

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

Present: Wade R. Fowler, Jr., Chairman
Darsweil L. Rogers, Secretary
Evelyn Shaw, Treasurer

Others Present: Elaina L. Ball, CEO/General Manager
Telly Whitfield, Assistant City Manager

Absent: D. Ralph Huff, III, Vice Chairman
Christopher Davis, City Council Liaison
Michael Boose, Cumberland County Commissioner/Liaison
Melissa Adams, Hope Mills Town Manager/Liaison
Media

REGULAR BUSINESS

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

APPROVAL OF AGENDA

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

AWARDS PRESENTATION

Presented by: Roy Jones, CEO - ElectriCities of North Carolina

Roy Jones, CEO of ElectriCities of NC stated he appreciates the relationship ElectriCities has with Fayetteville. He stated this is really the model we are trying to get our other public power utilities in the state to move towards. He stated PWC's staff does a fantastic job in serving on committees.

Mr. Jones stated ElectriCities is recognizing PWC for receiving the following 2020 Public Power Awards of Excellence. Mr. Jones commented on each award and PWC's efforts in each area.

- Value of Public Power
- Workforce Development
- Continuous Improvement
- Grid Modernization

Following the presentation, Mr. Jones stated ElectriCities is planning to offer the annual conference in person in Hilton Head, SC. He is cautiously optimistic we will be able to meet in person in August.

CONSENT ITEMS

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

- A. Approve Minutes of meeting of February 24, 2021
- B. Approve bid recommendation to award bid for purchase of three (3) Constructed Substation Concrete Based Cable Trench Systems to Concast Inc., Zumbrota, MN, the lowest responsive, responsible bidder in the total amount of \$168,888.27, and forward to City Council for approval.

The funding for this project is from EL-26 T/D Sub 66kV Power Transformer Protection Equipment Upgrades, CPR1000218 for the following locations: College Lakes, Hogan St. Substation and Railroad St. Substation. Funding for this project is available in the amount of \$400,000.00.

Bids were received February 2, 2021, as follows:

<u>Bidders</u>	<u>Total Cost</u>
Concast Inc., Zumbrota, MN	\$168,888.27
Old Castle Infrastructure, Atlanta, GA	\$181,867.68

COMMENTS: In accordance with N.C.G.S.143-129 purchase of apparatus, supplies, material, or equipment, no minimum number of bids are required. Notice of the bid was advertised through our normal channels on January 15, 2021, with a bid opening date of February 2, 2021. Addendum No. 1 was issued on January 26, 2021, to provide clarification to the bid drawings. Two (2) bids were received during the bid process. They were evaluated by Electric Support Services, Substations to ensure compliance with PWC Specifications. **SDBE/Local:** Concast Inc., Zumbrota, MN is not a local firm or classified as a SDBE, minority or woman-owned business.

END OF CONSENT

STATUS OF ANNEXATION DISCUSSION

Presented by: Mick Noland, Water Resources Chief Operating Officer
Mark Brown, Customer Programs Senior Officer
Misty Manning, Manager, Electric Engineering

Elaina Ball, CEO/General Manager stated it has been a while since we have spoken to the Commission regarding Annexation. It has been going on for many years. It is pertinent as we are going through our cost of service study with both water and wastewater. Annexation is a community investment the utility has been making for some time. We wanted to brief the Commission on the status and estimates for the full program. This will be one of the key capital drivers as we discuss water and wastewater in the coming weeks.

Mr. Noland stated Ms. Manning will give the presentation and this is her tenth anniversary with PWC. She has been recently promoted to Water Resources Engineering Manager. Mr. Noland went on to state, Ms. Manning has been managing annexation for the last 10 years, and you do not hear any complaints about construction, the only concerns you hear is we are not doing it fast enough. We have 13 projects (design and construction) going on concurrently. Mr. Noland stated Ms. Manning has done a great job in handling the projects.

Ms. Manning stated she will provide a brief background and overview of the progress on Phase V Annexation Sanitary Sewer & Water Extensions. She will also discuss the background and analysis of Project Areas, the

original proposed construction timeline; the status; and the total cost estimates and summary versus what we have spent and what we expect to spend; as well as the connection rates.

On September 30, 2005, approximately 17,600 parcels were annexed by the City of Fayetteville as part of Phase V Annexation. Ms. Manning stated this was affectionately known as the ‘big bang’.

Ms. Manning pointed to an area on the map which delineated approximately 8,000 parcels without access to public sanitary sewer and 400 without access to public water. She stated PWC evaluated the potential project areas based on several factors which included septic system repairs and/or failures (provided by health department records); age of the structures; percent of non-sewered lots; developed lot density; availability of approach mains. Ms. Manning discussed how PWC ranked the areas PWC evaluated. Once they were evaluated, they were divided into 34 construction project areas.

She stated our initial plan was to provide sewer to 500 lots per year, and to begin construction 2007, with an anticipated completion in 2021. We have completed areas 1-22, which was a total of 27 construction project areas. As we moved into construction, we realized we would have to break some of the areas down into smaller more manageable construction areas for construction. This allowed the smaller more local constructors to build them, as well as PWC employees to manage them properly.

We are averaging 522 lots per year, and we have completed 61%, which includes 5,217 sanitary sewer lots, and 21 water lots. This equates to 65 miles of sewer main installed; and a mile of water installed.

Ongoing we have seven projects areas in design or construction, which equals 13 total construction project areas because we have broken them down to make them more manageable. That consists of 2,035 sewer lots, which equates to roughly 40 miles of sewer. As we get further out, it is less density and we have to install more main to serve less customers. We have 255 water lots, which is roughly 8.25 miles of water main that is under design or construction right now.

There are five project areas remaining which equate to 9 construction and design areas. This includes 1354 sewer lots and 255 water lots, which equals 25 miles of sewer remaining and 8 miles of water remaining. Work is anticipated to be completed in 2028.

The Initial Cost Estimate

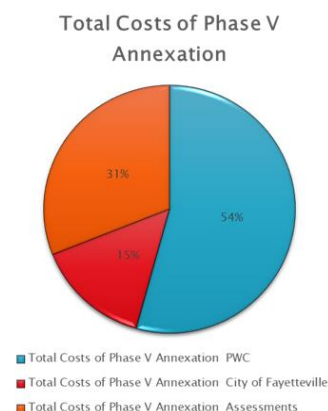
- Estimated cost of \$15,000 per lot
- Total estimated cost: \$244 Million*
 - City \$90.5 Million
 - PWC \$90.5 Million
 - Assessments would cover remaining cost

** Included estimated financing costs*

Cost Summary

Areas 1-19

- ▶ Total Cost \$76.8 Million
 - City: \$11.3 Million
 - PWC: \$41.7 Million
 - Assessments: \$23.8 Million
- ▶ Average Cost per lot: \$15,727



Remaining Estimated Costs

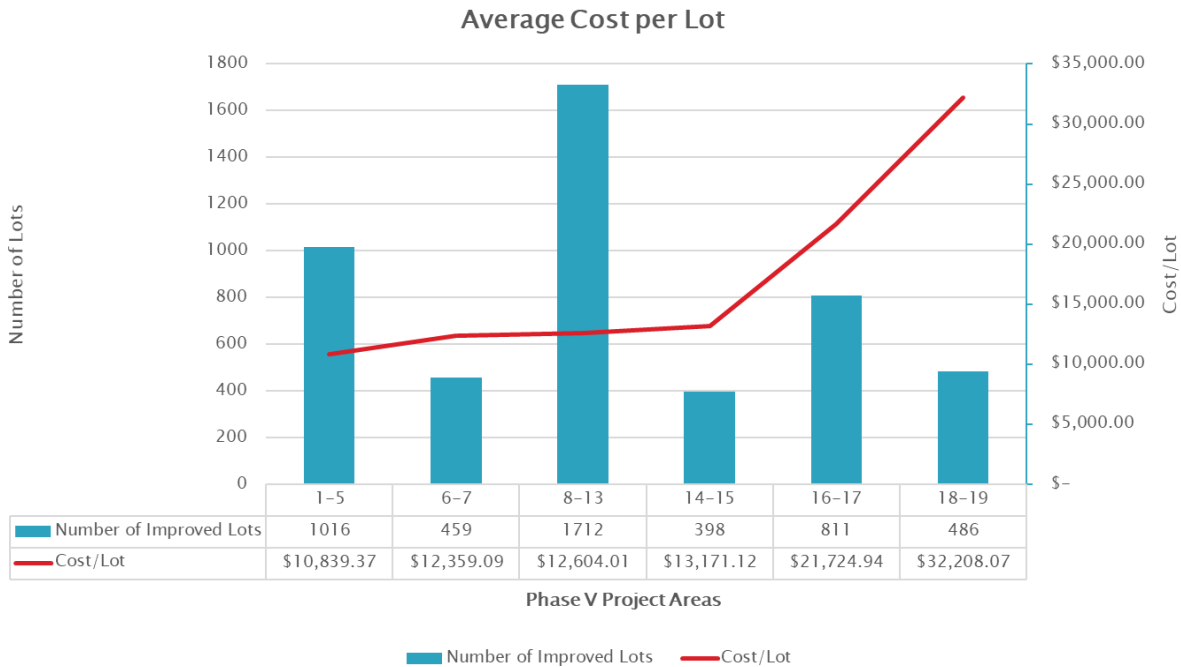
► Areas 20-34

- Estimated Construction Cost: \$206.3 Million
- Average Cost per lot for sewer: \$42,700 – This is due to the length of main to serve less parcels, as well as significant construction price increases.

► Overall Estimated Cost for Phase V:

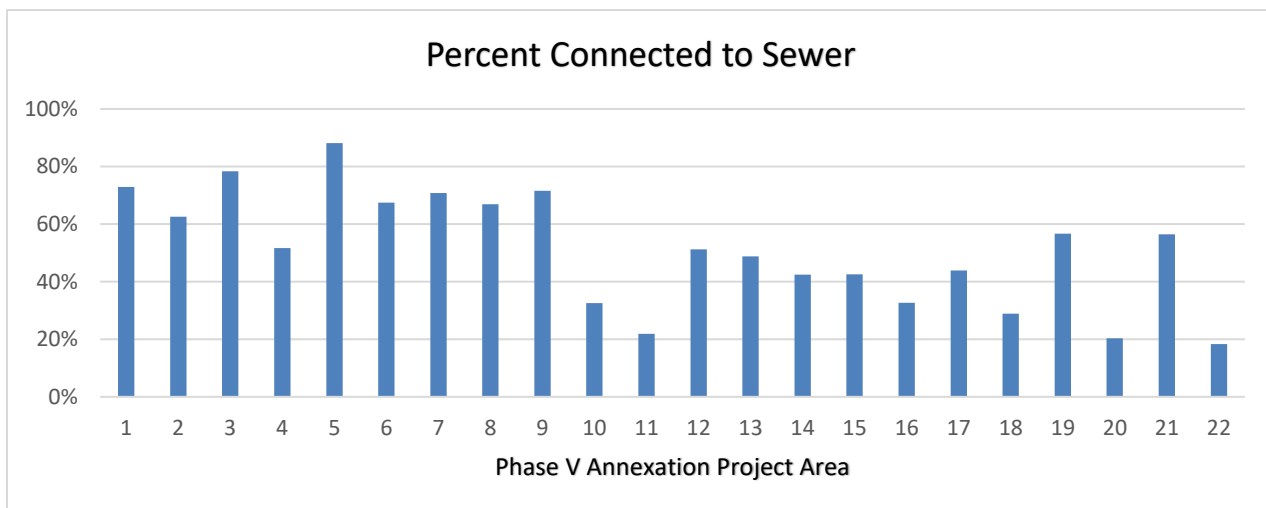
- \$283.1 Million Construction Costs
- \$110 Million Financing Cost

The graph below shows the average price per lot based on areas.



Connection Rates

- Assumed 52%
- Actual 51%



Commissioner Fowler asked if Ms. Manning believed if the connection rates will continue to be in the 50% range or if it will drop. Ms. Manning stated she believes it will drop, however when we get into the western areas there are some lots that have septic failures and they are waiting for us to get there. She also stated a lot of them have developments and they are waiting for us to get out there.

Commissioner Shaw stated based on the presentation the average lot cost is about \$15,727, she asked Ms. Manning who is paying the additional \$727.00 per lot. Ms. Manning replied PWC.

Commissioner Shaw stated there has been an increase in construction costs and that Ms. Manning anticipates between now and 2028 there will be more. She asked if we have an idea from our providers what that kind of increase looks like on a percentage basis. Ms. Manning stated from Areas 14-15 to Areas 20-22, there was a 50% increase in construction costs. So, we have projected that based on 3% compounding. And that is the bid costs.

Commissioner Shaw asked what Ms. Manning would estimate to be the underdeveloped lots where there is no one on the lots and we are covering the costs. Ms. Manning replied by using a map to show the undeveloped and underdeveloped areas.

Ms. Ball stated this work is a considerable capital driver for the utility. We anticipate going to the bond market later this year, and almost half of the issuance will be in support of annexation. We get the \$5,000 assessment from the customer, but the rest of the cost is born by the utility. This is truly the utility investing in the community.

Additional discussion ensued as staff responded to questions and comments from Commissioners.

COMMUNITY BRANDING INITIATIVE DISCUSSION

Presented by: Elaina L. Ball, CEO/General Manager

Ms. Ball stated this item was added to the agenda at the request of the Commission to discuss our potential involvement in the 'Can Do Campaign'.

Commissioner Rogers stated he would like to request for staff with the approval of the Commission to envision ways to modify our brand. Commission and staff discussed PWC's participation in the 'Can Do' Campaign. Ms. Justice-Hinson discussed the 'Can Do' platform, its colors, fonts, and art (star). She stated staff has requested to work with Economic Development's marketing agency to provide examples to us to see if there is a way to incorporate their 'Can Do' branding. She stated when the platform was created, there were a lot of elements to it. They are striving for the major organizations in the community to have the colors, fonts closely align, as well as incorporate the pillars (ex. We Go Farther . . . We Care for Each Other . . .). Commissioner Shaw asked what the next steps are once we receive a reply from ED's marketing agency. Ms. Ball stated given the fact we are trying to hit the reset button it is important to see what they are thinking. She asked for permission for staff to consider it. Commissioner Shaw stated her concerns with modifying or changing PWC's brand. Additional discussion ensued. Following discussion, Ms. Ball asked for permission to see if anything makes sense for us to modify or update and bring it back to the Commissioners. Commissioner Fowler stated we need to find a way to make this work, and we need to be partners in this campaign.

GENERAL MANAGER REPORT

NCORR Program

Ms. Ball stated we are continuing to work with funds through the NCORR Hope Program which is providing bill assistance to a certain section of our customers. We have received \$1.1M and helped 1,835 customer accounts with those funds. We are coming to the end of our six-month payment plans and we continue to encourage our customers to reach out to us with their individual situations so we can provide the best service and provide the best guidance to them. When we look our arrearage and past due balances, they continue to decline.

Updated Policies and Procedures

We are well underway in updating our policies and procedures. We see the City passed a Crown Act. We looked at it and we will ensure we incorporate its content into our non-discrimination policy as we get to it and update it. Soon the Commission will see updated, removed and new policies on the agenda for approval. There are 131 policies to review. The team is making great progress. Staff will ensure the Commission sees existing, red-lined, clean as well as know of any removals or policies that are pushed into other manuals.

W/WW Cost of Service

We are finishing up our review of water and wastewater cost of service and will bring forth the analysis and recommendations in the next few weeks.

Many may have seen a cyber security issue affecting virtually every industry across the globe. It involved a vulnerability to on-premise Microsoft Exchange Servers. Our team has already applied the patch to address that vulnerability.

ERCOT

Ms. Ball stated she has received many questions from our local state and federal delegation members about **Alcott**, the Texas power, water, financial crises that occurred, and the differences between NC, PWC and that organized market. For the sake of this group she wanted to share the key differences between us and Texas and the wholesale market.

- We do not participate in the deregulated energy, only wholesale market.
- Our customers are not and cannot be exposed the system wide offer cap like in Texas.
- We have redundant points of delivery for our energy supply from Duke. We have 3 and have plans for a 4th and 5th POD in our ten year capital plan.
- We have an alternative fuel source at our power station. The underlined issue with the Texas crisis was the natural gas constraint. We are powered by natural gas, but we have alternative fuel.
- We winterized our facility.
- Our distribution system has a considerable amount of redundancy, and virtually no radial feeds.

In addition to receiving the four Public Power Awards of Excellence, we also received on March 3rd, in a virtual ceremony, our Spirit of NC Award from the United Way.

Reusable Water Bottle Requests

With schools going back to in-person learning next week, we have provided over 6,000 reusable water bottles to 15 schools and we will continue to do so upon request.

GIS Upgrade

Ms. Ball recognized the work of the GIS Upgrade Team. She stated they did a terrific job. The cut-over to our new GIS system went over with no interruptions or issues. Ms. Ball commended Jewell Chambers (Electric). She stated he did a terrific job and carried a lions' share of the work. She also recognized Kenrick McKay (IT), Sara Kahn (QA), and Andre Couture, the Project Manager (Corporate Development).

COMMISSIONER/LIAISON COMMENTS

No comments

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Personnel Report – February 2021
- B. Position Vacancies
- C. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. #19155 – install of 8” sanitary sewer main inside of 24” steel encasement pipe across SR 1400 (Cliffdale Road)
 - Encr. #19163 – install of 6” DI sewer lateral @ SR2311 (Gillespie St.)
- D. Financial Statement Recaps – January 2021
 - Electric
 - Water/Wastewater

CLOSED SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTES 143-318.11(A)(3) FOR LEGAL MATTERS

Commissioner Rogers motioned to go into closed session pursuant to North Carolina General Statutes 143-.318.11(A) (3) for Legal Matters. Motion was seconded by Commissioner Shaw and unanimously approved at 9:31 a.m.

There being no further discussion, upon motion by Commission Rogers, seconded by Commissioner Shaw, and unanimously approved, the meeting returned to open session at 10:31 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 10:31 a.m.