

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY, JULY 27, 2016  
8:30 A.M.

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

Others Present: David W. Trego, CEO/General Manager  
Jeffrey Bradford, Assistant City Attorney  
Jim Arp, Council Liaison (via teleconference)  
PWC Staff  
Media

Absent: Karen McDonald, City Attorney  
Kristoff Bauer, Deputy City Manager  
Kenneth Edge, County Liaison  
John Ellis, Hope Mills Liaison

CALL TO ORDER

Chairman Rogers called the meeting of Wednesday, July 27, 2016 to order.

APPROVAL OF AGENDA

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

CONSENT ITEMS

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

- A. Approve Minutes of meeting of July 13, 2016
- B. Approve bid recommendation to award contract for Coley Drive Water Main Replacement to Sandy's Hauling & Backhoe Service, Roseboro, NC, the lowest responsive, responsible bidder in the total amount of \$790,296.75 and forward to City Council for approval.

The Coley Driver Water Main Replacement Project is budgeted in FY17 CIP WS 15 – Coley Drive Water Main Replacement - \$715,100 and a budget transfer of \$100,000 from WS11 – Winslow Street Water Main Improvements (Winslow Street was completed and paid out of the FY16 budget)

Bids were received on June 3, 2016 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Sandy’s Hauling & Backhoe Service, Roseboro, NC	\$790,296.75

**COMMENTS:** Plans and specifications were requested by five (5) contractors with one (1) contractor responding. Sandy’s Hauling & Backhoe Service submitted a responsive, responsible bid and a review of their qualifications have found that they are adequately qualified to perform the work on this project. This project was advertised twice due to the fact that an insufficient number of bids were received on the first advertisement. In an effort to determine why only one bid was received, procurement staff called the contractors who had expressed interest in this project. Two contractors cited current workload; another contractor stated that although they do perform directional drilling work, the pulling of ductile iron pipe is problematic for them. We left messages with the two other contractors; however, they did not return our calls. While Sandy’s Hauling & Backhoe Service does not have any SDBE participation on this project, they will be purchasing approximately \$255,000 worth of materials from a local supplier.

- C. Approve bid recommendation to award contract for Rockfish Creek Water Reclamation Facility Aeration Improvements, Phase 2 – Residuals Handling to T. A. Loving Company, Goldsboro, NC in the total amount of \$1,303,000.00, the lowest responsive, responsible bidder and forward to City Council for approval.

The Rockfish Creek Water Reclamation Facility Aeration Improvements, Phase 2 – Residuals Handling Project is budgeted in FY2017 CIP WS 79 - \$1,141,000. This project is being funded through bond funds. There are sufficient bond funds available to cover the cost of the project.

Bids were received on June 14, 2016 as follows:

<u>Bidders</u>	<u>Total Cost</u>
T.A. Loving Company, Goldsboro, NC	\$1,303,000.00
Turner Murphy Company, Inc., Rock Hill, SC	\$1,336,703.00
State Utility Contractors, Inc., Monroe, NC	\$1,726,000.00

**COMMENTS:** Plans and specifications were requested by five (5) contractors with three (3) contractors responding. The lowest responsive, responsible bidder is recommended.

- D. Approve bid recommendation to award bid for purchase of one (1) 15’ Four-Wheel Drive Backhoe Loader to James River Equipment, Hope Mills, NC, the lowest responsive, responsible bidder in the total amount of \$91,135.00 and forward to City Council for approval. \$113,000 is included in the FY2017 budget to replace unit #867.

Bids were received on July 6, 2016 as follows:

<u>Bidders</u>	<u>Total Cost</u>
James River Equipment, Hope Mills, NC	\$ 91,135.00
Gregory Poole Equipment Co., Hope Mills, NC	\$102,986.00
(1)Vause Equipment Company, Inc., Fayetteville, NC (Model B95CLR)	\$ 78,698.00
(2)Vause Equipment Company, Inc., Fayetteville, NC (Model B110C)	\$ 87,235.00
<i>*Reference comments below regarding Vause's bids.</i>	

**COMMENTS:** Bids were solicited from five (5) vendors with three (3) vendors responding. Upon review of the bids, it was discovered that all bidders took some form of exception. Some exceptions were determined to be minimal which would not impact the operation of the unit for the needed application; other units had substantial exceptions which would affect the ability of our crews to perform effectively. Vause Equipment submitted bids on two different units; one unit did not meet the required 100hp engine, and both units were found to have exceptions to the backhoe digging performance, which was determined to be unacceptable for our operations. James River Equipment had some minor exceptions which were not determined to be detrimental for the needed application.

- E. Approve bid recommendation to award contract for the purchase of Structures and Equipment for the Butler-Warner Generation Plant POD No. 2 Upgrade project to Substation Enterprises, Inc., Alabaster, AL, the lowest responsive, responsible bidder in the total amount of \$398,418.00 and forward to City Council for approval.

The Structures and Equipment for the Butler-Warner Generation Plant POD No. 2 Upgrade (Re-Bid) is budgeted in FY2017 CIP EL41 (\$1,500,000 is budgeted for equipment). This should be all of the equipment purchased for this project in this fiscal year. The balance of the funds will be used for construction costs.

Bids were received on June 14, 2016 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Substation Enterprises, Inc., Alabaster, AL	\$398,418.00
*M.D. Henry Co., Inc., Pelham, AL (please see comments below)	\$311,360.00

**COMMENTS:** Plans and specifications were provided to ten (10) vendors with two (2) vendors responding. The bid from M.D. Henry was found to be non-compliant due to the fact that they did not quote on tubular steel as required by the specifications. M.D. Henry quoted on wide flange type structural steel, which is not acceptable for this project. The lowest responsive, responsible bidder is recommended. This is a re-bid for this equipment. The original bid was held on 05/17/16. Only two bids were received and the decision was made to order only the group operated switches from the original bid and re-bid the other equipment in an effort to gain additional competition.

- F. Approve bid recommendation to award bid for purchase of one (1) 35,000 GVWR Cab and Chassis with 6 Cubic Yard Dump Body to Smith International Truck Center, Fayetteville, NC in the total amount of \$98,600.00, the lowest responsive, responsible bidder and forward to City Council for approval.

\$91,000 is included in the FY2017 budget to replace Unit #3307. There are sufficient funds left from the purchase of the 15' Backhoe to replace Unit #867, to fund the difference in the cost of this unit versus the budgeted amount.

Bids were received on July 12, 2016 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Smith International Truck Center, Fayetteville, NC	\$98,600.00
*Piedmont Truck Center, Greensboro, NC	\$84,975.00
*Transource, Inc., Raleigh, NC	\$93,331.00
<i>*Reference comments below regarding exceptions</i>	

**COMMENTS:** Bids were solicited from nine (9) vendors with three (3) vendors responding. Upon review of the bids it was discovered that the bids from Piedmont Truck Center and Transource included exceptions that were not acceptable. The unit bid by Piedmont had an exception to the transmission GCWR which will limit the ability to tow a backhoe with any material, and would be maxed out or over capacity all the time when towing. The unit bid by Transource had 200lbs. less torque with a higher gear ratio, which will affect performance with towing. Fleet staff feels it is in the best interest of PWC to purchase the unit from Smith International.

- G. Approve bid award for labor, materials and equipment necessary for the installation of the Butler-Warner Plant POD No. 2 Upgrade to Coastal Power & Electric, Wilmington, NC in the total amount of \$1,727,896.00, the lowest responsive, responsible bidder and forward to City Council for approval. FY2017 CIP EL 41 has \$1,751,582 available for construction.

Bids were received on June 3, 2016 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Coastal Power & Electric, Wilmington, NC	\$1,727,896.00

**COMMENTS:** Bids were solicited from twenty-seven (27) contractors with one (1) contractor responding. This project was advertised twice since only one (1) bid was received on the first advertisement. North Carolina Statutes require that at least three (3) bids be received in order to open on the first advertisement.

#### CONSIDER LOGO/BRANDING FOR FAYETTEVILLE PWC

*Presented by: Carolyn Justice Hinson, Communications/Community Relations Officer*

Carolyn Justice Hinson, Communications/Community Relations Officer offered a background on the Logo/Branding for PWC. She stated the logo was reviewed in the fall of 2014. At that time we were looking at the consistency of the logo in its use and showing its association with the City of Fayetteville. It was the consensus of the Board in 2014 to update the logo in a phased approach.

Ms. Hinson stated it was the Board's decision to delay the implementation of the updated logo in early 2015.

Ms. Hinson also stated the proposed logo is currently used on customer communications, billing, website, social media, financials and outreach.

Where we are today - The majority of the logo is in use on our vehicles, uniforms and signs. Staff is currently considering a new uniform contract (hopefully for the fall of this year). Multiple signs need to be replaced. New vehicles for FY17 budget year are coming in and will need to be prepared with the proper logo. The PWC Letterhead will also need to be updated in the fall of 2016. Ms. Hinson stated staff wanted to bring this issue to the Commission today to receive a consensus, so when these things come through we will be able to move forward and not delay due to the logo.

Ms. Hinson stated staff is recommending for the Commission to adopt the proposed logo. Begin replacement of the logo with the new uniform contract. Update the logo on signs, vehicles, and other items as part of normal purchases, replacements and maintenance.

Staff responded to questions from Commissioners regarding using the colors blue and burgundy in the logo. Commissioner Lallier stated that the Commission is sensitive to the logo style, but the color is problematic. He stated we have come up with a good alternative considering we are an asset of the City of Fayetteville. Commissioner Fowler stated that while he was on Council the concern was ensuring that PWC was linked to the City, so the script and the link is important and not the color.

Following discussion Commissioner Shaw motioned to accept the recommendation of the staff regarding the logo. Motion was seconded by Commissioner Lallier and unanimously approved.

#### COMPENSATION REVIEW

*Presented by: David W. Trego, CEO/General Manager &  
Bobby Russell, Human Resources Officer*

Mr. Trego, CEO/General Manager stated the Commission approved the targeted performance increase and the one item that is left regarding the compensation plan is where our pay grids are. He then presented Bobby Russell, Human Resources Officer.

Mr. Russell stated as part of the Strategic Plan staff is to complete a compensation review this physical year and also to take a look at our compensation in aspect of attracting and retaining employees.

Mr. Russell stated we created an Executive Summary and we utilized the Hay Group (now Corn Ferry Hay Group). The objectives included:

- Review of current job evaluations/grade assignments to ensure they accurately reflect job scope & organizational structure, using Hay Group's proprietary job evaluation methodology.
- Analyze internal equity and current salary administration to assess degree of consistency & fairness in current compensation program.
- Assess external competitiveness of PWC's base salary compensation, relative to appropriate market comparator groups.
- Recommend salary ranges reflecting PWC's compensation philosophy and targeted market positioning.

Job Evaluation / Grade Assignment - When Corn Ferry sent us back the review, they stated our job evaluations and grade assignments are reasonable and appropriate. Mr. Russell stated they use a scale – anything that is 70% or higher shows a moderate to strong internal equity level position. He stated we also take a look at external as well.

Current Salary Administration - PWC manages pay very effectively within pay ranges for each employee group:

- Exempt – 97% aggregate compa-ratio
- Exempt with hot skills – 101% aggregate compa-ratio
- Non-exempt – 97% aggregate compa-ratio
- Non-exempt with hot skills – 92% aggregate compa-ratio
- 8 people above their range maximum

Note: Compa-Ratio refers to the relationship of an incumbent’s actual base salary to the midpoint of their salary range

Discussion ensued regarding employees who are above their range maximum. Commissioner Rogers requested to continue discussion at a future meeting.

External Market Competitiveness

- 2016 Compensation Survey show PWC Pay Grades are below Median/ Midpoint relevant to Market.
- The exhibit below presents a comparison of PWC’s employee groups to the relevant comparator markets. All market data are projected to March 1, 2016.
- In the aggregate, PWC’s current base salary position tracks between market Median and P25
  - Exempt positions, including those with hot skills, essentially track the P25
  - Non-exempt positions, including those with hot skills, track between Median and P25
- PWC Pay Grades are below Median/ Midpoint relevant to Market.
- In the aggregate, PWC’s current base salary position tracks between market Median and P25
  - Exempt positions, including those with hot skills, essentially track the P25
  - Non-exempt positions, including those with hot skills, track between Median and P25

	Variance to Market - Base Salary			
	Comparator Market	P75	Median	P25
Exempt Positions	Utilities Nationwide	-24%	-12%	-1%
Exempt Hot Skills Positions	Utilities Nationwide plus 10% premium	-21%	-8%	2%
Nonexempt Positions	General Market Orgs	-23%	-7%	13%
Nonexempt Hot Skills Positions	General Market Orgs plus 10% premium	-28%	-11%	8%
Composite	-	-24%	-9%	7%

**Recommendations based on:**

- Hay recommendations & follow-up discussions
- Commission pay philosophies:
  - Exempt positions: be at the 50<sup>th</sup> percentile of utility positions based upon national recruiting/competitiveness
  - Non-exempt positions: be at the 50<sup>th</sup> percentile for the general job market based upon local recruiting/competitiveness
- Ensuring we are competitive in the market for upcoming retirements and other openings
- Address grade compression issue between “hot skills” positions and non-hot skills positions
- Increase approx. 80 employees to the new recommended minimum salary for their position.
- Impact: less than \$150,000
  - Hot Skill/Non-Hot Skill Analysis recommendations:
    - Increase the grade level of 2 exempt positions
    - Increase the grade level of 1 non-exempt positions
    - Re-assign Hot Skill Classification for four positions

#### Required Actions

- Exempt positions
  - Shift exempt salary ranges by 10%
  - Shift “Hot Skill” exempt salary ranges by 8%
 Outcome:
  - Maintains a 10-14% midpoint to midpoint progression
  - Reduces the grade compression between “Hot Skill” and non-Hot Skill positions in adjoining grades encouraging internal progression
- Nonexempt positions
  - Shift non-exempt salary ranges by 5%
  - Shift “Hot Skill” nonexempt salary ranges by 3%
 Outcome:
  - Maintains a 10-12% midpoint to midpoint progression
  - Reduces the grade compression issue between “Hot Skill” and non “Hot Skill” positions

Commissioner Shaw requested for Commission to consider in the next round of gathering information from the Hay Group that we ask for a Southeast as opposed to a National comparison. She stated we may always receive a number that is unrealistic in terms of what they are saying nationally versus what it would be along the southeast coast line. Persons looking to relocate to Fayetteville are not looking to make salaries that are on par nationally.

Mr. Trego stated we have a factor that is applied specific to Fayetteville, not just southeast. The Hay Group takes into consideration the location when they complete the national study. He stated there is a 10% reduction/adjustment taken for Fayetteville. Ms. Shaw thanked Mr. Trego for the clarification.

Commissioner Rogers noted that when someone falls below the range, we decide to move them up. And when someone falls above the range we give them additional compensation. While he understands this was a Commission decision he is looking forward to a discussion on this topic in the future.

Commissioner Shaw motioned to accept staff's Compensation Recommendations, Commissioner Fowler seconded.

Discussion: Commissioner Lallier stated he has some issues with relying too much on Hay on positions like Customer Service, Construction and various clerical functions. He stated it is an easy and practical matter we are dealing with. If you are having problems filling positions then you look at what the pay is; the working conditions; and other external factors that might be affecting it. It does not take Hay or anyone coming in to tell you, you are at 85% or at 90%. He stated when we had the issue several years ago with Fort Bragg hiring some of our skilled positions we had to move and move quickly and it did not take Hay to tell us that. He stated when you look at the fact we are filling positions fairly easily and not having trouble recruiting good folks there is a danger in going with this. He stated he will apologize to the Commission if he overlooked the fact . . . he would not intentionally have voted to bonus someone who is at the cap . . . If you want to make more than the cap, then find an opportunity to find a position that pays more than the current position. Commissioner Lallier stated, he does not do this often, but he will not support the motion primarily because he believes we are moving too far, too fast and we are relying too much on Hay to dictate to us on all positions and not all positions are hot positions and utility specific or too difficult to fill.

Motion was approved by a vote of 3 – 1 (Commissioner Lallier in dissent).

## GENERAL MANAGER REPORT

### OUTFRONT

Mr. Trego stated he participates in the City's Outfront meetings. There was a meeting last night in conjunction with the Community Watch groups at the Kiwanis. Chief Medlock gave a presentation and then opened it up to questions. Mr. Trego noted there was a positive comment about the LED lights and citizens wanted to know when it would be in their neighborhood because they see it as a deterrent for crime. Mr. Trego took the citizens' names and stated he will check the timeline and get back to them. The Chief stated the PWC has worked with the Police Department to determine the high crime areas and made it a priority to have lights installed in those areas.

Mr. Trego stated there was also discussion concerning some of Aqua Water's practices.

### BUILDING BUSINESS RALLY

Mr. Trego also stated PWC held its first Contractor Expo (Building Business Expo). There were 35 different contractors in attendance (prime and sub-contractors). Gloria Wrench,



Procurement Manager invited the prime contractors to become familiar with sub-contractors. They were very receptive to the idea and conversation ensued between the two groups.

Commissioner Shaw stated she was very pleased with the outcome and it was exactly what she expected for it to be. She is looking forward to the next expo.

Commissioner Rogers asked for staff's plans for additional contractor expos. Mr. Trego responded the group of contractors on the electric side is somewhat smaller so the next expo will be approximately 10-15 contractors. He stated the electric side has a smaller environment due to the specialty in installing electric lines and substations.

Mr. Trego stated staff also plans to work on an expo which will entail a more diverse set of small contracts. He envisions a forum in which our departments would set up tables and would detail the different contracts they have available; for instance, Fleet would go over their parts contracts and the subcontracting they have available. We would also provide break-out sessions and sign-ups for DBEs.

Carolyn Justice Hinson stated attendees were requested to complete surveys and the responses were very positive. All rated the expo as excellent or good. Most stated they would attend additional expos when offered.

Commissioner Fowler stated he believes we are off to a good start. This is the whole point in attempting to increase local capacity for businesses to grow. He stated we need to continue to have these expos.

Commissioner Shaw commended Ms. Gloria Wrench and her staff on being proactive and having the DBE certification process and processors (NCDOT) available at the rally.

#### FLEET NO-SHOW STATS

Mr. Trego stated as we began to make improvements in our Fleet operations, we began tracking the no-shows on our PWC vehicles as well as City vehicles. This is when a preventative maintenance is due – we track how many vehicles come in and how many cancel or do not show.

Mr. Trego stated we have an initiative to decrease the number of no-shows. Susan Fritzen's group has a quarterly meeting with the constituents that deal with Fleet. These meetings have had a positive impact in decreasing the number of no-shows.

Mr. Trego asked Susan Fritzen to go through the results. Ms. Fritzen stated a couple years ago when we went through the Best Practices Initiative the quarterly reviews came out of it. The preventative maintenance has been an ongoing problem, getting the vehicles in when they should be brought in and notifying the folks when they are done to pick them up.

Ms. Fritzen stated we track the City and PWC's vehicles. The City's no-show average was 31% in FY2014; 8% in FY2015 and 6% in FY2016. The no-show average for PWC was 10% in FY2014; 4% in FY2015 and 3% in FY2016. Ms. Fritzen stated staff for City and PWC worked hard to decrease the no-shows and found ways to accommodate the needs of the departments.

Council Member Arp asked for the industry standard for no-shows. Ms. Fritzen will relay this information to Council Member Arp. Discussion continued relevant to departmental no-shows and request for additional information. Ms. Fritzen noted that no-show data is shared with all departments (PWC and City) on a monthly basis. Additional discussion ensued.

## BUTLER WARNER POD 2

Mr. Trego stated there were questions surrounding the logistics and timing relevant to the outage we are having at our POD (Point of Delivery) at the Butler Warner Plant. There are nuances that are specific to that site because Butler Warner is there and the contract we have with Duke Energy. Mr. Trego requested for Reggie Wallace, Electric Systems Chief Officer to summarize the logistical issues we have to deal with.

Mr. Wallace stated because this is POD2 it is different than any place else on the system. For instance if we were doing work on POD3 we would move the load off of it and relocate the load to the other two PODs and work on it consistently for 6 months.

He stated there are some things that are common to the POD2 at BWGP just like the other substations. We still have to move the load, de-energize the equipment for the safety of the workers. Yet, the difference is the generation is involved at POD2. We do not have the physical capability of equipment to keep the generation in service and take the distribution components out of service.

Mr. Wallace stated, from Progress' viewpoint, the lease they have on the BWGP is included as an asset in their integrated resource plan they are required to file with the NCUC on a bi-annual basis. They show it as an asset and therefore they are responsible for how they use it to control their overall costs.

To Progress, the Generation Plant has a number of advantages. It is a quick solution to an unplanned outage. Unlike some of their plants, the Generation Plant is manned 24 hours a day. Discussion ensued.

Because of the value the BWGP is to Progress they were very reluctant to allow us to take the entire plant out of service for an extended period of time. As a result we had to negotiate an outage schedule. Per the contract, they have the right to establish outage schedules and we have the right to ask for maintenance outages and schedule them in concert with Progress. If we did not adhere to the outage schedule there could be a financial penalty against our contract.

As a result, we asked in advance for an outage. We were able to negotiate a series of 3 four week outages and a contingent outage six months later to complete this work. Mr. Wallace went on to explain the process of taking the POD out of service and back into service within the negotiated timeframe.

Mr. Wallace stated staff purchased some of the higher dollar (longer lead time) equipment ahead of time to ensure equipment is in place when we need it. Mr. Wallace also gave a history of outages at the BWGP. Discussion then ensued on the lack of bidders for the project and the risks involved.

## COMMENTS

Council Member Arp requested an update on the garbage trucks in Fleet for maintenance.

Susan Fritzen stated one garbage truck was completed last night on the late shift. One truck needed additional repair and parts were ordered for it. A third truck was repaired while the operator was at Fleet and he was able to leave with the truck.

Council Member Arp also asked how many repairs we are doing due to a lack of preventative maintenance. Ms. Fritzen will get the stats to him. She also stated there are a lot of problems with the side arm units (they break very easily). Discussion ensued.

## REPORTS AND INFORMATION

Commission acknowledges receipt of Reports and Information.

*Commissioner Lallier requested additional information on returned Speedpay payments in the Uncollectible Accounts Report.*

- A. Monthly Cash Flow Report for June 2016
- B. Recap of Uncollectible Accounts
- C. Investment Report for June 2016
- D. Approved N.C. Department of Transportation Encroachment Agreement(s):
  - Encr #18248 – 6” RJD1 pipe for fire hydrant & 2-2” SDR21 water laterals – US HWY 401 & SR 1104
  
  - Encr #18253 – parallel sewer main & 5 crossings of 8 in restrained joint ductile iron pipe on SR 1403 nr. SR 3569
  - Encr #18255 – 8” C-900 water main @ US401 nr. SR1712

## ADJOURNMENT

There being no further business, upon motion by Commissioner Shaw, seconded by Commissioner Lallier and unanimously approved, the meeting was adjourned at 9:38 a.m.