

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, JULY 12, 2017
8:30 A.M.

Present: Evelyn O. Shaw, Chairwoman
Wade R. Fowler, Jr., Vice Chairman
D. Ralph Huff, III, Secretary (VIA TELECONFERENCE)
Darsweil L. Rogers, Treasurer

Others Present: David W. Trego, CEO/General Manager
Jay Reinstein, Assistant City Manager
Jeffrey Bradford, Assistant City Attorney
Jim Arp, City Council Liaison
Michael Boose, County Liaison
Melissa Adams, Hope Mills Town Manager
Robert Van Geons, FCEDC
PWC Staff

Absent: Karen McDonald, City Attorney
Media

CALL TO ORDER

Chairwoman Shaw called the meeting of Wednesday, July 12, 2017, to order.

APPROVAL OF AGENDA

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

CONSENT ITEMS

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

- A. Approve Minutes of meeting of June 14, 2017
- B. Adopt PWC Resolution No. PWC2017.07 to declare personal property described as one (1) 2000 Sterling LT7500 Truck with Vactor Body, VIN #2FZNAJCB4YAG73708, as surplus and authorize its sale by public auction.

COMMENTS: North Carolina General Statute 160A-270 permits the sale of personal property with an estimated value of \$30,000 or more by public auction upon authorization by the governing board.

C. Approval of the following Budget Ordinance Amendments.

- PWCORD2017-19 – Annexation Reserve Fund Amendment #24, increasing the transfer to the Annexation Phase V Areas 18-19 CPF from \$16.9 million to \$17.5 million. The increase is due to the last bid contract award for Area 19.
- PWCORD2017-20 – Annexation Phase V CPA Areas 18-19 Amendment #2, increasing the project expenditures from \$16.9 million to \$17.5 million for the same reason stated above.

END OF CONSENT

DISCUSSION ON RC WILLIAMS BUILDING LEASING/SALE STRATEGY

Presented by: David W. Trego, CEO/General Manager

Mr. Trego, CEO/General Manager stated this discussion regards the strategy regarding the RC Williams Building. Mr. Trego stated this item is on the agenda so staff can receive direction regarding a sales strategy for the building. He said in the previous Commission meeting, Commissioner Huff stated we should possibly hold off marketing the building for sale until the development in Downtown is further along. He went on to state there has been some nibbles on some unsolicited bids. One was on the entire building and the other was the purchase of a suite of offices (condos). He stated he wanted the Commission to discuss and to ask questions of staff to reach a consensus on direction. Also, with regards to the unsolicited bids, does the Commission desire to set a minimum and empower him to reject any bids below the stated amount? He also stated he had a conversation with Patrick Murray and informed him the Commission would discuss the RC Williams building and get back to him regarding direction.

Mr. Trego stated as of December 31, 2016, the book value of the building including dedicated parking spaces is \$6.26M. Chairlady Shaw requested for the Commissioners to ask questions of staff and provide their input.

Commissioner Huff asked for the square footage of the building. It is 55,000 sq. ft., including the common areas. After discussion, Commissioner Huff recommended setting a minimum bid for the 4th floor of the building at \$1.6M and the entire building for \$6M. Mr. Trego asked what percentage premium is it Commissioner Huff would set on 'condoing' the building. He stated he would set \$200 a square foot. Additional discussion ensued.

Commissioner Rogers stated his understanding is 'we are not interested in selling the building' and if someone brings an unsolicited bid below the minimum acceptable price, Mr. Trego will be empowered to reject it. If an unsolicited bid is presented above the minimum acceptable price, Mr. Trego will bring it to the Commission. Additional discussion ensued regarding 'condoing' the building.

Commissioner Fowler stated his reason for selling the building is because PWC is not in the leasing business. If we 'condo' the building, then we could be in the leasing business for longer than we want. He stated we should stay away from 'condoing' and see if the value of the building goes up and if not we can just sell it and get out of the leasing business.

Commissioner Huff stated in his experience he has not had one single owner to purchase an entire building over 24,000 sq. ft. in Fayetteville. He stated someone who wants to purchase the entire building is someone who will not pay the value of the building. Commissioner Fowler stated based on the discussion, if this is the way 'condoing' is done in Fayetteville and if this is the most common way to do it, then that is a different picture for us. Additional discussion ensued.

Mr. Trego stated based on the conversation; if someone came in with an unsolicited bid under book value it would not be brought to the Commission. If someone came in with a bid on 'condoing' it would be at a premium equal to \$140 per sq. ft. Commissioner Rogers then requested for staff to send the usable square footage of the RC Williams Building to Commissioner Huff. Commissioner Huff and Mr. Trego will discuss the total usable square footage.

Commissioner Rogers motioned to allow the CEO to reject any bids below book value and as it relates to any condo offers, they will be based on a premium set by the Commission following an analysis staff will complete and bring to the Commission on July 26th. Motion was seconded by Commissioner Fowler and unanimously approved.

GENERAL MANAGER REPORT

HOPE MILLS

Mr. Trego updated the Commission on Hope Mills' refunds. He stated over 12,000 properties potentially could have received a refund for a total of \$8.6M. We processed over 7,650 claims (4500 checks – some were property buildings with multiple properties). We paid out \$5.5M (65%). We will send to the state \$1.8M. The monies we must send to the state follow Commission policy of 3 years. The unclaimed amount which we will retain is \$1.3M. Mr. Trego stated there will be one more communication to inform the customer that unclaimed monies will be sent to the state. If we receive a claim now, it will follow Commission policy and go back three years.

Mr. Trego stated the program was very successful. It involved many departments as well as Commissioners. He stated we did as much notification as we could as well as refund as much back to the customers as we could.

CONNECT PROJECT

Mr. Trego stated we are essentially completed with our AMI meter installation. There are some stragglers that we are installing now. We had a delay in getting some of our

commercial meters in. They were the last set of meters we needed to install for our CT services. These are our higher voltage meters. We just received those meters and we are installing them now. There were also a couple of commercial meters that we are receiving, and installing on the night shift due to their business hours.

Mr. Trego stated the next phase of the project is 'Pick Your Own Due Date' and it will be based on a demonstrated need. He stated there is a process we need to complete first. He stated a lot of times when you do a mass change of meters like this; you have the opportunity to look at your meter cycles. Some cycles grow faster than others. Mr. Trego stated there is a pretty big disparity in the number of meters we have in our routes. Some routes (or cycles) have 3,000-4,000 and others have 14,000. We are going to re-balance our routes so we will have maximum flexibility so if a customer has a demonstrated need, we will be able to customize their date as much as possible. Mr. Trego stated not everyone will be able to change their due date.

He also stated we are looking at putting almost all our commercial customers on end of the month meter read. Most businesses like to close their books at the end of the month, which leads very well if we decide to go to a co-incident peak demand with our Duke bill. It will match very well because we are billed on a monthly basis.

Mr. Trego asked Ms. Fritzen to elaborate on acceptance testing. Ms. Fritzen stated our vendors have completed their installations of the meters. She stated Mr. Trego referred to meters we are completing ourselves because they are critical. Once they are in, the vendor has an obligation as part of his contract to ensure they are working as they should (through a testing cycle). Once this is completed, we will close out their contract. The timeframe is late July or early August.

Ms. Fritzen also stated to clarify Mr. Trego's statement regarding the cycles they are no longer the issue. We can read the bills whenever we want. The constraint is the volume of bills we can send out. Mr. Trego also reiterated it affects the amount of calls the Call Center receives.

He stated this is not an undertaking a utility takes lightly. Whenever you change someone's date, you have to notify the customer and determine which customers will receive a short bill (15 days or less) or a long bill (over 40 days). He stated the process must be tested to ensure it is working correctly before it is completely rolled out. Discussion ensued.

TRAINING SESSION FOR SMALL BUSINESS VENDORS

Mr. Trego stated on July 25, the Purchasing Department will have a training session for current and potential small business vendors. They will conduct a series of three classes which will educate vendors on the nomenclature of what bids are; insurance requirements, and bonding requirements. The classes basically will educate them on how to prepare a proposal; what to do when you get a call and it is an informal bid process; and the difference between a RFP and a RFQ. This information will apply to PWC or anyone else.

Commissioner Rogers asked how the training is being communicated to the community. Mr. Trego stated Diane Potts (Center for Emerging Business) is the point of contact for marketing. Mark Cannady is the contact for PWC. We offered our services to her and we gave to her our complete vendor list. We also offered to create a link on our website which will link to her site where vendors can register. Jay Reinstein requested to partner with PWC in the future on events such as this.

Chairwoman Shaw asked Mr. Trego to remind Mr. Cannady, Ms. Wrench and Ms. Potts while they are instructing attendees on what to do, to also instruct them on what not to do. They are not to contact the agencies to set up ex-parte meetings. It is a procurement violation. Discussion ensued.

Commissioner Rogers stated we have an opportunity on a county wide basis to have one voice to the local vendor community that says we want to help you win more local business. We all need to figure out how to bring more dollars into our local community. Mr. Trego stated we can use the partnerships we have built on the Building Business Rally. Commissioner Shaw stated it is our responsibility to build businesses and to do business with our local qualified businesses. She stated we have that responsibility because we handle our customers' money. She requested for management to relate that mindset to their direct reports.

Council Member Arp thanked Commissioner Shaw for her comments. He stated all of us need to push for Unity of Effort. Chairwoman Shaw stated the Commissioners and CEO will do whatever they can do to assist in this endeavor.

STATE LOAN

Mr. Trego stated we have news regarding a state loan and he asked Dwight Miller to elaborate. Mr. Miller stated just this morning we received word that the State Water Infrastructure Authority recommended PWC for a low interest loan in the amount of \$17,912,000 for the Rockfish Creek project. It is not official until the board meets on July 19th.

COMMISSIONERS' COMMENTS

Commissioner Fowler welcomed County Commissioner Michael Boose (he is our liaison) to the Commission meeting. Commissioner Boose commended Chairwoman Shaw and the Commissioners on their congeniality toward one another even though they may not always agree.

Commissioner Rogers acknowledged Robert Van Geons (FCEDC) and Melissa Adams (Hope Mills Town Manager). Mr. Van Geons affirmed the Economic Development's support for unity effort discussed earlier. County Commissioner Boose also commented on the discussion and pledged to assist where possible.

Commissioner Shaw asked Commissioner Rogers if he will take the lead in contacting the various entities (the county, city, FCEDC and other organization's leader) to attend a luncheon that PWC will host to bring them together.

SENATE BILL 144 – FAYETTEVILLE/SMALL BUSINESS ENTERPRISE PROGRAM

Discussion ensued regarding the small business enterprise program. Fayetteville has received the designation. PWC sent the letter to Senator Clark requesting that PWC to be included in his bill. The letter was due to be submitted to the committee by 4:00 p.m. and he received it at 4:08. Senator Clark will request for it to be added as a technical amendment when they go back into session. Additional discussion ensued regarding local vendor opportunities.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Monthly Cash Flow Report – May 2017
- B. Recap of Uncollectible Accounts - May 2017
- C. Investment Report – May 2017
- D. Monthly Incident Summary – June 2017
- E. Personnel Report – June 2017
- F. Position Vacancies
- G. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. #18487 – install of 12” RJDI water main, fire hydrant & 4-1” copper water services @ A.B. Carter Road (SR 2011)
 - Encr. #18494 – install of 5’ manhole & 4” sanitary sewer lateral @ Rockfish Rd and Waldos Beach Rd (SR 1112 & SR 1113)
 - Encr. #18500 – install of 1” water lateral & 6” RJDI water lateral (fire hydrant) & Cedar Creek Rd (NC HWY 53/210)
 - Encr. #18502 – Install of 24” RJDIP sanitary sewer force main @ US401 & SR 1713
 - Encr. #18504 – install of 8” sewer main @ Waldos Beach Rd. (SR 1113)
 - Encr. #18505 – install of 8” RJDIP water main @ Rockfish Rd (SR 1112)
- H. Approved Utility Extension Agreement(s):
 - Home Builder, LLC – water/sewer utility ext. & service to serve Hampton Inn and Suites, 2065 Cedar Creek Rd
 - Millstone Landing Associates, LP – water/sewer utility ext. & service to serve Millstone Landing located @ Footbridge Lane & South Peak Drive
 - MLC, LLC – water/sewer utility ext. & service to serve The Pinnacle at Cypress Lakes located on Dulles Road

CLOSED SESSION PURSUANT TO N.C. GENERAL STATUTES 143-318.11(A)(6) FOR PERSONNEL MATTERS

Commissioner Rogers motioned to go into closed session pursuant to N.C. General Statutes 143-318.11(a)(6) for Personnel Matters. Motion was seconded by Commissioner Fowler and unanimously approved at 9:33 a.m.

Commissioner Rogers motioned to return to open session at 11:40 a.m. Motion was seconded by Commissioner Fowler and unanimously approved.

Commissioner Rogers motioned to approve the General Manager/Chief Executive Officer's Performance Evaluation and award Mr. Trego an increase in his base salary of 5%. For the July 2016 – June 2017 period his evaluation is 'Exceeds Expectations'. Motion was seconded by Commissioner Fowler and unanimously approved.

The following was also read into the record:

The Fayetteville Public Works Commission conducted the annual review for Mr. David Trego, CEO. It was noted among all reviewers that Mr. Trego demonstrated an excellent grasp of the enterprise in an exemplary fashion including the budget process and the transition of the utility to a public authority.

The Commission evaluated the CEO in three different categories dealing with core leadership competencies, performance measures, strategic plan initiatives and achievement of policy agenda action items.

The Commissioners noted, in his performance review, several positive outcomes within these categories and fifteen specific measureable areas. His performance review resulted in an Exceeds Expectation rating.

As a result of his Exceeds Expectations performance rating, the Commission voted unanimously to increase the CEO's base salary by five (5) % effective July 1, 2017. This action meets the Commission's goal to have utility-wide salaries, including the CEO's, at or near industry mid-range standards as determined by the Hay Group, a third party consultant.

ADJOURNMENT

There being no further business and upon motion by Commissioner Rogers and seconded by Commissioner Fowler the meeting was adjourned at 11:45 a.m.