

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, MAY 27, 2020
VIA VIDEOCONFERENCE
8:30 AM

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

Others Present: David W. Trego, CEO/General Manager
Christopher Davis, City Council Liaison
PWC Staff

Absent: Melissa Adams, Hope Mills Town Manager/Liaison

I. REGULAR BUSINESS

Chairwoman Evelyn Shaw called the meeting of Wednesday, May 27, 2020, to order. Considering this is a remote, video-conference meeting, a roll-call of Commissioners was taken. The following Commissioners confirmed their attendance: Evelyn O. Shaw, Wade R. Fowler, Jr., D. Ralph Huff, and Darsweil L. Rogers.

APPROVAL OF AGENDA

Prior to approval of the agenda, Chairwoman Shaw asked if there were any amendments. Mr. Trego requested to add an item to the agenda "Discussion Regarding Temporary Modifications to the PWC Service Regulations to Comply with EO124". The request was approved by unanimous consent. This item is added to the agenda as Item V, and subsequent items moved down.

Upon motion by Commissioner Fowler, seconded by Commissioner Huff, the amended agenda was unanimously approved by a vote of 4-For, 0-Against.

II. CONSENT ITEMS

Upon motion by Commissioner Huff, seconded by Commissioner Fowler, Consent Items was unanimously approved by a vote of 4-For, 0-Against

A. Approve Minutes of meeting of May 13, 2020

B. Approve bid recommendation to award contract for the Fayetteville Annexation Phase V Project XI-Area 24, Section A, Cliffdale Estates to T. A. Loving Company, Goldsboro, NC, the lowest responsive, responsible bidder in the total amount of \$3,780,500.00, and forward to City Council for approval.

The funding for this project will be funded from WS-60 Phase V Annexation (CPR10000130).

Bids were received on May 13, 2020, as follows:

<u>Bidders</u>	<u>Total Cost</u>
T. A. Loving Company, Goldsboro, NC	\$3,780,500.00
Sanford Contractors, Sanford, NC	\$5,543,121.82
Billy Bill Grading Co., Inc., Fayetteville, NC	\$7,139,828.85

COMMENTS: Notice of the bid was advertised through our normal channels on April 15, 2020, with a bid opening date of May 13, 2020. Addendum No. 1 was issued on May 7, 2020, to address Contract Document Revisions, to answer questions and provide minutes from the mandatory pre-bid. Addendum No. 2 was issued on May 11, 2020, to modify the bid form quantities. **SDBE/Local:** T. A. Loving Company is not a SDBE or local firm. T.A. Loving Company intends to subcontract with a female owned DBE, WBE, HUB Firm, Filler UP Trucking. The estimated amount of SDBE/HUB spend is \$70,000.00. T. A. Loving also intends to subcontract with a local non-SDBE, Forrest's Landscaping & Lawn Care Sod, Fayetteville, NC. The estimated amount of local spend is \$170,000.00.

C. Approve PWC Resolution # PWC2020.06

The attached resolution directs the filing of a State Revolving Loan application for additional funding for the Big Rockfish Creek Outfall project currently estimated at approximately \$26.2M. We have received a letter of intent from the State which approved \$16.2M for this project. Costs for the project have escalated and additional funding will be needed. This application will be for only the additional funding amount of \$10.0M.

D. Approve RSM Audit Contract and Supporting Arrangement Letter

The Finance Division Fiscal Management Section of the NC Department of State Treasurer and Local Government requires the Governing Board of each Local Government Unit approve the audit contract as defined in NCGS 159-34 prior to approval by the LGC. The auditor may not engage in audit services before approval by the LGC.

E. Direct the Negotiation of an Interlocal Agreement for the Transfer of \$4.0 Million and the Advance of \$4.325 Million to the City of Fayetteville

On March 16, 2020, City of Fayetteville Mayor Mitch Colvin issued a State of Emergency Declaration pursuant to G.S. 166A-19.22(a) due to the COVID-19 virus. On April 6, 2020, the Mayor requested via letter to Chairwoman Shaw that the Commission consider providing additional funds to the City pursuant to Section 6A.16 of the City Charter in order to help the City make up tax revenue shortfalls that were anticipated due to COVID-19 and to develop programs and initiatives to "...aid with the rapid economic recovery efforts from this once in a generation issue." Section 6A.16 states:

Remittances to City. Beginning July 1, 2016, and each year thereafter, the Commission shall, each month, if funds are available without violating the provisions of any Financing Documents, remit to the City one-twelfth of an annual amount equal to two and forty-five one hundredths percent (2.45%) of

the value of the Total Net Position of the Electric Fund as reported in the Comprehensive Annual Financial Report for the Public Works Commission for each immediately preceding fiscal year ending June 30. There shall be no additional cash contributions or transfers from the Commission to the City unless the following conditions are met: (i) the Mayor declares a state of emergency under the authority granted in G.S. 166A-19.22(a) and (ii) the Commission and City Council agree on the amount of the cash contribution or transfer. No transfer of funds from the Commission to the City shall exceed the amount authorized in G.S. 159-13(14).

The Mayor's initial request was amended by an April 21, 2020 letter from the City Manager to the Commission's CEO and subsequently amended by a May 8, 2020 letter from the Mayor to Chairwoman Shaw, which proposed that "the transfer occur over time to aid both the City and PWC." Additional information has been shared by the parties to allow for full consideration of the City's request and to assist the Commission in determining the amount of the additional transfer to the City to which the Commission can agree.

After full consideration of the amended request and additional information, the Commission is willing to agree to an additional cash contribution of \$4 million and an advance of \$4.325 million to be credited against future payments of the monthly remittance due to the City pursuant to Section 6A.16 based on two and forty-five one hundredths percent (2.45%) of the value of the Total Net Position of the Commission's Electric Fund as reported in the Commission's CAFR for the then applicable preceding fiscal year. The Commission therefore asks and directs, with her consent, Chairwoman Shaw, with the assistance of the Commission's staff as she deems appropriate, to negotiate and present to the full Commission and the City Council for approval an interlocal agreement between the Commission and the City that sets forth: (1) the terms by which the contribution and advance amounts are to be made available to the City over time, (2) the period of the monthly remittances against which the advance to the City will be credited, (3) prudent limitations on the contribution and advance amounts to ensure sufficient cash reserves for the Commission, in addition to all transfer limitations that are required by statute and the Bond Order to which the Commission is subject, and (4) the conditions pursuant to which contribution and advance amounts will be reduced and crediting will be accelerated if the City receives federal or state funding relating to COVID-19 in addition to the \$3.8 million in CARES Act funding referenced in the Mayor's May 8 letter.

END OF CONSENT

III. FY2021 RECOMMENDED BUDGET SUMMARY

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

David W. Trego, CEO/General Manager provided a brief summary of the recommended FY2021 PWC Operating Budget and Capital Improvement Plan (CIP) as presented to the Commission May 13, 2020, and made available for public inspection in compliance with NCGS 159-12.

He stated the Fiscal Year 2021 PWC CIP budget recommendation to the Commission for PWC is \$127.2 million. This represents a 10.5% decrease compared to the FY 2020 budget. He also

provided a summary of the funding sources of the CIP Budget which included \$30.6M from the Electric Fund; \$34.0M from the Water Fund; \$62.6M from Bonds/State Loans/Reserves. The majority of the bond funding which includes Phase V Annexation includes \$55.6 million for water/wastewater; and \$7.0 million is for electric.

Mr. Trego stated, as a reminder, when we had the rates discussions last year, we wanted to increase the amount of funding in the water/wastewater capital budget from revenues compared to bonds. In FY2021, 38% of CIP is funded from Water Fund revenues compared to 24% in FY2020

Approximately \$5.8 million of CIP expenditures are expected to be offset by revenues from NCDOT reimbursements, REPS, and recoveries associated with Hurricane Matthew.

Fund Expenditures/Revenue History

Mr. Trego noted the Fleet fund is eliminated and the expenses are rolled into the Electric and Water Funds.

Millions	FY19 Actual	FY20 Budget*	FY21 Proposed
Electric Fund	\$272.4	\$280.8	\$260.0
Change		3.1%	(7.4%)
Water Fund	\$123.5	\$131.5	\$141.9
Change		6.5%	7.9%
Fleet Fund	\$8.5	\$4.9	\$0
Change		(42.9%)	N/A
Total Budget	\$404.4	\$417.2	\$401.9
Change		3.2%	(3.7%)

Division Operating Expense Summary

Mr. Trego noted the variance in Corporate Services is non-CIP capital for the upgrade of our CC&B computer systems because they will no longer be supported by Oracle. There is also a significant reduction in our Electric Power Supply expenses which was the basis for the Commission's reduction in electric rates.

Division	FY 2020 *	FY 2021	% Increase/ (Decrease)
Management	\$6.42 million	\$6.38 million	(0.7%)
Communications	\$1.48 million	\$1.50 million	1.7%
Human Resources	\$1.85 million	\$1.96 million	5.7%

Customer Programs	\$4.20 million	\$4.11 million	(2.1%)
Corporate Services	\$12.85 million	\$15.95 million	24.1%
Information Technology	\$12.57 million	\$13.51 million	7.6%
Finance	\$11.86 million	\$11.91 million	0.5%
Water/Wastewater	\$41.09 million	\$42.48 million	3.4%
Electric non Power Supply	\$25.87 million	\$29.13 million	12.6%
Total PWC w/o Power Supply	\$118.19 million	\$126.93 million	7.4%
Electric Power Supply	\$155.99 million	\$141.93 million	(9.0%)
Total PWC	\$274.18 million	\$268.86 million	(1.9%)

G&A Personnel Services Budget

Mr. Trego also provided a summary of our G&A Expenses, which has increased just 1.6%. He noted that in our medical insurance we still have a positive story to tell. This is the 3rd year our medical expenses have been reduced.

\$ in Millions	FY 17	FY 18	FY 19	FY20	FY21
Disability	\$0.13	\$0.13	\$0.12	\$0.12	\$0.26
Medical insurance	\$9.60	\$9.68	\$9.70	\$8.68	\$8.45
Life insurance	\$0.15	\$0.17	\$0.14	\$0.16	\$0.16
Dental insurance	\$0.29	\$0.23	\$0.41	\$0.03	\$0.03
Workers' comp	\$0.25	\$0.25	\$0.45	\$0.31	\$0.25
OPEB expense	\$1.43	\$1.38	\$2.08	\$1.19	\$1.49
Other expense	\$0.20	\$0.19	\$0.19	\$0.15	\$0.17
Total personnel services	\$12.06	\$12.03	\$13.09	\$10.64	\$10.81
Change		-0.3%	8.8%	-18.7%	1.6%

Mr. Trego stated if there are no changes to the recommended budget staff will return next meeting with the budget ordinance for Commission approval.

Commissioner Shaw commended the wellness program coordinators. She stated the program is excellent. Mr. Trego stated because of the pandemic we have had to cut back on the gym area, cross fit and other programs. We have other incentives to help the employees to lower their expenses and that provide for wellness.

Commissioner Shaw asked who is responsible for putting the program in place and tracking it. Mr. Trego stated HR (Bobby Russell), Ike Copeland, Rhonda Haskins, and Brenda Brown. He also stated we have a consultant who provides us with information, and we partner with our provider. Commissioner Shaw applauds the program. In this day and age with all that is going

on to have a program where you see a reduction is extraordinary. Commissioner Shaw gave her compliments to the team.

IV. PUBLIC HEARING ON THE PWC FY2021 OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN (CIP)

Chairwoman Shaw asked if there were any speakers. The Clerk to the Board informed the Commission there were no speakers or written comments. It was noted written comments will be accepted for an additional 24 hours. Any written comments received within the specified timeframe will be forwarded to the Commission.

The Public Hearing was closed by the Chairwoman.

V. DISCUSSION REGARDING TEMPORARY MODIFICATIONS TO THE PWC SERVICE REGULATIONS TO COMPLY WITH EO124

Mr. Trego stated as the Commissioners know we have had several discussions regarding EO124. Governor Cooper put in place EO124 which allowed customers who were not paying their bill to not be disconnected due non-payment over the coronavirus period. Mr. Trego stated we thought this was a good thing, as a matter of fact, PWC began this practice two weeks before required. The second part is once the order expires, which is currently scheduled to be the end of this month, is we are to provide customers up to six months with no interest, no fees to pay those balances off. Mr. West has been in several conversations with the Attorney General, trying to get clarity on items/issues.

Mr. West has been looking at the processes we have in place. We may need to temporarily change some of our service regulations to be able to comply with the aftermath of EO124 over the six month period. Mr. West proposes the following language so we will not have to constantly come back to the Commissioners multiple times since they are temporary.

“The Commission hereby delegates authority to the CEO/General Manager to temporarily modify the FPWC Service Regulations in his discretion by issuing General Manager Directives to be effective for up to twelve (12) months in order to address the collection and accounting of customer balances incurred during the effective period of Governor Cooper’s Executive Order 124”.

Commissioner Fowler motioned to accept the recommendation to approve the modification to the service regulations as presented. Motion was seconded by Commissioner Huff, and unanimously approved (4-For; 0-Against).

VI. GENERAL MANAGER REPORT

Mr. Trego stated the Governor can still extend his order EO124. ElectriCities has sent a letter to the Governor’s office requesting he not extend the order. There are a number of cities that are in less financial shape than PWC. If he does nothing it will expire at the end of the month.

We are waiting for information from the Attorney General because the order is somewhat vague. Once we get additional guidance, we will have a clearer direction. Discussion ensued.

Commissioner Shaw asked if staff has any idea of how many businesses have begun to reopen. Mr. Trego stated since we just ended the first week of Phase II, we have not gotten the information to our consultant regarding this week. We will have it available by the end of next week.

Mr. Trego stated though we are not required to comply with the Governor's order because we are an essential service, we are using the different phases as a guide for us here at PWC. As more businesses open and more businesses are active the demands on us will increase. We have begun ramping up. Previously we had ½ our employees Working from Home or Reporting from Home, now we have more employees on the campus. Employees are now wearing masks when they are in common areas, hallways, lunch room, restrooms. When they are at their work stations and can maintain social distance we are not requiring them to do so.

Our construction crews are doing staggered shifts, so they are not all in the building at the same time. We are trying to reduce the risk and spread the risk as much as possible. But also, we are ramping up our operations to meet the needs of the customers.

Mr. Trego stated we have had a Work from Home policy in place for several years. Not many employees have taken advantage of it. He believes by going through this people have experience it, both from the employee and supervisory side have found out how things can work in this type of environment. The executive team has suggested, based on our experience going through this to look at our Work from Home policy to revise it so more employees can take advantage of it. We are well into Phase II and will keep the Commissioners apprised.

Commissioner Rogers stated so much of this willingness to have the workforce work from home can go back to HR in terms of how you evaluate performance in terms of their perceptions in the ability to be promoted and be evaluated for your work. Also, there is an old school mindset, if I can't see you, I can't trust you.

These things are a challenge to employees' comfort as well as the supervisors' comfort. When you are looking at changes to policy you need to look at the evaluations. Training supervisors. How to determine if someone is being productive. He went on to state PWC already has great morale in its workforce, and more people would do it, but they may be afraid it will not be good for them.

Mr. Trego stated that is a good point. Which is why he mentioned not only did the employees have a taste of this, but so did the supervisors. It has shown them you can still get the work done that needs to get done and effectively supervise your employees. We will do a best practice analysis once we have looked at the policy itself.

Commissioner Shaw asked if there is a general message board that PWC manages that can put congratulatory notes to the Class of 2020? She noted the graduates are experiencing a very different graduation.

Ms. Justice Hinson responded. She stated we are participating in two publications that are doing salutes to the graduates. The Up and Coming Magazine has a partnership with the Cumberland

County Schools and it provides each school a commemorative publication as part of their graduation ceremony and we are participating in that.

Ms. Justice-Hinson also stated PWC recognizes their graduates for several months in our Communicator.

Mr. Trego also suggested placing the message on our message board at the corner of our campus.

Mr. Trego stated our Storm Preparation Guide will be in libraries, the Fayette Observer as well as mailed to our medical priority customers.

We have been named as one of 2020's best employers in NC through Business NC Magazine. This was an anonymous survey completed by our employees. The survey included questions regarding our Wellness Program as well as our Work from Home Policy. The results will be in the June issue.

VII. COMMISSIONER/LIAISON COMMENTS

Council Member Davis

Council Member Davis thanked the PWC Commissioners for the support given to the City of Fayetteville. He hopes the media reports that PWC/CoF are continuing to strive to maintain a great relationship and work as a team. He thanked each Commissioner as well as Mr. Trego for all they do for the City.

Council Member Davis asked who should be the point of contact (POC) since we are in the storm season. Mr. Trego stated if we are in a storm situation, Mark Brown is the liaison to the City, and Telly Whitfield is the liaison to PWC. He then detailed our procedures during the storm emergency. Additional discussion ensued.

VIII. REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. 3rd Quarter Financial Review
- B. Monthly Cash Flow Report - April 2020
- C. Payment Analysis – as of April 2020
- D. Recap of Uncollectible Accounts – April 2020
- E. Investment Report – April 2020
- F. Purchase Orders – April 2020
- G. Position Vacancies
- H. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. #18860 – utility potholing @ NC HWY24 (Bragg Blvd.) & SR 1499 (Pamalee Dr.)
- I. Approved Utility Extension Agreement(s):
 - W/S service to serve Circle K (R&R 2723046) located @ 674 Chicken Foot Road

- E/W/S service to serve New Life Community Church, located @ 1774 Katonah Dr & Raeford Rd.
- J. Approved NCDOT Relocation Agreement(s):
 - Relocation Agreement # 18291 – relocation of electrical facilities to accommodate NCDOT Project: U-2519CA; WBS element # 34817.3.13
- K. Actions by City Council during the meeting of May 11, 2020, related to PWC:
 - Public Hearing – Phase 5 Annexation Area 21 on Preliminary Assessment Resolution – Presented by Mark Brown, Customer Programs Officer
- L. Financial Statement Recaps
 - Electric – Revenues and Expenditures – as of March 31, 2020
 - Water/Wastewater – Revenues and Expenditures – as of March 31, 2020
 - Fleet – Revenues and Expenditures – as of March 31, 2020

IX. ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Huff, and unanimously approved by a vote of 4-For, 0-Against, the meeting was adjourned at 9:03 a.m.