

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY JUNE 8, 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
Chris Davis, City Council Liaison
Scott Meszaros, Hope Mills Town Manager (VIA WEBEX)

Absent: Jimmy Keefe, Cumberland County Liaison
Media

REGULAR BUSINESS

Chairwoman Evelyn Shaw called the meeting of June 8, 2022, to order.

APPROVAL OF AGENDA

Upon motion by Commissioner Donald Porter, seconded by Commissioner Wade Fowler, the agenda was unanimously approved.

AWARD PRESENTATION

Sustainable Sandhills Sponsor of the Year Award

Presented by: Anna Chott, Sustainability Coordinator – Waste Management

Ms. Chott stated Sustainable Sandhills is an environmental non-profit that serves nine counties in the Sandhills region. PWC has partnered with Sustainable Sandhills in many ways, including Sponsorship of the Fayetteville Beautiful Cleanup. PWC was a financial sponsor as well as donated water. PWC was part of the Five for Friday Litter Prevention Cleanups. She stated PWC helped to promote the litter prevention program and staff volunteered for the cleanup in June. PWC hosted the Drive Electric Car Show. It was to raise awareness for electric vehicles. PWC is also a part of the Sandhills EV Advisory Club.

Ms. Chott stated Sustainable Sandhills appreciate PWC being a partner in so many ways. She virtually presented PWC with the Sustainable Sandhills Sponsor of the Year Award. Ms. Chott stated though she is virtual today she hopes to drop off the award later, as well as several other small gifts.

Chairwoman Shaw thanked Ms. Chott for the award, and stated PWC is pleased to be a part of keeping the earth friendly for all of us. Ms. Ball thanked Kathy Miller for coordination with the EV club. She also thanked Carolyn Justice-Hinson for her help and coordination with Sustainable Sandhills, as well as everyone who has participated with Sustainable Sandhills.

CONSENT ITEMS

Upon motion by Commissioner Wade Fowler, seconded by Commissioner Ronna Garrett, the consent items were unanimously approved.

A. Approve Minutes of meeting of May 25, 2022

B. Adopt PWCORD2022-10 – FY 2022 Electric and Water/Wastewater (W/WW) Fund Budget Amendment #7

PWCORD2022-10 is an Electric and Water/Wastewater Fund amendment changing the fund balances as follows: The Electric Fund is decreasing by \$3,906,000 to \$295.5 million, and the Water/Wastewater Fund is decreasing \$5,098,600 to \$140.8 million.

Electric Fund

- Electric Fund Revenue: Total Electric Fund Revenue decreased by \$3,906,000.
 - Total Budgetary Appropriations decreased by \$3,906,000 from Net Position to cover changes in expenses below.
- Electric Fund Expenditures: Total Electric Fund Expenditures decreased by \$3,906,000.
 - Total Departmental Operating Expenses decreased by \$699,000 to be consistent with year-end estimates.
 - Debt Service increased \$724,700 due to new GASB lease and subscription as a service reporting requirement.
 - Capital decreased by \$2,485,300 due to supply chain restrictions and project delays.
 - Total Budgetary Appropriations decreased by \$1,446,400 to better align with year-end estimates.

W/WW Fund

- W/WW Fund Revenue: Total Water/Wastewater Fund Revenue decreased \$5,098,600.
 - Total Budgetary Appropriations decreased \$5,098,600 due to a decrease in the Appropriation from W/WW Net Position due to the changes in expenses below and an increase in Appropriation from Annex Reserve Fund to better align with year-end estimates.
- W/WW Fund Expenditures: Total Water/Wastewater Fund Expenditures decreased \$5,098,600.
 - Total Departmental Operating Expenses decreased \$1,252,000 to be consistent with year-end estimates.
 - Debt Service increased by \$724,700, as mentioned above, due to new GASB lease and subscription as a service reporting requirement.
 - Capital Expenditures decreased \$6,713,900 due to supply chain restrictions, project delays and postponed software upgrades.
 - Total Budgetary Appropriations increased \$2,142,600 due to capital expenditure reductions and better alignment with year-end estimates.

COMMENTS: Staff recommends the Commission adopt the above budget ordinance amendment.

C. Adopt the following Capital Project Fund Budget (CPF) Ordinance Amendments

- PWCORD2022-11 amends the Substation Rebuild CPF to close out completed projects.
- PWCORD2022-12 amends the Electric Transportation Equipment CPF to close out long lead time purchases made in FY22.

- PWCORD2022-13 amends the Electric Rate Stabilization Fund to update true-ups to actuals as of FY22.
- PWCORD2022-14 creates the Series 2023 Water and Wastewater CPF. This will be for the non-Annexation water and wastewater projects to be financed with the anticipated Series 2023 Revenue Bonds.
- PWCORD2022-15 amends the Hurricane Matthew CPF to update project costs.
- PWCORD2022-16 amends the Annexation Phase V Reserve to adjust the transfer from the Reserve to the GF for debt service. A change was made to the timing of the transfer.

COMMENTS: Staff recommends the Commission adopt the above budget CPF ordinance amendments

END OF CONSENT

COMMISSION CONSIDERATION OF FY2023 BUDGET ORDINANCE PWCORD2022-17 (FY2022-2023 ANNUAL BUDGET)

Ms. Ball, PWC CEO/General Manager provided a brief update of the FY2022-2023 Annual Budget. She stated the budget is \$397,547,200, which includes \$357M in operating expenditures. The largest component of our operating expenditures is our power supply costs. In total, with our CIP and Operating Budget we project our expenditures to be 10.9% less than FY22. We are drawing on our electric reserves to help our customers during this time.

Ms. Ball stated we are budgeting a 4% merit increase pool, and recommending eight new positions in the organization. We are also proposing a new holiday to recognize Veterans Day.

There being no questions or comments by the Commission, Chairwoman Shaw proceeded to accept a motion to approve the budget ordinance.

Upon motion by Commissioner Ronna Garrett, seconded by Commissioner Donald Porter, the FY2023 Budget Ordinance was unanimously approved.

ADOPTION OF CAPITAL PROJECT FUND (CPF) BUDGET ORDINANCE AMENDMENTS FOR FY2023

Upon adoption, the following ordinances will be effective July 1, 2022, and reflect the FY2023 activity from the FY2023 Annual Electric and Water/Wastewater Operating and CIP Budgets:

- PWCORD2022-18 amends the Electric Rate Stabilization Fund for transfer and investment activity expected in FY23.
- PWCORD2022-19 amends the Water and Wastewater Utility Systems Rate Stabilization Fund for transfer activity expected in FY23.
- PWCORD2022-20 amends the Annexation Phase V Reserve for FY23 appropriations to and from the General Fund.
- PWCORD2022-21 amends the Substation Rebuild CPF to add new projects and update cost estimates for existing projects based on the FY2023 CIP.
- PWCORD2022-22 amends the NCDOT CPF to add new projects and update cost estimates for existing projects based on the FY2023 CIP.

- PWCORD2022-23 amends the Electric Transportation Equipment CPF to revise the FY 2023 – FY25 estimates for long lead time purchases and making the budgeting, tracking and pre-audit requirements more manageable to staff.
- PWCORD2022-24 creates the Water Transportation Equipment CPF for long lead time purchases and making budgeting, tracking and pre-audit requirements more manageable to staff.
- PWCORD2022-25 amends the Annexation Phase V, Asphalt Overlay CPF to revise estimates and add upcoming areas to the CPF.

Ms. Haskins stated the above Capital Funds listed are funded by our FY2023 General Fund Operating Budget. The adoptions needed to come after the General Fund was approved.

Upon motion by Commissioner Ronna Garrett, seconded by Commissioner Donald Porter, the Capital Fund Budget Ordinance Amendments were unanimously approved.

GENERAL MANAGER REPORT

Hurricane Season

Ms. Ball stated hurricane season began June 1st. Weather experts have named 21 storms for this season. Experts and weather patterns are setting this season to be very similar to the 2005 hurricane season, which produced the devastating hurricanes Rita and Katrina. Ms. Ball reminded customers to go on line and sign up for our outage notifications.

Ms. Ball stated we will conduct a table top exercise on June 27th to walk through hurricane and flood scenarios. She invited the Commissioners to attend if they desire. Ms. Ball responded to questions from Commissioners.

40 under 40

Ms. Ball recognized Thomas Covington and Misty Manning who have been recognized in the Fayetteville Observer as 40 under 40.

Employee Engagement and Customer Satisfaction Surveys

Ms. Ball stated next week we will launch our second employee engagement survey. We will also conduct our second customer satisfaction survey using our syndicated provider and will bring back results from it.

Succession Planning

As part of our Succession Planning process we have identified a list of individuals who we are working to develop to take on more senior leadership roles within the organization. Two of our team members in the program will travel this month to the University of Idaho to study in the Utility Executive Course. We will also have two officers to attend the Utility Executive Summit, which is a three day higher level course for utility executives. Once they return Ms. Ball stated they will provide a de-brief to the Commission.

APPA National Conference

Several staff and a commissioner will attend the APPA National Conference in Nashville next week. We will continue to look for virtual opportunities for staff as well as the Commission to stay abreast of industry news.

Annexation

Ms. Ball stated PWC staff met with the City this past week (at their request) to walk through the annexation, overall program progress, and process. They discussed what a typical annexation effort will be like for the customers; what interactions will be occurring with our different consultants, from design thru connections, and costs. She stated we want to make sure our customers and officials have up to date information on what our progress is concerning annexation. We are about 63% complete. We have a number of projects planned for this coming year and subsequent years. Ms. Ball stated anyone who wants to understand what is going on with annexation can go to our website.

The County's Budget

The County's budget was approved this week. Ms. Ball stated she spoke to a county manager, and included in the County's 2023 fiscal year budget is \$250,000 for Grays Creek. The components of the budget items are largely easement acquisitions and some engineering studies.

Upcoming Meetings

In the next meeting, Ms. Ball stated we will begin a series of three discussion on our electric cost of service study. Staff will introduce three new rates we would like to offer to our customers: an updated rate for distributed generation (rooftop solar); a proposed EV fleet rate; and an updated economic development rate. We will have some tweaks to our fees and other items in our tariffs. We will not recommend any adjustments to our electric base rates.

In upcoming meetings we will present an overview of our Lead and Copper Rules, Asset Management; and the Integrated Resource Plan (IRP).

Ms. Ball gave a shout-out to the EV Club event. We had great involvement from the community, auto dealerships, a number of our customers, as well as the County and school system.

COMMISSIONER/LIAISON COMMENTS

Commissioner Ronna Garrett

Commissioner Garrett asked for materials she can read regarding lead and copper to inform herself ahead of the Commission meeting.

Commissioner Wade Fowler

Commissioner Fowler stated he had the privilege of attending the Power Breakfast, and Elaina Ball did a great job in handling some interesting questions. She gave good ideas for looking forward, and for growth in the community.

Commissioner Donald Porter

Commissioner Porter reiterated Commissioner Fowler's compliments. He also stated we did a great job on PWC Day. There are a lot of people who do not know what we do here at PWC. The more we are out in front of the public the more they become comfortable with us.

Council Member Chris Davis

Council Member Davis thanked Ms. Ball and staff for the information they provided during the meeting regarding the annexation process.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Personnel Report - May 2022
- B. Position Vacancies

ADJOURNMENT

There being no further business, upon motion by Commissioner Donald Porter, seconded by Commissioner Ronna Garrett, the meeting adjourned at 8:55 am.