

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, JUNE 10, 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
Media

I. REGULAR BUSINESS

Chairwoman Evelyn Shaw called the meeting of Wednesday, June 10, 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

Upon motion by Commissioner Fowler, seconded by Commissioner Huff, the 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 27, 2020

B. Approve bid recommendation to award bid for the contract for the Fayetteville Annexation Phase V Area 23, Section II, Rayconda Subdivision to T. A. Loving Company, Goldsboro, NC, the lowest responsive, responsible bidder in the total amount of \$6,935,270.00, and forward to City Council for approval.

The Fayetteville Annexation Phase V, Area 23, Section II, Rayconda Subdivision is funded from the Phase V Annexation Reserve Fund (CPR1000130 and CPR1000095).

Bids were received on June 3, 2020, as follows:

<u>Bidders</u>	<u>Total Cost</u>
T. A. Loving Company, Goldsboro, NC	\$6,935,270.00
Billy Bill Grading Co., Inc., Fayetteville, NC	\$9,544,063.79

COMMENTS: Notice of bid was advertised through our normal channels on April 22, 2020, with an original bid opening date of May 20, 2020. Addendum No. 1 was issued on May 14, 2020, to address Contract Document Revisions, to answer questions, and provide minutes from the Mandatory Pre-Bid. Following the release of Addendum No. 1, prospective bidders generated additional questions and requests for clarifications. Addendum No. 2 was issued on May 15, 2020, to extend the bid opening to May 27, 2020. Addendum No. 3 was issued on May 22, 2020, to answer additional questions and Contract Document Revisions. Addendum No. 4 was issued on May 27, 2020, to Re-Advertise the project with a new bid opening date of June 3, 2020, at 10:00 a.m., as the scheduled bid opening failed to produce three (3) bids. **SDBE/Local:** T. A. Loving Company is not a SDBE. The company maintains a physical office in Fayetteville but submits bids from their Goldsboro location. T. A. Loving Company intends to subcontract with a female owned DBE, WBE, HUB Firm, Filler UP Trucking. The estimated SDBE/HUB spend is \$100,000.00. The company also intends to subcontract with a local non-SDBE, Forrest's Landscaping and Lawn Care. The estimated amount of local spend is \$100,000.00

C. Approve Extension of FIF Waiver Period for Area 22

Staff recommends the Commission approve an extension of the FIF waiver period for Area 22 in Phase V to eight (8) months from six (6) months to be consistent with the previous waiver extensions for Areas 20 and 21. Area 22 is complete and will soon be available for connection.

D. Approve the following FY2020 Electric, W/WW and Fleet Maintenance Fund Budget Ordinance Amendment #3

PWCORD2020-01 is an Electric and Water/Wastewater Fund amendment changing the fund balances as follows: The Electric Fund is decreasing by \$6,802,700 to \$274.0 million and the Water/Wastewater Fund is decreasing \$2,371,500 to \$129.1 million.

E. Approve the following Capital Project Fund (CPF) Budget Ordinance Amendments for FY2020. These Ordinances will be effective upon adoption.

PWCORD2020-02 – Amends the Substation Rebuild CPF to close out completed projects.

PWCORD2020-03 – Amends the NCDOT CPF to close out completed projects

PWCORD2020-04 – Amends the Electric Transportation Equipment CPF to close out long lead time purchases.

PWCORD2020-06 – Amends the Electric Rate Stabilization Fund to update transfers and interest income to actuals as of FY20.

PWCORD2020-10 – Amends the Annexation Phase V Reserve to update transfers and interest income to actuals as of FY20.

PWCORD2020-14 – Amends the Annexation Phase V, Areas 22 & 23 CPF to increase the total project cost.

(Staff recommends the Commission adopt the above Capital Project Fund Ordinance Amendments)

END OF CONSENT

III. COMMISSION CONSIDERATION OF FY2021 BUDGET ORDINANCE PWCORD2020-05 (FY2020-2021 ANNUAL BUDGET)

Mr. Trego stated staff presented the FY2021 Budget May 13th. The Public Hearing was held on May 27th. He stated staff is requesting the approval of FY2021 Budget Ordinance – PWCORD2020-05.

Upon motion by Commissioner Fowler, seconded by Commission Huff, the FY2021 Budget Ordinance – PWCORD2020-05 – (FY2020-2021 Annual Budget) was unanimously approved by a vote of 4-For, 0-Against

IV. APPROVAL OF CAPITAL PROJECT FUND (CPF) BUDGET ORDINANCE AMENDMENTS FOR FY2021

Upon approval, the following ordinances will be effective July 1, 2020, and will reflect the FY2021 activity from the FY2021 Annual Electric and Water/Wastewater Operating and CIP Budgets

- A. PWCORD2020-07 – Amends the Water and Wastewater Utility Systems Rate Stabilization Fund for transfer activity expected in FY21.
- B. PWCORD2020-08 – Amends the Substation Rebuild CPF to add new projects and update cost estimates for existing projects based on the FY2021 CIP.
- C. PWCORD2020-09 – Amends the NCDOT CPF to add new projects and update cost estimates for existing projects based on the FY2021 CIP.
- D. PWCORD2020-11 – Amends the Hurricane Matthew CPF to update cost estimates for existing projects based on the FY2021 CIP.
- E. PWCORD2020-12 – Amends the Electric Transportation Equipment CPF to revise the FY2021-2023 estimates for long lead time purchases and making the budgeting, tracking and pre-audit requirements more manageable to staff.
- F. PWCORD2020-13 – Amends the Electric Rate Stabilization Fund for FY21 transfers and interest income budgeted through FY21.
- G. PWCORD2020-15 – Amends the Annexation Phase V Reserve for FY21 appropriations to and from the General Fund and increases interest income for FY21.

(Staff recommends the Commission adopt the above Capital Project Fund Budget Ordinance Amendments, effective July 1, 2020.)

Commissioner Fowler motioned to approve the above Ordinances as presented (PWCORD2020-07, 08, 09, 11, 12, 13 and 15). The motion was seconded by Commissioner Huff, and unanimously approved by a vote of 4-For, 0-Against.

Mr. Trego thanked the Budget staff for their diligence in putting the budget together. The Commissioners also thanked the Budget staff.

V. UPDATE ON FLEET BUILDING CONSTRUCTION PROJECT

Presented by: Susan Fritzen, Corporate Services Chief Officer

Ms. Fritzen provided a video of the fleet building construction, which featured the new fleet bays, the sprinkler system, the new restrooms, conference room, and more. She noted the project is approximately \$1M under budget.

VI. IMPACTS OF COVID-19

Presented by: David W. Trego, CEO/General Manager
Rhonda Haskins, Chief Financial Officer

Mr. Trego and Ms. Haskins updated the Commissioners on the impacts of the COVID-19.

		July	August
Expenses	\$ 3,370,000	\$ 3,600,000	\$ 3,830,000
Net Revenue Loss	\$ 693,500	\$ 814,500	\$ 957,000
Fee Revenue Loss	\$ 2,004,000	\$ 2,672,000	\$ 3,340,000
Rate Delay			
May/June	\$ 820,000	\$ 820,000	\$ 820,000
Interest Income	\$ 89,000	\$ 119,000	\$ 149,000
EO 124 Arrears*	\$ 6,000,000	\$ 7,500,000	\$ 9,000,000
	<u>\$ 12,976,500</u>	<u>\$ 15,525,500</u>	<u>\$ 18,096,000</u>

* Ms. Haskins noted most of the arrears could be recovered in FY2021

Below is a chart of the Days Cash and the effects of the COVID-19 and EO124.

Reporting Date	29-May
Starting Days Cash March/April	137
Additional COVID 19 Impacts through June	(10)

FY 21 Electric Rate/Rev Decrease	(10)
Remaining Days Cash	117
EO 124 60-Day Extension Impact	(6)
Net Recovery Starting September	8
FYE 21 Days Cash through August Impacts (With Recovery)	119
FYE 21 Days Cash through August Impacts (W/O Recovery)*	110

* Additional 1 day cash impact modeled due to no Monthly Net Revenue Recovery

Assumptions:

- \$9.0M Severance by Aug; Recoup 90% of the Total \$9.0M Sept to Feb (10% write-off)
- \$3.6065M Net Revenue Decline by June 30 (\$0.6935M Net Rev + \$2.913M Fees, Interest, 2 mo rate delay)
- Interest on delinquent accounts resumes Mar '21; late fees resume Sept '20
- \$3.37M Increased Expenses by June 30
- \$10.0M Lower Net Position due to FY21 Rate Reduction
- Does not include any additional transfers to the City

Mr. Trego provided an update on the staff's response to the COVID-19. We have installed protective glass at the guard station, CSC reception area and the warehouse counters. Discussion ensued. He also stated there are kiosks positioned strategically around the campuses to take the employees' temperature when they come into the buildings.

VII.GENERAL MANAGER REPORT

Mr. Trego reminded Commissioners we are distributing the 2020 Storm Preparation Guide. It will be published in the Fayetteville Observer, the Up and Coming Magazine. The guide will also be in the libraries and in the rec centers.

VIII. COMMISSIONER/LIAISON COMMENTS

COUNCIL MEMBER DAVIS

Council Member Davis thanked PWC for all they are doing for the City and the ratepayers. He offered his assistance if needed in any area.

IX. REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Personnel Report – May 2020
- B. Position Vacancies
- C. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 18289 – install underground elec. fac. @ SR1600 (McArthur Rd.), nr. US401 (Ramsey St.)
 - Encr. # 18290 – install underground elec. fac. @ SR1400 Cliffdale Rd), nr. SR1593 (Hoke Loop Rd.)
- D. Approved NCDOT Relocation Agreement(s):
 - Relocation Agreement #18292 – relocation of electrical facilities to accommodate NCDOT Project: U-2519CB; WBS element # 34817.2.8
- E. Actions by City Council during the meeting of May 26, 2020, related to PWC:
 - Approved Phase 5 Annexation Area 21 - Resolution Confirming Assessment Roll and Levying Assessments

X. 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 9:20 a.m.