

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, FEBRUARY 13, 2019
8:30 A.M.

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

Others Present: David W. Trego, CEO/General Manager
Telly Whitfield, Assistant City Manager
Joseph Staton, City Construction Manager
Kathy Jensen, City Council Liaison
PWC Staff

Absent: Melissa Adams, Hope Mills Town Manager/Liaison
Michael Boose, Cumberland County Liaison
Media

REGULAR BUSINESS

Chairman Rogers called the meeting of Wednesday, February 13, 2019, to order.

APPROVAL OF AGENDA

Upon motion by Commissioner Fowler and seconded by Commissioner Huff, the Agenda was unanimously approved.

CONSENT ITEMS

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

- A. Approve Minutes of meeting of January 23, 2019
- B. Approve bid recommendation to award contract for the installation of Fenix No. 2 69 to 25 kV Substation to Carolina Power & Signalization, Inc., Fayetteville, NC, the lowest responsive, responsible bidder, in the total amount of \$699,993.00 and forward to City Council for approval.

The Installation of Fenix No. 2 69 to 25 kV Substation is a budgeted item – EL34-Fenix Equipment Upgrade (CPR 1000059) 058.0000.0802.1803043-03.690161.

Bids were received January 17, 2019 as follows:

Bidders

Total Cost

Carolina Power & Signalization, Inc., Fayetteville, NC	\$ 699,993.00
Lee Electrical Constructions, LLC, Aberdeen, NC	\$ 707,342.50
Aubrey Silvey Enterprises, Inc., Carrollton, GA	\$ 948,000.00
Davis H. Elliot Construction, Roanoke, VA	\$1,195,000.00
A West Enterprise, LLC, Albany, GA	\$1,227,840.00
William E. Groves Construction, Inc., Madisonville, KY	\$1,482,000.00

Note: This project is to provide labor, furnish and deliver all materials and equipment (except materials and equipment specified to be furnished by the Commission) necessary to complete the installation of the Fenix No. 2 69 to 25 kV Substation according to specifications.

COMMENTS: Notice of bid was advertised on December 12, 2018. Addendum No. 1 was issued on January 15, 2019, to provide answers to questions. Addendum No. 2 was issued on January 16, 2019, to provide answers to additional questions. The bid received from Carolina Power & Signalization, Inc., was the lowest responsive, responsible bid. This project is scheduled to be ready for energization and completed by October 25, 2019. **SDBE/Local Participation:** The bidder intends to subcontract with Asia Excavation, Fayetteville, NC, a Black/African American owned firm (\$17,000.00) and Cumberland Septic, Fayetteville, NC, a woman owned firm (\$2,500.00). The total value of SDBE contracting will be \$19,500.00.

- C. Approve bid recommendation to award bid for purchase and delivery of materials, equipment and the associated components for the installation of the Fenix Substation No. 2 to Substation Enterprises, Inc., Alabaster, AL, the lowest, responsive, responsible bidder in the total amount of \$312,418.00, and forward to City Council for approval.

The Structures and Equipment for Fenix No. 2 69 to 25 kV Substation Project is budgeted in EL 34-Fenix Equipment Upgrade (CPR1000059) 058.0000.0802.1803043-03.690161.

Bids were received January 17, 2019 as follows:

<u>Bidders</u>	<u>Total Cost</u>
Substation Enterprises, Inc., Alabaster, AL	\$312,418.00
M.D. Henry Co., Inc., Pelham, AL	\$331,000.00
Peak Substation, Birmingham, AL	\$337,900.00
DIS-TRAM Packaged Substation, LLC, Pineville, LA	\$360,165.00

COMMENTS: Notice of bid was advertised on December 18, 2018. Addendum No. 1 was issued on January 7, 2019, providing updated plans. Addendum 2 was issued January 16, 2019, adding missing quantities for certain materials. The bid received from Substation Enterprises, Inc., was the lowest responsive, responsible bid. **Local/SDBE Participation:** Substation Enterprises, Inc., is not classified as a SDBE, minority or woman-owned business, and the vendor will perform 100% of the work. There are no known local vendors who can supply this equipment.

- D. Approve Capital Project Fund (CPF) Budget Ordinances – PWCORD2019-04 & PWCORD2019-05

- PWCORD2019-04 amends the NCDOT Capital Project Fund to close out completed projects.

- PWCORD2019-05 amends the NCDOT Capital Project Fund to revise estimates and add additional projects expected to be under agreement with the NCDOT over the near term.

The above ordinances will be effective upon adoption/approval.

END OF CONSENT

UPDATE ON CHOOSE YOUR OWN DUE DATE INITIATIVE

Presented by: Susan Fritzen, Chief Corporate Services Officer

Susan Fritzen, Chief Corporate Services Officer updated the Commission on the Choose Your Own Due Date Initiative. She stated this is one of the many initiatives we are working on tied to the Commission's strategic goal of enhancing the customer's experience.

Ms. Fritzen stated this initiative evolved from the rollout of the AMI meters project. The AMI has allowed us to embark on this function. She stated a lot of utilities (Duke, Co-ops, and others) that do not have AMI meters cannot easily do something like this. This initiative also involved reviewing our processes and how we needed to change them to make it possible. This was the first time in a long time we reviewed our (billing) cycles and we needed to determine how many bills we could handle per day. She stated this discussion began over a year ago.

Mr. Trego also stated the first phase of the project was to look at individual billing cycles. These were set up decades ago when we had meter readers walking around. We had some cycles that were very small and others that were very large. We took the initiative to even out the cycles and have a relatively close amount of customer bills going out in each cycle. He stated this resulted in the ability to send the bills out in an even, steady manner. It also evens out the calls coming into the call center. The number of bills due on a given date was also evened out. Ms. Fritzen stated this resulted in 12,000 bills a cycle being sent out.

Ms. Fritzen highlighted the criteria needed for customers to qualify for Choose Your Own Due Date. Staff responded to questions and concerns from Commissioners.

Ms. Fritzen also highlighted some of the program's benefits and the program's parameters. She stated the program rolled out on January 14, 2019. Mr. Trego stated this is a service advantage for our customers. A lot of our customers get their paychecks on certain days of the month and this is a good tool for them. Mr. Trego stated when we first looked at our new billing system in AMI, we looked at prepaid billing. But we found it is a long process to implement. He stated it is very difficult and cumbersome. The CYODD option is easier to implement. It will also potentially cut-down on late payment fees.

REVIEW OF DESIGN BUILD PROJECTS

Presented by: Mick Noland, Chief Operations Officer, Water Resources
James Michel, Water Resources Engineer II

Mr. Noland, Chief Operations Officer of Water Resources stated James Michel will lead the presentation today. He stated Mr. Michel initially suggested the design-build option. This option allows us to work on projects that are challenging; ensure we get good responses; financial results; and good results on construction schedules.

Mr. Michel stated it has been approximately two years since staff requested to use the Design-Build method. He stated one of the projects was the Market House project. It was particularly challenging with 450 LF of pre-1950 cast iron water mains around the nationally registered historic landmark. Mr. Michel went on to state this project was originally presented as a design-bid-build project. The resulting original bid in October 2016 was \$900,400.00, with an additional \$50,000.00 estimated for structural evaluations, for a total of \$950,400.00.

Mr. Michel stated PWC chose to use the Design Build to reduce costs. The total project cost \$886,278.45. This resulted in a savings of \$64,261.55 or 6.75%. The project's scope included 50% more pavement and four additional services.

Mr. Michel stated the second project we requested to use the Design Build method was the Offing Drive Sewer Project. As a result of Hurricane Matthew, we needed to replace 140 LF of sewer before the replacement of the City Culvert in Offing Drive. Mr. Michel stated this was a challenging project also. We had a very tight timeline. The City had an aggressive schedule on the road repair project. We only had nine months to complete our repairs. The end result was our ability to complete the project on July 26, 2017, and on time. The initial cost proposal was \$438,175.00 and the final costs were the same as the proposal. There were no change orders. The contractors were able to access and mitigate their costs upfront. Staff responded to questions from Council Member Jenkins, and discussion ensued.

2nd QUARTER FINANCIAL RECAP (THRU DECEMBER 2018) – (Goal #1)

Presented by: Rhonda Haskins, Chief Financial Officer
Brenda Brown, Controller

Rhonda Haskins, Chief Financial Officer introduced Mr. Jason Alban, the new Director of Financial Planning. Mr. Alban began on Monday, February 11th. The Commissioners welcomed Mr. Alban to the Commission.

Ms. Haskins went on to give the 2nd Quarter Financial Recap. She stated Electric Sales were up 7.4% over last year. Electric Power Supply expenses were up 7.0%. Coal Ash expenses were up 553.2%; Electric Other Operating Expenses increased by 17.2%; and Electric Payment in Lieu of Taxes (PILOT) increased by 4.9%.

Water Sales increased by 7.3%, compared to last year. Water/WW G&A Expenses decreased by 3.5%; Water/WW Operating Expenses increased by 12.3%; Water/WW Aid, Grants, FIF, Transfers increased by 79.8%; and the Net Bad Debts are less than .6%. The Days Cash Reserve is 146 days.

Ms. Haskins noted the Coal Ash payments began in FY18, but the large payments began in of January 2018. She stated we are paying \$1.3M per month for 24 months.

Electric - Total Operating Revenues were \$126.9M. Power Supply and Generation Expenses were \$77.7M; Coal Ash Expenses were \$8.1M; Other Operating Expenses were \$26.7M; Aid to Construction & Grants was \$38M; City PILOT (Payment in Lieu of Taxes) and ED (Economic Development) expenses were \$6.1M. The Change to Net Position was \$8.4M.

Electric Power Cost increased 7% from FY2018 to FY2019 (thru December 2018). It is due to increases in energy purchases, peak demands and DEP prices.

Regarding Electric Purchased Power in the 2nd quarter, Ms. Haskins stated the megawatt hour comparison is up 1.2% from the previous year and 2.0% above what it was in 2015. Our cost per megawatt hour is up 5.8% from the previous year, and it is more than it was in 2015 by 0.4%. She also noted the largest expenditures in the Electric Fund, excluding Purchased Power, are Personnel Services.

Water Sales - Our sales volumes are 7.3% more than it was last year at \$22.5M. Ms. Haskins noted this is mostly due to rates and not a rate increase in actual usage.

Wastewater Sales are 6.0% more than last year at \$24.3M. Both represent an increase over 2015 sales by 25.3% and 37.1% respectively. G&A Expense were \$7.5M, a decline of 3.5% compared to last year. Other Operating Expenses were \$33.1M, an increase of 12.3% compared to the previous fiscal year. Aid, Grants, FIF XFRs were \$3.9, an increase of 79.8%. Ms. Haskins stated this represents an increase in developer contributions.

Water Volume Sales were down 1.5% since FY18 and 3% over budget for FY19. Residential usage is up 1.8% from budget. Wastewater Volume Sales up 4.1% since FY18 and 4.1% over budget for FY19. Residential usage is up 6% from budget.

Total Operating Revenues were above budget at \$49.5M. Total Operating Expenses were below budget at \$40.7M. The Change in Net Position was \$12.8M. Discussion ensued on the Total Operating Revenues and Expenses.

Ms. Haskins stated Capital Expenditures are under budget but higher than this time last year for Electric and Water. Total Electric Capital Outlay was \$11.6M. Total Water Capital Outlay was \$17.8M. Discussion ensued.

For the Fleet Maintenance Fund, Ms. Brenda Brown, Controller, stated City Sales are \$2.8M, and PWC Sales are \$1.1M; the ratio is 72% to 28%. Operating Expenses are \$4.2M. Ms. Brown noted the decrease in City Sales is the result of the fuel island being down. We also had a decrease in repair services to the City because of the preventive maintenance and lubing for the City's heavy duty vehicles being contracted out. She stated Operating Expenses are down for the same reasons. Additional discussion ensued.

Ms. Brown noted Fleet revenue was below budget and below last year totals at \$2.8M for the City and \$1.1M for PWC; the ratio is 71% to 29%. Fleet revenue fell short of last year due to the decline in the City fuel sales, equipment and repair parts. Fleet expenditures were over prior year primarily due to increased capital spending offset by a decline in outsourcing, and repair parts and fuel purchases. Staff responded to questions from Commissioners regarding the transition of the City's Fleet services.

GENERAL MANAGER REPORT

Mr. Trego stated the Public Hearing on Water Rates will be Wednesday, February 27th @ 8:30 a.m. He stated he will also have a presentation regarding Water Rates during that meeting. The Public Notice will be published on Sunday, February 17th.

PWC Day is scheduled for May 2nd. We invite members of the community to tour and learn more about our facilities. He also stated the Home Show is scheduled for February 22-24 at the Crown Coliseum.

Mr. Trego responded to questions regarding the RC Williams Building tenant. An update will be held on the building in the next meeting.

COMMISSIONER/LIAISON COMMENTS

Chairman Rogers welcomed Council Member Jensen to the PWC Commission Board meetings.

Commissioner Wade Fowler, Jr.

Commissioner Fowler commended Carolyn Justice-Hinson and her staff on the Facebook updates and the information posted to the site. He stated there is very good information out there and encouraged others to share the posts.

Council Liaison Jensen

Council Member Jensen thanked PWC for the lights in Kings Grant. She stated the Fleet transition should take place as planned in July, but if it is not, please be patient with them as there are several initiatives the Council is undertaking.

Council Liaison Jensen stated she understands PWC is working on connecting a water main for a senior center in the western part of Fayetteville. Mr. Mark Brown, Customer Programs Officer, stated several months ago we sent a summary of all the parks and recs locations. He stated the water main and the sewer line for the Senior Center West is not at the property. The City has to extend the water main and sewer line and it is a cost the City has to bear. Council Liaison Jensen stated she is asking PWC to assist in this effort.

She also stated the City is clearing some land on Murchison Road. They will need some lights. Chairman Rogers stated Murchison Road is a NCDOT road and not a City road. They have some requirements that have to be adhered to. We will work proactively with the City in speaking to the NCDOT to see what they will allow us to do.

Council Liaison Jensen also thanked Mr. Brown for being a great asset.

Chairman Darsweil Rogers

Chairman Rogers stated he and David Trego have had meetings with the County regarding Grays Creek. He stated the fundamental issue is there are not enough people there to justify running a line down there. We would have to literally drop water to the ground to keep the flow of water in a way that is healthy. He stated besides the sheer cost of getting there we have to give some incremental thought taken in how we can make it work in a way that makes economic sense.

He also stated the TEXFI site is another conversation we are having with the City. The Mayor will have the next meeting with a joint group regarding the County's Tier 1 status and how to think progressively in moving beyond this status. Mr. Trego will join Commissioner Rogers in those meetings.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Monthly Incident Summary – January 2019
- B. Personnel Report - January 2019
- C. Position Vacancies
- D. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 18795 – install. of 8” RJDIP sewer main, 8” RJDIP water main; 6” RJDIP force main @ SR1003 and SR3303
- E. Approved Utility Extension Agreement(s):
 - Electric, water & sewer to serve Tractor Supply, located @ 4722 NC HW87S & Smith Rd
 - Water & sewer to serve Hoke Loop Landing, located @ Hoke Loop Rd & Raeford Rd.
 - Water & sewer to serve West Fayetteville Place Apts., located @ Gillis Hill Rd, south of S. Raeford Rd
- F. Actions by City Council during the meeting of January 28, 2019, related to PWC:
 - Approved Phase 5 Utility Improvement Project – Areas 22 & 23 Preliminary Assessment Resolution to be Adopted and Public Hearing

ADJOURNMENT

There being no further discussion, upon motion by Commissioner Fowler, seconded by Commissioner Huff, and unanimously approved, the meeting adjourned at 9:50 a.m.