

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, JULY 25, 2018
8:30 A.M.

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

Others Present: David W. Trego, CEO/General Manager
Jay Reinstein, Assistant City Manager
Johnny Dawkins, City Council Liaison
Melissa Adams, Hope Mills Town Manager/Liaison
PWC Staff

Absent: Michael Boose, Cumberland County Liaison
Media

REGULAR BUSINESS

Chairman Wade R. Fowler, Jr., called the meeting of Wednesday, July 25, 2018, to order.

APPROVAL OF AGENDA

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

INTRODUCTION OF 2018 STEM STUDENTS AND INTERN STUDENTS

Presented by: Bobby Russell, Human Resource Officer

Mr. Russell introduced the PWC 2018 STEM and Intern Students. He stated every year we employee college students. We have also partnered with the City of Fayetteville to include the STEM (Science, Technology, Engineering and Math) Program. We have broadened it this year to include the ICON Workforce Development. Mr. Russell requested for Jay Reinstein, Assistant City Manager, to provide an update. Mr. Reinstein stated their program has grown from 23 in 2016 to 38 students between the City, PWC and the private sector. He stated the program will culminate with a luncheon this week.

Mr. Russell asked each student to introduce himself/herself. Mr. Russell thanked the students for being a part of the STEM and the College Intern Programs. This is a vibrant program we use to bring talent into the Public Works Commission. We are also involved in job-shadowing and career days at the Cumberland County Schools. We will also introduce

our program into FTCC in the near future. He stated we have a strong initiative and we want to continue it and bring bright talent into our organization and move it forward.

CONSENT ITEMS

Upon motion by Commissioner Rogers, seconded by Commissioner Shaw, Consent Items were unanimously approved.

- A. Approve Minutes of meeting of July 11, 2018
- B. Approve Cancellation of August 22, 2018, Commission Meeting
- C. Approve Resolution PWC2018.08 – In Support of the Ozone Advance Program Approved by the Fayetteville Area Metropolitan Planning Organization Transportation Policy Board
- D. Approve Resolution PWC2018.09 – Endorsing the Fayetteville Public Works Commission Employee Safety Program
- E. Approve bid recommendation to award contract for Annual Lighting LED Upgrade and Replacements to Pike Electric, LLC, Mount Airy, NC, the lowest responsive, responsible bidder, in the total amount of \$1,704,614.85 and forward to City Council for approval. The LED Street Light Conversion Project is a budgeted item (budgeted amount of \$4,000,000).

Bids were received on July 10, 2018 as follows:

| <u>Bidders</u> | <u>Total Cost</u> |
|------------------------------------|-------------------|
| Pike Electric, LLC, Mount Airy, NC | \$1,704,614.85 |
| Lee Electric, Aberdeen, NC | \$5,062,277.00 |
| CW Wright, Chesterfield, VA | \$6,101,683.30 |

Comments: The purpose of this contract is to complete the LED light removal and installations throughout the service area. This project was advertised twice due to receiving an insufficient number of bids on the first advertisement. The lowest responsive, responsible bidder is recommended. Pike Electric, LLC held the previous LED Light Installation Contract. **SDBE/DBE/HUB Participation:** Pike Electric, LLC will be self-performing installation. Staff will monitor contract to ensure local businesses and disadvantaged businesses are utilized when subcontracting opportunities arise.

- F. Approve bid recommendation to award contract for Area Lighting (Luminaire Only) Replacement Contract to Pike Electric, LLC, Mount Airy, NC, the lowest responsive, responsible bidder, in the total amount of \$1,395,216.18 and forward to City Council for approval. The Area Lighting (Luminaire Only) Replacement Contract is a budgeted item (budgeted amount of \$4,000,000).

Bids were received on July 10, 2018 as follows:

| <u>Bidders</u> | <u>Total Cost</u> |
|------------------------------------|-------------------|
| Pike Electric, LLC, Mount Airy, NC | \$1,395,216.18 |
| Lee Electric, Aberdeen, NC | \$2,626,342.00 |
| CW Wright, Chesterfield, VA | \$3,470,730.31 |

Comments: The purpose of this contract is to complete the LED (Luminaire Only) light removal and installations throughout the service area. This project was advertised twice due to receiving an insufficient number of bids on the first advertisement. The lowest, responsive, responsible bidder is recommended. Pike Electric, LLC held the previous LED Light Installation Contract. **SDBE/DBE/HUB Participation:** Pike Electric, LLC will be self-performing installation. Staff will monitor contract to ensure local businesses and disadvantaged businesses are utilized when subcontracting opportunities arise.

- G. Approve bid recommendation to award contract for Water Main Encasements under Railroads – Package 2 Project to Sanford Contracting, Inc., Lemon Springs, NC, the lowest responsive, responsible bidder, in the total amount of \$1,792,842.00 and forward to City Council for approval. The Water Main Encasements Under Railroads – Package 2 Project is a budgeted item (CPR1000100 has sufficient finds in the FY19 budget for the project contract amount of \$1,792,842.00).

Bids were received on June 13, 2018 as follows:

| <u>Bidders</u> | <u>Total Cost</u> |
|--|-------------------|
| Sanford Contractors, Inc., Lemon Springs, NC | \$1,792,842.00 |

This project consists of replacing uncased sections of existing water mains crossing railroad rights of way, with diameters ranging from 8 inches to 16 inches, with new cased piping, valves, hydrants, and all appurtenances. This project also includes the abandonment of the uncased sections of water mains and all other items necessary to provide a complete project.

COMMENTS: This project was first bid with a closing date of May 31, 2018, and only one bid was received. Subsequently the project was re-bid with a closing date of June 13, 2018 and again only one bid was received. A mandatory pre-bid conference was held May 8, 2018. A total of three (3) potential bidders attended the conference. This project consists of replacing uncased sections of existing water mains crossing railroads rights of way and as such will require coordination with the railroad and compliance with their standards. **SDBE:** The bidder does not intend to subcontract any work to SDBE. The bid was in compliance with SDBE Good Faith Efforts regarding identification of potential firms. **LOCAL:** No local bidders. The bidder is located in Lemon Springs, NC.

- H. Approve Fleet, Electric and Water/Wastewater (W/WW) Budget Amendment #1 - PWCORD2018-23

PWCORD2018-23 is an Electric and Water/Wastewater Fund FY 2019 amendment increasing the Electric Fund \$6,094,850 to \$270.8 million and increasing the W/WW Fund \$406,000 to \$113.4 million.

Electric Fund

- Budgetary Appropriations is being increased \$6,094,850. A total of \$3,177,200 is being added to the Appropriation from Electric Rate Stabilization Fund due to the \$3/MWH increase in purchased power cost from DEP for July – December 2018. Funds were set aside in June 2018 for this purpose. The remaining \$2,917,650 is an increase in Appropriation from Electric Net Position.
- Operating Expenditures is being increased a total of \$3,177,200 in Power Supply True Up costs due to the additional \$3/MWH from DEP.
- Budgetary Appropriations is being increased \$2,917,650. The Transfer to Electric Rate Stabilization Fund includes an additional \$3,841,500 as a result of FERC Order #ER17-1553-001 causing Duke Energy to change its Material and Supply Inventory Methodology. Duke has challenged this order. The funds will be held in ERSF until the outcome of the challenge is known. Also included is an increase in the Transfer for the Coal Ash Reserve in the amount of \$337,000. Duke's coal ash true up for 2017 represents lower than anticipated coal ash costs. The Transfer to Fleet Maintenance Fund includes an additional \$300,000 to cover the CIP project included in the FY19 original budget. The remaining (\$1,560,850) is a decrease in the Appropriation to Electric Net Position.

W/WW Fund

- Debt Service is being increased \$106,000 to adjust debt principal payments for the final promissory note executed in July 2018.
- Budgetary Appropriations includes an additional \$300,000 due to an increase in Transfer to Fleet Maintenance Fund to cover the FY 2019 CIP expenditures.

I. Approve Capital Project Funds Ordinances – PWCORD2018-24 and PWCORD2018-25

- PWCORD2018-24 amends the Electric Rate Stabilization Fund (ERSF) for the 1) \$3,841,500 transfer from the Electric Fund for the Materials & Supplies settlement received from Duke Energy Progress (DEP). This settlement is subject to an appeal hearing and will be held in the ERSF until a final decision is made; 2) \$3,177,200 transfer to the Electric Fund to cover additional power supply costs to be billed by DEP from July 2018 to December 2018 for the additional energy costs related to the extended cold weather in January 2018. PWC and DEP agreed to a \$3/MWH increase in the energy rate for the last 6 months of calendar year 2018 to mitigate interest costs to PWC that would accrue to the true-up payment that would otherwise be billed in June 2019. The Commission set aside \$4.5 million in the ERSF in June 2018 for this purpose.
- PWCORD2018-25 establishes a \$71.8 million Series 2018 Water and Wastewater Revenue Bond Capital Project Fund for the projects anticipated to be funded with Revenue Bonds. This fund is needed now to establish budgets in support of awarding contracts. The timing of the funding plan and review

of these projects is ongoing and will be brought forward to the Commission once the chosen path is determined.

END OF CONSENT

RECAP OF APRIL 20, 2018, DUKE ENERGY TRANSMISSION OUTAGE AND ACTIONS TO BE TAKEN TO IMPROVE FUTURE RELIABILITY

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

Michael Mann, Duke Energy - Joint Owner & POD Acct Manager

Mr. Trego stated as the Commission knows we had a major outage that was caused by a fault at our POD at Butler Warner. The fault occurred on the Duke Energy side. The Commission and staff raised some concerns about the length of time regarding response and other issues. He stated PWC staff and Duke had some conversations and meetings about ways we can improve response time, communications, etc. He stated to their credit members of the Duke Transmission Group agreed to come here to brief the Commissioners and update them on the actions we have jointly agreed to undertake.

Mr. Trego introduced Mike Mann, the Duke Energy Joint Owner and POD Account Manager. Mr. Mann introduced Mr. Lawrence Wilson (Manager of Wholesale Interconnection); Allen Denning (Fayetteville Area Transmission Manager); and James Diesfield (Supervisor of the Fayetteville and Rockingham Service Technicians). Mr. Mann stated Mr. Denning and Mr. Diesfield are the men who do the transmission work. Mr. Mann stated their presence shows Duke Energy's commitment. These two gentlemen can make the lessons learned happen.

Mr. Mann went on to review the events of Friday, April 20th @ 11:05 a.m. He stated on the Fayetteville-Rockingham 230k Volt Line we had a fault. He stated something caused the line to trip. Sometimes it is a tree or possibly a buzzard. A tree may hit the line and then bounce off the line. He stated all the equipment in the substation operated correctly except for one 230k Volt Circuit Breaker, which failed to operate as designed (located in the DEP Fayetteville 230k Volt Substation on Owen Drive).

Mr. Mann stated as a result, a breaker/failure alarm was initiated which automatically shut down the 230k volt transmission feed to the FPWC Owen Drive Substation. The outage duration was approximately 2 hours and 12 minutes. Mr. Mann went on to explain dispatch's protocol when an outage occurs.

He stated whenever they have an event like this they have a 'lessons learned'. They have digital fault recorders in the substation. The recorder told them that the fault occurred close to structures 204-224 on the Fayetteville-Rockingham 230K Volt line. Their staff patrolled the line by binoculars to see if they could determine what caused the fault. They also inspected the line by helicopter and they could not find a reason for the fault. Mr. Mann stated nevertheless the fault happened.

In June he, David Trego, Jon Rynne, Marc Tunstall, Allen Denning and James Diesfield met here at PWC to discuss the lessons learned and how to implement a better outcome if this situation happens again.

1. DEP service vehicles in the Fayetteville Transmission Maintenance Area will be equipped with emergency strobe lights for identification
2. For future incidents, use the major highways (Highways 87, I95, and I295) into the City (avoid local roadways/traffic)
3. Provide DEP Fayetteville area maintenance substation technicians' contact information to FPWC (Marc Tunstall) - Completed
4. Contact FPWC Dispatch at beginning of event so as to inform of current location and intended route for possible police escort
5. Future rebuild of DEP Fayetteville 230k Volt Substation (Will add a redundant 230k Volt Feed to FPWC Owen Drive Substation). Engineering is scheduled to begin in 2018. Construction scheduled to begin in 2019, with completing of the project in late 2020, early 2021.

Once this project is completed, there will be a substantial replacement of Duke's equipment in the Owen Drive location;

Mr. Trego stated the key issues they raised with Duke (the first four items above address) were we did not know the nature of the fault or how long it would be. It was difficult for us to communicate to customers, especially since we had such a wide spread outage (industrial customers and hospitals). Mr. Trego stated we had basically three-way communication which was not efficient. Additional discussion ensued.

Commissioner Fowler stated the biggest issue he experienced was 'being in the dark'. Not knowing what happened. Council Member Dawkins stated this outage caused them a lot of money. He stated he would like to make sure this does not happen again. Additional discussion ensued.

Commissioner Shaw asked if the future rebuild will provide the same strength of service for the same area, or will it expand the area of service. Mr. Mann stated it will be the same strength and the same area. Mr. Trego stated it will increase reliability. What happened here is there are two sources coming in the station and one breaker. In the future there will be a breaker for each source. If we experience this type of fault in the future, the breaker tied to the source will open and PWC will still be serviced and we would not know anything happened.

She then asked if the cascade effect that Mr. Mann mentioned earlier would not be a factor because this would be a non-event. He affirmed. Mr. Trego stated it will double our reliability at that station.

Commissioner Rogers asked once the technicians reached the location how long did it take to get us back up and running. Duke responded they are not sure exactly how long. The technicians had to evaluate once they reached the site to determine exactly where the issue was. Commissioner Rogers also asked if there are plans to fully automate Duke's other location. Mr. Mann stated at this time there are no plans.

Commissioners thanked Mr. Mann and the other Duke members who contributed to the presentation.

IS STRATEGIC ROADMAP PRESENTATION

Presented by: Paul Rao, Director of Information Systems

Mr. Rao stated he will present the Strategic Roadmap from a technology and systems point of view. This is a three year roadmap. He stated the process for developing the roadmap was approximately six months. He stated the three main drivers that influenced the development of the roadmap were:

1. PWC Strategic Goals
2. Commission Strategic Priorities
3. Other Input
 - a. Internal interviews with Management Team
 - b. PWC Divisional Drivers and Priorities
 - c. Industry Drivers
 - d. External consultant input
 - e. Internal review and validation
 - f. Product Roadmap sessions with Oracle

Mr. Rao noted he met with all the divisions and realized their priorities, challenges and business processes and flows are interconnected. Each division has specific areas they want to improve from a technology point of view. Each division will see some benefit from the roadmap components.

He stated PWC has made a significant investment in Oracle technology and we want to leverage this investment as much as possible, but also be mindful one vendor solution may not be the best fit; two examples are the OMS and the Customer Portal.

He stated IS also responded to the needs of the Electric Division as well as the Water Resources Division by planning to give to the employees all the tools they need to effectively complete their work, in the office and in the field. Staff responded to questions from Commissioner Rogers.

Drivers for the Strategic Roadmap include a dedicated focus on the customer and customer engagement; continued leverage of investment in Oracle technology, but consider alternate, less complex solutions when appropriate; make both PWC office and field Personnel more effective and efficient in performing their jobs; look for opportunities to optimize business processes, break down “silos” or increase productivity .

Mr. Rao described some of the major applications PWC utilizes, which includes:

- | | |
|---|--|
| EBS: Enterprise Business Suite (ERP) | MWM: Mobile Workforce Management |
| CC&B: Customer Care and Billing (CIS) | WAM: Work and Asset Management |
| MDM: Meter Data Management | DMS: Distribution Management System |
| AMI: Automated Metering Infrastructure | OMS: Outage Management System |
| Hyperion: Financial Planning and Budgeting | BI: Business Intelligence |
| GIS: Geographical Information System | CSEM: Current Customer Web Portal |

He outlined the Proposed PWC Footprint. Staff then responded to questions and comments from Commissioners Shaw and Rogers regarding the Business Intelligence (BI) tool.

Mr. Rao discussed planned upgrades that are on the Roadmap. The CC&B Billing System is one of them. He went on to state as we roll out programs like TOU (Time of Use) , Community Solar, Choose Your Own Due Date and other programs that enhance the customer experience, the new version of CC&B will allow you manage these programs more effectively. Discussion ensued.

He outlined the advantages of the proposed Hyperion product upgrade, as well as, the proposed upgraded infrastructure strategy and upgraded applications strategy.

The Top 13 Initiatives were outlined, which include:

- New Customer Portal with Self-Service/Mobile/Payment Processor (10/18)
- Upgraded Customer IVR (Interactive Voice Response) (4/19)
- New OMS, with integration to IVR, Portal, MDM, and CC&B (6/19)
- Office 365 for all PWC employees (2/19)
- Upgraded MDM and Hyperion (1/19)
- Support new Customer Programs (TOU, CYODD, Community Solar, etc.) (5/19)
- M2C (Meter to Cash) Optimization (12/19)
- iSupplier/iProcurement (12/18) and iRecruitment (6/19)
- Upgrade to EBS (6/20)
- Upgrade to CC&B (10/20)
- Customer Kiosks (1st by 1/19)
- Enterprise VDI (Virtual Desktop Interface) (1/20)
- DR (Disaster Recovery at co-located site) (6/19)

The Commission thanked Mr. Rao for the IS Roadmap Presentation.

GENERAL MANAGER REPORT

Community Advisory Group

Mr. Trego stated we have begun to advertise for five openings on the Community Advisory Group (CAG).

Fleet

Mr. Trego stated the City continues to look at their Fleet options and PWC continues to work with the City and coordinate. He asked Mr. Reinstein, Assistant City Manager to elaborate. Jay Reinstein stated the City has completed their two site visits. It gave them an opportunity to see their customer operations. The selection committee is currently working on a financial analysis. He and Mr. Trego have discussed a transition agreement so the current agreement can be canceled and we can begin to work on the transition agreement until all work is transferred to the new vendor. The City's legal department is working on a contract so they can begin negotiations with one of the vendors.

Hope Mills

Mr. Trego stated he and Commissioner Rogers attended the Hope Mills Commission Meeting. During the meeting there were several mentions of land that somebody is making an offer to use in Hope Mills. He stated PWC was mentioned regarding this land and possibly PWC may want to use this land which was previously a dam and lake as a source of water. Mr. Trego stated PWC has no intention of using this land and he wanted to ensure the Commissioners were aware.

Dispatch

The 'before' and 'after' pictures of the Dispatch Area were shown on the TV screen. Mr. Trego invited the Commissioners to view the area after the meeting.

REPORTS AND INFORMATION

- A. Position Vacancies
- B. Approved Utility Extension Agreement(s):
 - HCC Investments, LLC – water and sewer services to serve Traemoor Village Retail on Rockfish Road

Commissioner Rogers motioned to move the closed session for legal matters to the August 11, 2018 meeting. The motion was seconded by Commissioner Shaw and unanimously approved.

~~CLOSED SESSION PURSUANT TO N.C. GENERAL STATUTES 143-318.11(a)(3) TO DISCUSS LEGAL MATTERS~~

ADJOURNMENT

There being no further business, upon motion by Commissioner Rogers, seconded by Commissioner Shaw and unanimously approved, the meeting was adjourned at 10:13 a.m.