

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY OCTOBER 13, 2021  
8:30 AM

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

Others Present: Elaina L. Ball, CEO/General Manager  
Chris Davis, City Council Liaison (Virtual)  
Telly Whitfield, Assistant City Manager (Virtual)  
Michael Boose, Cumberland County Commissioner, Liaison  
Chris Dawson, GDS Associates (Virtual)  
Gary Brunault, GDS Associates (Virtual)  
Robert Taylor, GDS Associates (Virtual)  
Ann Collier, Oakley Collier Architects  
Jennifer Starkey, Oakley Collier Architects

Absent: Scott Meszaros, Hope Mills Town Manager  
Media

#### REGULAR BUSINESS

Chairman Wade Fowler called the meeting of Wednesday, October 13, 2021, to order.

Election of Officers for Fiscal Year 2021-2022

Commissioner Darsweil Rogers submitted the following slate of officers for FY2021-2022.

Chairwoman – Evelyn O. Shaw  
Vice Chairwoman – Ronna Rowe Garrett  
Secretary – Darsweil L. Rogers  
Treasurer – Wade R. Fowler

Motion was seconded by Commissioner Ronna Garrett and unanimously approved.

#### APPROVAL OF AGENDA

Upon motion by Commissioner Fowler, seconded by Commissioner Garrett, the agenda was unanimously approved.

#### CONSENT ITEMS

Ms. Ball noted a statement for a minor correction on Consent to item IIC. Commissioner Shaw moved to approve Consent. Motion was seconded by Commissioner Rogers, and unanimously approved.

A. Approve Minutes of meeting of September 22, 2021

B. Approve Principles of Sound Financial and Operational Management Policy

The Public Works Commission's policy is to establish and document a policy framework and set forth guidelines for overall fiscal planning and management.

C. Adopt PWC Resolution – PWC2021.34 – Resolution Regarding Amendment of Parking Rights Agreement and Use of the Upset Bid Process or Assignment of Parking Rights.

Comments: PWC has determined that the ~~First~~ (Second) Amendment of the Interlocal Agreement between the City of Fayetteville, Cumberland County, and Fayetteville Public Works Commission related to the Funding and Development of the Franklin Street Parking Garage and the Interlocal Agreement between the City of Fayetteville and Fayetteville Public Works Commission related to the Sale of the Robert C. Williams Building and the Assignment and Assumption of Parking Rights in the Franklin Street Parking Garage will facilitate a sale of the RC Williams Building.

END OF CONSENT

STRATEGIC PRIORITIES UPDATE – FINANCIAL HEALTH/INTEGRATED RESOURCE PLAN

Presented by: Jonathan Rynne, Chief Operations Officer, Electric  
Chris Dawson, GDS Associates  
Robert Taylor, GDS Associates

Ms. Ball stated today we have a presentation on one of the elements of Strategic Plan, Financial Health. We have a key initiative relative to what we will do with our power generation resources in the future (post 2032).

Mr. Rynne discussed the Integrated Resource Plan (IRP) and why we are doing it. He stated as we went through the last iteration of looking at our power supply contract in the 2017-2019 period, we had the first termination at that point with DEP. We saw that our Butler Warner Generation Plant (BWGP) presented value in all the indicative market pricings in our initial valuation. In our amendment that followed in 2019 with Duke Energy Progress (DEP) Butler Warner has shown itself to be a tremendous value to PWC and its customers in how it has affected our largest expenses, the utility power supply expense. We realized BW is a 40 plus year old plant and with our current modification and amendment to the power supply contract with DEP, we need to begin looking at what we are going to do to retain that type of value to PWC. It may be replacing BW with a brand new plant in its foot print; it may be a myriad of mixing in renewable resources, battery energy storage, load management and numerous other aspects that may affect our power contract.

We wanted to begin early, so we would have a full understanding of our options going forward before we got to calendar year 2029 (where we can give termination again regarding our DEP contract). If we wanted to make capital investments to exercise some of those options, we would be able to do so before we needed to make decisions about our power supply. This is the beginning of that process.

Mr. Rynne stated today GDS will discuss what this means, why it is important, what the decision points will be, and what the role of the Commission and staff will be. He then introduced Chris Dawson of GDS.

Mr. Dawson began by explaining an Integrated Resource Plan (IRP). He stated it is a:

- Holistic planning tool used by electric utilities for the past 30 years.
  - Duke Energy Progress (DEP) prepares one the NCUC every 2 years
- Generally considered a road map for future decisions to
  - Meet power requirements in cost-effective, reliable ways
  - Provide guidance on criteria for future decisions

- Incorporate feedback from various stakeholders
- Evaluate resources under different scenarios

An IRP is not:

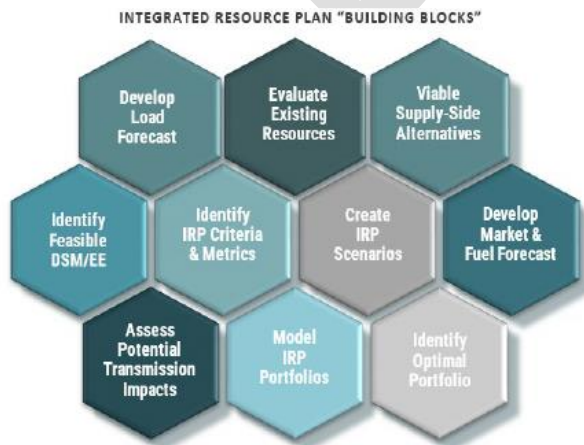
- Conclusion for a specific resource portfolio
- A “one-off” study
- Prediction of the future

He went on to explain why PWC is conducting an IRP.

- Potential PSCA termination option in 2029
  - Provide 3 year notice by July 2029 (effective 2032)
- Evaluate potential resource alternatives
  - Identify power needs and resource alternatives
  - Evaluate options under different scenarios
    - Evaluate BWGP modifications or alternatives
    - Assess PSCA power cost and benefits of termination
  - Stakeholder interaction and communication
- Well-defined goals lead to well-defined strategies
  - Carbon-Free / Renewable Portfolios
  - Ownership vs. Purchased Power
  - Reliability vs Cost & Volatility

Aligning IRP with PWC’S Goals.

- PWC Strategic Priorities and IRP
  - Financial Health
  - Conservation
  - Operational Excellence
  - Customer Satisfaction
- Strategic Plan Stakeholders
  - Customers
  - Bondholders
  - PWC Management Team
  - Commissioners
  - City of Fayetteville



- All building blocks are important, but key items for PWC are:
  - Evaluate Butler-Warner and purchases from DEP (PSCA)
  - Identify viable resource portfolios
  - IRP Scenarios
  - IRP Criteria & Metrics

## Evaluate Butler Warner

- Preserve Value under PSCA
  - Evaluate additional BWGP investment vs. replacing w/ new generation
  - Potential IRP Alternatives
  - Continued simple-cycle or
  - Major combined-cycle investment or
  - Abandon plant for alternative generation
- BWGP Qualitative Value
- Other questions:
  - Fuel supply alternatives?
  - Expansion of existing solar?

## Evaluate DEP PSCA

- Modeling of DEP System (PSCA costs)
- Utilize Information from DEP's IRP
  - Earliest practicable coal retirements (26/28)
- Account for latest information
  - NC House Bill 951
  - 70% reduction in CO2 emissions by 2030; carbon neutrality by 2050
  - Federal Legislation
  - Infrastructure Bill
  - Clean Energy Standard

## Alternative Resource Portfolios

- Identify various types of alternatives that could potentially be used to serve load
- Combine resources to create alternative resource portfolios
  - Including portfolios with combination of various resource technologies
  - Focus on commercially viable and environmentally sustainable resources, such as natural gas fired, solar, wind, energy storage, power purchases, etc.

## Scenarios, Criteria and Metrics

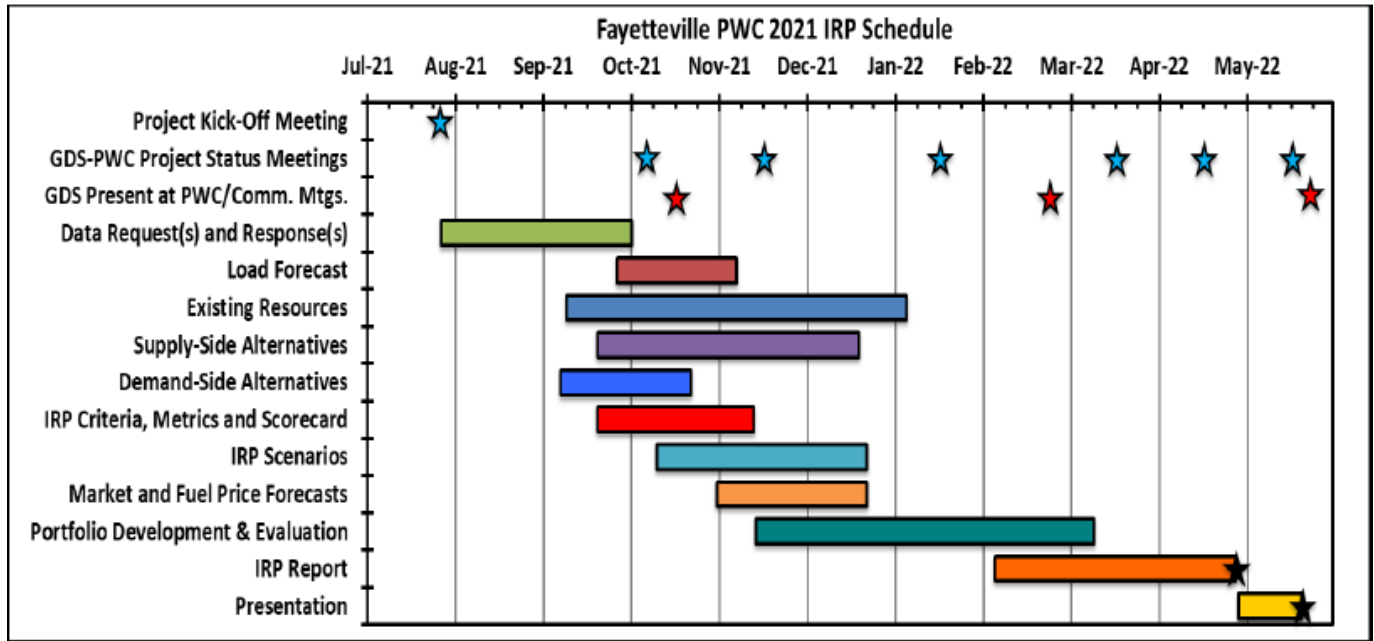
- Evaluating portfolios using one set of assumptions is ill-advised, because ...
  - The world has changed dramatically over the past; will continue to do so in the future
- Assess portfolios under different IRP scenarios and assumptions
  - Helps "future proof" resource decisions
- Develop criteria to value portfolios
  - Quantitative and qualitative factors
- Create portfolio "scorecards"
  - Score across the scenarios

## The Desired Results Are:

- Present 2 – 3 options; providing direction over next 5 – 7 years
  - Identify path forward; balance costs and risks for benefit of PWC stakeholders
- Manage Uncertainty

- Plan needs to have flexibility to evolve and adapt to future changes (e.g., technology, regulatory, commodity)
- Continuously evaluating risk / reward

IRP Schedule



SPACE PLANNING AND UTILIZATION STUDY RESULTS

Presented by: Susan Fritzen, Chief Administrative Officer  
 Kevin Howell, PE, Facilities Construction and Maintenance Manager  
 Ann Collier, AIA, Managing Principal, Oakley Collier Architects  
 Jennifer Starkey, Oakley Collier Architects

Ms. Fritzen stated this is an issue she has been bringing to the board for the last couple budget sessions. We have discussed we are running out of space in the Administration building as well as the Operations center. We have maxed out on the parking areas as well.

She stated we have budgeted to bring in consultants to help us look at our master plan for these two buildings. She chose to delay a little, and then COVID hit. We wanted to see how our building needed to be post-COVID. During this period, we have learned there are areas where we can work remotely. She stated there are major changes from the way we were utilizing the building to the way we will utilize it. She went on to state it has been about 10 years since we have done the last significant renovation in this building and that is a very typical cycle for facilities management.

Ms. Fritzen introduced Mr. Kevin Howell, the Facilities Construction and Maintenance Manager. He has been in this position for about a year. She also introduced Ann Collier and Jennifer Starkey of Oakley Collier Architects.

Mr. Howell stated a couple years ago we were out of space in our Operations and Administration buildings. COVID hit and we implemented the teleworking policy we have in place today. We decided afterward to look at the space planning, meet with the officers and department managers to see what is working and what

is not working, where we have space and where we do not have space. He stated our study focuses on five buildings on campus: the Administration Building; the Operations Building; the Customer Service Center; the Water Meter and Electric Meter Shops on the south campus.

The Operations building was built in 1996. There have really been no significant renovations to any of these structures, except for the Administration building about 10 years ago. He also noted when the buildings were constructed, we had about 580 employees, however today we have 675.

Ms. Collier stated it has been a pleasure to work with the staff on this project. She stated as they work on this type of project, they follow four steps.

- What do we have?  
They spent the month of April walking through the five buildings. Speaking to each of the divisions and department heads, and accessing what PWC has.
- What do we need?  
They did more in-depth interviews with stakeholders. They have a series of questionnaires that were presented to the staff and received back, evaluating current and future needs.
- What should we do?  
That was determining what were the priorities and how that looked in architectural terms. They worked with their staff along with PWC's leadership to develop a plan on what should we do.
- How should we do it?

Ms. Collier stated their goal was to accommodate the almost 100 staff members who have occurred since the last cycle of renovations. She stated PWC staff have done a good job of placing people in spaces that maybe were not designed for people by placing some in closets, storage rooms or multiple people in single offices. They evaluated it all and looked at how do they accommodate that growth with what we have differently.

She stated they looked at reorganizing existing spaces simply to make them more efficient. She stated they have found with projects like this, when you are working, and are in the day-to-day throws, when you have a need for space you take the space that is available whether it is in the right location or not. They were also looking at providing more shared meeting space for large and small team meetings to make the connection of the day to day job with the people in the job.

They looked at where each department was in the building, and whether that was the right place for them when it came to public access, internal access, privacy, and security. Also, where we wanted public availability to be limited and where we needed it to be open.

They also looked at creating some standard for space. Creating standards for space helps to create a roadmap for the future.

Ms. Starkey discussed Phase A. Phase A consists of changes to the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> floors of the Administration building.

Ms. Fritzen noted the Corporate Development group did not exist 10 years ago. This group is being divided on the 3<sup>rd</sup> and 4<sup>th</sup> floors.

Commissioner Garrett asked who validated what was needed? Also, regarding functionality, or functions she noted Procurement moved up and HR is next to CS. She asked for an explanation.

Ms. Fritzen responded, there was a process. The architects worked with Kevin Howell to identify who the managers were and to have those discussions. As they went through the needs, she became involved in the discussions. Elaina Ball was also a part of the discussions.

Commissioner Garrett then stated it was more than a space utilization, it was more of a labor assessment. She asked when was the last time that we have done a manpower assessment. She wanted to know if it is done companywide, is it cyclic, or iterative?

Ms. Ball stated it occurs within each division. She stated Ms. Fritzen is completing one for Fleet now, and Mr. Noland recently completed one for the Water/Wastewater Division, which resulted in a three year plan for targeted positions. Ms. Ball went on to state we have been benchmarking with APPA and will benchmark with AWWA to find out where we lay relative to other utilities. It will be a way for us to benchmark our cost structure and determine how much we insource and outsource work.

Ms. Ball went on to state this was a very collaborative process. The team brought everyone in, which resulted in a lot of wish list items. There is also a second step, in addition to the pushback. When we received our first proposal, we had sticker shock. She went on to explain the fine tuning of the plan, which was shared with the executive team.

Ms. Fritzen stated HR currently resides on the 1<sup>st</sup> floor. Commissioner Garrett noted they need private space to carry out their function. Ms. Fritzen responded they have taken that into consideration. Currently we have a lot of offices where there is no insulation. When we begin design, we will address those issues.

Oakley Collier also discussed Phase A plans for the Operations building, the Electric Metter Shop, and the Water Meter Shop.

Commissioner Shaw asked with an overall increase of 95 people, and with moving departments that needed more space was there any consideration given for additional restrooms. Commissioner Garrett also asked with some employees now working from home, what is the net number in the building. Ms. Starkey replied, regarding Customer Service, some of the staff are now working from home. Some employees are also working two to three days a week in the office. There were no complaints about the restrooms, and because there are the same or less people in the building on any given day, they did not look at changing the restrooms.

Commissioner Rogers asked if we ended up with a net increase in spaces. Mr. Howell stated we increased the number of spaces as of a result of the reconfiguration. Ms. Starkey stated we added more work spaces and office spaces. We also made spaces more efficient. There was also room for growth in other departments.

Ms. Ball stated we have not benchmarked unilaterally our headcount and our costs. She does not want to presume growth. Utilities are headed in the other direction. She wanted to set expectations there is not an expected growth in our head count. In fact, in certain areas we are going in the other direction. Discussion ensued.

Commissioner Garrett asked for the number of employees who are working remote permanently and those who are working hybrid.

Mr. Howell discussed Phase B, which consists of the first and second floors of the South Operations building (Electric Construction, Water Construction, Electric Engineering, Water Engineering, Medical, Dispatch and Emergency Management), as well as the proposed fitness trail. Discussion ensued on the fitness trail.

The cost of both phases was discussed, as well as the timeline for design and construction.

The next steps are to:

- Include project in the FY23 – FY26 Budget
- Complete Construction Drawings for Phase A
- Bid and Award Phase A Construction
- Complete Construction Drawings for Phase B
- Bid and Award Phase B Construction

## GENERAL MANAGER REPORT

### **New Director of Supply Chain**

Ms. Ball introduced Candice Kirtz, PWC's new Director of Supply Chain. Ms. Kirtz comes to PWC from Rocky Mount, where she served as their Procurement Manager. As the Director of Supply Chain, Ms. Kirtz is responsible for Procurement as well as our Warehouse functions.

### **Bond Issuance**

Ms. Ball stated we have continued our Bond Issuance process. The LGC approved our application for almost \$100M in bonds on October 5<sup>th</sup>. We have met with all the rating agencies, and answered a myriad of questions. Ms. Ball thanked our Finance and Legal teams for their hard work on the project. She also stated we are on track to go into pricing on October 19<sup>th</sup>, and we project to close on the sale of our bonds November 3<sup>rd</sup> and 4<sup>th</sup>.

The published bond ratings we have so far demonstrate the load leverage, the prudent decisions the leadership and Commission has made over decades for this utility. It is resulting in some of the lowest cost borrowings you can get in this industry. We are not AAA primarily because we have a power generation plant. That is one of the main limiting factors. But the ratings agencies have consistently prided and indicated our affordable bills, our balanced capital structure, our rate adjustment flexibility (which is a testament to this Commission), strength of management and our customer base, we have a balanced customer base. We do not have a lot of concentrated risk, and modest growth, but continuous growth even through downturns. We are very capital intensive organization, so cost of borrowing is one of the most key components we must steward. As we discussed earlier, we are situated among some of the lowest cost entities in the industry, and certainly have a strategic advantage over higher cost entities such as private equity.

### **Financial Audit**

We are concluding our annual financial audit. We plan to have a presentation in the next meeting.

### **Small and Local Procurement Program**

We kicked off our Small and Local Procurement program. Mark Cannady in Finance is leading this effort. He has developed and led MWBE programs in the past.

### **COVID**

Our numbers are continuing to get better. Several months ago, our numbers peaked as the community peaked. As of Friday, we had two positives, and we had four employees who are isolating, and one was symptomatic.



Mr. Russell stated two to three returned to work, yesterday and today. We now have four employees who are either positive, isolated, or symptomatic. Ms. Ball stated we are increasing our testing supplies. She transferred \$100,000 to bring in additional supplies in anticipation of increased testing requirements.

### **Wholesale Water Agreement**

We are working with the County on a wholesale water agreement for Grays Creek. We are also drafting some options for additional water/sewer capacity in the Airport corridor. It is possible the corridor may be chosen for some ARPA funds, which could be beneficial to help economic development in that region.

### **Gallup Q12 – Employee Survey**

Gallup Q12 closed last week. We received 583 responses. Ms. Ball thanked everyone for taking time to complete it. We scored 3.87 of engagement on a 5.0 scale. She stated having 91% of the organization issue their opinion shows we have a fertile ground for driving engagement. Over the next two months we will build action plans. Discussion ensued.

### **Escalante - Customer Survey**

We completed our Customer Survey with Escalante. The results are being tabulated and we will brief the Commission and the CAG once they are available (later this month).

### **Succession Plan**

Picking up our Succession Plan and taking it to the next logical step. We started discussing it yesterday in the staff meeting. We will go through a typical nine box exercise of our existing and the new succession candidates we are identifying. It is Ms. Ball's goal in the next nine months to have two 'ready soon' or 'ready now' candidates. It is aggressive but she believes we can do it. We will use the new HCM system that is being deployed now to capture development plans to support that objective.

### **Strategic Plan**

We have finalized our strategic plan initiatives. Ms. Ball thanked Paula Shambach (Corporate Development) for helping to build the Gantt chart we are using to help us stay on track. We will begin communicating the strategic plan to the organization within the next two weeks.

### **Events**

- ✓ We are planning our United Way Campaign. It will begin next month.
- ✓ We are in the midst of our annual candy gram event. This is an employee to employee recognition activity we do twice a year. This event will support the Fallen Linemen Foundation.
- ✓ We held an EV event with Sustainable Sandhills here at the PWC campus. It was well attended, with a good turnout.
- ✓ We held our first Community Advisory Group (CAG) meeting recently. It was PWC's first in-person meeting in 20 months. Ms. Ball stated it was her first in-person CAG meeting. The senior leadership also came, and we briefed the CAG on the strategic plan and discussed the initiatives in each person's area.

## COMMISSIONER/LIAISON COMMENTS

### **Commissioner Garrett**

Commissioner Garrett requested to receive a briefing on Grays Creek.

She also commented on the succession plan. She asked the officers to consider the question. How do you make sure there is opportunity for diverse candidates to be in this program?

### **Commissioner Fowler**

It has been a wonderful year, and he hopes Chairwoman Shaw's is less eventful.

### **Council Member Davis**

Requested a briefing on Grays Creek as well as a briefing on PWC's Succession Plan.

## REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Monthly Cash Flow Report – August 2021
- B. Payment Analysis
  - August 2021
  - September 2021
- C. Recap of Uncollectible Accounts – August 2021
- D. Investment Report – August 2021
- E. Personnel Report – September 2021
- F. Position Vacancies
- G. Approved N.C. Department of Transportation Encroachment Agreement(s):
  - Encr. 19509 – install. of 8" RJDJ watermain @ SR1403 (N. Reilly Road) and SR 1406 (Fillyaw Road)
  - Encr. 19510 – install. of 8" RDJI watermain , and abandoning of 8" AC water main on HWY n210 (Murchison Road) for Fayetteville Murchison Road Dollar General.
- H. Financial Statement Recaps
  - Electric – August 2021
  - Water/Wastewater – August 2021
- I. Actions by City Council during the meeting of September 27, 2021, related to PWC:
  - Approved Resolution – Approving PWC Series 2021 Bond Order

## ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Garrett, and unanimously approved, the meeting adjourned at 10:16 am.