

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY APRIL 13, 2022
8:30 AM

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

Others Present: Elaina L. Ball, CEO/General Manager
Telly Whitfield, Assistant City Manager
Antonio Jones, City Council Member (VIA WEBEX)
Roy Jones, ElectriCities CEO (VIA WEBEX)
Media

Absent: Chris Davis, City Council Liaison
Jimmy Keefe, Cumberland County Commissioner, Liaison
Scott Meszaros, Hope Mills Town Manager

REGULAR BUSINESS

Chairwoman Evelyn Shaw called the meeting of April 13, 2022, to order.

APPROVAL OF AGENDA

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

PRESENTATION

ElectriCities Public Power Awards of Excellence
Presented by: Roy Jones, ElectriCities CEO

Mr. Roy Jones, ElectriCities CEO presented to PWC the Public Power Awards of Excellence. Mr. Jones stated each year they step back and look across the State of North Carolina at the public power communities and assess the things they are doing to improve their relationship with customers and the community in five different categories. This year Fayetteville submitted things they had done in five different categories. He stated he is pleased to announce PWC is being recognized in all of them. Mr. Jones PWC is one of only 5 that are being recognized in all five categories in 2022.

- Communicating the value of public power
- Continuous improvement
- Grid modernization
- Wholesale power cost
- Workforce planning and development

Mr. Jones highlighted PWC's accomplishments in each of the five categories above.

The Commission thanked ElectriCities for the recognition and awards presented today.

American Public Power Association RP3 Diamond Award

Presented by: Jon Rynne, Chief Operations Officer, Electric Systems

Mr. David Deschamps, Manager of the Electric Engineering Department presented this award by request of Mr. Rynne. Mr. Deschamps gave the background of the Reliable Public Power (RP3) Award that is awarded by the American Public Power Association (APPA). Members of the APPA total approximately 2000 municipalities. He stated approximately 274 providers received the award this year at any level. PWC received a score of 100 out of 100 points. He went on to state though the engineering department is collecting the data, every division contributes to receiving this award. He highlighted the divisions and officers who helped to make this possible, as reliability is a team effort.

This is the 6th consecutive time PWC has received the RP3 Diamond designation. And there is only one other utility who has received this award more than PWC. Mr. Deschamps stated the RP3 award is graded by our peers.

Staff responded to comments from Commissioners. Chairwoman Shaw congratulated the team on receiving the award.

CONSENT ITEMS

Upon motion by Commissioner Fowler, seconded by Commissioner Porter, Consent Items were unanimously approved.

- A. Approve Minutes of meeting of March 23, 2022
- B. Approve bid recommendation to award bid for the purchase of Wood Poles to Koppers Utility and Industrial Products, Eutawville, SC, the lowest, responsive, responsible bidder, in the total amount of \$484,140.00, and forward to City Council for approval.

The Wood Poles are budgeted in Warehouse Inventory.

Bids were received March 31, 2022, as follows:

<u>Bidders</u>	<u>Manufacturer</u>	<u>Total Cost</u>	<u>Delivery</u>
Koppers Utility, Eutawville, NC	Koppers Utility	\$484,140.00	3-4 Weeks
Stella-Jones, Whitmire, SC	Stella-Jones	\$516,835.75	4-6 Weeks

COMMENTS: Notice of the bid was advertised through our normal channels on March 11, 2022, with a bid opening date of March 31, 2022. Bids were also solicited from three (3) vendors with two (2) bids received. The bid prices were based on an estimated forecast of various pole sizes and quantities for the first year of the contract and the bid also included requirements for additional wood poles for the Metronet project. The bid from Koppers represented the lowest combined price for all pole sizes and quantities for the first year and pricing for the one time buy for the Metronet project. The bid documents provided that annual quantity estimates could be increased or decreased during any quarter of the contract period. Pricing presented in the bids are base prices that will be held valid for the first quarter of the initial contract period; thereafter, pricing may be adjusted up or down quarterly based on index pricing published by the Bureau of Labor & Statistics. This approach will ensure product availability at a fair price. **SDBE/Local Participation:** Koppers Utility and Industrial Products, Eutawville, NC, is not a local business and is not classified as a SDBE, Minority or Woman-Owned business.

END OF CONSENT

PRESENTATION BY HAZEN AND SAWYER REGARDING ARPA GRANT

Presented by: Mick Noland, Chief Operations Officer, Water Resources
Seth Robertson, Hazen and Sawyer

Ms. Ball stated many of the federal funds that have flowed down during the pandemic and during recent congressional activities have not flowed to PWC. The only allocation we have received has been through our state delegation, an award of \$220,000 to support a pilot project to remediate the TEXFI site. PWC is funding the other \$220,000. This is on city owned land.

Ms. Ball stated we have formed a grant writing team that crosses electric, and water, and have garnered support by the Hazen and Sawyer team as well as our grant writing team in Corporate Development to essentially apply for as much of the \$1.7 Trillion Infrastructure Act Grants that could be brought to our community.

This is the first presentation relative to our request for the Commission to adopt a resolution allowing us to file for a grant application. There will be more.

Mr. Noland stated ARPA is the American Rescue Plan Act. We have partnered with Hazen and Sawyer. Seth Robertson and Jessica Leggett will present today.

Mr. Robertson thanked the Board for allowing them to speak to them today. He stated Hazen and Sawyer was brought under contract to address this in a couple different ways. One was to position for the American Rescue Plan Act Funding which is a once in a lifetime opportunity for PWC, and the deadline to submit the application is May 2nd. Secondly, they will be working on the infrastructure bill funding (both state and federal administered) they will bring forward in the future.

The ARPA funds were sent to every state, city, town, and county in country last year. It often did not make it to utilities though it can be used for water and wastewater projects. In this case the State of NC is taking the funds they have received directly and making a huge investment compared to other states in the country.

\$1.6B of State funding is being put into water and wastewater infrastructure. But of the \$1.6B, \$800+M has already been allocated through earmarks. Of the \$758M that is still available, it is largely being focused on non-viable, distressed, at-risked systems.

Mr. Robertson stated there are almost \$55M available in project construction grants, and approximately \$80M available for planning grants, including asset inventory assessment; rate studies, mergers, etc.

For the Asset Inventory and Assessment Grants,

- \$77.6M available for planning grants
- Purpose: To inventory existing water and/or sewer system and document the condition of inventoried infrastructure
- Eligible Activities can include:
 - Identifying and locating system components
 - Performing a risk analysis to determine critical components
 - Determining the condition of critical components
 - Establishing capital and O&M costs
 - Creating a prioritized list of projects

- Preparing a realistic Capital Improvement Plan (CIP)
- Funding limit: \$400,000 per applicant
- No match (only 1.5% grant fee)
- This funding round only – eligibility requirements relaxed
 - Normally only applicants with less than 10,000 residential connections could apply

NC DEQ Fund or Reserve	Purpose	Allocated directly for specific local governments and public entities (earmarked), approx.	Approximate remaining for grant funding (non-earmarked)
Viable Utility Reserve	Grants for water and wastewater systems that have been designated as distressed by the State Water Infrastructure Authority and the Local Government Commission, for the purposes set forth in subdivisions (1) through (5) of G.S. 159G-32(d).	\$89.7 million	\$353.0 million
Drinking Water Reserve and Wastewater Reserve (State Reserves)	Project construction grants for public water systems and wastewater systems NC DEQ categorizes as at-risk of becoming distressed .	\$116.6 million	\$191.3 million
	Project construction grants for public water systems and wastewater systems not designated as distressed or categorized as at-risk .	\$614.8 million	\$54.1 million
	Grants for asset inventory and assessments, rate studies, merger/regionalization feasibility, training, and planning grants to conduct project engineering, design, or other preconstruction activities.	\$0	\$77.6 million
Local Assistance for Stormwater Infrastructure Investments Fund	Grants for local governments for projects that will improve or create infrastructure for controlling stormwater quantity or quality.	\$18.5 million	\$82.0 million
	Total	\$839.6 million	\$758.0 million
		Total funds: approx. \$1.6 billion	

Commissioner Garrett asked Mr. Robertson to give an overview of how they complete a strategy assessment. Mr. Robertson stated it is competitiveness of the application. They do not know who will apply. They can look at the priority system. There are four aspects of the priority system; at the things that have generally scored well; the types of projects; and the types of scoring necessary to be competitive in previous rounds. He stated they will discuss what the areas are and what makes a project competitive later in the presentation.

Ms. Ball went on to state this presentation is water centric. We have met internally as a team and reviewed both the electric potential grant opportunities and the water. Emily Fera who is the grant writer, is leading this inter-disciplinary team to look at opportunities on both sides. But we believe, both within our existing capital plan, as well as new projects we are contemplating that there are viable grants and ARPA BIL opportunities for both the water and electric.

Mr. Robertson stated there is \$54M for the capital projects. There is less amount of money available, and a larger amount per applicant, at \$5M. We expect they will fund about 11-13 projects, so there will not be a lot of projects. This is really the most important categorization. He went on to state we need to focus on projects that will prioritize high, such as:

- Aged Infrastructure
- Rehabilitation/Replacement
- Permit Violations
- Asset Management and Capital Planning
- Financial Need

Mr. Robertson went on to state ARPA Funds must be obligated by December 31, 2024; and they must be expended by December 31, 2026

Jessica Leggett stated they have identified the following:

- Water Asset and Assessment Grant Application. It will be to identify service laterals and position PWC to take advantage of some funding for lead service line replacements.
- Water Line Rehabilitation Capital Project (ARPA Funds with a SRF Loan possibility)
- Sewer Line Rehabilitation Capital Project (ARPA Funds with a SRF Loan possibility)
These projects are rehabilitation projects; rehabilitating aging infrastructure.
- Resubmittal of Rockfish Creek WWTP Expansion (SRF Loan)

Ms. Ball stated for order of magnitude, we spend about \$8M each; \$16M in total. For Rockfish Creek we are spending in excess of \$80M. Mr. Noland stated this is true rehabilitation/replacement. This work needs to be done before it fails. There is a recognition of the advantage of using money to do so. We have projects that we can readily identify that meet those criteria, and we should have no trouble with getting the money obligated and spent within the timeframe.

Upcoming Funding Opportunities

- Bipartisan Infrastructure Law Funding
 - Lead Service Line Replacement
 - Resiliency
 - Cyber Security
 - Emerging Contaminants
 - Disadvantaged Communities
- ARPA Stormwater Funding – Available in the Fall (approximately \$100M for the State)
- State Revolving Fund – Will continue to be available. We expect the amount to be available for the fund over the next funding cycles.

Mr. Noland enumerated some of the mandates that our grant requests will address.

Chairwoman Shaw thanked Mr. Robertson and Ms. Leggett for their presentation.

ADOPTION OF PWC RESOLUTIONS – PWC2022.12 THRU PWC2022.14 - RESOLUTIONS DIRECTING THE FILING OF STATE REVOLVING LOANS AND/OR GRANT APPLICATIONS

Attached are resolutions directing the filing of State Revolving Loan and/or Grant applications for water distribution rehabilitation, sanitary sewer main rehabilitation, and GPS/GIS inventory of water laterals.

Applications for said loans and/or grants are due no later than May 02, 2022, and must include originals of this resolution. Details of the loans and/or grants will be forthcoming in the award letters should PWC be awarded either of the loans and/or grants and resolutions accepting the offers will be presented to the Commission at that time.

Staff recommends that the Commission adopt the attached resolutions directing Staff to file State Revolving Loan and/or Grant Applications for water distribution rehabilitation, sanitary sewer main rehabilitation, and GPS/GIS inventory of water laterals.

Commissioner Fowler motioned to adopt PWC Resolutions PWC2022.12 thru PWC2022.14. Motion was seconded by Commissioner Garrett and unanimously approved.

GENERAL MANAGER REPORT

Grays Creek

Later today, members of the Commission and PWC Staff will meet with the County regarding Grays Creek. For some time we have been working with the County to establish a bulk water agreement to supply water to the Grays Creek area. As early as July of last year we met with members of the County and provided initial drafts of an agreement, and most recent as March 20th we also submitted a draft binding letter of intent to move that matter forward. PWC remains active and involved. We have a couple technical issues we are still working through; however we are still at the table wanting to provide support to the Grays Creek area.

Additionally the County has requested a meeting related to providing utility service to the Shaw Heights area. The meeting is being rescheduled. Shaw Heights and utility service to Shaw Heights has been in discussion since 2008.

Bloom Energy

At our most recent board meeting, the Commission agreed to pass a contract with Bloom Energy. This is for both the purchase as well as the operations of a 2MW fuel cell which will allow us to use waste gas off of our industrial processes as well as others in the area to provide carbon free energy to the grid as well as provide backup power to one of our water treatment facilities. We will put in an announcement in the near future regarding it. We are in discussion with the County, and we would like to purchase gas off of the landfill to fuel the power generation project.

Lineworker Appreciation Month

Ms. Ball stated she was considering the RP3 award; the reliability of our system; and she has looked at February's KPIs. On average when a customer has an outage, they experience a 50 minute restoration time from the occurrence of the outage to when our team has the customer back with lights. For comparison the investor owned utility in the state, has an approximate duration of 150 minutes. We are a third of the restoration time, and it is a huge testament to everyone in the room, and especially to our line workers. Ms. Ball stated April is Lineworker appreciation month.

Budget

May 11th – Present Full Budget to the Commission

May 25th – Request a Public Hearing

June 8th – Consideration of Budget of Adoption

Concurrently, we are also conducting a Cost of Service Study for the Electric System. Ms. Ball does not anticipate any base rate changes. The team is doing a terrific job of controlling costs even during these record inflationary conditions for the world. Ms. Ball stated staff will bring forth for consideration by the Commission some new rates. We would like to introduce a new electric vehicle rate, and an updated distributed generation rate, specific to rooftop solar. The Commission will be presented more details at upcoming meetings. We are still evaluating the financial impact, and we may recommend some changes to our fees.

Lineworker Shortage

We have recently become aware of not just a general worker shortage but also a line worker shortage. We, as well as some of the utilities in the area, as well as our contractors have seen turnover and pressure for recruitment of our folks. It takes about five years to build a full 1st class lineman, and even further to build a journeyman who can work on any of our systems. We invest a tremendous amount of time, effort and money into recruiting and developing our line workers.

Ms. Ball stated about three months ago she asked Mr. Russell to lead an effort to benchmark not only our Electric Lineworkers but also some key positions in Water Resources. He has been working with our consultant, Willis Towers Watson to do so. We received the results last week. We will be making some grade adjustments to some key positions where we are seeing some attrition as well as flight risks as a result of this competitive environment. Ms. Ball stated we are putting these changes into the financial forecast and in the budget. And it is in our best interest to do so.

Duke Energy Progress

Several team members attended the Duke Energy Annual Meeting, including Ms. Ball, Ms. Haskins, and Mr. Rynne. It was a terrific two days, and had good team building with the Duke Energy Team. Duke spent about four hours with them going over a myriad of matters in their business, most of it is confidential competitive matters. Ms. Ball stated she wanted to highlight Duke Energy is not immune to the macro level commodity risks that are occurring because of the geo-political instability as well as policy changes that are occurring domestically and internationally around energy. As a result the projections we received in December around energy costs are low. We will see higher energy costs.

She stated last year we brought to the Commission action around utilization of the Electric Rate Stabilization Fund (ERSF), as well as some budget amendments to address the escalation we saw last year. Ms. Ball stated she does not see them discontinuing. We are going to see higher natural gas prices and high coal costs. It is fundamentally due to Russia and Ukraine. It is not just about the commodities in those countries, it is about the export pressure that is occurring as a result of energy prices in Europe. That means we will utilize Electric Rate Stabilization which we get a lot of scrutiny for. We carry those dollars for this rainy day, so we are not shocking our customers with energy price increases. Duke is forecasting higher prices, and we are positioned to manage through it, and we will monitor it closely. The Commission will receive more details during our budget briefing in May and June.

Swag

Thanks to our Innovation Team we have a new vending machine in which employees can buy PWC items. Fastenal has stood up a vending machine and the Supply Chain Team has helped to put this in place. If anyone wants to purchase swag, they can go down to our vending machine in the Market Place.

PWC Alzheimer's Golf Tournament

On Good Friday, several of the PWC Team Members (Bobby Russell, Carolyn Justice-Hinson, Mark Brown, and Elaina Ball) will participate in a golf tournament. They, along with other team members have been organizing a golf tournament to benefit the Walk to End Alzheimer's and some specific therapeutics that the government has decided not to cover though the FDA has approved the drug. Ms. Ball stated they believe they have raised \$15,000.00 and about 40 employees are attending.

COMMISSIONER/LIAISON COMMENTS

Commissioner Donald Porter

Commissioner Porter stated it was his honor to ‘hang out’ with the CEO last week. They rode together during the MLK Parade in a PWC vehicle.

REPORTS AND INFORMATION

- A. Personnel Report – March 2022
- B. Financial Statement Recaps
 - Electric – February 2022
 - Water/Wastewater – February 2022
- C. Position Vacancies
- D. Actions by City Council during the meeting of March 21, 2022, related to PWC:
 - Approved Bid Recommendation – Three (3) Vacuum Circuit Breakers with Optimizer Monitoring Devices and Associated Spare Parts
- E. Actions by City Council during the meeting of March 28, 2022, related to PWC:
 - Approved Sole Source Purchase Recommendation – Fuel Cell Generation System and Ancillary Equipment

ADJOURNMENT

There being no further business, upon motion by Commissioner Wade Fowler, seconded by Commissioner Ronna Rowe Garrett, the meeting adjourned at 9:27 am.