

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY, NOVEMBER 14, 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
Michael Boose, Cumberland County Liaison
Melissa Adams, Hope Mills Town Manager/Liaison
PWC Staff
Media

Absent: None

REGULAR BUSINESS

Chairman Rogers called the meeting of Wednesday, November 14, 2018, to order.

Approval of Agenda

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

CONSENT ITEMS

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

- A. Approve Minutes of meeting of October 24, 2018
- B. Approve bid recommendation to award bid for purchase and delivery of a Prefabricated Relay Control House for the Fenix Substation No. 2 to VFP, Inc., Salem, VA, the lowest responsive, responsible bidder in the total amount of \$188,693.00 and forward to City Council for approval.

The Prefabricated Relay Control House for the Fenix Substation No. 2 project is a budgeted item in EL34 – Fenix Equipment Upgrade (CPR1000059) 058.0000.0802.180304043-03.690161.

Bids were received October 25, 2018, as follows:

<u>Bidders</u>	<u>Total Cost</u>
VFP, Inc., Salem, VA	\$188,693.00

Comments: This procurement is for the purchase of prefabricated equipment (this is not construction or repair where a minimum of three bids would have been required). The anticipated cost was expected to exceed \$90,000 and the bid was formally advertised. Since this procurement is for the purchase of equipment, no minimum number of bids is required. Notice of the bid was advertised through our normal channels on October 8, 2018. Only one vendor, VFP, Inc., submitted a bid. Because this is a purchase contract, award can proceed based upon the determination that the single bid received was responsive and responsible. Award is recommended to VFP, Inc., Salem, VA.

- C. Approve bid recommendation to award bid for purchase and delivery of Relay Control Switchboards for Fenix No. 2 Substation to Birmingham Control Systems, Bessemer, AL, the lowest responsive, responsible bidder, in the total amount of \$213,814.00 and forward to City Council for approval.

The Relay Control Switchboards for the Fenix Substation No. 2 project is a budgeted item in EL34 – Fenix Equipment Upgrade (CPR1000059) 058.0000.0802.1803043-03.690161.

Bids were received October 25, 2018, as follows:

<u>Bidders</u>	<u>Total Cost</u>
Birmingham Control Systems, Bessemer, AL	\$213,814.00
Electric Power Products, Des Moines, IA	\$246,010.00
Keystone Electrical Manufacturing Co., Des Moines, IA	\$231,107.27
KVA, Inc., Greer, SC	\$254,333.00
Kemco Industries, Inc., Greer, SC	\$284,767.00

Local/SDBE Participation: Birmingham Control Systems is not classified as a SDBE, minority or woman owned business. There are no known local vendors who can supply this equipment.

- D. PWCORD2018-37 – Electric and W/WW Budget Ordinance Amendment #4
See Pages _____ of Minutes

PWCORD2018-37 is an Electric and Water/Wastewater Fund FY2019 amendment increasing the Electric Fund \$6,082,500 to \$281.7 million and increasing the W/WW Fund \$2,552,800 to \$118.2 million.

Electric Fund

- Hurricane Florence: Revenues increasing \$1,800,000 for anticipated FEMA and Insurance reimbursements and expenses increasing \$1,998,500 to replenish the

contingency fund for the storm related expenses. The net impact to net position is \$198,500 for reimbursements expected to be received in the next fiscal year.

- REPS Reserve: At a prior meeting, we dissolved the LED street lighting conversion project fund and the remaining construction will be accounted for in the Electric Fund. The project fund held \$1,490,000 of REPS funding that is being returned to the Electric Fund and held in the REPS Reserve. This is an increase in revenues of \$1,490,000 to receive the funds and the same amount in expenditures to transfer the funds to the REPS Reserve. This is a net \$0 impact to net position.
- Community Solar Project: The Community Solar Project was originally budget in FY18 and was expected to be completed prior to the end of the fiscal year. A delay in the project extended the completion date into FY19. To re-establish the budget for this project, \$545,700 is being transferred from the REPS reserve and the remaining \$1,950,900 is being funded by the Electric Fund. This represents a \$1,405,200 impact to net position.
- Annexation Phase V Reserve: Electric Fund Expenditures are being increased by \$643,100 due to a transfer to the Annexation Phase V Reserve. This transfer was previously budgeted in FY18 but was not transferred in that year.

W/WW Fund

- Hurricane Florence: Revenues increasing \$2,200,000 for anticipated FEMA and Insurance reimbursements and expenses increasing \$2,552,800 to replenish the contingency fund for the storm related expenses. The net impact to net position is \$352,800 for reimbursements expected to be received in the next fiscal year.
- Hurricane Matthew: Revenues are decreasing \$1,200,000 due to anticipated FEMA and Insurance reimbursements for expenses related to Hurricane Matthew. The funds received will be allocated to the Hurricane Matthew Capital Project fund and will not impact the Water and Wastewater fund as originally budgeted.
- Annexation Phase V Reserve: Water and Wastewater Revenue is being increased by \$1,195,200 as a result of the reallocation of Series 2016 bonds from the LED Capital Project Fund. The decision to complete the LED project with REPS funds released unexpended bond proceeds and these proceeds were made available to an annexation project and reduced the need to borrow for that project with the upcoming 2018 bonds. The Annexation Reserve Fund reimburses the Water Fund for annexation related debt service and that is the reason for the increase in revenues for transfer to the Water Fund.

END OF CONSENT

UPDATE ON COMMUNITY SOLAR PROJECT

Presented by: Jon Rynne, Electric Systems Chief Officer
Mark Brown, Customer Programs Senior Officer

Mr. Rynne, Electric Systems, Chief Officer gave an overview of the project's history. He stated the following:

- October 2017 - Pre-submittal meeting/Requests For Qualifications (RFQ) were sent to the various consulting engineering firms for Design Build of project

- November 11, 2017 - RFQ responses received
- December 2017 - Project awarded to Dewberry Design-Builders, Inc. with two local partners, Directional Services Inc. and Horne Brothers Construction
- January 2018 - Kickoff meeting with Dewberry
- February 14, 2018 - Design Build pricing and schedule received from Dewberry, indicating 10/25/18 as final completion date
- Contracts signed by Dewberry March 2018

Mr. Rynne went on to state January thru June of this year centered on the design and permitting of the system. A decision was made to use fixed panels versus tracking systems to gain as much capacity as possible. In June the forms and application processes began. The last form filed by PWC Electrical was the Storm Water Received form from Dewberry. It was reviewed and returned in mid-October. As of now, all permitting is complete.

Mr. Rynne stated the permitting process took quite a bit longer than Dewberry previously estimated. Commissioner Rogers requested for Mr. Rynne to expound on the challenges. Mr. Rynne stated the last challenge was the storm water. There was a blue line stream that they had to work with the DENR. Mr. Brown stated the project is in the county so there were many different permits to hurdle through.

Mr. Rynne went on to state the final drawings and final proposal from Dewberry is expected to be ready prior to the end of November. The proposal will contain Material & Labor for the project. The original estimate for the Solar Array and Battery was \$2.45 million. The actual estimate will be between \$2.2 and \$2.5 million, with final pricing from Dewberry we will formalize the customer offering.

He stated if all contracts are signed by November 30th, construction can begin December 10th. He stated Construction will take five (5) months to complete. The Switchgear has a three (3) month lead time so this will influence when the Solar Array will be functional. The Solar Array is projected to be in operation by May 2019. Based on the contracts being signed by November 30th, it will take 180 days for the Battery Storage System to be delivered. The projected installation time is two months. Mr. Rynne expects for the Battery Storage System to be functional by early September 2019. He stated the battery stores 500kW (1/2 Megawatt). It is relatively new technology and the installed cost is approximately \$930,000. Mr. Trego stated once the Solar Array is in and tested, it will begin to generate electric in May 2019. Additional discussion ensued.

In response to Commissioner Shaw's question, Mr. Rynne stated the local business participation is labor and some materials.

Mr. Brown, Customer Programs Senior Officer provided an update of the Offering. He stated the Solar Array and Battery will be operated as two separated projects. For the Solar Array, the design, engineering and construction costs will be paid by subscription fee over its 25 year life. The project's ongoing costs and future costs are paid by the reduction in power supply costs and RECs purchases. The remaining savings provide a credit to the participants' bill.

For the Battery, the design, engineering and construction costs are paid by the reduction in power supply costs. The project's ongoing costs and future costs are paid by the reduction in power supply costs. The remaining savings benefit all customers.

Community Solar Process:

Mr. Brown went on to state staff expects 3,384 subscriptions to be available (one per panel). Subscriptions will be available to residential and non-residential PWC electric customers. The initial allocation is based on set asides (held for 60 days).

Residential customers (Max 5 per customer)	70%	2,374 panels
Small and Medium Power customers	10%	338 panels
Cumberland County Schools	5%	169 panels
Universities - FTCC, FSU, Methodist	3%	102 panels
Other Schools	2%	67 panels
Churches	5%	169 panels
City of Fayetteville	1%	33 panels
Town of Hope Mills	1%	33 panels
Cumberland County	1%	33 panels
Cape Fear Valley Hospital	1%	33 panels
VA Hospital	<u>1%</u>	<u>33 panels</u>
	100%	3,384 panels

Mr. Brown stated the promotion is scheduled to begin after the battery delivery date is finalized. The subscriptions' start date will follow battery completion. The first bill will include enrollment fee to partially cover enrollment and administration costs. Subscription fee and bill credit will also be on the first bill. New bill credits will be established at the end of each calendar year based on estimated DEP power supply costs, project performance and O&M costs.

Community Battery Description:

Mr. Brown stated the battery (500kW, 100kWh Lithium-Ion battery) can be fully charged & discharged as fast as two hours. The battery is operated separately from the solar array. Charging & discharging will be controlled from the Butler Warner Control Room based on likelihood of DEP system peak. Discharging & charging is expected several times in a month. The battery can be charged from the solar array or PWC's system. He went on to state the two channel meter will measure power into and out of the battery. Reduced power supply costs will pay for the design, engineering, construction, O&M and future costs (battery replacement after 12 years and decommissioning). The remaining value will benefit all PWC electric customers. The site covers ten acres, though the solar array and battery will sit on six acres.

Discussion ensued regarding the useful life of the solar panels and future technology. Commissioner Shaw inquired about the usefulness of the data PWC will garner from the project.

Commissioner Fowler stated his concern is the cost of decommissioning the solar panels and the battery because of hazardous removal. He stated he understands there may be a market for decommissioned panels. Mr. Brown stated staff is still gathering information to ensure they understand the future of the solar arrays and recycling of the batteries. Mr. Trego stated our model is dynamic to adapt to change as the industry changes. Additional discussion ensued.

CUSTOMER PORTAL DEMONSTRATION

Presented by: Susan Fritzen, Corporate Services Chief Officer
Letitia Cisco-Smith, Project Manager

Susan Fritzen, Corporate Services Chief Officer stated Letitia Cisco-Smith, will demonstrate the new Customer Portal. Ms. Fritzen stated this is another successful roll-out where we used a cross-functional team (across the organization). It is key to remember the team members' participation is above and beyond their daily duties. The excitement among the employees has increased. The difference this time is that we have pushed participation beyond the supervisors and managers. She went on to state there is huge excitement among the employees because of what they have learned and they are already requesting to be on the next project.

Ms. Cisco-Smith, Corporate Development Project Manager, demonstrated the new Customer Portal, located at <https://my.faypwc.com/eportal/#/>. She highlighted the new areas of the website, and the ease of use.

- She went on to state the customers can easily see their past due and current amounts due.
- Customers can now compare their current usage with the past three years.
- Customers can elect 'autopay' directly on the site.
- Customers can decide which payment method to use with the 'wallet' feature. They can add payment accounts and it will be stored if the customer so desires. They can pay with a credit card or bank account.
- Customers can enroll in rebates online.
- Customers can view their 'requests'. These include billing inquiries, and reports of outages.

Ms. Fritzen and Cisco-Smith noted customers do not have to sign in to make requests. The confirmation the request has been received will be sent to the customers' email address. Also, the customer service representative responds to the customers' request within 24 hours.

- Mr. Rao stated this will be one of the major platforms for new programs such as Community Solar, OMS and TOU Rates. The hourly data is scheduled to be implemented early next year.
- The portal allows the customer to 'one click' pay.
- For the future we are looking at a mobile app.

Commissioner Rogers asked how staff will deter individuals from constantly reporting false information. Discussion ensued on security measures that have been implemented into the platform.

Mr. Trego stated since we have gone live, we already have:

- 200 service orders processed (move in, move out, transfers).
- Almost 1400 enrollments in new programs, including 350 autopay requests.
- In two weeks we had 50,000 log-ins.

Mr. Trego went on to state the analytics we receive allows us to identify issues and we can quickly resolve them.

Ms. Fritzen also stated we have three components to the payment process. The customer has to be able to get onto the portal; the payment has to go to our third party vendor to process the payment; the payment this has to go to our CC&B software to record the payment. We have experienced a 100% success rate, which means the payments are completed successfully. She stated this is really good to experience 100% success rate at this short of time.

Commissioner Shaw asked if there is any expectation that this product will report an issue going directly to the department involved. Ms. Cisco-Smith stated today it does so. For example, if a street light is reported out, it will go directly to the electric department as well as Customer Service. Discussion ensued.

Ms. Fritzen stated in completing this process, we now have a lower fee for our customers. The fee has been reduced from \$3.50 to \$2.50, and ACH payments are free. Staff noted this payment is to the third party vendor and not PWC. Ms. Justice-Hinson stated e-bill payments have also been simplified. Ms. Fritzen also stated additional enhancements will be made to our external website so there will be continuity.

DISCUSSION OF WATER SERVICE IN PHASE V ANNEXED AREAS FOR PROPERTIES NOT INCLUDED IN THE PHASE V FUNDING AGREEMENT

Presented by: David W. Trego, CEO/General Manager

Mr. Trego stated when the Annexation Funding Agreement between the City and PWC was executed in 2008 we identified properties without existing sewer/water service in the Phase V area and committed to extend service to them. These included approximately 600 water & 7,000 sewer services. He stated excluded from the water count were:

- Properties inside the area already served or able to be served by either PWC or another water utility.
- Properties without water service & outside Phase V area where a water main required to serve Phase V area may need to go through as part of design.

He stated we are calling these excluded properties that have or will have sewer available from PWC, including under the Annexation Funding Agreement.

Mr. Trego stated we are currently designing “Area 23” that has 48 properties included in the Phase V Funding Agreement water service count. To get PWC water service to those properties, we will be extending water mains in front of up to approximately 45 excluded properties- making them eligible for PWC services. (Mr. Trego identified these properties on a map). He stated these customers are currently served by Aqua or have a well and have

an Aqua well in front of the home. We do not know if they are customers because we do not have access to Aqua's customer data.

This is first project area with this situation, but will likely have a similar situation in some of the future Phase V areas. He stated we believe some owners of these Eligible Properties might be interested in connecting to PWC to obtain our water service.

Commission Consideration:

Mr. Trego stated based on the unique nature of water extension in the Phase V area, our incremental cost to provide water service to these Eligible Properties is relatively low.

- New water main required to serve properties included Phase V Funding Agreement & will be funded through the terms of that Agreement, which includes an assessment to property owners issued by City Council.
- If an owner of an Eligible Property commits, prior to the RFP for construction being issued, to start taking PWC water service within 6 months of water being available, the only incremental cost to PWC is the water lateral fee.
- Commitment before the bid being issued allows for the lateral to be included in the PWC design and thus the bid price from the contractors would not require a change order.

Under the circumstances, Commission could consider offering a new fee structure to serve these Eligible Properties in Phase V when a customer pre-commits to take water service from PWC.

- Incremental cost of water service has been preliminarily estimated to be \$1,600-\$1,800 (excluding the customer's plumbing costs).

If Commission does not adopt a new fee structure, owners of Eligible Properties in Phase V seeking water service from PWC will also be asked under our current policies to pay fees for the main, lateral and FIF.

- Current total cost: \$5,634.
- If customer was getting sewer service under the Phase V Agreement, this would be charged in addition to the assessment imposed by City Council.

Commissioner Rogers inquired about the plumbing costs. Mr. Brown and Mr. Trego stated it is variable. The plumber decides the cost based on the individual circumstances.

Mr. Trego stated currently for properties included for water and/or sewer service under the Annexation Funding Agreement, if they connect within 6 months of service being available, FPWC waives the FIF fees.

He proposes that any changes considered be limited to Eligible Properties in the Phase V project only, all other extensions would continue to follow our current extension policy and fee schedules. This includes extensions in the Phase V area that do not meet the requirements/limitations set by the Commission, such as a property that requires additional water main to be installed.

Other Consideration/Information:

Mr. Trego went on state investor owned water utilities are granted service territories from the North Carolina Utilities Commission (NCUC) via a “Certificate of Convenience”.

The service territories of PWC and other municipal water/sewer systems are not governed by the NCUC. Our ability to extend water service is covered by section 6A.10 of the Charter and municipal law allowing for reasonable expansion. PWC is **not** limited with respect to extending lines/connecting customers in areas served by other water utilities, municipal or investor owned.

Commissioner Shaw asked if there is a specific timeframe Aqua will need to disconnect for customers who may want to take service from PWC. Mr. Trego stated the plumber will disconnect the line. The customer will give notice to Aqua informing them they are disconnecting their service and Aqua will disconnect the meter. Mr. Trego responded to additional questions from the Commission.

Mr. Trego also stated because this is a fee and not a rate adjustment there is no need for a public hearing.

Following discussion, Commissioner Fowler submitted the following motion for consideration.

“To implement a water fee structure specific to the areas covered in the Phase V Funding Agreement or adjacent areas to make PWC water service available for those customers not originally included in the property count within the Agreement as described in the presentation. To qualify, a property must meet all of the following limitations/requirements.”

1. The property was not included in the Phase V Agreement to get water service (excluded property) but is either located in Phase V or along the route of a new PWC main to be installed as part of the Phase V expansion;
2. Consistent with the Annexation Funding Agreement, the property owner has already been or will be assessed by City for sewer service or the property already has sewer service provided through PWC;
3. A new PWC water main will be installed to serve properties included in and funded through the Phase V Agreement and that main can also provide water service to an excluded property at no additional main cost to PWC;
4. The only incremental cost to PWC is the cost of the water lateral to serve the property; and
5. The property owner commits in writing, prior to PWC’s issuance of an RFP for the installation of the relevant new water main, to purchase PWC water service within 6 months of water being made available to the property.

“If the property meets these requirements, PWC will require that property owner applying for service to only pay a water lateral fee, which must be paid to PWC prior to construction beginning on the relevant new main. That water lateral fee shall be set at the lower of either (a) the price of a lateral specified in the bid selected in the RFP process for the installation of the relevant new main; or (b) the standard lateral fee charge as approved by the Commission

and listed in the PWC Schedule of Deposits, Fee and Charges o the Service Regulations and Charges in effect at the time of the offer.”

Motion was seconded by Commissioner Huff and unanimously approved.

Mr. Trego stated our incremental costs are low and this is consistent with other actions the Commission has taken; to not subsidize and to provide the service at our costs. Mr. Brown also stated some customers who receive flat rate sewer may benefit by hooking up to our water service.

Mr. Trego stated Communications will provide all the pertinent information to affected customers. Additional discussion ensued.

GENERAL MANAGER REPORT

Bond Order

Mr. Trego stated the Bond Order was approved in the City Council meeting last evening. Mr. Trego, Rhonda Haskins and the consultants have had calls with the ratings agencies and all three have reaffirmed our AA Rating.

FTCC Lineman Program

Mr. Trego stated the first Lineman’s class has graduated at FTCC. We will have openings coming up and will potentially interview some graduates. Mr. Russell stated a new class will begin in January and already 10 slots are filled and there is a waiting list. If demand continues FTCC will continue to look into expanding classes. Mr. Russell also stated they are considering beginning classes for the water side as well.

Decorating Downtown

PWC Line Crews will work with the City in decorating the downtown area. Mr. Trego stated we donate our crews’ time. We work well with the Old Downtown Alliance and the City Parks and Recs Department. We also have our crews there when Dickens occurs and facilitate in turning the lights off in the downtown area. Mr. Brown stated he and Telly Whitfield have the same point of contact as with Jay Reinstein. The coordination of decorations went through Mr. Whitfield and it is working fine.

United Way

Mr. Trego stated the United Way program has begun. Our goal this year is \$115K. Mr. Trego will contribute an additional amount of money to every new Marquis member. So far we have pledges well over 33% before the program has been rolled out to all employees. Mr. Trego thanked Commissioner Huff for being a PWC Marquis Member. Commissioner Shaw also pledged to be a PWC Marquis Member.

COMMISSIONER/LIAISON COMMENTS

Council Member Dawkins commented on the Council's action regarding approval of the Bond Order for PWC.

He and Carolyn Justice-Hinson discussed Toys for Tots. Ms. Hinson stated PWC participate with them in conjunction with United Way.

Council Member Dawkins also mentioned the Care Clinic. It is available to residents who are underinsured or do not have insurance for medical and dental needs.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Personnel Report – October 2018
- B. Position Vacancies
- C. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 18770 – water lateral for meter bank for Duncan Donuts located @ NC HWY 24 (Bragg Blvd).
 - Encr. # 18779 – 1” copper water lateral w/split tap on SR2337 (2285 Wilmington Hwy.)
 - Encr. # 18782 – 2 geotechnical bores @ NC210 (Murchison Rd) and US401
 - Encr. # 18783 – 2 geotechnical bores @ US401 (MLK Freeway) & NC210
 - Encr. # 18784 – 3 geotechnical bores @ SR3950 (Ramsey St.) nr. NC210
- D. Approved Utility Extension Agreement(s):
 - Electric/Water/Sewer to serve Cliffdale Plaza, located @ 6916 Cliffdale Rd.
- E. Actions by City Council during the meeting of October 22, 2018 related to PWC:
 - Approved the Petition of Annexation from Broadwell Land Company

ADJOURNMENT

There being no further business, upon motion by Commissioner Fowler, seconded by Commissioner Shaw and unanimously approved, the meeting adjourned at 10:04 a.m.

