jim Arp, Council Liaison  
PWC Staff  
Media

Absent: Kenneth Edge, County Liaison  
John Ellis, Hope Mills Liaison

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, June 22, 2016 to order.

APPROVAL OF AGENDA

Commissioner Lallier motioned to add Item VII-B to reconsider the Joint Resolution between the City and the PWC. Motion was seconded by Commissioner Shaw and the amended agenda was unanimously approved.

ACKNOWLEDGEMENT OF SPECIAL GUESTS

Chairman Rogers acknowledged the presence of Mayor Nat Robertson.

PRESENTATIONS

NCAMES SAFETY AWARD

*Presented by: Reggie Wallace, Chief Operations Officer – Electric Systems*

Reggie Wallace, Chief Operations Officer, presented the Municipal Electric Safety Award from the North Carolina Association of Municipal Electric Systems (NCAMES). Mr. Wallace stated

this award is given annually to utilities that have completed a year with no lost work days. He also stated PWC has received this award annually for approximately 20 years (except in 2010). This award is for calendar year 2015.

#### PRESENTATION OF SUMMER INTERNS AND STEM PROGRAM STUDENTS

*Presented by: Bobby Russell, Human Resources Officer  
Jay Reinstein, Asst. City Manager, City of Fayetteville*

Bobby Russell, Human Resources Officer, presented the 2016 Summer Interns. Each summer intern introduced himself/herself. Each student stated the department in which he/she is working, as well as the college attending and curriculum being studied.

Mr. Russell then introduced Jay Reinstein to elaborate on the Stem Program in which the City and PWC are in partnership.

Mr. Reinstein stated approximately six weeks ago, the City received word that Workforce Development did not have the funds to provide youth with summer jobs related to their STEM Program. City Council Members Kirk DeViere and Larry Wright asked the City Council if there is something they can do to help support this program.

The City Council identified \$26,000 for this year which enabled them to place 15–16 youth. Their original goal was to have some at PWC, some at the City and some in the private sector. Mr. Reinstein stated, as soon as he mentioned the idea to Bobby Russell, he responded “How many can we have?” Mr. Reinstein stated this was music to his ears because they had a lot of kids who wanted jobs.

He and Bobby Russell met, talked and conducted a joint orientation and interview with the students. PWC was able to bring on nine students and the City was able to bring on five, based on space. Mr. Reinstein stated these students are motivated. It is not about collecting a paycheck it is about the job. He stated it has been really exciting to see this energy.

Mr. Reinstein stated he hopes next year we can get a greater commitment from our private sector, either by hiring summer students or by contributing to this effort. He then asked each S.T.E.M student to introduce himself/herself.

Mr. Trego encouraged the S.T.E.M. students to apply for the Summer Internship Program with PWC. He stated a number of our interns have been here for multiple years. We can give them multiple opportunities to continue your education and learning how to operate in a municipal environment here at PWC.

Commissioner Rogers also encouraged the students. He stated there is something about being a student that provides them with a unique opportunity and he encouraged them to take advantage of it. He stated, when they are at the age they are, any of them can pick up the phone and say “my name is . . . and I am a student and I am interested in what you do or how you rose to where you are, can provide me with insight or advice. Can I buy you a cup of coffee”? Mr. Rogers stated, virtually no one will say ‘no’.

Commissioner Rogers thanked Jay Reinstein and Bobby Russell for presenting the Summer Intern and S.T.E.M. Student programs.

## CONSENT ITEMS

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

- A. Approve Minutes of the May 25, 2016, Commission Meeting
- B. Adopt PWC Resolution No. PWC2016.07 to declare personal property described as one (1) 2008 Chevrolet C8500 Dump Truck, VIN #1GBV8C4B68F410326, and one (1) 2003 International 4300 Truck, VIN #1HTMMAAN03H573592, as surplus and authorize the sale of this property by public auction.

## PUBLIC HEARING ON PROPOSED FISCAL YEAR 2016-2017 ANNUAL BUDGET

There were two speakers:

- 1. Wendy Banks –517 Walking Lane, Fayetteville, NC 28311  
Concerns over maintenance in the Country Club wetlands
- 2. Douglas Elwell – 3418 Clearwater Drive, Fayetteville, NC 28311  
Concerns about budgeting for wetlands in Fayetteville

## APPROVAL OF BUDGET ORDINANCE PWCORD2016–01 (FY2016-2017 ANNUAL BUDGET)

Commissioner Fowler motioned to approved PWC Ordinance PWCORD2016-01. Motion was seconded by Commissioner Shaw and unanimously approved.

Commissioner Lallier thanked staff for their hard work and the Commission for their efforts in putting together the Capital and Operating Budgets that will serve the Commission well as well as the Community. Commissioner Rogers also thanked staff and Commission.

## PRESENTATION ON PWC INSURANCE COVERAGES

*Presented by: Ike Copeland, Director of Legal, Risk and Procurement*

Mr. Copeland stated he will discuss the coverage PWC has and how it protects the Commission against adverse events. Today's topic is Property and Casualty Insurance Program Overview.

Mr. Copeland stated he will discuss the general insurance design and the design of our program as a whole. Mr. Copeland will also discuss the different lines of coverage. He stated PWC has various lines of coverage, but these are our lines now: Auto Liability, Directors and Officers (D&O/EPL), Excess Liability/Workers Compensation, Property Insurance, and Other Misc. Policies. He stated he will also discuss the Premium Overview.

Mr. Copeland expounded on our insurance design. Our program is a Self-Insured/Self-Administered Program. He stated we are sort of an insurance company, internally. Because we have good lost control programs, we are able to retain more risks than most programs. We have an adjustor onsite that deals with claims when they occur. We have someone internally who begins the claims process.

The High Deductible/Retention Program means we retain a high level of risk. Instead of buying first all coverage, we as a commission take upwards of a million dollars of liability as retention. We use two ways of going out to procure it. We purchase insurance on July 1<sup>st</sup> and other policies reset in September and others in May. To get the insurance we use direct procurement. This allows Mr. Copeland to go to the market directly and negotiate with the different carriers to get the best possible policies on certain lines. He stated this method has saved us approximately \$130,000 over a year. For some policies we are not able to directly procure, so we have to use brokers such as Wells Fargo and Wortham and we have used various different brokers in the past.

Commissioner Rogers asked what does PWC directly procure? Mr. Copeland responded, we directly procure property, data, EPL, Excess Workers Compensation and Excess Liability policies. Mr. Copeland is able to go directly to the market because he has an ARMP (Associate in Risk Management). Though you do not need this to go to certain carriers such as Aegis, you simply need to qualify by being an electric utility.

PWC's Auto Liability Coverage entails - Liability only with a \$5,000 deductible; uninsured/underinsured coverage; \$2 million limit; rental car/personal vehicle coverage. PWC has 276 vehicles & 94 trailers. The composite rate is \$587/unit. Miles driven are 186,000/month or 2.2 million/year, and 95% of drivers have 0 DMV points.

Directors and Officers Liability – this is the policy that deals with issues holistically: claims of wrongful termination; errors and omissions; allegations of fiduciary failures; unfair practices; EEOC claims; harassment and etc. This is another policy we procure directly from Aegis. It has \$5 million limits and a \$100,000 deductible. The \$100,000 deductible is very rare in Aegis book of business. They feel very comfortable with account and the way we handle business. Offers coverage for Board, Officers/Management and the coverage extends to Past and Present Commissioners. Defense costs are also included.

Excess Liability covers catastrophic/high value losses; “Umbrella” type coverage; Pollution/chemical spill coverage; wrongful deaths, major property damage, “class action” type suits; \$1 million Self Insured Retention (SIR); \$10 million limits. Mr. Copeland stated PWC has had only 2 incidents in which claims were reported, though there was never a claim to be filed.

Excess Workers Compensation - Coverage for statutory benefits related to workplace injuries/illnesses; \$5 million limits; \$1 million retention; Average 100,000 work hours monthly; Catastrophic coverage.

Property Insurance - \$520 million in insured values. Coverage for high value items only, such as buildings transformers; servers, and plant/system components. All Hazards (flood,

explosion, fire, vandalism, cyber); \$100,000/\$250,000 deductibles-older units; includes valuable papers, cleanup and rental expenses. Coverage is through a “Utility Specific” program. Our current provider is Argis.

Other Miscellaneous Coverage includes a Crime Policy. This policy has a \$1 million limit with a \$10,000 deductible. It also covers theft, computer fraud, robbery, credit card forgery. An Inland Marine Policy which covers equipment (heavy equipment, etc.). There are 164 units covered along with a “blanket”; \$5,000 deductible, and various limits.

Commissioners thanked Mr. Copeland for the presentation on PWC insurance coverage.

#### COMMISSION CONSIDERATION OF WAIVING FIF FEES FOR CITY OF FAYETTEVILLE GATEWAY PROJECTS

*Presented by: Mick Noland, Water Resources Chief Operations Officer  
Joe Glass, Water Resources Engineering Manager*

Mick Noland, Water Resources Chief Operations Officer stated staff has worked for some time to understand dollar value of the gateway projects. He stated there are several projects listed that they do not have the total scope of the project, so their projections are estimates. They are based on concept and not design.

Mr. Trego also stated these projections are based on the list that Kristoff Bauer forwarded to PWC after polling his staff. And every one of the sites may not need irrigation.

Mr. Glass reiterated the City provided PWC with a list of proposed gateway projects. He expects they considered everything the State has on the books regarding improvement projects. He stated some projects have been completed; some of the projects the irrigation taps have been installed and the fees have been paid. For some, the tap fees have been quoted and for others the projects have not been designed. For these projects, they compared completed projects to projects that have not been designed to come up with a rough estimate. Accurate numbers will only be available once they receive a design.

Staff responded to questions and comments from Commissioners and Council Liaison Arp.

Mayor Robertson stated when he was elected the aesthetics of the City was one of his priorities. He thanked PWC for supporting the Gateway Initiative and any consideration PWC gives in helping to enhance our gateways.

Commissioner Lallier stated there are no timetables for the projects and nothing in which to base decision on. Additional discussion ensued on the Gateway Projects.

Council Liaison Arp stated that he believes City Council needs to respond with a more defined plan for the gateway projects. Additional discussion ensued between the City and PWC staff.

Mr. Trego stated there is one project that is nearing completion by DOT and if the Commission does not take action on the total amount, he requested for the Commission to consider the Owen Drive project. This project has been projected as \$18,900.00 in FIF fees.

Commissioner Lallier asked if the City Council has requested for assistance regarding FIF fees.

Commissioner Fowler stated we need to encompass our discussion with the understanding that it is our purpose to serve the interest of the City. We have an obligation to the ratepayers and to run a good utility. We need to keep in mind as we make our decisions that we are an asset of the City that is here for the interest of the City and if we can help with the Gateways and can help increase economic development (where we increase our customer base) it would be a valid reason to look at it as a benefit to the utility. He also noted most of the ratepayers are citizens of the city.

Mr. Trego stated if it be the will of the Commission to wait for an official request from Council, then he asked for a waiver of our policy, because we normally do not start a project until the FIF fees are received. It would okay with us to waive the policy and can begin engaging DOT before we receive the FIF fees.

Commissioner Rogers stated that it is frustrating that there is not clarity in what is requested from City Staff. He stated we need a list for FY2017 as to what is needed so we can approve it. He stated we are bubbling up with wanting to approve it.

Mayor Robertson stated Chairman Colvin and the Gateway Committee have identified approximately 5 arteries that have been identified. Commissioner Rogers asked for the request to come forward from the Council and we will approve it. Additional discussion ensued.

Commissioner Fowler asked if we need an official request from City Council. More discussion ensued on the budgeting process and lessons learned with previous projects.

Commissioner Lallier motioned to waive PWC Policy to collect FIF fees in advance on the Owen Drive project while waiting for the City to deliver the list of all FY2017 items for the Commission to consider. Motion was seconded by Commissioner Fowler. Following discussion, Commissioner Lallier amended his motion to waive the policy requirement that we collect the FIF fees in advance for 60 days before starting construction. The amended motion was seconded by Commissioner Fowler and unanimously approved.

## RECONSIDER THE JOINT RESOLUTION BETWEEN THE CITY AND THE PWC

Mr. Trego stated the City Council modified the Joint Resolution slightly regarding section F. He recommended the Commission approve the Amended Joint Resolution with the City and Public Works Commission. Commissioner Lallier motioned to approved the Amended Joint Resolution. Motion was seconded by Commissioner Shaw and unanimously approved.

Commissioner Lallier stated the bill is in drafting as we speak and it will be heard by the Senate Judiciary Committee tomorrow morning at 10:00 a.m. They are trying to move it quickly as they will be adjourning probably in the next week.

## GENERAL MANAGER REPORT

Mr. Trego stated we began recruiting on LinkedIn as part of our recruitment efforts. Mr. Trego requested for Susan Fritzen to give an update on the position that has been posted for her group. Ms. Fritzen stated as of Friday we have received 18 applicants and now have received 25 applicants. She noted the last time this position was posted, it took nine months to get it filled.

Mr. Trego asked Mr. Noland to give an update on the IBT Hearing. Mr. Noland thanked Mayor Robertson as well as Karen McDonald, our City Attorney. He stated he believed we did a good job in presenting our case and we had good representation and good counsel from our legal counsel, Williams Mullen. Mr. Noland stated he expects a decision to be handed down in October.

## REPORTS AND INFORMATION

- A. Monthly Incident Summary for May 2016
- B. Personnel Report for May 2016
- C. Position Vacancies
- D. Approved N.C. Department of Transportation Encroachment Agreement(s):
  - Encr. 18252 – 16” RJD1 water main & DI water main installation; abandon 16” AC water main; and relocate one fire hydrant @ NC HWY 53/210
- E. Approved Utility Extension Agreement(s):
  - Vander Center, LLC – water and/or sewer utility extension to serve Colt Crossing 855 Ext
  - Randal Hinds - water and/or sewer extension, water and sewer service to serve 6477-D Yadkin Road
- F. Actions by City Council during meeting of June 13, 2016, related to PWC:
  - Approved Bid Recommendation for Prefabricated Relay Control House for the Butler-Warner Generation Plant POD No. 2 Upgrade.
  - Approved Bid Recommendation for four (4) 230kV Circuit Breakers for the Butler-Warner Generation Plant 230kV POD No. 2 Upgrade and Miscellaneous Use
  - Approved Bid Recommendation for the Forestry Track Loader
  - Approved Bid Recommendation for Group Operated Disconnect Switches for the Butler-Warner Generation Plant POD No. 2 Upgrade
  - Approved Bid Recommendation for Relay Control Switchboards for the Butler-Warner Generation Plant POD No. 2 Upgrade
  - Approved Budget Ordinance Amendment 2016-16 for an Amendment to the Fayetteville Public Works Commission Budget

## ADJOURNMENT

There being no further business and upon motion by Commissioner Fowler, seconded by Commissioner Fowler and unanimously approved the Commission meeting was adjourned at 10:02 a.m.