

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY FEBRUARY 10, 2021  
8:30 AM

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

Others Present: Elaina L. Ball, CEO/General Manager  
Christopher Davis, City Council Liaison  
Robert Van Geons, FCEDC

Absent: Telly Whitfield, Assistant City Manager  
Michael Boose, Cumberland County Commissioner, Liaison  
Melissa Adams, Hope Mills Town Manager/Liaison  
Media

REGULAR BUSINESS

Chairman Wade Fowler called the meeting of Wednesday, February 10, 2021, to order.

APPROVAL OF AGENDA

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

CONSENT ITEMS

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

- A. Approve Minutes of meeting of January 27, 2021
- B. Approve Resolution # PWC2021.05 – Resolution to Authorize the Condemnation of Easements and the Delegation of Real Estate Acquisition Authority to the General Manager

Staff is Requesting Approval to Condemn Easement Parcels in Phase V Annexation, Project Areas 24A and Area 24BC. Staff recommends condemnation of seven (7) easement parcels necessary to proceed with construction, installation, operation, and maintenance of main sanitary sewer lines in the Phase V Annexation Project Areas 24A (Hoke Loop Road) and Project Area 24BC (Cliffdale Road), all located in Fayetteville. The sewer mains consist of primarily 8” pipeline, with associated manholes and service laterals to serve individual properties.

- C. Approve Resolution # PWC2021.06 – Resolution to Authorize the Condemnation of Easements and the Delegation of Real Estate Acquisition Authority to the General Manager.

Staff is requesting approval to condemn sixteen (16) Easement Parcels necessary to proceed with the installation, operation, and maintenance of Big Rockfish Creek Sanitary Sewer Outfall in the area of West Fayetteville.

## END OF CONSENT

### 3 MONTH (OCTOBER THRU DECEMBER 2020) FINANCIAL RECAP – (Goal #1)

Presented by: Rhonda Haskins, Chief Financial Officer

Ms. Haskins, Chief Financial Officer provided an update on the 2<sup>nd</sup> Quarter Financial results.

#### Events that Shaped the 2<sup>nd</sup> Quarter

##### Rate Modification

- Reduction in Electric Rates 5-1-20
- Increase in Water and Wastewater Rates 7-1-20
- New Medium Power TOU rate effective 5-1-20
- DEP Rates

##### COVID-19

- \$1.5M Emergency Fund Transfer to the City
- Disinfecting Services
- Customer Charge offs
- Business Closures Impacted Sales in All 3 Utilities
- Late Payment Fee and Interest

##### Weather Impacts

- Rainfall on par with 10-year average and previous year
- Cooling degree days decreased by 6.1% over prior year
- Heating degree days decreased by 6.6% over prior year

The Summary of Major Changes over the prior year are as follows:

Electric Revenue decreased 8.3%; Electric Power Supply & Maintenance increased 2.5%; Coal Ash decreased 40.4%; Electric G&A Expense increased 4.0%; Electric Other Operating Expense decreased 7.5%; Electric Payment in Lieu of Taxes (PILOT) increased 27.3%.

Water Revenue increased 3.0%; Wastewater Sales Revenue increased 5.4%; Water/Wastewater G&A Expense increased 3.7%; Water/Wastewater Other Operating Expense decreased 3.8%; Water/WW Aid, Grants, FIF Transfers increased 236.7%. The Net Bad Debt is less than 1.0%. Days Cash Reserve is 135 Days.

Total Revenue and Expense are lower than Budget and Prior Year in the Electric and Water/Wastewater Funds @ \$115.7M & \$108.6M, respectively.

Electric Sales Revenue was \$102M, down 7.6% for the same quarter in the prior year. Other Revenue was \$13.7M, down 13.7% from the prior year. Electric Power Supply & Maintenance Expenses were \$75.4M, up 2.5% from the prior year. Coal Ash expenses were \$6.5M, down 40.4% from the prior year. G&A Expense

was \$9.4M, down 4.0% from the prior year. Other Operating Expenses were \$17.4M, down 7.5% from the prior year. The change in net position is \$143,000 (budgeted @ \$1.381M).

Power Supply – Total Power & Maintenance for the 2<sup>nd</sup> quarter as \$81.8M, less Lease Payments & Other Costs of \$8.3M. Total Power Cost were \$73.5M.

Water Sales were \$25.9M, up 3% compared to the prior year. Wastewater Sales were \$26.9M, up 5.4%. Other Revenue was \$3.7M, down 24.4%. G&A expenses were \$9.4M, up 3.7%. Other Operating Expenses were \$33.9M, down 3.8%. Aid, Grants, FIF, Transfers were \$8.1M, up 236.7%, compared to the prior year. Change in Net Position \$21.2M.

Electric Margin Report: Margin as Percent of Total Sales is 35.2%. This represents an increase of 22.1% over last year. Sales revenue dropped not in line with power supply, but we will see the change in power supply, but it will have its drop beginning in January.

Water Margin Report: Margin as Percent of Total Sales is 20.5%. This represents an increase over last year of 3.0%.

Ms. Haskins stated the Capital Expenditures for Electric, Water are under budget. She noted the Electric capital expenditures were \$7.8M. The Water/Wastewater expenditures were \$10.6M. Discussion ensued regarding spending the Capital Budget.

The Days Cash Operating Reserve is 135, above the target of 120 days.

Electric and Water Bad Debt as a percent of sales, remain under 1% at .06% for the first six months of fiscal year 2020. Ms. Haskins noted Post EO 142 write offs resume with a 90-day lag. Recovery of existing write offs continued throughout the period.

Ms. Haskins stated there are additional slides in the Appendix for the Commissioners to review.

## GENERAL MANAGER REPORT

### **NCORR**

Ms. Ball stated we are continuing to work funds through the NCORR Hope process which may provide up to 2,000 customers assistance with bills.

We are beginning to come to the end of our six month payment plan process for COVID related matters. As we move customers into our normal payment plan processes, we are asking customers to reach out to us if they continue to have difficulties. Ms. Justice Hinson and her team are beginning to work on communications and the CS teams are being advised on how best to assist customers as we move to regular processes. We are continuing to work with local and state agencies to seek additional funds to assist customers with bill payments.

### **Metronet**

Metronet high speed fiber has commenced since the last Commission meeting. Ms. Ball and Mr. Rynne attended the construction kick-off with the City of Fayetteville, the Metronet leadership as well as other stakeholders. The City of Fayetteville and PWC are just two of the infrastructure and right-of-way owners

in the region. Metronet's deployment plans will cover a number of other entities. Ms. Ball has reminded Metronet of the importance to negotiate agreements with the other entities as well as to cover how they will handle one-touch make ready.

## **Payroll**

Ms. Ball stated Mark Lawler has prepared a slide which explains our rationale for change in direction regarding payroll services.

Mr. Lawler provided the following as background for the discussion:

- Currently operating payroll in Oracle e-business suite
- The IT team spent 650+ hours in payroll operations for calendar year 2020 = appx: \$65,000
- IT and payroll identified and solutioned 4 critical issues in the application for calendar year 2020
- Finance department costs for payroll: \$158,500 excluding Medical and Commission
- ADP payroll is a SaaS (software as a service) solution
  - Annual fees: \$95,450
  - ADP Implementation: \$20-35,000
  - Integration, New Hire, Employee Updates, Data to/from Oracle:
    - One time fee: \$27,000
    - Annual: \$27,000

Mr. Lawler stated as they went through 2020, they began to see a lot of work in Payroll by both teams (Payroll and IT teams). He stated IT had over 650 hours of work they did not anticipate by the IT team for payroll matters. Some of the issues were critical items which could have potentially affected our payroll, though it did not.

Mr. Lawler stated when you take a look at IT, we examine if this is a core skillset of what we really do. So, we proposed looking at 3<sup>rd</sup> party payroll and taking it off the Oracle system. Oracle has great tools; however, Oracle does not use their own payroll tools.

He also stated they began to look at the time we spend as well as the dollars associated with the hours to maintain the system, as well as the criticality of the system. They looked at several 3<sup>rd</sup> party systems and have had discussions with ADP as well as others.

Ms. Haskins stated that anything that IT does, the Payroll Team must test. So, they work together. She stated Mr. Lawler is correct, in as much as with the operation of the payroll system. You must be careful, and one slight push of the wrong button does a lot in that system and we have had to have a lot of IT assistance in running payroll. It has become a norm. She stated being able to utilize a software where the working, mechanics, and the pushing of a button outside of PWC would relieve a lot of time for PWC to be able to do more meaningful tasks.

Ms. Ball stated we will time this with other projects that will touch payroll. It will be transitioned over the next year. It makes financial sense. She stated are not laying anyone off. We will repurpose employees. In the administration of ADP, the payroll team today will have to oversee and still complete QA/QC on the relationship. Ms. Haskins stated it comes with opportunities we do not have within our current payroll now that will help managers and others throughout the organization. Ms. Ball stated we have people tied up with timekeeping and it has been a historical hangover.

Commissioner Shaw asked, “the \$65,000 you estimate, or it may be definitive, were those overtime hours or regular hours?” Mr. Lawler stated they are regular hours. He went on to say, though we look at it as their daily job, it takes away from other projects. Ms. Ball stated it is their internal sub costs. She stated this is about getting us out of a high cost and high risk activity. Commissioner Shaw asked if the real savings is in the workload. Mr. Lawler confirmed. Commissioner Shaw asked for clarification on how we moved to outsource versus on what that time frees up for IT or Payroll which it out of the ordinary. Mr. Lawler provided details of the issues IT had to troubleshoot. Additional discussion ensued regarding the Oracle system.

### **United Way**

Ms. Ball stated Carolyn Justice-Hinson and her team organized a terrific Virtual United Way recognition meeting. Ms. Ball stated we had possibly 100 employees in the meeting. Ms. Ball stated she wanted to publicly thank our team for their generosity. We exceeded our goal and set a record for the organization.

### **New Teams**

Ms. Ball stated we have begun the Supply Chain Improvement Team and the Policy and Procedures Team. We are working collaboratively with the City to join their Supplier Availability and Disparity Study. Despite having let the RFP last year and received proposals, the City allowed us to send an addendum for our work, as well as our spend data, so the prospective offers can evaluate it. We expect prospective offers on our addenda within 30 days. We will co-fund the study, and there will be a budgetary item regarding it. Ms. Ball thanked the City for their collaboration.

### **Performance Management**

Ms. Ball stated we need to re-tool our performance management system. She has begun conversations with David Pistrui on this effort. Our current system is antiquated. We need an annual cycle tied to the strategic plan, annual budget, etc.

### **Strategic Plan**

Elaina Ball stated in our last meeting we discussed the update to the Strategic Plan. She appreciates the Commissioners’ input. Since that discussion we have incorporated the suggestion we heard from everyone into the draft plan and Commissioner Rogers is reviewing it. Once he has completed his review, she will forward it to all the Commissioners for their input. The Officers are working on metrics or KPIs for the plan and we will have suggestions to the Commissioners in the next meeting for that portion as well. After that step, we will begin looking for strategic projects or initiatives. Many of them are inflight but there will be some new ones as well.

### **Next Meeting**

Ms. Ball plans to discuss the Strategic Plan, as well as have a presentation from our broker regarding real estate matters. Depending on the will of the Commission today, we will bring back some economic development discussion item.

She met with the County Manager, Amy Cannon. She would like to re-engage with the discussion around water supply to Grays Creek.

### **COMMISSIONER/LIAISON COMMENTS**

## **Commissioner Wade Fowler**

Expressed displeasure with the technical difficulties during the Commission Meeting.

## **REPORTS AND INFORMATION**

The Commission acknowledges receipt of the following reports and information.

- A. Personnel Report – January 2021
- B. Position Vacancies
- C. Approved N.C. Department of Transportation Encroachment Agreement(s):
  - Encr. # 19077 – Replace and upgrade roadway lighting facilities @ NC Hwy 24/87 (Rowan St).
  - Encr. # 19160 – install 6” fire line @ S. Eastern Blvd (All Climate Control Storage)
  - Encr. # 19167 – install 1” water lateral @ SR1141 (Cumberland Road) and SR2995 (Hopedale Street) for Triple J Mechanics

## **CLOSED SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTES 143-318.11(A)(4) TO DISCUSS ECONOMIC DEVELOPMENT MATTERS**

Commissioner Huff motioned to go into closed session pursuant to North Carolina General Statutes 143-318.11(A)(4) to discuss Economic Development Matters. Motion was seconded by Commissioner Shaw, and unanimously approved at 9:10 am.

There being no more discussion, upon motion by Commissioner Huff, seconded by Commissioner Shaw, and unanimously approved, the Commission returned to open session at 9:35 a.m.

## **CLOSED SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTES 143.318(A)(1) TO DISCUSS CONFIDENTIAL INFORMATION IN ACCORDANCE WITH N.C.G.S. § 132-1.2(1).**

Commissioner Huff motioned to go into closed session pursuant to North Carolina General Statutes 143.315(A)(1) to discuss confidential information in accordance with N.C.G.S. § 132-1.2(1). Motion was seconded by Commission Shaw, and unanimously approved by 9:36 a.m.

There being no more discussion, upon motion by Commissioner Rogers, seconded by Commissioner Shaw, and unanimously approved, the Commission returned to open session at 11:00 a.m.

## **ADJOURNMENT**

There being no further business, upon motion by Commissioner Rogers, seconded by Commissioner Shaw, and unanimously approved, the meeting was adjourned at 11:00 a.m.