

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, JULY 22, 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
Daniel K. Peplinski, WK Dickson
Mark Fisher, WK Dickson
PWC Staff

Absent: Melissa Adams, Hope Mills Town Manager/Liaison
Media

I. REGULAR BUSINESS

Chairwoman Evelyn Shaw called the meeting of Wednesday, July 22, 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 Huff, seconded by Commissioner Fowler, the agenda was unanimously approved.

II. CONSENT ITEMS

Upon motion by Commissioner Rogers, seconded by Commissioner Huff, Consent Items was unanimously approved by a vote of 4-Aye, 0-Nay

- A. Approve Minutes of meeting of June 24, 2020
- B. Approve PWC Resolution PWC2020.07 - Authorizing the CEO/General Manager to Grant Easements for Utility and Governmental Purposes

Staff recommends the Commission grant authority to the CEO/General Manager of the Fayetteville Public Works Commission to grant and execute, at his or her discretion, easements over, through, under, or across real property that is titled in the name of the City of Fayetteville and managed and controlled by the Fayetteville Public Works Commission to any public utility, to the State, to any agency or commission of the State, and to any person or entity authorized to condemn property in accordance with Chapter 40A of the North Carolina General

Statutes for any purposes set forth therein, and that the Commission request that the City of Fayetteville adopt a resolution granting such authority to PWC's CEO/General Manager.

The recommendation, as approved by the Fayetteville Public Works Commission, shall be referred to City Council in accordance with Section 6A.9 of the Charter to request that the City of Fayetteville adopt the above-described resolution.

C. Approve PWC Resolution PWC2020.08 – Adopting Revisions to Standby Service Rider

Staff recommends the Commission approve to amend the Fayetteville Public Works Commission's Standby Service Rider to accommodate a wider variety of uses of customer-owned behind-the-meter generation and to adopt other technical corrections and clarifications.

Comments: Granting the requested amendment will accommodate a wider variety of uses of customer-owned behind-the-meter generation and adopt necessary technical corrections and clarifications

D. Approve PWC Resolution PWC2020.09 - Adopting PWC-Specific Records Retention Schedule

Staff recommends approval of Resolution No. PWC2020.09 adopting the PWC-specific records retention and disposition schedule entitled "Water & Sewer Authorities and Sanitary Districts Records Retention and Disposition Schedule."

Comments: PWC staff has determined that the PWC-specific records retention and disposition schedule proposed by the Department of Natural and Cultural Resources (DNCR), the Division of Archives and Records (DAR) is appropriate for the retention of PWC records that are not covered by the general schedule adopted by this Commission in 2019 and therefore recommends approval and adoption by Commission resolution.

E. Approve PWC Ordinance PWCORD2020-20 – FY2021 Electric & W/WW Amendment #2

PWCORD2020-20 is an Electric and Water/Wastewater Fund amendment changing the fund balances as follows: The Electric Fund is increasing by \$268,000 to \$263.3 million and the Water/Wastewater Fund is increasing \$716,400 to \$142.6 million.

F. Approve PWC Capital Project Fund (CPF) Budget Ordinances - PWCORD2020-21 thru PWCORD2020-24

- PWCORD2020-21 amends the budget ordinance for the Electric Rate Stabilization Fund (ERSF). This is to account for \$2,209,865 of the \$4,910,063 total true-up credit received from Duke Energy Progress related to coal ash and power supply. The remaining true-up credit was transferred to the Coal Ash Reserve therefore reducing the amount needed from the ERSF for FY 21 coal ash costs.
- PWCORD2020-22 amends the Replacement of 20-in North Fayetteville Force Main CPF. This amendment is necessary due to an increase in expected costs for this project from \$9,800,000 to \$12,500,000.
- PWCORD2020-23 amends the Annex V, Areas 20-21 CPF. The Series 2016 bond projects are fully funded, and the residual amount will be reallocated to Annex V, Areas 32-34 CPF.
- PWCORD2020-24 amends the Annex V, Areas 32-34 CPF. Remaining Series 2016 bond proceeds have been reallocated from the Annex V, Areas 20-21 CPF.

END OF CONSENT

III. PUBLIC MEETING FOR CLEAN WATER STATE REVOLVING FUND LOW INTEREST LOAN

Presented by: Misty Manning, PE, WR Engineering
Mark Fisher, WK Dickson & Co., Inc.
Dan Peplinski, WK Dickson & Co., Inc.

Mr. Trego, CEO/General Manager stated we have applied and received several state revolving loan funds. Part of the requirement of the State is to have a public meeting to discuss the project, review it and discuss options surrounding the project, and discuss if there is a significant rate impact for customers. Mr. Trego stated this is to make sure any interested parties are aware of what we are doing as far as obligating the Commission and ultimately its customers.

Mr. Noland stated we have been working with WK Dickson on all the details, the environmental and technical information that go to the State. This project will allow us to get wastewater service all the way to the western side of Cumberland County. We can put in a large regional lift station, like we did in North Fayetteville, or we can put in a gravity line, pick up the flow and provide a lot of additional benefits in doing so. He stated one part is putting in the outfall and the other is regarding existing lift stations we can take out of service. We have put in the request for the loan, and the cost has increased. We have part of the loan and we are still pursuing the other part of the loan.

Dan Peplinski, WK Dickson, thanked the Commission for allowing him to speak regarding the Big Rockfish Creek Sanitary Sewer Outfall and the Lift Station Elimination Project.

Mr. Peplinski stated he will discuss the Project Background; Alternatives Considered; Funding; and the Tentative Project Schedule.

He stated the primary purpose to serve the western portion of Cumberland County, in particular the annexed areas by City of Fayetteville (Areas 32 and 34). PWC is obligated to provide service to annexed areas. These areas are currently under design. The areas are currently served by private septic and public sewer is needed to convey the sewage from these annexed areas to PWC's existing collection and treatment system.

Mr. Trego stated we did not include this project cost in the Phase V Annexation grouping in the budget. The Phase V is for the normal distribution and approach lines to directly serve the customers. This is an outfall line which indirectly serves the customers. It is a separate project.

Mr. Peplinski directed the Commission to the map provided which denotes the Proposed Big Rockfish Outfall; and the trunk line for areas 32 and 34.

Mr. Peplinski discussed the alternatives considered:

- Do Nothing – Not feasible, PWC obligated to provide service per Annexation Agreement
- Regional Lift Station – Slightly lower 60-year Present Worth Value, but has other limitations including
 - Continued operation of six existing lift stations
- **Recommended Option - Gravity Outfall** – 60-year Present Worth Value is slightly higher than regional lift station
 - Increases system resiliency. If the power goes out in the area, the gravity sewer works fine.

- Reduces future operation costs. The cost of maintaining a gravity sewer line is much less than maintaining a pump station.
- Provides more flexibility for serving currently unserved, nearby areas in Cumberland and Hoke Counties.
- **Eliminates the operation of six existing lift stations and the need for a regional lift station.**

Mr. Peplinski directed the Commission to the map representing the two alternatives. Mr. Trego stated he assumes if we went with the lift station option, the lift station is in an area served by Lumbee. Mr. Noland responded, yes.

Commissioner Shaw asked, considering the recommendation is the gravity outfall, is this something newer in the industry that was not available when the six lift stations were initially installed years ago. She also asked if there is an impact of the labor required to operate the gravity outfall versus the operation of the six lift stations.

Mr. Peplinski replied that gravity sewers have been around for a very long time. They were around when the six lift stations were put in. Technology, materials and installation methods have changed. He stated it may have been that it was deemed too expensive or populations may not have developed in the western part of the county. Mr. Trego stated it was pre-annexation, so we did not have the customer density. Mr. Peplinski stated now that we have population density to support a broader service area on that side, the gravity outfall is certainly the more flexible means of approaching the problem.

There is an impact to labor, he stated. The gravity outfall is much less labor intensive to maintain than the regional lift station or the six lift stations. For the lift stations, PWC may visit them daily, several times a week or weekly to maintain. The gravity outfall needs to be maintained or investigated to see its operating condition every several years.

Council Member Davis asked, in terms of the problematic weather we have had, does the gravity sewer outfall limit us when we have a hurricane. Does it cause us to max out and need pump systems to mitigate? Mr. Trego stated as a reminder when we had the last two hurricanes, because of the limitation of the capacity of many of our lift stations we had to pump the lift stations to prevent or minimize any spillage. In a hurricane situation, a lift station is riskier as far as the potential for reaching capacity.

Mr. Peplinski stated typically sewer outfalls, since they do not have a lot of service lines discharging directly to them, the outfall itself has a fairly limited drainage area coming to it. The manholes are potential areas of risk, but they can be designed to minimize the risk with water tight covers and elevating the manholes in areas of ponding, and they are being designed into the project. Where you get the infiltration and inflow in a gravity sewer system that would impact capacity is more in the very collection area itself (areas 32 and 34), but those issues do not show up until the pipes begin to age and become damaged through external loading or wear and corrosion. Since they are generally in the collection system side, which is feeding either the gravity outfall or the pump station, we anticipate those impacts would be similar regardless of which alternative is implemented in this case.

Council Member Davis asked if the gravity outfall was implemented, if there would be a need for supplemental support would the pump system be helpful. He stated we are in the hurricane season, and while he does not know the timeline of this project we may have more once in a lifetime hurricanes. Mr. Trego stated this outfall is more for future capacity in areas 32 and 34. It is not a critical issue right now. The existing lift station configuration can handle the critical flows. When we

continue to build out the most western parts of Phase V, we begin to get into capacity issues, and the need to put in the additional lift station or the outfall line. Commissioner Huff commented on the area Council Member Davis resides and where the outfall runs from his area. Additional discussion ensued.

Mr. Peplinski stated after the alternatives were considered, next was the funding.

Funding:

- Fayetteville PWC was approved for two low interest loans
 - A 0% interest rate loan for \$6,225,105 (Lift Station Elimination Outfalls)
 - A 1.89% interest (max) rate loan for \$16,162,109 (Big Rockfish Creek Outfall)
- A Clean Water State Revolving Fund loan of \$10,197,830 was not awarded in Spring Cycle. A re-application will be submitted on September 30.
- Actual loan amount will be determined once the work is bid
- If the third loan (\$10,197,830) is not approved in early 2021, PWC may choose to include the needed funds in a bond package or to defer other work of the same value to proceed.
- PWC balances project needs with available funds and user rates are not anticipated to be impacted by more than 5%.

Construction Phasing:

- Construction will be separated into four contracts
 - Required due to project size and complexity
 - Expected to increase local and regional contractor interest
 - Provides opportunity to receive more competitive bids
 - Contracts I, II, and III are portions of the Big Rockfish Creek Outfall
- Contract IV is the Lift Station Elimination

Schedule:

- Findings of No Significant Impact (FONSI) expected early September
- Engineering Report/Environmental Information Document Approval (early September, but not before FONSI)
- Approval of Plans and Specifications (early September, but not before FONSI)
- Advertise project for Construction Bids for Contract I and II – Staggered from September to November
- Begin Construction Contracts I & II – January 2021 & March 2021
- Begin Construction Contracts III & IV -June 2022 & October 2022
- Complete Outfall (Contract I, II and III) – On or around June 2023
- Complete Lift Station Elimination Outfalls – On or around March 2024

Commissioner Fowler asked if the option of ‘doing nothing’ was not available because we have to put it in, is that because of State requirement or because they are concerned about the septic fields out there. Mr. Peplinski stated it is a mechanism of the annexation process itself. Since they are annexed PWC is obligated to provide them with sanitary sewer. He also stated as far as we know the septic systems are working fine, though they do have a limited timeframe, but we have not seen any reports of any failings at this time.

Mr. Trego stated the design criteria of all the lots we are running lots to, we will serve. Since there is no mandatory hookup requirement in NC, there may be a rush to hook ups when we finish the project and others may hook up over time. But we have designed the project to accommodate all the lots.

Commissioner Rogers asked for a clarification of a ‘regional lift station’. Does it imply the six individual lift stations consolidate into a larger one to transport the waste to the reclamation center? Mr. Peplinski replied ‘no’. The existing lift stations remain active and still operate in the manner they do today. The regional lift station denotes a larger area that it serves.

Commissioner Rogers asked if there is something specific to the timing of this project. Mr. Trego stated we have mentioned an outfall a number of times in keeping Commissioners apprised to large projects coming up. Since we are moving to the later part of Phase V, particularly areas 32 and 34 and some of the others on the farther western part, is driving the timing.

He also asked if there is an opinion on the likelihood of receiving the State funding. Mr. Peplinski stated without knowing what other projects will be submitted; the biggest disadvantage this project faces is the State considers this an expansion which they prioritize lower than a rehabilitation project.

Commissioner Rogers also asked for a definition of ‘no impact’. He asked if our presumption is there is nothing out there that would give rise to delay or concern. Mr. Peplinski stated yes, there is nothing there that will likely get in the way.

Commissioner Shaw asked Mr. Noland if his department will manage this project or if the construction will be managed by an outside firm. Mr. Noland replied typically on a large construction project like this, it is a combination. The engineer must be involved enough to certify that it was installed according to his plans and specifications. This is a large project, with a lot of construction considerations. We will have our project coordinator involved to ensure the contract provisions are being made. Mr. Trego also stated we will have our normal public meetings in the areas involved.

Commissioner Shaw opened the public meeting to public comment. The Clerk to the Board stated there were no written comments submitted. There were no requests for oral comments prior to the meeting. Commissioner Shaw asked if there were any comments or questions from anyone on the teleconference. Ms. Kimberly Witsak asked if PWC does not receive a third loan, will the cost be absorbed by the residents. Mr. Trego stated we will have to repay the loan and the interest rate is typically lower than bonds. We also have additional options to have it added to the budget to be funded by bonds, or we can defer other projects.

Ms. Witsak also asked how their neighborhood lift station will look. Ms. Manning stated we have confirmed that her neighborhood is a chemical feed site. Everything will be gone but the manhole. The fence will remain around the manhole so we can keep it secure. She stated it will be shrunken, and when we know the exact size, we will inform Ms. Witsak.

There being no more questions or comments, the public meeting for Clean Water State Revolving Fund Low Interest Loan was closed.

IV. CUSTOMER SERVICE PLANS POST EXECUTIVE ORDERS 124 AND 142

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

Mr. Trego stated we will cover the following during this discussion.

- ▶ Update on overall Financial impacts of COVID-19 on FPWC including Days Cash
- ▶ Review of Governor Cooper’s Executive Orders (EO) 124 & 142

- ▶ FPWC actions related to EO 124 and 142
- ▶ Breakdown of customers who utilized EO 124 and 142 and accumulated arrearages with FPWC
- ▶ FPWC plan for assisting residential customers with accumulated arrearages in compliance with EO 124 & 142
- ▶ FPWC plan for working with non-residential customers

Ms. Haskins provided the following.

COVID Cumulative Projected Loss

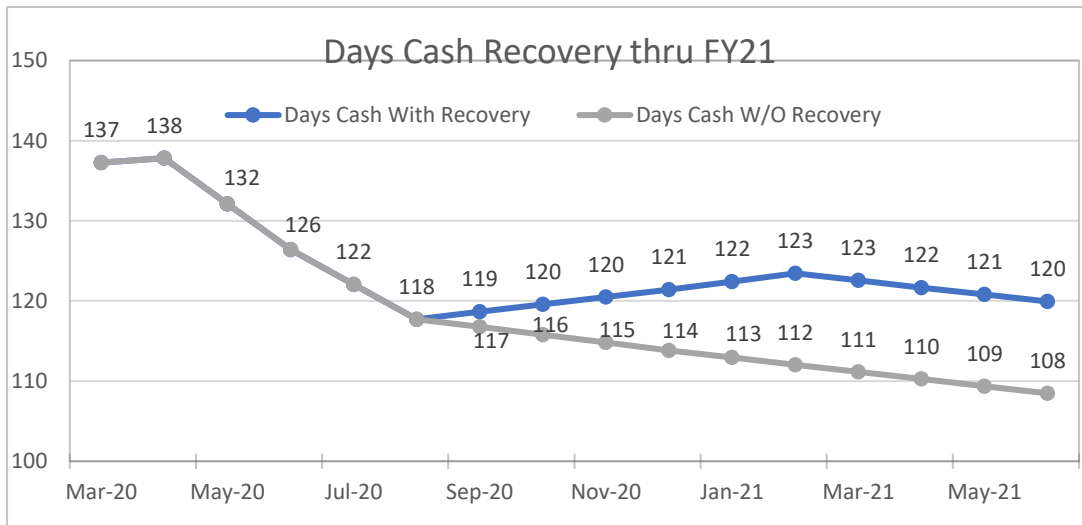
	June	July	August
Expenses	\$ 3,369,000	\$ 3,509,000	\$ 3,649,000
Net Revenue Loss	\$ 564,500	\$ 508,800	\$ 475,200
Fee Revenue Loss	\$ 2,004,000	\$ 2,672,000	\$ 3,340,000
Rate Delay			
May/June	\$ 820,000	\$ 820,000	\$ 820,000
Interest Income	\$ 89,000	\$ 119,000	\$ 149,000
EO 124 Arrears*	\$ 7,000,000	\$ 9,500,000	\$ 12,000,000
	\$ 13,846,500	\$ 17,128,800	\$ 20,433,200

Summary Days Cash Impact

Reporting Date	29-May	8-July
Starting Days Cash March	137	137
Additional COVID 19 Impacts through June	(10)	(11)
FY 21 Electric Rate/Rev Decrease	(10)	(10)
Remaining Days Cash	117	116
EO 124 60-Day Extension Impact	(6)	(7)
Net Recovery Starting September	8	11
FYE 21 Days Cash through August Impacts (With Recovery)	119	120
FYE 21 Days Cash through August Impacts (W/O Recovery)*	110	108

Assumptions:

- \$12.0M Severance by Aug; Recoup 90% of \$12.0M Sept to Feb (10% write-off)
- Net Revenue projected Jun-Aug: using AMI Tracker, Fees, Interest and Rate Delay
- Interest on delinquent accounts resumes Mar '21; late fees resume Sept '20
- Increased Expenses projected through June; additional amounts for six months
- \$10.0M Net Position from Lower Elec Rates FY21 Rate Reduction
- Does not include \$1M+\$3M FY20 and FY21 transfers to the City; no Advance



FPWC Actions Related to EO 124/142

Mr. Trego stated FPWC actually put a moratorium on disconnections in place 2 weeks prior to the Governor's EO 124. Even though not required to do so, FPWC extended added flexibility for non-residential customers during the residential moratorium period.

He stated we called and worked non-residential accounts during moratorium, but no non-residential customers were disconnected for non-payment since March 16th. FPWC proactively communicated with our customers about the EO and the advantages of partial payments. Even though we were not required under the EO, FPWC initially rolled in any pre-EO arrearages under the EO protections

Current Arrearage Status

Residential Customers

Mr. Trego stated we currently estimate that we could have slightly over 20,000 residential customers will have arrearages entering the August billing cycle. Total residential arrearages are estimated to be over \$10 million

Non-Residential Customers

We currently estimate that slightly over 1,000 non-residential customers will have arrearages entering the August billing cycle. Total non-residential arrearages are estimated to be over \$1 million.

Arrearage Estimated Breakdown

Residential

Arrearage Dollar Range	Est. % of Customers	Est. % of Arrears
Less than \$100	2%	<1%

\$100 - \$500	50%	25%
\$500 - \$1,000	34%	41%
\$1,000 - \$2500	13%	31%
Greater than \$2500	<0.5%	2%

Non-Residential

Arrearage Dollar Range	Est. % of Customers	Est. % of Arrears
Less than \$100	8%	<1%
\$100 - \$500	49%	10%
\$500 - \$1,000	17%	10%
\$1,000 - \$2500	17%	21%
Greater than \$2,500	9%	58%

Residential Plan Post Moratorium

Mr. Trego stated the Executive Order would have customer contact FPWC to get a payment arrangement. This can result in a surge of calls into the call center and make customer communications more complicated. He noted some customers may not call promptly to make arrangement and could be in a disconnection status

To alleviate confusion, ensure consistency and make it easier for customers, we plan to go beyond the EO minimum requirements. We will have the billing system automatically enter any residential customer with an arrearage as of the end of July in a 6 month payment arrangement for the arrearage amount starting with the August billing. The standard arrangement will have monthly amount due on the bill as the current bill amount plus 1/6th of pre-August arrearage

Non-Residential Customers

Mr. Trego stated many non-residential accounts already have been called and some have made payments on arrearages. We will work with customers on an individual basis to address arrearages. He stated the goal is to have all non-residential arrearages addressed before the end of the 6 month residential window. We want to offer flexibility but at same time not increase risk to FPWC or its customers of write-offs. We are offering to have conservationists work with non-residential customers to reduce usage and lower bills during Governor's COVID-19 phased in approach.

Mark Brown, Customer Programs Officer, stated in the early days we had only one customer to say they were not planning to return. We have a bar owner who has stated he can't pay because he cannot open. We are about ¾ of the way with contacting our non-residential customers and are working with them. In some circumstances we are putting them on payment arrangements and in others we have informed them what they need to do. We are working with the non-residential customers to determine their specific circumstances.

Commissioner Shaw thanked Mr. Trego and staff for their hard work and thought into Post EO124.

V. GENERAL MANAGER REPORT

COVID-19 - Phase II

Mr. Trego stated the Governor has extended Phase 2 of his three-phase plan to reopening the state. He stated while we are in Phase 2, the Customer Service Center will remain closed to walk-in traffic. We will continue to service customers thru our drive-thru service.

Commissioner Rogers asked if the kiosks will continue to be used in the future and the CSC remain closed. Mr. Trego responded he has had discussions with the CFO regarding that prospect. Customers have become accustomed to the drive thru service, as well as the kiosks. Though it has not been definitely decided and there may be some more complicated issues where there may need to be access to face-to-face contact. If the CSC is not completely reopened, there will be no need for the bus to stop at the CSC either.

Mr. Trego stated approximately 2/3 of employees have returned to the office. Some are still WFH or reporting from home.

Atlantic Coast Pipeline Project

The ACP was abandoned by Duke and Dominion. The Commission submitted a letter to FERC in support of the project because it could have positive economic development impact. It also could have been an alternative energy source. Mr. Trego stated Duke will write-off the costs associated with this project, and they have verified none of the costs will impact our power supply agreement.

Retirement

The search for Mr. Trego's replacement will begin in earnest in the next month or so. He is planning to retire at the end of the year.

Building Local Small Business Capacity Committee

The committee has decided to move our next Business Building Rally to a virtual event. Also, the Greater Fayetteville Chamber will take the lead with PWC providing support, with mini monthly BBRs on the horizon.

VI. COMMISSIONER/LIAISON COMMENTS

Commissioner Huff

Commissioner Huff asked about the \$100M investment and high speed internet and where the negotiation is going. Mr. Trego stated we are currently in negotiations, so he cannot speak much concerning it, but Metro Net is looking to put in high speed broadband fiberoptic in large areas of Fayetteville. We have had several meetings with them, the City and EDC. They are looking to attach to a significant number of our poles, so we have to have a pole attachment agreement with them, as we do with CenturyLink and Spectrum. Their deployment schedule is to attach 1,200 per month, Mr.

Trego stated we have to have terms that are consistent with our other attachers; and we have to recognize our agreement with them will have rapid deployment, which is unprecedented.

VII. REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Monthly Cash Flow Report – June 2020
- B. Payment Analysis – June 2020
- C. Recap of Uncollectible Accounts – June 2020
- D. Investment Report – June 2020
- E. Purchase Orders – June 2020
- F. Monthly Incident Summary – June 2020
- G. Personnel Report - June 2020
- H. Position Vacancies
- I. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. #18862 – install 1” PE water lateral and water lateral abandonment @ SR2277 (S. Eastern Blvd.)
 - Encr. #18864 – Install 6” RJD1 water pipe to relocate fire hydrant & abandon water lateral @ US401 Bus (Raeford Rd)
 - Encr. #19072 -Install 3-Phase Primary Radial @ I-295/SR3569 (Old Raeford Rd) to US401 (Raeford Rd.)
- J. Financial Statement Recaps – June 2020
 - Electric
 - Water/Wastewater
 - Fleet
- K. Actions by City Council during the meeting of June 22, 2020, related to PWC:
 - Approved Bid Recommendation - Fayetteville Annexation Phase V, Area 23, Sec. II, Rayconda Subdivision
- L. Actions by City Council during the meeting of June 29, 2020, related to PWC:
 - Authorized the Mayor to execute the City/Public Works Commission Interlocal Agreement for the additional \$8.3M transfer from PWC to the City for COVID-19 General Fund Revenue Losses

IX. ADJOURNMENT

There being no further business, upon motion by Commissioner Huff, seconded by Commissioner Fowler, and unanimously approved by a vote of 4-Aye, 0-Nay, the meeting was adjourned at 10:19 a.m.