

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, OCTOBER 24, 2018
8:30 A.M.

Present: Darsweil L. Rogers, Chairman
Evelyn O. Shaw, Vice-Chairlady
D. Ralph Huff, III, Secretary
Wade R. Fowler, Jr., Treasurer

Others Present: David W. Trego, CEO/General Manager
Dr. Telly Whitfield, Assistant City Manager
Johnny Dawkins, City Council Liaison
Kathy Jensen, City Council Member
Michael Boose, Cumberland County Liaison
PWC Staff

Absent: Melissa Adams, Hope Mills Town Manager/Liaison
Media

REGULAR BUSINESS

Chairman Rogers called the meeting of Wednesday, October 24, 2018, to order.

Chairman Rogers welcomed Council Member Kathy Jensen to the Commission Meeting.
Council Member Jensen will be the Liaison to the Commission as of January 2019.

Approval of Agenda

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

CONSENT ITEMS

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

- A. Approve Minutes of meeting of October 10, 2018
- B. Approve cancellation of November 28th and December 26th Commission Meetings

- C. Approve Special Meeting for June 5, 2019, and cancellation of June 12, 2019, Commission Meeting due to conflict with 2019 APPA National Conference
- D. Approve bid recommendation to award contract for the Cross Creek Water Reclamation Facility Screens Replacement project to Crowder Construction Company, Apex, NC in the total amount of \$2,134,386.00 and forward to City Council for approval.

The Cross Creek Water Reclamation Facility Screens Replacement project will be funded from FY2019 CIP, WS 93 (CPR1000279) and this project is included in the upcoming PWC bond issue. The projected contract is budgeted in the amount of \$2,134,386.00.

Bids were received September 24, 2018 as follows:

| <u>Bidders</u> | <u>Total Cost</u> |
|---|-------------------|
| Crowder Construction Company, Apex, NC | \$2,134,386.00 |
| State Utility Contractors, Inc., Monroe, NC | \$2,438,000.00 |
| TA Loving Company, LLC, Alexandria, LA | \$2,541,977.00 |

Comments: This project was first bid with a closing date of September 3, 2018, and only two bids were received. Subsequently the project was re-bid with a closing date of September 24, 2018, and three bids were received. **SDBE:** The bidder intends to subcontract with Mayer Electric, Durham, NC, a woman owned firm, in the amount of \$31,000.00. **Local Participation:** No local bidders. The bidder is located in Apex, NC.

- E. Approve bid recommendation to award Annual Construction Service Contract for Overhead Distribution Construction to River City Construction, Inc., Washington, NC, with the option to renew annually up to five additional years upon mutual agreement of both parties, in the total amount of \$3,404,692.50, and forward to City Council for approval.

The Annual Construction Service Contract for Overhead Distribution Construction is budgeted in EL 2 Overhead Infrastructure Installation – New; EL 13 Overhead Distribution Circuit Improvements; and EL 20 Overhead Infrastructure Improvements; up to \$1,000,000 is planned for expenditures across the three budget areas.

Bids were received September 26, 2018 as follows:

| <u>Bidders</u> | <u>Total Cost</u> |
|---|-------------------|
| River City Construction, Inc., Washington, NC | \$3,404,692.50 |
| Pike Electric, LLC, Mount Airy, NC | \$4,006,398.07 |
| Lee Electric Construction, Inc., Aberdeen, NC | \$6,069,560.00 |

- * Bids were solicited on a compatible unit basis (assemblies). Evaluation was based upon unit pricing for the top 100 most frequently used units. The prices for

the bids shown above are the extended prices for the top 100 compatible units priced by each bidder.

Comments: The Commission is asked to approve the award of an annual construction contract for overhead distribution construction to River City Construction, Inc., Washington, NC, for the initial amount of \$1,000,000 (estimated to be expended in FY19). The initial contract is for commencement until June 30, 2019. This contract has an option to renew annually up to five additional years upon mutual agreement of both parties. **SDBE/Local Participation:** River City Construction intends on self-performing all work associated with the annual contract. Staff will reach out to River City to provide points of contact to aid in deploying their resources locally.

- F. N.C.G.S. 143-129(e)(6) allows an exception to the bidding requirements for the purchase of apparatus, supplies, materials or equipment when a needed product is available from only one source of supply.

Currently, the Commission needs to purchase three (3) 72.5kV Vacuum Circuit Breakers for the Fenix Upgrade and the Bordeaux Substation Rebuild. This type of breaker utilizes a vacuum-interrupting technology to stop the flow of current to the power system. Currently, Hitachi T&D Solutions, Inc. is the only manufacturer world-wide who produces this product and meets the vacuum-interrupter requirements. Predominantly, circuit breaker technology uses a halon-based gas called sulfur hexafluoride, or SF₆. This is a “greenhouse gas” similar to chlorofluorocarbons, or CFC’s which have been banned from production in the United States and many other countries. By specifying the vacuum-interrupter breaker instead of the SF₆ breakers, PWC avoids the use of environmentally harmful chemicals and eliminates exposure to PWC employees and the general public. The Environmental Protection Agency (EPA) has added SF₆ to the list of greenhouse gases whose emissions must be reported when used under certain circumstances. In view of these issues, staff feels it is in the best interest of the Commission to reduce PWC’s SF₆ inventory.

Therefore, staff requests approval to issue a purchase order in the amount of \$211,950 for the purchase of three (3) 72.5kV Class Vacuum Circuit Breakers, as well as approval to make additional vacuum-interrupter breaker purchases as needed, from Hitachi T&D Solutions, Inc., under the “sole source” exception allowed by the Statutes. The lead time for these breakers is approximately four (4) months; therefore, approval is being requested now in order to receive the breakers prior to the end of FY2019.

This Project will be funded through EL38 – Bordeaux Substation Rebuild CPR1000062 - \$125,000 and EL34 – Fenix Upgrade CPR1000059 - \$1,750,000. The amounts stated are the dollar amounts budgeted for equipment under each CIP project. These funds are not solely budgeted for breaker purchases, as other equipment for the projects will be purchased from these available funds.

- G. Approve PWCORD2018-34 - NCDOT U-4405 Raeford Road Widening CPF Amendment #1

This budget ordinance amends the project costs based on updated estimates and agreement with NCDOT.

Staff recommends the Commission adopt the above budget ordinance PWCORD2018-34

END OF CONSENT

PUBLIC HEARING ON PROPOSED ELECTRIC RATES

The public hearing was opened by Chairman Darsweil Rogers. The Clerk announced there were no speakers and no written comments.

The Public Hearing was closed by Chairman Rogers

COMMISSION VOTE ON RECOMMENDED CHANGES TO PWC'S ELECTRIC RATES AND SERVICE REGULATIONS

Commissioner Fowler motioned to approve the changes to the Fayetteville Public Works Commission Electric Rates and Service Regulations, as proposed to the Commission, and made available for public review as part of the public hearing process. Motion was seconded by Commissioner Huff and unanimously approved.

ANALYSIS OF LOCAL PROCUREMENT SPENDING BY PWC IN FY2018

Presented by: Trent Ensley, Procurement Manager

Alexandra Hasapis, Local Vendor Procurement Analyst

Trent Ensley, Procurement Manager stated they will present a briefing on local 2018 spending. Mr. Ensley stated this is the second year they have presented such an analysis and they will make comparisons with the previous year's data.

He stated they will discuss

- Increase in Local Spend
- Addition of New Local Vendors/Suppliers
- Additional Local Economic Impact
- Conclusions and Initiatives to Assist Increasing Local Vendor Capacity and Engagement

Alexandra Hasapis stated total local spend for FY2018 increased to \$25,039,996.30. This represents a 7% increase or \$4,544,549.30 over FY2017's total of \$20,495,447.00.

Ms. Hasapis stated we increased our local vendor base by adding 28 new local vendors. Seven of the 28 attended our building business rallies and events. She also stated there are economic impacts that are not in the local spend report because they are not procurement spends. She stated she completed a report of local payouts to medical providers through our health plan. These spends were through our staff, which totaled approximately \$2.4 million in our local economy.

Trent Ensley highlighted the top 25 procurement vendors overall. He stated among these vendors we have three which are local, with an accumulative total of \$8,062,637.00. He also noted the top vendor is local. The vast majority of PWC's procurement is done competitively. The vendors have the opportunity to bid when they are willing and able. Discussion ensued.

Mr. Ensley stated when comparing the top vendors in 2017 and 2018, a significant portion of spend is concentrated with just a few vendors. In FY2017 we had five local vendors totaling 6,705,339.00. In FY2018 we had three local vendors totaling 8,062,637.00.

Mr. Ensley also stated there is an area of spend quite significant where there is limited local capacity. He stated a large amount of the capacity is in the construction area (electrical, water, sewer). There are few vendors in our area that can compete for the work. This represents an area of possible local growth. Discussion ensued on the growth capacity in the bio solids area.

Conclusions:

Ms. Hasapis stated the MSA retains a stable base of local suppliers that can meet our needs for low dollar value requirements (<\$30,000.00).

Capacity Concerns:

- Three local vendors within the top 25 vendors account for 15.3% of the top 25 procurement spend.
- Upward trend of re-advertisement of formal bids in core areas based on receiving fewer than the required three bids (Water, Sewer, Electric Construction)

Growth opportunities in the limited local capacity spend categories remain similar from FY17 to FY18.

Ms. Hasapis also stated staff is engaging in the following initiatives to assist increasing local vendor capacity and engagement:

- **Prioritize Areas of Need:** Concentrated efforts to research industries in our key areas of need. (Water, Sewer, Electric Contractors and Engineers)
- **Continue Outreach:** Pre Bids, Bid Openings, External Infrastructure Events, BBR, Conferences, Business Events. Assist with departmental vendor requests.
- **Vendor Feedback:** Hosting vendor workshops to solicit vendor's barriers to bidding. Research utility contractor/ subcontractor needs.
- **Capital Improvement Projects:** Maximize publication of procurement opportunities.
- **Explore Industry Studies:** Research NC Department of Commerce industry studies in our areas of need in order to continue efforts of increasing local vendor capacity and engagement.

- **Consider Local Government Support:** Economic Development efforts in our key areas of need: Water/Sewer / Electrical Contactors / Engineers (though this is not our role).

Commissioner Fowler asked when it comes to Local Spend, when it is not a bidding process. The concern is that we are not favoring one over the other. Mr. Ensley stated when it comes to local spend we are encouraging the departments to maximize the number of quotes they obtain. We are seeing this compliance when we process purchase orders. He stated we are not seeing there is favoritism. There may be a vendor who may have a specialty that is better suited to our needs. Also, there may be cases that an individual supplier of equipment is the only authorized distributor in this region or area. Our emphasis is to get multiple quotes and then select the vendor who can provide the best pricing and in the quantity or amounts we need.

Commissioner Shaw thanked staff for the presentation. She suggested staff to go one step further. She stated some 15 months ago when the Commissioners began examining our spend, one of the things the Commissioners charged the Procurement office to develop a methodology by which the Procurement office would not just encourage, but ensure that the soft services would be spread across the board for vendors in our database. The Procurement office pledged to the Commissioners at that time that a form would be developed that would track the departmental selection of local vendors such that they were not calling the same local vendor for services or commodities that did not have to be bid. Ms. Hasapis stated we have the information and apologized for it not being in the presentation.

Commissioner Shaw also stated staff has given to the Commissioners in the bulk of the presentation the bidded project work. But there are soft services that are procured for PWC that are not necessarily bid, and are not procurement card purchases. She wants to see what they are. Commissioner Shaw also commented on the absence of a lot of small businesses in the presentation. She would like to see the data related to them. Mr. Ensley stated we will return with a detailed analysis as requested. He stated staff has reviewed the checklist which was created and see that employees are complying with this standard. Commissioner Shaw stated the desired outcome would be to see if FY2018 has expanded the selection as opposed to FY2017. Additional discussion ensued.

Mr. Trego gave additional statistics. The Commission, liaisons, and staff discussed the opportunity, use and availability of local vendors, as well as bonding.

Chairman Rogers stated there was a Building Local/Small Business Capacity meeting on yesterday. He stated from this meeting they decided they want to have a very proactive listening session with the contractors. We want to know where they are finding a challenge in wanting to compete for our business.

He also stated they are in the final phase of developing a Problem, Mission and Vision statement. He stated they are requesting for the policy makers to endorse these efforts and empower their procurement staffs. It would be very good to ask the question of “how do we do this”? He went on to state we are hoping that the policy makers and staff see this as an important issue and promote it.

PWC SERIES 2018 REVENUE BONDS

Presented by: Rhonda Haskins, Chief Financial Officer

Brenda Brown, PWC Controller stated there was a small correction on the memo referencing the resolution. It should state Resolution # PWC2018.15, and not PWC2018.14.

Ms. Brown stated the resolution before the Commission is the one approving the Series 2018 Bond Order and requests the City Council approve the same. It is a supplement to the original bond order and sets forth the form, terms and provisions of the bonds. She also stated the draft copy has been provided for the Commissioners' review. It will be the last document the Commission and City Council will need to act upon relevant to the issuance of the bonds. The City Council is scheduled to approve this resolution at their November 13th meeting.

Commissioner Rogers asked for the exact dollar amount they are approving. Mr. Trego stated it is \$95,000,000. It is a set amount, which also includes buyback.

Ms. Houge read the following into the record:

Resolution No. PWC2018.15 "Resolution Approving And Agreeing To The Terms Of A Bond Order Authorizing The Sale And Issuance Of Public Works Commission Revenue Bonds, Series 2018 By The City Of Fayetteville, North Carolina, Requesting That The City Council Of Said City Adopt Such Bond Order And Taking Certain Other Actions In Connection With Such Bonds

Commissioner Fowler motioned to accept the above recommendation, and Commissioner Shaw seconded the motion. It was unanimously approved.

GENERAL MANAGER REPORT

Broadwell Property

Mr. Trego stated it was in the newspaper that City Council approved the annexation petition for the Broadwell property. He thanked Council Members Dawkins and Jensen for their positive comments. He stated as this line extends up the road it will be made available for other areas. We have also made a commitment to another property in the Spring Lake MSA. He stated whenever there is a development like that we have positives and negatives. But overall we have a win, win, win. Mr. Trego went on to say the development will be built. It was just a question whether it would be in the City or the County. If it were in the County, PWC would have had none of the revenue and we would have to go right pass it to fulfill our other commitments.

2019 Budget Kickoff

Mr. Trego stated we have kicked off our budget process. We have begun our Capital Budget planning and the Commissioners will begin to see information regarding it.

OMS Kickoff

One thing we learned from Hurricane Matthew was the need for a more robust outage management system. We approved the bid to go forward with it and have had a kickoff meeting. It will take roughly a year to implement. It has two pieces to it. Firstly, it provides the Electric Department and people in the field with tools to allow us to respond quicker. Secondly, it has aspects which allow us to give visuals and information to our customers. It also helps us to push information out regarding restorations.

Hurricane Florence Update

Mr. Trego stated our Electric System is back to pre-hurricane configuration. This means all our substations are operational, but we have some minor equipment damage.

He stated the Butler Warner Generation Plant (BWGP) ran for six continuous days. He stated that was a very long run. For a plant built in the 1970s, to have a six day continuous run with no hiccups is quite an effort. The plant continues to pay benefits to PWC and to Duke.

Mr. Trego stated we still have some damage out in the system that we are looking at. We have contracted to have a drone fly over some of our areas. We are looking at right-a-ways on the water and electric side. We want to have a clear picture of what we need to do.

On the water side we have damage to some of our plants because of Hurricane Matthew. We had a pretty good assessment of them. We want to ensure we do not have additional damage because of Hurricane Florence. Mr. Trego stated we still see additional I/I due to the storm. We also checking our easements for damage to see there if there is/not tree damage.

On the FEMA side, we believe it will be roughly \$4.6 to 6 Million in damage. There will be a mix that we will get back from our insurance policy and FEMA. We already have scheduled meetings with FEMA to move forward and to receive reimbursements.

Mr. Noland stated for the Broadwell project there was about 2 ½ miles of large diameter sewer lines and 1 ½ to 2 miles of large diameter water main. It takes a while to get the plans and approval completed, but we are right in line and will stay on Broadwell's timeline.

Commissioner Fowler stated one of the issues from Hurricane Florence was a communications issue. One of our contract teams did not report shutting off power to a facility. It may result in a claim. He wanted to know if the contractor has any liability regarding it if they were not following the proper communications protocol.

COMMISSIONER/LIAISON COMMENTS

Council Member Dawkins thanked PWC for updating the Outage Management System. He stated it should relieve some issues.

He also recognized Dr. Telly Whitfield. He stated he is assuming he will be the new City Liaison to the PWC Commission. He is the Assistant City Manager and a bright shining star.

Council Member Dawkins thanked PWC for utilizing local businesses. He thanked Mark Brown and his team as well as Mick Noland and his team in working on the Broadwell Project. Their work was quite impressive. He stated this is a very big project.

Council Member Dawkins thanked Jon Rynne for personally handling a sensitive issue with a senior citizen. His efforts were very successful.

Council Member Jensen stated she is looking forward to serving as the Liaison to the PWC Board as of January. She is looking to see the work which will be going on in her part of the city on the north side. Hopefully we can get a right of water and sewer on Kelly Springfield and do a lot of good economic development there.

County Commissioner Boose stated they celebrated when they saw the 254-256 acres and the willingness of PWC to go so far north. He stated they love to see PWC run lines everywhere. He also stated PWC does not pat ourselves on the back enough. He stated if nothing else, the Hurricane has added some fans to PWC. There was no favoritism, as his house was one of the last to have the lights restored.

Commissioner Rogers asked for an update on the Solar Farm. Mr. Trego will place it on the next meeting's agenda. He also commented on an email he received from a customer who asked why he could not go directly to the PWC website and get the updates. Mr. Trego stated the Outage Management System will address this issue. Commissioner Rogers stated this is an opportunity for all the first responders to begin to think about how we can improve our communications. Since PWC is creating an infrastructure around data and the Fire Department, EMS, and Police Department are all independently coming up with their strategies; he suggested to the policy makers in the room that we allow them to have conversations across first response. In terms of how we most effectively respond and communicate to the citizens in our community as opposed to everyone doing it separately. This is an opportunity. What will happen if we do not do it, and there is a future event in which the citizens will demand it? He stated he is afraid that the policy makers will drive the decision without input from the first responders.

REPORTS AND INFORMATION

The Commissioner acknowledges receipt of the following reports and information.

A. Purchase Orders

- July 2018
- August 2018
- September 2018

B. Monthly Incident Summary

- September 2018

C. Position Vacancies

D. Actions by City Council during the meeting of October 8, 2018 related to PWC:

- Approved Bid Recommendation – Beaver Creek Outfall Rehabilitation Phase 1

- Approved Bid Recommendation - One 15 Foot Four-Wheel Drive Backhoe Loader
- Approved Findings Resolution and Approved Submission of Local Government Commission (LGC) Application
- Approved Resolution Declaring Week of October 7-13, 2018, as Public Power Week.

ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Huff and unanimously approved, the meeting adjourned at 9:32 a.m.