

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY JUNE 16, 2021
8:30 AM

Present: Wade R. Fowler, Jr., Chairman
Evelyn O. Shaw, Vice Chairwoman
Darsweil L. Rogers, Secretary
Ronna Rowe Garrett, Treasurer

Others Present: Elaina L. Ball, CEO/General Manager
Chris Davis, City Council Liaison
Michael Boose, Cumberland County Commissioner, Liaison (VIA WEBEX)

Absent: Scott Meszaros, Hope Mills Town Manager
Media

REGULAR BUSINESS

Chairman Wade Fowler called the meeting of Wednesday, June 16, 2021, to order.

Prior to the approval of the agenda, Commissioner Rogers motioned to add a Closed Session for Personnel Matters as Item VII and move subsequent items to Items VIII and IX. Motion was seconded by Commissioner Shaw, and unanimously approved.

APPROVAL OF AMENDED AGENDA

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

CONSENT ITEMS

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

- A. Approve the following recommended bid awards for one-year contracts (with the option to extend contracts for additional one-year period upon the agreement of both parties up to four (4) additional years) for the purchase of water and water reclamation chemicals and forward to City Council for approval.

Water and water reclamation treatment chemicals are budgeted under operating expenses in each water or water reclamation facilities' budget. The initial contract year will be funded from the FY22 approved budget. Bids were received on June 3, 2021, as follows:

1. Univar Solutions USA, Inc., Morrisville, PA, is the low bidder in the amount of \$474,950.00 for the purchase of approximately 2,300 tons of Caustic Soda (Sodium Hydroxide, 50%). Bids were solicited from fifteen (15) bidders with four (4) bidders responding.

Bidders

Total Cost

Univar Solutions USA, Inc, Morrisville, PA	\$474,950.00
Brenntag Mid-South, Inc., Durham, NC	\$477,020.00
Oltrin Solutions, LLC, Hamlet, NC	\$525,550.00
JCI Jones Chemicals, Charlotte, NC	\$667,000.00

2. Oltrin Solutions, LLC, Hamlet, NC, is the low bidder in the amount \$527,000.00 for the purchase of approximately 7,750,000 lbs. of Sodium Hypochlorite, (15%). Bids were solicited from fifteen (15) bidders with three (3) bidders responding.

<u>Bidders</u>	<u>Total Cost</u>
Oltrin Solutions, LLC, Hamlet, NC	\$527,000.00
JCI Jones Chemicals, Charlotte, NC	\$687,425.00
Brenntag Mid-South, Inc., Durham, NC	\$767,250.00

3. Premier Magnesia, LLC, Waynesville, NC, is the low bidder in the amount of \$549,450.00 for the purchase of approximately 185,000 gallons of Magnesium Hydroxide. Bids were solicited from fifteen (15) bidders with one (1) bidder responding.

<u>Bidders</u>	<u>Total Cost</u>
Premier Magnesia, LLC, Waynesville, NC	\$549,450.00

4. Pencco, Inc., San Felipe, TX, is the low bidder in the amount of \$1,572,000.00 for the purchase of approximately 6,000 tons of Ferric Sulfate Liquid. Bids were solicited from fifteen (15) bidders with three (3) bidders responding.

<u>Bidders</u>	<u>Total Cost</u>
Pencco, Inc., San Felipe, TX	\$1,572,000.00
Kemira Water Solutions, Inc., Lawrence, KS	\$1,764,000.00
Univar Solutions USA, Inc., Morrisville, PA	\$2,184,000.00

- B. Adopt PWC Resolution No. 2021.20 to declare personal property described as one (1) 2009 International 7400 Bucket Truck, VIN #1HTWCAAR49J059289, as surplus and sell by public auction.

Comments: North Carolina General Statute 160A-270 permits the sale of personal property with an estimated value of \$30,000 or more by public auction upon authorization by the governing board.

- C. Adopt PWC Resolution No. 2021.21 to declare personal property described as one (1) 2000 Freightliner FL80 Digger Derrick, VIN #1FV6JLBBXYHB04958, as surplus and sell by public auction.

Comments: North Carolina General Statute 160A-270 permits the sale of personal property with an estimated value of \$30,000 or more by public auction upon authorization by the governing board.

- D. Adopt PWC Resolution # PWC2021.22 – Resolution to Authorize the Condemnation of Easements and the Delegation of Real Estate Acquisition Authority to the General Manager

Staff recommends condemnation of eleven (11) Easement Parcels in Project Area 25 and one (1) Easement Parcel in Project Area 32 East, Section 01. ; and six (6) Easement Parcels in Project Area 32 East - Section

01. Attempts to date made by our in-house Right-of-Way Agents or PWC's designated Right-of-Way Consultants to acquire these easements through the voluntary negotiation process have been unsuccessful, therefore condemnation of the easement rights are necessary to proceed with the project and avoid undue delay in the advertising, bidding, and letter of the project is unavoidable. It is important to note that this is an easement taking and not fee taking. The owner will retain ownership of the property and may continue to use the easement for density, setbacks, and open yard area. No permanent structures may be placed on the easement and the easement must remain clear and unobstructed.

E. Approve PWC Resolutions – PWC2021.23 and PWC2021.24

1. PWC Resolution - PWC2021.23 is a resolution adopting, amending and rescinding policies from the PWC Policy and Procedure Manual and approving establishment of an online document library. This is the final set of recommendations coming from the initial comprehensive review process.
2. PWC Resolution – PWC2021.24 is a resolution adopting Bylaws that will replace Rules of Procedure.

END OF CONSENT

COMMISSION CONSIDERATION OF WATER/WASTEWATER RATES AND FEES, EFFECTIVE AUGUST 1, 2021

Ms. Ball stated she will recap the information presented to the Commission and the Public on staff recommendations for water and wastewater retail and wholesale rates and charges for the next 2 years. Staff also met with our Community Advisory Group. The recommendations are based on 10-year capital and O&M budget projections. Complete recommendations are included in the Commission's packet and are consistent with the publicly posted information as part of the Public Hearing notice.

Financial Modeling – Revenue Requirement

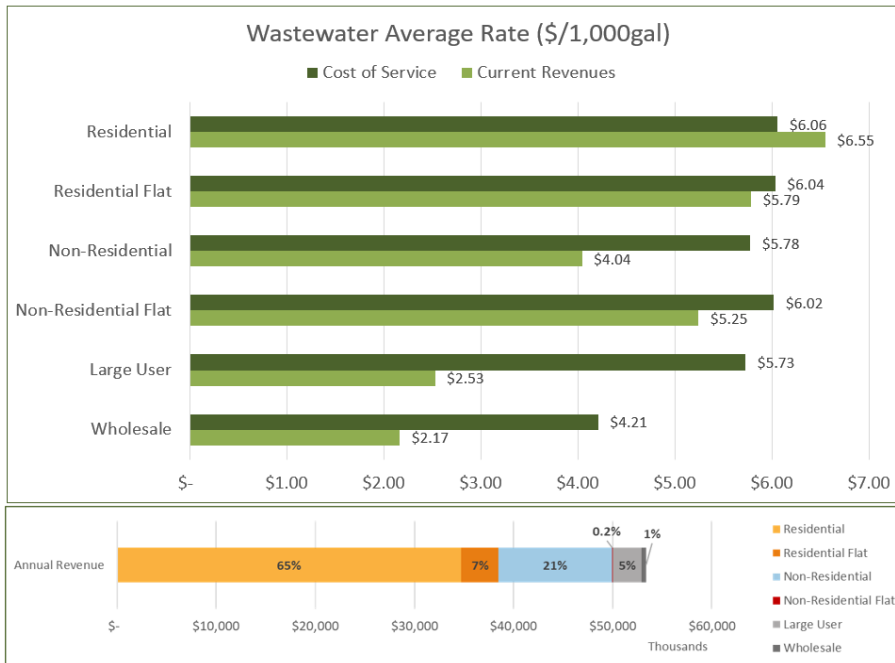
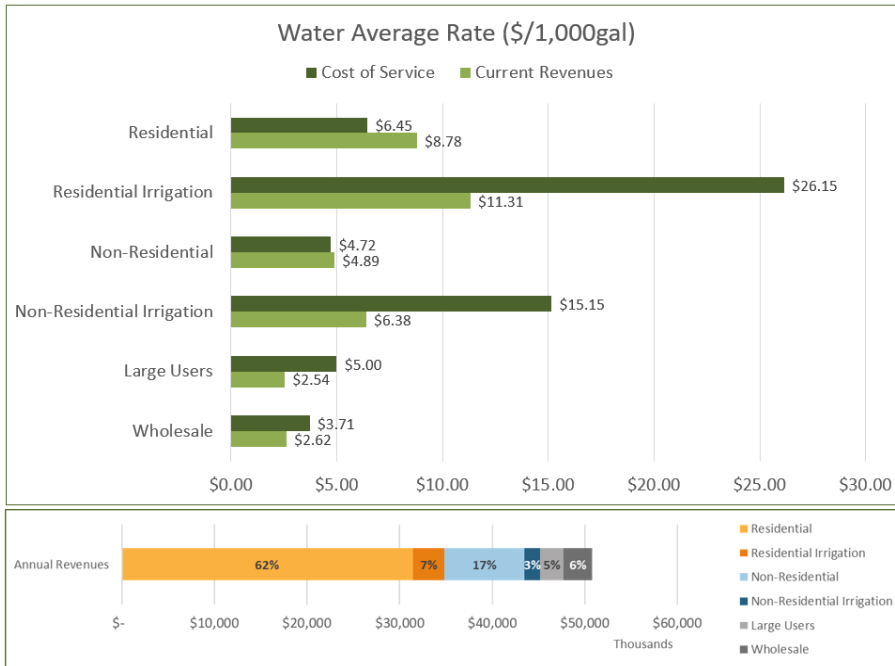
- ▶ Developed cost of service model similar to Electric COS model
- ▶ Model developed between PWC staff and consultant NewGen Strategies
- ▶ Models expected revenues, growth, costs, funding sources for fiscal years 2021-2030
- ▶ Solves for cost of service based on meeting operating reserve and debt service coverage ratio targets
 - Operating Reserve for water > 100 days of working capital
 - Total system > 115 days of working capital
 - Debt Service Coverage > 1.75
- ▶ Assumes planned bond issuance schedule; introduces bond funded rehabilitation in fiscal years 2022-2026

Capital Drivers Over 5 Year Planning Period

- ▶ New infrastructure required for system growth
 - Phase V Annexation, Big Rockfish WW Outfall, Cross Creek reliability improvements, plant expansions and lift stations
 - Major trunk-line upgrades, peak flow facilities, additional water tanks, pumping facilities and generators
- ▶ Continued and increased funding budget for rehabilitation projects
 - \$22.7 million in FY2019 to \$29.5 million in FY2022 & FY2023
 - Includes water lines, sewer lines and manholes

- ▶ Continued support for major road projects
 - Three major projects Raeford Rd., Ramsey St. and Camden Rd. are estimated to require more than \$60 million in capital to relocate water/sewer facilities

Ms. Ball provided the Cost of Service (COS) comparison to current revenues.



On the wastewater side we are by far the lowest provider in the region. We want to move rates closer to the COS.

The Rate Plan and Recommendations are:

- ▶ Approx. 5.5% annual total system revenue growth requirement; 3.6% from water and 7.1% from wastewater
- ▶ COS shows more cost recovery needed from the wastewater system
- ▶ Direct more of the increase to classes that are farther from cost of service
- ▶ Cap maximum rate increase at rate class level for water and wastewater
- ▶ Under-collection exists with the Large User classes
- ▶ Equivalent rate changes in each year of two-year rate cycles
- ▶ Increase base monthly facilities charge by \$2/month each of the two years, with adjustments to volumetric charges accordingly

Summary of Recommendations

- ▶ To meet the long term capital and operational needs of the water and wastewater system Staff recommends the following:
 - August 2021: put in place rates that will result in water revenues increasing 3.5% and wastewater revenues by 6.8% for an overall revenue increase of 5.2%
 - July 2022: put in place rates that will result in water revenues increasing 3.7% and wastewater revenues by 7.4% for an overall revenue increase of 5.7%
 - Maintain current Outside City differential at 75% in both years

Typical Customer Impacts August 2021

- ▶ Typical residential customer- Inside City rate using 4,000 Gallons/month:
 - Water bill increase \$0.78
 - Wastewater bill increase \$2.28
- ▶ Non-residential account- Inside City rate with a 3/4" meter using 10,000 Gallons:
 - Water bill increase \$1.50
 - Wastewater bill increase \$6.80
- ▶ Non-residential account - Inside City rate with a 2" meter using 30,000 Gallons:
 - Water bill increase \$7.10
 - Wastewater bill increase \$23.00

Upon completion of the summary of the water/wastewater rate recommendations, Commissioner Shaw motioned to accept staff's recommendation of Water/Wastewater Rates & Fees, Effective August 1, 2021. Motion was seconded by Commissioner Rogers, and unanimously approved.

PWC'S RESPONSE TO A WATER CONTAMINATION EVENT

Presented by: Mick Noland, Chief Operations Officer, Water Resources
Rhonda Locklear, WR Environmental Programs Manager

Mr. Mick Noland introduced Rhonda Locklear, the WR Environmental Programs Manager. He stated she was recently promoted to this position, which includes the Watersheds, the Lab, the Pretreatment Program, and Backflow. She serves on the Middle Cape Fear Basin Association, as the Secretary and the Treasurer.

Ms. Locklear provided a scenario of a water contamination event in which a tanker of Trichloroethylene (TCE) overturned. Ms. Locklear walked the Commission through the process PWC would need to complete if we had such a water contamination event.

She provided the initial notification procedure; the process of determining the time it will take for the contaminate to reach the intake to the Hoffer Water Reclamation Facility based on the amount of contaminate that entered the Cape Fear River and the speed of the river's flow.

Ms. Locklear described the hazardous nature of TCE. It is a carcinogen, with a sweet odor. It is colorless, non-flammable, can be used as a solvent and metal degreaser. It was noted that this is the carcinogen that is located at the TEXFI site.

She stated a water shortage response ordinance will need to be enacted by the Mayor, and coordinated through Ms. Ball with Communications provided by Ms. Justice-Hinson.

We would need to make it known we are in a Water Shortage Crisis – Essential Use Only. Essential use does not include watering the lawn, filling the pool or washing vehicles.

Ms. Locklear stated we will need to contact our contract lab, Meritech who will assist us in collecting and analyzing the raw water. Discussion ensued.

She stated system pressure will need to be maintained at 20 PSI to fight fires, and prevent cross contamination. If we lose system pressure, there will be an immediate danger to health and life.

We will need to close the Hoffer Intake and run off the Glenville Lake Plant. The Glenville Plant has a lower capacity. The average summer demand is 30 MGD. The maximum treatment rate at Glenville is 18 MGD; raw water storage is 5 days.

Commissioner Rogers discussed the need for water rationing. Ms. Locklear stated we would first go to our key accounts, requesting for them to conserve water; reduce water usage. Additional discussion ensued.

Ms. Locklear stated once the TCE has been reduced to 1 ppb, the Hoffer intake would be reopened.

Ms. Ball stated we are very fortunate to have two sources of water supply and we are very protective of it. When we say no to development and encroachment, it is not because do not want to be part of the community or economic development in those areas. We just have to be very protective of having too much development around those watersheds. Commissioner Fowler stated Kornbow leads to Glenville, and if you begin to have people putting things into their yards and you do not know what is draining down into the lake, so we must have buffers and filters. Ms. Ball stated Kornbow is an area that is highly sought after, yet we are highly protective of it.

Mr. Noland thanked CCR for assisting with the presentation.

GENERAL MANAGER REPORT

Power Outage

Ms. Ball stated yesterday we had a power outage that occurred in the morning and lasted for 22 minutes. We had an auto transformer that was out of service. An auto transfer (our largest transformers) at our various PODs, bring 230,000 volts of power into service territory and brings them down to 66,000 volts for distribution throughout the service territory. We had one unit out because of some leaking bushings on it. We had one of the system protection relays take the 230K line out. It is a relay scheme and all the trips have been disabled. We have additional work to do to troubleshoot both the unit and the schemes. The substation

crews got out there quickly, cleared the situation and got 230kV power re-established, however it was a significant outage and impacted a lot of folks.

Commissioner Rogers stated he thought there would have been a switchover, whereby it would not have taken everybody out of service. Ms. Ball stated the way we have architected our 230kV import, we have not put that level of SCADA and control on our 66kV system yet. Mr. Rynne affirmed there is not an auto scheme for reclosing that 230kV breaker once the transformers are cleared.

Commissioner Shaw asked about the leaking bushings. She asked if we have a preventative maintenance program would something like leaking bushings have been caught in a maintenance review. Ms. Ball stated the review is what caused us to take the transformer out. Mr. Rynne's team goes through these units and through all our substations periodically. She stated we have two auto transformers that are 'sick'. We will replace one now, and that process will begin as of July 1. And for this unit we have a 26 week lead time for the parts. Mr. Rynne went on to explain 'bushing'. He stated this transformer is approximately 30 years old and the parts must be manufactured. Additional discussion ensued.

We were overloaded in the Call Center. We had about 2,000 people calling at once. So, there were some busy signals. On this campus we transferred smoothly. We didn't have any issues.

Fleet Week

Ms. Ball stated we thank our Fleet team for their support of the reliability of the operations. She stated through the last year we put in a tiered pay plan to help employees progress through their fleet careers. We have had nine employees who have received a total 50 of ASE certifications over the past year, and we had four employees to receive their master level certifications.

Commissioner Shaw complimented the nine employees who received certifications. She asked what the next step is for the employees. Ms. Fritzen stated for the 4 employees who received their master certifications, they have received the highest level. They can go on to progress to a different level job, such as Fleet Techs can be promoted to Sr. Fleet Techs. Supervisory and Managerial positions are also a possibility. She also stated ASE Certifications can be obtained for other non-technical positions. Additional discussion ensued.

Wastewater System Inspections

We received results from two wastewater collections inspections. DEQ complimented the staff on their knowledge, recordkeeping and they found great housekeeping. Our pumping stations are in good working order.

COMMISSIONER/LIAISON COMMENTS

Commissioner Garrett commended Rhonda Locklear and Jason Green on their promotions. She also congratulated Mr. Chris Smith on his pending retirement.

Commissioner Garrett asked for discussion on the salary and compensation strategy (salary/incentive strategy). She just wants an overview. She also would like to know more about the Risk Management Program in general.

County Commissioner Boose complimented staff on the Response to a W/WW Contamination Event Presentation. He also suggested staff add the County to the information link. They have direct access to all local towns, municipalities, etc. They also have direct access to all farmers, cattle, and livestock ranchers.

Commissioner Fowler stated he received an email from a PWC customer which read: On June 6th he received outstanding professional repair service by a crew, they are a credit to PWC and deserve recognition and reward for rendering an 81 year-old three time combat Vietnam veteran and his wife who has Alzheimer disease with urgent need to repair and restore water to their home in the Summerhill Subdivision in Fayetteville.

CLOSED SESSION

Commissioner Rogers motioned to go into Closed Session, Pursuant to North Carolina General Statutes 143-318.11(A)(6) for Personnel Matters. Motion was seconded by Commissioner Shaw, and unanimously approved at 9:33 a.m.

There being no further discussion, upon motion by Commissioner Rogers, seconded by Commissioner Shaw, and unanimously approved, the Commission returned to open session at 10:11 a.m.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Payment Analysis – May 2021
- B. Purchase Orders – May 2021
- C. Position Vacancies
- D. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. #19174 – install water mains and water lateral @ SR2220 (Corporation Drive) for FTCC/CC Reg. Fire & Rescue Training Ctr.
 - Encr. #19186 – install water/sewer laterals @ SR1414 (Raeford Rd), for Chipotle and Panda Express
 - Encr. #19501 – install water mains @ SR2333 (Tom Starling Rd) for FTCC/CC Reg. Fire & Rescue Training Ctr.

ADJOURNMENT

There being no further business, upon motion by Commissioner Shaw, seconded by Commissioner Garrett, and unanimously approved, the meeting was adjourned at 10:12 a.m.